

The City of New York
Executive Budget
Fiscal Year 2014

Michael R. Bloomberg, Mayor

Office of Management and Budget
Mark Page, Director

Message of the Mayor

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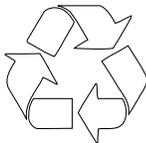
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May 2, 2013

Message of
the Mayor

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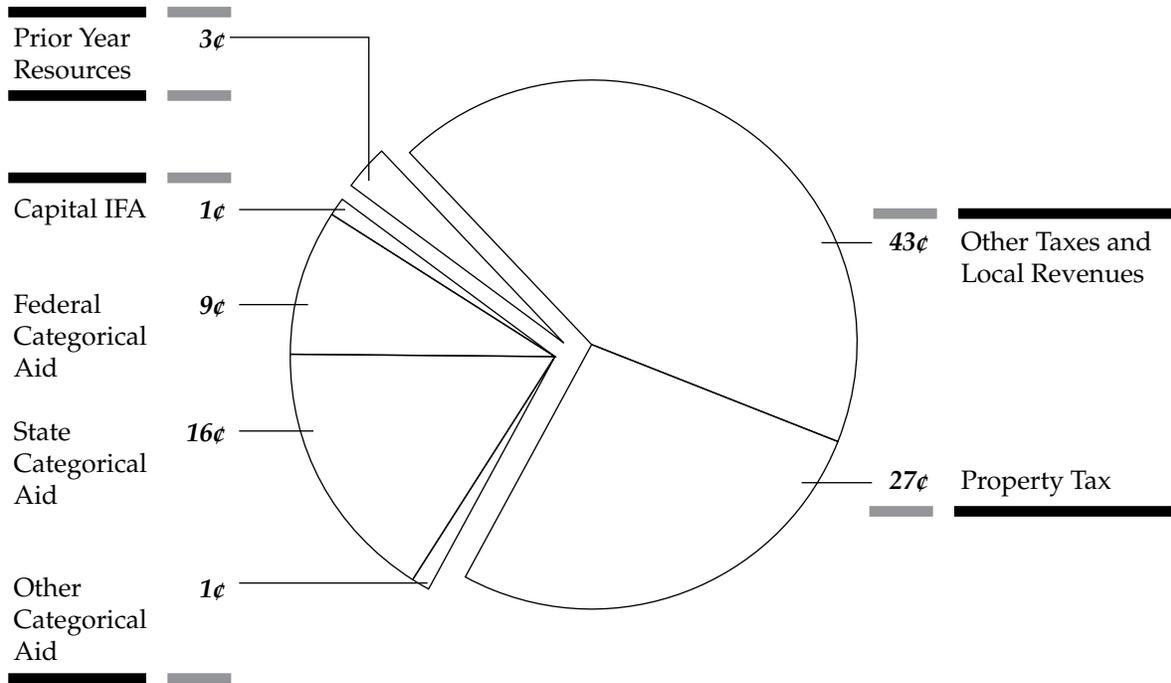


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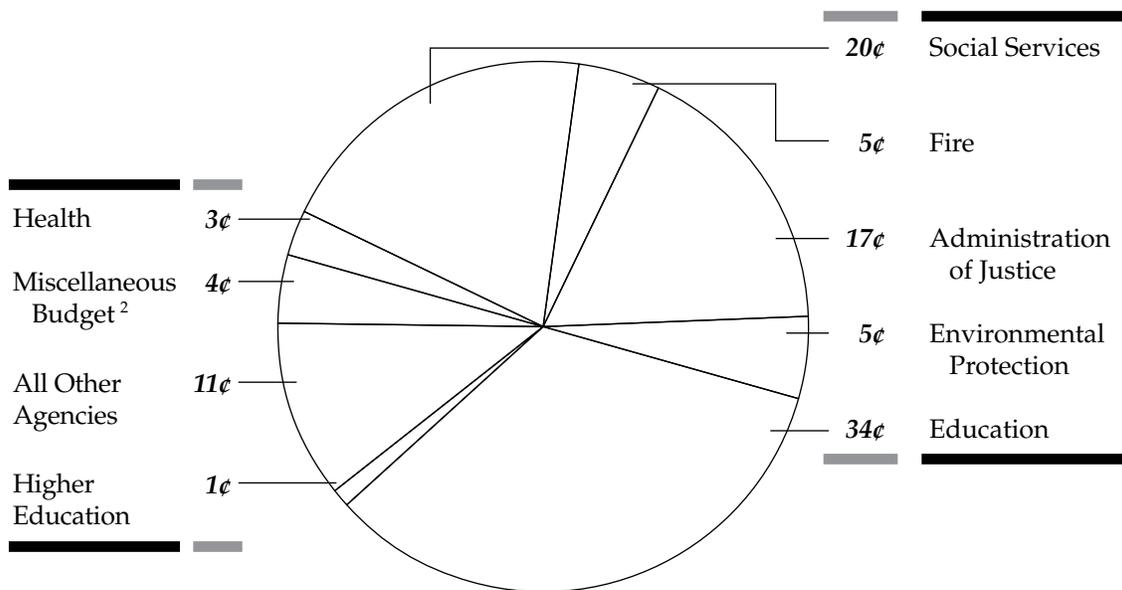


Budget and Financial Plan Summary

Where the 2014 Dollar Comes From



Where the 2014 Dollar Goes To¹



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

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

BUDGET AND FINANCIAL PLAN OVERVIEW

The fiscal year 2014 Executive Expense Budget is \$69.8 billion. This is the thirty-fourth consecutive budget which is balanced under Generally Accepted Accounting Principles (GAAP), except for the application of Statement No. 49 of the Government Accounting Standards Board (“GASB 49”) which prescribes the accounting treatment of pollution remediation costs.

Major highlights of the Executive Budget and Financial Plan are:

- Forecast City revenues have increased between fiscal years 2013 and 2014 by \$283 million. Baseline tax revenue is projected to decrease by \$89 million.
- Controllable Agency Expenses increase by \$23 million or 0.1% from fiscal years 2013 to 2014 after implementation of the agency PEG program.
- The agency PEG program totals \$537 million and \$1.0 billion in fiscal years 2013 and 2014, respectively.
- Debt Service increases by \$381 million or 6.8% between fiscal years 2013 and 2014 while Non-Controllable Expenses increase by \$1.7 billion or 7.6% over this period. The increase in Non-Controllable Expenses includes \$604 million for Pensions and Fringe Benefits.
- The above actions leave the City with a forecast Operating Deficit of \$2.1 billion in fiscal year 2014 that is balanced using \$2.2 billion of surplus funds accumulated in prior years, with the remaining \$142 million used to reduce the gap in fiscal year 2015. The forecast gaps for fiscal years 2015 through 2017 are \$2.2 billion, \$1.9 billion, and \$1.4 billion, respectively.

Hurricane Sandy damaged critical infrastructure throughout New York City, resulting in an estimated \$4.52 billion in storm-related costs. \$1.5 billion of these costs support emergency work, involving debris removal and emergency protective measures. These costs are being borne within the Expense Budget. The balance of the costs reflect long-term permanent work to repair damaged infrastructure. These costs will be incurred over time in the Capital budget. The City expects federal funding to cover the \$4.52 billion in storm-related costs as shown below:

	(\$ in millions)
Schools	\$461
Hospitals	\$816
Roads and Bridges	\$827
Buildings and Housing	\$620
Uniform Agencies	\$482
Parks	\$860
Other Agencies	\$454
<hr/> Total	<hr/> \$4,520

The City has submitted its Community Development Block Grant Disaster Recovery (CDBG-DR) Partial Action Plan A to the U.S. Department of Housing and Urban Development for approval. This plan can be found at http://www.nyc.gov/html/cdbg/downloads/pdf/cdbg-dr_action_plan_042313.pdf

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

City Revenue and Expense
(\$ in Millions)

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Revenues	\$49,940	\$50,223	\$52,883	\$54,841	\$56,887
Year-to-Year		\$283	\$2,660	\$1,958	\$2,046
Change:		0.6%	5.3%	3.7%	3.7%
Expenses ¹					
Controllable Agency Expenses	\$22,829	\$22,852	\$23,051	\$23,363	\$23,762
Year-to-Year		\$23	\$199	\$312	\$399
Change:		0.1%	0.9%	1.4%	1.7%
Debt Service	\$5,635	\$6,016	\$6,887	\$7,219	\$7,446
Year-to-Year		\$381	\$871	\$332	\$227
Change:		6.8%	14.5%	4.8%	3.1%
Non-Controllable Expenses ²	\$21,746	\$23,405	\$25,280	\$26,158	\$27,096
Year-to-Year		\$1,659	\$1,875	\$878	\$938
Change:		7.6%	8.0%	3.5%	3.6%
Total Expenses	\$50,210	\$52,273	\$55,218	\$56,740	\$58,304
Year-to-Year		\$2,063	\$2,945	\$1,522	\$1,564
Change:		4.1%	5.6%	2.8%	2.8%
Operating Results- Surplus/(Deficit)	(\$270)	(\$2,050)	(\$2,335)	(\$1,899)	(\$1,417)
Current Year Roll - (Cost)	(\$2,161)	(\$142)	\$ —	\$ —	\$ —
Prior Year Roll - Benefit	\$2,431	\$2,192	\$142	\$ —	\$ —
Net Impact of Surplus Roll	\$270	\$2,050	\$142	\$ —	\$ —
Gap to be Closed	\$ —	\$ —	(\$2,193)	(\$1,899)	(\$1,417)

¹ Excludes the impact of prepayments.

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

The City's Executive Budget and Financial Plan sets forth projected revenues and expenditures on a GAAP basis for fiscal years 2013 through 2017. The assumptions, upon which the five year plan revenue and expenditure estimates are based, are summarized in the Appendix section of this Mayor's Message.

Five-Year Financial Plan
(\$ in Millions)

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
<i>Revenues</i>					
Taxes:					
General Property Tax.....	\$18,561	\$19,486	\$20,328	\$21,259	\$22,026
Other Taxes.....	25,707	25,044	26,810	27,834	29,003
Tax Audit Revenue	1,060	709	709	709	709
Subtotal – Taxes	<u>\$45,328</u>	<u>\$45,239</u>	<u>\$47,847</u>	<u>\$49,802</u>	<u>\$51,738</u>
Miscellaneous Revenues.....	6,359	6,562	6,612	6,619	6,730
Unrestricted Intergovernmental Aid..	—	—	—	—	—
Less: Intra-City Revenue	(1,732)	(1,563)	(1,561)	(1,565)	(1,566)
Disallowances Against					
Categorical Grants	(15)	(15)	(15)	(15)	(15)
Subtotal City Funds	<u>\$49,940</u>	<u>\$50,223</u>	<u>\$52,883</u>	<u>\$54,841</u>	<u>\$56,887</u>
Other Categorical Grants	996	888	893	881	877
Inter-Fund Revenues.....	560	535	516	515	515
Federal Categorical Grants	9,005	6,429	6,312	6,295	6,292
State Categorical Grants	11,344	11,701	12,037	12,519	13,033
Total Revenues	<u>\$71,845</u>	<u>\$69,776</u>	<u>\$72,641</u>	<u>\$75,051</u>	<u>\$77,604</u>
<i>Expenditures</i>					
Personal Service					
Salaries and Wages	\$22,083	\$22,032	\$22,158	\$22,429	\$22,785
Pensions	8,185	8,317	8,326	8,524	8,778
Fringe Benefits	8,553	8,827	9,447	10,148	10,913
Retiree Health Benefits Trust ..	(1,000)	(1,000)	—	—	—
Subtotal – Personal Service	<u>\$37,821</u>	<u>\$38,176</u>	<u>\$39,931</u>	<u>\$41,101</u>	<u>\$42,476</u>
Other Than Personal Service					
Medical Assistance	\$6,335	\$6,366	\$6,447	\$6,415	\$6,415
Public Assistance	1,378	1,387	1,385	1,385	1,391
All Other ^{1,2}	22,279	20,765	21,295	21,804	22,273
Subtotal – Other Than					
Personal Service.....	<u>\$29,992</u>	<u>\$28,518</u>	<u>\$29,127</u>	<u>\$29,604</u>	<u>\$30,079</u>
General Obligation, Lease and					
TFA Debt Service ^{1,2,3}	5,994	6,245	7,179	7,510	7,732
FY 2012 Budget Stabilization					
& Discretionary Transfers ¹	(2,431)	(31)	—	—	—
FY 2013 Budget Stabilization					
& Discretionary Transfers ²	2,161	(2,161)	—	—	—
FY 2014 Budget Stabilization ³	—	142	(142)	—	—
General Reserve.....	40	450	300	300	300
Subtotal	<u>\$73,577</u>	<u>\$71,339</u>	<u>\$76,395</u>	<u>\$78,515</u>	<u>\$80,587</u>
Less: Intra-City Expenses	(1,732)	(1,563)	(1,561)	(1,565)	(1,566)
Total Expenditures.....	<u>\$71,845</u>	<u>\$69,776</u>	<u>\$74,834</u>	<u>\$76,950</u>	<u>\$79,021</u>
Gap To Be Closed.....	\$—	\$—	(\$2,193)	(\$1,899)	(\$1,417)

¹ Fiscal Year 2012 Budget Stabilization and Discretionary Transfers total \$2.462 billion, including GO of \$1.340 billion, TFA of \$879 million, lease debt service of \$156 million, net equity contribution in bond refunding of \$23 million, and subsidies of \$64 million.

² Fiscal Year 2013 Budget Stabilization and Discretionary Transfers total \$2.161 billion, including GO of \$2.097 billion and subsidies of \$64 million.

³ Fiscal Year 2014 Budget Stabilization totals \$142 million.

CONTRACT BUDGET

The Contract Budget is presented as part of the 2014 Executive Budget submission. The Contract Budget includes all projected expenditures for contracts that are personal service, technical or consulting in nature, as defined in Section 104 of the City Charter. Purchase orders and open market orders, as well as small purchases that do not require registration by the Comptroller's Office, are included in the Contract Budget. Contracts for the purchase of supplies, materials and equipment are not included.

The 2014 Executive Contract Budget contains an estimated 16,925 contracts totaling over \$10.97 billion. Approximately 80 percent of the total contract budget dollars will be entered into by the Department of Social Services, the Administration for Children's Services, the Department of Homeless Services, the Department of Health and Mental Hygiene and the Department of Education. The Administration for Children's Services has over \$1.56 billion in contracts, approximately 72 percent of which represents contracts allocated for Children's Charitable Institutions (\$453 million) and Day Care (\$667 million). Of the over \$5.03 billion in Department of Education contracts, approximately 23 percent is allocated for pupil transportation contracts (\$1.16 billion).

Each agency's Contract Budget is delineated by object code within the agency's other than personal service units of appropriation. The Executive Budget Supporting Schedules further break down the Contract Budget by budget code within unit of appropriation. All object codes in the 600 object code series are included in the Contract Budget. In addition, the Executive Budget Supporting Schedules reference the 2013 Modified Budget condition for these contract object codes.

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

	Est # of Contracts	Dollars (Millions)	% Total Dollars
Social Service Related and Health Services.....	4,501	\$3,863	35.2%
• Home Care, Child Welfare, Employment Services, Public Assistance, Day Care, Family Services, Homeless Programs, AIDS, Senior Citizen Programs, Health, Mental Hygiene & Prison Health, etc.			
Youth and Student Related Services	2,380	3,678	33.5%
• (including Transportation of Pupils and Payments to Contract Schools)			
Other Services.....	3,007	1,082	9.9%
• Custodial, Security Services, Secretarial, Cultural Related, Employee Related, Economic Development, Transportation, Municipal Waste Exporting, etc.			
Professional Services/Consultant.....	3,448	1,748	15.9%
• Accounting, Auditing, Actuarial, Education, Investment Analysis, Legal Engineering & Architectural, System Development & Management Analysis, etc.			
Maintenance & Operation of Infrastructure	1,770	316	2.9%
• Lighting, Street Repair, Buildings, Parks, Water Supply, Sewage and Waste Disposal, etc.			
Maintenance of Equipment.....	1,819	288	2.6%
• Data Processing, Office Equipment, Telecommunications & Motorized Equipment, etc.			
TOTAL	16,925	\$10,975	100.00%

COMMUNITY BOARDS

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

Each community board receives an annual budget to pay for a district manager, support staff and other operating expenses. In 2014 the uniform base budget for each community board is \$206,895. This excludes the cost of office rent and heat, light and power, which are in a separate unit of appropriation. Included in the rent unit of appropriation are funds for the cost of moving and telephone installation for community boards which plan to move in 2014.

Each Borough President appoints board members for staggered two year terms. City Council members in proportion to each member's share of the district's population select nominees from which half the appointments are made. All fifty members of the community board either live or work in the district.

Each year agencies that deliver local services consult with community boards about budget issues and the needs of the districts, prior to preparing their departmental estimates. The boards then develop and prioritize their up to 40 capital budget requests and their up to 25 expense budget requests. For 2014 community boards submitted 1,685 capital requests to 30 agencies and 1,282 expense requests to 37 agencies. Two-thirds of the community board capital budget requests seek improvements to streets, sewers and parks. Community board expense budget requests concentrate on local services and personnel increases.

District specific budget information is available in the following geographic budget reports, which accompany the release of the 2014 budget.

Register of Community Board Budget Requests for the Executive Budget, Fiscal Year 2014 – lists the funding status for all community board proposals in priority order within community district.

Geographic Report for the Executive Expense Budget for Fiscal Year 2014 – details the expense budgets of fourteen agencies that deliver local services by borough and service district. Includes 2014 Executive Budget information as well as 2013 current modified budget and budgeted headcount data.

Executive Capital Budget for Fiscal Year 2014 – details the Mayor's Capital Budget by project within agency. Budget data is presented by community district and by agency within borough.

Geographic Fiscal Year 2014 Executive Budget Commitment Plan – presents information on capital appropriations and commitments by community board, including implementation schedules for the current year and four plan years for all active projects by budget line.

ECONOMIC OUTLOOK

Overview

The U.S. economy continues to grow at a sluggish pace, a lingering condition that has persisted since the end of the recession in 2009. However, the factors responsible for this pedestrian performance have changed over the course of the recovery. During the initial upturn, growth was hindered by the ongoing correction in the financial and housing markets but aided by expansionary fiscal policy. More than three years later, real estate has turned the corner, home prices are climbing, and household debt levels are down. However, the stalemate in Washington over the country's fiscal priorities has resulted in higher taxes, sequester-related spending cuts and ongoing uncertainty. The payroll tax hike and other tax increases, which were part of the fiscal cliff settlement at the beginning of 2013, will likely curb consumption spending. Offsetting this drag, the emerging housing recovery is starting to contribute to growth in the form of improved household wealth, greater residential fixed investment, and higher job growth in construction and other industries associated with real estate. Nevertheless, unless Congress and the President take action to resolve the budget problems, the fiscal encumbrance may become substantial.

Financial markets have been upbeat, in spite of the indecision in Washington. NYSE member firms posted profits of \$23.9 billion in 2012, their third best year on record. Preliminary earnings reports from the five largest banks suggest that first quarter 2013 continued to be robust despite headwinds from shrinking net interest income stemming from the low-interest rate policies adopted by the Federal Reserve and other central banks. This environment has encouraged corporations to issue new debt at a record pace in 2012, albeit slowing slightly in the first quarter of 2013. In addition, investors exhibited an increasing appetite for risk. Net outflows from equity mutual funds in 2012 reversed with large inflows in the first three months of the year, some of which may have been recycled from special dividend payouts timed to beat federal tax changes. As a result, equity market indices surpassed their pre-financial crisis peaks in March. Nonetheless, an unrelenting succession of litigation related to the financial crisis and ongoing financial regulatory reform both in the U.S. and Europe will undoubtedly impact banking and financial markets in the near future. Inflation pressures have been nearly non-existent due to slow domestic and international growth prospects and falling energy prices. This has allowed the Fed to pursue its extremely accommodative monetary policy, including its quantitative easing program. However, as the economy returns to a balanced growth path, Fed officials will need to consider how to implement their exit strategy without upsetting the recovery.

The New York City economy continued to expand, with several employment sectors surpassing their pre-recession peaks. Strong growth in professional and business services, information and tourism-related sectors such as retail trade and leisure and hospitality are signs of a diversifying economy. However, securities sector headcounts have languished despite healthy Wall Street profits. With the prospects of tighter regulation, more restrictive compensation schemes and the persistence of the European economic turmoil, financial sector employment is not expected to recover quickly. Overall private sector job growth is projected to increase by 1.6 percent in 2013, down from 2.6 percent last year. Wage earnings are forecast to reach roughly \$306 billion in 2013, surpassing the \$300 billion mark for the first time.

Residential real estate continued its upturn propelled by vigorous employment growth, pent-up demand and heightened affordability due to the near record-low mortgage rates. Total sales volume grew 8.9 percent in 2012, a significant jump from 1.2 percent in 2011. However, some of this activity was attributed to a flurry of deals at the end of 2012 driven by federal tax law changes. The current pipeline of new construction is sparse but permit issuance is expected to pick up quickly over the next few years. In contrast, commercial real estate performance continues to be mixed. Despite an expansion of office-using employment by 26,000 jobs in 2012, total leasing activity declined from the banner prior year and net absorption was negative. Hurricane Sandy notwithstanding, tourism continues to be a growth nexus, with a new all-time high of 52 million visitors traveling to the City last year. As a result, hotel occupancy rates have hovered around 85 percent and average room rates increased by 2.5 percent in 2012.

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

THE U.S. ECONOMY

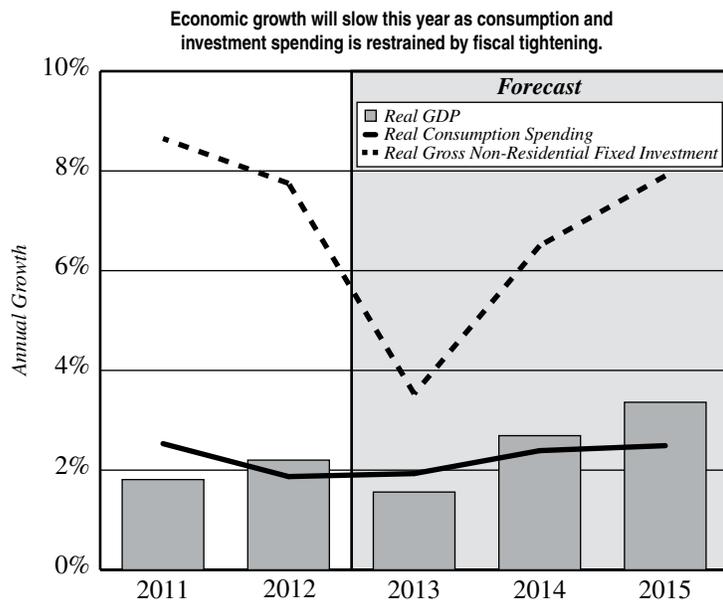
Although the U.S. economy continues to grow sluggishly, the impediments behind the slow pace have changed compared to the earlier part of the recovery. For the three years since the end of the recession in 2009, growth was encumbered by the correction in housing and financial markets while counterbalanced by expansionary fiscal measures. Currently, the housing market enjoys improved inventory levels, household and business balance sheets are healthier, and labor and energy markets appear favorable for steadier growth. On the negative side, fiscal tightening will suppress growth. Thus, the current outlook reflects an improvement in fundamentals, which are offset by significant fiscal drag.

The forecast has been complicated by distortions due to federal fiscal policy uncertainties. Early in the year, last minute policy actions averted the “fiscal cliff” of mandatory spending cuts and tax increases but not before pre-emptive steps had already been taken by businesses and households in anticipation of expiring tax incentives. Of these one-time events, the extensive shift of capital investment, durable consumption and dividend income into the fourth quarter of 2012 came at the expense of 2013. These behavioral adjustments and, more significantly, the tax increases and spending cuts that were adopted in the fiscal cliff settlement will erase more than a full percentage point from GDP growth in 2013. Fortunately, 2013 will be significantly boosted by the housing market recovery, and consumer demand will benefit from strengthening household balance sheets and business conditions. Real GDP growth is forecast to average 1.6 percent in 2013. Growth is anticipated to improve to 2.7 percent in 2014 and to remain slightly over 3.0 percent in the out-years.

Going forward, consumption spending – which makes up roughly 70 percent of GDP – will be affected by a reduction of disposable income due to the payroll tax hike. Tax rates have also been increased on capital gains and dividends as well as on ordinary income for high-income taxpayers. Nevertheless, many of the fundamental determinants of spending have turned the corner. Among these, household deleveraging has markedly improved. The decline in household financial obligation ratio (total debt service relative to disposable income) to 15.5 percent – one of the lowest readings in the history of this series – will have a sustained positive effect for purchasing capacity. The turnaround of the housing market brings benefits to the economy from several angles. For households, the rise in home prices is expected to produce the much awaited wealth effect, which has been a drag on the economy for five consecutive years. The S&P/Case-Shiller home price index rose over two percent (quarter-over-quarter) in the fourth quarter of 2012, which translated into \$450 billion of additional real estate wealth. With home prices forecast to increase at an average annual rate of about three percent during the next several years, the impact on household wealth and consumption spending will be significant. Real consumption spending is forecast to grow 1.9 percent in 2013, the same as the previous year, but is expected to rise to 2.4 percent in 2014.

An important factor behind the sustained growth of home values is the improvement of the inventory overhang that plagued the housing market. For both new and existing homes, the supply of inventory has fallen sharply, causing shortages in many regional markets. According to CoreLogic, the inventory of foreclosed homes has also declined – as of January 2013 this measure was down 26 percent from the peak two years ago. The level still remains high, however, and will continue to overshadow the housing market for a few more years. The direct contribution of housing to real GDP growth, measured in terms of residential fixed investment, is forecast to gradually increase from 0.27 percentage point in 2012 to 0.35 percentage point in 2013, before

U.S. GDP, CONSUMPTION SPENDING AND INVESTMENT



peaking at 0.66 percentage point in 2015. Growth of residential fixed investment will accelerate at double-digit rates during this period. Non-residential fixed investment is expected to slow in 2013 because of the spin-up of capital purchases that took place at the close of 2012, uncertainty about future tax burdens and continued sluggish economic growth. Non-residential fixed investment is forecast to rise a tepid 3.5 percent this year, down from 7.7 percent in 2012, but pick up to an average of 6.5 percent in the out-years.

As the housing market recovers, demand for architects, contractors, landscapers, interior decorators and various retail and wholesale products and services tied to home building and renovation will grow. In 2012, at least 230,000 jobs were created in construction and its ancillary sectors according to the BLS survey of establishments.¹ The BLS Household Survey, which covers the self-employed, shows that of all the major non-agricultural occupations, the unemployment rate in construction has dropped the most during the last 12 months – from 17.2 percent in March 2012 to 14.7 percent in March 2013. During the last six months, 14 percent of all private sector jobs created were in construction – a sector that makes up about five percent of the total. This trend is expected to accelerate further, peaking in 2015, when 28 percent of total private sector job gains are expected to be in the construction sector.

Besides construction, conditions in the labor market in general have been improving, albeit unevenly. During the last six months, 1.2 million private sector jobs were added, roughly double the numbers created during the preceding six-month period. Unfortunately, the March losses in retail trade could be the start of a consumer response to the payroll tax hike in January. The March decline in manufacturing jobs is likely due to the ongoing spillover from the global slowdown, particularly the recession in Europe. Businesses have lately become more cautious about future hiring plans. The non-manufacturing Institute of Supply Management's (ISM) employment index dropped to 53.3 in March from 57.5 in January. Over the same period, the National Federation of Independent Business (NFIB) reported that the net share of small businesses planning to hire in the next three months fell from three percent to zero. For the next two years, the more significant job growth will mainly be concentrated in construction and industries associated with the housing recovery. Other growth sectors include professional and business, health care, and leisure & hospitality services. Private sector

¹ Construction (107,500), professional and business services to buildings and dwellings (40,900), architectural and engineering services (29,900), furniture and home furnishings stores (2,740), building maintenance and garden supplies stores (24,180) and real estate, rental and leasing services (24,660).

job growth is expected to slow to 1.8 percent in 2013 after rising 2.2 percent in 2012. Significant improvement is expected from late 2014. Growth is forecast to pick up to average 2.1 percent annually during 2015 – 2017. Total employment growth is assumed to be slightly lower than this because of federal employment losses due to sequester-related spending cuts.

Despite uncertainty from fiscal indecision and simmering Eurozone problems, financial markets were markedly optimistic in the first quarter of 2013, with both the Dow and S&P500 equity indices surpassing their pre-crisis highs in March. Early first quarter results from the “Big Five” banks were robust, revealing strong earnings growth. However, ongoing

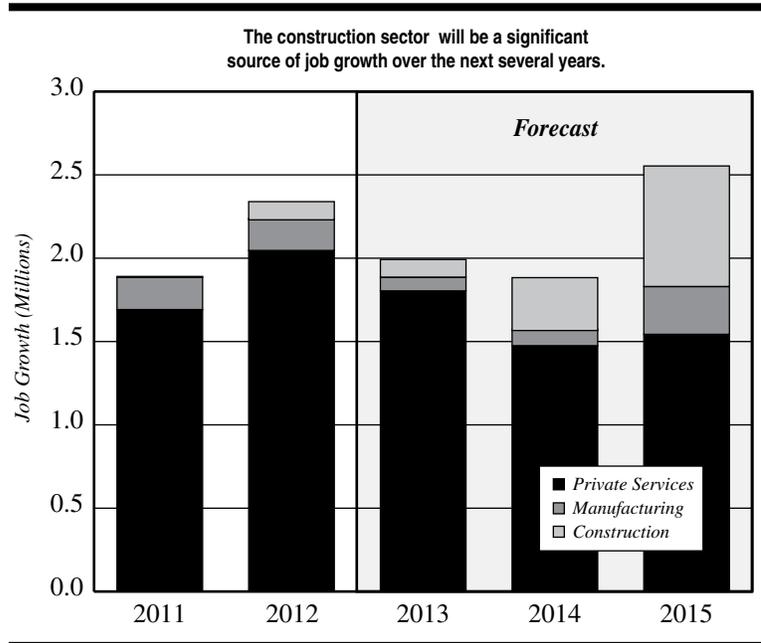
legal woes and the slow but continuing pace of financial regulatory reform will likely impede future activity. Furthermore, markets are still far from normal, with episodic fiscal uncertainty and the Federal Reserve maintaining an aggressively expansionist policy while mulling an eventual exit strategy from its post-crisis interventions.

With the turmoil of the fiscal cliff at the end of 2012 subsiding, equity markets enjoyed a robust first quarter. Increasing appetite for risk appeared to accelerate movement out of safer assets and into equities and higher-yielding debt. One indicator of investor sentiment was the change in mutual fund patterns. In 2012, there were net monthly outflows from equity mutual funds in eleven of twelve months, with total withdrawals of \$154 billion.² This dramatically reversed in the first three months of 2013, with net inflows of \$68 billion, the largest jump in seven years. At the same time, first quarter flows into taxable and municipal bond funds slowed. It is possible that some of the money finding its way into equity funds is being recycled from the special dividend payouts in the last quarter of 2012. The BEA personal income data shows that fourth quarter dividend payments were up 24 percent from the same period in 2011, an added windfall of about \$40 billion.

This virtuous cycle was reinforced in March when the Dow and S&P500 equity indices set new records, surpassing their pre-crisis peaks reached in October 2007. The Dow passed this milestone in the first week of March and posted gains of over 11 percent for the first quarter. The S&P set a new high on the last trading day of March, capping a 10 percent quarterly rise. This is a reversal from the fourth quarter of 2012 when the S&P and Dow lost one and 2.5 percent, respectively. Volatility measures have been muted, with the CBOE volatility index (VIX) averaging about 13.5. The only significant bumps were the fiscal cliff negotiations at the end of 2012 that pushed the index to 22, and the sequester uncertainty at the end of February 2013, which created a short-lived jump to 19.

Another factor that has supported financial markets is the low interest rate environment engineered by the Federal Reserve and other central banks. The benchmark 10-Year Treasury yield has risen slightly from the historic lows seen in mid-2012, but is currently still below two percent. In the first quarter of 2013, yields rose modestly above two percent, but have since retreated to year-end levels in the face of slow growth prospects, fiscal uncertainty and the Fed’s ongoing quantitative easing program. One consequence was strong issuance

U.S. EMPLOYMENT



2 Investment Company Institute (ICI)

of new corporate debt as firms sought to lock in cheap borrowing. A record \$1.4 trillion was issued in 2012, surpassing the previous 2007 record of \$1.1 trillion. The pace in 2013 is nearly as brisk, with first quarter volume down about 10 percent from the same period last year. Likewise, mortgage-related bond issuance is mirroring the reviving housing market, with first quarter volume growing 22 percent compared to the same period in 2012.

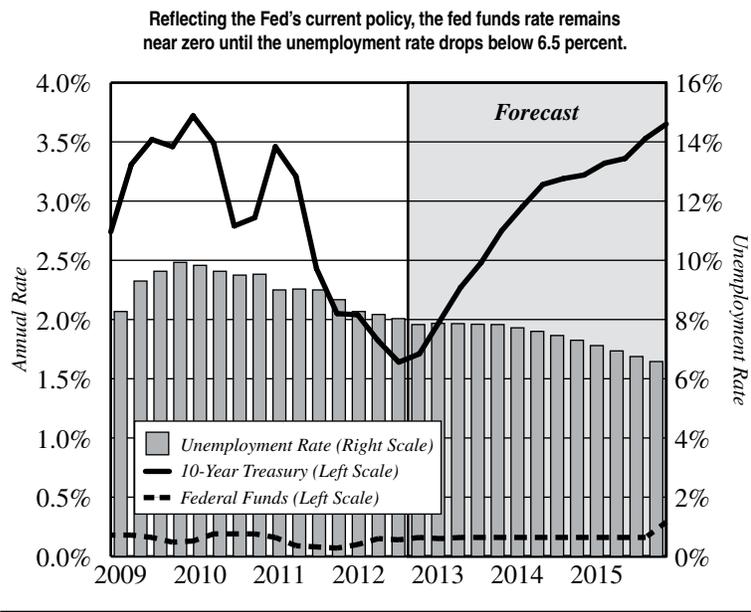
These conditions have bolstered Wall Street earnings. In 2012, NYSE member firms earned \$23.9 billion, their third highest year on record. While first quarter 2013 data for the full set of NYSE firms is not yet available, preliminary evidence from

the “Big Five” banks’ earnings reports points to another good quarter.³ Consolidated first quarter net earnings grew by 53 percent, while earnings from their investment banking units grew by 36 percent on a year-over-year basis. One notable weakness, however, is the continuing deterioration of net interest income, which is earned from the spread between funding and lending rates. This trend will likely continue until longer-term interest rates start to recover.

Another headwind is the continuing drumbeat of litigation that has afflicted the financial sector. In April, Bank of America reached a \$500 million settlement with investors who suffered losses on mortgage-backed securities issued by Countrywide, the subprime mortgage unit purchased in 2008. In March, Citigroup agreed to pay \$730 million to settle claims that it misled investors in a number of bond and stock offerings during the financial crisis. This penalty was the second largest payment to investors after Bank of America’s \$2.4 billion settlement last September tied to its 2009 acquisition of Merrill Lynch. The LIBOR rate fixing scandal also continues to generate lawsuits. In late March, Freddie Mac announced that it was suing fifteen of the largest banks, joining a long list of plaintiffs involved in over 30 ongoing suits in U.S. courts. Losses suffered by Fannie Mae and Freddie Mac due to LIBOR manipulation are estimated to be as high as \$3 billion.

Moreover, ongoing financial regulatory reform in the U.S. and Europe will eventually tighten constraints on the financial industry. Progress on the Dodd-Frank reforms has been much slower than expected, so much of the impact is still to come. More than two years after passage, nearly all of the designated deadlines for rulemaking (280 rules) in the original legislation have passed. However, only 103 of these rules have been finalized. One of the signature pieces of reform, the Volcker Rule, was slated to be finalized in the first quarter of 2013 and implemented by mid-2014. However, Fed officials have stated that the work is taking longer than expected and will likely be delayed. In Europe, EU finance ministers agreed to cap bankers’ bonuses to a maximum of twice base salary starting in 2014, and the European Commission is proposing a new financial-transactions tax that would apply to any bond, equity, or derivative transaction where the buyer or seller is based in a member country.

U.S. INTEREST RATES



³ Bank of America, Citigroup, Goldman Sachs, JPMorgan Chase and Morgan Stanley.

One of the Dodd-Frank reforms that has been fully implemented is the bank stress test conducted annually by the Fed in March. This year's severely-adverse scenario featured a 2013 recession accompanied by 12 percent unemployment, a 50 percent drop in equity prices and a 20 percent decline of housing prices. Of 18 bank holding companies subject to the test, only one failed to pass the minimum capital adequacy hurdle. This was an improvement from last year's test when four firms, including Citigroup, were found deficient.

In addition to its role as one of the bank regulatory agencies, the Fed continued its extremely accommodative monetary policy with a new round of quantitative easing, which replaced the expiring "Operation Twist." The central bank is now making monthly purchases of \$40 billion of mortgage-backed securities and \$45 billion of longer-term Treasury bonds. As a result, the Fed's balance sheet is growing again. Operation Twist shifted the composition of Fed assets from short to longer-term securities, which left the overall asset position approximately level. With the return of outright securities purchases, the Fed's balance sheet has grown by \$260 billion in the first quarter, surpassing the \$3 trillion mark in January. During the same period banks' excess reserves held at the Fed jumped by \$240 billion, implying that most of this new money is being directed back to the central bank.

It is fortunate that recent inflation patterns have given the Fed plenty of maneuvering room. The Fed's preferred measure of price stability, the core PCE price index, was 1.1 percent (year-over-year) in March, down from 1.3 percent in February, well below the Fed's two percent target rate. Likewise, the March core CPI inflation was only 1.9 percent, down from 2.0 percent in February. Energy prices have been falling, which has caused headline inflation to ease to 1.5 percent in March, down sharply from 2.0 percent the previous month. Headline inflation in the NYC area likewise reflected this trend, falling to 1.9 percent in March from 2.4 percent in February. Weak growth prospects globally and ample oil and gas supplies domestically will keep energy prices subdued. As a result, the forecast is for very modest inflation of only 1.6 percent in 2013, rising to only 1.7 percent in the following year.

Although the fiscal cliff settlement removed some uncertainty about federal spending and tax policy, it still leaves the across-the-board sequester cuts intact. Unless Congress and the President take action to mitigate these spending cuts, the fiscal drag may become substantial. In addition, the Cyprus crisis in mid-March serves as a reminder that the Eurozone problems still linger and financial vulnerabilities centered on weak European banks remains a risk. In addition, the course of financial regulatory reform has the potential to significantly alter the profitability and activities of the banking sector. Finally, the concern over the timing and impact of the Fed's exit strategy will only increase as the U.S. economy approaches a normal growth path.

THE NEW YORK CITY ECONOMY

New York City's economy has experienced sustained growth following the financial crisis which began in late 2008. Most sectors of the economy have seen a rebound in activity. Several labor market sectors have surpassed their pre-recession peaks and have set new all-time highs, while tourists continue to visit the City in record numbers. Office market stability persists, while the residential market shows early indications of a recovery. Wall Street profits also experienced resurgence in 2012.

Wall Street roared back to life in 2012, booking \$23.9 billion in profits, after suffering heavy losses in the second half of 2011. However, the strong earnings performance in 2012 did not translate into job creation, as employment levels languished. From August 2011 through March 2013, the securities sector headcount dropped by nearly 6,000, despite the fact that overall private employment in the City rose by over 120,000 jobs over the same period. As of March, securities employment still remains roughly 13 percent below its pre-recession peak level of 189,000. Securities wage earnings are estimated to be just one percent higher (including bonus) in 2012 over the previous year.¹

While firms were able to book healthy profits in 2012, they still face uncertainty from the implementation of Dodd-Frank and the persistence of the European debt crisis. Thus, they are likely to see profits decline to a more typical \$13.4 billion in 2013. However, unlike the past two years when lower revenues resulted in significant payroll reductions, the pace of staffing cuts is expected to wane. Securities firms will cut an additional 1,000 jobs in 2013, before job growth slowly picks up in the out-years. Additionally, in a continuing effort to discourage risky behavior, banks are changing compensation plans to include a larger share of restricted and deferred equity schemes, which vest over several years and feature claw-back provisions. Hence, securities wage earnings are expected to remain virtually flat in 2013 before resuming modest growth throughout the rest of the forecast period.

Unlike financial activities, the ongoing economic recovery has boosted growth in professional and business services. This sector has surpassed the pre-recession peak by 27,000, and has added jobs in employment, computer and advertising services. Employment growth is expected to average a healthy gain of nearly 16,000 jobs per year from 2013-2017.

The information sector is starting to become an engine of growth for the City once again, highlighting the transition from traditional categories such as print publishing to more high-tech platforms such as social networking media. After reaching 200,000 jobs in 2001 due to the dot-com boom, information industry employment fell 20 percent by 2004. The sector has subsequently added roughly 12,000 jobs in the last three years, and will continue to expand by about 3,000 per year. However, while steady job growth persists throughout the forecast period, employment levels in information are expected to remain below the dot-com peak.

Tourism has become an important contributor to the City's economy, aiding in the diversification of the City's economic base and boosting employment in leisure & hospitality and retail trade. The City's hotel industry has also prospered. In 2012, the City welcomed an all-time high of 52 million visitors, surpassing the recent record of 50.9 million set the year prior. The rise of tourism as a driver of economic activity is a testament to New York City's vibrancy and global appeal.

Since 2002, the City has added over 22,000 rooms to hotel inventories, a growth of 32 percent in capacity. Despite the additional rooms, occupancy rates have hovered above the 85 percent mark, indicative of tight supply. Occupancy rates are expected to return to more sustainable levels in 2013 and in the out-years. Average nightly room rates in 2012 stood at \$280, a modest 2.5 percent rise from 2011. Room nights are forecast to grow moderately in 2013 and in the out-years. Room rates hit a peak of \$307 in 2008 but are not expected to surpass that record until 2016 as the addition of budget hotels slows appreciation in the average price, even as they make the City's attractions more accessible to domestic and international clientele.

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

The industry is not without its risks. Economic uncertainties in Europe remain persistent as the region's turmoil continues into another year, while the recent strength of the dollar adversely affects the purchasing power of international visitors. Nevertheless, these risks are balanced by the recovery in the domestic economy, and continued economic growth in emerging markets that allow more individuals the opportunity to experience New York City.

Spurred by strong tourist activity, the leisure & hospitality industry will continue to set employment records, but hiring will occur at a more modest pace. After gaining 41,000 jobs in 2011 and 2012 combined, this sector is expected to add an average of 9,000 jobs annually from 2013-2017. Retail trade also benefitted from tourism and a pickup in the national economy. This sector grew by 12,000 jobs in 2012, and is forecast to add an average of 8,000 jobs per year through the end of the forecast period.

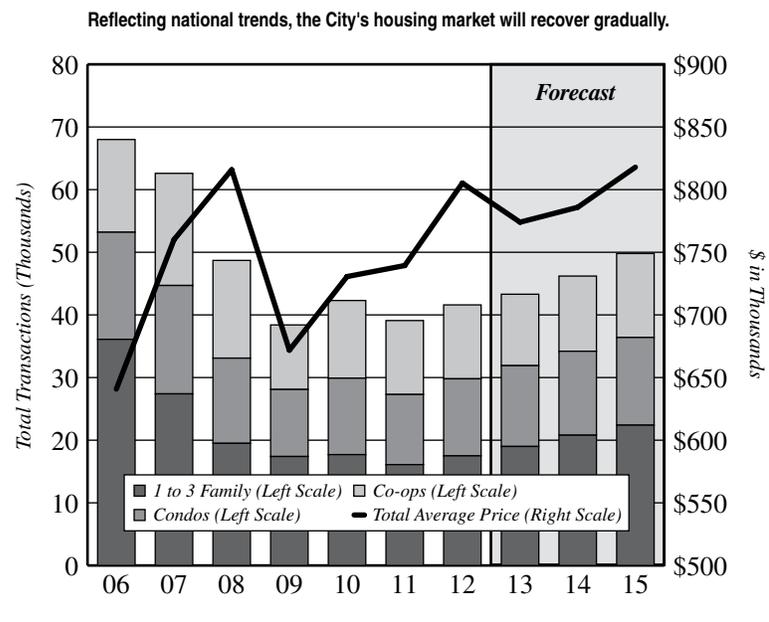
Office-using employment increased by 26,000 in 2012, which has boosted demand for office space. After recording a banner year in 2011, the office market has shown signs of slackness. Leasing activity topped 30 million square feet (msf) in 2011, which was the best performance since 2000. However, leasing fell to 23 msf in 2012 and net absorption was negative. This is at odds with the employment expansion seen in the year, which should have generated roughly 5.2 msf of new absorption according to the "rule of thumb" of office leasing.² Activity continues to be muted through the first quarter of 2013, as leasing dropped by just over two percent year-over-year. However, primary market vacancy rates have fallen to 9.8 percent in the first quarter from a peak of 12.5 percent in the same quarter three years ago. Asking rents have surpassed \$68 per square foot in the primary market, well below the \$85 per square foot charged in the middle of 2008, but higher than the \$61 recorded during the current cycle's trough.

Stable employment growth is expected to stimulate demand for office space in 2013. Vacancy rates improve to stay just above nine percent while asking rents settle at about \$70 per square foot in 2013. However, increased supply from the completion of over four million square feet in the World Trade Center will likely push vacancy rates up and cause asking rent appreciation to pause at least temporarily.

The residential real estate market in the City shows signs of a genuine recovery that is sustained by firmer fundamentals. The market is being driven by strong employment growth, pent-up demand and a significant improvement in affordability. Total sales volume grew 6.5 percent in 2012 after falling 7.6 percent in 2011. The growth in 2012 was bolstered by federal tax changes at the beginning of 2013 that motivated sellers to accelerate transactions before the end of the year. The temporal shift of these transactions into 2012 is expected to dampen activity in subsequent quarters, but not alter the underlying positive trajectory of the housing market.

Sales volumes in 2012 of 1-3 family homes and co-ops rose 8.7 and 9.9 percent, respectively. Transactions in these two housing segments will rise in 2013 and continue climbing through the forecast horizon. After stabilizing in 2012, prices of 1-3 family homes are expected to improve in 2013 and grow at a sustainable pace in the out-years. Average prices of co-ops in the City rose sharply in 2012, skewed

NYC HOUSING



² Office using employment includes financial, business and information services. The rule of thumb states that roughly 200 square feet of office space are needed per office-using employee.

upward by a greater composition of high-value transactions as sellers rushed to beat federal tax changes. As a result, prices of co-ops will retreat in 2013 before rising moderately throughout the rest of the forecast period.

The condo segment of the City’s residential real estate market has exhibited more strength than 1-3 family homes and co-ops. Prices for condos, as measured by the S&P/Case-Shiller (C-S) condo price index, reached a trough in the housing cycle on February 2012, but have since risen swiftly to recover three years of falling prices. As of January 2013, condo prices have risen 10.2 percent over the prior year, and stood at the highest level since January 2009. Looking forward to 2013 and the out-years, prices of condos are expected to grow more robustly than prices of 1-3 family homes and co-ops. The supply of condos has struggled to keep pace with demand. Total transactions in 2012 grew a meager 0.2 percent, while transactions in 2013 are forecast to dip 3.8 percent. The pipeline of new condos has been inhibited by the sharp collapse in building permits in the wake of the housing crisis in 2008. After issuing over 30,000 permits per year from 2004 to 2008, the City approved a combined total of 32,000 permits from 2009 to 2012. Rising demand for all housing types, but notably for condos, is forecast to boost permit issuances by double-digit rates from 2013 through 2017. The increased pipeline of new construction will provide some relief for demand, allowing condo transactions to rise in the out-years.

The traditionally non-cyclical sectors of education and health services continued to add jobs, expanding by nearly 16,000 in 2012. With continuing growth in population, the forecast calls for an additional 6,000 and 7,000 positions in 2013 and 2014, respectively.

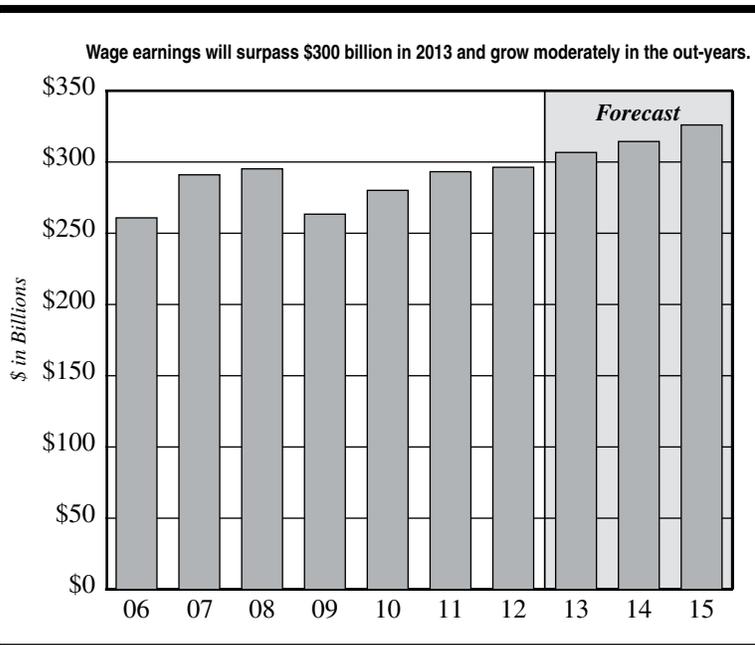
The City’s manufacturing industry saw a respite in 2012, adding close to 1,000 jobs for the year. This was the first yearly job gain since 1976. However, the long-term secular contraction of manufacturing is expected to resume. Manufacturing will cut 1,000 jobs in 2013, leaving the employment level at a new record low of 75,000. In the last decade, the size of this sector has shrunk by almost a half.

Overall, private employment in New York City is anticipated to increase 1.6 percent in 2013 following recent surges of 3.0 percent and 2.6 percent in 2011 and 2012, respectively. A steady growth rate of 1.4 percent is expected to continue from 2014-2017. In tandem with employment growth, wages should rise 2.1 percent in 2013, and then grow by an average of 2.3 percent per year through the rest of the forecast horizon.

As a result, in 2013 overall wage earnings in the City will be roughly \$306 billion, surpassing the \$300 billion mark for the first time.

Some concerns remain regarding the path of New York City’s economy. The continuation of the European debt crisis and the national debate over fiscal tightening may dampen economic activity in the City. Assumptions of profitability on Wall Street are predicated on continued economic growth and the Federal Reserve’s ability to guide monetary policy.

NYC WAGE EARNINGS



New York City Job Growth Forecast

NYC Employment (Ths.)	2012	2013	2014
	Level	Level Change	Level Change
Total	3,877	54	52
Private	3,332	54	51
Financial Activities	439	0	2
Securities	167	(1)	0
Professional & Business Services	619	17	11
Information	177	2	2
Education	185	(0)	(1)
Health & Social Services	600	7	8
Leisure & Hospitality	363	11	13
Wholesale & Retail Trade	140	2	1
Transportation & Utilities	121	2	2
Construction	115	3	4
Manufacturing	76	(1)	(2)
Other Services	170	1	0
Government	546	(0)	0

Forecasts of Selected Economic Indicators for the United States and New York City
Calendar Year 2012-2017

	2012	2013	2014	2015	2016	2017	1981-2011*
NATIONAL ECONOMY							
Real GDP							
Billions of 2005 Dollars	13,591	13,802	14,174	14,650	15,123	15,601	
Percent Change	2.2	1.6	2.7	3.4	3.2	3.2	2.7%
Non-Agricultural Employment							
Millions of Jobs	133.7	135.6	137.6	140.3	143.1	145.5	
Level Change.....	2.2	1.9	2.0	2.7	2.8	2.4	
Percent Change.....	1.7	1.4	1.5	1.9	2.0	1.7	1.2%
Consumer Price Index							
All Urban (1982-84=100).....	229.6	233.3	237.3	241.1	245.0	249.5	
Percent Change	2.1	1.6	1.7	1.6	1.6	1.8	3.1%
Wage Rate							
Dollars Per Year	51,450	52,326	53,862	55,331	56,824	58,485	
Percent Change.....	1.6	1.7	2.9	2.7	2.7	2.9	3.8%
Personal Income							
Billions of Dollars	13,406	13,767	14,454	15,160	15,919	16,750	
Percent Change.....	3.5	2.7	5.0	4.9	5.0	5.2	5.5%
Before-Tax Corporate Profits							
Billions of Dollars	2,152	2,051	2,307	2,265	2,215	2,155	
Percent Change.....	16.1	-4.7	12.5	-1.8	-2.2	-2.7	7.0%
Unemployment Rate							
Percent.....	8.1	7.8	7.5	6.8	6.2	5.8	6.4% avg
10-Year Treasury Note							
Percent.....	1.8	2.4	3.1	3.5	4.0	4.7	6.8% avg
Federal Funds Rate							
Percent.....	0.1	0.2	0.2	0.2	1.6	3.6	5.4% avg
NEW YORK CITY ECONOMY							
Real Gross City Product**							
Billions of 2005 Dollars	581.6	587.9	592.1	606.1	620.4	635.2	
Percent Change.....	2.3	1.1	0.7	2.4	2.4	2.4	2.5%
Non-Agricultural Employment***							
Thousands of Jobs	3,877	3,931	3,983	4,033	4,082	4,129	
Level Change.....	80	54	52	50	49	47	
Percent Change	2.1	1.4	1.3	1.3	1.2	1.2	0.4%
Consumer Price Index							
All Urban (1982-84=100).....	252.6	257.3	262.4	267.2	272.0	277.4	
Percent Change.....	2.0	1.9	2.0	1.8	1.8	2.0	3.4%
Wage Rate							
Dollars Per Year	79,293	80,969	81,912	83,865	86,147	88,674	
Percent Change	-1.1	2.1	1.2	2.4	2.7	2.9	4.9%
Personal Income							
Billions of Dollars	462.8	471.9	488.8	506.7	526.1	547.8	
Percent Change.....	1.6	2.0	3.6	3.7	3.8	4.1	5.6%
NEW YORK CITY REAL ESTATE MARKET							
Manhattan Primary Office Market							
Asking Rental Rate****							
Dollars per Square Feet	67.93	70.75	69.96	74.09	79.02	84.86	
Percent Change.....	2.7	4.2	-1.1	5.9	6.7	7.4	2.4%
Vacancy Rate****							
Percent.....	10.0	9.1	10.6	9.8	9.7	8.9	10.8% avg

* Compound annual growth rates for 1981-2011. Compound growth rate for Real Gross City Product covers the period 1981-2011; Personal Income 1981-2011.

** GCP estimated by OMB

*** Employment levels are annual averages.

**** Office market statistics are based on 1987-2011 data published by Cushman & Wakefield.

TAX REVENUE

Overview

Total tax revenue, including audits, is forecast to increase 7.6 percent in 2013 and to decline 0.2 percent in 2014.

Forecast Summary for 2013

Non-property tax revenues are forecast to increase 9.8 percent in 2013, after an increase of 4.1 percent in 2012.¹ The strength in growth reflects a continued rebound in the City's economy together with a rebound on Wall Street, as well as an acceleration of business activity and capital gains realizations into calendar year 2012.

In 2013, *personal income tax* revenue is forecast to increase 14.6 percent, following 4.0 percent growth in 2012. Continued recovery in both wage and nonwage income sources fueled the strength. In addition, Federal tax law changes prompted the recognition of capital gains realizations into calendar year 2012, boosting tax collections in 2013.²

General corporation tax revenue is forecast to grow 4.9 percent in 2013. The finance sector began the year slowly as overpayments from liability 2011 dampened general corporate tax collections. Collections picked up in the third quarter as the overpayments appear to have been absorbed by higher tax liabilities from Wall Street's \$23.9 billion of profits in calendar year 2012. Non-finance sector firms continue to remain a steady source of growth.

Banking corporation tax revenue is forecast to grow by 12.1 percent, following a 5.1 percent decline in 2012. Overpayments in the banking industry from the poor performance in liability year 2011 appear to have been absorbed. As a result, the collections have been quite robust in 2013, reflecting high bank profitability in liability year 2012 due to a strong performance year on Wall Street. *Unincorporated business tax* revenue is forecast to increase 7.7 percent, fueled by gains from the hedge fund industry.

Sales tax revenue is forecast to increase 4.4 percent, as employment gains and rising consumer confidence modestly lift taxable consumption in the City. The expected increase in revenues is somewhat hampered by the Federal payroll tax increase and by Federal budget cuts. Sales tax revenue growth is also supported by strong tourist consumption as the number of City visitors, both foreign and domestic, broke another record in calendar year 2012. The strong tourism has also propelled the *hotel room occupancy tax* revenue, which is forecast to grow 7.0 percent in 2013.

As the real estate markets experience high levels of activity through calendar year 2012, *real property transfer tax* and *mortgage recording tax* have continued to rebound from the depths of the 2010 levels, although the revenue from the two taxes remain well below the historic levels seen in 2007. The *real property transfer tax* revenue is forecast to jump 19.8 percent in 2013, powered particularly by transaction activities that closed in the second quarter as investors sold properties prior to the increase in the capital gains tax rate. *Mortgage recording tax* revenue is forecast to increase 32.1 percent, due to the high volume of transaction activity and an increase in refinancing activity.

Property tax revenue is forecast to increase 3.4 percent, based upon 4.5 percent growth in billable assessed value. *Commercial rent* tax revenue is forecast to increase 4.8 percent.

Forecast Summary for 2014

Non-property tax revenues are forecast to decline 2.6 percent in 2014 as lower levels of Wall Street profitability and bonus payments put downward pressure on the overall growth of the local economy. *Personal income tax* revenue is expected to decline 10.4 percent in 2014. The decline in collections reflects the reversal of the large

¹ The total non-property tax revenue excludes audits.

² On January 1, 2013, the highest Federal long-term capital gains tax rate increased to 20.0 percent. The combined Federal tax rate for capital gains for high earners is 23.8 percent, reflecting the additional 3.8 percent for the Medicare Investment tax, which was part of the Federal health care bill passed in calendar year 2010.

onetime “spin-up” of capital gains income in 2013. Tax payments from *business taxes* are forecast to remain nearly flat from the prior year, in anticipation of a slowdown in Wall Street profitability after a robust performance year in calendar year 2012. *Sales tax* revenue is forecast to increase 4.2 percent as local consumption remains modest and tourism growth slows.

Real property transfer tax revenue is forecast to modestly increase 1.6 percent in 2014 and *Mortgage recording tax* revenue is forecast to increase 2.0 percent, maintaining the high level seen in the busy prior year.

Property tax revenue is forecast to increase 5.0 percent based upon 6.9 percent growth in billable assessed value on the 2014 tentative roll. *Commercial rent tax* is forecast to increase 3.9 percent, supported by a combination of the improved office-using employment, the lower vacancy rates and the higher asking rents for commercial office space in Manhattan.

2013 and 2014 Tax Revenue Forecast
(\$ in Millions)

Tax	2013	2014	Increase/(Decrease)	
			From 2013 to 2014	
			Amount	Percent Change
Real Property	\$18,561	\$19,486	\$925	5.0%
Commercial Rent	660	686	26	3.9%
Real Property Transfer	1,092	1,110	18	1.6%
Mortgage Recording	709	723	14	2.0%
Personal Income	9,115	8,169	(946)	(10.4%)
General Corporation	2,567	2,586	19	0.7%
Banking Corporation	1,433	1,297	(136)	(9.5%)
Unincorporated Business	1,762	1,843	81	4.6%
Sales and Use	6,071	6,323	252	4.2%
Utility	382	394	12	3.1%
Cigarette	63	63	—	0.0%
Hotel	509	513	4	0.8%
All Other	516	501	(14)	(2.8%)
Subtotal	\$43,439	\$43,694	\$255	0.6%
STAR Aid	829	836	7	0.8%
Tax Audit Revenue	1,060	709	(351)	(33.1%)
Total†	\$45,328	\$45,239	(\$89)	(0.2%)

† Totals may not add due to rounding.

REAL PROPERTY TAX

Total tax revenue is projected to account for 43.1 percent of total tax revenue in 2014 or \$19.486 billion.

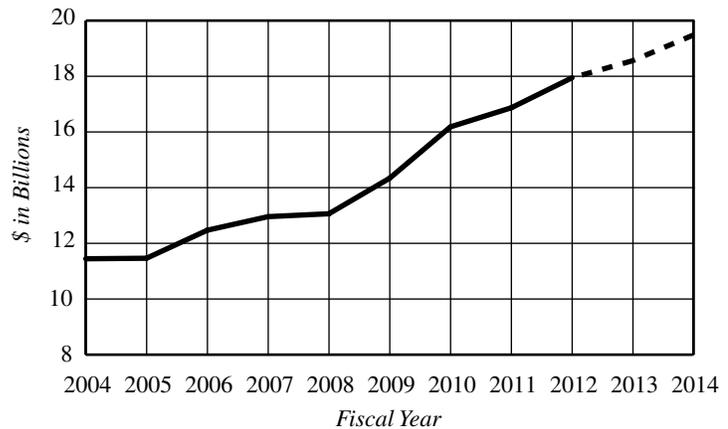
2013 Forecast: Property tax revenue is forecast at \$18.561 billion, growth of 3.4 percent over the prior year, an increase of \$121 million from the January 2013 Plan. The 2013 revenue growth is based on the billable assessed value growth of 4.5 percent seen on the 2013 final roll (after accounting for the veterans' and STAR exemptions). The plan change of \$121 million results from a decrease of \$50 million in the reserve for uncollectible taxes, an increase of \$20 million in collections from prior year delinquencies, a reduction of \$30 million in the refund forecast and an addition of \$21 million in lien sale proceeds.

2014 Forecast: Property tax revenue is forecast at \$19.486 billion, growth of 5.0 percent over the prior year, an increase of \$130 million from January 2013 Plan. The revenue change results from a lower than expected tentative to final roll reduction increasing the levy forecast by \$111 million compared to the January plan, combined with a decrease in the reserve for uncollectible taxes by \$19 million, resulting primarily from legislative changes that reformed the Cooperative and Condominium Tax Abatement program, which was signed into law on January 30, 2013.

In 2014, the levy is expected to increase by \$1.063 billion to \$21.196 billion, growth of 5.3 percent over the prior year. The property tax levy forecast is based on the 2014 tentative roll, released by the Department of Finance on January 15, 2013. Citywide, total billable assessed value on the 2014 tentative roll (after accounting for the veterans' and STAR exemptions) increased by \$11.2 billion over 2013 to \$173.5 billion, growth of 6.9 percent. The total billable assessed value on the 2014 tentative roll is expected to be reduced by \$2.5 billion on the final roll (to be released in May 2013) as a result of Tax Commission actions, Department of Finance changes by notice, the completion of exemption processing, and valuation reductions for properties damaged due to Hurricane Sandy that were not yet captured on the tentative roll. The billable assessed value on the final roll (before accounting for the veterans' and STAR exemptions) is forecast to grow at 5.3 percent.

In the out-years, with the forecast rise in long-term interest rates, capitalization rates are projected to increase, putting downward pressure on future market value growth. As a result, Class 2 and Class 4 market values are forecast to increase at a modest rate. With moderate market value growth in Class 2 and Class 4 coupled with the existing 'pipeline' of deferred assessment increases yet to be phased in from prior years, property tax levy is expected to grow at an average rate of 4.1 percent from 2015 through 2017. Tax revenue growth is forecast to average 4.2 percent during the same period.

REAL PROPERTY TAX 2004-2014



Distribution of Property Parcels by Class

	Parcels*	Percentage Share
Class 1	703,144	67.28%
Class 2	246,570	23.59%
Class 3	303	0.03%
Class 4	95,078	9.10%
Citywide	1,045,095	100.00%

* FY 2013 final roll

COMMERCIAL RENT TAX

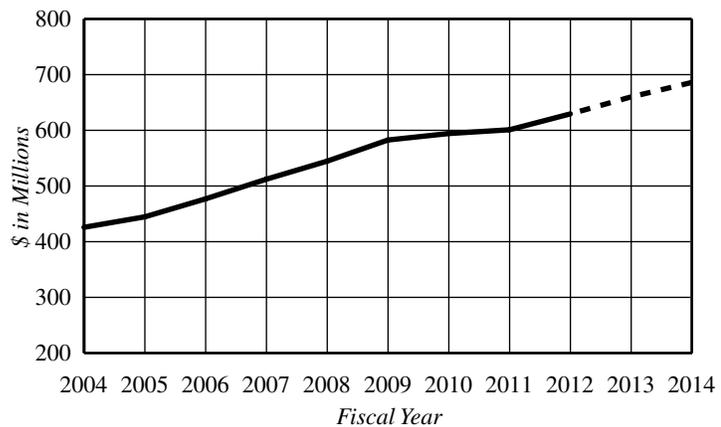
The commercial rent tax is projected to account for 1.5 percent of total tax revenue in 2014, or \$686 million.

2013 Forecast: Commercial rent tax revenue is forecast at \$660 million, growth of 4.8 percent over the prior year. In 2012, the commercial office market showed a strong recovery from the collapse that began in 2009. In 2013, market conditions are expected to continue to grow but at a slower pace with a slight increase in asking rents and a marginal decline in vacancy rates. The modest growth forecast in tax revenue primarily reflects the rent escalator clause that allows annual rent increases for existing leases as well as increases in asking rents for new or renewal leases.

2014 Forecast: Commercial rent tax revenue is forecast at \$686 million, growth of 3.9 percent over the prior year. This reflects the continued modest recovery in the commercial office market in 2014.

Commercial rent tax revenue is projected to grow at an average of 4.3 percent from 2015 through 2017, reflecting continued improvement in the commercial real estate market driven by a rebounding local economy. The primary office market will benefit from increasing demand for office space as office-using employment continues to improve, resulting in higher asking rents and lower office vacancy rates during the forecast period.

COMMERCIAL RENT TAX 2004-2014



REAL PROPERTY TRANSFER TAX

The real property transfer tax is projected to account for 2.5 percent of total tax revenue in 2014, or \$1.110 billion.

2013 Forecast: Real property transfer tax revenue is forecast at \$1.092 billion, growth of 19.8 percent over the prior year.

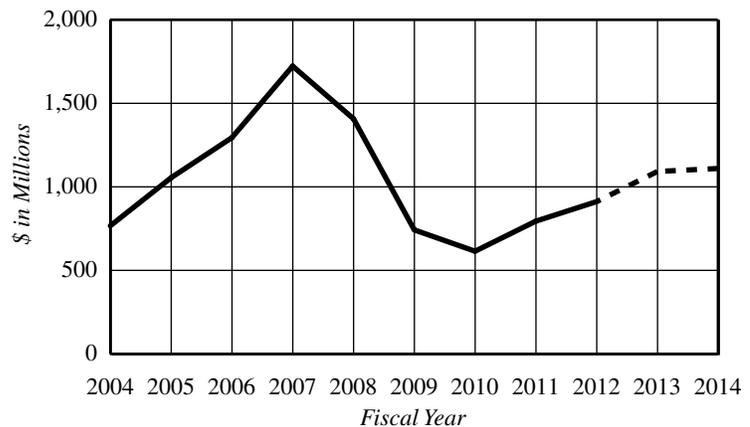
In 2013, total tax collections year-to-date through March grew 26.9 percent over the prior year, reflecting 16.7 percent growth in revenue from residential transactions and 34.4 percent growth in revenue from commercial transactions. The strength in collections through March indicates that as the real estate industry continues to rebound, many investors rushed to close transactions by the end of calendar year 2012 to avoid the Federal capital gains tax increase. Transactions are expected to return to trend levels for the remainder of the year.

Revenue from residential transactions in 2013 is forecast to grow 12.4 percent over the prior year while revenue from commercial transactions is forecast to grow 26.1 percent over the prior year.

2014 Forecast: Real property transfer tax is forecast at \$1.110 billion, growth of 1.6 percent over 2013.

Due to the “spin-up” in 2013, collections in 2014 for both residential and commercial transactions are expected to be subdued. Revenue from residential transactions in 2014 is forecast to decline 1.5 percent from the prior year. Residential transaction tax collections are expected to average 12.2 percent growth from 2015 through 2017. Revenue from commercial transactions in 2014 is forecast to grow more slowly at 4.1 percent over the prior year. Commercial transaction tax collections are expected to average 10.0 percent growth from 2015 through 2017.

REAL PROPERTY TRANSFER TAX 2004-2014



MORTGAGE RECORDING TAX

The mortgage recording tax is projected to account for 1.6 percent of total tax revenue in 2014, or \$723 million.

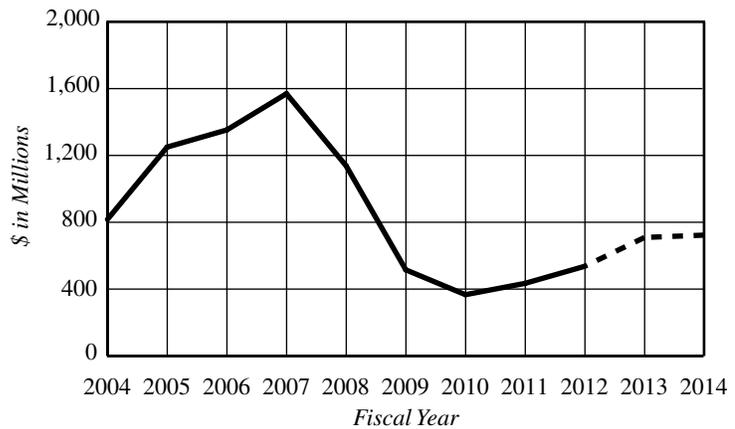
2013 Forecast: Mortgage recording tax revenue is forecast at \$709 million, growth of 32.1 percent over the prior year.

In 2013, total tax collections year-to-date through March grew 43.8 percent over the prior year, reflecting 22.9 percent growth in revenue from residential mortgages and 62.2 percent growth in revenue from commercial mortgages.

Revenue from residential mortgage recordings in 2013 is forecast to grow 16.4 percent over the prior year from strong residential sales and increased mortgage refinancing activity (despite tight credit conditions). Revenue from commercial mortgage recordings in 2013 is forecast to grow 45.8 percent over the prior year. The robust growth reflects improved confidence in the commercial real estate market and the local economic recovery, leading to continued strength in demand for investment property.

2014 Forecast: Mortgage recording tax revenue is forecast at \$723 million, growth of 2.0 percent over 2013. Revenue from the residential mortgage recording tax is forecast to grow by 3.4 percent in 2014 and to average growth of 12.1 percent from 2015 through 2017 as demand for housing continues to improve. Revenue from commercial mortgage recordings is forecast to grow 1.0 percent in 2014 and to average growth of 10.9 percent from 2015 through 2017 as the real estate market and lending conditions continue to improve.

MORTGAGE RECORDING TAX 2004-2014

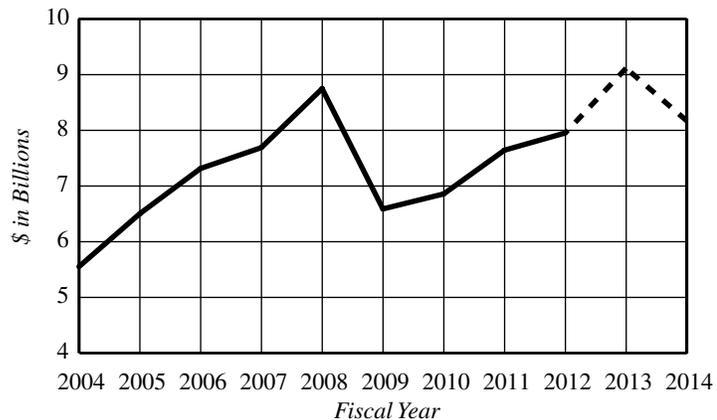


PERSONAL INCOME TAX

The personal income tax is projected to account for 18.1 percent of tax revenue in 2014, or \$8.169 billion.

2013 Forecast: Personal income tax revenue is forecast at \$9.115 billion, growth of 14.6 percent over the prior year, or an increase of \$1.162 billion above the prior year's level. This sizeable increase stems for the most part from a change in the Federal tax law that yielded a dramatic behavior change among City taxpayers, as well as from the continued recovery in both wage and nonwage income sources.¹

PERSONAL INCOME TAX 2004-2014



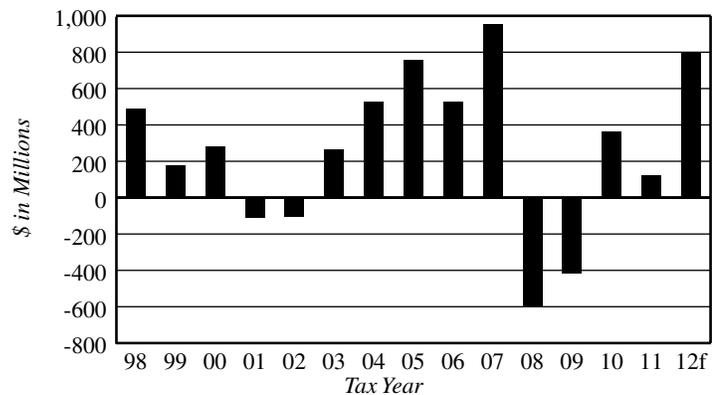
Propelled by employment gains throughout the fiscal year and buoyed by double-digit growth in the securities sector bonus payout for calendar year 2012, personal income tax withholding is forecast to strengthen, showing growth of 6.4 percent in 2013, after flat growth in the prior year. In the July-through-November period, withholding collections increased 4.7 percent. Continuing this trend, in the December-through-March bonus period, withholding collections growth accelerated 8.6 percent, rebounding from the 5.3 percent decline in the same period in the previous year.

This recovery on the December-through-March bonus period payout can be attributed to the strength seen in the securities sector bonus payout as well as the surge in the stock market in calendar year 2012. With the S&P500 ending the calendar year at its highest level since 2007, Wall Street deferred compensation packages from the prior years appreciated in value, boosting bonus period withholding collections. Moreover, the expiration of the Bush tax cuts in tax year 2012 encouraged taxpayers to bring forward real estate transactions in the last quarter of calendar year 2012, resulting in greater commission income for real estate brokers. Lastly, growth in the non-finance sector, driven primarily by the professional and business services, reinforced this strength in bonus period withholding collections.

For the April-through-June quarter, withholding collections are expected to grow about 5.3 percent from the prior year, paralleling the growth in the wage earnings forecast.

Installment payments on tax year 2012 grew 12.0 percent from the prior year due to strength from nonwage income sources. Proprietor's income is forecast to have shown a modest gain from the prior year, whereas income from dividends, interest, and rents is expected to have grown four percent in calendar year 2012. Also, taxpayers seem to have accelerated their capital gains realizations from tax year 2013 and later into tax year 2012, for the purpose of exploiting the lowered Federal long-term capital gains tax rate. Moreover, this "spin-up" in nonwage income is also expected to lift settlement payments (final returns, extension payments, State/City offset, and refunds) for liability

SETTLEMENT PAYMENTS



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

¹ On January 1, 2013, the highest Federal long-term capital gains tax rate increased to 20.0 percent. The combined Federal tax rate for capital gains for high earners is 23.8 percent, reflecting the additional 3.8 percent for the Medicare Investment tax, which was part of the Federal health care bill passed in calendar year 2010.

year 2012 by about \$675 million over the prior year’s level, a sizeable portion of which enters the City’s coffers as extension payments. While this “spin-up” is expected to lift both installment and extension payments, the growth comes at the expense of the following year’s estimated payment collections. The total net settlement is forecast to be approximately \$800 million for liability year 2012.

2014 Forecast: Personal income tax revenue is forecast at \$8.169 billion, a decline of 10.4 percent from the prior year, \$946 million below the prior year’s level. This decline is largely attributable to the “spin-down” effect in nonwage income as taxpayers have brought forward a portion of their 2014 capital gains realizations into the prior year. Since capital gains realizations and tax payments have been “spun-up” into 2013, the 2013 levels are artificially inflated and the 2014 tax revenue levels are artificially deflated, creating the large year-over-year decline.

Personal income tax withholding in 2014 is forecast to show modest growth. Employment gains and wage rate growth for the entire year are forecast to offset the weakness in the securities sector bonus payout. In the December-through-March bonus period, withholding is forecast to remain nearly flat from the prior year’s level as the securities sector bonus payout drops by approximately seven percent from the prior year. For the final April-through-June quarter, withholding collections are forecast to grow 2.6 percent over the prior year, as modest employment gains are anticipated.

Installment payments on liability year 2013 are expected to decline significantly from the prior year’s level as growth from nonwage income sources is overwhelmed by the “spin-down” of capital gains realizations. The S&P500 is forecast to gain momentum in calendar year 2013, reaching the highest level ever, and growth for proprietor’s income as well as dividend, interest, and rent income is forecast to continue in liability year 2013. These sources of growth, however, are undercut by taxpayers shifting a portion of their passive income into the prior year from the current year. As taxpayers have already recognized a portion of their income in the previous year, they are expected to make reduced installment payments in 2014. For this same reason, settlement payments (final returns, extension payments, State/City offsets, and refunds) for liability year 2013 are forecast to sharply decrease from the prior year’s level by over \$800 million.

Personal income tax revenue is forecast to grow 10.7 percent in 2015 as subdued levels in 2014 inflate the growth rate for 2015 when tax receipts return to trend levels. Personal income tax is forecast to average growth of 3.7 percent from 2016 through 2017 as the national and local economic recovery continues to take hold.

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

	2010	2011	2012	2013 ^f	2014 ^f
Withholding	\$5,754	\$6,096	\$6,157	\$6,550	\$6,675
Estimated Payments ¹	1,690	2,110	2,109	2,872	1,931
Final Returns	288	317	327	386	345
Other ²	427	302	527	524	486
Gross Collections	\$8,159	\$8,825	\$9,119	\$10,331	\$9,436
Refunds	(1,301)	(1,181)	(1,166)	(1,216)	(1,267)
Net Collections	\$6,858	\$7,644	\$7,953	\$9,115	\$8,169

1 Includes extension payments.

2 Offsets, charges, assessments less City audits.

^f = Forecast.

Totals may not add due to rounding.

GENERAL CORPORATION TAX

The general corporation tax is projected to account for 5.7 percent of tax revenue in 2014, or \$2.586 billion.

2013 Forecast: General corporation tax revenue is forecast at \$2.567 billion, growth of 4.9 percent over the prior year. This marks the third year of growth after three consecutive years of decline averaging 14.2 percent from fiscal years 2008 to 2010. However, this growth has significantly slowed from the 15.3 percent gain realized in 2011.

In 2013, gross collections year-to-date through March grew 6.5 percent over the prior year. Payments through March from the finance sector declined over ten percent from the prior year. The majority of the decline was seen in the first two quarters of the fiscal year and was followed by a rebound in finance sector tax payments in the third quarter. The drop in the first two quarters and the rebound in the third quarter indicate that the high level of finance tax payments on calendar year 2012 Wall Street profitability (a near record level of \$23.9 billion) was significantly dampened. Due to the application of a high level of tax year 2011 overpayments on account against tax year 2012 reported liability, the consequence of the weak level of profits in calendar year 2011 (\$7.7 billion), tax payments were reduced on tax year 2012. The overpayments on tax year 2011 have been mostly exhausted and fourth quarter revenues are expected to reflect declaration payments on the lower level of profits forecast for calendar year 2013.

Tax payments through March from the non-finance sector have been strong. In 2013, gross collections year-to-date through March from the non-finance sector have grown more than 13 percent over the prior year. The recovery in non-finance tax payments parallels the economic recovery and the healthy levels of corporate profits. Fourth quarter tax payment growth is expected to decelerate, the result of Federal tax increases and government spending cuts putting a drag on the economy.

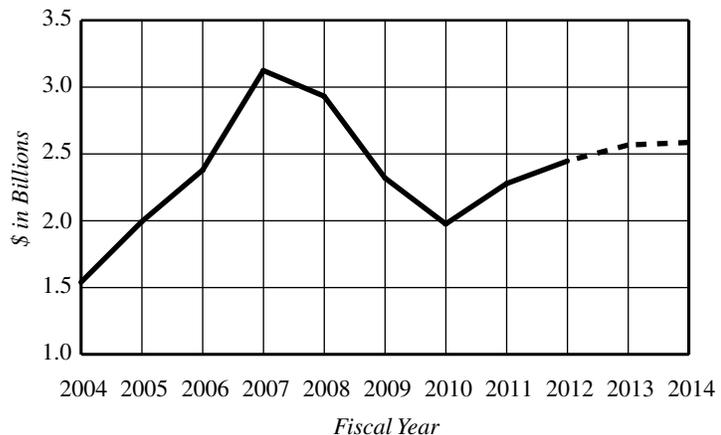
Refund payouts are forecast at \$364 million in 2013, continuing at a level well above the pre-recession average of approximately \$200 million per year. These refund payouts are about \$165 million below the peak refund level reached in 2009.

2014 Forecast: General corporation tax revenue is forecast at \$2.586 billion, nearly flat growth from the prior year.

In 2014, tax payments from finance sector firms remain depressed reflecting the lower level of calendar year 2013 Wall Street profitability. After continued robust growth in 2013, tax payments from non-finance sector firms are expected to remain at the healthy level seen in 2013, tracking the steady growth in the economy.

Gross collections growth in the out-years is expected to be moderate due to the implementation of regulatory changes on finance sector firms and the withdrawal of monetary support for the finance industry and its downstream effect on non-finance firms. However, net revenue growth is expected to be lifted by refund payouts returning to trend levels after reaching record highs from 2008 through 2010. General corporation tax revenue is forecast to average growth of 5.3 percent from 2015 through 2017 as Wall Street profitability and the economy return to trend growth.

GENERAL CORPORATION TAX 2004-2014



BANKING CORPORATION TAX

The banking corporation tax is projected to account for 2.9 percent of tax revenue in 2014, or \$1.297 billion.

2013 Forecast: Banking corporation tax revenue is forecast at \$1.433 billion, growth of 12.1 percent over the prior year.

In 2013, year-to-date gross collections through March have grown 18.5 percent over the prior year, with the increase attributable to strong payments on the high level of Wall Street profitability in tax year 2012. Additionally, banks have benefitted from the record-low mortgage interest rates that encouraged refinancing,

increasing bank income. Net interest income at the “Big 5” banks has increased by nearly 15 percent since 2010.¹ Strong growth in gross collections in the final quarter of the fiscal year continues, as banking corporations continue to make payments on the high levels of tax year 2012 liability. Gross collections in 2013 are forecast to grow at a double-digit rate following the negative growth seen the prior year.

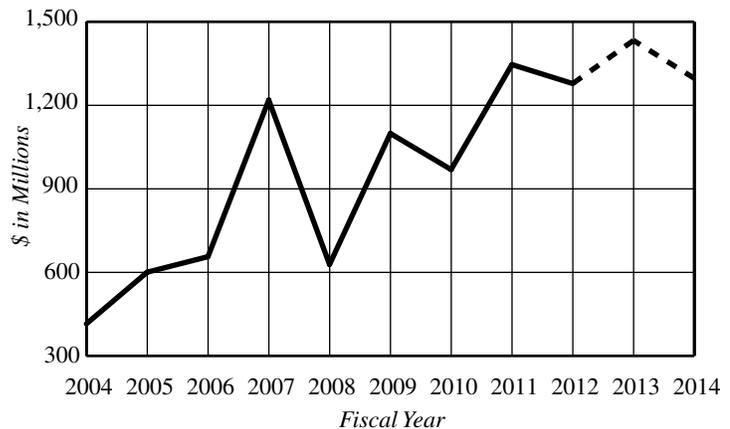
Refund payouts are forecast to be nearly double the prior year’s low level. The increase in refunds reflects banking firms’ downward revisions to calendar year 2011 liability. These liability revisions resulted in large overpayments on tax year 2011’s low level of profitability, and consequently, the increase in refunds. Net collections in 2013 are forecast to grow 12.1 percent over the healthy level seen in 2012.

2014 Forecast: Banking corporation tax revenue is forecast at \$1.297 billion, a decline of 9.5 percent from the prior year. Gross collections are forecast to decline 10.0 percent. The lack of growth over the prior year reflects the drop in calendar year 2013 Wall Street profitability as well as the gradual withdrawal of government support from the financial sector.

Refund payouts are forecast to decline modestly from the prior year as tax payments better reflect firm liability. Net collections in 2014 are forecast to decline 9.5 percent.

Banking corporation tax revenue growth is forecast to average 2.0 percent from 2015 through 2017. The low growth in revenue reflects the combined effect of the gradual withdrawal of accommodative monetary policy from the nation’s financial system, trend levels of Wall Street profitability, and the continuation of slow but steady economic growth.

BANKING CORPORATION TAX 2004-2014



¹ Big 5 banks include Citibank, Bank of America, JP Morgan Chase, Morgan Stanley, and Goldman Sachs.

UNINCORPORATED BUSINESS TAX

The unincorporated business tax is projected to account for 4.1 percent of tax revenue in 2014, or \$1.843 billion.

2013 Forecast: Unincorporated business tax revenue is forecast at \$1.762 billion, an increase of 7.7 percent over the prior year.

In 2013, unincorporated business tax gross collections year-to-date through March increased 5.3 percent over the prior year. This growth reflects strength in finance sector tax payments, accompanied by moderate growth of payments from the non-finance sector. This collections growth is expected to continue through the final quarter of the fiscal year, as the overall strength in collections is forecast to accelerate over the pace seen in the prior three quarters of the fiscal year.

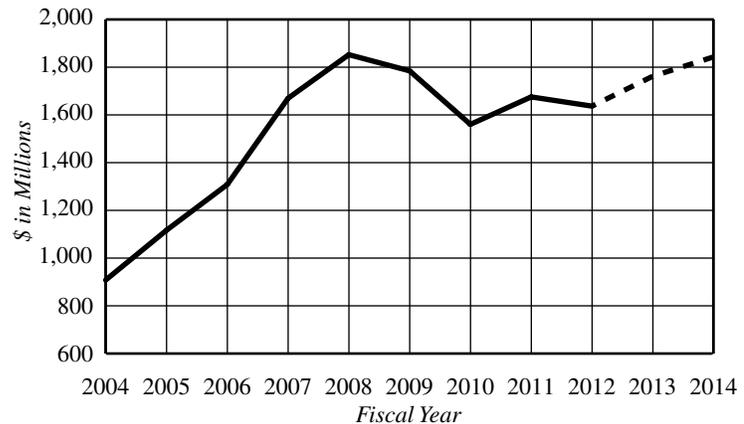
Finance sector tax payments in 2013 are forecast to rebound with growth of 12.1 percent over the prior year. This growth occurs after three years in which a recovery in the finance sector struggled to take hold, with two of the past three years showing double-digit declines in finance sector tax collections. However, the finance sector recovery seems to be underway, as year-to-date finance sector tax collections through March have shown double-digit growth. The hedge fund industry led this recovery, as the top NYC-based hedge funds averaged 12 percent growth for calendar year 2012, and industry-wide assets-under-management reached a record-high level at the end of calendar year 2012. Widespread growth in asset prices boosted profitability of the hedge funds, with the S&P 500 index growing over 15 percent in calendar year 2012 and reaching a record-high level in the first quarter of calendar year 2013. The rebound in finance sector tax payments is forecast to continue through the last quarter of the fiscal year as taxpayers continue to adjust payments to reflect higher tax liability for calendar years 2012 and 2013.

Non-finance sector tax payments in 2013 are forecast to grow 4.5 percent, the result of the continued recovery of several sectors, particularly the legal and information services. Non-finance sector tax payments year-to-date through March have shown tepid growth over the same period in 2012; however, growth is expected to accelerate significantly for the April through June quarter on both final returns for tax year 2012 and declarations on tax year 2013, as the non-finance sector continues to benefit from the overall economic recovery in the City.

2014 Forecast: Unincorporated business tax revenue is forecast at \$1.843 billion, growth of 4.6 percent over the prior year. Finance sector payments are forecast to grow 6.3 percent over the prior year due to the continued recovery of the hedge fund and private equity fund industries. Tax payments from non-finance sector firms are forecast to grow 2.1 percent over the prior year, reflecting the slow but ongoing recovery of the local economy.

Unincorporated business tax revenue is forecast to average growth of 3.7 percent from 2015 through 2017 as the economy returns to trend growth.

UNINCORPORATED BUSINESS TAX 2004-2014



SALES AND USE TAX

The sales and use tax is projected to account for 14.0 percent of total tax revenue in 2014, or \$6.323 billion.

2013 Forecast: Sales tax revenue is forecast at \$6.071 billion, growth of 4.4 percent over the prior year.

The forecast is supported by continued growth in visitor spending, as well as the national and local economic recovery. Sales tax revenue growth of 4.4 percent for 2013 parallels overall wage earnings growth. Sales tax collections year-to-date through March grew 5.1 percent.

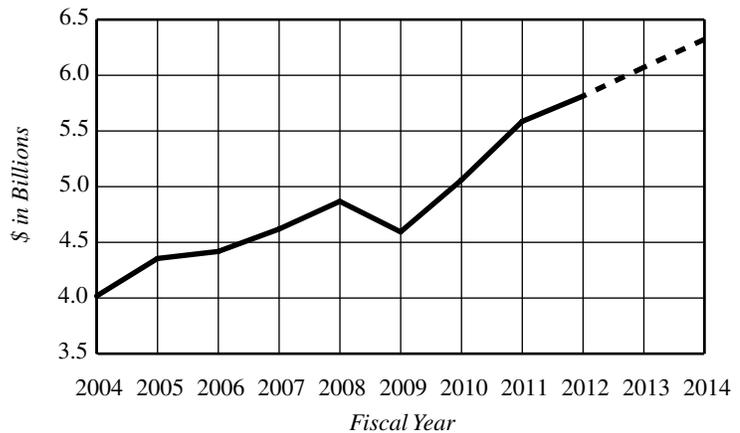
This pace of growth has likely been boosted by Sandy recovery-related local consumption along with visitor-related consumption. However, overall macro-economic trends have been weaker. Retail sales nationwide through March (not seasonally adjusted) grew 3.7 percent over the same prior year period. Sales tax revenue growth in the fourth quarter is expected to decelerate amid increased payroll taxes, subdued hiring, and the biggest federal budget tightening in more than 60 years, leading consumers to be cautious and therefore curtail spending.

2014 Forecast: Sales tax revenue is forecast at \$6.323 billion, growth of 4.2 percent over the prior year.

Taxable consumption is forecast to continue to grow moderately at trend levels. The strength in tourism spending is expected to continue through 2014.

Sales tax revenue growth is forecast to average 3.9 percent from 2015 through 2017, paralleling the steady growth in the economy.

SALES TAX 2004-2014



UTILITY TAX

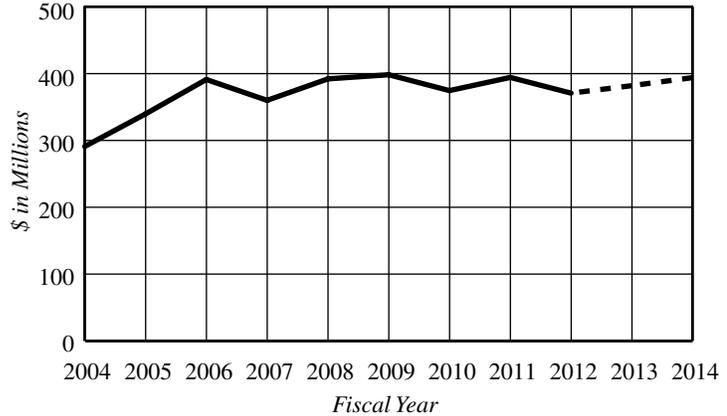
The utility tax is projected to account for 0.9 percent of total tax revenue in 2014, or \$394 million.

2013 Forecast: Utility tax revenue is forecast at \$382 million, growth of 3.0 percent over the prior year. Year-to-date collections through March were \$258 million, modest growth of 1.2 percent over the prior year, as lower natural gas prices have been offset by increased demand resulting from unusually cold autumn and winter weather. Fourth quarter utility tax revenues are forecast to grow significantly from last year's low level, which resulted from an unusually mild spring.

2014 Forecast: Utility tax revenue is forecast at \$394 million, growth of 3.1 percent over the prior year. The expected rise in electric and natural gas prices and the return to trend levels of utility consumption are the bases for the forecast growth in revenue.

Utility tax collections are forecast to average annual growth of 2.4 percent from 2015 through 2017.

UTILITY TAX 2004-2014



CIGARETTE TAX

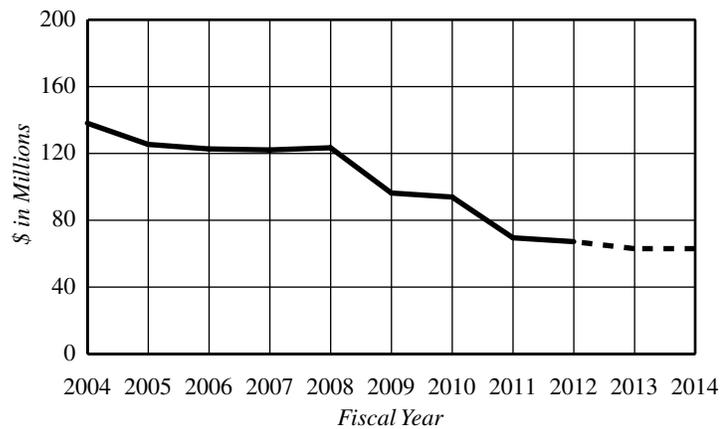
The cigarette tax is projected to account for 0.1 percent of total tax revenue in 2014, or \$63.0 million.

2013 Forecast: Cigarette tax revenue is forecast at \$63 million, a 6.2 percent decline from the prior year, reflecting the continuing reduction in cigarette consumption. Currently, the combined City/State cigarette taxes paid in the City are \$5.85 per pack, the highest cigarette tax levied in the country. The high tax burden has led to a decline in the number of packs sold within the City, both from the diversion of purchases to jurisdictions outside the City with a lower cigarette tax rate as well as smoking cessation or reduction.

2014 Forecast: Cigarette tax revenue is forecast to be flat at the 2013 level of \$63.0 million.

Cigarette tax revenues are projected to decline at an average annual rate of 2.2 percent from 2015 through 2017 each year, reflecting the long-term trend decline in the number of packs sold.

CIGARETTE TAX 2004-2014



HOTEL TAX

The hotel room occupancy tax is projected to account for 1.1 percent of tax revenue in 2014, or \$513 million.

2013 Forecast: Hotel tax revenue is forecast at \$509 million, growth of 7.0 percent over the prior year.

Hotel tax collections year-to-date through March grew 5.5 percent over the same prior year period. The high level of year-to-date collections for the fiscal year results from the record level of tourists visiting the City, an increase in calendar year 2012 of more than one million visitors over calendar year 2011.

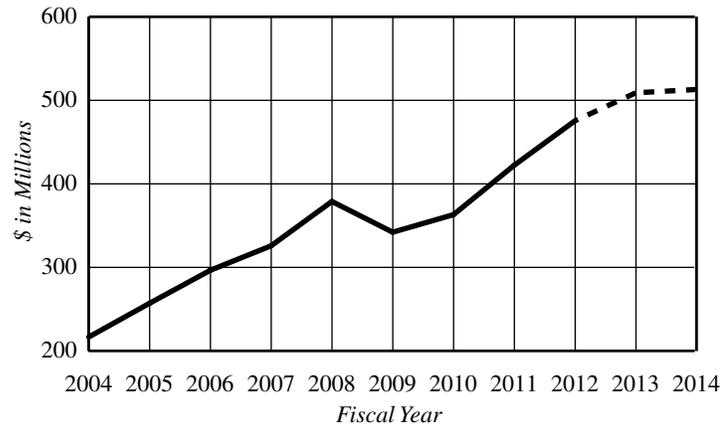
Hotel tax revenue growth is forecast to be more modest than the double-digit growth experienced in 2011 and 2012. This is the result of hotels being practically filled to capacity, with occupancy rates hovering around 90 percent. Fiscal year-to-date through February, the hotel occupancy rate grew 2.5 percent, with average room rates rising by 2.6 percent. Additionally, approximately 2,400 hotel rooms were added to NYC's inventory. The record-breaking tourism and heightened hotel tax revenues are expected to continue through the remainder of 2013.

2014 Forecast: Hotel tax revenue is forecast at \$513 million, growth of nearly one percent over the prior year.

The expectation of minimal growth in 2014 is attributable to an expected gentle decline in hotel occupancy rates from the record high levels seen in 2013, combined with slight increases in hotel inventory and room rates.

From 2015 through 2017, hotel tax revenue is forecast to average growth of 3.9 percent.

HOTEL TAX 2004-2014



OTHER TAXES

All other taxes are projected to account for 1.1 percent of total tax revenue in 2013, or \$515.6 million.

All other taxes are forecast at 501.3 million in 2014 and are projected to remain at \$501.3 million from 2015 through 2017.

2013–2014 Other Taxes Forecast (\$000s)

Tax	2013 Forecast	2014 Executive Budget	Increase/(Decrease) From 2013 to 2014 Amount	Percent Change
Auto Related Taxes				
Auto Use.....	\$29,000	\$29,000	—	0.0%
Commercial Motor Vehicle.....	53,000	50,000	(3,000)	(5.7%)
Taxi Medallion Transfer.....	8,000	8,000	—	0.0%
Excise Taxes				
Beer and Liquor.....	24,000	24,000	—	0.0%
Liquor License Surcharge.....	5,000	5,000	—	0.0%
Horse Race Admissions.....	22	20	(2)	(9.1%)
Off-Track Betting Surtax.....	1,250	1,250	—	0.0%
Miscellaneous				
Other Refunds.....	(29,000)	(29,000)	—	0.0%
Payment in Lieu of Taxes (PILOTs).....	258,356	250,000	(8,356)	(3.2%)
Section 1127 (Waiver).....	124,000	121,000	(3,000)	(2.4%)
Penalty and Interest Real Estate (Current Year).....	15,000	15,000	—	0.0%
Penalty and Interest Real Estate (Prior Year).....	30,000	30,000	—	0.0%
Penalty and Interest - Other Refunds.....	(3,000)	(3,000)	—	0.0%
Total.....	\$515,628	\$501,270	(14,358)	(2.8%)

AUTO RELATED TAXES

Auto Use Tax: This tax is expected to generate \$29.0 million in both 2013 and 2014.

Commercial Motor Vehicle Tax: This tax is expected to generate \$53.0 million in 2013 and \$50.0 million in 2014.

Taxi Medallion Transfer Tax: This tax is expected to generate \$8.0 million in both 2013 and 2014.

EXCISE TAXES

Beer and Liquor Excise Tax: This tax is expected to generate \$24.0 million in both 2013 and 2014.

Liquor License Surcharge: This tax is expected to generate \$5.0 million in both 2013 and 2014.

Horse Race Admissions Tax: This tax is expected to generate \$0.02 million in both 2013 and 2014.

Off-Track Betting Surtax: This tax is expected to generate \$1.3 million in both 2013 and 2014.

MISCELLANEOUS

Other Refunds: These refunds are primarily paid out on the commercial rent tax and Section 1127 (waiver) and are projected to be \$29.0 million in both 2013 and 2014.

PILOTS: Payments in lieu of taxes (PILOTs) are contractual agreements between public agencies and private property owners. There are four primary sponsor agencies that serve as intermediaries between the City and the property owner: the New York City Housing Authority, the New York City Economic Development Corporation, the New York City Industrial Development Agency and the Battery Park City Authority. These agencies administer projects that comprise approximately 90 percent of PILOT payments received. PILOT revenue is expected to be \$258.4 million in 2013 and \$250.0 million in 2014.

Section 1127 (Waiver): Under section 1127 of the New York City Charter, the City may collect payments from nonresident employees of the City, or any of its agencies, in an amount which is equal to what their personal income tax liability would be if they were City residents. Revenue is projected to be \$124.0 million in 2013 and \$121.0 million in 2014.

Prior Year and Current Year Penalty and Interest - Real Estate: Taxpayers who do not pay their real property tax on time are liable for interest charges on outstanding balances. Penalties and interest received against current year delinquencies are expected to be \$15.0 million in both 2013 and 2014, while penalty and interest collections from prior year delinquencies are expected to be \$30.0 million in both 2013 and 2014.

Penalty and Interest - Other Refunds: The City pays interest on refunds claimed for overpayment against business income taxes and on audits of General Corporation and Unincorporated Business Tax collections that have been subsequently overturned by Federal or State rulings. The cost of all these payments is projected at \$3.0 million in both 2013 and 2014.

TAX ENFORCEMENT REVENUE

As part of the City's program to reduce the projected budget gap, the Department of Finance targets delinquent taxpayers through agency audit activities, the selected use of collection agencies and computer matches. Audit revenue is forecast at \$1,060 million in 2013. The audit revenue for 2014 is forecast at \$709.4 million.

MISCELLANEOUS RECEIPTS

Forecast of Miscellaneous Receipts

The non-tax revenue portion of City Funds is referred to as miscellaneous revenues. The 2014 Executive Budget includes eleven classes of miscellaneous revenues which are discussed below.

Miscellaneous Revenues (\$ in Millions)

	2013 Forecast	2014 Executive Budget	Forecast to Executive Budget Increase (Decrease)
Licenses.....	\$60	\$78	18
Permits	191	176	(15)
Franchises and Privileges.....	326	330	4
Interest Income.....	16	10	(6)
Tuition and Charges for Services	857	917	60
Water and Sewer Revenues	1,435	1,514	79
Rental Income	293	292	(1)
Fines and Forfeitures	804	816	12
Miscellaneous.....	645	866	221
Total Miscellaneous Revenues	<u>\$4,627</u>	<u>\$4,999</u>	<u>372</u>

Miscellaneous revenues are estimated at \$4,999 million in 2014, an increase of \$372 million from 2013, exclusive of private grants and intra-city revenues. The revenue classes listed above are regrouped and described in the following three areas: Cost-based Charges (Licenses, Permits, and Charges for Services); Water and Sewer revenues; and Other Income (Interest Income, Franchises, Rental Income, Fines, and Miscellaneous).

Cost-based Charges

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

Licenses

The City issues approximately 469,000 licenses. About 80,000 are non-recurring, 108,000 are renewed annually, 244,000 biennially, and 37,000 triennially. The major sources of license revenue are taxi and limousine licenses, pistol licenses, private carter licenses, marriage licenses, and various business licenses under the jurisdiction of the Department of Consumer Affairs.

The 2014 forecast for license revenue is \$78 million, \$18 million more than 2013. This increase is attributable to additional fees for a new class of street hail licenses to be issued by the Taxi and Limousine Commission and an increase in the fee for dog licenses.

Permits

Permits are issued to 1,025,000 individuals or entities for the use of facilities, premises or equipment. Approximately 353,000 permits are renewable on an annual, biennial or triennial basis. Seasonal or single occurrence permits, such as tennis and building permits, account for 672,000 additional permits, all of which are issued and regulated by twelve City agencies.

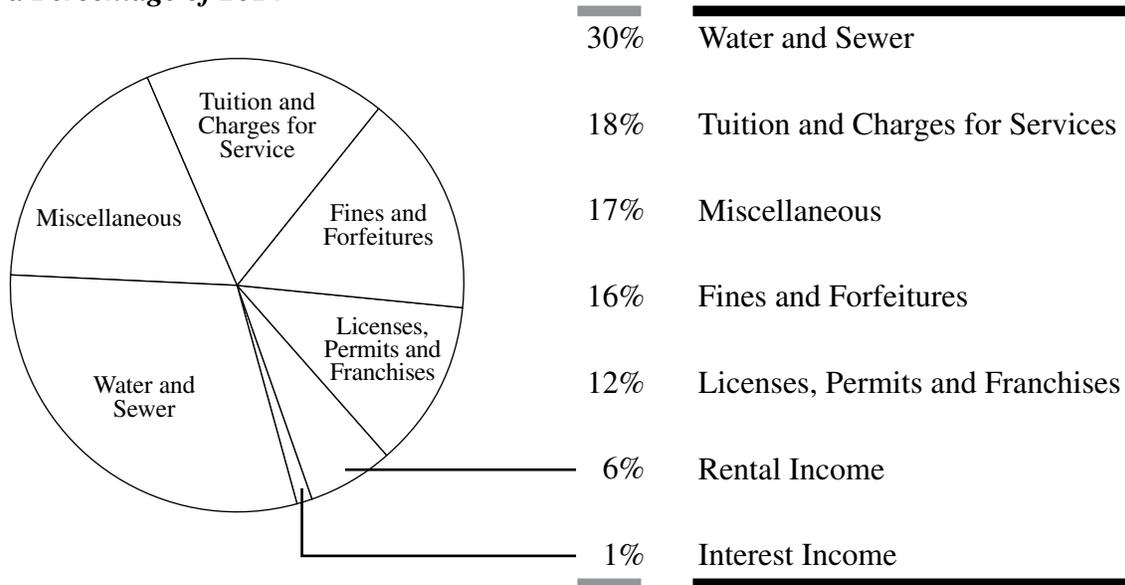
The major sources of revenue are permits for building construction and alterations, street openings, restaurants, hazardous materials, and air pollution control. The 2014 forecast for permit revenue is \$176 million, \$15 million less than 2013. The decrease is due to a decline in receipts for construction-related permits issued by the Department of Buildings.

Tuition and Charges for Services

The City collects tuition from students enrolled at community colleges. In addition, the City collects money from charges to the public and other governmental agencies for services rendered. There are over 100 different service fees in this category, including fees for parking, towing, provision of school lunches, copies of reports, processing applications, searches, and performing fire and building inspections. The 2014 forecast for tuition and charges for services is \$917 million, \$60 million more than 2013. The change is attributable to increases in tuition at community colleges, the establishment of a new metered area in lower Manhattan, increased parking meter rates and an increase in school lunch fees.

COMPONENTS OF MISCELLANEOUS REVENUES

As a Percentage of 2014



Water and Sewer Revenues

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

The Water Board has proposed a 5.6 percent rate increase for 2014. The forecast for Water Board revenue is \$3.5 billion, including a City payment of \$102 million for municipal water and sewer charges and \$30 million for interest on funds held by the New York City Municipal Water Finance Authority. The Water Board will pay \$1.1 billion for Water Board and Authority expenses and debt service. The City will receive \$1.273 billion for O&M services rendered in the delivery of water and the collection, treatment, and disposal of waste water, and \$241 million for the rental of the water supply and sewer system plant, in accordance with the lease agreement between the Water Board and the City.

Other Income

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

Interest Income

The City earns interest income by investing funds from four sources: overnight cash balances, debt service accounts, sales tax, and cash bail balances. Overnight cash balances are invested and historically earn interest at approximately the federal funds rate. Property tax receipts are held by the State Comptroller to satisfy City debt service payments, and earnings are forwarded to the City monthly based on bond payment schedules. The determinants of the value of this revenue source are the value of cash balances, tax receipts, available investment instruments and the interest rate.

The 2014 forecast for interest earnings is \$10 million, a decrease of \$6 million from 2013. This decrease is attributable to more conservative assumptions for anticipated cash available for investment and the expectation that interest rates will remain at historically low levels over the next twelve months.

Franchises and Privileges

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

The 2014 forecast for franchise revenue is \$330 million, an increase of \$4 million from 2013. The increase is due to contractual escalations for franchise agreements in the Department of Transportation.

Rental Income

Rental income is derived from both long and short-term agreements for the occupancy of City-owned property, including condemnation sites and *in rem* buildings. Roughly 2,420 properties are rented from the City.

Approximately 540 are *in rem* or condemnation sites, 180 are covered by long term agreements, and nearly 1,700 are schools that are rented on a per event basis after school hours.

The 2014 forecast for rental income is \$292 million, \$1 million less than in 2013. The decrease is a result of declining rental income from HPD and DCAS managed properties.

Fines and Forfeitures

The City collects fine revenue through courts and administrative tribunals for violations issued under the Administrative Code, Vehicle and Traffic Law, and other laws. Forfeiture revenue is obtained from the surrender and conversion of bail and cash bonds, and contractors’ performance bonds. The 2014 forecast for forfeitures is \$3.1 million. The revenue expected from fines in 2013 and 2014 is listed below:

Fine Revenue

Type (\$ in 000's)	2013 Forecast	2014 Executive Budget
Parking Violations	\$483,710	\$518,200
Environmental Control Board Violations	84,883	94,394
Red Light Camera Violations	35,000	47,000
Department of Health Violations	41,000	45,000
Department of Buildings Penalties	34,910	22,689
Traffic Violations.....	20,567	20,567
Taxi and Limousine Commission Violations	17,060	13,749
Department of Consumer Affairs	14,300	12,360
State Court Fines.....	7,135	7,135
Bus Lane Violations.....	5,200	5,569
Department of Finance Penalties	11,150	4,400
Other Sources.....	44,833	21,405
Total	<u>\$799,748</u>	<u>\$812,468</u>

The Parking Violation division of the Department of Finance is forecasted to collect \$518 million in parking fines in 2014, \$34 million more than 2013. Diversion of resources for traffic management and the suspension of certain parking regulations as a result of Hurricane Sandy resulted in a reduction in summons issuance in 2013.

The Parking Violation division also processes and adjudicates Red Light Camera violations. This program is designed to promote safe, responsible driving by photographing and fining registrants of vehicles “running” red lights. The Department of Transportation currently has 190 red light cameras operating at 150 intersections. Red Light Camera violations will generate \$47 million in 2014. In addition, the Department has implemented a bus lane camera enforcement program along MTA Select Service Bus Routes (SBS). Cameras are currently placed at 20 locations along three of the five SBS routes. Ten locations are currently being installed along the Hylan Boulevard route in Staten Island and the agency will install another 18 locations along existing and future SBS Bus Routes. There are currently five SBS routes and one route is planned for Queens in the fall which will bring the total to six. The Department will generate \$5.6 million as a result of this planned expansion of the bus lane camera initiative in 2014.

The Office of Administrative Trials and Hearings (OATH) collects revenue from fines imposed by several administrative tribunals. OATH is expected to collect \$147.2 million in 2014, an increase of \$14 million over 2013. The forecast for 2013 reflects the impact of Hurricane Sandy of resources diverted from enforcement, with 2014 returning to a normal level, coupled with penalty changes made by the Department of Transportation for summonses returnable to the Environmental Control Board. The Environmental Control Board adjudicates

violations issued by over a dozen City agencies for infractions of the City's Administrative Code related to street cleanliness, waste disposal, street peddling, fire prevention, air, water and noise pollution, building safety and construction, and other quality of life issues.

The Taxi and Limousine Commission has expanded its enforcement staff in an effort to reduce illegal activity. Increased summonses, seizures and administrative violations have resulted in additional fine revenue in 2013. Out year projections reflect increased compliance.

The Department of Consumer Affairs (DCA) enforces the City's consumer protection, licensing, weights and measures and Truth-in-Pricing Laws. In 2014 the Department will generate \$12.4 million in fine revenue.

The Department of Finance assesses penalties for failure to timely file Real Property Income and Expense statements and Real Property Transfer documents. The Department enhanced enforcement efforts in 2012 and penalties collected have grown to over \$11 million in 2013. The Department's enforcement efforts are expected to improve compliance with filing guidelines and it is anticipated that penalties issued will drop in 2014.

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

Miscellaneous

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

The 2014 forecast for miscellaneous revenue is \$866 million, \$221 million more than in 2013. The increase is primarily related to one-time revenue from the sale of new accessible taxi medallions, and is partially offset by one-time revenue from FICA refund claims and affirmative litigation in 2013.

Private Grants

The Executive Budget includes \$888 million in private grants in 2014, \$108 million less than 2013. Additional private grant funding will be modified into the budget during the course of the year, as additional funding sources are identified and grants are defined.

Interfund Revenues

Interfund Revenues (IFA's) are reimbursements from the Capital Fund to the General Fund for authorized first-line architectural, engineering, and design costs incurred by the City's own engineering and support staff. These costs also include employee costs for expenses incurred in connection with eligible capital projects for the development of computer software, networks and systems. All IFA costs are assigned to particular capital projects and are valid capital charges under generally accepted accounting principles. In 2014 expected reimbursements will be \$535 million.

CAPITAL BUDGET

The Executive Capital Budget and Four-Year Plan, 2014-2017

The 2014 Executive Capital Budget includes new appropriations of \$13.3 billion, of which \$8.8 billion are to be funded from City sources. These appropriations, together with available balances from prior years, authorize total commitments of \$12.2 billion for 2014, of which \$9.0 billion will be City-funded. City funds include proceeds from the New York City Municipal Water Finance Authority and the New York City Transitional Finance Authority as well as City general obligation bonds.

Four-Year Plan Highlights

The 2014-2017 Capital Plan totals \$27.9 billion for the construction and rehabilitation of the City's infrastructure. This will provide funding targeted to building and improving schools, ensuring the dependability of the drinking water system, improving transportation, and improving major hospitals. In addition, damages to critical infrastructure throughout New York City caused by Hurricane Sandy are estimated at \$3.0 billion in the 2013-2017 Capital Program.

The Capital Plan provides \$7.9 billion for new school construction and expansion, as well as the modernization, rehabilitation and improvements to existing school buildings. The City will invest \$2.0 billion for the continued reconstruction and rehabilitation of 36 bridge structures. The City will invest \$976.5 million for projects associated with repairing the Delaware Aqueduct leak, including the construction of a bypass tunnel for the Rondout-West Branch Tunnel (RWBT) and supplemental water supply projects necessary during the tunnel shutdown. To improve the delivery of health care services to New Yorkers, the City will invest approximately \$175.1 million to upgrade the Electronic Health Record System for the Health and Hospitals Corporation.

**FY 2013 - 2017 Commitment Plan
(\$ in Millions)**

	2013		2014		2015		2016		2017	
	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds
Environmental Protection										
• Equipment	\$75	\$75	\$128	\$131	\$57	\$57	\$141	\$141	\$56	\$56
• Sewers	374	386	438	440	306	306	318	318	233	233
• Water Mains, Sources & Treatment	523	556	832	832	361	361	506	506	242	242
• Water Pollution Control	671	682	791	823	685	685	308	308	586	586
• Water Supply	332	332	51	51	784	784	81	81	19	19
Subtotal.....	\$1,976	\$2,032	\$2,240	\$2,277	\$2,194	\$2,194	\$1,354	\$1,354	\$1,137	\$1,137
Transportation										
• Mass Transit	\$305	\$336	\$100	\$100	\$100	\$100	\$40	\$40	\$40	\$40
• Bridges.....	274	538	723	1,165	175	303	304	375	260	538
• Highways.....	608	910	552	1,094	181	199	178	183	164	173
Subtotal.....	\$1,187	\$1,784	\$1,374	\$2,359	\$455	\$601	\$522	\$599	\$465	\$751
Education										
• Education.....	\$1,507	\$2,689	\$1,333	\$2,644	\$891	\$1,686	\$923	\$1,744	\$951	\$1,801
• Higher Education.....	310	318	98	100	20	20	19	19	3	3
Subtotal.....	\$1,817	\$3,007	\$1,431	\$2,743	\$911	\$1,706	\$941	\$1,763	\$954	\$1,805
Housing & Economic Development										
• Economic Development	\$1,040	\$1,236	\$78	\$81	\$53	\$53	\$18	\$18	\$31	\$31
• Housing	640	767	283	384	207	270	210	264	242	293
Subtotal.....	\$1,680	\$2,003	\$362	\$466	\$260	\$323	\$228	\$283	\$273	\$324
Administration of Justice										
• Corrections	\$343	\$352	\$643	\$692	\$36	\$36	\$44	\$44	\$49	\$49
• Courts	103	103	55	55	41	41	72	72	35	35
• Police.....	206	215	266	271	69	69	47	47	52	52
Subtotal.....	\$652	\$671	\$964	\$1,018	\$146	\$146	\$163	\$163	\$136	\$136
City Operations and Facilities										
• Cultural Institutions	\$561	\$648	\$122	\$129	\$21	\$21	\$11	\$11	\$9	\$9
• Fire.....	227	266	78	78	43	43	44	44	17	17
• Health & Hospitals	826	1,038	309	617	138	138	116	116	42	42
• Parks	1,102	1,540	263	457	154	252	70	70	61	61
• Public Buildings	386	386	482	482	48	48	37	37	44	44
• Sanitation	585	595	535	537	133	133	105	105	104	104
• Technology & Equipment....	1,465	1,481	410	410	177	177	148	148	64	64
• Other.....	830	1,131	467	630	148	223	57	159	51	358
Subtotal.....	\$5,981	\$7,086	\$2,666	\$3,340	\$862	\$1,034	\$588	\$691	\$392	\$700
Total Commitments	\$13,292	\$16,583	\$9,038	\$12,203	\$4,828	\$6,004	\$3,796	\$4,852	\$3,356	\$4,852
Reserve for Unattained Commitments.....										
	(\$3,957)	(\$3,957)	\$193	\$193	\$757	\$757	\$626	\$626	\$373	\$373
Commitment Plan.....	\$9,335	\$12,626	\$9,231	\$12,396	\$5,585	\$6,761	\$4,422	\$5,478	\$3,729	\$5,225
Total Expenditures	\$6,928	\$9,293	\$7,734	\$10,219	\$7,129	\$9,484	\$6,427	\$8,509	\$5,754	\$7,557

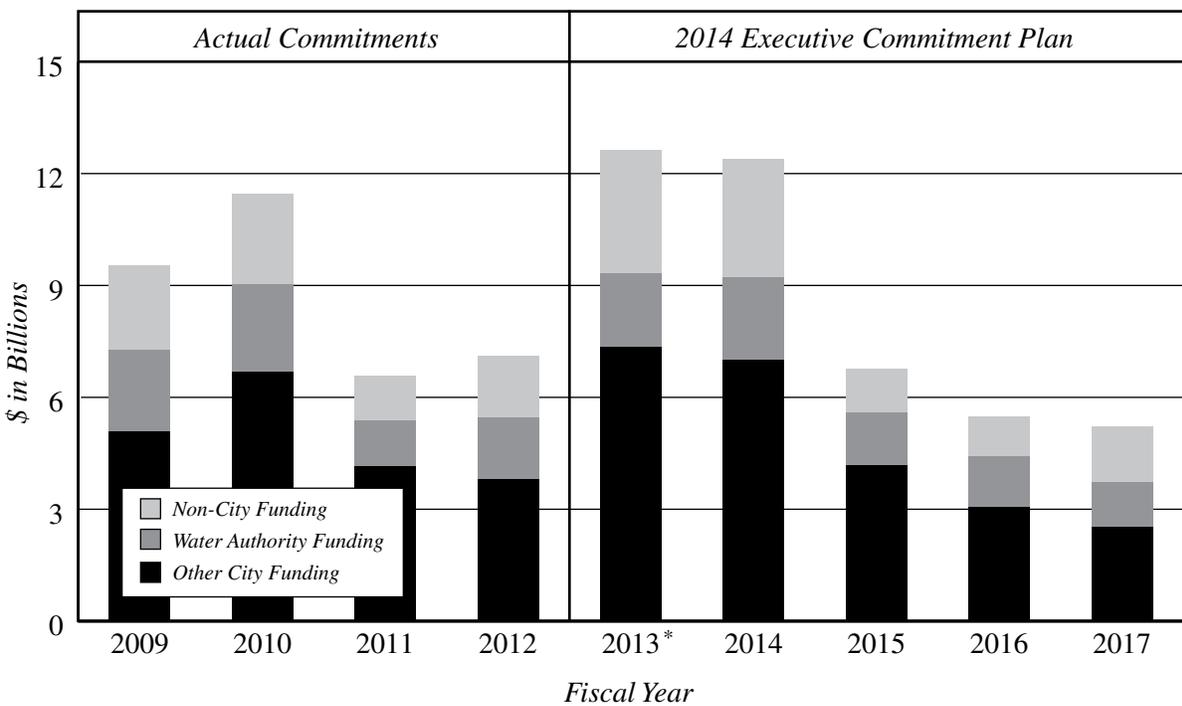
Note: Individual items may not add to totals due to rounding.

Non-City Funding Sources

Non-City capital funding sources include \$3.2 billion in the 2014 plan and \$6.9 billion over the 2014-2017 four-year plan period. The majority of non-City funding supports Education, Transportation, Hospitals, Parks, and Housing.

Education programs anticipate receiving \$3.7 billion in State funding and \$104.9 million in Federal funding related to Sandy storm damage over the 2014-2017 period. Transportation programs are projected to receive non-City funding of \$2.1 billion over the 2014-2017 period, with \$1.7 billion from the Federal government, \$252.0 million from the State, and private funds of \$96.9 million. Hospitals programs are projected to receive \$307.5 million in Federal funding over the 2014-2017 period. Parks programs anticipate receiving \$290.4 million in Federal funding over the 2014-2017 period. Housing programs are projected to receive \$270.0 million in Federal funding over the 2014-2017 period.

FY 2009-2017 CAPITAL COMMITMENTS BY FUNDING SOURCE



* Projected

The Capital Program since 2009

The table below illustrates the changes in the size of the City's capital program over the 2009-2012 period.

FY 2009-2012 COMMITMENTS (\$ in Millions)

	2009		2010		2011		2012	
	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds
<i>Environmental Protection</i>								
• Equipment	\$174	\$174	\$137	\$237	\$100	\$98	\$59	\$59
• Sewers	164	164	127	134	178	190	366	368
• Water Mains, Sources and Treatment	663	663	660	660	602	602	578	590
• Water Pollution Control	944	936	1,315	1,530	354	361	571	570
• Water Supply	237	237	89	89	1	1	97	97
Subtotal	\$2,182	\$2,175	\$2,327	\$2,650	\$1,235	\$1,252	\$1,670	\$1,685
<i>Transportation</i>								
• Mass Transit	\$71	\$71	\$100	\$117	\$130	\$130	\$5	\$35
• Bridges	338	513	532	1,165	137	137	6	125
• Highways	226	334	375	437	296	333	278	300
Subtotal	\$635	\$918	\$1,007	\$1,719	\$563	\$600	\$290	\$460
<i>Education</i>								
• Education	\$991	\$2,656	\$1,123	\$2,265	\$953	\$1,787	\$1,263	\$2,481
• Higher Education	205	210	29	31	58	58	70	70
Subtotal	\$1,196	\$2,866	\$1,152	\$2,296	\$1,011	\$1,845	\$1,332	\$2,551
<i>Housing & Economic Development</i>								
• Economic Development	\$300	\$373	\$399	\$461	\$143	\$190	\$205	\$244
• Housing	243	358	192	293	258	343	192	298
Subtotal	\$543	\$730	\$591	\$754	\$400	\$533	\$397	\$542
<i>Administration of Justice</i>								
• Correction	\$40	\$40	\$68	\$68	\$69	\$69	\$95	\$95
• Courts	11	11	77	77	97	97	63	63
• Police	146	146	805	805	80	80	63	63
Subtotal	\$197	\$197	\$950	\$950	\$246	\$246	\$221	\$221
<i>City Operations & Facilities</i>								
• Cultural Institutions	\$426	\$430	\$319	\$338	\$149	\$161	\$133	\$135
• Fire	71	71	120	136	90	94	83	87
• Health & Hospitals	281	281	175	175	279	286	292	298
• Parks	504	551	519	542	367	396	256	290
• Public Buildings	141	141	91	91	116	116	154	154
• Sanitation	170	171	503	503	319	320	222	222
• Technology & Equipment	656	664	1,035	1,033	462	475	260	276
• Other	261	336	225	276	132	248	147	187
Subtotal	\$2,510	\$2,644	\$2,987	\$3,094	\$1,914	\$2,097	\$1,548	\$1,651
Total Commitments	\$7,264	\$9,531	\$9,014	\$11,463	\$5,369	\$6,575	\$5,458	\$7,111
Total Expenditures	\$7,248	\$10,044	\$9,824	\$10,536	\$8,602	\$9,099	\$6,994	\$8,431

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

Comprehensive Planning Process

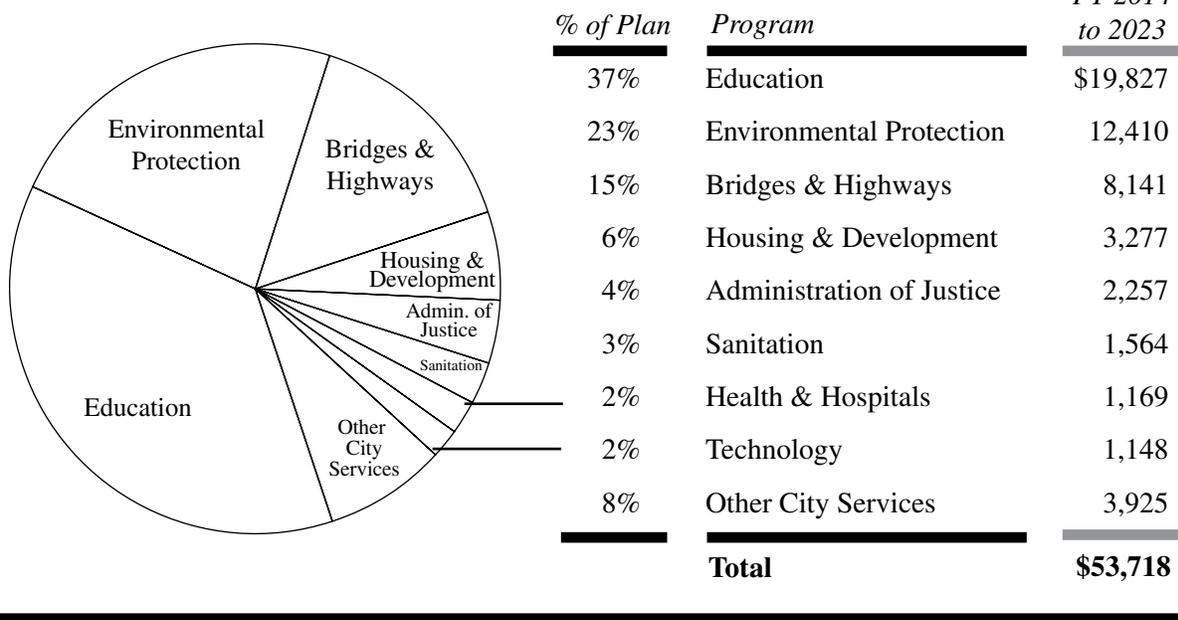
Developing a long-term capital investment strategy to improve, expand and sustain the City’s physical plant requires comprehensive planning. The Ten-Year Capital Strategy, updated by OMB and the Department of City Planning every two years through consultation with City agencies, establishes overall programmatic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

**Ten-Year Capital Strategy 2014-2023
(\$ in thousands)**

	City Funds	Non-City Funds	Total Funds
<i>Environmental Protection</i>			
• Sewers.....	\$2,178,121	\$1,568	\$2,179,689
• Water Mains, Sources and Treatment.....	3,531,682	500	3,532,182
• Water Pollution Control.....	4,342,112	31,678	4,373,790
• Water Supply.....	1,647,776	0	1,647,776
• DEP Equipment.....	674,370	2,625	676,995
Subtotal Environmental Protection.....	\$12,374,061	\$36,371	\$12,410,432
<i>Education</i>			
• Education.....	\$9,776,189	\$9,889,352	\$19,665,541
• CUNY.....	159,640	2,002	161,642
Subtotal Education.....	\$9,935,829	\$9,891,354	\$19,827,183
<i>Transportation</i>			
• Mass Transit.....	\$520,000	\$0	\$520,000
• Highways & Transit Operations.....	2,353,011	1,431,645	3,784,656
• Bridges.....	3,015,412	1,340,723	4,356,135
Subtotal Transportation.....	\$5,888,423	\$2,772,368	\$8,660,791
<i>Housing & Economic Development</i>			
• Housing.....	\$2,289,634	\$570,032	\$2,859,666
• Housing Authority.....	63,572	0	63,572
• Economic Development.....	350,657	3,000	353,657
Subtotal Housing & Economic Development.....	\$2,703,863	\$573,032	\$3,276,895
<i>Administration of Justice</i>			
• Correction.....	\$1,024,347	\$49,055	\$1,073,402
• Police.....	738,744	5,142	743,886
• Courts.....	439,304	0	439,304
Subtotal Administration of Justice.....	\$2,202,395	\$54,197	\$2,256,592
<i>Health & Social Services</i>			
• Health.....	\$274,017	\$684	\$274,701
• Hospitals.....	586,532	307,500	894,032
• Homeless Services.....	151,933	0	151,933
• Human Resources.....	181,507	78,688	260,195
• Children’s Services.....	92,991	22,825	115,816
• Aging.....	21,604	0	21,604
Subtotal Health & Social Services.....	\$1,308,584	\$409,697	\$1,718,281
<i>Other City Services</i>			
• Sanitation.....	\$1,561,826	\$1,826	\$1,563,652
• Public Buildings.....	877,809	459	878,268
• Fire.....	556,085	0	556,085
• Parks & Recreation.....	738,324	291,178	1,029,502
• Cultural Institutions & Libraries.....	382,154	9,690	391,844
• Technology & Equipment.....	1,148,015	0	1,148,015
Subtotal Other City Services.....	\$5,264,213	\$303,153	\$5,567,366
Total.....	\$39,677,368	\$14,040,172	\$53,717,540

TEN-YEAR CAPITAL STRATEGY FOR 2014-2023

(\$ in Millions - All Funds)



2014 Ten-Year Capital Strategy Highlights

Technology

- Information and Communication Systems: hardening of power capabilities for the City’s wireless and fiber-optics network (\$28.0 million); expanding citywide telecommunication capabilities (\$20.0 million); post-Sandy, infrastructure enhancement efforts including upgrading 311 system foundation (\$15.0 million); and consolidation of the City’s data centers and other citywide IT infrastructure services (CITIServ) (\$10.3 million).

Environmental Protection and Sanitation

- Sewers: fund emergency replacement of malfunctioning or collapsed cement combined sewers (\$588.8 million); and continue to purchase property and provide construction for the Staten Island Bluebelt program (\$300.3 million). The total Sewers program for 2014-2023 is \$2.2 billion.
- Water Mains, Sources and Treatment: replace and extend trunk and distribution water mains and ancillary work (\$1.5 billion); and fund the pressurization of the Catskill Aqueduct (\$535.0 million). The total Water Mains, Sources and Treatment program for 2014-2023 is \$3.5 billion.
- Wastewater Treatment: investments to maintain the operational integrity of existing wastewater treatment facilities (\$2.9 billion); combined sewer overflow (CSO) capture through the use of Green Infrastructure (\$661.0 million) and the optimization of existing grey infrastructure (\$216.6 million); ongoing stabilization and upgrade contracts of in-City water pollution control plants and systems to ensure compliance with State and Federal mandates for operating permit requirements (\$338.8 million); studies and facility upgrades to reduce nitrogen levels in treated wastewater (\$148.0 million); and the enhancement of the existing chlorination system at various WPCPs in order to meet stricter chlorine discharge limits (\$128.7 million). The total Wastewater Treatment program for 2014-2023 is \$4.4 billion.

- Water Supply: construction of the Rondout-West Branch Tunnel which is associated with the Delaware Aqueduct leak (\$819.4 million), including the Bypass Tunnel and shaft work (\$560.0 million) and ancillary work and supplemental water supply projects (\$259.4 million); and continued construction of Stage Two of City Water Tunnel No. 3 (\$407.9 million). The total Water Supply program for 2014-2023 is \$1.6 billion.
- Equipment: continued water conservation programs (\$207.1 million), including conservation measures at City-owned facilities (\$91.3 million) and the installation of large water meters (\$36.7 million). The total Equipment program for 2014-2023 is \$677.0 million.
- Sanitation: purchase of vehicles and other equipment (\$1.1 billion); construction and reconstruction of sanitation garages and other facilities, Citywide (\$272.4 million); construction of solid waste management facilities (\$162.9 million); information technology and telecommunications projects (\$55.0 million); and site acquisition for Department facilities (\$20.0 million).

Transportation

- Bridges: reconstruction/rehabilitation of 43 bridges rated “fair” or “good” (\$2.3 billion); and complete rehabilitative work to extend the life of 33 bridge structures (\$1.6 billion). The total Bridge program for 2014-2023 is \$4.4 billion.
- Highways: resurfacing of 6,228 lanes miles of streets (\$1.3 billion); reconstruction of 286 lane miles of streets (\$961.9 million); reconstruction of sidewalks, retaining walls, step streets, and installation of pedestrian ramps (\$310.9 million); and facility reconstruction (\$87.0 million). The total Highway program for 2014-2023 is \$2.6 billion.
- Traffic: modernization of the City’s computerized traffic signal network to improve traffic flow (\$261.3 million); upgrade of the street lighting system (\$189.7 million); installation of signals, streetlights, and lane markings associated with the Highway and Bridge Reconstruction Program (\$182.5 million); and the reconstruction of parking lots and garages (\$18.5 million). The total Traffic program for 2014-2023 is \$652.0 million.
- Ferries: reconstruction and improvement of various ferry vessels (\$412.9 million) and ferry terminals (\$11.0 million); and general construction work at the ferry maintenance facility (\$6.0 million). The total Ferries program for 2014-2023 is \$429.9 million.
- Transit: contribution to the MTA’s capital program, including subway and bus fleet enhancements, infrastructure improvements, in-house track rehabilitations, and reconstruction of bus and subway lines for New York City. The Transit program for 2014-2023 is \$520.0 million.

Education, Health and Social Services

- Education: rehabilitate, replace and upgrade building components (\$6.9 billion); construct new schools (\$4.5 billion); expand facilities through leases, building additions, modular classrooms and new athletic fields and playgrounds (\$3.2 billion); improvements to enhance educational programs (\$2.8 billion); cover emergency projects, research and development, and prior plan completion costs (\$1.9 billion); address the need for security systems, emergency lighting and code compliance (\$360.6 million); and modernize school buildings (\$21.9 million). The total Education program for 2014-2023 is \$19.7 billion.
- Higher Education: miscellaneous reconstruction (\$99.7 million); new school construction (\$55.0 million); data processing and other equipment (\$4.5 million); energy conservation projects (\$1.2 million); electrical, mechanical and HVAC system upgrading (\$1.0 million); and Federal, State and Local Mandates (\$0.2 million). The total Higher Education program for 2014-2023 is \$161.6 million.

- Health: ambulance purchases (\$196.4 million); HHC's new Electronic Health Record system (\$192.1 million); laboratories (\$168.8 million); HHC's corporate-wide construction projects associated with ongoing maintenance, code compliance, and equipment purchases (\$56.9 million); automation and technology infrastructure improvements (\$35.3 million); various DOHMH facility renovations and rehabilitation (\$34.5 million); and technology and laboratory equipment upgrades for the Office of the Chief Medical Examiner (\$24.5 million).
- Aging: rehabilitation of senior centers, with a primary focus on improvements to fire suppression systems, heat and hot water systems, and renovations for handicapped accessibility (\$16.3 million); and computer network upgrades and equipment purchases (\$5.3 million).
- Administration for Children's Services: development and expansion of the agency's automated systems, including planned computer replacements and software licenses, upgrading of telecommunications networks, and maintenance of systems that are critical for meeting mandated program management reporting requirements (\$39.3 million); renovation and code compliance at various child care centers (\$30.1 million); renovation and upgrades for juvenile detention centers (\$23.3 million); and renovation and furniture purchases for the agency central office at 150 William Street and various field offices (\$23.1 million).
- Homeless Services: renovations and upgrades of adult shelters (\$67.8 million); renovations and upgrades of family shelters (\$54.4 million); and computer network upgrades and equipment purchases, including the development of an electronic attendance verification system (\$29.7 million).
- Human Resources: construction, initial outfitting and equipment for citywide facilities (\$121.7 million); data infrastructure upgrades and improvements (\$90.9 million); outfitting and relocation to 4 World Trade Center (\$89.3 million); Client Services Re-engineering initiative (\$46.2 million); telecom infrastructure upgrades and improvements (\$46.0 million); and automotive equipment (\$1.6 million).

Housing and Development

- Housing: provision of low-interest loans to finance the rehabilitation and preservation of approximately 12,000 units in privately-owned buildings under the Low Income Housing Tax Credit Year 15 Preservation, Article 7A, Article 8A, Participation Loan, Senior Citizens Home Assistance, and other housing preservation programs (\$1.3 billion); development of approximately 10,000 new rental and homeownership dwelling units through varied scattered site, large-scale, and multifamily initiatives (\$650.3 million); production and rehabilitation of approximately 3,400 units for low-income and formerly homeless individuals, including those with special needs, through the Supportive Housing Loan Program (\$638.4 million); and disposition and rehabilitation of approximately 1,200 *In Rem* dwelling units through various privatization initiatives (\$236.1 million).
- Housing Authority: upgrades to building systems, including elevators, heating systems and conversion to instantaneous domestic water heaters (\$32.9 million); general construction (\$30.1 million); and community, daycare and senior center renovations (\$0.5 million).
- Economic Development: development, management and rehabilitation of the City's waterfront properties in all five boroughs (\$104.1 million); various development and infrastructure improvements at the Brooklyn Navy Yard (\$50.5 million); rehabilitation of existing structures, public access improvements, and infrastructure upgrades to support public open space and future redevelopment at Governors Island (\$46.6 million); and ongoing site acquisition, infrastructure development and environmental services at Willets Point (\$16.7 million).

Administration of Justice and Public Safety

- Correction: construction of the new jail facility on Rikers Island (\$546.8 million); improvements to building systems, infrastructure and support space (\$419.9 million); and lifecycle replacement of equipment (\$106.7 million).

- Courts: infrastructure, life safety, and local law compliance citywide (\$348.0 million); heating system upgrades in the Manhattan Supreme Court building (\$28.4 million); boiler system improvements in various courthouses, including a central boiler plant connecting various Manhattan court buildings (\$12.4 million); interior renovation at various courthouses (\$10.4 million); elevator upgrades at various courthouses, including elevator replacement and modernization at the Queens Supreme Civil Court building (\$9.2 million); sidewalk reconstruction work at the Manhattan Criminal Court and Queens Civil Court buildings (\$8.2 million); compliance with the American with Disabilities Act (\$6.1 million); electrical upgrades at various courthouses, including electrical upgrade work at the Brooklyn Appellate Division Court building (\$5.7 million); roof reconstruction at the Manhattan Appellate Division Court and Bronx Family/Criminal Court buildings (\$4.7 million); exterior renovation at the Brooklyn Supreme Court and Manhattan Civil Court buildings (\$4.4 million); and equipment replacement (\$1.7 million).
- Police: lifecycle replacement of communications equipment, computer equipment, vehicles and miscellaneous equipment (\$501.9 million); construction, rehabilitation and relocation of facilities, Citywide (\$198.0 million); and construction of the World Trade Center Security Plan (\$44.0 million).
- Fire: replacement of front-line fire-fighting apparatus according to mandated replacement cycles as well as support vehicles and equipment (\$463.5 million); the renovation of firehouse components such as boilers electrical upgrades, kitchens, roofs, bathrooms, waterproofing, apparatus doors, floors, and windows (\$56.9 million); information technology systems improvements and equipment replacement (\$15.7 million); the construction of EMS stations (\$12.4 million); the purchase of radio equipment (\$3.9 million); and cabling to support the Department's Voice Alarm system (\$3.7 million).

Recreation and Cultural

- Parks: long-term reconstruction of beaches damaged by Hurricane Sandy, including Coney Island, the Rockaways, and various Staten Island beaches (\$258.9 million); planting of new street trees and park trees, Citywide (\$162.6 million); long-term reconstruction of parks and playgrounds damaged by Hurricane Sandy (\$94.0 million); and reconstruction of pedestrian bridges, Citywide (\$36.0 million).
- Public Libraries: Central Library Master Plan project at the Stephen A. Schwarzman Building in Manhattan (\$81.5 million); a new replacement facility for the Far Rockaway Community Library (\$17.5 million); renovations and improvements at the Central Library building in Grand Army Plaza (\$12.2 million); and a new replacement Westchester Square Branch Library in the Bronx (\$2.8 million).
- Department of Cultural Affairs: construction at New York Aquarium in Brooklyn including the installation of a new Shark Exhibit and construction of a new Ocean Wonders Ecology walk (\$27.8 million, in addition to \$140.6 million in 2013, including \$60.0 million for Hurricane Sandy damages); construction of a Water Garden at the Brooklyn Botanical Garden (\$8.0 million); improvements to the Brooklyn Children's Museum (\$7.6 million, in addition to \$13.2 million in 2013); renovations at the Staten Island Historical Society including the reconstruction of Tysen Court, the restoration of Britton Cottage and a new carriage barn (\$7.1 million, in addition to \$3.2 million in 2013); renovation of a new space and new equipment at the St. Ann's Warehouse in Brooklyn (\$5.7 million); renovation of the building at Cooper Hewitt in Manhattan (\$5.0 million, in addition to \$3.4 million in 2013); building improvements at the Poppenhusen Institute in Queens (\$4.4 million); renovation of the facility at the Bronx Council on the Arts (\$3.0 million); and HVAC improvements at P.S.1 Art Institute in Queens (\$1.6 million).

Department of Citywide Administrative Services

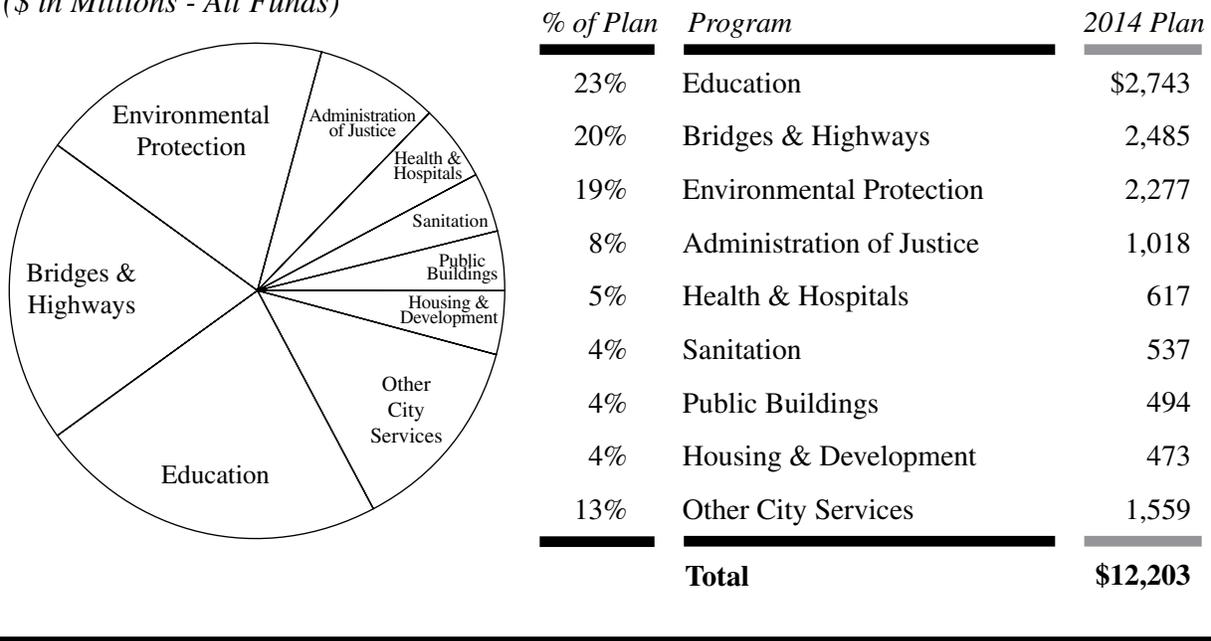
- Public Buildings: rehabilitation of public buildings and City-owned facilities (\$325.6 million), including the Manhattan Municipal Building (\$65.2 million), the Brooklyn Municipal Building (\$41.0 million), Queens Borough Hall (\$16.5 million), Staten Island Borough Hall (\$3.9 million), and the Bergen Building in the Bronx (\$3.4 million); renovation of leased space (\$198.2 million), including 21st Century Civic Center Plan projects (\$26.5 million) and the relocation of 40 Rector Street tenant agencies to new leased space (\$10.8 million);

legal mandates (\$191.1 million), including fire/life safety upgrades to ensure Local Law 5 compliance (\$71.1 million), façade upgrades to ensure Local Law 11 compliance (\$58.8 million); equipment and interagency services (\$86.1 million), including equipment critical for hurricane/disaster response (\$22.0 million) and the development of a municipal supplies inventory management system (\$13.8 million); reconstruction of waterfront properties (\$36.2 million) including various pier improvements; miscellaneous construction in other facilities (\$30.4 million); modernization of the Board of Elections (\$7.5 million); renovation of other City-owned facilities (\$3.2 million); reconstruction of non-waterfront properties (\$1.6 million); citywide vehicle fuel management system (\$0.9 million); communications equipment (\$0.8 million); acquisition of real property (\$0.5 million); and rehabilitation of court buildings (\$0.3 million).

- Energy Efficiency and Sustainability: energy efficiency measures and building retrofits (\$744.0 million), including the Bronx Zoo Hot Water Distribution Loop (\$15.0 million).

2014 AUTHORIZED CAPITAL COMMITMENTS, BY PROGRAM

(\$ in Millions - All Funds)



2014 Agency Highlights 1year

Technology

- Information and Communication Systems: hardening of power capabilities for the City's wireless and fiber-optics network (\$25.0 million); expanding citywide telecommunication capabilities (\$15.0 million); consolidation of the City's data centers and other citywide IT infrastructure services (CITIServ) (\$10.3 million); and post-Sandy, infrastructure enhancement efforts including upgrading 311 system foundation (\$10.0 million).

Environmental Protection and Sanitation

- Sewers: reconstruction and augmentation of the City's sewer system (\$440.0 million).
- Water Mains, Sources and Treatment: continued in-City water main construction and ancillary work (\$347.8 million), including connection projects for City Water Tunnel No. 3 (\$20.2 million); and continued

advancement of the Croton Water Filtration Plant and related projects (\$105.9 million). The total Water Mains, Sources and Treatment program for 2014 is \$832.2 million.

- Wastewater Treatment: work with multiple City agencies to construct, install, and maintain various Green Infrastructure projects for stormwater capture, such as bioswales, tree pits, constructed wetlands, and green roofs (\$236.0 million); conduct essential projects at water pollution control plants and related infrastructure to sustain uninterrupted wastewater treatment operation (\$52.0 million); and addressing water quality problems attributed to combined sewer overflow discharges into the City's surrounding waterways during wet weather conditions (\$13.4 million). The total Wastewater Treatment program for 2014 is \$822.8 million.
- Water Supply: continued construction of Stage One (\$13.0 million) and Stage Two (\$26.5 million) of City Water Tunnel No. 3. The total Water Supply program for 2014 is \$50.6 million.
- Equipment: continued purchase, replacement and installation of water meters (\$15.7 million). The total Equipment program for 2014 is \$131.1 million.
- Sanitation: construction and reconstruction of sanitation garages and other facilities, Citywide (\$229.3 million); construction of solid waste management facilities (\$162.9 million); purchase of vehicles and other equipment (\$87.7 million); information technology and telecommunications projects (\$37.3 million); and site acquisition for Department facilities (\$20.0 million).

Transportation

- Bridges: reconstruction/rehabilitation of 14 bridges rated "fair" or "good" (\$832.5 million); and complete rehabilitative work to extend the life of six bridge structures (\$229.0 million). The total Bridge program for 2014 is \$1.2 billion.
- Highways: reconstruction of 246 lane miles of streets (\$829.1 million); resurfacing of 1,000 lanes miles of streets (\$139.4 million); reconstruction of sidewalks, retaining walls, step streets, and installation of pedestrian ramps (\$94.2 million); and facility reconstruction (\$31.3 million). The total Highway program for 2014 is \$1.1 billion.
- Traffic: modernization of the City's computerized traffic signal network to improve traffic flow (\$73.4 million); installation of signals, streetlights, and lane markings associated with the Highway and Bridge Reconstruction Program (\$58.3 million); upgrade of the street lighting system (\$25.7 million); and the reconstruction of parking lots and garages (\$5.8 million). The total Traffic program for 2014 is \$163.2 million.
- Ferries: reconstruction and improvement of various ferry vessels (\$25.7 million) and ferry terminals (\$6.0 million); and general construction work at the ferry maintenance facility (\$3.3 million). The total Ferries program for 2014 is \$35.0 million.
- Transit: contribution to the MTA's capital program, including subway and bus fleet enhancements, infrastructure improvements, in-house track rehabilitations, and reconstruction of bus and subway lines for New York City. The Transit program for 2014 is \$100.0 million.

Education, Health and Social Services

- Education: expand facilities through leases, building additions, modular classrooms and new athletic fields and playgrounds (\$757.2 million); construct new schools (\$730.6 million); rehabilitate, replace and upgrade building components (\$420.3 million); cover emergency projects, research and development, and prior plan completion costs (\$359.3 million); capital improvements that enhance educational programs (\$333.3 million); and address the need for security systems, emergency lighting and code compliance (\$43.0 million). The total Education program for 2014 is \$2.6 billion.

- Higher Education: new school construction (\$55.0 million); miscellaneous reconstruction (\$40.2 million); and purchases of data processing and other equipment (\$4.4 million). The total higher education program for 2014 is \$99.6 million.
- Health: HHC Sandy projects (\$410.0 million); HHC's new Electronic Health Record system (\$63.9 million); design and construction of a new Public Health Laboratory (\$56.3 million); ambulance purchases (\$7.7 million); new electronic vital event registration system (\$5.4 million); and Gouverneur Healthcare Services modernization (\$3.0 million).
- Aging: rehabilitation of senior centers, with a primary focus on improvements to fire suppression systems, heat and hot water systems, and renovations for handicapped accessibility (\$5.4 million); and computer network upgrade and equipment purchase (\$2.0 million).
- Administration for Children's Services: development and expansion of the agency's automated systems, including planned computer replacements, upgrading of telecommunications networks, and maintenance of systems that are critical for meeting mandated program management reporting requirements (\$16.0 million); renovation and upgrades for juvenile detention centers (\$14.7 million); renovation and furniture purchases for the agency central office at 150 William Street and various field offices (\$3.4 million); and renovation and code compliance at various child care centers (\$3.6 million).
- Homeless Services: renovation and upgrade of adult shelters (\$30.5 million); renovation and upgrade of family shelters (\$11.2 million); and computer network upgrade and equipment purchase, including the development of an electronic attendance verification system (\$9.5 million).
- Human Resources: construction, initial outfitting and equipment for citywide facilities (\$96.7 million); outfitting and relocation to 4 World Trade Center (\$89.3 million); and telecom and data infrastructure upgrades and improvements (\$46.8 million), including the agency's Client Services Re-engineering initiative (\$29.5 million).

Housing and Development

- Housing: provision of low-interest loans to finance the rehabilitation and preservation of over 4,000 units in privately-owned buildings under the Low Income Housing Tax Credit Year 15 Preservation, Article 7A, Article 8A, Participation Loan, Senior Citizens Home Assistance, and other housing preservation programs (\$125.0 million); production and rehabilitation of over 1,000 units for low-income and formerly homeless individuals, including those with special needs, through the Supportive Housing Loan Program (\$78.0 million); development of over 3,400 new rental and homeownership dwelling units through varied scattered site, large-scale, and multifamily initiatives (\$69.0 million); disposition and rehabilitation of approximately 500 *In Rem* dwelling units through various privatization initiatives (\$42.0 million).
- Housing Authority: general construction (\$6.0 million); upgrades to building systems (\$0.8 million); and community, daycare and senior center renovations (\$0.5 million).
- Economic Development: various development and infrastructure improvements at the Brooklyn Navy Yard (\$19.0 million); development, reinvestment and rehabilitation for asset management, including City-owned facilities and City waterfront properties in all five boroughs (\$10.3 million); and rehabilitation of existing structures, public access improvements, and infrastructure upgrades to support public open space and future redevelopment at Governors Island (\$6.5 million).

Administration of Justice and Public Safety

- Correction: construction of the new jail facility on Rikers Island (\$516.2 million); improvements to building systems, infrastructure and support space (\$159.9 million); and lifecycle replacement of equipment (\$15.8 million).

- Courts: infrastructure upgrade at the Brownsville Community Court (\$10.3 million); elevator replacement and modernization at the Queens Supreme Civil Court (\$6.8 million); sidewalk reconstruction at the Manhattan Criminal Court (\$6.2 million); fire alarm and detection work at the Brooklyn Criminal Court (\$5.7 million); and roof reconstruction at the Manhattan Appellate Division Court (\$3.5 million).
- Police: replacement and upgrade of critical network infrastructure equipment and data management systems (\$75.5 million); construction, rehabilitation and relocation of facilities, Citywide (\$71.3 million); replacement and upgrade of portable radios, radio equipment, infrastructure and systems (\$44.3 million); design and construction of the World Trade Center Security Plan (\$44.0 million); lifecycle replacement of vehicles (\$28.0 million); and replacement and upgrade of general equipment, Citywide (\$8.0 million).
- Fire: renovation of firehouse components such as boilers, electrical upgrades, kitchens, roofs, bathrooms, waterproofing, apparatus doors, floors, and windows (\$43.0 million); replacement of front-line fire-fighting apparatus, support vehicles, fireboats, and equipment (\$12.9 million); construction of EMS stations (\$12.4 million); information technology systems improvements and equipment replacement (\$5.3 million); purchase of radio equipment (\$3.9 million); and cabling to support the Department's Voice Alarm System (\$0.3 million).

Recreation and Cultural

- Parks: planting of new street trees and park trees and the construction of Greenstreets, Citywide (\$27.1 million); reconstruction of retaining walls, Citywide (\$10.0 million); and reconstruction of playgrounds, Citywide (\$9.8 million).
- Public Libraries: Central Library Master Plan project at the Stephen A. Schwarzman Building in Manhattan (\$46.0 million); new replacement facility for the Far Rockaway Community Library (\$17.5 million); renovations and improvements at the Central Library building in Grand Army Plaza (\$12.2 million); and a new replacement Westchester Square Branch Library in the Bronx (\$5.4 million).
- Department of Cultural Affairs: improvements to the New York Aquarium in Brooklyn (\$24.9 million in addition to \$140.6 million in 2013, which includes \$60.0 million for Hurricane Sandy damage); improvements to the Brooklyn Children's Museum (\$7.6 million in addition to \$13.2 million in 2013); renovations at the Staten Island Historical Society (\$6.7 million in addition to \$3.2 million in 2013); renovations at Cooper Hewitt in Manhattan (\$5.0 million in addition to \$3.4 million in 2013); building improvements at the Poppenhusen Institute in Queens (\$4.4 million); renovation of a new space and new equipment at the St. Ann's Warehouse in Brooklyn (\$3.5 million); and renovations at the Bronx Council on the Arts (\$3.0 million).

Department of Citywide Administrative Services

- Public Buildings: rehabilitation of public buildings and City-owned facilities (\$208.0 million), including the Manhattan Municipal Building (\$50.2 million), the Brooklyn Municipal Building (\$41.0 million), Queens Borough Hall (\$10.8 million) and Staten Island Borough Hall (\$1.5 million); renovation of leased space (\$115.6 million), including 21st Century Civic Center Plan projects (\$26.5 million) and the relocation of 40 Rector Street tenant agencies to new leased space (\$10.8 million); legal mandates (\$66.1 million), including façade upgrades to ensure Local Law 11 compliance (\$15.6 million), and fire/life safety upgrades to ensure Local Law 5 compliance (\$13.8 million); equipment and interagency services (\$56.0 million), including the development of a municipal supplies inventory management system (\$13.8 million) and equipment critical for hurricane/disaster response (\$22.0 million); miscellaneous construction in other facilities (\$27.4 million); reconstruction of waterfront properties (\$10.8 million) including various pier improvements; modernization of the Board of Elections (\$7.5 million); renovation of other City-owned facilities (\$3.2 million); reconstruction of non-waterfront properties (\$1.6 million); citywide vehicle fuel management system (\$0.9 million); communications equipment (\$0.5 million); and rehabilitation of court buildings (\$0.3 million).

- Energy Efficiency and Sustainability: energy efficiency measures and building retrofits (\$203.2 million), including the Bronx Zoo Hot Water Distribution Loop (\$15.0 million).

Borough Presidents’ Allocations

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

FY 2014-2017 Borough Presidents’ Allocations*
(City Funded Appropriations \$ in thousands)

	2014	2015	2016	2017
Bronx Program				
Cultural Affairs	\$1,575	—	—	—
Education	1,615	—	—	—
Higher Education	3,003	—	—	—
Housing	2,250	—	—	—
Housing Authority	500	—	—	—
New York Public Library	1,531	—	—	—
Parks	5,350	—	—	—
Public Buildings	500	—	—	—
GRAND TOTAL: BRONX	\$16,324	\$0	\$0	\$0
Brooklyn Program				
Brooklyn Public Library	\$1,000	—	—	—
Cultural Affairs	8,904	3,863	—	—
Economic Development	1,314	1,000	—	—
Education	1,575	—	—	—
Health	200	—	—	—
Higher Education	4,700	—	—	—
Highways	575	—	—	—
Hospitals	279	—	—	—
Housing	2,725	1,000	—	—
Parks	3,072	250	—	—
Public Buildings	3,408	3,000	—	—
Sanitation	100	—	—	—
Traffic	50	—	—	—
GRAND TOTAL: BROOKLYN	\$27,902	\$9,113	\$0	\$0

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

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

FY 2014-2017 Borough Presidents' Allocations*
(City Funded Appropriations \$ in thousands)

	2014	2015	2016	2017
Manhattan Program				
Cultural Affairs	\$1,557	—	—	—
Economic Development	2,500	3,000	—	—
Education	3,000	—	—	—
Higher Education	850	—	—	—
Highways	800	—	—	—
Housing	—	1,000	—	—
New York Public Library	1,000	—	—	—
Parks	1,835	—	—	—
Public Buildings	500	—	—	—
GRAND TOTAL: MANHATTAN	\$12,042	\$4,000	\$0	\$0
Queens Program				
Aging	—	\$1,000	—	—
Children's Services	513	—	—	—
Cultural Affairs	4,562	—	—	—
Education	1,560	—	—	—
Health	1,086	—	—	—
Higher Education	5,265	—	—	—
Highways	41	—	—	—
Hospitals	3,950	—	—	—
Housing	1,500	—	—	—
Parks	5,400	—	—	—
Public Buildings	955	—	—	—
Queens Public Library	1,266	—	—	—
GRAND TOTAL: QUEENS	\$26,098	\$1,000	\$0	\$0
Staten Island Program				
Economic Development	\$275	—	—	—
Education	110	—	—	—
Fire	150	—	—	—
Highways	2,664	—	—	—
Parks	200	—	—	—
Public Buildings	11	—	—	—
Sanitation	350	—	—	—
GRAND TOTAL: STATEN ISLAND	\$3,760	\$0	\$0	\$0

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

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

Management Initiatives

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

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

Capital Program Management

The Department of Design and Construction was created in October 1995 by Local Law 77, which authorized it to assume responsibility for construction projects performed by the Departments of Transportation, Environmental Protection and General Services. The Department delivers the City's construction projects in an expeditious, cost-effective manner, while maintaining the highest degree of architectural, engineering and construction quality. The Department performs design and construction functions related to streets and highways; sewers; water mains; correctional and court facilities; cultural buildings; libraries; and other public buildings, facilities and structures.

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

Capital Project Scope Development and Cost Estimation

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

Capital Asset Inventory and Maintenance Program

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

The AIMS Program was enhanced by an intranet portal that allows for more agency access to asset data. This provides the client agencies with additional information with which to improve management of their facilities.

Value Engineering

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

Value Engineering is a collaborative effort between all concerned city agencies with budgetary and operational jurisdiction over a project, and outside consultants with expertise on critical project components. The City has utilized VE effectively in the last 31 years to review complex and costly capital projects to ensure they meet functional requirements and are cost effective and timely. These Value Management reviews enable agency decision makers to reach informed conclusions about projects' scope, cost and schedule. In addition to defining potential cost reductions, the VE process frequently generates project improvements, and anticipates project risks and solves functional problems by raising relevant issues which adversely compromise the project's development, cost and schedule early in the design process. OMB's Value Management Program continues to be successful, both as an operational and capital management tool. The benefits of VE and the overall returns on the reviewed projects have proven to be effective in terms of both significant capital and life cycle cost reductions while protecting projects' required functionality and mission. VA enables improved operational processes and more efficient time management. Studies scheduled for upcoming VE reviews include environmental projects, parks, dams, bridges, power projects, and water tunnel structures, hospitals, schools, and jails.

FINANCING PROGRAM

The City's financing program projects \$32 billion of long-term borrowing for the period 2013 through 2017 to support the City's current capital program. The portion of the capital program not financed by the New York City Municipal Water Finance Authority (NYW or the Authority) will be split between General Obligation (GO) bonds of the City and the Transitional Finance Authority (TFA). Figures below do not include state funded financing for education capital purposes through TFA Building Aid Revenue Bonds (BARBs):

Financing Program (\$ in Millions)

	2013	2014	2015	2016	2017	Total
City General Obligation Bonds	\$1,630	\$2,400	\$2,800	\$2,470	\$2,160	\$11,460
TFA Bonds ¹	2,978	3,200	2,800	2,470	2,160	13,608
Water Authority Bonds ²	2,108	1,439	1,216	1,266	1,201	7,230
Total	\$6,716	\$7,039	\$6,816	\$6,206	\$5,521	\$32,298

1 TFA Bonds do not include BARBs issued for education capital purposes. TFA issued \$850 million of BARBs during the first half of fiscal year 2013, and does not expect to issue BARBs during the remainder of the fiscal year. The TFA expects to issue \$1.8 billion, \$1.0 billion, \$942 million and \$898 million of BARBs in fiscal years 2014 through 2017, respectively.

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

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

Debt Outstanding
(\$ in Millions at Year End)

	2013	2014	2015	2016	2017
City General Obligation Bonds	\$41,906	\$42,381	\$42,829	\$42,951	\$42,765
TFA Bonds ¹	23,098	25,656	27,579	29,048	30,131
TSASC Bonds.....	1,246	1,234	1,222	1,209	1,197
Conduit Debt.....	1,698	1,616	1,534	1,445	1,365
Total	\$67,948	\$70,887	\$73,164	\$74,653	\$75,458
Water Authority Bonds.....	\$29,271	\$30,408	\$31,299	\$32,164	\$32,942

1 Figures above do not include state funded financing for education capital purposes through the TFA Building Aid Revenue Bonds (BARBs).

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

	2013	2014	2015	2016	2017
City General Obligation Bonds ¹	\$3,939	\$4,112	\$4,607	\$4,716	\$4,759
TFA Bonds ²	1,741	1,809	2,256	2,472	2,661
TSASC Bonds	70	74	74	74	73
Conduit Debt ³	314	324	316	322	312
Total Debt Service.....	\$6,064	\$6,319	\$7,253	\$7,584	\$7,805
Water Authority Bonds ⁴	\$1,467	\$1,681	\$1,761	\$1,969	\$2,055

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

2 Figures above do not include state funded financing for education capital purposes through the TFA Building Aid Revenue Bonds (BARBs).

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

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

Debt Burden

	2013	2014	2015	2016	2017
Total Debt Service¹ as % of:					
a. Total Revenue ²	8.3%	9.0%	9.9%	10.0%	10.0%
b. Total Taxes ³	13.2%	13.8%	15.0%	15.1%	14.9%
c. Total NYC Personal Income.....	1.3%	1.3%	1.4%	1.5%	1.4%
Total Debt Outstanding¹ as % of:					
a. Total NYC Personal Income.....	14.3%	14.5%	14.5%	14.2%	13.8%

1 Total debt service and debt outstanding include GO, conduit debt and TFA bonds other than BARBs (PIT Bonds).

2 Total revenue includes amounts required to pay debt service on TFA PIT Bonds and operating expenses.

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

The financing of the City capital program is split among GO, TFA and NYW bond issuance. The City and TFA will issue \$11.5 billion and \$13.6 billion, respectively, during the plan period. The City issuance supports 36 percent of the total, while TFA issuance supports 42 percent of the total. NYW's annual financing amount, excluding refundings, will average approximately \$1.4 billion. The aggregate NYW financing during the plan period will account for 22 percent of the total financing program.

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

Ratings

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

New York City General Obligation Bonds

Since July 1, 2012, the City has issued approximately \$2.0 billion in refunding bonds and \$1.6 billion in bonds for capital purposes, totaling approximately \$3.6 billion. The dates and principal amounts are as follows:

NYC GO Issuances (\$ in Millions)					
Series	New \$/ Refunding	Issue Date	Tax Exempt Amount	Taxable Amount	Total Par Amount
2013 A	N	10/23/12	\$850	\$0	\$850
2013 BC	R	10/23/12	600	0	\$600
2013 DE	R	1/3/13	1,000	0	\$1,000
2013 F	N	3/19/13	680	100	\$780
2013 GH	R	3/19/13	373	0	\$373
Total			\$3,503	\$100	\$3,603

The \$2.0 billion of refunding transactions the City has completed to date in fiscal year 2013 generated approximately \$280 million of debt service savings during the financial plan period.

In addition to the total issuance mentioned above, the City reoffered approximately \$415 million of floating rate bonds in order to manage expiring bank facilities supporting that debt. Some of the bank facilities were redeployed on longer term debt where the benefit of the floating rate is greater relative to shorter term fixed rate debt. Approximately \$250 million of the reoffered bonds were issued as floating rate notes (FRNs). While the City had previously sold FRNs as a private placement, the most recent FRN issuance in 2013 was the City's first public offering of such debt. FRN issuance has the benefit of providing floating rate debt without a supporting bank facility. The most recent FRN issuance provided costs lower than prior FRN issues privately placed.

The City does not plan to issue GO bonds for capital purposes in the remainder of 2013, but expects to issue \$2.4 billion, \$2.8 billion, \$2.5 billion and \$2.2 billion in 2014 through 2017, respectively.

Currently the debt service for the City, TFA (excluding BARBs), and City appropriation debt, or conduit debt, excluding the effect of pre-payments, is 8.3 percent of the City's total budgeted revenues in 2013. That ratio is projected rise to 10 percent in 2017. As a percentage of tax revenues, the debt service ratio is 13.2 percent in 2013 and is projected to increase to 14.9 percent in 2017.

In 2013, the City did not require a note issuance to satisfy cash flow needs. The City's financing program assumes the issuance of \$2.4 billion of notes annually through the remainder of the financial plan.

New York City Related Issuers - Variable Rate Debt

Floating rate bonds have been a reliable source of cost savings in the City's capital program. In considering the proportion of the City's debt which is in variable rather than fixed rates, it is useful to consider all sources of financing with the exception of NYW, which is typically considered separately for such purposes. Included would be not only City GO bonds but also TFA, TSASC bonds and conduit debt. The City and its related entities have approximately \$11 billion of floating rate exposure.

Despite changes in the floating rate market, the City and other issuers supporting the City capital program have maintained floating rate exposure to minimize interest costs. The City and related financing entities have managed bank facility expirations by obtaining renewals from existing providers or replacement facilities from new providers. In addition, the City and related financing entities have explored new floating rate structures not requiring bank facilities. The City and TFA entered into private placements and, recently, public offerings of index floating rate bonds bearing all-in costs comparable to variable rate demand bonds with bank facilities. The City and TFA continue to explore these and other debt instruments which confer the benefit of floating rate exposure.

The City has not entered into any new interest rate swaps to date in fiscal year 2013. However, the City did terminate approximately \$180 million notional value of swaps which resulted in a small payment from the swap counterparty to the City. Additionally, the City was able to transfer approximately \$430 million notional value of swaps from the initial counterparty to higher rated counterparties at no cost, taking advantage of provisions in the swap documents previously negotiated. The total notional amount of swaps outstanding as of March 31, 2013 was \$1.84 billion, on which the termination value was negative \$167 million. This is the theoretical amount which the City would pay if all of the swaps terminated under market conditions as of March 31, 2013.

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

NYC Floating-Rate Exposure¹
(\$ in Millions)

	<u>GO</u>	<u>TFA</u>	<u>Lease</u>	<u>TSASC</u>	<u>Total</u>
Floating Rate Bonds	\$6,941	\$3,543	\$30	\$0	10,514
Synthetic Fixed	221		31		252
Taxable Basis Swap	91				91
Enhanced Basis Swap	125				125
Total Floating-Rate	<u>\$7,378</u>	<u>\$3,543</u>	<u>\$61</u>	<u>\$0</u>	<u>\$10,982</u>
Total Debt Outstanding.....	\$41,906	\$23,098	\$1,698	\$1,246	\$67,948
% of Floating-Rate / Total Debt Outstanding.....					16.2%
Total Floating-Rate Less \$5.42 Billion Balance in General					
Fund (Floating-Rate Assets)					5,560
% of Net Floating Rate / Total Debt Outstanding					8.2%

¹ Debt Outstanding as of the 2014 Executive Budget excluding NYW, HYIC, and TFA BARBs

The 16.2 percent floating rate exposure, including the risk from the synthetic fixed rate swaps and the basis swaps, is even more manageable after taking into account the 10 year average balance of \$5.42 billion of short-term assets in the City’s General Fund which are an offset to these floating rate liabilities. Net of these floating rate assets, the floating rate exposure of the City, excluding NYW, is 8.2 percent of its outstanding debt. Moreover, the City uses conservative assumptions in budgeting expenses from floating rate instruments.

During fiscal year 2013, short-term interest rates relating to the \$10.5 billion of floating rate debt have been 0.20 percent on average for tax-exempt and 0.60 percent for taxable floating rate debt. These rates have continued to provide extremely attractive financing costs relative to fixed rate debt despite the recent market turmoil. Tax exempt floating rate debt has traded recently at rates that are approximately 300 basis points lower than those for long term fixed-rate debt, resulting in an annual savings of over \$320 million.

The New York City Municipal Water Finance Authority

The New York City Municipal Water Finance Authority (NYW) was created in 1985 to finance capital improvements to the City’s water and sewer system. Since its first bond sale in November 1985, the Authority has sold \$51.5 billion in bonds. These bond issuances included a combination of general (first) resolution, second general resolution and subordinated special resolution crossover refunding water and sewer system revenue bonds. Of this aggregate bond par amount, \$28.9 billion is outstanding, \$17.8 billion was refinanced with lower cost debt, \$1.4 billion was defeased with Authority funds prior to maturity, and \$3.5 billion was retired with revenues as it matured. These amounts do not include \$408.5 million drawn on EFC short-term loans.

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

NYW’s outstanding debt also includes floating rate bonds, which have been a reliable source of cost effective financing. NYW has \$3.6 billion of floating rate bonds or 13% of its outstanding debt, including \$401 million which was swapped to a fixed rate. NYW’s floating rate exposure primarily includes tax-exempt floating rate debt supported by liquidity facilities, and \$200 million of synthetic variable rate debt.

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

On November 19, 2009, EFC entered into an agreement to provide NYW a direct loan in an amount up to \$217.5 million, with funds made available through ARRA. NYW expects to receive these funds to pay for certain capital projects over the next several years. As of April 3, 2013, NYW has drawn on \$191.5 million of the loan.

On July 12, 2012, NYW issued \$316.8 million of refunding tax-exempt fixed rate Second Resolution bonds, Fiscal 2013 Series 1 Bonds to EFC. The bonds refunded portions of NYW's Second Resolution bonds Fiscal 2002 Series 6 and Fiscal 2003 Series 2 previously issued to EFC. The refunding bonds included serial bonds maturing from 2013 to 2028.

Additionally, on September 27, 2012, EFC entered into an agreement to provide NYW a short term loan in an amount up to \$217 million. NYW received these funds to pay for certain capital projects on November 8, 2012.

On October 4, 2012, NYW issued \$200 million of new money tax-exempt adjustable rate bonds under its Second General Resolution, Fiscal 2013 Series AA-1 and AA-2 bonds. The bonds are backed by standby bond purchase agreements provided by two banks. These bonds will mature in 2046.

On December 13, 2012, NYW issued 440.51 million of new money tax-exempt fixed rate Second Resolution Revenue bonds, Fiscal 2013 Series BB. This bond issue included term bonds maturing in 2047.

On March 1, 2013, NYW issued 455.96 million of new money tax-exempt fixed rate Second Resolution Revenue bonds, Fiscal 2013 Series CC. This bond issue included term bonds maturing in 2047.

On March 21, 2013, NYW issued \$543.30 of refunding tax-exempt fixed rate Second Resolution Revenue Bonds, Fiscal 2013 Series DD bonds. The refunding bonds refunded NYW's outstanding First Resolution 2003 E and 2004 A. The refunding bonds included serial bonds maturing from 2027 through 2038.

Summarized in the following table are seven bond series that have closed to date in Fiscal Year 2013. The proceeds of the bonds refinanced commercial paper previously issued by NYW, paid costs of improvements to the water and sewer system or paid principal and interest on certain of the Authority's outstanding debt and paid the costs of issuance.

NYW Issuance

Series	(N)ew Money /(R)ef.	Issue Date	Par Amount	True Interest Cost (TIC)	Longest Maturity
2013-1	R	7/12/12	\$316,790,000	0.79%	2028
2013-2	N	9/27/12	\$217,000,000	0.31%	2013 ¹
2013 AA -1	N	10/4/12	\$50,000,000	0.07% ²	2046
2013 AA -2	N	10/4/12	\$150,000,000	0.08% ²	2046
2013 BB	N	12/13/12	\$440,510,000	3.91%	2047
2013 CC	N	3/1/13	\$455,955,000	4.24%	2047
2013 DD	R	3/21/13	\$543,300,000	3.99%	2038

¹ Bond Anticipation Note issued to EFC

² Bonds issued as variable rate demand bonds; rate shown is an average from the issue date through 4/15/2013.

NYW is a party to four interest rate exchange agreements (swaps) with a total notional amount of \$621 million. As of March 31, 2013, the mark-to-market value of the swaps was negative \$100.6 million. This is the theoretical amount which NYW would pay if all swaps terminated as of March 31, 2013.

NYW expects to issue approximately \$600 million of new money over the remainder of Fiscal 2013.

During the period from 2014 to 2017, NYW expects to sell an average of approximately \$1.3 billion of new money bonds (not including commercial paper note issuance) per year. Of this amount, NYW plans to issue a minimum of \$300 million per year through EFC, taking advantage of the interest rate subsidy available for qualifying projects, and minimizing the overall costs of its financing program. NYW expects to issue its remaining new debt in 2013 as fixed rate. After 2013, NYW expects to issue approximately 85 to 90 percent of its new debt per year as fixed rate debt with the remainder issued as variable rate debt, subject to market conditions.

The New York City Transitional Finance Authority

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

Since July 1, 2012, the TFA has issued approximately \$1.8 billion in refunding bonds and \$2.1 billion in bonds for capital purposes. The dates and principal amounts are as follows:

NYC TFA Issuances					
(\$ in Millions)					
<u>Series</u>	<u>New\$/ Refunding</u>	<u>Issue Date</u>	<u>Tax Exempt Amount</u>	<u>Taxable Amount</u>	<u>Total Par Amount</u>
2013 A ¹	N	8/28/12	\$450	\$350	\$800
2013 B	R	8/28/12	950	0	950
2013 C ²	N	12/4/12	348	230	578
2013 DE	R	12/4/12	553	0	553
2013 F ³	N	4/18/13	650	100	750
2013 GH	R	4/18/13	251	0	251
Total			<u>\$3,202</u>	<u>\$680</u>	<u>\$3,882</u>

1 2013A is inclusive of \$150 million of QSCB issuance as taxable bonds.

2 2013C is inclusive of \$100 million of QSCB issuance as taxable bonds.

3 2013F is inclusive of \$100 million of QSCB issuance as taxable bonds.

The \$1.8 billion in refunding transactions the TFA completed during fiscal year 2013 generated approximately \$238 million of debt service savings during the financial plan period.

In addition to the issuance mentioned above, the TFA reoffered nearly \$270 million of floating rate bonds into a fixed rate mode.

With its most recent issuance, TFA sold \$100 million of Qualified School Construction Bonds (QSCBs) by competitive bid, leaving less than \$100 million remaining of NYC's issuance authorization. As with all other prior QSCB issuances, the coupon rate was set below the allowable credit rate, resulting in the interest being eligible for full subsidy from the Federal Government. However, with the enactment of the Budget Control Act of 2011 and

the American Taxpayer Relief Act of 2012, subsidies payable to issuers of QSCBs, as well as other bond types authorized under the American Recovery & Reinvestment Act (including Build America Bonds and Recovery Zone Development Bonds, issued by NYC, TFA, and NYW) were reduced by the Federal Government. Current Federal guidelines show an 8.7 percent reduction of such subsidies through October 1, 2013 and a reduction to 7.3 percent thereafter.

Beyond the financings described above, the TFA plans to issue approximately \$800 million of TFA bonds for capital purposes in the remainder of 2013, and \$3.2 billion, \$2.8 billion, \$2.5 billion and \$2.2 billion in years 2014 through 2017, respectively.

In April 2006, the State enacted legislation authorizing issuance by the TFA of an additional \$9.4 billion of bonds to be used to fund capital costs for the Department of Education. This legislation also provided for the assignment to TFA of State building aid that had previously been paid directly to the City. Since the inception of this financing program, the TFA has issued \$6.4 billion of BARBs to fund the capital program of the Department of Education. The TFA does not plan to issue BARBs for the educational capital program in the remainder of 2013, but expects to issue \$1.8 billion, \$1 billion, \$942 million and \$898 million in 2014 through 2017, respectively.

Hudson Yards Infrastructure Corporation

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

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

Construction is being performed by the MTA and is on schedule. As of December 2012, the tunnels, three of four ventilation buildings, and the station's main passageways have already been constructed and installation of the final tracks is expected to be completed by June 30, 2013. Electrical and operational testing make up the majority of the remaining work.

Additionally, after completion of the design and demolition work for the HYIC-funded Hudson Park and Boulevard, a four-acre system of parks and greenways through the Project Area, construction of the park began in calendar 2012 and is proceeding on schedule. Construction work on the Hudson River Park and Boulevard is being performed by the Hudson Yards Development Corporation.

Analysis of Agency Budgets

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

Full Agency Costs for FY 2014

(\$ in Millions)

Agency	Personal Service Costs				Other than Personal Service Costs							Gross Total All Funds (Includes Intra-City)	Net Total All Funds (Excludes Intra-City)	City Fund Total
	Salaries & Wages	Fringe Benefits	PS Pensions	PS Subtotal	Agency OTPS	PA, MA & Other Mandates	Legal Services	Judgments & Claims	Debt Service	OTPS Subtotal				
UNIFORM AGENCIES														
Police Department	\$4,271	\$1,933	\$2,547	\$8,751	\$332	\$—	\$58	\$191	\$132	\$713	\$9,464	\$9,234	\$9,047	
Fire Department	1,510	659	1,057	3,226	174	—	10	29	138	351	3,577	3,575	3,270	
Department of Correction	912	460	376	1,748	129	—	9	35	181	354	2,102	2,102	2,075	
Department of Sanitation	801	391	297	1,489	592	—	6	49	314	961	2,450	2,447	2,404	
Subtotal	\$7,494	\$3,443	\$4,277	\$15,214	\$1,227	\$—	\$83	\$304	\$765	\$2,379	\$17,593	\$17,358	\$16,796	
HEALTH AND WELFARE														
Administration for Children's Services	\$411	\$145	\$73	\$629	\$2,309	\$—	\$5	\$3	\$—	\$2,317	\$2,946	\$2,945	\$970	
Department of Social Services	742	355	152	1,249	935	7,753	4	—	107	8,799	10,048	10,039	7,821	
Department of Homeless Services	119	46	21	186	782	—	1	1	—	784	970	969	507	
Department of Health and Mental Hygiene	362	127	72	561	968	—	2	2	50	1,022	1,583	1,579	809	
Health and Hospitals Corporation ⁽¹⁾	—	30	—	30	174	—	5	190	183	552	582	475	247	
Subtotal	\$1,634	\$703	\$318	\$2,655	\$5,168	\$7,753	\$17	\$196	\$340	\$13,474	\$16,129	\$16,007	\$10,354	
EDUCATION														
Department of Education	\$9,394	\$3,629	\$3,102	\$16,125	\$7,029	\$—	\$20	\$54	\$1,421	\$8,524	\$24,649	\$24,435	\$13,888	
City University	490	88	69	647	303	—	—	1	62	366	1,013	997	727	
Subtotal	\$9,884	\$3,717	\$3,171	\$16,772	\$7,332	\$—	\$20	\$55	\$1,483	\$8,890	\$25,662	\$25,432	\$14,615	
OTHER AGENCIES	\$2,315	\$827	\$463	\$3,605	\$3,967	\$—	\$86	\$211	\$3,195	\$7,459	\$11,064	\$10,092	\$8,367	
ELECTED OFFICIALS	\$440	\$137	\$88	\$665	\$88	\$—	\$6	\$2	\$—	\$96	\$761	\$757	\$697	
MISCELLANEOUS														
BUDGET	\$265	\$—	\$—	\$265	\$—	\$2,453 ⁽²⁾	\$—	\$—	\$316	\$2,769	\$3,034	\$3,034	\$2,351	
DEBT SERVICE COSTS														
(Unallocated)	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$146	\$146	\$146	\$146	\$93	
RESERVE FOR CLAIMS FROM PAST PERIODS														
.....	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	
RETIREE HEALTH BENEFITS TRUST														
.....	\$—	\$(1,000)	\$—	\$(1,000)	\$—	\$—	\$—	\$—	\$—	\$—	\$(1,000)	\$(1,000)	\$(1,000)	
TOTAL - ALL FUNDS ⁽³⁾	\$22,032	\$7,827	\$8,317	\$38,176	\$17,782	\$10,206	\$212	\$768	\$6,245	\$35,213	\$73,389	\$71,826		
TOTAL - CITY FUNDS ⁽³⁾	\$14,001	\$6,012	\$8,160	\$28,173	\$8,664	\$8,639	\$203	\$578	\$6,016	\$24,100			\$52,273	
Less: Prepayments	\$—	\$—	\$—	\$—	\$64	\$—	\$—	\$—	\$1,986	\$2,050	\$2,050	\$2,050	\$2,050	
Total After Prepayments	\$22,032	\$7,827	\$8,317	\$38,176	\$17,718	\$10,206	\$212	\$768	\$4,259	\$33,163	\$71,339	\$69,776	\$50,223	

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

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

(3) Excludes the impact of prepayments.

DEPARTMENT OF EDUCATION

The New York City Department of Education provides primary and secondary education for over one million school-age children. Through a network of elementary, intermediate, and high schools as well as special education schools, the Department provides basic instructional services and offers students special education and instruction for English language learners and career and technical training. Support services include free and subsidized transportation, breakfast and lunch services, and the operation and maintenance of approximately 1,700 schools.

Financial Review

The Department of Education's 2014 operating budget is \$19,831 million, an increase of \$626 million over the 2013 forecast of \$19,205 million. In addition, education-related pension and debt service costs of \$4,396 million are budgeted in separate agencies. These additional costs include a pension increase of \$148 million from 2013 and a debt service increase of \$134 million. City funds including pensions and debt service support \$13,672 million of the Department of Education's expense budget in 2014, an increase of \$474 million, or 3.6 percent. State funds support \$9,154 million, an increase of \$606 million. The balance of the education budget is supported by \$1,808 million in Federal aid, a decrease of \$99 million from the 2013 forecast, \$11 million in intra-city funds and \$118 million in other categorical funds. Including those funds budgeted centrally, total funds budgeted on behalf of the Department of Education increase from \$23,782 million in the 2013 forecast to \$24,752 million in the 2014 Executive Budget.

Total Department of Education Expenses 2007-2014 (\$ in Millions)

	2007	2008	2009	2010	2011	2012	Forecast 2013	Executive Change Budget 2014	Change 2013 to 2014	Change 2007 to 2014
Department of Education										
Operating Budget										
City.....	\$6,780	\$6,998	\$7,259	\$7,140	\$7,737	\$9,076	\$9,083	\$9,276	\$192	\$2,496
Other Categorical	72	101	243	298	253	215	129	118	(11)	45
State.....	7,179	8,064	8,652	8,072	8,123	8,033	8,057	8,619	562	1,440
Federal.....	1,841	1,797	1,735	2,961	2,794	1,918	1,907	1,808	(99)	(33)
Intra-City	13	16	14	27	31	42	29	11	(18)	(2)
Total Operating Expenditures	\$15,884	\$16,977	\$17,903	\$18,499	\$18,939	\$19,283	\$19,205	\$19,831	\$626	\$3,946
Other City Funds Supporting Education										
Pensions	\$1,573	\$1,894	\$2,188	\$2,452	\$2,457	\$2,672	\$2,830	\$2,978	\$148	\$1,405
State Aid for Pensions	0	0	0	(5)	(5)	0	0	0	0	0
Federal Aid for Pensions	0	0	0	(0)	(0)	0	0	0	0	0
G.O. Bond Debt Service	770	804	844	930	934	1,085	991	994	3	224
State Aid for Debt Service	(84)	(3)	(99)	(3)	(3)	(222)	(146)	(3)	143	82
TFA Debt Service	304	485	506	661	720	637	785	960	175	656
State Aid for TFA Debt Service.....	(62)	(213)	(227)	(380)	(416)	(209)	(345)	(533)	(187)	(470)
Total Additional City Funds	\$2,500	\$2,968	\$3,212	\$3,654	\$3,685	\$3,963	\$4,115	\$4,396	\$282	\$1,896
TOTAL CITY FUNDS										
FOR EDUCATION	\$9,280	\$9,966	\$10,471	\$10,794	\$11,423	\$13,039	\$13,198	\$13,672	\$474	\$4,392
TOTAL STATE FUNDS										
FOR EDUCATION	\$7,325	\$8,280	\$8,978	\$8,460	\$8,547	\$8,464	\$8,548	\$9,154	\$606	\$1,829

The amounts shown for 2007 through 2012 represent actual expenditures including pensions and debt service funds budgeted in other agencies. Numbers may not add due to rounding.

Expense Budget Highlights

- restores 1,842 full-time teaching positions and the equivalent of 224 part-time teaching positions, plus an additional 101 non-teaching titles in 2014 due to the State's decision to rescind the Annual Professional Performance Review (APPR) penalty beyond the current year.
- reflects an increase of \$639 million in School Aid for the Department of Education (\$250 million APPR restoration, \$224 million prior growth, \$165 million new growth) in 2014 as per the New York State enacted budget.
- recognizes the impact of sequestration in Federal fiscal year 2013, a loss of \$63 million in Title I, IDEA and other Federal aids, but backfills this loss with new State funds.
- achieves the largest total increase to public school budget levels from one year to the next since 2009.
- creates a new Unit of Appropriation for charter schools, including funding for 26 proposed charters in 2014 along with all planned grade expansions for existing charter schools through the plan period.
- includes \$2 million for City audits of State-approved Special Education Pre-Kindergarten contract service providers.
- includes funding to support the new school development and start-up costs associated with 12 new Pathways in Technology Early College High School (P-TECH) programs over the course of the next three years.
- includes funding to support investment in professional development for the common core, the planned opening of 52 new district schools, an expansion of Universal Pre-Kindergarten full-day slots, and support for programs and services targeting high need and at-risk students.

Summary of Agency Financial Data

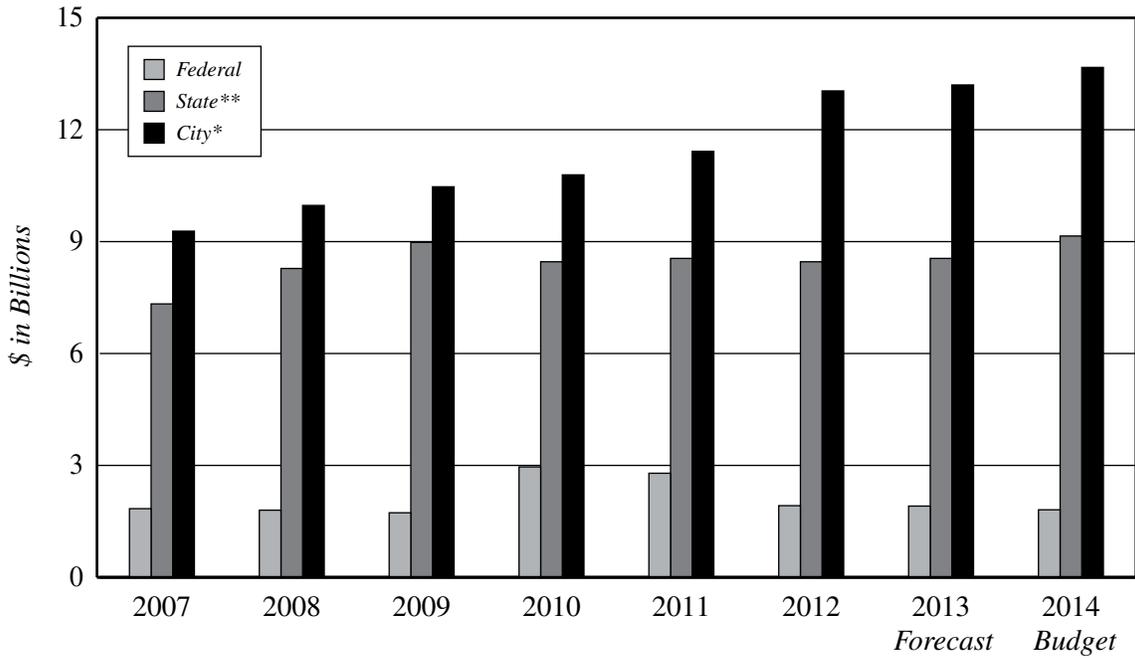
The following table compares the 2014 Executive Budget with the 2014 Preliminary Budget, the 2013 forecast and actual expenditures for 2012, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services and debt service.

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

	2012 Actual	2013 Forecast	2014		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2013 Forecast	2014 Preliminary Budget
Expenditures						
Salary and Wages.....	\$9,474,540	\$9,174,551	\$9,216,346	\$9,393,950	\$219,399	\$177,604
Fringe Benefits.....	3,044,945	3,269,099	3,366,507	3,407,503	138,404	40,996
OTPS.....	6,763,772	6,761,673	6,944,533	7,029,442	267,769	84,909
Total.....	<u>\$19,283,257</u>	<u>\$19,205,323</u>	<u>\$19,527,386</u>	<u>\$19,830,895</u>	<u>\$625,572</u>	<u>\$303,509</u>
Funding						
City.....	\$9,075,717	\$9,083,394	\$9,283,506	\$9,275,774	\$192,380	(\$7,732)
Other Categorical Grants.....	214,812	128,906	95,579	117,579	(11,327)	22,000
State.....	8,032,682	8,057,090	8,293,956	8,619,034	561,944	325,078
Federal CD.....	4,999	4,500	4,500	4,500	—	—
Federal Other.....	1,913,204	1,902,570	1,841,061	1,803,476	(99,094)	(37,585)
Intra-City Other.....	41,843	28,863	8,784	10,532	(18,331)	1,748
Total.....	<u>\$19,283,257</u>	<u>\$19,205,323</u>	<u>\$19,527,386</u>	<u>\$19,830,895</u>	<u>\$625,572</u>	<u>\$303,509</u>
Additional Costs Centrally Funded						
Personal Services (PS).....						
Fringe Benefits.....	\$183,030	\$203,885	\$218,048	\$221,096	\$17,211	\$3,048
Pensions.....	2,796,279	2,954,164	3,022,578	3,102,083	147,919	79,505
Other Than Personal Service (OTPS)						
Legal Services.....	16,398	20,125	18,620	20,479	354	1,859
Judgments and Claims.....	32,958	52,000	54,000	54,000	2,000	—
Debt Service.....	1,513,380	1,430,493	1,532,350	1,421,127	(9,366)	(111,223)
Total Additional Costs.....	<u>\$4,542,045</u>	<u>\$4,660,667</u>	<u>\$4,845,596</u>	<u>\$4,818,785</u>	<u>\$158,118</u>	<u>(\$26,811)</u>
Funding						
City.....	4,124,055	4,315,075	4,638,649	4,611,758	296,683	(26,891)
Non-City.....	222,916	146,198	3,053	3,133	(143,065)	80
Intra-City Additional Cost*.....	195,074	199,394	203,894	203,894	4,500	—
Full Agency Costs (including Central Accounts)						
Salary and Wages.....	\$9,474,540	\$9,174,551	\$9,216,346	\$9,393,950	\$219,399	\$177,604
Fringe Benefits.....	3,227,975	3,472,984	3,584,555	3,628,599	155,615	44,044
Pensions.....	2,796,279	2,954,164	3,022,578	3,102,083	147,919	79,505
Total PS.....	<u>\$15,498,794</u>	<u>\$15,601,699</u>	<u>\$15,823,479</u>	<u>\$16,124,632</u>	<u>\$522,933</u>	<u>\$301,153</u>
OTPS.....	\$6,763,772	\$6,761,673	\$6,944,533	\$7,029,442	\$267,769	\$84,909
Legal Services.....	16,398	20,125	18,620	20,479	354	1,859
Judgments and Claims.....	32,958	52,000	54,000	54,000	2,000	—
Debt Service.....	1,513,380	1,430,493	1,532,350	1,421,127	(9,366)	(111,223)
Total OTPS.....	<u>\$8,326,508</u>	<u>\$8,264,291</u>	<u>\$8,549,503</u>	<u>\$8,525,048</u>	<u>\$260,757</u>	<u>(\$24,455)</u>
Total Agency Costs.....	\$23,825,302	\$23,865,990	\$24,372,982	\$24,649,680	\$783,690	\$276,698
Less Intra-City.....	\$41,843	\$28,863	\$8,784	\$10,532	(\$18,331)	\$1,748
Intra-City Additional Cost*.....	195,074	199,394	203,894	203,894	4,500	—
Net Agency Cost.....	<u>\$23,588,385</u>	<u>\$23,637,733</u>	<u>\$24,160,304</u>	<u>\$24,435,254</u>	<u>\$797,521</u>	<u>\$274,950</u>
Funding						
City.....	13,199,772	13,398,469	13,922,155	13,887,532	489,063	(34,623)
Non-City.....	10,388,613	10,239,264	10,238,149	10,547,722	308,458	309,573
Personnel (includes FTEs at fiscal year-end)						
City.....	113,584	112,403	113,176	115,335	2,932	2,159
Non-City.....	18,689	18,718	18,709	18,709	(9)	—
Total.....	<u>132,273</u>	<u>131,121</u>	<u>131,885</u>	<u>134,044</u>	<u>2,923</u>	<u>2,159</u>

* Intra-City Additional Cost includes Pensions, Fringe and Legal Services.

FUNDING SOURCES 2007-2014



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

** State funds include debt service and pensions.

New York City Public School Enrollment School Year 2010-2014

	2010 Actual	2011 Actual	2012 Actual	2013 Actual	2014 Projections
DOE Facilities Enrollment					
General Education*	868,678	864,254	856,759	849,312	842,546
Special Education**	105,627	112,843	117,379	121,823	124,030
Pre-Kindergarten	22,673	22,484	21,979	21,910	23,459
Subtotal	996,978	999,581	996,117	993,045	990,035
Non-DOE Facilities Enrollment					
Charter Schools	30,308	39,217	47,572	58,278	69,845
Contract Schools	7,558	7,174	7,208	7,235	7,262
Pre-Kindergarten at CBOs	34,675	34,749	36,226	33,730	36,788
Special Ed Pre-Kindergarten	34,131	35,796	36,760	37,500	38,255
Subtotal	106,672	116,936	127,766	136,743	152,150
TOTAL	1,103,650	1,116,517	1,123,883	1,129,788	1,142,185

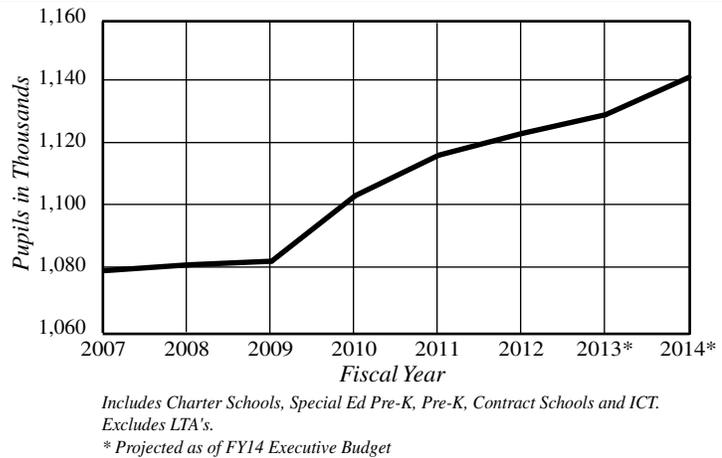
* General Education enrollment includes General Education students served in Integrated Co-Teaching (ICT) settings as well as those in regular classrooms.

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

Programmatic Review and Service Impact NYC PUBLIC SCHOOL ENROLLMENT 2007-2014

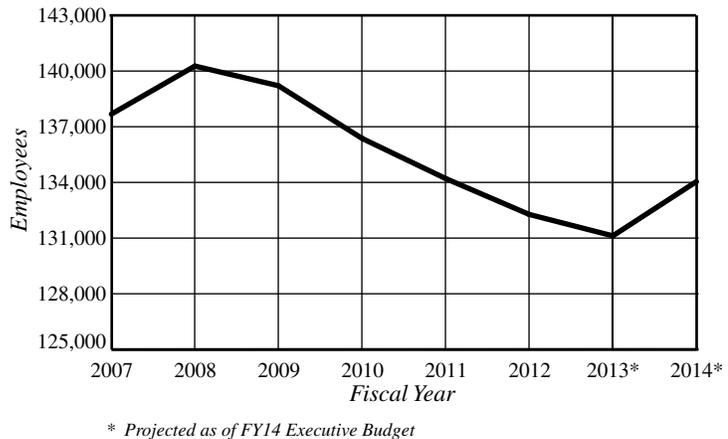
The Student Population

Total enrollment supported by the Department’s budget, including pre-kindergarten, charter school and contract school students, will increase by 12,397 from 1,129,788 in 2013 to a projected 1,142,185 in 2014. Of this total, the City projects that general education public school enrollment for kindergarten through twelfth grade will be 906,163 (an 87% share of total K-12 enrollment) or 3,705 greater than in 2013. Of these students, 842,546 (a 93% share of GE K-12 enrollment) are expected to attend schools run by the Department of Education and 63,617 (a 7% share of GE K-12 enrollment) are expected to attend charter schools.



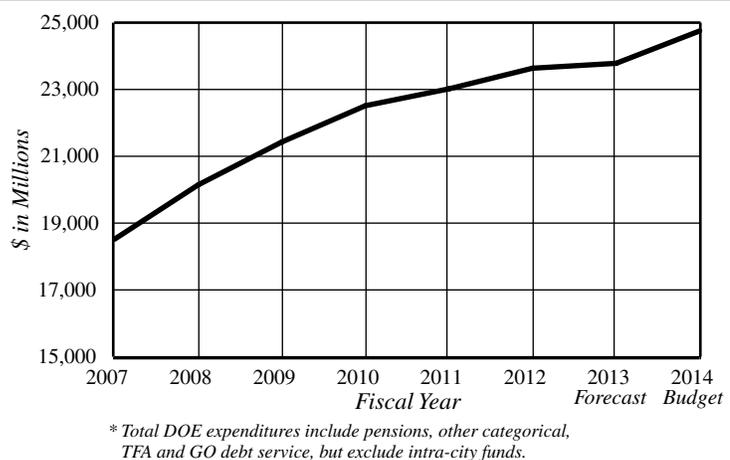
In 2014, the City projects that 137,520 school-age students will be enrolled in full-time special education programs (a 13% share of total K-12 enrollment). This projected enrollment level is 3,329 students higher than the 2013 full-time special education population of 134,191. Of these students, 124,030 (a 90% share of total SE K-12 enrollment) are expected to attend Department of Education facilities, 6,228 (a 5% share of total SE K-12 enrollment) are expected to attend charter schools, and 7,262 (a 5% share of total SE K-12 enrollment) are expected to attend specialized private facilities (“contract schools”) paid for through the Department’s budget.

FULL TIME AND FULL TIME EQUIVALENT DEPARTMENT OF EDUCATION EMPLOYEES 2007-2014



In 2014, Universal Pre-Kindergarten enrollment is expected to increase by 4,607 to a level of 60,247. Of this total, 23,459 (a 39% share of total UPK enrollment) are expected to enroll at Department of Education facilities and 36,788 (a 61% share of total UPK enrollment) will attend programs at Community Based Organizations. Special Education Pre-Kindergarten enrollment is expected to increase by 755 to 38,255 in 2014.

TOTAL DEPARTMENT OF EDUCATION EXPENDITURES 2007-2014*



Staffing Levels

In 2014 the City’s financial plan supports a staffing level of 134,044. Of this count, 119,899 are full-time and 14,145 are Full

Time Equivalents (FTEs). Pedagogical employees (which include teachers, superintendents, principals, assistant principals, guidance counselors, school secretaries, educational paraprofessionals and other school support staff) make up 108,990 of the full-time employees and 817 of the FTEs. Non-pedagogical employees represent 10,909 of the full-time employees and 13,328 of the FTEs.

Capital Review

The City’s Four-Year Plan for 2014-2017 anticipates spending \$7,875.0 million on school construction projects and is consistent with the last year of the Department of Education’s (DOE’s) \$11,834.2 million Five-Year Plan for 2010-2014.

The table below shows planned capital commitments by program area over the 2012-2017 period.

Capital Commitments

(\$ in 000’s)

	2012 Actual		2013 Plan		2014 Plan		2015 Plan		2016 Plan		2017 Plan	
	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds
System Expansion												
New Schools	\$100,748	\$511,387	\$226,682	\$417,343	\$375,892	\$730,632	\$227,685	\$431,284	\$121,790	\$229,856	\$243,493	\$460,398
System Expansion												
Other	210,903	478,142	135,505	249,477	389,536	757,153	101,247	191,783	99,693	188,152	144,911	273,998
School Modernization.....	1,186	1,673	67	123	0	0	3,607	6,832	1,110	2,095	261	494
Rehabilitation of School												
Components	155,090	416,700	536,567	949,594	220,409	420,327	407,335	770,122	434,674	823,579	273,798	520,810
Educational Enhancements	475,789	713,210	166,790	307,075	171,455	333,262	55,302	104,754	136,745	258,081	203,813	385,371
Emergency, Unspecified and Miscellaneous	350,671	426,380	419,313	725,233	153,848	359,274	82,247	155,794	106,059	200,168	70,069	132,487
Safety and Security	37,670	40,042	21,834	40,198	22,136	43,026	13,166	24,940	22,472	42,412	14,758	27,905
Total	<u>\$1,332,056</u>	<u>\$2,587,535</u>	<u>\$1,506,758</u>	<u>\$2,689,043</u>	<u>\$1,333,276</u>	<u>\$2,643,674</u>	<u>\$890,589</u>	<u>\$1,685,509</u>	<u>\$922,543</u>	<u>\$1,744,343</u>	<u>\$951,103</u>	<u>\$1,801,463</u>

Capital Highlights – The Fifth Five-Year Amended Plan

The Department of Education’s Capital Plan will provide:

- funding of \$4.5 billion for capacity, adding more than 34,819 new seats in an estimated 75 buildings (7,965 in Brooklyn; 4,673 in the Bronx; 4,594 in Manhattan; 15,883 in Queens; and 1,704 in Staten Island), which will help the Department respond to ongoing demographic growth in targeted neighborhoods, while continuing to alleviate school overcrowding, and strategically reduce its reliance on temporary facilities.
- funding of \$3.2 billion for the Capital Improvement Program, which includes exterior and interior building upgrades and other necessary capital repairs to the school buildings.
- funding of \$1.6 billion for Children First Initiatives designed to enhance the educational opportunities for our children. This category includes funding to support realignment of existing facilities to better suit instructional needs, large campus restructuring, physical fitness projects, science labs, accessibility and other necessary enhancements. It also includes prior plan funding for making school playgrounds available to the community when school is out of session.
- funding of \$2.0 billion for mandated programs such as remediation and building code compliance projects, insurance, and emergencies.
- funding of \$400 million for restoration and repair of school buildings damaged by Hurricane Sandy.

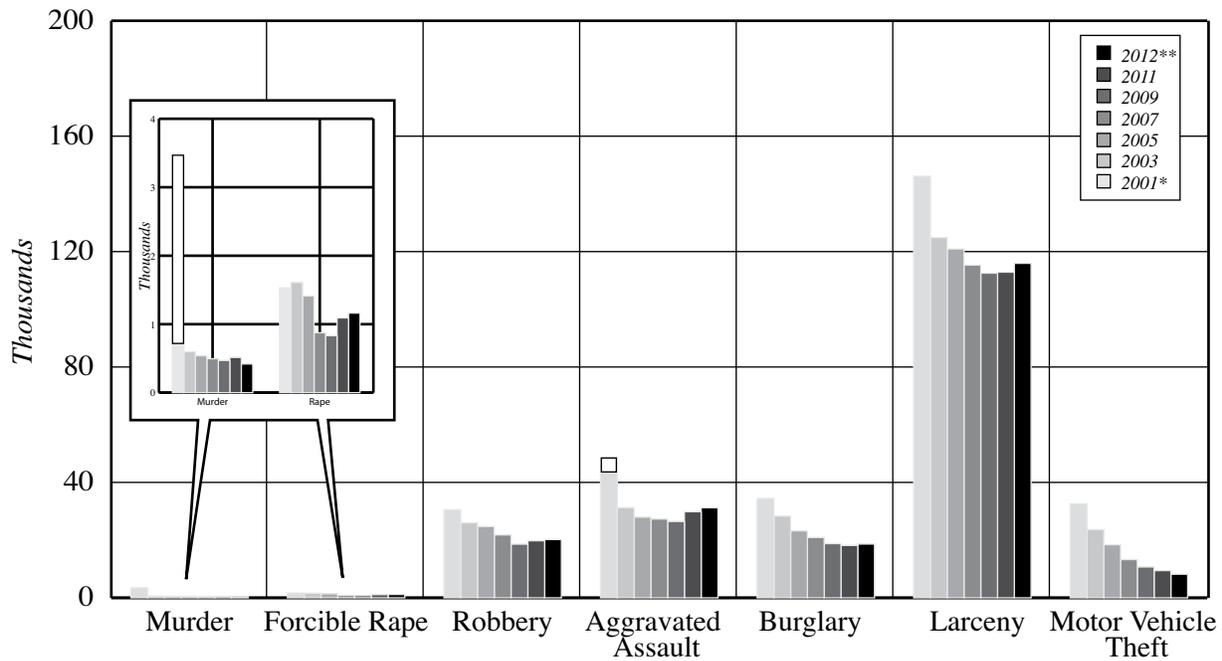
ADMINISTRATION OF JUSTICE

Overview

As measured by the FBI crime index, New York City remains the safest large city with the lowest rate of crime per capita among the ten largest U.S. cities. NYPD preliminary index crime data for the entire calendar year 2012 shows overall major felony crime decreased by 25.8 percent since calendar year 2001. There was a slight increase, 2.1 percent, in major felony crime from calendar year 2011 to 2012. Much of this increase was driven by the uptick in the thefts of unattended property and electronic devices (Grand Larcenies). In the same period, murder dropped by 18.6 percent to a historically low 419.

NEW YORK CITY FBI INDEX CRIMES

Calendar Years 2001*-2012**

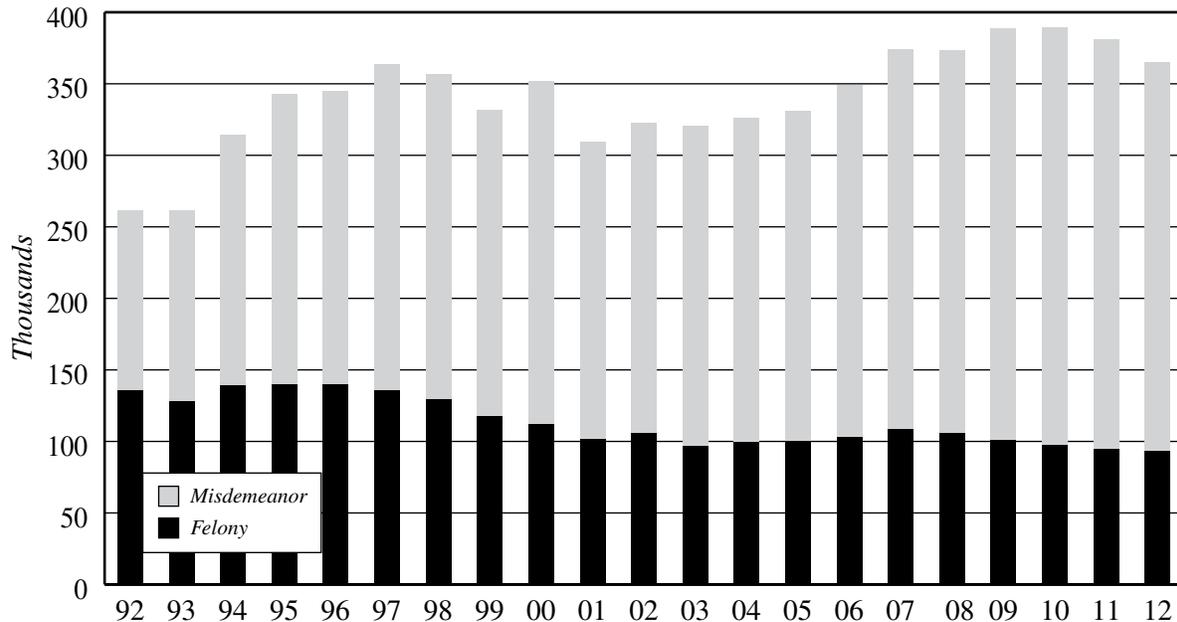


* In 2001, for Murder and Aggravated Assault, the unshaded portion represents World Trade Center victims.
 ** Preliminary estimates based on data from NYPD.

Arrests totaled 394,334 in calendar year 2012, decreasing by 16,319 from 2011. In 2012, the distribution of arrests was 24 percent felonies, 69 percent misdemeanors and 7 percent violations.

NEW YORK CITY FELONY & MISDEMEANOR ARRESTS

Calendar Years 1992-2012



In calendar year 2012, overall arrest levels decreased by 3.9 percent from 2011, felony arrests fell by 1.4 percent; misdemeanor arrests dropped by 4.9 percent and violations arrests decreased by 2 percent. Concomitantly, the Department of Correction’s population decreased. Through March 2013, the average daily inmate population was 11,914, as compared to 12,386 in 2012—a reduction of 3.8 percent. The decline is comprised of a 11.3 percent decrease in the City-sentenced population, a 12.7 percent decrease in the State-sentenced population, and a 1.3 percent decrease in the pretrial detainee population.

POLICE DEPARTMENT

In keeping with its crime reduction goals, the Department introduced two initiatives to address rising crime trends in the areas of gang involvement and prescription drugs: Operation Crew Cut and the Prescription Drug Initiative. “Operation Crew Cut” is a multi-point plan to reduce gang violence and gang-related crimes. This initiative combines personnel from many Department units in a proactive program designed to both take down existing crews and to intervene before new gangs are formed. This plan encompasses intelligence gathering, information analysis, crime enforcement, community outreach, and most importantly, effective evidence gathering necessary for successful prosecution. It also includes the enhancement of the Gang Division and the restructuring and repurposing of several Street Narcotics Enforcement Units.

The Prescription Drug Initiative is a multi-pronged approach consisting of four components that addresses the issue of prescription opioid drug abuse. The first component entailed the creation of the Tactical Drug Diversion Task Force. Created in conjunction with the Drug Enforcement Agency (DEA), this task force is an investigative

module tasked with the targeted enforcement of prescription drug diversion. The second component is a Citywide Awareness/Education Campaign that focuses on outreach programs aimed at educating high school and college/university students about the dangers of abusing prescription drugs and over-the-counter medications. The third component, Pharmacy Crimes Reduction, addresses the rise in crimes related to pharmaceuticals, particularly pharmacy burglaries, by introducing a comprehensive crime-reduction strategy that includes conducting crime prevention surveys to enhance security systems in pharmacies citywide. Furthermore, modern technology is also utilized, including the use of “bait bottles”, which are equipped with GPS devices that immediately activate an alarm to the monitoring entity at the moment it is removed from its shelf location allowing the police department to track the bottle’s location and potentially apprehend the perpetrator(s) and/or locate “stash” locations. The final component is that of Enhanced Intra-Department Training/Issue Awareness, which consists of training recruit and in-service members about the proper identification of prescription medications, relevant charges and appropriate tactics and responsibilities of officers when responding to the scene of a pharmacy-related crime.

The construction of the new 121st Precinct in Staten Island is near completion. The facility is currently scheduled to open in late 2013. This new Precinct will help reduce response time in Staten Island as its population continues to grow. Also, construction continues on the new Police Academy. The Police Academy, located in College Point, Queens, will consolidate training facilities currently scattered across the City into one state-of-the-art campus. It includes an academic building, classrooms, tactical gyms, instructional offices and administrative support spaces.

DEPARTMENT OF CORRECTION

The Department of Correction’s mission is to provide for the safety and security of staff, inmates, and the community at large. To this end, the Department continues to advance custody management and discharge planning by centralizing intake activities, improving assessments of prisoners’ risks and needs, expanding pre-release preparation to include both pretrial and city-sentenced inmates, and focusing on the populations warranting special attention – high custody inmates, gang members, the mentally ill, and adolescents. To enhance its efficiency, the Department has focused on a core objective in 2013: maximizing the available labor force. To improve security, the Department has added 275 permanent uniformed positions. A right-sized labor force enhances the Department’s ability to staff operating posts on straight time, improving performance quality and conserving scarce resources. Further, aggressive recruitment and improved training processes allowed the Department to graduate three recruit classes in 2013; a fourth will enter the academy in May and will graduate in the new fiscal year. Prospective hiring practices are critical for the Department to maintain adequate staffing levels.

The Department also launched two innovative programs in 2013 to help transition inmates to the community and reduce recidivism. The Individualized Correction Achievement Network (I-CAN), launched in February 2013, uses a comprehensive, standardized risk and needs assessment tool to target high risk, high need detainee and sentenced adults over the age of 19, who are in jail 20 days or more. DOC will reimburse providers based on achievement of milestones while participants are in jail and up to six months after the inmates have left DOC custody. The Adolescent Behavioral Learning Experience (ABLE) is part of the Young Men’s Initiative and was funded with the nation’s first Social Impact Bond. This program will focus on responsibility education, training and counseling with the goal of reducing the likelihood of re-incarceration. Private investors fund the intervention through a nonprofit contractor and the contractor is only paid for their services upon the achievement of the program’s goals.

OTHER CRIMINAL JUSTICE PROGRAMS

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

The Criminal Justice Agency's pretrial supervised release program expanded into Manhattan in 2012. Building on a successful program started in Queens in 2009; the program targets moderate risk non-violent felony defendants likely to be held on bail who do not pose a substantial risk of pre-trial recidivism or flight. Supervised Release is designed to offer judges in the Queens and New York County Criminal Courts an alternative to the current choices of recognizance release or the setting of bail at arraignment. This program provides community-based pretrial supervision, needs assessments and program referrals as appropriate, and regular program compliance reports for clients who accept a judicial offer of Supervised Release.

The Mayor's Office has partnered with the Departments of Correction and Health and Mental Hygiene to begin a new program for inmates with mental health needs. The program is designed to give judges recommendations—based on verified data—for better managing mentally ill people who become involved with the court system. New Court-based Intervention Resource Teams (CIRT) will collect and quickly relay information on defendants' mental health care needs, risk of flight and risk of re-offense to the court-based teams to recommend appropriate judicial responses for each defendant's specific risks and mental health needs.

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

This year, the Office of Analytics, part of the Mayor's Office of Policy and Strategic Planning, worked with Department of Information Technology & Telecommunications and the Mayor's Office of Operations to successfully complete the initial phase of building the DataBridge system. This technology aggregates City data and permits analysts to apply the latest technology to carry out aggressive data mining and analysis that uncovers the complete "digital fingerprint" of just about any complex urban problem—and helps determine which tools of government, across agency boundaries, can best address it. The Office of Analytics has successfully used its data-driven tactics to identify dangerous illegal building conversions, target prescription-drug rackets, and expose polluters and cigarette tax evaders.

POLICE DEPARTMENT

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

Financial Review

The New York Police Department's 2014 Executive Budget provides for an operating budget of \$4.7 billion, a decrease of \$308 million from the \$5.0 billion forecast for 2013. This decrease is partially attributed to annual State, Federal, and private grant funding not yet recognized for 2014. Capital commitments of \$271 million are also provided in 2014.

Revenue Forecast

The Police Department collects revenue from fees charged for pistol licenses, rifle permits, fingerprint fees, accident report records, tow fees, and unclaimed cash and property that is abandoned or confiscated as a consequence of the commission of a crime. The City also collects an E-911 surcharge imposed on all New York City cellular telephones, land line telephones and voice over internet protocol service (VoIP). The Department is also recouping 100% of traffic control costs from non-charitable athletic parades. In 2014, the revenue estimate for the Police Department is \$105.7 million.

Expense Budget Highlights

Budgetary Priorities: Providing Core Services

- in 2014, the Department will maintain an average uniform headcount of approximately 34,950.
- the Department expects to receive \$23 million for the protection of Foreign Missions as part of the Federal Fiscal Year 2013 Appropriations Act.
- in 2014, the Department's civilian and uniform headcount will increase by 105 and 70 respectively for the on-going operation and maintenance of the new Police Academy and the new 121st Precinct in Staten Island.
- the Department received \$6.2 million in City funds to maintain support for 104 Transit Police Officers previously funded by the Transit Security Grant Program - American Recovery and Reinvestment Act.
- the Department received \$726,000 in City funds for the creation of the Collision Investigation Squad. This new unit will improve continuity, consistency and proficiency of investigations into automobile collisions.

Streamlining and Restructuring

- as a result of the Citywide Fleet Consolidation Initiative, the Police Department will now repair and maintain light-duty vehicles for the Department of Environmental Protection (DEP) and the Department of Transportation (DOT). To support this activity, 50 civilian personnel from DEP and DOT were transferred to the Police Department.

Summary of Agency Financial Data

The following table compares the 2014 Executive Budget with the 2014 Preliminary Budget, the 2013 forecast and actual expenditures for 2012, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services and debt service.

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

	2012 Actual	2013 Forecast	2014		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2013 Forecast	2014 Preliminary Budget
Expenditures						
Salary and Wages.....	\$4,394,065	\$4,374,345	\$4,271,207	\$4,271,207	(\$103,138)	\$—
Fringe Benefits.....	72,582	78,054	74,436	74,436	(3,618)	—
OTPS.....	401,244	533,458	322,071	332,218	(201,240)	10,147
Total.....	<u>\$4,867,891</u>	<u>\$4,985,857</u>	<u>\$4,667,714</u>	<u>\$4,677,861</u>	<u>(\$307,996)</u>	<u>\$10,147</u>
Funding						
City.....	\$4,336,232	\$4,292,413	\$4,310,600	\$4,319,166	\$26,753	\$8,566
Other Categorical Grants.....	108,617	90,689	69,082	69,082	(21,607)	—
IFA.....	—	—	—	—	—	—
State.....	19,095	11,605	4,932	986	(10,619)	(3,946)
Federal CD.....	—	—	—	—	—	—
Federal Other.....	172,405	359,821	53,487	59,014	(300,807)	5,527
Intra-City Other.....	231,542	231,329	229,613	229,613	(1,716)	—
Total.....	<u>\$4,867,891</u>	<u>\$4,985,857</u>	<u>\$4,667,714</u>	<u>\$4,677,861</u>	<u>(\$307,996)</u>	<u>\$10,147</u>
Additional Costs Centrally Funded						
Personal Services (PS).....						
Fringe Benefits.....	\$1,671,481	\$1,813,303	\$1,853,684	\$1,858,081	\$44,778	\$4,397
Pensions.....	2,590,135	2,639,830	2,537,722	2,546,556	(93,274)	8,834
Other Than Personal Service (OTPS)						
Legal Services.....	48,299	56,998	56,854	58,432	1,434	1,578
Judgments and Claims.....	204,578	180,137	191,334	191,334	11,197	—
Debt Service.....	123,190	128,861	136,140	131,651	2,790	(4,489)
Total Additional Costs.....	<u>\$4,637,683</u>	<u>\$4,819,129</u>	<u>\$4,775,734</u>	<u>\$4,786,054</u>	<u>(\$33,075)</u>	<u>\$10,320</u>
Funding						
City.....	4,563,687	4,683,919	4,715,336	4,727,488	43,569	12,152
Non-City.....	73,996	135,210	60,398	58,566	(76,644)	(1,832)
Intra-City Additional Costs.....	—	—	—	—	—	—
Full Agency Costs (including Central Accounts)						
Salary and Wages.....	\$4,394,065	\$4,374,345	\$4,271,207	\$4,271,207	(\$103,138)	\$—
Fringe Benefits.....	1,744,063	1,891,357	1,928,120	1,932,517	41,160	4,397
Pensions.....	2,590,135	2,639,830	2,537,722	2,546,556	(93,274)	8,834
Total PS.....	<u>\$8,728,263</u>	<u>\$8,905,532</u>	<u>\$8,737,049</u>	<u>\$8,750,280</u>	<u>(\$155,252)</u>	<u>\$13,231</u>
OTPS.....	\$401,244	\$533,458	\$322,071	\$332,218	(\$201,240)	\$10,147
Legal Services.....	48,299	56,998	56,854	58,432	1,434	1,578
Judgments and Claims.....	204,578	180,137	191,334	191,334	11,197	—
Debt Service.....	123,190	128,861	136,140	131,651	2,790	(4,489)
Total OTPS.....	<u>\$777,311</u>	<u>\$899,454</u>	<u>\$706,399</u>	<u>\$713,635</u>	<u>(\$185,819)</u>	<u>\$7,236</u>
Total Agency Costs.....	\$9,505,574	\$9,804,986	\$9,443,448	\$9,463,915	(\$341,071)	\$20,467
Less Intra-City.....	<u>\$231,542</u>	<u>\$231,329</u>	<u>\$229,613</u>	<u>\$229,613</u>	<u>(\$1,716)</u>	<u>\$—</u>
Net Agency Cost.....	<u>\$9,274,032</u>	<u>\$9,573,657</u>	<u>\$9,213,835</u>	<u>\$9,234,302</u>	<u>(\$339,355)</u>	<u>\$20,467</u>
Funding						
City.....	8,899,919	8,976,332	9,025,936	9,046,654	70,322	20,718
Non-City.....	374,113	597,325	187,899	187,648	(409,677)	(251)
Personnel (includes FTEs at fiscal year-end)						
City.....	50,085	50,152	50,093	50,093	(59)	—
Non-City.....	240	255	45	45	(210)	—
Total.....	<u>50,325</u>	<u>50,407</u>	<u>50,138</u>	<u>50,138</u>	<u>(269)</u>	<u>—</u>

Programmatic Review and Service Impact

New York City remains the safest big city in the United States. According to data from the most recent FBI Uniform Crime Report issued for the first six months of calendar year 2012, New York City recorded the lowest index crime rate among the ten largest U.S. cities. NYPD preliminary index crime data for the entire calendar year 2012 shows overall major felony crime decreased by 25.8 percent since calendar year 2001. There was a slight increase, 2.1 percent, in major felony crime from calendar year 2011 to 2012. Much of this increase was driven by the uptick in the thefts of unattended property and electronic devices (Grand Larcenies). In the same period, murder dropped by 18.6 percent to a historically low 419.

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

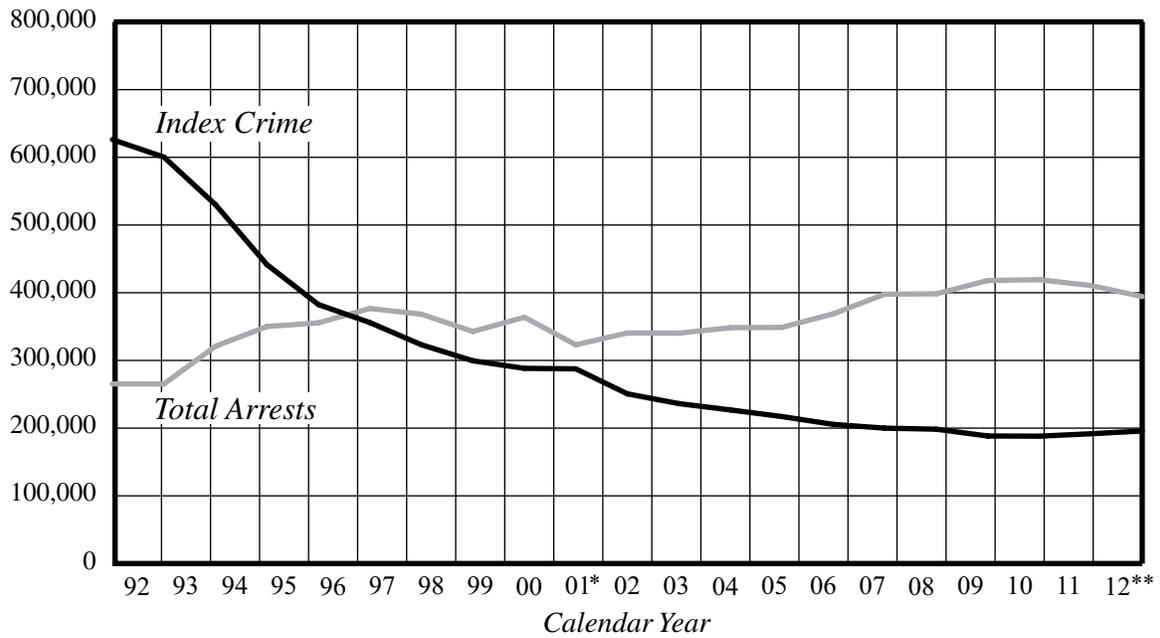
Despite current fiscal pressures, 1,156 new police officers completed six months of intensive training at the Police Academy in December 2012. These new graduates have been assigned to Operation Impact, a successful crime fighting initiative that deploys these officers with more experienced personnel to higher crime areas in order to reduce crime and improve the quality of life of City residents. Now in its tenth year, Operation Impact plays a key role in the Department's crime fighting efforts.

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

The Lower Manhattan Security Initiative (LMSI) and the Midtown Manhattan Security Initiative (MMSI) continue to play a key role in protecting New York City from future acts of terrorism. Currently, there are approximately 3,640 cameras feeding images from sensitive areas into the Lower Manhattan Security Coordination Center. To further expand these counterterrorism efforts, the Police Department and the Port Authority signed the World Trade Center Strategic Security Plan in 2010. This agreement establishes a coordinated approach to security as the Port Authority has agreed to integrate all of the security technologies deployed throughout the site into the NYPD LMSI Coordination Center, which is staffed by Police Department personnel. Subsequently, the Department established a new World Trade Center Command within the Counterterrorism Bureau in order to manage the vast security needs of the World Trade Center complex.

The City continues work on Stage 2 of planned upgrades and enhancements to its 9-1-1 Emergency System. The majority of the capital funding for this initiative, known as the Emergency Communications Transformation Program (ECTP), is contained within DoITT's budget. In December 2011, in collaboration with the Police Department and the Fire Department, DoITT/Office of Citywide Emergency Communications completed Stage 1, which included significant upgrades to the call-taking systems and telecommunications infrastructure, as well as co-location of the Police, Fire and EMS call taking and dispatch operations into the Public Safety Answering Center in Brooklyn. Since that time, the City has successfully received more than 14 million calls on the new 9-1-1 system. ECTP's work on Stage 2 continues as the City develops a new, consolidated Fire and EMS dispatch system, and looks to install next generation technologies in a second, fully redundant Public Safety Answering Center (PSAC 2) in the Bronx, expected to be completed by the end of December 2015.

ARRESTS VERSUS CRIME



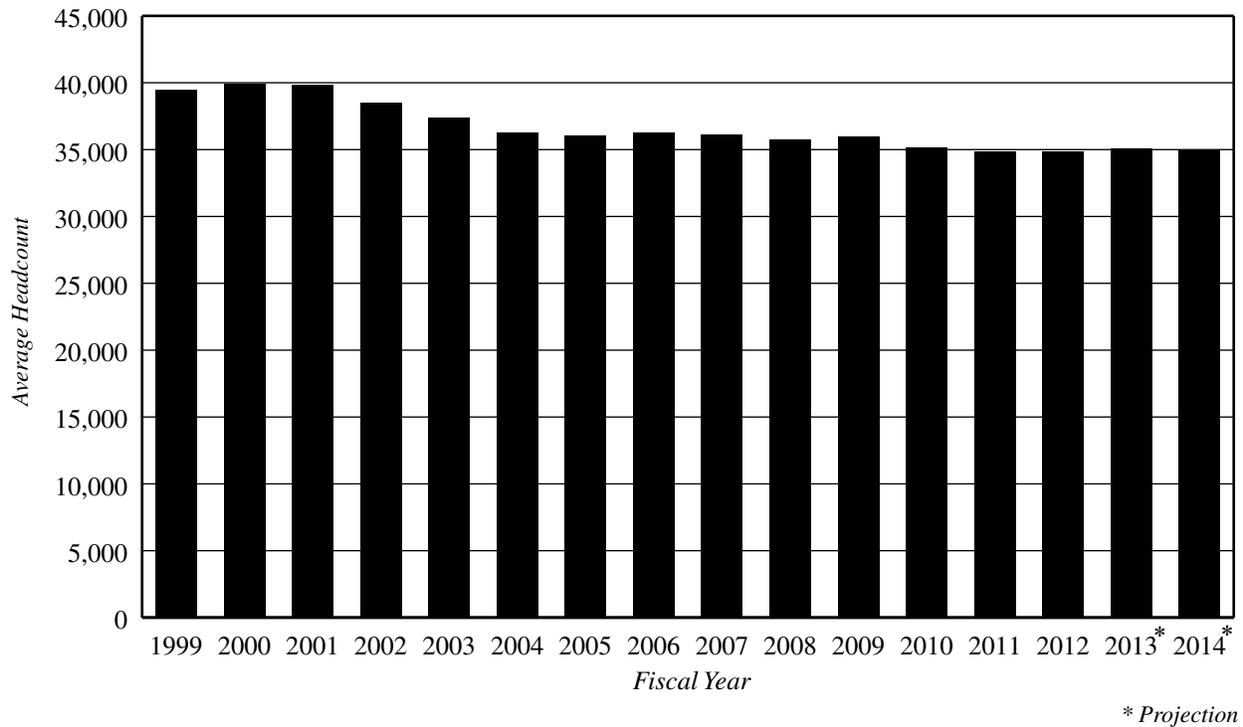
* In 2001, Index Crime data excludes World Trade Center victims.

** Preliminary estimates based on data from NYPD.

Uniformed Headcount

The Department hired 1,231 recruits in July 2012, of which 1,156 subsequently graduated. The Department hired an additional 830 recruits in January 2013. In 2013, the Department's authorized peak headcount is 35,437. The Department expects to reach this headcount in July 2013 and maintain an average headcount of approximately 34,950 in 2014.

TOTAL CITY, TRANSIT AND HOUSING POLICE FORCE



Capital Review

The Ten-Year Capital Strategy totals \$744 million for the construction, rehabilitation, relocation and security of facilities citywide; replacement and upgrade of computer and communication equipment; and the replacement of transportation equipment. Of this amount, 59 percent or \$439 million, is allocated in the Four-Year Plan from 2014-2017.

The table below shows capital plan commitments by program area over the 2012-2017 time period.

Capital Commitments (\$ in 000's)

	2012 Actual		2013 Plan		2014 Plan		2015 Plan		2016 Plan		2017 Plan	
	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds
Police Facilities.....	\$18,294	\$18,294	\$110,289	\$116,695	\$110,675	\$115,317	\$14,500	\$14,500	\$14,500	\$14,500	\$14,500	\$14,500
Computer Equipment.....	10,189	10,189	36,039	36,039	75,027	75,527	29,661	29,661	10,336	10,336	9,750	9,750
Communications	19,579	19,579	21,826	21,826	44,282	44,282	15,105	15,105	15,250	15,250	15,137	15,137
Equipment	4,075	4,075	12,404	12,404	7,988	7,988	1,779	1,779	2,651	2,651	1,107	1,107
Vehicles.....	10,564	10,564	25,273	28,353	27,966	27,966	8,000	8,000	4,291	4,291	11,241	11,241
Total	\$62,701	\$62,701	\$205,831	\$215,317	\$265,938	\$271,080	\$69,045	\$69,045	\$47,028	\$47,028	\$51,735	\$51,735

Highlights of the 2014-2017 Four Year Capital Commitment Plan

Police Facilities

The Four Year Plan provides \$158.8 million for the construction, rehabilitation, relocation and security of police facilities citywide. Scheduled commitments during this period include:

- construction of the World Trade Center Security Plan (\$44 million).
- relocation of the mounted unit from Pier 76 (\$22.5 million).
- relocation of various Department facilities (\$21.3 million).
- facility reconstruction and rehabilitation Department wide (\$71 million).

Communications and Computer Equipment

The Department allocates \$215 million for the upgrade and lifecycle replacement for all police communication and computer equipment citywide. Scheduled commitments during this period include:

- upgrade of network infrastructure (\$31.6 million).
- lifecycle replacement of the Department's radio system (\$26 million), portable radios (\$32 million) and mobile radios (\$11.5 million).
- enhancement of the MTA underground radio communication system (\$17.2 million).
- replacement and upgrade of various Department technologies and equipment (\$96.7 million).

Miscellaneous Equipment

The Four Year Plan provides \$13.5 million for the upgrade and lifecycle replacement of a diverse range of support equipment. Scheduled commitments during this period include:

- purchase and upgrade of miscellaneous equipment such as forensic lab equipment, printers and diesel marine engines (\$13.5 million).

Vehicles

The Department allocates \$51.5 million for the lifecycle replacement of operational and support vehicles. Scheduled commitments during this period include:

- purchase of Aviation Unit air/sea rescue and patrol helicopters (\$14.7 million).
- purchase of Harbor Unit marine launches (\$9.8 million).
- lifecycle replacement of all other vehicles (\$27 million).

DEPARTMENT OF CORRECTION

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

Financial Review

The Department of Correction's 2014 Executive Budget provides for operating expenses of \$1.07 billion, a decrease of \$26.2 million from the amount forecast in 2013. Capital commitments of \$691.8 million are also planned in 2014.

Revenue Forecast

The Department of Correction collects revenue from jail commissary operations, vending machines and surcharges on inmate telephone calls. In 2014, the Department expects to collect approximately \$23.7 million from all revenue sources.

Expense Budget Highlights

Budgetary Priorities: Providing Core Services

- the Department is committed to expanding uniform staffing levels in order to maximize safety and security while reducing overtime expenses. Beginning in 2014, \$23.5 million in enhanced baseline funding will enable the Department to fill 275 additional posts with permanent uniform officers.
- well-functioning recruitment processes are central to the Department's ability to remain optimally staffed. The Department graduated three recruit classes in 2013, resulting in 902 new officers on duty in 2013. A fourth class of 350 recruits will begin training in May 2013.
- in 2014, the Department will continue its fire life safety work, installing fire alarm systems Department-wide, ensuring the safety of staff and inmates. It will ensure the quality of these systems by contracting for maintenance services as facilities' systems come online in 2014; \$1.7 million supports these contracts in 2014.
- the Department has focused its efforts on inmate behavior expanding its restricted housing unit capacity and implementing a new therapeutic housing area for its seriously mentally ill inmates.

Streamlining and Restructuring

- the Department will eliminate 107 civilian positions by identifying existing long-term vacancies, as well as achieving other staffing efficiencies such as redeploying tradespersons within its Support Services Division. The initiative will result in \$6.6 million in savings.

Summary of Agency Financial Data

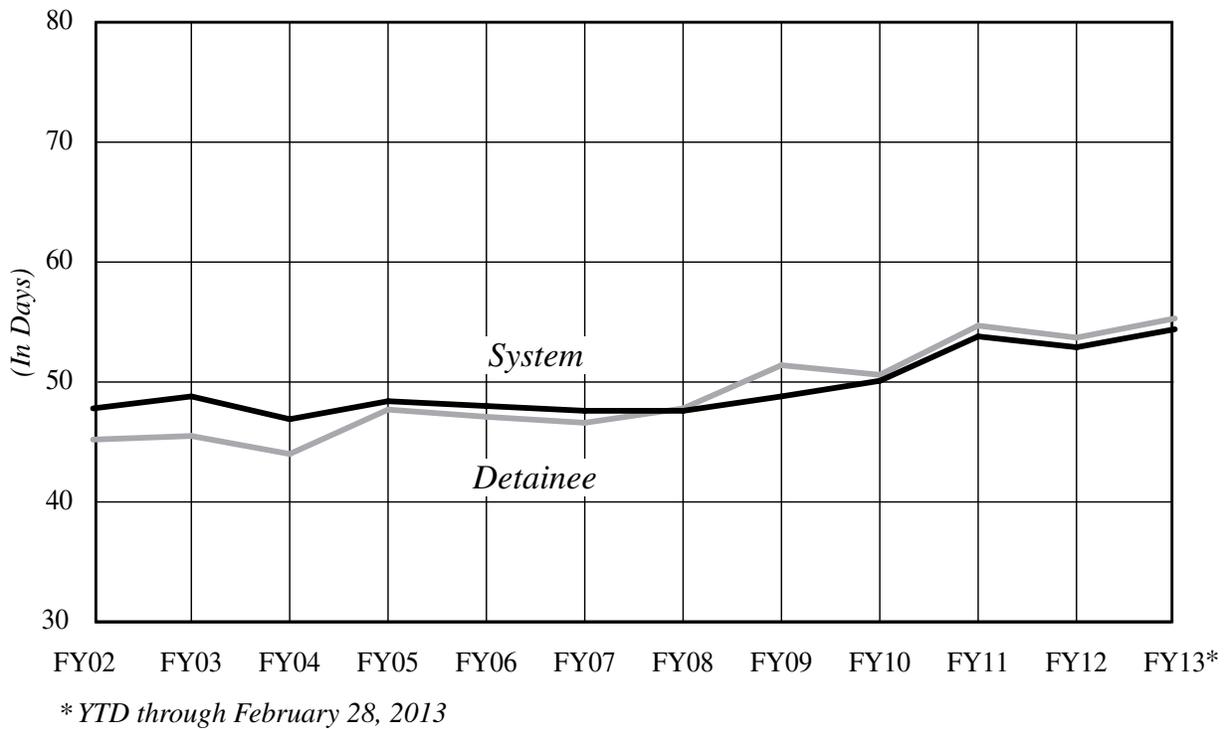
The following table compares the 2014 Executive Budget with the 2013 Preliminary Budget, the 2013 forecast and actual expenditures for 2012, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services and debt service.

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

	2012 Actual	2013 Forecast	2014		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2013 Forecast	2014 Preliminary Budget
Expenditures						
Salary and Wages.....	\$932,268	\$946,498	\$911,843	\$911,843	(\$34,655)	\$—
Fringe Benefits.....	21,975	24,255	24,088	24,088	(167)	—
OTPS.....	124,546	120,543	123,243	129,173	8,630	5,930
Total.....	<u>\$1,078,789</u>	<u>\$1,091,296</u>	<u>\$1,059,174</u>	<u>\$1,065,104</u>	<u>(\$26,192)</u>	<u>\$5,930</u>
Funding						
City.....	\$1,058,820	\$1,064,282	\$1,046,912	\$1,052,842	(\$11,440)	\$5,930
Other Categorical Grants.....	3,524	1,703	1,000	1,000	(703)	—
IFA.....	724	724	724	724	—	—
State.....	1,330	1,359	1,109	1,109	(250)	—
Federal CD.....	—	—	—	—	—	—
Federal Other.....	14,258	22,605	9,286	9,286	(13,319)	—
Intra-City Other.....	133	623	143	143	(480)	—
Total.....	<u>\$1,078,789</u>	<u>\$1,091,296</u>	<u>\$1,059,174</u>	<u>\$1,065,104</u>	<u>(\$26,192)</u>	<u>\$5,930</u>
Additional Costs Centrally Funded						
Personal Services (PS).....						
Fringe Benefits.....	\$378,131	\$408,264	\$426,340	\$436,207	\$27,943	\$9,867
Pensions.....	377,522	368,526	369,985	375,701	7,175	5,716
Other Than Personal Service (OTPS)						
Legal Services.....	8,714	9,632	9,051	9,221	(411)	170
Judgments and Claims.....	26,651	33,330	35,402	35,402	2,072	—
Debt Service.....	191,428	181,335	191,578	181,464	129	(10,114)
Total Additional Costs.....	<u>\$982,446</u>	<u>\$1,001,087</u>	<u>\$1,032,356</u>	<u>\$1,037,995</u>	<u>\$36,908</u>	<u>\$5,639</u>
Funding						
City.....	963,362	983,736	1,013,344	1,021,705	37,969	8,361
Non-City.....	18,895	17,117	19,012	16,290	(827)	(2,722)
Intra-City Additional Costs.....	189	234	—	—	(234)	—
Full Agency Costs (including Central Accounts)						
Salary and Wages.....	\$932,268	\$946,498	\$911,843	\$911,843	(\$34,655)	\$—
Fringe Benefits.....	400,106	432,519	450,428	460,295	27,776	9,867
Pensions.....	377,522	368,526	369,985	375,701	7,175	5,716
Total PS.....	<u>\$1,709,896</u>	<u>\$1,747,543</u>	<u>\$1,732,256</u>	<u>\$1,747,839</u>	<u>\$296</u>	<u>\$15,583</u>
OTPS.....	\$124,546	\$120,543	\$123,243	\$129,173	\$8,630	\$5,930
Legal Services.....	8,714	9,632	9,051	9,221	(411)	170
Judgments and Claims.....	26,651	33,330	35,402	35,402	2,072	—
Debt Service.....	191,428	181,335	191,578	181,464	129	(10,114)
Total OTPS.....	<u>\$351,339</u>	<u>\$344,840</u>	<u>\$359,274</u>	<u>\$355,260</u>	<u>\$10,420</u>	<u>(\$4,014)</u>
Total Agency Costs.....	\$2,061,235	\$2,092,383	\$2,091,530	\$2,103,099	\$10,716	\$11,569
Less Intra-City.....	<u>\$322</u>	<u>\$857</u>	<u>\$143</u>	<u>\$143</u>	<u>(\$714)</u>	<u>\$—</u>
Net Agency Cost.....	<u>\$2,060,913</u>	<u>\$2,091,526</u>	<u>\$2,091,387</u>	<u>\$2,102,956</u>	<u>\$11,430</u>	<u>\$11,569</u>
Funding						
City.....	2,022,182	2,048,018	2,060,256	2,074,547	26,529	14,291
Non-City.....	38,731	43,508	31,131	28,409	(15,099)	(2,722)
Personnel (includes FTEs at fiscal year-end)						
City.....	9,966	10,566	10,473	10,472	(94)	(1)
Non-City.....	33	29	8	8	(21)	—
Total.....	<u>9,999</u>	<u>10,595</u>	<u>10,481</u>	<u>10,480</u>	<u>(115)</u>	<u>(1)</u>

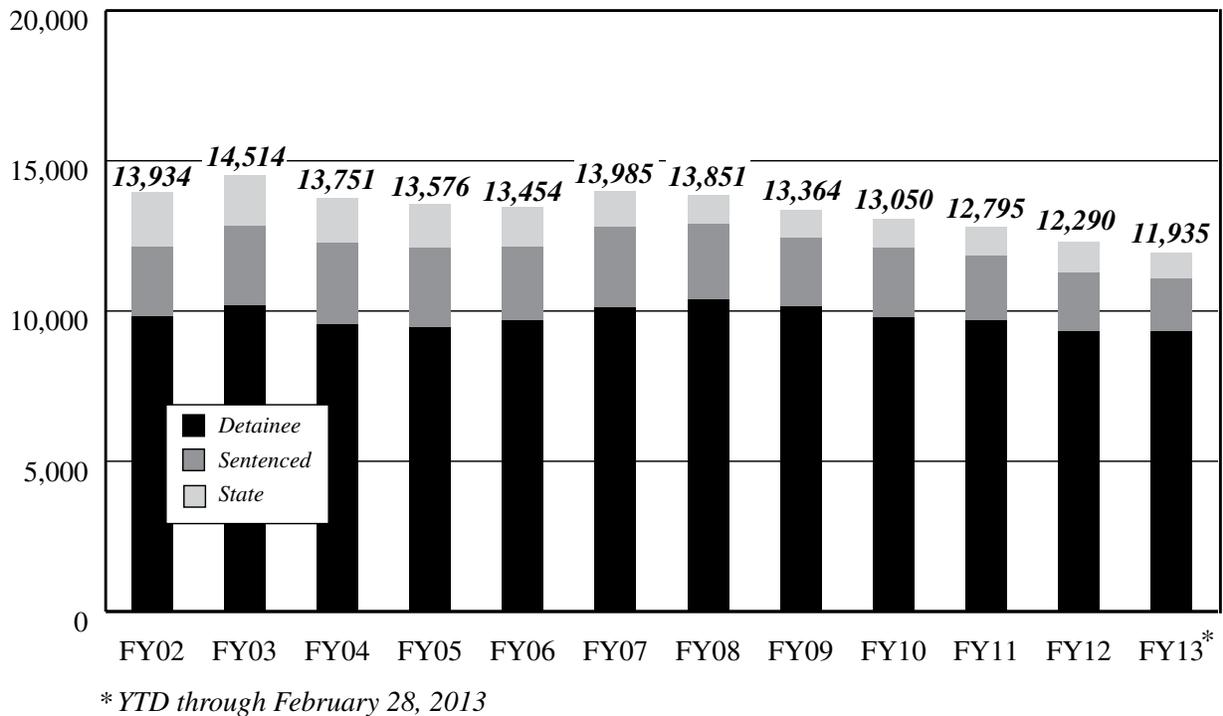
Programmatic Review

AVERAGE LENGTH OF STAY (By Fiscal Year)



AVERAGE DAILY INMATE POPULATION

By Fiscal Year



The average daily population through the first nine months of 2013 was 11,914, which is 3.8 percent lower than the same period in 2012. System admissions are down 5 percent and overall system length of stay is up 1.5 percent during this period.

Capital Review

The Ten-Year Capital Strategy totals \$1.07 billion, including \$547 million for capacity replacement, \$58 million for construction of support space, \$362 million for building systems and infrastructure, and \$107 million for the lifecycle replacement of equipment. Of this amount, 77 percent or \$821 million, is allocated in the Four-Year Plan from 2014-2017.

The table below shows capital plan commitments by program area over the 2012-2017 period:

Capital Commitments

(\$ in 000's)

	2012 Actual		2013 Plan		2014 Plan		2015 Plan		2016 Plan		2017 Plan	
	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds
Capacity Replacement	\$32,758	\$32,758	\$46,230	\$46,230	\$516,217	\$516,217	\$0	\$0	\$30,600	\$30,600	\$0	\$0
Support Space	1,310	1,310	45,056	48,824	19,616	43,092	1,000	1,000	1,500	1,500	4,500	4,500
Building Systems and Infrastructure.....	46,081	46,081	192,622	198,210	91,184	116,763	17,984	17,984	3,750	3,750	36,215	36,215
Equipment	12,583	12,583	59,099	59,099	15,775	15,775	17,289	17,289	8,138	8,138	8,398	8,398
Total	<u>\$92,732</u>	<u>\$92,732</u>	<u>\$343,007</u>	<u>\$352,363</u>	<u>\$642,792</u>	<u>\$691,847</u>	<u>\$36,273</u>	<u>\$36,273</u>	<u>\$43,988</u>	<u>\$43,988</u>	<u>\$49,113</u>	<u>\$49,113</u>

Highlights of the 2014-2017 Four-Year Capital Commitment Plan

Capacity Replacement

The Department's capital program funds the replacement of aging structures originally designed as temporary housing with additions and upgrades to permanent structures. The Department's capacity replacement plan includes building a new jail on Rikers Island. The design for the new Rikers Island jail began in March 2012. It will feature a centralized intake, new admission housing, and an infirmary.

The Four-Year Plan provides \$546.8 million for the capacity replacement program. Scheduled commitments include:

- the design and construction of a new detention center on Rikers Island (\$546.8 million).

Building Systems, Infrastructure and Support Space

The Department will undertake \$224.8 million in improvements to building systems, infrastructure, and support space during the Four-Year Plan. Projects include:

- repair of damage associated with Hurricane Sandy (\$65.4 million).
- window replacement, façade rehabilitation, and roof reconstruction at various facilities (\$62.9 million).
- continuation of fire life safety upgrades at Rikers Island facilities (\$36.7 million).

- installation of heating and ventilation systems at various facilities (\$28.5 million).
- improvements to Rikers Island perimeter security and fencing (\$4.3 million).
- replacement of Rikers Island showers and plumbing (\$3.6 million).
- other upgrades to the Department's building systems, infrastructure, and support space (\$23.4 million).

Information Technology, Equipment, and Vehicles

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

The Four-Year Plan provides \$49.6 million for vehicles, computers, security equipment, and communication systems. Priorities include:

- replacement of generators (\$14.6 million).
- technology upgrades to servers and network infrastructure (\$13.5 million).
- replacement of vehicles (\$12.1 million).
- replacement of food service and security equipment (\$9.4 million).

DEPARTMENT OF SOCIAL SERVICES

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

Financial Review

The Department's 2014 Executive Budget provides for operating expenses of \$9.4 billion, of which \$7.4 billion are City funds. Capital commitments of \$143.5 million are also provided, of which \$113.2 million are City funds.

Expense Budget Highlights

Budgetary Priorities: Providing Core Services

- in 2014, an additional \$56 million in City funds and \$112 million in total funds will support cash assistance benefits for an average of 362,454 recipients.
- in 2013, in response to Hurricane Sandy, HRA participated with other City agencies and the Federal Emergency Management Agency (FEMA) in the operation of nine Restoration Centers to provide information, counseling and other services to New Yorkers impacted by the storm. In addition, the Department issued over \$72 million in special Supplemental Nutrition Assistance Program (SNAP) replacement and disaster-related benefits to households affected by the disaster.
- in 2013, the Department will expend an additional \$1.2 million in federal disaster relief funding to support emergency food purchases for pantries and soup kitchens in communities directly affected by Hurricane Sandy.

Budgetary Priorities: Restructuring and Streamlining

- in 2013, the Department will begin a multi-year re-design of its client services delivery model. The Family Independence Administration (FIA) will implement a self-directed service approach that will improve client services, realize cost efficiencies and enhance program integrity, through modernized technology and simplified business processes. Client Services Re-engineering will use internet-based and mobile applications to provide more options, including on-line recertification and secure, enhanced accounts, for client interactions with HRA in the Supplemental Nutrition Assistance Program (SNAP). Upfront capital investments in technology will produce total expense budget savings of \$4.3 million in total funds and \$1.8 million in City funds in 2014, growing to \$79.3 million total and \$45.5 million in City savings by 2017.
- additional funding of \$4.6 million, of which \$2.2 million are City funds, will support enhanced integrity functions across the Agency, with emphasis on the SNAP program, in the wake of re-engineering efforts and New York State's elimination of the finger imaging requirement in November 2012. Funding will support staff who will concentrate on identifying and investigating potential fraud through the use of data analytics to efficiently target risk factors often associated with fraud and abuse.
- in 2014, the HIV/AIDS Services Administration (HASA) will save \$3.2 million in total funds, and \$2.3 million in City funds by refining its private market apartment approval process for single clients with no children. These clients, like HASA clients in supportive housing, will be approved for studio apartments unless there are unusual circumstances. An additional \$233,000 in savings will be realized through the Associated Case Member (ACM) initiative, which will apply appropriate State Cash Assistance employment rules to non-HASA eligible case members who are in the household.

Summary of Agency Financial Data

The following table compares the 2014 Executive Budget with the 2014 Preliminary Budget, the 2013 forecast and actual expenditures for 2012, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services and debt service.

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

	2012 Actual	2013 Forecast	2014		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2013 Forecast	2014 Preliminary Budget
Expenditures						
Salary and Wages.....	\$727,235	\$754,173	\$741,763	\$742,370	(\$11,803)	\$607
Fringe Benefits.....	714	913	5,327	913	—	(4,414)
Medical Assistance.....	6,292,930	6,334,641	6,365,347	6,365,347	30,706	—
Public Assistance.....	1,372,329	1,377,784	1,275,161	1,387,197	9,413	112,036
Other OTPS.....	998,020	1,033,596	918,964	935,131	(98,465)	16,167
Total.....	<u>\$9,391,228</u>	<u>\$9,501,107</u>	<u>\$9,306,562</u>	<u>\$9,430,958</u>	<u>(\$70,149)</u>	<u>\$124,396</u>
Funding						
City.....	\$7,154,813	\$7,296,030	\$7,289,701	\$7,355,500	\$59,470	\$65,799
Other Categorical Grants.....	75	245	—	—	(245)	—
IFA.....	—	—	—	—	—	—
State.....	680,232	640,161	586,729	607,847	(32,314)	21,118
Federal CD.....	262	—	—	—	—	—
Federal Other.....	1,548,806	1,554,436	1,424,113	1,461,072	(93,364)	36,959
Intra-City Other.....	7,040	10,235	6,019	6,539	(3,696)	520
Total.....	<u>\$9,391,228</u>	<u>\$9,501,107</u>	<u>\$9,306,562</u>	<u>\$9,430,958</u>	<u>(\$70,149)</u>	<u>\$124,396</u>
Additional Costs Centrally Funded						
Personal Services (PS).....						
Fringe Benefits.....	\$316,382	\$337,962	\$350,606	\$354,053	\$16,091	\$3,447
Pensions.....	130,312	144,139	152,438	152,498	8,359	60
Other Than Personal Service (OTPS)						
Legal Services.....	10,536	4,598	4,648	4,448	(150)	(200)
Judgments and Claims.....	1,475	34	37	37	3	—
Debt Service.....	67,980	80,214	84,737	106,836	26,622	22,099
Total Additional Costs.....	<u>\$526,685</u>	<u>\$566,947</u>	<u>\$592,466</u>	<u>\$617,872</u>	<u>\$50,925</u>	<u>\$25,406</u>
Funding						
City.....	370,744	394,204	439,856	465,579	71,375	25,723
Non-City.....	153,014	170,050	149,917	149,600	(20,450)	(317)
Intra-City Additional Costs.....	2,927	2,693	2,693	2,693	—	—
Full Agency Costs (including Central Accounts)						
Salary and Wages.....	\$727,235	\$754,173	\$741,763	\$742,370	(\$11,803)	\$607
Fringe Benefits.....	317,096	338,875	355,933	354,966	16,091	(967)
Pensions.....	130,312	144,139	152,438	152,498	8,359	60
Total PS.....	<u>\$1,174,643</u>	<u>\$1,237,187</u>	<u>\$1,250,134</u>	<u>\$1,249,834</u>	<u>\$12,647</u>	<u>(\$300)</u>
Medical Assistance.....	\$6,292,930	\$6,334,641	\$6,365,347	\$6,365,347	\$30,706	\$—
Public Assistance.....	1,372,329	1,377,784	1,275,161	1,387,197	9,413	112,036
Other OTPS.....	998,020	1,033,596	918,964	935,131	(98,465)	16,167
Legal Services.....	10,536	4,598	4,648	4,448	(150)	(200)
Judgments and Claims.....	1,475	34	37	37	3	—
Debt Service.....	67,980	80,214	84,737	106,836	26,622	22,099
Total OTPS.....	<u>\$8,743,270</u>	<u>\$8,830,867</u>	<u>\$8,648,894</u>	<u>\$8,798,996</u>	<u>(\$31,871)</u>	<u>\$150,102</u>
Total Agency Costs.....	\$9,917,913	\$10,068,054	\$9,899,028	\$10,048,830	(\$19,224)	\$149,802
Less Intra-City.....	\$9,967	\$12,928	\$8,712	\$9,232	(\$3,696)	\$520
Net Agency Cost.....	<u>\$9,907,946</u>	<u>\$10,055,126</u>	<u>\$9,890,316</u>	<u>\$10,039,598</u>	<u>(\$15,528)</u>	<u>\$149,282</u>
Funding						
City.....	7,525,557	7,690,234	7,729,557	7,821,079	130,845	91,522
Non-City.....	2,382,389	2,364,892	2,160,759	2,218,519	(146,373)	57,760
Personnel (includes FTEs at fiscal year-end)						
City.....	10,090	10,570	10,125	10,135	(435)	10
Non-City.....	3,858	4,041	3,994	3,994	(47)	—
Total.....	<u>13,948</u>	<u>14,611</u>	<u>14,119</u>	<u>14,129</u>	<u>(482)</u>	<u>10</u>

Programmatic Review and Service Impact

Family Independence Administration (FIA)

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

Cash Assistance (CA)

The Department projects expenditures of \$1.4 billion on CA benefits in 2014, of which \$586 million will be City funds. The Family Assistance (FA) program, which is funded entirely with Federal Temporary Assistance for Needy Families (TANF) funds in 2014, assisted 143,580 adults and children in March 2013. Projected FA expenditures in 2014 are \$518.3 million.

The Safety Net Assistance (SNA) program, which is supported with City (71 percent) and State (29 percent) funds, serves families who have reached the five-year time limit for TANF-funded benefits or who do not otherwise meet Federal eligibility rules, single adults, and childless couples. In March 2013, 218,874 individuals received SNA, of which 90,723 were adults and children who had reached the TANF time limit. In 2014, the Department projects spending \$868.9 million on SNA.

CASH ASSISTANCE CASELOAD 2005-2013



Supplemental Nutrition Assistance Program (SNAP)

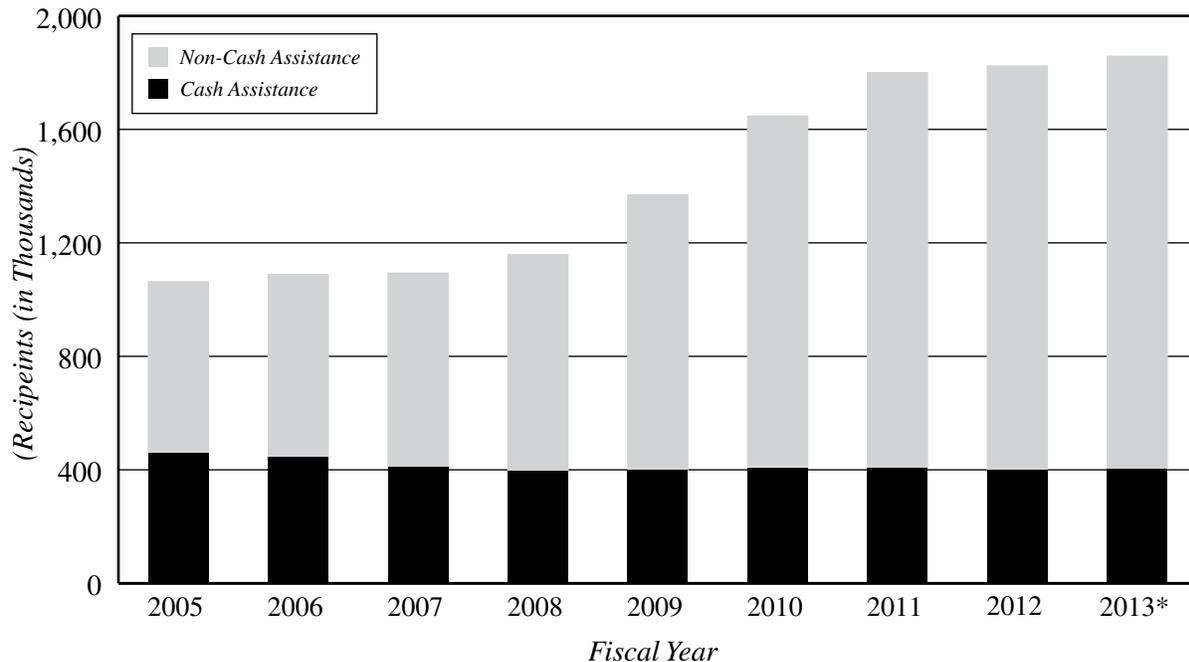
SNAP, formerly known as food stamps, is designed to provide nutritional security to low income New Yorkers. In February 2013, monthly benefit issuances were \$284.6 million for 1.86 million recipients. The Department expects to provide approximately \$3.5 billion in SNAP benefits in 2014. SNAP benefits are entirely funded by the federal government, with the City responsible for 50 percent of the administrative cost of the program.

Since July 2007, there has been a 71 percent increase in the number of individuals receiving SNAP benefits to supplement the purchase of food. The Department has managed this increase by replacing most traditional face-to-face interviews with more efficient phone interviews and automated phone re-certifications. Updated information systems and the increasing use of technology through the Client Services Re-engineering effort will allow the Department to continue to process this increased workload in a timely manner while minimizing errors that could affect the delivery of benefits. Re-engineering will include the re-design of SNAP processes to streamline staff and client interactions to be more efficient and require less time. This is intended to improve client and staff experiences, reduce inefficiencies and increase integrity efforts to prevent and detect fraud, waste and abuse.

In April 2013, the Department implemented a pilot project at the Far Rockaway SNAP office, taking advantage of planned reconstruction at the site. Fifteen personal computer (PC) workstations were installed and clients were given the option of completing their SNAP application online. This process is the same as the online option the public already has access to from home PC's or other locations. Preliminary data shows that many clients opted to complete the application online and the majority expressed satisfaction with the process. The Department is planning to rollout this pilot to additional locations throughout the boroughs by the end of 2013.

By the beginning of 2014, improvements to the Integrated Voice Response system (IVRS) will permit some SNAP recipients to access basic account information via telephone keypad. This functionality will reduce the volume of calls to SNAP centers and is one of the enhancements that will be fully integrated into the Re-engineering initiative.

AVERAGE FOOD STAMP RECIPIENTS 2005-2013



* Year to date through March 2013

Employment Services

FIA offers a wide array of programs and services to help families and individuals achieve self-sufficiency. Services include basic education, training, work experience, job search, placement, and retention services. FIA also provides targeted services for those with barriers to employment. At the end of March 2013, 60,905 individuals were engaged in employment, training, or other work related activities. In calendar year 2012, 88 percent of clients who had been placed in jobs retained them for at least three months or did not return to Cash Assistance, and 81 percent achieved this outcome for at least six months.

In 2014 the Department will continue to operate a comprehensive employment program portfolio that provides employable clients a continuum of services. Newly redesigned contracts for the successful Back 2 Work (B2W) program were launched in 2013. The program is administered by several vendors at eleven different sites throughout all five boroughs and provides job search and short-term training services to Cash Assistance applicants and to recipients who are also participating in the Work Experience Program. B2W also includes GED and ESOL (English for Speakers of Other Languages) for clients who need educational services. The College Opportunity to Prepare for Employment (COPE) program offers academic advisement, support and job search services for Cash Assistance recipients attending City University of New York (CUNY) colleges. The Job Training Participant program places individuals in paid employment at the Department of Parks and Recreation and the Department of Sanitation.

Specialized Job Centers and Other Services

The Department also operates special needs programs and services for clients with barriers to self-sufficiency. Services include comprehensive case management, substance abuse treatment, employment and vocational rehabilitation, disability benefits advocacy and case monitoring.

Services are offered at specialized Job Centers, including the Veterans Center; the East River Job Center, which serves homeless single adults and families; the Refugee and Immigrant Center; the Substance Abuse Service Center (SASC), which serves patients in outpatient substance abuse treatment centers; the Residential Treatment Service Center (RTSC); and the Senior Works Center.

Office of Child Support Enforcement (OCSE)

The primary role of OCSE is to ensure that children are supported by both parents. OCSE services include establishing paternity, obtaining child support orders, and collecting and enforcing child support from noncustodial parents. As of March 2013, there were 289,081 cases with support orders, including 33,312 CA cases and 255,769 non-Cash Assistance (NCA) cases. Of the NCA cases 137,054 were former CA recipients. In 2012, OCSE established 15,831 new orders, an 8 percent increase over 2011.

Child support collections in calendar year 2012 totaled \$739.5 million, a 1.2 percent increase over the prior year. In addition, over 173,700 families received a child support payment in 2012. In 2012, over 92 percent of support collections went directly to families, and more than \$257 million was collected on behalf of families who formerly received CA. When combined with earnings and work supports, child support payments can help needy families become or remain self-sufficient.

Medical Insurance and Community Services Administration (MICSA)

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

Medical Assistance Program (MAP)

Over 3 million New York City residents received Medicaid as of February 2013, an increase of 80 percent since January 2002. MAP is responsible for enrollment and recertification for consumers who require Medicaid products only. As of February 2013 MAP had more than 2.3 million Medicaid enrollees who do not also receive Cash Assistance or SSI. Medicaid consumers receive a wide range of services including primary care, hospital inpatient, emergency room, physician, pharmacy, clinic, nursing home, personal care, dental, rehabilitation, transportation, vision care, laboratory services and x-rays.

MAP continues to simplify and streamline the public health insurance application and renewal process. Mail renewals for non-disabled, aged or blind consumers are processed via the Electronic Data and Image Transfer System (EDITS), which was specifically designed to automate and streamline the process. MAP sends out approximately 140,000 renewals per month with a 72 percent response rate, and a 93 percent acceptance rate for those cases returned. The program has implemented an online renewal option for Medicaid and Family Health Plus that receives nearly ten thousand renewals per month. With online renewal, families can recertify for public health insurance using ACCESS NYC, the online resource providing New Yorkers a single point of entry to health and human services programs.

The Department anticipates changes in the coming year due to New York State Department of Health (SDOH) actions related to the Affordable Care Act and the State's planned takeover of Medicaid program administration from counties. With the change in rules, those applicants who will be evaluated using Modified Adjusted Gross Income (MAGI) will apply through an SDOH contractor beginning January 2014. It is anticipated that by April 2014, non-MAGI Medicaid renewals may also be processed by the SDOH contractor.

MAP will continue to process all non-MAGI client applications. The Department has also responded to an SDOH request and submitted a statement of interest to continue performing in-person assistance to MAGI applicants/renewals, and has submitted a proposal to process Medicaid eligibility for incarcerated individuals re-entering the community.

Home Care Services Program (HCSP)

HCSP assists frail, elderly and disabled individuals remain safely in their homes with non-institutional alternatives to nursing home care. In February 2013, HCSP provided Personal Care services to approximately 16,000 consumers and 80,000 participants in the Managed Long Term Care Program (MLTC). HCSP reviews and authorizes service plans for 15,000 participants in the Long Term Home Health Care Program (LTHHCP) and 2,000 participants in the Assisted Living Program (ALP).

Since September 2012, the State Medicaid Redesign initiative to move consumers from Personal Care into MLTC plans has resulted in a steady transition of approximately 3,000 consumers per month with about half of the HCSP caseload completing the transition by February 2013. It is anticipated that the transition of LTHHCP consumers to MLTC will follow beginning in the summer 2013. The Department expects to have a caseload of approximately 4,000 personal care consumers once this has been completed. The program will continue to provide Medicaid application assistance in the field to any long term care applicant who is homebound as well as to any walk-in clients. The program will also reassess all customers in accordance with SDOH personal care regulations, to ensure that all consumers are receiving the appropriate level of care.

HIV/AIDS Services Administration (HASA)

HASA provides a range of services to individuals and families living with HIV or AIDS. HASA clients receive case management, assessments and referrals, and can receive homemaking services. As of February 2013, HASA served 31,968 cases.

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

Customized Assistance Services (CAS)

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

The Visiting Psychiatric Service Program provides home-based psychiatric assessments and crisis intervention services to HRA clients. In 2012, the program made 7,155 home visits and court appearances.

The Wellness, Comprehensive Assessment, Rehabilitation and Employment (WeCARE) program works with Cash Assistance recipients who have medical or mental health conditions that pose barriers to employment. WeCARE provides integrated services that include assessment, diagnosis, comprehensive service planning, linkages to treatment, case management, vocational rehabilitation, training and education, job placement, and disability benefits assistance through two performance-based contracts. In 2012, 2,541 WeCARE clients obtained jobs and 5,776 were approved for Federal disability benefits.

Office of Citywide Health Insurance Access (OCHIA)

OCHIA manages NYC Health Insurance Link (NYC HI Link), a web-based tool that allows consumers to compare price and benefit information for private health insurance plans in one location. More than 75,000 unique users used the NYC HI Link in their search for health insurance plans in 2012. The site links to ACCESS NYC, where consumers can screen themselves for public health insurance. In 2012, OCHIA added a series of health insurance fact sheets in seven languages to the website with helpful coverage and care tips for immigrants, young adults and small business owners, integrated a new public health insurance screening feature into the site to help families assess their potential eligibility for specific public health insurance programs and introduced NYC HI Link to new users through regular trainings and presentations. In April 2013, OCHIA launched NYC HI Link in Spanish to provide greater access to the Spanish-speaking community.

Emergency and Intervention Services

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

Adult Protective Services (APS)

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

In calendar year 2012, APS received 21,470 referrals. 52 percent of the referrals involve eviction and 16 percent include one or more allegations of abuse. APS maintains an average of 6,296 undercare clients each month. In addition, the contracted community guardian program has an average monthly caseload of 1,384 clients. APS continues to serve as a member of the Steering Committee for the New York City Elder Abuse Center (NYCEAC), which began operations in September 2010. NYCEAC's Brooklyn Multidisciplinary Team (MDT) meets three times a month in the APS Brooklyn Borough Office. During 2012, NYCEAC initiated a second team, in Manhattan, which meets twice monthly in the Manhattan DA's Office, and is funded through a three-year federal Department of Health & Human Services (DHHS) Office of Aging grant.

In 2012, APS implemented Phase Two of its Financial Focus system, which serves as a comprehensive fund accounting system for the 2,300 clients for whom APS serves as a Representative Payee. In 2013 APS will launch a new case-management system, APSNet, which will streamline the process and will provide managers with in-depth statistical analysis of the APS caseload to more effectively serve clients.

Office of Domestic Violence (ODV)

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

ODV administers 44 State-licensed emergency domestic violence shelters, including one directly operated by the Department. As of January 2013, these shelters have a total capacity of 2,228 beds for survivors of domestic violence and their children. ODV also administers seven Tier II shelters that provide 243 units for clients who require additional services before transitioning back to the community. Shelters provide safe environments and a range of support services including counseling, advocacy and referrals to 1,000 families a day. In addition, community based non-residential programs provide telephone hotlines, counseling, advocacy, legal services, and referrals to other supportive services. In 2012, these programs maintained an average monthly caseload of 3,000 individuals.

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

The HEAP program assists low-income homeowners and renters to pay energy costs and heating equipment repair bills. The program provided over 795,852 benefit issuances totaling approximately \$33 million for the 2012-2013 season. Most benefits are provided to Cash Assistance, SNAP, and SSI recipients who receive automatic payments each season. HEAP also receives 100 emergency calls per day and staff provides assistance with gas and utility shut-offs, obtaining service extensions, and payment for emergency oil deliveries and furnace repairs. Additional programs include the Heat-Line program which offers HEAP applications and other public benefits to the homebound population and the disconnected; and the Department of Environmental Conservation Safety Net program which assists low income home owners with their water bills.

Emergency Food and Nutrition Assistance Program

The Office of Emergency Food and Nutrition Assistance Program administers the Emergency Food Assistance Program (EFAP) which provides funding and support to approximately 500 food pantries and soup kitchens in order to improve the nutritional status of low-income New Yorkers. The office also provides education to the public about the benefits and application process for SNAP through the Office of SNAP Outreach Services. Nutrition education is an important component of SNAP and is provided through the SNAP-Ed program. The goal of SNAP-Ed is to educate SNAP eligible individual about making healthy food choices with limited resources. In 2013 the Department also provided an additional \$1.2 million in emergency food to communities directly affected by Hurricane Sandy.

Crisis and Disaster Unit

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

In response to Hurricane Sandy, the Crisis and Disaster unit, along with OEM and other City agencies, opened, managed and staffed Hurricane shelters in the wake of the disaster. In addition, the Crisis and Disaster Unit along with OEM and other City agencies helped to establish temporary Disaster Assistance Center's (DASC's) immediately after the storm in Brooklyn, Queens and Staten Island to assist affected New Yorkers access to emergency social and economic aid, including Federal Emergency Management Agency (FEMA) assistance.

Capital Review

The Department's Ten-Year Capital Strategy for 2014-2023 totals \$260.2 million, of which \$181.5 are City funds. The Ten-Year Capital Strategy includes \$90.9 million for technology to streamline Department operations. Key investments related to Client Services Re-engineering include development of a virtual client service center which will leverage ACCESS NYC to provide expanded client accounts. These accounts will include automated functionalities such as online client notices and benefits information. On-line applications and re-certifications will be enhanced and upgrades will also be made to the Interactive Voice Response System (IVRS) to provide a better client experience.

Additional Capital investments include \$121.7 million for facilities maintenance, equipment and improvements; \$46 million for the installation of telecommunications equipment; and \$1.6 million for vehicles. The table below reflects capital commitments by program area over the 2013-2017 period.

Capital Commitments

(\$000's)

	2012 Actual		2013 Plan		2014 Plan		2015 Plan		2016 Plan		2017 Plan	
	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds
Buildings.....	-\$18	\$6,294	\$18,240	\$23,491	\$76,618	\$78,961	\$0	\$0	\$1,957	\$2,390	\$2,424	\$2,857
Computers.....	6,539	9,859	10,046	19,115	19,524	29,600	11,782	18,252	1,762	3,602	2,602	5,312
Telecommunications.....	3,170	6,381	4,889	12,848	8,429	17,206	2,837	5,791	1,916	3,914	1,258	2,569
Equipment.....	39	43	1,918	2,363	8,669	17,693	0	0	0	0	0	0
Vehicles.....	127	127	535	1,053	0	0	0	0	93	191	93	191
Total.....	<u>\$9,857</u>	<u>\$22,704</u>	<u>\$35,628</u>	<u>\$58,870</u>	<u>\$113,240</u>	<u>\$143,460</u>	<u>\$14,619</u>	<u>\$24,043</u>	<u>\$5,728</u>	<u>\$10,097</u>	<u>\$6,377</u>	<u>\$10,929</u>

Highlights of the Ten-Year Capital Strategy

- the Client Services Re-engineering initiative (\$46.2 million, with another \$3.3 million in 2013, for a total of \$49.5 million).
- construction and initial outfitting for consolidation of administrative staff at 4 World Trade Center (\$89.3 million).
- other agency-wide data processing and telecommunications improvements (\$81.8 million).

ADMINISTRATION FOR CHILDREN'S SERVICES

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

Financial Review

ACS's 2014 Executive Budget provides for operating expenses of \$2.7 billion, \$811 million of which are City funds. Capital commitments of \$37.7 million are provided, of which \$28.5 million are City funds.

Expense Budget Highlights

Budgetary Priorities: Restructuring and Streamlining

- in 2014 the consolidation of administrative space will save \$610,000 in City funds.
- beginning in 2014, additional data and predictive statistical analysis will identify and allow the Department to address inappropriate child care payments, saving a projected \$6 million annually.
- beginning in 2014, the Department will reassess child care eligibility for families transitioning off of public assistance and anticipates that Early Learn NYC will be able to serve all eligible families. In addition to providing quality services to these children, this initiative is expected to save a projected \$5.3 million in voucher costs annually.

Summary of Agency Financial Data

The following table compares the 2014 Executive Budget with the 2014 Preliminary Budget, the 2013 forecast and actual expenditures for 2012, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services and debt service.

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

	2012 Actual	2013 Forecast	2014		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2013 Forecast	2014 Preliminary Budget
Expenditures						
Salary and Wages.....	\$391,330	\$393,347	\$403,565	\$410,865	\$17,518	\$7,300
Fringe Benefits.....	131	40	—	—	(40)	—
OTPS.....	2,463,065	2,472,404	2,343,308	2,308,680	(163,724)	(34,628)
Total.....	<u>\$2,854,526</u>	<u>\$2,865,791</u>	<u>\$2,746,873</u>	<u>\$2,719,545</u>	<u>(\$146,246)</u>	<u>(\$27,328)</u>
Funding						
City.....	\$847,576	\$841,761	\$809,844	\$811,129	(\$30,632)	\$1,285
Other Categorical Grants.....	20	21	—	—	(21)	—
IFA.....	—	—	—	—	—	—
State.....	646,583	661,861	648,164	637,873	(23,988)	(10,291)
Federal CD.....	3,292	2,963	2,963	2,963	—	—
Federal Other.....	1,300,420	1,305,905	1,284,797	1,266,475	(39,430)	(18,322)
Intra-City Other.....	56,635	53,280	1,105	1,105	(52,175)	—
Total.....	<u>\$2,854,526</u>	<u>\$2,865,791</u>	<u>\$2,746,873</u>	<u>\$2,719,545</u>	<u>(\$146,246)</u>	<u>(\$27,328)</u>
Additional Costs Centrally Funded						
Personal Services (PS).....						
Fringe Benefits.....	\$131,303	\$136,690	\$145,152	\$145,274	\$8,584	\$122
Pensions.....	69,377	57,484	73,526	73,438	15,954	(88)
Other Than Personal Service (OTPS)						
Legal Services.....	3,344	4,715	5,669	4,798	83	(871)
Judgments and Claims.....	1,647	2,664	2,829	2,829	165	—
Debt Service.....	—	—	—	—	—	—
Total Additional Costs.....	<u>\$205,671</u>	<u>\$201,553</u>	<u>\$227,176</u>	<u>\$226,339</u>	<u>\$24,786</u>	<u>(\$837)</u>
Funding						
City.....	124,037	130,824	159,759	159,061	28,237	(698)
Non-City.....	81,634	70,729	67,417	67,278	(3,451)	(139)
Intra-City Additional Costs.....	—	—	—	—	—	—
Full Agency Costs (including Central Accounts)						
Salary and Wages.....	\$391,330	\$393,347	\$403,565	\$410,865	\$17,518	\$7,300
Fringe Benefits.....	131,434	136,730	145,152	145,274	8,544	122
Pensions.....	69,377	57,484	73,526	73,438	15,954	(88)
Total PS.....	<u>\$592,141</u>	<u>\$587,561</u>	<u>\$622,243</u>	<u>\$629,577</u>	<u>\$42,016</u>	<u>\$7,334</u>
OTPS.....	\$2,463,065	\$2,472,404	\$2,343,308	\$2,308,680	(\$163,724)	(\$34,628)
Legal Services.....	3,344	4,715	5,669	4,798	83	(871)
Judgments and Claims.....	1,647	2,664	2,829	2,829	165	—
Debt Service.....	—	—	—	—	—	—
Total OTPS.....	<u>\$2,468,056</u>	<u>\$2,479,783</u>	<u>\$2,351,806</u>	<u>\$2,316,307</u>	<u>(\$163,476)</u>	<u>(\$35,499)</u>
Total Agency Costs.....	\$3,060,197	\$3,067,344	\$2,974,049	\$2,945,884	(\$121,460)	(\$28,165)
Less Intra-City.....	<u>\$56,635</u>	<u>\$53,280</u>	<u>\$1,105</u>	<u>\$1,105</u>	<u>(\$52,175)</u>	<u>\$—</u>
Net Agency Cost.....	<u>\$3,003,562</u>	<u>\$3,014,064</u>	<u>\$2,972,944</u>	<u>\$2,944,779</u>	<u>(\$69,285)</u>	<u>(\$28,165)</u>
Funding						
City.....	971,613	972,585	969,603	970,190	(2,395)	587
Non-City.....	2,031,949	2,041,479	2,003,341	1,974,589	(66,890)	(28,752)
Personnel (includes FTEs at fiscal year-end)						
City.....	6,097	6,398	6,461	6,463	65	2
Non-City.....	99	167	166	166	(1)	—
Total.....	<u>6,196</u>	<u>6,565</u>	<u>6,627</u>	<u>6,629</u>	<u>64</u>	<u>2</u>

Programmatic Review and Service Impact

Division of Child Protection (DCP)

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

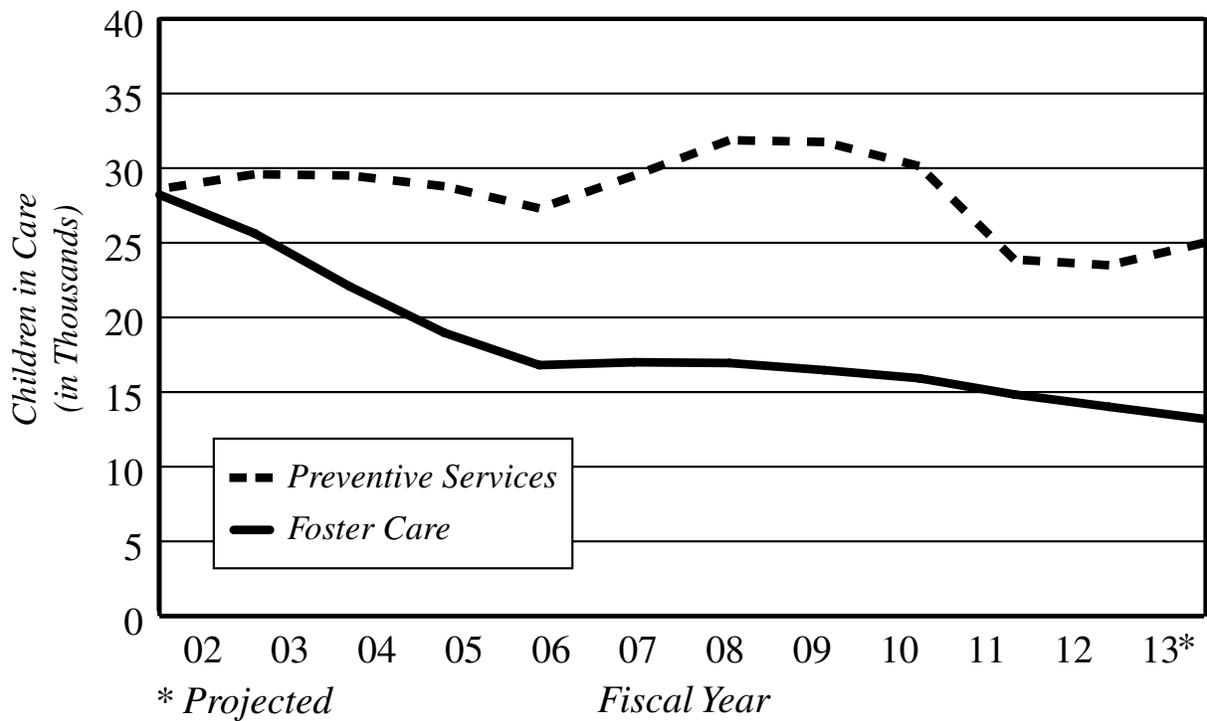
The protective/diagnostic unit of DCP is the core unit tasked with investigating the majority of the approximately 63,000 reports of abuse and neglect that ACS receives each year. Protective/diagnostic field offices are located in each of the five boroughs and child protective personnel oversee more than 12,000 active cases each month on average.

Preventive Services for Children and Families

The Department provides both direct and contracted preventive services designed to prevent foster care placement and reduce the time that children spend in foster care. Preventive services include general preventive services, specialized programs for adolescents, programs for youth with juvenile justice involvement, the Family Treatment/Rehabilitation Program (FT/R) for families with substance abuse issues, and programs for families with special needs. Services include parenting education, domestic violence counseling, housing subsidies, employment and job training services, substance abuse treatment and mental health guidance.

In 2012, ACS transitioned to a new portfolio of preventive contracts. Providers are required to help families connect to other services in their communities and are encouraged to engage families in achieving their service goals within 12 months in order to increase the availability of programs to all families in need. In 2013, an average of 860 preventive cases opened monthly; 6,881 preventive service cases were opened in 2013 through the month of February.

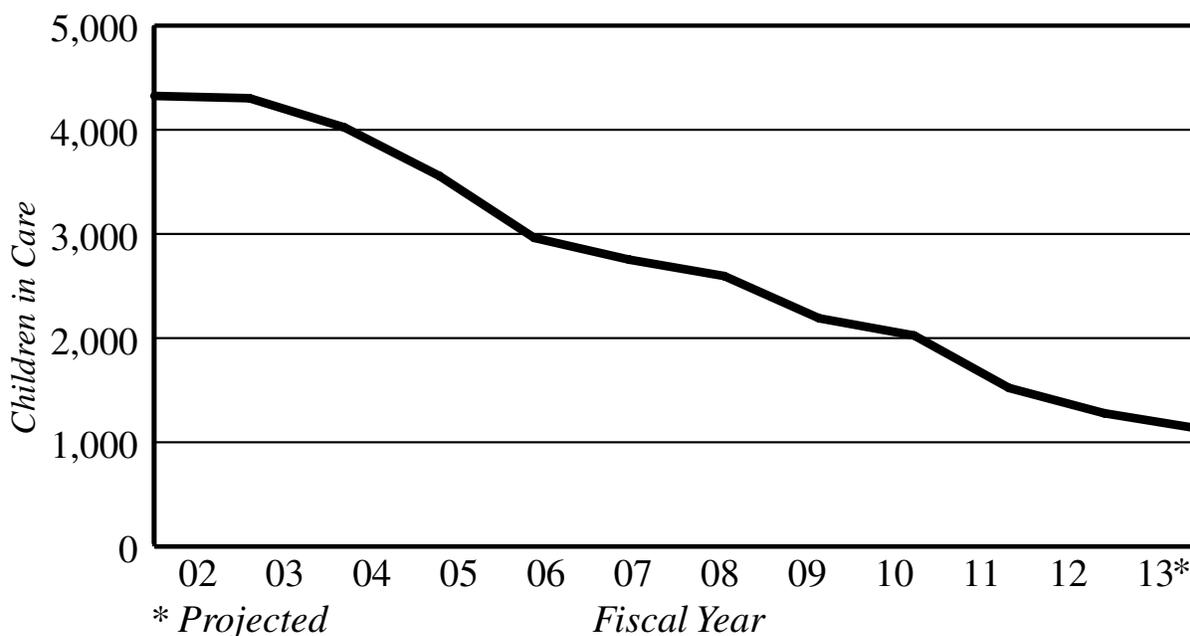
CHILDREN IN FOSTER CARE AND PREVENTIVE SERVICES 2002-2013



Foster Care

Placements in family foster care, residential settings or specialized care facilities are provided on a temporary basis until children can be reunified with their families. If reunification is not an option, children receive services that will lead to adoption or development of independent living skills. In 2012, an average of 14,013 children were living in out-of-home placements, a six percent decline since 2011. During this same period, the number of children in congregate residential settings declined by 16 percent, to 1,274, due to the Agency's continued efforts to place children in family settings whenever possible.

RESIDENTIAL CASELOAD 2002-2013



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

Adoption Services

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

Additionally, the implementation of the Kinship Guardianship Subsidy Assistance Program, enacted in New York State in 2011, has resulted in permanency for 83 New York City children. The program was designed to allow a relative who is a foster child's current approved or certified foster parent, to become the child's legal guardian with financial and medical assistance. This permanency option allows a child to continue to reside with their relative outside of the foster care system.

Division of Youth and Family Justice

The Division of Youth and Family Justice (DYFJ) provides secure and non-secure detention services for alleged juvenile delinquents and offenders whose cases are pending in Family or Criminal Court and present a risk to public safety. Non-secure detention services are provided through a network of 3 City-operated and thirteen contracted group homes. While in detention, residents receive support services including education, health and mental health care, recreation, and case management.

Approximately 13,000 youth are arrested annually and more than 4,000 are admitted to detention. Every year, approximately 2,700 are adjudicated as juvenile delinquents by a Family Court judge. Almost 1,000 receive probation, 300 receive Alternative-to-Placement (ATP) services, 900 cases are dismissed by judges and, until the enactment of Close to Home, 460 were placed in State custody and sent to residential placement programs, often far from their families and communities.

Under the Close to Home Initiative launched in 2012, DYFJ has assumed custody of adjudicated juvenile delinquents placed in non-secure or limited-secure settings. DYFJ provides care through a new system of not-for-profit providers located within New York City and closer to youths' families and communities. Providers offer an array of general and specialized juvenile justice residential care programs including intensive clinical services, educational programs, and aftercare.

In the first phase of Close to Home, ACS was authorized to take legal responsibility for the placement of adjudicated juvenile delinquents placed in non-secure settings. Starting in September 2012, ACS entered into contracts for close to 300 Non Secure Placement (NSP) beds. In the second phase of Close to Home, ACS will be authorized to take legal responsibility for the placement of juvenile delinquents placed in limited-secure setting. In March 2013 ACS issued a solicitation for 156 Limited Secure Placement (LSP) beds that will become operational in the fall of 2013, pending approval from the New York State Office of Children and Family Services (OCFS). Juvenile Offenders convicted of the most serious crimes will remain in OCFS operated secure facilities.

Division of Early Care and Education

The Division of Early Care and Education administers one of the largest publicly-funded childcare systems in the country, serving approximately 110,000 infants, toddlers, preschool and school-aged children. ACS provides quality child care services that enhance child development and assist low-income working families, public assistance recipients who are employed or engaged in work activities, and families receiving child welfare services. This includes the Head Start program, a federally funded, family-centered child development program for low-income children ages 3-5 that promotes intellectual, social, emotional and physical growth in order to develop each child's potential for successful living.

ACS provides access to child care through contracts with not-for-profit organizations, with for-profit organizations, and through vouchers issued to parents, which may be used to purchase care in both formal and informal settings. Formal child care settings include child care centers and group family day care homes registered and/or licensed by the Department of Health and Mental Hygiene (DOHMH). Informal settings include care provided in the child's own home or the homes of family, friends or neighbors.

In 2013, ACS introduced EarlyLearn NYC, a new early childhood education system designed to raise educational standards, increase family supports and strengthen professional development for teachers. The new model includes center and home-based programs designed to prepare children for success in elementary school and beyond. This new program model aligns resources with neighborhoods with greatest need, establishes uniform and enhanced standards, and maximizes funding through a blending of revenue streams including City funds, the federal/State Child Care Block Grant, Head Start, Universal PreKindergarten, and private funds.

Capital Review

The 2014-2023 Ten-Year Capital Strategy totals \$115.8 million: \$6.0 million for child welfare facilities, \$30.1 million for child care facilities, \$33.9 million for administrative offices, and \$45.8 million for information systems. The table below reflects capital commitments by program area over the 2013-2017 period.

Capital Commitments (\$ in 000's)

	2012 Actual		2013 Plan		2014 Plan		2015 Plan		2016 Plan		2017 Plan	
	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds
Child Welfare.....	\$0	\$0	\$6,100	\$6,100	\$6,000	\$6,000	\$0	\$0	\$0	\$0	\$0	\$0
Child Care.....	681	681	2,122	2,122	2,566	3,641	1,035	1,838	1,035	1,838	1,035	1,838
Buildings.....	240	240	5,886	7,011	4,398	5,640	2,686	3,014	1,193	1,551	803	939
MIS.....	12,043	12,151	48,370	51,923	15,499	22,439	2,435	4,108	2,681	4,760	4,537	7,944
Total.....	<u>\$12,964</u>	<u>\$13,072</u>	<u>\$62,478</u>	<u>\$67,156</u>	<u>\$28,463</u>	<u>\$37,720</u>	<u>\$6,156</u>	<u>\$8,960</u>	<u>\$4,909</u>	<u>\$8,149</u>	<u>\$6,375</u>	<u>\$10,721</u>

Highlights of the Ten-Year Capital Plan

- \$20.9 million in the 2013 Capital budget will support development of the Juvenile Access Support System (JASS), to track and monitor services provided to juveniles under the Agency's care.
- \$12.0 million in the 2013 Capital budget will support development of a new information technology system to track and monitor early childhood services provided by ACS and other City agencies. This new system is expected to improve eligibility, payment and claiming processes.
- \$33.9 million for the renovations of administrative and field offices.
- \$30.1 million will support the renovations of child care centers Citywide including correction of code violations and providing for handicapped accessibility.

DEPARTMENT OF YOUTH AND COMMUNITY DEVELOPMENT

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

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

Financial Review

The Department's 2014 Executive Budget provides for operating expenses of \$265 million, of which \$161 million are City funds.

Expense Budget Highlights

Budgetary Priorities: Providing Core Services

- in 2014, \$20 million in additional City funds will provide summer slots to 25,650 participants to extend the 2013 Out-of-School Time (OST) school year programs. This is in addition to \$21.8 million in baseline funding for summer slots, supporting 24,975 participants and ensures that all 2013 OST participants receive services year-round.
- in 2014, as part of the Mayor's Center for Economic Opportunity and the Young Men's Initiative, \$17.2 million will fund a mentoring program for youth at New York City Housing Authority (NYCHA) sites, as well as the addition of 3,700 slots for Young Adult Internship and Young Adult Literacy programs.

Summary of Agency Financial Data

The following table compares the 2014 Executive Budget with the 2014 Preliminary Budget, the 2013 forecast and actual expenditures for 2012, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services and debt service.

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

	2012 Actual	2013 Forecast	2014		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2013 Forecast	2014 Preliminary Budget
Expenditures						
Salary and Wages.....	\$25,318	\$25,841	\$26,716	\$27,068	\$1,227	\$352
Fringe Benefits.....	—	—	—	—	—	—
OTPS.....	299,717	329,147	226,814	237,966	(91,181)	11,152
Total.....	<u>\$325,035</u>	<u>\$354,988</u>	<u>\$253,530</u>	<u>\$265,034</u>	<u>(\$89,954)</u>	<u>\$11,504</u>
Funding						
City.....	\$213,642	\$239,661	\$159,949	\$160,998	(\$78,663)	\$1,049
Other Categorical Grants.....	6,160	3,010	—	—	(3,010)	—
IFA.....	—	—	—	—	—	—
State.....	14,083	18,393	4,675	18,208	(185)	13,533
Federal CD.....	7,962	7,513	7,138	7,138	(375)	—
Federal Other.....	58,157	62,002	57,441	54,363	(7,639)	(3,078)
Intra-City Other.....	25,031	24,409	24,327	24,327	(82)	—
Total.....	<u>\$325,035</u>	<u>\$354,988</u>	<u>\$253,530</u>	<u>\$265,034</u>	<u>(\$89,954)</u>	<u>\$11,504</u>
Additional Costs Centrally Funded						
Personal Services (PS).....						
Fringe Benefits.....	\$8,176	\$8,614	\$9,080	\$9,191	\$577	\$111
Pensions.....	4,367	4,792	4,755	4,750	(42)	(5)
Other Than Personal Service (OTPS)						
Legal Services.....	42	33	16	34	1	18
Judgments and Claims.....	—	259	276	276	17	—
Debt Service.....	—	—	—	—	—	—
Total Additional Costs.....	<u>\$12,585</u>	<u>\$13,698</u>	<u>\$14,127</u>	<u>\$14,251</u>	<u>\$553</u>	<u>\$124</u>
Funding						
City.....	12,239	13,345	13,767	13,890	545	123
Non-City.....	346	353	360	361	8	1
Intra-City Additional Costs.....	—	—	—	—	—	—
Full Agency Costs (including Central Accounts)						
Salary and Wages.....	\$25,318	\$25,841	\$26,716	\$27,068	\$1,227	\$352
Fringe Benefits.....	8,176	8,614	9,080	9,191	577	111
Pensions.....	4,367	4,792	4,755	4,750	(42)	(5)
Total PS.....	<u>\$37,861</u>	<u>\$39,247</u>	<u>\$40,551</u>	<u>\$41,009</u>	<u>\$1,762</u>	<u>\$458</u>
OTPS.....	\$299,717	\$329,147	\$226,814	\$237,966	(\$91,181)	\$11,152
Legal Services.....	42	33	16	34	1	18
Judgments and Claims.....	—	259	276	276	17	—
Debt Service.....	—	—	—	—	—	—
Total OTPS.....	<u>\$299,759</u>	<u>\$329,439</u>	<u>\$227,106</u>	<u>\$238,276</u>	<u>(\$91,163)</u>	<u>\$11,170</u>
Total Agency Costs.....	\$337,620	\$368,686	\$267,657	\$279,285	(\$89,401)	\$11,628
Less Intra-City.....	<u>\$25,031</u>	<u>\$24,409</u>	<u>\$24,327</u>	<u>\$24,327</u>	<u>(\$82)</u>	<u>\$—</u>
Net Agency Cost.....	<u>\$312,589</u>	<u>\$344,277</u>	<u>\$243,330</u>	<u>\$254,958</u>	<u>(\$89,319)</u>	<u>\$11,628</u>
Funding						
City.....	225,881	253,006	173,716	174,888	(78,118)	1,172
Non-City.....	86,708	91,271	69,614	80,070	(11,201)	10,456
Personnel (includes FTEs at fiscal year-end)						
City.....	322	329	314	328	(1)	14
Non-City.....	66	74	74	74	—	—
Total.....	<u>388</u>	<u>403</u>	<u>388</u>	<u>402</u>	<u>(1)</u>	<u>14</u>

Programmatic Review and Service Impact

Out-of-School Time (OST)

The Out-of-School (OST) program, which began in 2005, provides a mix of academic, recreational and cultural activities for young people after school, during holidays and in the summer. These programs, which are operated by community-based organizations, are located in schools, community and religious centers, settlement houses, cultural organizations, libraries, public housing, and the Parks Department.

In 2013, Out-of-School Time (OST) programs provide year-round programming and additional elements such as Science, Technology, Engineering and Math (STEM), to help 56,498 young people compete in the 21st Century economy. OST will operate approximately 262 programs in neighborhoods across the City serving 21,491 children in 2014.

Beacon Community Centers

These collaborative, school-based community centers were pioneered in the early 1990s and have been replicated nationally. The Beacon model combines a youth development framework with a strong community focus and is recognized as a flagship for positive youth development. Beacons focus on middle school students receiving academic enhancement, life skills, career awareness/school to work transition, civic engagement/community building, recreation/health and fitness, and culture/art. In 2014, Beacons are projected to serve 67,000 participants.

Cornerstone Program

Cornerstone programs provide activities year-round for adults and young people at 25 New York City Housing Authority (NYCHA) Community Centers in the five boroughs. Cornerstone youth programs are designed to help participants acquire the skills they need to graduate from high school, succeed in their chosen careers, and give back to the community. In 2014, the program is projected to serve 5,119 participants.

As part of the Young Men's Initiative (YMI), in January 2012, DYCD launched the Cornerstone Mentoring program serving 300 youth in all 25 Cornerstone programs. The program will increase youth engagement in learning, promote positive behavior and improve interpersonal and leadership skills.

Youth Workforce Development

The Summer Youth Employment Program (SYEP) provides New York City youth between the ages of 14 to 24 with summer employment and educational experiences. Participants work in a variety of entry-level jobs at community-based organizations, government agencies and private sector businesses and are paid for up to 25 hours per week for six weeks at \$7.25 per hour. In 2014, SYEP will be enhanced to provide targeted age-appropriate work and improved educational assignments, as well as more opportunities for vulnerable youth and greater engagement with the private sector. City funds of \$20.3 million will provide more than 14,000 SYEP slots, which will be supplemented by a projected \$4.5 million in federal funding. DYCD will also receive \$13.5 million in State funds. In total, these funds will support approximately 29,544 participants in 2014.

The Young Adult Internship Program (YAIP) promotes social and professional skills and features a combination of educational workshops, counseling, and short-term paid internships. YAIP operates three 14-week cycles each year and will receive \$3 million through YMI for a total of \$11.4 million in 2014. The program is expected to serve 1,740 participants.

The Department also provides employment services through federal Workforce Investment Act (WIA) funding. The In-School Youth (ISY) program is intended to improve literacy, job readiness, and other workplace preparation skills. Programs for Out-of-School Youth (OSY) focus on educational goals and placement in employment or advanced occupational training. In 2014, the Department projects that OSY will serve 1,255 youth, and that ISY will serve 1,538 youth.

Runaway and Homeless Youth Services

DYCD funds programs to protect runaway and homeless youth and, whenever possible, reunite them with their families. For youth in need of intensive residential assistance, Crisis Shelters offer safe and welcoming environments on a short-term basis, while Transitional Independent Living facilities combine longer-term shelter with training and support designed to place formerly homeless youth on the path to independence. Charged with giving vulnerable young people the resources they need to stabilize their lives, services also include Referral Services and Drop-In Centers. In 2014, DYCD will provide funding for 41 crisis shelter beds and 53 Transitional Independent beds.

DYCD is partnering with the Administration for Children's Services to serve sexually exploited youth through a grant from the State Office of Children and Family Services. Services will include case management, training, street outreach services and summer jobs.

Literacy Services

In 2014, DYCD projects allocating \$6.1 million to serve 4,280 participants through all of its literacy programs. This includes:

Adult Literacy services will be supported by a projected \$3.1 million in Community Services Block Grant and Community Development Block Grant funding to provide English for Speakers of Other Languages (ESOL), Adult Basic Education, and General Education Development (GED) programming.

The Young Adult Literacy Program is funded through CEO and YMI providing a total of nearly \$2 million funding 17 sites. The program serves young people who need help acquiring the reading and writing skills needed to take the GED exam. It also provides paid internships to students who maintain 80% or better attendance rates.

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

Neighborhood Development Programs

DYCD administers the federal Community Services Block Grant program to fund anti-poverty initiatives in 43 designated low-income Neighborhood Development Areas (NDAs) across the five boroughs of New York City. The NDA programs are designed to allow individual neighborhoods to fund the social services they determine best meet their particular needs. In 2013, the Department allocated \$15.7 million to these programs, which provided immigrant services, family support services, youth development, senior support, and housing assistance. In 2014, DYCD will issue a solicitation for new contracts commencing in 2015.

Fatherhood Programs

By promoting positive involvement of fathers in the lives of their children, DYCD's 11 CSBG-funded Fatherhood programs strengthen family relationships and encourage fathers to fulfill their financial responsibilities. Fatherhood services include individual, family and group counseling; father-to-father mentoring; parent and child rearing classes; visitation arrangements; and mediation and conflict resolution training. Support activities include independent living skills training, college preparation classes, and adult basic education and English instruction for speakers of other languages. DYCD also encourages program providers to form linkages with other organizations to address the comprehensive needs of fathers, including job training and placement, health care, and housing. The programs also provide intensive case management in order to address multiple barriers such as education and employment, as well as conflict management and violence prevention to help develop healthy and supportive relationships.

DEPARTMENT OF HOMELESS SERVICES

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

In 2014, the Department will continue to utilize innovative strategies to prevent homelessness, reduce the length of shelter stay and assist families and individuals in achieving self-sufficiency in permanent housing. DHS will also provide targeted assistance to individuals with medical, substance abuse and mental health issues so that they successfully move off the City's streets and into housing.

Financial Review

The Department's 2014 Executive Budget provides for operating expenses of \$903.5 million, of which \$449 million are City funds. Capital commitments of \$51.2 million are also provided.

Expense Budget Highlights

Budgetary Priorities: Providing Core Services

- in 2014, an additional \$18.9 million in City funds will support 799 units of shelter for single homeless adults. As of March 2013, there were 9,818 single adults served in City shelter.
- in 2014, an additional \$9 million in City funds and \$34.4 million in total funds will support 1,200 homeless family units. As of March 2013, there were 11,882 homeless families served in City shelter.

Budgetary Priorities: Restructuring and Streamlining

- in 2013, the Department implemented an employment initiative that will increase single adult shelter exits by providing subsidized transitional jobs to help enable a successful transition into the community.
- in 2014, the Department will initiate a new electronic attendance verification system that will maximize efficient use of existing shelter capacity, reduce inappropriate care day payments and improve claiming rates.
- in cooperation with contracted providers, in 2013 the Department implemented changes to the Homebase Prevention program, including a new screening and assessment process that will allow the program to more accurately target those at risk for homelessness.

Summary of Agency Financial Data

The following table compares the 2014 Executive Budget with the 2014 Preliminary Budget, the 2013 forecast and actual expenditures for 2012, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services and debt service.

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

	2012 Actual	2013 Forecast	2014		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2013 Forecast	2014 Preliminary Budget
Expenditures						
Salary and Wages.....	\$112,612	\$118,424	\$119,471	\$119,471	\$1,047	\$—
Fringe Benefits.....	1,177	1,585	1,585	1,585	—	—
OTPS.....	786,732	880,329	727,445	782,443	(97,886)	54,998
Total.....	<u>\$900,521</u>	<u>\$1,000,338</u>	<u>\$848,501</u>	<u>\$903,499</u>	<u>(\$96,839)</u>	<u>\$54,998</u>
Funding						
City.....	\$427,209	\$468,368	\$436,535	\$449,392	(\$18,976)	\$12,857
Other Categorical Grants.....	82	—	—	—	—	—
IFA.....	—	—	—	—	—	—
State.....	104,418	128,592	109,791	127,749	(843)	17,958
Federal CD.....	4,496	4,098	4,098	4,098	0	0
Federal Other.....	329,293	398,200	297,177	321,360	(76,840)	24,183
Intra-City Other.....	35,023	1,080	900	900	(180)	0
Total.....	<u>\$900,521</u>	<u>\$1,000,338</u>	<u>\$848,501</u>	<u>\$903,499</u>	<u>(\$96,839)</u>	<u>\$54,998</u>
Additional Costs Centrally Funded						
Personal Services (PS).....						
Fringe Benefits.....	\$40,816	\$42,600	\$44,717	\$44,812	\$2,212	\$95
Pensions.....	19,201	21,087	21,372	21,347	260	(25)
Other Than Personal Service (OTPS)						
Legal Services.....	1,314	806	937	820	14	(117)
Judgments and Claims.....	422	979	1,039	1,039	60	—
Debt Service.....	—	—	—	—	—	—
Total Additional Costs.....	<u>\$61,753</u>	<u>\$65,472</u>	<u>\$68,065</u>	<u>\$68,018</u>	<u>\$2,546</u>	<u>(\$47)</u>
Funding						
City.....	50,020	54,097	57,378	57,346	3,249	(32)
Non-City.....	11,733	11,375	10,687	10,672	(703)	(15)
Intra-City Additional Costs.....	—	—	—	—	—	—
Full Agency Costs (including Central Accounts)						
Salary and Wages.....	\$112,612	\$118,424	\$119,471	\$119,471	\$1,047	\$—
Fringe Benefits.....	41,993	44,185	46,302	46,397	2,212	95
Pensions.....	19,201	21,087	21,372	21,347	260	(25)
Total PS.....	<u>\$173,806</u>	<u>\$183,696</u>	<u>\$187,145</u>	<u>\$187,215</u>	<u>\$3,519</u>	<u>\$70</u>
OTPS.....	\$786,732	\$880,329	\$727,445	\$782,443	(\$97,886)	\$54,998
Legal Services.....	1,314	806	937	820	14	(117)
Judgments and Claims.....	422	979	1,039	1,039	60	—
Debt Service.....	—	—	—	—	—	—
Total OTPS.....	<u>\$788,468</u>	<u>\$882,114</u>	<u>\$729,421</u>	<u>\$784,302</u>	<u>(\$97,812)</u>	<u>\$54,881</u>
Total Agency Costs.....	\$962,274	\$1,065,810	\$916,566	\$971,517	(\$94,293)	\$54,951
Less Intra-City.....	<u>\$35,023</u>	<u>\$1,080</u>	<u>\$900</u>	<u>\$900</u>	<u>(\$180)</u>	<u>\$—</u>
Net Agency Cost.....	<u>\$927,251</u>	<u>\$1,064,730</u>	<u>\$915,666</u>	<u>\$970,617</u>	<u>(\$94,113)</u>	<u>\$54,951</u>
Funding						
City.....	477,229	522,465	493,913	506,738	(15,727)	12,825
Non-City.....	450,022	542,265	421,753	463,879	(78,386)	42,126
Personnel (includes FTEs at fiscal year-end)						
City.....	1,762	1,861	1,960	1,960	99	—
Non-City.....	57	75	—	—	(75)	—
Total.....	<u>1,819</u>	<u>1,936</u>	<u>1,960</u>	<u>1,960</u>	<u>24</u>	<u>—</u>

Programmatic Review and Service Impact

Single Adult Services

The Department provides a variety of services for homeless single adults, including street outreach, safe havens, drop-in centers and stabilization beds for those who do not embrace traditional shelter; general and specialized transitional facilities; and housing assistance, including housing placement and supportive housing. In March 2013, the average daily census in single adult shelters was 9,818.

In 2014 the Department will implement several initiatives aimed at assisting homeless single adults in finding permanent housing solutions. In 2014 the Department will continue linking clients to employment opportunities, including private market subsidized jobs, and will enhance diversion for single adults to help those seeking shelter remain in the community if stable housing is possible.

The Department also maintains a commitment to low demand housing and other alternative program options for individuals living on the streets. In 2014, DHS will continue to operate 545 safe haven beds and 300 stabilization beds as well as four drop-in centers. In March 2013, an average of 536 clients were served each day in safe havens and 526 were served in drop-in centers.

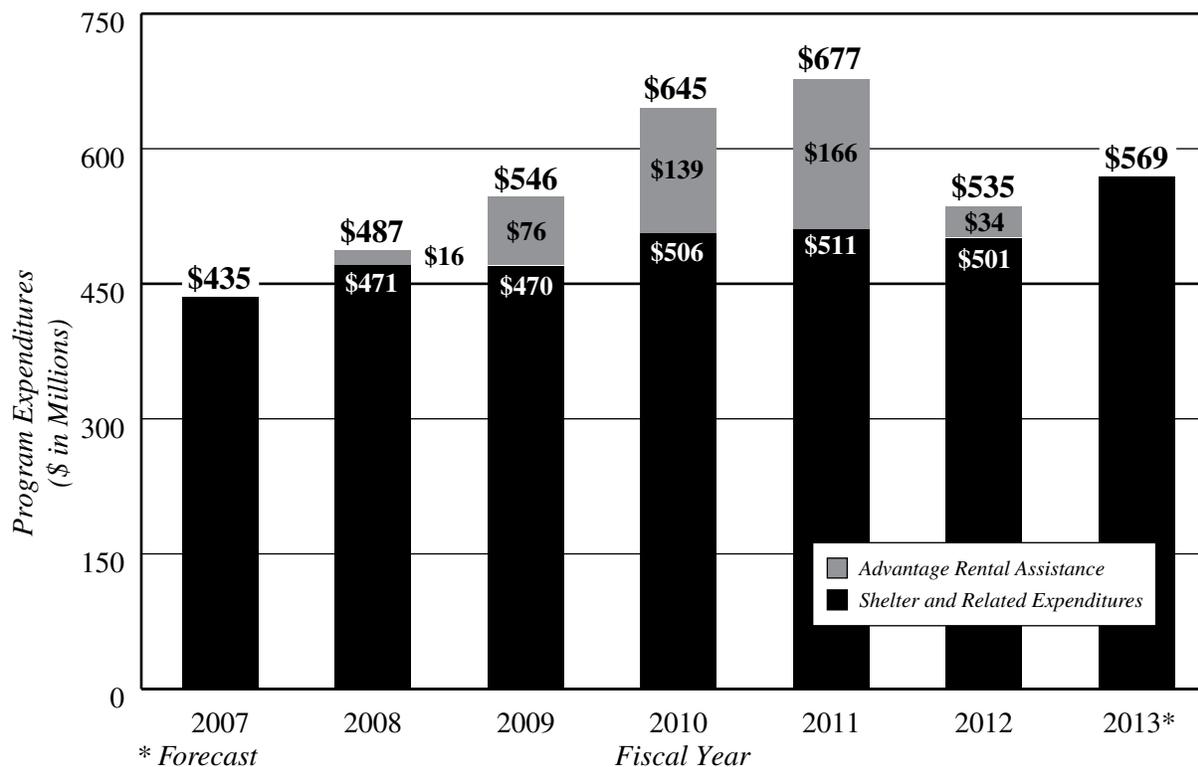
Family Services

The Department serves homeless families with children through a network of facilities that provide transitional housing and support services designed to maximize family stability and help families move back to the community as quickly as possible. In March 2013, the average daily shelter census of families with children was 10,116.

Since the termination of the City's Advantage rental subsidy program in March 2011, the Department has focused on strategies to help families become self-sufficient and successfully return to permanent housing in the community.

The Department continues to ensure that families access all supports available to help them transition to self-sufficiency. They are required to apply for Cash Assistance and, through this process, receive access to a full range of employment and rehabilitative programs to help prepare for and obtain employment. Through its network of providers, the Department also helps families gain access to food stamps, child support, tax credits and work supports. In 2014 the Department will continue its focus on child well-being, including school attendance and infant safe sleeping initiatives, as well as continued collaboration with the Administration for Children's Services (ACS) to provide preventative services where appropriate.

HOMELESS FAMILIES - PROGRAM EXPENDITURES: 2007-2013



Homelessness Prevention

The Homebase prevention program, located at 15 store fronts throughout the five boroughs, serves families and individuals with customized assistance specifically tailored to address housing crises. Homebase is a “single-stop” model, offering a full array of services and case management including eviction prevention counseling, free legal assistance, short-term financial assistance, and help in obtaining employment and public benefits. Since its inception in 2004, the program has served over 45,000 families and individuals, and over 90 percent of those served have avoided entering shelter. The Department also funds anti-eviction legal services, through ten not-for-profit organizations in all five boroughs, that help over 6,000 families a year avoid eviction and remain stably housed in their community.

Capital Review

The Ten-Year Capital Strategy for 2014-2023 totals \$151.9 million, including \$53.4 million for homeless family facilities, \$68.8 million for single adult facilities, \$29.7 million allocated for computer systems and equipment purchases. The table below reflects capital commitments by program area over the 2013-2017 period.

Capital Commitments

(\$ in 000's)

	2012 Actual		2013 Plan		2014 Plan		2015 Plan		2016 Plan		2017 Plan	
	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds
Homeless Families	\$4,359	\$4,359	\$14,351	\$14,351	\$11,230	\$11,230	\$10,282	\$10,282	\$0	\$0	\$0	\$0
Homeless Individuals.....	12,992	12,992	24,498	24,498	30,500	30,500	3,868	3,868	492	492	0	0
Equipment and Vehicles	451	451	407	407	256	256	264	264	264	264	211	211
Information Technology	6,397	6,397	11,240	11,240	9,230	9,230	800	800	0	0	0	0
Total	<u>\$24,199</u>	<u>\$24,199</u>	<u>\$50,496</u>	<u>\$50,496</u>	<u>\$51,216</u>	<u>\$51,216</u>	<u>\$15,214</u>	<u>\$15,214</u>	<u>\$756</u>	<u>\$756</u>	<u>\$211</u>	<u>\$211</u>

Highlights of the Ten-Year Capital Plan

- exterior and interior building upgrades at shelter facilities for homeless adults (\$68.8 million), including the design and installation of an independent heating system for eight buildings on Wards Island (\$4.5 million), and building rehabilitation at the 30th Street Men’s Shelter and Intake Center (\$5.2 million).
- exterior and interior building upgrades at shelter facilities for homeless families (\$53.4 million), including bathroom upgrades at the Auburn Family Shelter (\$4.8 million).
- information technology upgrades and equipment purchases (\$29.7 million), including the development of an electronic attendance verification system (\$7 million).

DEPARTMENT FOR THE AGING

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

Financial Review

The Department's 2014 Executive Budget provides for operating expenses of \$225.6 million, of which \$116.6 million are City funds. Capital commitments of \$7.4 million are also provided.

Expense Budget Highlights

Budgetary Priorities: Providing Core Services

- in 2013, the Department will release a request for proposals (RFP) for Naturally Occurring Retirement Communities (NORCs) to strengthen and promote the ongoing evolution of this important program model. DFTA plans to announce contract awards later this summer.
- in 2013, two additional Innovative Senior Centers (ISCs) opened, for a total of 10 throughout the five boroughs. ISCs offer a new model of centers for older New Yorkers by providing enhanced programming, including robust wellness programs, additional access to health care services, arts and cultural programs, as well as new technological and volunteer opportunities.
- in 2013, the Department will continue to collaborate with other City agencies and private partners to maximize seniors' access to services.

Summary of Agency Financial Data

The following table compares the 2014 Executive Budget with the 2014 Preliminary Budget, the 2013 forecast and actual expenditures for 2012, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services and debt service.

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

	2012 Actual	2013 Forecast	2014		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2013 Forecast	2014 Preliminary Budget
Expenditures						
Salary and Wages.....	\$24,403	\$24,482	\$24,977	\$23,986	(\$496)	(\$991)
Fringe Benefits.....	—	42	242	—	(42)	(242)
OTPS.....	233,378	244,491	207,765	201,606	(42,885)	(6,159)
Total.....	<u>\$257,781</u>	<u>\$269,015</u>	<u>\$232,984</u>	<u>\$225,592</u>	<u>(\$43,423)</u>	<u>(\$7,392)</u>
Funding						
City.....	\$144,644	\$139,175	\$116,408	\$116,640	(\$22,535)	\$232
Other Categorical Grants.....	6	130	—	—	(130)	—
IFA.....	—	—	—	—	—	—
State.....	35,717	37,473	36,968	37,018	(455)	50
Federal CD.....	1,755	2,781	2,235	2,235	(546)	—
Federal Other.....	72,491	86,417	76,779	69,105	(17,312)	(7,674)
Intra-City Other.....	3,168	3,039	594	594	(2,445)	—
Total.....	<u>\$257,781</u>	<u>\$269,015</u>	<u>\$232,984</u>	<u>\$225,592</u>	<u>(\$43,423)</u>	<u>(\$7,392)</u>
Additional Costs Centrally Funded						
Personal Services (PS).....						
Fringe Benefits.....	\$7,124	\$7,245	\$7,870	\$7,636	\$391	(\$234)
Pensions.....	4,283	4,946	4,584	4,578	(368)	(6)
Other Than Personal Service (OTPS)						
Legal Services.....	39	72	108	74	2	(34)
Judgments and Claims.....	—	103	110	110	7	—
Debt Service.....	—	—	—	—	—	—
Total Additional Costs.....	<u>\$11,446</u>	<u>\$12,366</u>	<u>\$12,672</u>	<u>\$12,398</u>	<u>\$32</u>	<u>(\$274)</u>
Funding						
City.....	10,829	11,788	12,055	11,858	70	(197)
Non-City.....	617	578	617	540	(38)	(77)
Intra-City Additional Costs.....	—	—	—	—	—	—
Full Agency Costs (including Central Accounts)						
Salary and Wages.....	\$24,403	\$24,482	\$24,977	\$23,986	(\$496)	(\$991)
Fringe Benefits.....	7,124	7,287	8,112	7,636	349	(476)
Pensions.....	4,283	4,946	4,584	4,578	(368)	(6)
Total PS.....	<u>\$35,810</u>	<u>\$36,715</u>	<u>\$37,673</u>	<u>\$36,200</u>	<u>(\$515)</u>	<u>(\$1,473)</u>
OTPS.....	\$233,378	\$244,491	\$207,765	\$201,606	(\$42,885)	(\$6,159)
Legal Services.....	39	72	108	74	2	(34)
Judgments and Claims.....	—	103	110	110	7	—
Debt Service.....	—	—	—	—	—	—
Total OTPS.....	<u>\$233,417</u>	<u>\$244,666</u>	<u>\$207,983</u>	<u>\$201,790</u>	<u>(\$42,876)</u>	<u>(\$6,193)</u>
Total Agency Costs.....	\$269,227	\$281,381	\$245,656	\$237,990	(\$43,391)	(\$7,666)
Less Intra-City.....	<u>\$3,168</u>	<u>\$3,039</u>	<u>\$594</u>	<u>\$594</u>	<u>(\$2,445)</u>	<u>\$—</u>
Net Agency Cost.....	<u>\$266,059</u>	<u>\$278,342</u>	<u>\$245,062</u>	<u>\$237,396</u>	<u>(\$40,946)</u>	<u>(\$7,666)</u>
Funding						
City.....	155,473	150,963	128,463	128,498	(22,465)	35
Non-City.....	110,586	127,379	116,599	108,898	(18,481)	(7,701)
Personnel (includes FTEs at fiscal year-end)						
City.....	59	81	78	79	(2)	1
Non-City.....	774	647	668	625	(22)	(43)
Total.....	<u>833</u>	<u>728</u>	<u>746</u>	<u>704</u>	<u>(24)</u>	<u>(42)</u>

Programmatic Review and Service Impact

Senior Centers

The core of DFTA's service portfolio is a Citywide network of senior centers. In addition to supporting congregate meals, senior centers offer older New Yorkers opportunities for socialization, recreation, and participation in a wide array of activities designed to improve their health and quality of life. In 2012, DFTA awarded contracts for eight Innovative Senior Centers (ISCs). ISCs are enhanced senior center models that in addition to providing meals and opportunities to socialize, offer specialized programs to improve health outcomes. Two centers focus on special populations – Lesbian, Gay, Bi-sexual and Transgender seniors (LGBT) and visually impaired seniors. Two additional ISCs opened in 2013.

In addition, DFTA initiated a streamlined procurement process for neighborhood senior centers. New contracts for these centers were awarded in 2013. In 2012, senior centers served almost eight million congregate meals and are expected to serve approximately the same number in 2013 and 2014. In 2014, \$103 million will support senior center services and meals.

Case Management and Home Delivered Meals Services

Case management services connect older New Yorkers to social service resources in the community. In 23 service areas in the City, case management workers perform comprehensive in-home assessments of homebound seniors. Following the assessment, eligible seniors may receive home delivered meals, home care, and other benefits. Seniors are referred to case management providers from senior centers, meal providers, hospitals and other community-based social service and health care agencies. In 2014, \$15.3 million will support case management services for approximately 18,000 clients.

DFTA has 23 contracts citywide for home delivered meals, which offer seniors the option of frozen or hot meal deliveries. DFTA serves approximately 3.65 million meals annually to 16,500 clients. In 2014, \$28.4 million will support home delivered meals.

Employment Services

DFTA addresses the employment needs of older New Yorkers through its Senior Community Service Employment Program. In 2014, this \$4 million program will provide part-time on-the-job training to over 600 low income participants. Clients serve their communities while receiving job training and other support services to facilitate re-entry into the workforce. Placements are made in City agencies and with not-for-profit employers.

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

Naturally Occurring Retirement Communities

Naturally Occurring Retirement Communities (NORCs) are on-site collaborations among housing entities, social service providers, and healthcare networks that allow seniors to remain in their own homes. The Department provides \$5.4 million to NORC supported social services programs for over 15,600 residents in the Bronx, Brooklyn, Manhattan, and Queens. The NORCs program model has gained national recognition, placing New York City in the forefront of adapting programs to meet the changing needs of the elderly population.

In addition to the classic NORC model, DFTA is exploring an expansion of the NORC model into a hybrid NORC, in which a classic NORC collaborates on program offerings with a senior center located in or near the housing facility. All NORCs will provide NORC case management for homebound and non-homebound seniors,

offer assistance with public benefits and provide healthcare management. NORCs will also be required to offer a Health Indicators program, with the option to implement the existing program or an alternative model. The Health Indicators program collects baseline health data from seniors, followed by assistance and interventions from healthcare providers. Optional group services and activities include recreational trips, exercise classes and arts workshops.

Capital Review

The Department’s Ten-Year Capital Strategy for 2014-2023 totals \$21.6 million. The Ten-Year Capital Strategy includes rehabilitation of senior centers throughout the City and information technology projects to improve operations. Capital improvements to senior centers include fire suppression systems, heat and hot water systems, and renovations for handicapped accessibility. Technology upgrades include computer lab expansions and the installation of high-speed Internet connections in senior centers. The table below reflects capital commitments by program area over the 2013-2017 timeframe.

Capital Commitments (\$ in 000’s)

	2012 Actual		2013 Plan		2014 Plan		2015 Plan		2016 Plan		2017 Plan	
	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds
Elec. Data Processing	\$82	\$82	\$14,014	\$14,014	\$2,021	\$2,021	\$0	\$0	\$0	\$0	\$0	\$0
Building Renovations and Vehicles	\$4,188	\$4,188	\$12,308	\$12,308	\$5,361	\$5,361	\$2,703	\$2,703	\$1,741	\$1,741	\$384	\$384
Total	<u>\$4,270</u>	<u>\$4,270</u>	<u>\$26,322</u>	<u>\$26,322</u>	<u>\$7,382</u>	<u>\$7,382</u>	<u>\$2,703</u>	<u>\$2,703</u>	<u>\$1,741</u>	<u>\$1,741</u>	<u>\$384</u>	<u>\$384</u>

Highlights of the Ten-Year Capital Plan

- infrastructure improvements to the City’s senior center network, including renovations and repairs to existing facilities (\$16.3 million).
- computer network upgrades and equipment purchases (\$5.2 million).
- a new Client Data System to better manage and track the services provided to older New Yorkers, and to more efficiently report statistical information to oversight agencies.

DEPARTMENT OF HEALTH AND MENTAL HYGIENE

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

In 2014, the Department will continue its focus on reducing the incidence of preventable and treatable conditions; reducing smoking; decreasing obesity rates; decreasing dependence on alcohol and drugs; conducting inspections to ensure the safety of food, water and air; responding to and remediating environmental hazards that threaten the safety and health of New Yorkers; improving primary medical care through electronic health record implementation; improving HIV prevention and the care, housing, and treatment of individuals with HIV/AIDS; improving the clinical and rehabilitation system for individuals with serious mental illness; promoting the integration of physical and behavioral health care; and ensuring the health and safety of New Yorkers in emergency situations. The Department will continue to target its public health activities towards those communities that bear a disproportionate share of physical and mental illness and premature death, relying on evidence-based programs and interventions.

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

Financial Review

The Department's 2014 Executive Budget provides for operating expenses of \$1.5 billion, of which \$571 million are City funds. The Department will add additional funding of approximately \$60 million to the budget during the fiscal year when Federal and State award notifications are received. Capital commitments of \$197 million are also provided to fund agency initiatives.

Revenue Forecast

The Department generates revenue from licenses, permits, inspection and service fees. In 2014, the Department will generate \$37.2 million from these sources, \$3.8 million more than the amount for 2013. This change is primarily due to the projected increase of the dog license fee.

Expense Budget Highlights

Budgetary Priorities: Providing Core Services

- to increase support for New Yorkers with mental illnesses who become involved with the City's criminal courts.
- to enhance enforcement of mobile food vendor regulations at the administrative tribunal.
- to restructure mental health services for inmates at Rikers Island.

Summary of Agency Financial Data

The following compares the 2014 Executive Budget with the 2014 Preliminary Budget, the 2013 forecast and actual expenditures for 2012, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services, and debt service.

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

	2012 Actual	2013 Forecast	2014		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2013 Forecast	2014 Preliminary Budget
Expenditures						
Salary and Wages.....	\$382,612	\$390,505	\$361,512	\$362,466	(\$28,039)	\$954
Fringe Benefits.....	1,192	967	424	424	(543)	—
Medical Assistance.....	400	400	400	400	—	—
Other OTPS.....	1,185,365	1,291,111	1,172,489	967,961	(323,150)	(204,528)
Total.....	\$1,569,569	\$1,682,983	\$1,534,825	\$1,331,251	(\$351,732)	(\$203,574)
Funding						
City.....	\$612,631	\$621,688	\$571,775	\$590,012	(\$31,676)	\$18,237
Other Categorical Grants.....	9,544	11,515	9,394	1,210	(10,305)	(8,184)
IFA.....	—	—	—	—	—	—
State.....	536,921	582,615	551,800	453,023	(129,592)	(98,777)
Federal CD.....	—	—	—	—	—	—
Federal Other.....	395,041	449,696	397,323	282,508	(167,188)	(114,815)
Intra-City Other.....	15,432	17,469	4,533	4,498	(12,971)	(35)
Total.....	\$1,569,569	\$1,682,983	\$1,534,825	\$1,331,251	(\$351,732)	(\$203,574)
Additional Costs Centrally Funded						
Personal Services (PS).....						
Fringe Benefits.....	\$119,521	\$122,592	\$126,431	\$126,374	\$3,782	(\$57)
Pensions.....	65,704	70,909	72,088	72,001	1,092	(87)
Other Than Personal Service (OTPS)						
Legal Services.....	1,929	2,091	2,185	2,128	37	(57)
Judgments and Claims.....	309	1,433	1,522	1,522	89	—
Debt Service.....	48,664	44,788	47,318	49,687	4,899	2,369
Total Additional Costs.....	\$236,127	\$241,813	\$249,544	\$251,712	\$9,899	\$2,168
Funding						
City.....	205,671	208,865	216,748	219,376	10,511	2,628
Non-City.....	30,456	32,948	32,796	32,336	(612)	(460)
Full Agency Costs (including Central Accounts)						
Salary and Wages.....	\$382,612	\$390,505	\$361,512	\$362,466	(\$28,039)	\$954
Fringe Benefits.....	120,713	123,559	126,855	126,798	3,239	(57)
Pensions.....	65,704	70,909	72,088	72,001	1,092	(87)
Total PS.....	\$569,029	\$584,973	\$560,455	\$561,265	(\$23,708)	\$810
Medical Assistance.....	\$400	\$400	\$400	\$400	\$—	\$—
Other OTPS.....	1,185,365	1,291,111	1,172,489	967,961	(323,150)	(204,528)
Legal Services.....	1,929	2,091	2,185	2,128	37	(57)
Judgments and Claims.....	309	1,433	1,522	1,522	89	—
Debt Service.....	48,664	44,788	47,318	49,687	4,899	2,369
Total OTPS.....	\$1,236,667	\$1,339,823	\$1,223,914	\$1,021,698	(\$318,125)	(\$202,216)
Total Agency Costs.....	\$1,805,696	\$1,924,796	\$1,784,369	\$1,582,963	(\$341,833)	(\$201,406)
Less Intra-City.....	\$15,432	\$17,469	\$4,533	\$4,498	(\$12,971)	(\$35)
Net Agency Cost.....	\$1,790,264	\$1,907,327	\$1,779,836	\$1,578,465	(\$328,862)	(\$201,371)
Funding						
City.....	818,302	830,553	788,523	809,388	(21,165)	20,865
Non-City.....	971,962	1,076,774	991,313	769,077	(307,697)	(222,236)
Personnel (includes FTEs at fiscal year-end)						
City.....	4,268	4,701	4,483	4,567	(134)	84
Non-City.....	1,493	1,701	1,279	1,278	(423)	(1)
Total.....	5,761	6,402	5,762	5,845	(557)	83

Programmatic Review and Service Impact

Take Care New York (TCNY) is a comprehensive health policy for New York City laying out the Department's plans to help all New Yorkers live longer and healthier lives, with measurable goals in 10 key areas. The Department first launched TCNY in 2004, and surpassed its 2008 goals in four of the priority areas and made significant progress in three others. In 2009, the Department launched TCNY 2012 to build on those successes. The Department is currently developing TCNY 2016, which will build on the two prior iterations, with a focus on partnership and community engagement, the reduction of health disparities, and particular attention to the health of children and youth. TCNY 2016 is set for release in the fall of 2013. In the interim the Department will work strategically with its more than 600 partners to develop and implement initiatives to help make New York City even healthier.

The Executive Budget includes proposals to help reduce the budget gap for 2014 and out. Potential impacts on the public include:

- elimination of the Nicotine Replacement Therapy program by 2015.
- newly scheduled operating hours of Sexually Transmitted Disease clinics.
- elimination of one immunization clinical team.
- elimination of the supplemental funding for four school based health centers.
- reduction in contracted services for substance abuse, work readiness programs, and intensive care coordination services.
- elimination of outreach and education at the East Harlem Asthma Center.

Mental Hygiene Services

The Department seeks to prevent and address mental illness, substance use, and developmental disabilities and delays among New York City's children and adults. The Department provides planning, funding, and oversight of mental health, developmental disabilities, alcohol and drug abuse, and Early Intervention services. Hundreds of thousands of mental hygiene consumers are served annually through contracts and agreements with community-based provider agencies, hospitals and other City agencies. Key activities include continued implementation of supportive housing through the New York-New York III initiative, improved care coordination for individuals with serious mental illness, and addressing the emerging problem of prescription opioid misuse.

Mental Health

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

Alcohol and Drug Use Prevention, Care and Treatment

The Department seeks to prevent the development of alcohol and drug use problems, to educate and assist individuals to reduce problem use, to access long-term treatment for dependence, and to prevent health risks related to use. The Department will continue its buprenorphine initiative for individuals who seek an alternative treatment for opioid dependence and efforts to reduce overdose mortality through prevention education and promoting the

use of naloxone, an antidote to opioid overdose. To identify and intervene with problem drinking, the Department will continue to expand and promote patient screening and brief intervention in primary care settings.

Early Intervention Services and Developmental Disabilities

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

The Early Intervention (EI) program identifies and serves children from birth to age three with developmental delays or disabilities. Services are designed to reduce or eliminate delays and enable families to manage their children's needs and support their development. The Department coordinates the development of each family's individualized service plan and authorizes all EI services to more than 30,000 children and their families annually. It also monitors the quality of EI services, which are provided by a network of approximately 100 contracted agencies operating under agreement with the State Department of Health.

Public Health Services

Disease Control

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

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

Sexually Transmitted Disease Control provides testing and treatment services to curtail the spread of infections, supports outreach activities and targeted screening through community-based organizations, conducts provider training, and sponsors a partner self-notification website. The Department is deploying web-based tools to improve investigations of syphilis cases and is expanding testing in its clinics to improve detection and control of antibiotic-resistant gonorrhea.

The Bureau of Tuberculosis Control provides direct patient care, education, surveillance, and outreach to reduce the incidence of tuberculosis (TB). TB continues to decline with only 651 cases reported in calendar year 2012. The Department will also work with medical providers and local hospitals, community boards, and community-based organizations to raise awareness and reduce the spread of disease in specific populations that continue to have high rates of TB.

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

The Bureau of Immunization conducts activities to promote on time and up-to-date vaccination of children, adolescents, and adults through vaccine distribution, clinical services, provider outreach and support, public communication and monitoring coverage rates and conducts surveillance to identify cases of vaccine preventable diseases and outbreak control.

The Bureau of Communicable Diseases tracks, investigates, and educates the public and healthcare providers on high priority infectious diseases, including those transmitted by contaminated food, contaminated water, contact with animals, contact with infected persons, and other routes. Major priorities include monitoring hepatitis C, a virus which is causing an increasing number of deaths in the City.

Epidemiology

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

Key activities during 2014 include helping the Department establish research priorities; launching the second NYC Health and Nutrition Examination Survey in conjunction with the CUNY School for Public Health, which will enable researchers to evaluate the impact of policies enacted since 2004 to improve health; publishing a planning document to help researchers assess the strengths and weaknesses of using electronic health records for population health surveillance; developing surveillance plans for physical activity and emergencies; and assessing the mental health impacts of Hurricane Sandy on World Trade Center Health Registry enrollees who experienced both disasters.

Health Promotion and Disease Prevention

In 2014, the Department will continue its focus on non-communicable diseases, which comprise the vast majority of the City's disease burden, and conditions related to maternal, child and adolescent health. The Department seeks to advance health equity among communities by directing its most intensive efforts to communities with the greatest needs.

Though smoking rates declined by over 30 percent since 2002, nearly one million New York City adults still smoke, and tobacco use remains one of the City's leading causes of preventable death. The Department will continue to promote evidence-based tobacco control interventions including educating smokers about the dangers of smoking through hard-hitting campaigns, working with the health system to improve tobacco screening and treatment, and implementing policies to reduce the presence of cheap and illegal tobacco in the City.

Improving nutrition and increasing physical activity are critical to reducing the burden of chronic disease. The Department will continue to work to decrease consumption of unhealthy food items by continuing educational campaigns aimed at reducing sugar-sweetened beverage consumption. The Department will also work to increase access to healthier foods by encouraging retailers to offer healthier products through the Shop Healthy Here program, working with farmers markets and community organizations to distribute Health Bucks, working to reduce sodium through the National Salt Reduction Initiative, and implementing Active Design Guidelines to promote physical activity in our urban landscape.

The Department will continue its efforts to improve maternal, infant and reproductive health. Since 2007, the Department has worked with City hospitals to implement evidence-based principles to increase breastfeeding initiation, duration and exclusivity. As part of the CDC's Community Transformation Grant, the Department is working with up to 20 of 40 maternity hospitals to develop a New York City Breastfeeding Hospital Collaborative, with the goal of 10 participating hospitals achieving Baby-Friendly designation by 2016. The Department launched Latch On NYC in May 2012, through which 29 hospitals voluntarily commit to support mothers who choose to breastfeed by eliminating practices that can interfere with that choice. Additionally, the Department will continue efforts to reduce infant mortality, especially in high-risk neighborhoods, through programs such as Cribs for Kids.

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

Environmental Health

The Department conducts surveillance of environmental-related disease; assesses risk from exposure to potential environmental and occupational hazards; inspects child care facilities, food service establishments and other permitted entities to ensure compliance with regulations; responds to complaints of environmental and occupational exposures; and educates the public and health care providers on environmental and occupational illnesses. Key achievements include an historic low number of children with lead poisoning and continued successful implementation of the restaurant grading program, through which 86.5 percent of the City's restaurants have 'A' grades. The Department also conducted air quality monitoring of areas impacted by Hurricane Sandy; is working to prevent gun violence through its CeaseFire program in Harlem and East New York; continues the successful Rat Indexing Initiative inspections rounds in the Bronx, Manhattan, Brooklyn and Queens; and is working to control the West Nile Virus by treating mosquito breeding sites and, if warranted, conducting spray events to control adult mosquitos in all five boroughs.

Health Care Access and Improvement

The Primary Care Information Project (PCIP) extends prevention-oriented electronic health record (EHR) systems into underserved communities to improve the quality of health care. PCIP has worked to develop tools that bring life-saving information to the point of care through clinical decision support on Take Care New York prevention priorities, and has resulted in over 3,000 primary care providers with prevention-oriented EHR systems who care for more than two million New Yorkers.

The Bureau of Correctional Health Services provides health services to approximately 85,000 people who pass through the City's correctional facilities each year. During 2012, the Department resumed the provision of required health services at the re-opened Brooklyn House of Detention.

Emergency Preparedness and Response

The Department seeks to prepare its workforce and the health care communities to prevent, mitigate the effects of, prepare for, respond to, and recover from public health and healthcare emergencies. The Department plans to implement corrective actions consequent to the evaluation of the City's response to Hurricane Sandy and implement innovative solutions to increase the volume and speed of providing mass prophylaxis to NYC residents during an emergency. The Department works with health care providers, key external agencies and partners on the City's level of health care system readiness for emergency scenarios, which includes identifying and addressing the medical and clinical needs of particularly vulnerable populations within the health care system.

Office of Chief Medical Examiner

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

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

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

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

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

Capital Review

The 2014-2023 Ten-Year Capital Strategy totals \$274.7 million, including \$239.7 million in the 2014-2017 Four-Year Plan. The 2014-2017 Four-Year Plan includes allocations for renovating facilities, new construction, information technology improvements, and the purchase of equipment. The focus of the Department’s Ten-Year Capital Strategy (2014-2023) is to identify, prioritize and support immediate needs for code compliance and other renovations at the City’s public health facilities and technology investments that are essential in providing critical public health services. Presuming Federal funding, \$3.1million is included for Sandy related damage for DOHMH and OCME in 2013.

The table below shows capital commitments by program area over the 2012-2017 period.

Capital Commitments (\$ in 000’s)

	2012 Actual		2013 Plan		2014 Plan		2015 Plan		2016 Plan		2017 Plan	
	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds
Administration	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Animal Care	\$36	\$36	\$2,701	\$2,701	\$9,119	\$9,119	\$0	\$0	\$0	\$0	\$0	\$0
Information Technology	\$2,525	\$4,084	\$11,933	\$14,591	\$6,637	\$7,037	\$4,740	\$4,740	\$2,165	\$2,165	\$5,342	\$5,342
Laboratories	-\$23	-\$23	\$6	\$6	\$56,252	\$56,252	\$56,252	\$56,252	\$56,252	\$56,252	\$0	\$0
OCME	-\$86	-\$86	\$31,818	\$32,096	\$10,946	\$10,946	\$1,052	\$1,052	\$1,810	\$1,810	\$1,468	\$1,468
Equipment	\$6,795	\$8,105	\$103,497	\$112,001	\$2,716	\$3,000	\$400	\$400	\$0	\$0	\$0	\$0
Renovation	13,434	13,434	47,397	47,598	22,387	22,387	0	0	250	250	1,179	1,179
Total	<u>\$22,681</u>	<u>\$25,550</u>	<u>\$197,352</u>	<u>\$208,993</u>	<u>\$108,057</u>	<u>\$108,741</u>	<u>\$62,444</u>	<u>\$62,444</u>	<u>\$60,477</u>	<u>\$60,477</u>	<u>\$7,989</u>	<u>\$7,989</u>

Highlights of the 2014 Capital Commitment Plan:

The Department's 2014 Capital Commitment Plan features several important projects, including:

- the initial design and renovation of the Public Health Laboratory (\$56.3 million). The Department is currently participating in a Capital Project Scope Development with OMB. The renovation of the laboratory is critical to retain the Department's status as the nation's leading municipal public health agency and to meet the public health and safety needs of all New Yorkers.
- the construction and renovation of various animal shelters (\$9.1 million).
- the replacement the Electronic Vital Events Reporting System (EVERS), which is used by over 2,000 facilities for birth and death reporting/disposition processing (\$5.4 million).

Highlights of the Ten-Year Capital Commitment Plan:

The Department's Ten-Year Capital Commitment Plan (2014-2023) features several important projects, including:

- the renovation of the Public Health Laboratory (\$168.8 million).
- information technology improvements, which include the replacement of EVERS, upgrades to the Department's network and security systems, and the purchase of critical technologies needed to maintain and improve services (\$35.3 million).
- the purchase of equipment, vehicles and upgrade network/IT infrastructure within the Office of Chief Medical Examiner (\$23.6 million).

FIRE DEPARTMENT

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

Financial Review

The Fire Department's 2014 Executive Budget provides for operating expenses of \$1.7 billion, a decrease of \$198.0 million from the amount forecasted for 2013. This variance is in part the result of \$106.6 million in Federal grant funding that has not been reflected in 2014.

Capital commitments of \$77.8 million are also provided in 2014. This represents a decrease of \$188.5 million from the amount forecasted for 2013. The 2013 forecast is greater because it includes funding for the replacement of equipment and reconstruction of facilities damaged by Hurricane Sandy, as well as variances in the number of vehicles replaced each year as per the mandated vehicle replacement cycle, and the anticipated completion of a number of information technology and facility projects in 2013.

Revenue Forecast

The Fire Department issues permits and collects fees for the inspection of fire suppression and electrical systems, places of public assembly, laboratories, high-rise buildings, and the storage and use of combustible materials. In addition, the Department realizes revenues from fees charged to out-of-state fire insurers that issue policies in New York City and to private fire alarm companies. In 2014, the revenue estimate for the Fire Department is \$89.0 million.

The Department also collects revenue from Emergency Medical Services (EMS) ambulance transports. The Fire Department is also pursuing a cost-sharing arrangement with hospitals that provide ambulance tours within the 911 system to recoup a portion of shared dispatch and telemetry costs. In 2014, total EMS revenue is projected at \$203.9 million, which is \$0.9 million more than 2013, due to an increase in EMS tours.

Expense Budget Highlights

Budgetary Priorities: Providing Core Services

- continue to provide fire extinguishment and rescue services, investigate suspicious fires, promote fire prevention, and conduct building safety inspections.
- continue to provide on-site emergency medical care and ambulance transport services Citywide.
- maintain the Department's public CPR training program through 2014, in partnership with NYC Service.
- add 12 new Basic Life Support (BLS) and six Advanced Life Support (ALS) ambulance tours to replace tours no longer provided by Westchester Square Hospital and Brookdale Hospital.
- provide OTPS funding in critical agency bureaus including EMS, fire operations, Training, and the Bureau of Facilities, at a cost of \$1.8 million.

- provide additional Quartermaster funding at cost of \$5.4 million.
- provide additional positions for the Bureaus of Legal Affairs, Facilities, Personnel, and Health Services at a net cost of \$1.4 million.
- provide five positions for the long-term maintenance and support of the Risk Based Inspection System (RBIS), at a cost of \$0.4 million.
- provide additional funding for the roll-out and maintenance of the mobile electronic Patient Care Record (ePCR) system Citywide, at a cost of \$1.0 million.

Restructuring and Streamlining

- the Bureau of Fire Prevention will generate additional fee revenue from the inspection of in-building radio communications systems, fire alarm system transmitters and new licensed places of public assembly.

Summary of Agency Financial Data

The following table compares the 2014 Executive Budget with the 2014 Preliminary Budget, the 2013 forecast and actual expenditures for 2012, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services and debt service.

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

	2012 Actual	2013 Forecast	2014		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2013 Forecast	2014 Preliminary Budget
Expenditures						
Salary and Wages.....	\$1,564,894	\$1,624,893	\$1,508,527	\$1,509,715	(\$115,178)	\$1,188
Fringe Benefits.....	18,162	35,683	31,003	30,979	(4,704)	(24)
OTPS.....	174,172	252,358	173,265	174,238	(78,120)	973
Total.....	<u>\$1,757,228</u>	<u>\$1,912,934</u>	<u>\$1,712,795</u>	<u>\$1,714,932</u>	<u>(\$198,002)</u>	<u>\$2,137</u>
Funding						
City.....	\$1,513,063	\$1,545,863	\$1,453,141	\$1,454,085	(\$91,778)	\$944
Other Categorical Grants.....	182,081	203,055	202,755	203,948	893	1,193
IFA.....	245	266	400	400	134	—
State.....	1,713	1,943	1,800	1,800	(143)	—
Federal CD.....	—	—	—	—	—	—
Federal Other.....	56,624	159,253	52,670	52,670	(106,583)	—
Intra-City Other.....	3,502	2,554	2,029	2,029	(525)	—
Total.....	<u>\$1,757,228</u>	<u>\$1,912,934</u>	<u>\$1,712,795</u>	<u>\$1,714,932</u>	<u>(\$198,002)</u>	<u>\$2,137</u>
Additional Costs Centrally Funded						
Personal Services (PS).....						
Fringe Benefits.....	\$566,439	\$605,716	\$630,804	\$627,929	\$22,213	(\$2,875)
Pensions.....	1,066,835	1,055,006	1,053,182	1,057,263	2,257	4,081
Other Than Personal Service (OTPS)						
Legal Services.....	7,270	9,015	9,963	10,036	1,021	73
Judgments and Claims.....	31,578	27,456	29,163	29,163	1,707	—
Debt Service.....	123,783	125,665	132,698	137,836	12,171	5,138
Total Additional Costs.....	<u>\$1,795,905</u>	<u>\$1,822,858</u>	<u>\$1,855,810</u>	<u>\$1,862,227</u>	<u>\$39,369</u>	<u>\$6,417</u>
Funding						
City.....	1,740,621	1,768,389	1,807,770	1,815,697	47,308	7,927
Non-City.....	55,284	54,469	48,040	46,530	(7,939)	(1,510)
Intra-City Additional Costs.....	—	—	—	—	—	—
Full Agency Costs (including Central Accounts)						
Salary and Wages.....	\$1,564,894	\$1,624,893	\$1,508,527	\$1,509,715	(\$115,178)	\$1,188
Fringe Benefits.....	584,601	641,399	661,807	658,908	17,509	(2,899)
Pensions.....	1,066,835	1,055,006	1,053,182	1,057,263	2,257	4,081
Total PS.....	<u>\$3,216,330</u>	<u>\$3,321,298</u>	<u>\$3,223,516</u>	<u>\$3,225,886</u>	<u>(\$95,412)</u>	<u>\$2,370</u>
OTPS.....	\$174,172	\$252,358	\$173,265	\$174,238	(\$78,120)	\$973
Legal Services.....	7,270	9,015	9,963	10,036	1,021	73
Judgments and Claims.....	31,578	27,456	29,163	29,163	1,707	—
Debt Service.....	123,783	125,665	132,698	137,836	12,171	5,138
Total OTPS.....	<u>\$336,803</u>	<u>\$414,494</u>	<u>\$345,089</u>	<u>\$351,273</u>	<u>(\$63,221)</u>	<u>\$6,184</u>
Total Agency Costs.....	\$3,553,133	\$3,735,792	\$3,568,605	\$3,577,159	(\$158,633)	\$8,554
Less Intra-City.....	<u>\$3,502</u>	<u>\$2,554</u>	<u>\$2,029</u>	<u>\$2,029</u>	<u>(\$525)</u>	<u>\$—</u>
Net Agency Cost.....	<u>\$3,549,631</u>	<u>\$3,733,238</u>	<u>\$3,566,576</u>	<u>\$3,575,130</u>	<u>(\$158,108)</u>	<u>\$8,554</u>
Funding						
City.....	3,253,684	3,314,252	3,260,911	3,269,782	(44,470)	8,871
Non-City.....	295,947	418,986	305,665	305,348	(113,638)	(317)
Personnel (includes FTEs at fiscal year-end)						
City.....	15,364	15,256	15,226	15,246	(10)	20
Non-City.....	40	24	21	21	(3)	—
Total.....	<u>15,404</u>	<u>15,280</u>	<u>15,247</u>	<u>15,267</u>	<u>(13)</u>	<u>20</u>

Programmatic Review and Service Impact

In 2014 the Department expects that 88 percent of the responses by fire companies will be to potentially life threatening medical and other non-fire emergencies. The Department's City-wide response time to structural fires is projected to be about four minutes in 2014; given the reduction in fire companies planned for 2014, response times may be impacted. The Department anticipates that its ambulances will respond to over 1.4 million medical incidents in 2014.

Fire Extinguishment

The Fire Department currently provides fire and rescue operations via 357 units consisting of 198 engine companies, 143 ladder companies, seven squads, five rescue units, three marine companies, and one hazardous materials unit. In 2014, funding is reduced due to the planned elimination of 20 fire companies.

Emergency Medical Services

The Department is budgeted for 642 daily ambulance tours, including the 18 new EMS tours noted above. Engine company personnel have received CFR training, and re-certification continues for those whose initial certification will expire.

Fire Prevention

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

Fire Investigation

The Bureau of Fire Investigation is responsible for investigating and determining the cause and origin of all suspicious fires, and for the apprehension of arsonists. The Department will deploy 80 City-funded Fire Marshals and 20 City-funded Supervising Fire Marshals to field duty in 2014.

Emergency Communication

The City continues work on Stage 2 of planned upgrades and enhancements to its 9-1-1 Emergency System. The majority of the capital funding for this initiative, known as the Emergency Communications Transformation Program (ECTP), is contained within DoITT's budget. In December 2011, in collaboration with the Police Department and the Fire Department, DoITT/Office of Citywide Emergency Communications completed Stage 1, which included significant upgrades to the call-taking systems and telecommunications infrastructure, as well as co-location of the Police, Fire and EMS call taking and dispatch operations into the Public Safety Answering Center in Brooklyn. Since that time, the City has successfully received more than 14 million calls on the new 9-1-1 system. ECTP's work on Stage 2 continues as the City develops a new, consolidated Fire and EMS dispatch system, and looks to install next generation technologies in a second, fully redundant Public Safety Answering Center (PSAC 2) in the Bronx, expected to be completed by the end of December 2015.

Capital Review

The 2014-2023 Ten-Year Capital Strategy totals \$556.1 million which includes \$181.9 million in the 2014-2017 Four-Year Plan. This funding will be used for the purchase of fire-fighting apparatus, support vehicles, fire suppression and emergency medical equipment, the renovation and modernization of firehouses and other facilities, and the upgrade and replacement of computer and communications systems. The table below reflects capital commitments by program area over the 2013-2017 period.

Capital Commitments

(\$000's)

	2012 Actual		2013 Plan		2014 Plan		2015 Plan		2016 Plan		2017 Plan	
	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds
Communications	\$2,248	\$1,985	\$9,755	\$10,744	\$4,234	\$4,234	\$285	\$285	\$325	\$325	\$335	\$335
Electronic Data Processing...	4,785	4,785	23,350	23,451	5,270	5,270	5,060	5,060	5,060	5,060	305	305
Reconstruction/Modernization of Facilities	33,484	33,795	58,986	70,201	55,397	55,397	5,537	5,537	4,754	4,754	3,628	3,628
Vehicles and Equipment	42,740	46,867	135,167	161,894	12,892	12,892	31,911	31,911	34,072	34,072	12,826	12,826
Total	<u>\$83,257</u>	<u>\$87,432</u>	<u>\$227,258</u>	<u>\$266,290</u>	<u>\$77,793</u>	<u>\$77,793</u>	<u>\$42,793</u>	<u>\$42,793</u>	<u>\$44,211</u>	<u>\$44,211</u>	<u>\$17,094</u>	<u>\$17,094</u>

Highlights of the 2014-2023 Ten-Year Capital Strategy and 2014-2017 Four-Year Plan

- the replacement of front-line fire-fighting apparatus according to mandated replacement cycles as well as support vehicles and equipment (\$463.5 million), which includes \$91.7 in the 2014-2017 Four-Year Plan.
- the renovation of firehouse components such as boilers, electrical upgrades, kitchens, roofs, bathrooms, waterproofing, apparatus doors, floors, and windows (\$56.9 million).
- the construction of EMS stations (\$12.4 million), including a replacement station at Queens Hospital.
- the purchase of radio equipment (\$3.9 million).
- cabling to support the Department's Voice Alarm system (\$3.7 million), which includes \$1.3 million in the 2014-2017 Four-Year Plan.
- information technology systems improvements and equipment replacement (\$15.7 million), including \$14.3 million for the replacement of the Alarm Teleprinter System (ATS).

The 2014 Plan for the Department totals \$77.8 million and highlights include:

- the replacement of front-line fire-fighting apparatus, support vehicles, fireboats, and equipment (\$12.9 million)
- the renovation of firehouse components such as boilers, electrical upgrades, kitchens, roofs, bathrooms, waterproofing, apparatus doors, floors, and windows (\$43.0 million).
- the construction of EMS stations (\$12.4 million), including a replacement station at Queens Hospital.
- the purchase of radio equipment (\$3.9 million).
- cabling to support the Department's Voice Alarm system (\$0.3 million).
- information technology systems improvements and equipment replacement (\$5.3 million), including \$4.7 million for the replacement of the Alarm Teleprinter System (ATS).

DEPARTMENT OF SANITATION

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

Financial Review

The Department of Sanitation's 2014 Executive Budget provides for operating expenses of \$1.43 billion, a decrease of \$9.8 million from the 2013 forecast.

Capital commitments of \$537.1 million are also provided in 2014, a decrease of \$57.8 million from the 2013 Plan amount.

Revenue Forecast

The Department of Sanitation generates revenue from contracts for the removal of abandoned vehicles from City streets and property, from concession fees on methane gas extracted from the Fresh Kills landfill, from the sale of recycled paper and metal to private processors, and from an assortment of miscellaneous fees and minor sales. The Department's 2014 revenue estimate is \$19.2 million from these sources.

Expense Budget Highlights

Budgetary Priorities: Providing Core Services

- continue to provide curbside and containerized refuse and recycling collection service to residential properties and eligible institutions.
- continue maintaining the cleanliness of the City by sweeping 6,000 miles of streets and collecting waste from 25,000 litter baskets located at street corners Citywide.
- respond to winter weather emergencies and keep the City's streets clear of snow and ice. The Department's 2014 snow removal budget, as required to be set by the City Charter, has been increased by \$19.0 million, based on the previous five-year spending average.
- conduct pilot residential and school organics collection programs.
- place recycling baskets at street corners and public spaces throughout the City (\$4.0 million).
- replace street corner and public space litter baskets throughout the City (\$1.2 million).

Restructuring and Streamlining

- the costs of certain interim and long-term export contracts are lower than previously budgeted. As a result, the waste export budget has been reduced by \$57.2 million in 2014.
- due to mild winter conditions, the cost of clearing snow and ice was lower than the previous five-year spending average. As a result, the 2013 snow budget has been reduced by \$15.0 million.

Summary of Agency Financial Data

The following table compares the 2014 Executive Budget with the 2014 Preliminary Budget, the 2013 forecast and actual expenditures for 2012, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services and debt service.

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

	2012 Actual	2013 Forecast	2014		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2013 Forecast	2014 Preliminary Budget
Expenditures						
Salary and Wages.....	\$754,663	\$866,493	\$799,686	\$801,471	(\$65,022)	\$1,785
Fringe Benefits.....	31,467	31,810	31,756	31,896	86	140
OTPS.....	495,089	537,132	591,717	592,234	55,102	517
Total.....	<u>\$1,281,219</u>	<u>\$1,435,435</u>	<u>\$1,423,159</u>	<u>\$1,425,601</u>	<u>(\$9,834)</u>	<u>\$2,442</u>
Funding						
City.....	\$1,241,535	\$1,292,350	\$1,400,011	\$1,402,453	\$110,103	\$2,442
Other Categorical Grants.....	1,983	2,454	750	750	(1,704)	—
IFA.....	7,285	5,116	4,916	4,916	(200)	—
State.....	4,780	39	25	25	(14)	—
Federal CD.....	14,048	14,844	14,844	14,844	—	—
Federal Other.....	8,408	117,007	—	—	(117,007)	—
Intra-City Other.....	3,180	3,625	2,613	2,613	(1,012)	—
Total.....	<u>\$1,281,219</u>	<u>\$1,435,435</u>	<u>\$1,423,159</u>	<u>\$1,425,601</u>	<u>(\$9,834)</u>	<u>\$2,442</u>
Additional Costs Centrally Funded						
Personal Services (PS).....						
Fringe Benefits.....	\$318,592	\$366,384	\$361,009	\$359,424	(\$6,960)	(\$1,585)
Pensions.....	277,319	285,056	291,044	297,319	12,263	6,275
Other Than Personal Service (OTPS)						
Legal Services.....	7,383	5,666	5,315	5,766	100	451
Judgments and Claims.....	42,536	45,886	48,739	48,739	2,853	—
Debt Service.....	261,369	318,312	336,292	314,062	(4,250)	(22,230)
Total Additional Costs.....	<u>\$907,199</u>	<u>\$1,021,304</u>	<u>\$1,042,399</u>	<u>\$1,025,310</u>	<u>\$4,006</u>	<u>(\$17,089)</u>
Funding						
City.....	883,595	974,329	1,013,938	1,001,660	27,331	(12,278)
Non-City.....	23,604	46,975	28,461	23,650	(23,325)	(4,811)
Intra-City Additional Costs.....	—	—	—	—	—	—
Full Agency Costs (including Central Accounts)						
Salary and Wages.....	\$754,663	\$866,493	\$799,686	\$801,471	(\$65,022)	\$1,785
Fringe Benefits.....	350,059	398,194	392,765	391,320	(6,874)	(1,445)
Pensions.....	277,319	285,056	291,044	297,319	12,263	6,275
Total PS.....	<u>\$1,382,041</u>	<u>\$1,549,743</u>	<u>\$1,483,495</u>	<u>\$1,490,110</u>	<u>(\$59,633)</u>	<u>\$6,615</u>
OTPS.....	\$495,089	\$537,132	\$591,717	\$592,234	\$55,102	\$517
Legal Services.....	7,383	5,666	5,315	5,766	100	451
Judgments and Claims.....	42,536	45,886	48,739	48,739	2,853	—
Debt Service.....	261,369	318,312	336,292	314,062	(4,250)	(22,230)
Total OTPS.....	<u>\$806,377</u>	<u>\$906,996</u>	<u>\$982,063</u>	<u>\$960,801</u>	<u>\$53,805</u>	<u>(\$21,262)</u>
Total Agency Costs.....	\$2,188,418	\$2,456,739	\$2,465,558	\$2,450,911	(\$5,828)	(\$14,647)
Less Intra-City.....	<u>\$3,180</u>	<u>\$3,625</u>	<u>\$2,613</u>	<u>\$2,613</u>	<u>(\$1,012)</u>	<u>\$—</u>
Net Agency Cost.....	<u>\$2,185,238</u>	<u>\$2,453,114</u>	<u>\$2,462,945</u>	<u>\$2,448,298</u>	<u>(\$4,816)</u>	<u>(\$14,647)</u>
Funding						
City.....	2,125,130	2,266,679	2,413,949	2,404,113	137,434	(9,836)
Non-City.....	60,108	186,435	48,996	44,185	(142,250)	(4,811)
Personnel (includes FTEs at fiscal year-end)						
City.....	8,770	9,091	9,264	9,306	215	42
Non-City.....	228	241	235	235	(6)	—
Total.....	<u>8,998</u>	<u>9,332</u>	<u>9,499</u>	<u>9,541</u>	<u>209</u>	<u>42</u>

Programmatic Review and Service Impact

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

Long Term Solid Waste Management

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

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

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

The 2014-2023 Ten-Year Capital Strategy provides \$162.9 million for the implementation of the City's Solid Waste Management Plan.

Bureau of Waste Prevention, Reuse, and Recycling

The Department continues its efforts to reduce the quantity of solid waste that must be disposed. The Department currently operates a dual-stream recycling program that requires residents to separate metal, glass, and plastic (MGP) from paper and place it in bins, bags or bundles. In April 2013, the Department expanded the types of recyclable plastics to include types 3 through 7, making all rigid plastics recyclable. To further support the City's recycling goals, the Department will place additional recycling baskets at street corners and public spaces throughout the City.

In 2013, the paper recycling program will generate an average of \$11.50 of revenue per ton from various vendors, or \$4.0 million per year. The City is paying \$72.58 per ton for MGP.

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

In 2014, the Department will continue its pilot school organics collection program and conduct a pilot curbside organics collection program. The pilot organics collection programs will divert additional waste from landfills and establish a separate waste stream for food scraps, yard waste, and other compostable materials.

Bureau of Cleaning and Collection

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

Currently, BCC provides refuse collection services two to three times a week depending on the population density of the community. To date in 2013, the Department's curbside collection program has averaged 9.8 tons per truck.

Bureau of Waste Disposal

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

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

Support Bureaus

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

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

Capital Review

The Department's 2014-2023 Ten-Year Capital Strategy totals \$1.6 billion. The Ten-Year Plan provides the Department with funding to construct, rehabilitate, purchase, and develop the necessary infrastructure and assets to support refuse collection, recycling, cleaning, waste disposal, and support operations. The Department's Ten-Year Plan consists of four components — equipment purchases; marine transfer station renovation and construction; garage rehabilitation, site acquisition, and construction; and information technology and telecommunications.

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

The table below shows capital commitments by program area over the 2012-2017 period.

Capital Commitments

(\$ in 000's)

	2012 Actual		2013 Plan		2014 Plan		2015 Plan		2016 Plan		2017 Plan	
	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds
Solid Waste Management.....	13,345	13,345	408,680	413,280	161,957	162,857	0	0	0	0	0	0
Garages and Facilities.....	126,447	126,447	55,165	57,029	248,543	249,304	7,371	7,371	3,510	3,510	3,059	3,059
Equipment.....	75,306	75,297	103,068	106,391	87,701	87,701	124,888	124,888	100,000	100,000	100,000	100,000
Information Technology and Telecommunications.....	7,393	7,393	17,864	18,187	37,090	37,255	708	708	1,000	1,000	1,000	1,000
Waste Disposal	-562	-562	0	0	0	0	0	0	0	0	0	0
Total.....	\$221,928	\$221,919	\$584,777	\$594,887	\$535,291	\$537,117	\$132,967	\$132,967	\$104,510	\$104,510	\$104,059	\$104,059

Highlights of the 2014-2023 Ten-Year Capital Strategy and 2014-2017 Four-Year Plan

The 2014-2023 Capital Strategy includes \$1.6 billion for equipment purchases, marine transfer station renovation and construction, garage rehabilitation, site acquisition, and construction, and information technology and telecommunications, including:

- construction and rehabilitation of garages and other facilities (\$292.4 million), which includes \$263.2 million in the Four-Year Plan, including: component rehabilitation and construction of garages citywide (\$232.2 million), site acquisition for Department facilities (\$20.0 million), construction of salt storage facilities (\$10.0 million), and rehabilitation of facilities damaged by Hurricane Sandy (\$1.0 million).
- construction and renovation of transfer stations and other facilities in accordance with the City's Long Term Solid Waste Management Plan (\$161.7 million) and flood mitigation design for marine transfer facilities (\$1.2 million), all of which is included in the 2014-2017 Four-Year Plan.
- replacement of vehicles (\$1.1 billion), which includes \$412.6 million in the 2014-2017 Four-Year Plan.
- information technology and telecommunications (\$55.0 million), which includes \$40.0 million in the 2014-2017 Four-Year Plan, including \$0.2 million for replacement of equipment damaged by Hurricane Sandy.

The 2014 Capital Plan provides \$537.1 million in 2014 including:

- component rehabilitation and construction of garages citywide (\$218.3 million), construction of salt storage facilities (\$10.0 million), and rehabilitation of facilities damaged by Hurricane Sandy (\$1.0 million).
- site acquisition for Department facilities, including salt sheds and garages (\$20.0 million).
- construction and renovation of transfer stations and other facilities in accordance with the City's Long Term Solid Waste Management Plan (\$162.9 million), including flood mitigation design for marine transfer stations (\$1.2 million).
- replacement of mechanical brooms, collection trucks, salt spreaders and other vehicles (\$87.7 million).
- information technology and telecommunications projects (\$37.3 million), including replacement of equipment damaged by Hurricane Sandy (\$0.2 million).

DEPARTMENT OF PARKS AND RECREATION

The Department of Parks and Recreation (DPR) is the steward of more than 29,000 acres of land, including nearly 5,000 individual properties ranging from Coney Island and Central Park to community gardens and Greenstreets. The Department maintains and operates more than 800 athletic fields, more than 1,000 playgrounds, more than 550 tennis courts, 67 public pools, 50 recreational facilities, 17 nature centers, 14 miles of beaches, and 13 golf courses. The Department is also responsible for over 800 monuments, 23 historic house museums and the care and maintenance of street and park trees, including the more than 662,000 new trees planted to date as part of the MillionTreesNYC initiative.

Financial Review

The 2014 Executive Budget for the Department provides for operating expenses of \$351.9 million. This represents a net decrease of \$98.2 million from the amount forecasted for 2013. The 2013 forecast is greater because it includes Federal funding related to Hurricane Sandy. Capital commitments of \$457.1 million are also provided in 2014.

Revenue Forecast

The Department of Parks and Recreation issues recreational permits, collects revenue from marina rentals, and receives revenue generated by concessions operated on Parks property. The Department will collect \$77.6 million from these sources in 2014.

Expense Budget Highlights

Budgetary Priorities: Providing Core Services

- maintaining the City's parks, playgrounds, infrastructure, and safety equipment, while ensuring acceptable ratings for the cleanliness and overall condition of parks. The 2014 budget includes an additional \$26.2 million for the hiring of 414 civilian positions to support the maintenance and operations of Department infrastructure.
- sustaining parks through workforce transformation programs. Parks maintenance funding is also provided through the City's Human Resources Administration for the Parks Opportunity Program. This program provides a workforce to assist in the maintenance and operation of park facilities and helps to train and employ public assistance recipients.
- operating and employing lifeguards at pools and beaches during the summer months.
- maintaining street trees, park flora and fauna including tree pruning, dead tree removal, reforestation, foresters, contract inspection, and administration to support a variety of forestry initiatives, including increasing the City's street tree inventory. In addition, the budget includes funding for the removal of wood waste in areas affected by the Asian Longhorned Beetle throughout the City and to prevent further infestation and damage to the City's trees.
- designing and supervising park construction. The 2014 budget includes the continuation of full-time positions in the Capital Projects Division for the design and construction of hundreds of parks projects, including parks, playgrounds, recreational and athletic fields, and tree planting.

Summary of Agency Financial Data

The following table compares the 2014 Executive Budget with the 2014 Preliminary Budget, the 2013 forecast and actual expenditures for 2012, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services and debt service.

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

	2012 Actual	2013 Forecast	2014		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2013 Forecast	2014 Preliminary Budget
Expenditures						
Salary and Wages.....	\$271,631	\$306,107	\$257,624	\$261,584	(\$44,523)	\$3,960
Fringe Benefits.....	1,881	8,288	1,865	1,865	(6,423)	—
OTPS.....	87,817	135,698	84,592	88,430	(47,268)	3,838
Total.....	<u>\$361,329</u>	<u>\$450,093</u>	<u>\$344,081</u>	<u>\$351,879</u>	<u>(\$98,214)</u>	<u>\$7,798</u>
Funding						
City.....	\$257,066	\$265,997	\$283,243	\$285,268	\$19,271	\$2,025
Other Categorical Grants.....	11,942	13,729	450	450	(13,279)	—
IFA.....	34,601	34,425	33,066	37,385	2,960	4,319
State.....	1,184	5,588	—	—	(5,588)	—
Federal CD.....	2,629	2,378	2,378	2,378	—	—
Federal Other.....	14,271	73,670	—	—	(73,670)	—
Intra-City Other.....	39,636	54,306	24,944	26,398	(27,908)	1,454
Total.....	<u>\$361,329</u>	<u>\$450,093</u>	<u>\$344,081</u>	<u>\$351,879</u>	<u>(\$98,214)</u>	<u>\$7,798</u>
Additional Costs Centrally Funded						
Personal Services (PS).....						
Fringe Benefits.....	\$107,712	\$115,039	\$107,212	\$110,292	(\$4,747)	\$3,080
Pensions.....	48,977	52,461	51,372	51,311	(1,150)	(61)
Other Than Personal Service (OTPS)						
Legal Services.....	4,916	5,093	4,888	5,182	89	294
Judgments and Claims.....	20,423	25,494	27,079	27,079	1,585	—
Debt Service.....	267,145	287,373	303,606	357,024	69,651	53,418
Total Additional Costs.....	<u>\$449,173</u>	<u>\$485,460</u>	<u>\$494,157</u>	<u>\$550,888</u>	<u>\$65,428</u>	<u>\$56,731</u>
Funding						
City.....	425,934	455,389	468,327	524,012	68,623	55,685
Non-City.....	23,239	30,071	25,830	26,876	(3,195)	1,046
Intra-City Additional Costs.....	—	—	—	—	—	—
Full Agency Costs (including Central Accounts)						
Salary and Wages.....	\$271,631	\$306,107	\$257,624	\$261,584	(\$44,523)	\$3,960
Fringe Benefits.....	109,593	123,327	109,077	112,157	(11,170)	3,080
Pensions.....	48,977	52,461	51,372	51,311	(1,150)	(61)
Total PS.....	<u>\$430,201</u>	<u>\$481,895</u>	<u>\$418,073</u>	<u>\$425,052</u>	<u>(\$56,843)</u>	<u>\$6,979</u>
OTPS.....	\$87,817	\$135,698	\$84,592	\$88,430	(\$47,268)	\$3,838
Legal Services.....	4,916	5,093	4,888	5,182	89	294
Judgments and Claims.....	20,423	25,494	27,079	27,079	1,585	—
Debt Service.....	267,145	287,373	303,606	357,024	69,651	53,418
Total OTPS.....	<u>\$380,301</u>	<u>\$453,658</u>	<u>\$420,165</u>	<u>\$477,715</u>	<u>\$24,057</u>	<u>\$57,550</u>
Total Agency Costs.....	\$810,502	\$935,553	\$838,238	\$902,767	(\$32,786)	\$64,529
Less Intra-City.....	<u>\$39,636</u>	<u>\$54,306</u>	<u>\$24,944</u>	<u>\$26,398</u>	<u>(27,908)</u>	<u>\$1,454</u>
Net Agency Cost.....	<u>\$770,866</u>	<u>\$881,247</u>	<u>\$813,294</u>	<u>\$876,369</u>	<u>(\$4,878)</u>	<u>\$63,075</u>
Funding						
City.....	683,000	721,386	751,570	809,280	87,894	57,710
Non-City.....	87,866	159,861	61,724	67,089	(92,772)	5,365
Personnel (includes FTEs at fiscal year-end)						
City.....	6,092	5,786	4,826	4,784	(1,002)	(42)
Non-City.....	536	1,275	505	567	(708)	62
Total.....	<u>6,628</u>	<u>7,061</u>	<u>5,331</u>	<u>5,351</u>	<u>(1,710)</u>	<u>20</u>

Programmatic Review and Service Impact

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

Maintaining Parks

New York City monitors the cleanliness and condition of its parks through the Parks Inspection Program (PIP). The Department will continue to optimize its full-time and seasonal staffing resources, which are responsible for park cleanliness, maintenance, security and safety.

To that end, the Department is engaged in a number of initiatives to modernize operations, enabling a more efficient workforce that is up to the task of maintaining a growing portfolio of increasingly diverse parks. The Department is harnessing mobile technology, piloting new, more strategic deployments for mobile staff and implementing improved training programs for key field titles.

Expanding Partnerships

The Department of Parks and Recreation continues to explore a variety of opportunities to partner with local organizations and to increase resources for parks programs. Park improvements have been bolstered by significant partnerships with support for capital projects, maintenance, programming and special events. Such partnerships include everything from conservancies for specific parks, such as the Central Park Conservancy and Greenbelt Conservancy, to the City Parks Foundation which provides programming at parks Citywide, to local gardening and volunteer groups. The Department will expand its support from partnerships by creating new forums of engagement for citizens and citizen-led organizations, expanding the free fitness Shape Up NYC program with NYC Service, Equinox, Empire Blue Cross Blue Shield, the New York City Housing Authority (NYCHA), the Department for the Aging (DFTA) and the Department of Education (DOE), and continuing to plant one million trees Citywide with the New York Restoration Project. The Department will seek to solidify a constituency for the City's 10,000 acres of dispersed natural areas by creating a new conservancy to help protect and preserve these undeveloped areas which are critical for the City's biodiversity and environmental well-being, as well as for the public health of all New Yorkers. In addition, the Department is expanding its outreach to the Federal level, and enhancing the existing partnership with the National Parks Service to envision a more comprehensive plan for Jamaica Bay.

Finally, the Department is partnering with the State Department of Labor and NYC Small Business Services to support cleanup and recovery from Hurricane Sandy through the creation of a Jamaica Bay Restoration Corps (JBRC). The JBRC will provide employment for local residents as well as critical assistance for the Department to enhance clean up and recovery efforts in areas of greatest need.

Recreational Services

The Recreation Division's mission is to enable all New Yorkers to lead physically active lives through sports, fitness and outdoor adventure. In addition to operating 35 recreation centers, the Division offers a wide range of programs for seniors, adults and children. Most programs are free or low-cost and include fitness and sports, afterschool programming, teen programs, computer access and instruction. Recreation is also in the process of expanding two of its flagship programs – Shape Up NYC and Kids in Motion.

Shape Up NYC, a program providing free, innovative fitness activities, embarked on a major expansion in 2013 and now offers more than 200 free fitness classes every week at 90 locations across the five boroughs, including parks, recreation centers, housing and health facilities, schools and community centers. In 2012, the Shape Up NYC program had more than 115,000 visits to more than 5,087 fitness classes and attracted local and national media attention.

With funding from the Obesity Taskforce (OTF), the Department hired 50 additional Playground Associates in 2012 to administer the Kids in Motion program (an outgrowth of the extremely successful Playground Associate program), an innovative fitness and sports program designed to encourage play and outdoor activity. For eight weeks during the summer, Playground Associates led seven hours of free activities for children each day, including organized sports, games, fitness demos, guided walks, and special events, and distributed healthy lunches through the Summer Meals Program. Kids in Motion sites received more than 286,000 visits during Summer 2012.

Capital Review

The 2014-2023 Ten-Year Capital Strategy totals \$1.03 billion which includes \$839.9 million in the 2014-2017 Four-Year Plan. The table below reflects capital commitments by program area over the 2013-2017 period.

Capital Commitments

(\$000's)

	2012 Actual		2013 Plan		2014 Plan		2015 Plan		2016 Plan		2017 Plan	
	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds
Beaches and Boardwalks	\$1,652	\$1,652	\$8,467	\$24,717	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Land Acquisition and Tree Planting.....	28,215	28,433	85,255	88,689	27,495	27,715	24,041	24,041	29,549	29,549	26,895	26,895
Major Recreation Facilities and Facility Reconstruction.....	37,232	37,288	99,998	276,652	13,857	38,532	4,550	4,550	4,550	4,550	4,606	4,606
Neighborhood Parks and Playgrounds	33,428	38,988	325,969	436,177	60,055	143,005	38,221	121,171	11,000	11,000	9,266	9,266
Vehicles and Equipment.....	17,069	17,069	24,078	25,320	9,300	9,300	5,217	5,217	5,200	5,200	5,200	5,200
Large, Major and Regional... Park Reconstruction.....	138,072	166,902	548,491	678,362	151,766	237,571	80,903	95,481	18,250	18,250	13,519	13,519
Zoos.....	56	56	9,959	9,959	0	0	331	331	500	500	500	500
Total.....	<u>\$255,725</u>	<u>\$290,389</u>	<u>\$1,102,217</u>	<u>\$1,539,876</u>	<u>\$263,473</u>	<u>\$457,123</u>	<u>\$154,263</u>	<u>\$251,791</u>	<u>\$70,049</u>	<u>\$70,049</u>	<u>\$60,986</u>	<u>\$60,986</u>

Highlights of the 2014 – 2023 Ten-Year Capital Strategy and 2014-2017 Four-Year Plan.

- long-term reconstruction of beaches damaged by Hurricane Sandy, including Coney Island, the Rockaways, and various Staten Island beaches (\$258.9 million). In 2013, an additional \$225.2 million was included for initial construction necessary to open the beaches for the 2013 summer season.
- long-term reconstruction of parks and playgrounds damaged by Hurricane Sandy (\$94.0 million). In 2013, an additional \$24.9 million was included for the initial reconstruction of parks and playgrounds damaged by Hurricane Sandy.
- planting of new street trees and park trees Citywide (\$162.6 million).
- acquisition and development of open space along the Greenpoint and Williamsburg waterfronts in Brooklyn (\$48.6 million).
- reconstruction of pedestrian bridges Citywide (\$36.0 million).
- construction of a new park at Fresh Kills in Staten Island (\$9.5 million).

The 2014 Plan for the Department totals \$457.1 million and highlights include:

- planting of new street trees and park trees and the construction of Greenstreets Citywide (\$27.1 million).
- reconstruction of playgrounds, Citywide (\$9.8 million).
- reconstruction of Hudson River Park in Manhattan (\$3.0 million).
- construction of the Bronx Children's Museum (\$3.4 million).
- flood control and conversion of the open-air culvert box to a concrete box storm sewer at the Willowbrook Park Lake in Staten Island (\$2.0 million).

DEPARTMENT OF ENVIRONMENTAL PROTECTION

The primary mission of the Department of Environmental Protection (DEP) is to deliver drinking water, manage stormwater, treat wastewater, regulate air, noise, and asbestos pollution, and protect the environmental health, welfare and natural resources of New York City and its residents. This includes managing the New York City water and sewer system. The New York City water system consists of 19 collecting reservoirs and three controlled lakes located within the 2,000 square miles of the Croton, Catskill, and Delaware watersheds, along with 7,000 miles of aqueducts, tunnels and water mains that deliver more than one billion gallons of water per day, and seven upstate water pollution control plants. The New York City sewer system comprises a comprehensive network of 7,400 miles of sewers, 14 in-City Wastewater Treatment Plants (WWTPs), and 96 pump stations to convey and treat approximately 1.3 billion gallons per day of captured sewage to standards established by State and Federal law before releasing the effluent into receiving waters.

Financial Review

The Department of Environmental Protection's 2014 Executive Budget provides for operating expenses of \$1.1 billion. It also provides capital commitments of \$12.4 billion in Water Finance Authority Funds and \$36.4 million in non-City funds.

Revenue Forecast

The Department collects revenue from the sale of hydro-energy to upstate power utilities, property rentals, and other fees. The Department also regulates air and noise, performs inspections, issues licenses and permits, and reviews technical plans related to asbestos control, air quality, noise abatement laws, and the storage of hazardous substances. The revenue estimate for 2014 is \$24.3 million.

In addition, DEP also gathers the data used to generate bills for customers of, and collects water and sewer fees for, the New York City Water Board. DEP projects approximately \$3.5 billion in water and sewer revenue for 2014.

Expense Budget Highlights

Budgetary Priorities: Providing Core Services

- DEP supplies approximately 1.0 billion gallons of drinking water per day to eight million City residents and one million upstate residents, and maintains the City's water main and sewer infrastructure. Approximately 2,153 personnel and \$445.8 million are dedicated to this function. In addition, there are 295 police and security force personnel (\$28.0 million), including 221 environmental police officers, who protect the upstate watershed and respond to hazardous materials emergencies.
- DEP treats an average of 1.3 billion gallons of dry-weather sewage per day at the City's 14 Wastewater Treatment Plants (WWTPs). Approximately 1,897 personnel and \$395.4 million are dedicated to this function.
- the Department will dedicate \$46.4 million to fund components of projects which are not eligible for capital funding. This includes additional funds for filtration avoidance measures (\$19.5 million) and dredging in the Kensico Reservoir (\$7.0 million).
- the Catskill/Delaware Ultraviolet Disinfection Facility commenced full operation in October 2012. DEP continues to partner with design and construction management firms to commission and optimize facility operations. The facility will have an annual operating budget of \$37.3 million and will be staffed with 51 positions.

- the Croton Water Filtration Plant operations are expected to begin in December 2013. The budget for operational, managerial, and functional expenses is \$18.4 million, and 56 positions are dedicated to this function.
- the Department enforces the City's air and noise codes in addition to asbestos regulations with 170 positions and \$10.9 million dedicated to this function.
- the Department will roll out a voucher-based toilet replacement program to encourage multi-family property owners to replace inefficient toilets with models that use less water (\$10.5 million). This water conservation effort will complement DEP's Water for the Future program.
- the Department will continue implementation of the City's Green Infrastructure Plan with 39 positions and \$5.7 million dedicated to the purchase, installation, and maintenance of green infrastructure components. Overall, this plan will result in savings of approximately \$2.4 billion over 20 years.
- the Department will continue to fund a contract with IBM to provide overall technical assistance to the Bureau of Customer Service in order to ensure continued quality assurance and operation of the billing system, which includes updating and maintaining the billing system to current databases and platforms (\$4.3 million).

Restructuring and Streamlining

- the Department will reallocate \$8.6 million within its other than personal services budget. Savings, including renegotiated sludge disposal contracts and the use of in-house personnel for collection of floating debris after combined sewer overflows, will be used to offset the funding shortfalls in baseline Department operations, such as upstate telecommunication services and the budget for drydock repair of marine vessels.
- as a component of the Operational Excellence program, DEP has realized savings through renegotiations or rebids of chemical contracts (\$3.1 million).
- in an effort to limit the 2014 water-rate increase, DEP will reallocate within the Department 32 budgeted positions. Additionally, the Department will realize savings from the reduction of 38 budgeted positions (\$2.8 million) through efficiencies identified by the Operational Excellence initiative.

Summary of Agency Financial Data

The following table compares the 2014 Executive Budget with the 2014 Preliminary Budget, the 2013 forecast and actual expenditures for 2012, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services and debt service.

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

	2012 Actual	2013 Forecast	2014		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2013 Forecast	2014 Preliminary Budget
Expenditures						
Salary and Wages.....	\$483,067	\$458,863	\$452,601	\$449,781	(\$9,082)	(\$2,820)
Fringe Benefits.....	2,804	4,750	3,276	3,276	(1,474)	—
OTPS.....	573,176	1,260,145	652,087	666,810	(593,335)	14,723
Total.....	<u>\$1,059,047</u>	<u>\$1,723,758</u>	<u>\$1,107,964</u>	<u>\$1,119,867</u>	<u>(\$603,891)</u>	<u>\$11,903</u>
Funding						
City.....	\$942,523	\$1,013,045	\$1,039,822	\$1,056,630	\$43,585	\$16,808
Other Categorical Grants.....	24,657	—	—	—	—	—
IFA.....	69,979	66,833	66,833	61,918	(4,915)	(4,915)
State.....	161	1,303	—	—	(1,303)	—
Federal CD.....	—	—	—	—	—	—
Federal Other.....	20,117	639,789	123	123	(639,666)	—
Intra-City Other.....	1,610	2,788	1,186	1,196	(1,592)	10
Total.....	<u>\$1,059,047</u>	<u>\$1,723,758</u>	<u>\$1,107,964</u>	<u>\$1,119,867</u>	<u>(\$603,891)</u>	<u>\$11,903</u>
Additional Costs Centrally Funded						
Personal Services (PS).....						
Fringe Benefits.....	\$155,002	\$160,625	\$169,876	\$169,507	\$8,882	(\$369)
Pensions.....	109,184	85,577	91,258	91,149	5,572	(109)
Other Than Personal Service (OTPS)						
Legal Services.....	16,768	14,108	11,839	12,453	(1,655)	614
Judgments and Claims.....	8,540	16,555	17,584	17,584	1,029	—
Debt Service.....	88,439	75,788	80,069	75,398	(390)	(4,671)
Total Additional Costs.....	<u>\$377,933</u>	<u>\$352,653</u>	<u>\$370,626</u>	<u>\$366,091</u>	<u>\$13,438</u>	<u>(\$4,535)</u>
Funding						
City.....	356,697	332,587	351,657	348,746	16,159	(2,911)
Non-City.....	19,425	18,409	18,969	17,345	(1,064)	(1,624)
Intra-City Additional Costs.....	1,811	1,657	—	—	(1,657)	—
Full Agency Costs (including Central Accounts)						
Salary and Wages.....	\$483,067	\$458,863	\$452,601	\$449,781	(\$9,082)	(\$2,820)
Fringe Benefits.....	157,806	165,375	173,152	172,783	7,408	(369)
Pensions.....	109,184	85,577	91,258	91,149	5,572	(109)
Total PS.....	<u>\$750,057</u>	<u>\$709,815</u>	<u>\$717,011</u>	<u>\$713,713</u>	<u>\$3,898</u>	<u>(\$3,298)</u>
OTPS.....	\$573,176	\$1,260,145	\$652,087	\$666,810	(\$593,335)	\$14,723
Legal Services.....	16,768	14,108	11,839	12,453	(1,655)	614
Judgments and Claims.....	8,540	16,555	17,584	17,584	1,029	—
Debt Service.....	88,439	75,788	80,069	75,398	(390)	(4,671)
Total OTPS.....	<u>\$686,923</u>	<u>\$1,366,596</u>	<u>\$761,579</u>	<u>\$772,245</u>	<u>(\$594,351)</u>	<u>\$10,666</u>
Total Agency Costs.....	\$1,436,980	\$2,076,411	\$1,478,590	\$1,485,958	(\$590,453)	\$7,368
Less Intra-City.....	<u>\$3,421</u>	<u>\$4,445</u>	<u>\$1,186</u>	<u>\$1,196</u>	<u>(\$3,249)</u>	<u>\$10</u>
Net Agency Cost.....	<u>\$1,433,559</u>	<u>\$2,071,966</u>	<u>\$1,477,404</u>	<u>\$1,484,762</u>	<u>(\$587,204)</u>	<u>\$7,358</u>
Funding						
City.....	1,299,220	1,345,632	1,391,479	1,405,376	59,744	13,897
Non-City.....	134,339	726,334	85,925	79,386	(646,948)	(6,539)
Personnel (includes FTEs at fiscal year-end)						
City.....	201	221	219	218	(3)	(1)
Non-City.....	5,539	5,882	5,861	5,833	(49)	(28)
Total.....	<u>5,740</u>	<u>6,103</u>	<u>6,080</u>	<u>6,051</u>	<u>(52)</u>	<u>(29)</u>

Programmatic Review and Service Impact

Water Supply Strategies

The Department will continue the implementation of programs related to the Filtration Avoidance Determination (FAD) for the City's Catskill and Delaware water supplies. In 2007, the Environmental Protection Agency issued an administrative determination providing the City with a waiver from filtering the Catskill and Delaware water supplies through 2017. The ten-year FAD calls for a midterm assessment of the City's programs and commitments, which DEP submitted in 2011. DEP anticipates that an updated FAD will be issued in September 2013. The current FAD is based on DEP's ongoing long-term watershed protection program. As part of the FAD, DEP commenced full operation of an ultraviolet-light disinfection facility to further purify water from the Catskill and Delaware watersheds and will continue its upstate land acquisition program to protect the water entering the City's reservoirs.

Wastewater Treatment Initiatives

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

To continue building upon these improvements over the next 20 years, DEP continues to implement the NYC Green Infrastructure Plan. This mandated program supplements existing Combined Sewer Overflow (CSO) controls with a mix of "green infrastructure" (natural and permeable surfaces) and the optimization of "grey infrastructure" (construction, modification, and cleaning of tanks and tunnels) that will more cost-effectively reduce CSOs into waterways, while also improving air quality.

Customer Services Programs

As required by the New York State Department of Environmental Conservation and the NYC Water Board, the Department is progressing towards its goal of universally metering all properties. The major objectives of universal metering include water conservation, improved water supply system management and rate equity. DEP services approximately 836,000 water and sewer customer accounts—820,000 metered (of which 44,000 are billed on a flat-rate system) and 16,000 un-metered.

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

DEP continues to conduct lien sales of delinquent water and sewer charges independent of other delinquencies, provided that the water and sewer charges have been delinquent for at least one year and equal or exceed one thousand dollars for Tax Class 2 and 4 properties and over \$2,000 for Tax Class 1 two- and three-family properties.

In January of 2013, DEP introduced a Water and Sewer Service Line Protection Program offered by American Water Resources (AWR). The purpose of this program is to protect homeowners from the unexpected high costs of water and sewer service line repairs. In exchange for a relatively small monthly program fee, AWR is providing DEP customers with unlimited coverage for water and/or sewer service line leaks and breaks due to normal wear and tear. As of April 23, 2013, 85,000 customers have taken advantage of this offering by enrolling in the program and entering into service contracts with AWR. AWR was selected by the Water Board to offer the program, following a competitive Request for Proposal (RFP) process.

Environmental Compliance

The Bureau of Environmental Compliance reviews and inspects asbestos abatement projects; investigates air quality and noise complaints; monitors emissions and environmental impacts from alternative fuel vehicles; issues permits for boilers, other combustion equipment, and other potential sources of air pollution.

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

Energy Policy

The Department works in conjunction with the Department of Citywide Administrative Services and the Mayor’s Office on coordinating the City’s strategic goals on energy policy. Given that DEP is one of the City’s largest energy users, this policy role is closely linked with a number of objectives in the Department’s strategic plan. This role is in addition to over \$300 million in capital projects with some energy components where DEP expects to invest in clean distributed generation, energy efficiency, and hydro-electric generation.

Bureau of Police and Security

The Bureau of Police and Security is responsible for protecting the New York City water supply and the associated critical infrastructure from terrorism, pollution and crime. Since February 1, 2010, the Bureau has been responsible for responding to hazardous material emergencies within the City by evaluating the characteristics of the materials involved and making technical decisions concerning containment, abatement and disposal. The DEP Police Department patrols the upstate water supply, with 221 officers dedicated to this function.

Capital Review

Overview

The Ten-Year Capital Plan for 2014 through 2023 provides a total of \$12.4 billion from the following sources: \$12.4 billion in Water Finance Authority funds and \$36.4 million in non-City funds.

The table below shows capital commitments by program area over the 2012-2017 period.

Capital Commitments **(\$ in 000’s)**

	2012 Actual		2013 Plan		2014 Plan		2015 Plan		2016 Plan		2017 Plan	
	City Funds	All Funds										
Water Pollution	\$570,596	\$570,448	\$670,783	\$682,350	\$791,165	\$822,843	\$685,033	\$685,033	\$308,302	\$308,302	\$585,731	\$585,731
Water Mains.....	577,652	590,326	523,125	556,189	831,700	832,200	361,335	361,335	506,082	506,082	242,205	242,205
Sewers	361,456	364,165	374,348	386,143	438,443	440,011	306,478	306,478	317,728	317,728	233,414	233,414
Water Supply	96,982	96,982	332,370	332,370	50,643	50,643	783,909	783,909	80,500	80,500	19,467	19,467
Equipment.....	59,381	59,381	75,052	75,052	128,455	131,080	57,230	57,230	141,315	141,315	55,733	55,733
Total	<u>\$1,666,067</u>	<u>\$1,681,302</u>	<u>\$1,975,678</u>	<u>\$2,032,104</u>	<u>\$2,240,406</u>	<u>\$2,276,777</u>	<u>\$2,193,985</u>	<u>\$2,193,985</u>	<u>\$1,353,927</u>	<u>\$1,353,927</u>	<u>\$1,136,550</u>	<u>\$1,136,550</u>

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

- investments to maintain the operational integrity of existing wastewater treatment facilities (\$2.9 billion, of which \$1.4 billion is planned for 2014 to 2017).
- extending and reconstructing 366.1 miles of sewers (\$2.2 billion, of which \$1.3 billion is planned for 2014 to 2017). This total includes the emergency replacement of malfunctioning or collapsed cement combined sewers (\$588.8 million).
- replacing and extending approximately 517.2 miles of trunk and distribution water mains and ancillary work (\$1.5 billion, of which \$883.4 million is planned for 2014 to 2017).
- construction of a bypass for the Rondout-West Branch Tunnel (RWBT) and related projects associated with repairing the Delaware Aqueduct leak (\$1.0 billion, of which \$976.5 million is planned for 2014 to 2017). This cost includes \$560.0 million for the construction of the bypass tunnel and shaft work and \$482.7 million for supplemental water projects necessary during the dewatering and shutdown of the RWBT to provide augmentation measures such as additional sources of water and conservation.
- implementation of the NYC Green Infrastructure Plan, a strategy for CSO capture through the use of green infrastructure (\$661.0 million) and the optimization of existing grey infrastructure (\$216.6 million). In 2014 to 2017, the Department has planned \$264.2 million for green infrastructure projects, such as bioswales, tree pits, constructed wetlands, and green roofs, including \$140.1 million in intra-agency projects.
- pressurization of the Catskill Aqueduct (\$535.0 million, of which \$40.0 million is planned for 2014 to 2017).
- reconstructing upstate dams, roads and bridges (\$512.0 million, of which \$260.0 million is planned for 2014 to 2017). Included is \$138.1 million for projects associated with the reconstruction of the Gilboa Dam and Intake/Outlet Chamber.
- continuing small but numerous projects to keep the wastewater system in a state of good repair (\$484.0 million, of which \$198.0 million is planned for 2014 to 2017).
- continuing construction of Stage Two of City Water Tunnel No. 3 (\$407.9 million, of which \$52.2 million is planned for 2014 to 2017).
- reconstruction of Hillview Reservoir chambers (\$392.0 million, of which \$51.0 million is planned for 2014 to 2017).
- ongoing stabilization and upgrade contracts of in-City WWTPs and systems to ensure compliance with State and Federal mandates for: operating permit requirements (\$375.5 million of which \$362.0 million is planned for 2014 to 2017, including \$126.4 million budgeted for 26th Ward); the mandated studies and facility upgrades to reduce nitrogen levels in treated wastewater (\$148.0 million, all of which is planned for 2014 to 2017); and the enhancement of the existing chlorination system at various WWTPs in order to meet stricter chlorine discharge limits (\$128.7 million, of which \$43.7 million is planned for 2014 to 2017).
- continuation of land acquisition for the award-winning Staten Island Bluebelt program (\$322.7 million, of which \$256.6 million is planned for 2014 to 2017).
- continuation of various filtration avoidance measures and land acquisition in the upstate watershed (\$280.1 million, of which \$212.4 million is planned for 2014 to 2017).

- installation and upgrade of generators at various WWTPs (\$207.7 million, of which \$107.7 million is planned for 2014 to 2017).
- continuation of water conservation programs (\$207.1 million of which \$132.7 million is planned for 2014 to 2017). This includes the purchase and installation of large water meters (\$36.7 million) and conservation measures at City owned facilities (\$91.3 million), both of which are components of the City's augmentation measures.
- completing the construction of the Croton Water Filtration Plant and related projects (\$205.9 million, of which \$185.9 million is planned for 2014 to 2017). The Department has \$66.6 million budgeted in 2014 for Parks Department projects in the Bronx, which accounts for the remaining funding agreement.
- construction of a new cogeneration plant at the North River WWTP (\$194.9 million planned for 2014 to 2017).
- connecting City Water Tunnel No. 3 to the distribution system (\$157.0 million, of which \$142.1 million is planned for 2014 to 2017).
- installing new and upgrading existing centrifuges at various WWTPs (\$143.0 million, of which \$113.0 million is planned for 2014 to 2017).
- reconstruction and repair of facilities damaged during Hurricane Sandy (\$47.0 million). This includes reconstruction of sewage pumping stations (\$32.9 million) and Wastewater Treatment Plants (\$8.7 million) which sustained damages due to flooding.

DEPARTMENT OF TRANSPORTATION

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

Financial Review

The Department of Transportation's 2014 Executive Budget provides for operating expenses of \$733.0 million, a decrease of \$183.8 million from the amount forecast for 2013. This is mainly a result of a decrease in Federal and State grant funding included in 2013 that has not yet been allocated to the Department's 2014 operating budget. Capital commitments of approximately \$2.5 billion are also provided in 2014, including \$1.1 billion in Federal, State, and private funding.

Revenue Forecast

The Department of Transportation collects revenue from parking meters and parking garages, franchises, concessions, and street opening permits. In 2014 the Department will collect \$357.6 million in revenue.

Expense Budget Highlights

Budgetary Priorities: Providing Core Services

- an allocation of \$135.0 million for the resurfacing of 1,000 lane miles of streets and the repair of approximately 314,000 street defects (potholes), in addition to approximately \$22.0 million for the maintenance and cleaning of arterial highways throughout the five boroughs.
- funding of \$268.1 million for the Traffic program, including \$58.4 million for energy costs associated with all streetlights and traffic signals throughout the City, and \$77.9 million for the maintenance of 12,659 traffic signalized intersections and over 300,000 streetlights Citywide.
- funding of \$99.9 million for the operation of the Staten Island Ferry and overseeing private ferry service.
- an allocation of \$28.7 million for the preventive maintenance, cleaning, and spot and splash zone painting of City bridges in addition to Federal funding for the maintenance of East River Bridges.
- approximately \$16.8 million and 163 positions for the in-house bridge flag/corrective repair program.

Restructuring and Streamlining

- savings of \$14 million in 2014 from raising passenger parking rates in Manhattan from \$1.00 to \$1.50 between 96th and 110th Streets and from \$3.00 to \$3.50 below 96th Street, as well as from the creation of a new commercial and passenger parking area in Lower Manhattan.
- the reduction of \$657 thousand and 15 maintenance staff in 2014 due to the conversion from single space to multi-space parking meters. This reduction will be achieved through attrition.
- savings of \$210.6 thousand from the replacement of 2,500 existing street lights with high efficiency light emitting diodes (LEDs) on the FDR Drive, Henry Hudson Parkway, and in Central Park.

Summary of Agency Financial Data

The following table compares the 2014 Executive Budget with the 2014 Preliminary Budget, the 2013 forecast and actual expenditures for 2012, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services, and debt service.

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

	2012 Actual	2013 Forecast	2014		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2013 Forecast	2014 Preliminary Budget
Expenditures						
Salary and Wages.....	\$371,918	\$384,091	\$317,395	\$355,670	(\$28,421)	\$38,275
Fringe Benefits.....	3,896	4,305	4,293	4,301	(4)	8
OTPS.....	463,980	528,423	363,320	373,007	(155,416)	9,687
Total.....	<u>\$839,794</u>	<u>\$916,819</u>	<u>\$685,008</u>	<u>\$732,978</u>	<u>(\$183,841)</u>	<u>\$47,970</u>
Funding						
City.....	\$415,585	\$417,631	\$433,637	\$433,424	\$15,793	(\$213)
Other Categorical Grants.....	50,201	2,796	159	159	(2,637)	—
IFA.....	191,020	201,856	173,111	174,985	(26,871)	1,874
State.....	104,072	105,875	42,566	73,537	(32,338)	30,971
Federal CD.....	—	—	—	—	—	—
Federal Other.....	77,417	187,161	34,163	49,501	(137,660)	15,338
Intra-City Other.....	1,499	1,500	1,372	1,372	(128)	—
Total.....	<u>\$839,794</u>	<u>\$916,819</u>	<u>\$685,008</u>	<u>\$732,978</u>	<u>(\$183,841)</u>	<u>\$47,970</u>
Additional Costs Centrally Funded						
Personal Services (PS).....						
Fringe Benefits.....	\$128,716	\$131,296	\$129,200	\$129,815	(\$1,481)	\$615
Pensions.....	60,875	69,210	70,587	70,503	1,293	(84)
Other Than Personal Service (OTPS)						
Legal Services.....	22,064	26,063	25,096	26,518	455	1,422
Judgments and Claims.....	73,456	129,757	137,823	137,823	8,066	—
Debt Service.....	632,414	756,958	799,715	743,661	(13,297)	(56,054)
Total Additional Costs.....	<u>\$917,525</u>	<u>\$1,113,284</u>	<u>\$1,162,421</u>	<u>\$1,108,320</u>	<u>(\$4,964)</u>	<u>(\$54,101)</u>
Funding						
City.....	863,315	1,055,830	1,111,190	1,052,718	(3,112)	(58,472)
Non-City.....	54,197	57,449	51,231	55,602	(1,847)	4,371
Intra-City Additional Costs.....	13	5	—	—	(5)	—
Full Agency Costs (including Central Accounts)						
Salary and Wages.....	\$371,918	\$384,091	\$317,395	\$355,670	(\$28,421)	\$38,275
Fringe Benefits.....	132,612	135,601	133,493	134,116	(1,485)	623
Pensions.....	60,875	69,210	70,587	70,503	1,293	(84)
Total PS.....	<u>\$565,405</u>	<u>\$588,902</u>	<u>\$521,475</u>	<u>\$560,289</u>	<u>(\$28,613)</u>	<u>\$38,814</u>
OTPS.....	\$463,980	\$528,423	\$363,320	\$373,007	(\$155,416)	\$9,687
Legal Services.....	22,064	26,063	25,096	26,518	455	1,422
Judgments and Claims.....	73,456	129,757	137,823	137,823	8,066	—
Debt Service.....	632,414	756,958	799,715	743,661	(13,297)	(56,054)
Total OTPS.....	<u>\$1,191,914</u>	<u>\$1,441,201</u>	<u>\$1,325,954</u>	<u>\$1,281,009</u>	<u>(\$160,192)</u>	<u>(\$44,945)</u>
Total Agency Costs.....	\$1,757,319	\$2,030,103	\$1,847,429	\$1,841,298	(\$188,805)	(\$6,131)
Less Intra-City.....	<u>\$1,512</u>	<u>\$1,505</u>	<u>\$1,372</u>	<u>\$1,372</u>	<u>(\$133)</u>	<u>\$—</u>
Net Agency Cost.....	<u>\$1,755,807</u>	<u>\$2,028,598</u>	<u>\$1,846,057</u>	<u>\$1,839,926</u>	<u>(\$188,672)</u>	<u>(\$6,131)</u>
Funding						
City.....	1,278,900	1,473,461	1,544,827	1,486,142	12,681	(58,685)
Non-City.....	476,907	555,137	301,230	353,784	(201,353)	52,554
Personnel (includes FTEs at fiscal year-end)						
City.....	2,005	1,864	1,966	1,968	104	2
Non-City.....	2,802	3,065	2,147	2,708	(357)	561
Total.....	<u>4,807</u>	<u>4,929</u>	<u>4,113</u>	<u>4,676</u>	<u>(253)</u>	<u>563</u>

Programmatic Review and Service Impact

Bridges

The Bureau of Bridges is responsible for the reconstruction, repair, maintenance and operation of approximately 800 City-owned bridge and tunnel structures. In 2014, the Bureau of Bridges will be staffed with 796 positions and have an operating budget of \$77.7 million, a decrease of \$23 million from the amount forecast for 2013. This reduction is primarily due to Federal and State grants expiring at the end of 2013. Most of these grants are expected to be renewed during 2014, including Federal grants for preventive maintenance on the Manhattan, Williamsburg, Queensboro, and Brooklyn Bridges.

The Bridge program in the 2014 Executive Budget continues the City's commitment to preserve and maintain its infrastructure. The Bridge "Flag" and Correction Repair program corrects mostly structural ("red" and "yellow" flags, in descending order of priority) and safety deficiencies on bridges by using both in-house and contract forces. Furthermore, the Preventive Maintenance program includes the oiling, sweeping, cleaning, washing, electrical maintenance and spot and salt splash zone painting of the City's bridges.

Highway Operations

The Roadway Repair and Maintenance Division is responsible for maintaining approximately 19,324 lane miles of streets and 1,175 lane miles of arterial highways within the five boroughs, 73.4 percent of which were in good condition as of 2012. The Permits Management and Construction Control programs are responsible for regulating the excavation and various other uses of City streets and sidewalks. In 2014, Highway Operations will be staffed by approximately 1,207 full-time and approximately 240 seasonal positions with a budget totaling \$205.4 million, a decrease of \$42.6 million from the amount forecast for 2013. The expiration of Federal and State grants at the end of 2013 contributes to this decrease. These grants are expected to be renewed during 2014.

The Department also manages the New York City Plaza program, a community-based program to improve the public realm by creating pedestrian plazas. In total, the Department oversees 33 plazas that are now in various phases of planning, design, and construction. Thirty-five permanent and temporary plazas have been completed to date.

Traffic Operations

The Bureau of Traffic Operations maintains and collects revenue from approximately 84,200 metered spaces and operates 42 municipal parking facilities. It also maintains an estimated 1.3 million traffic signs, more than 12,600 signalized intersections and over 300,000 streetlights. The 2014 Executive Budget for the Bureau of Traffic provides for 1,198 positions and \$268.1 million, a decrease of \$85.1 million from the amount forecast for 2013. This reduction is primarily due to Federal and State grants expiring at the end of 2013. A number of these grants are expected to be renewed during 2014.

The Division of Traffic & Planning continues to plan and implement projects to further the PlaNYC goal of providing safe, sustainable, and attractive transportation options to New Yorkers, and ensuring the reliability and high quality of our transportation network. Projects implemented under the Safe Streets for Seniors, Safe Routes to Schools, Neighborhood Slow Zone, Safe Routes to Transit and Bus Stops Under Els programs, as well as redesigns of high-crash corridors including Fourth Avenue in Sunset Park, Brooklyn; and Delancey Street and Adam Clayton Powell Boulevard in Manhattan, improve safety for all street users. The Select Bus Service program, carried out in partnership with the Metropolitan Transportation Authority, provides new transit opportunities for commuters in areas underserved by the subway. The Green Light for Midtown and Midtown in Motion projects reduce congestion and greenhouse gas emissions in Manhattan. Expansion of the bike network increases safety and convenience of cycling and has led to a more than doubling in the number of people who commute by bicycle. Installation of pedestrian plazas throughout the city uses existing streets and sidewalks to provide valuable open space in areas in need of new passive recreation space.

Transit Operations (Ferries)

The Department of Transportation operates and maintains the Staten Island Ferry and its terminals, as well as regulates private ferry operations. The 2014 Executive Budget for Ferries provides for 666 positions and an operating budget of \$99.9 million, a decrease of \$18.3 million from the amount forecast for 2013. This decrease is the result of Federal and State grants expiring at the end of 2013. A number of these grants are expected to be renewed during 2014.

The Staten Island Ferry is expected to carry approximately 22 million passengers and the Department anticipates that the Ferry program will continue to achieve an on-time performance rate of 90 percent in 2014. The Department currently estimates annual ridership on privately operated commuter ferries to be approximately nine million passengers.

Capital Review

The Department of Transportation’s 2014-2023 Ten-Year Capital Strategy totals \$8.1 billion for the reconstruction of transportation infrastructure, of which approximately 65.9 percent is City-funded. The table below shows commitments by program area between 2014-2023.

Capital Commitments
(**\$000’s**)

	2012		2013		2014		2015		2016		2017	
	Actual		Plan		Plan		Plan		Plan			
	City	All	City	All	City	All	City	All	City	All	City	All
	Funds	Funds	Funds	Funds	Funds	Funds	Funds	Funds	Funds	Funds	Funds	Funds
Highways and Streets	\$259,354	\$280,601	\$608,330	\$910,164	\$551,597	\$1,093,931	\$180,752	\$198,753	\$177,993	\$183,493	\$164,202	\$172,702
Highway Bridges	45,200	92,526	114,409	356,526	672,039	1,113,903	160,598	256,598	281,921	353,676	225,034	403,015
Waterway Bridges.....	-38,701	32,739	159,251	181,693	50,653	51,044	14,000	46,000	21,600	21,600	35,400	135,400
Traffic	28,982	53,556	114,168	296,077	59,045	163,204	11,946	71,590	24,834	69,828	4,519	52,019
Vehicles/Equipment	9,179	9,395	7,384	7,384	21,010	27,476	15,069	15,069	4,179	4,179	1,717	1,717
Ferries	4,662	3,800	40,816	107,702	24,975	35,027	33,430	35,930	8,729	58,679	16,850	267,995
Total	<u>\$308,676</u>	<u>\$472,617</u>	<u>\$1,044,358</u>	<u>\$1,859,546</u>	<u>\$1,379,319</u>	<u>\$2,484,585</u>	<u>\$415,795</u>	<u>\$623,940</u>	<u>\$519,256</u>	<u>\$691,455</u>	<u>\$447,722</u>	<u>\$1,032,848</u>

The highlights of the Ten-Year Capital Strategy include:

- complete reconstruction or rehabilitation of 43 bridges rated “fair” or “good” (\$2.3 billion, including \$1.3 billion for 2014 to 2017); including Shore Road over the Hutchinson River (\$346.2 million), Roosevelt Avenue Bridge over Van Wyck Expressway (\$112.1 million), Harlem River Drive over the viaduct (\$195.3 million), and Bruckner Expressway over Westchester Creek (\$146.0 million).
- complete rehabilitative work of 33 bridge structures scheduled for life extension (\$1.1 billion, including \$396.9 million for 2014 to 2017); including Boston Post Road over the Hutchinson River (\$185.5 million).
- street reconstruction of 286 lane miles (\$961.9 million, including \$896.4 million for 2014 to 2017), including reconstruction of Broadway in Manhattan (\$48.7 million), reconstruction of Times Square (\$59.7 million), the Rockaway Beach Bulkhead in Queens (\$17.3 million), and reconstruction of Woodrow Road in Staten Island (\$18.5 million).
- street and arterial resurfacing of 6,228 lane miles (\$1.3 billion including \$524.2 million for 2014 to 2017).

- installation of pedestrian ramps at 2,500 corners (\$35.0 million, including \$34.7 million for 2014 to 2017) and replacement of 27.6 million square feet of sidewalks (\$232.7 million, including \$93.6 million for 2014 to 2017).
- signal installation and maintenance, as well as the computerization and modernization of signalized intersections (\$261.4 million, including \$151.6 million for 2014 to 2017).
- installation of approximately 50 million linear feet of thermoplastic markings for traffic control (\$29.9 million, including \$10.5 million for 2014 to 2017).
- upgrade and replacement of lampposts, luminaires, and associated infrastructure (\$189.7 million, including \$83.7 million for 2014 to 2017).
- signal and streetlight installation and lane markings associated with the Highway Reconstruction and Bridge Programs (\$18.4 million, including \$17.9 million for 2014 to 2017).
- reconstruction of parking garages and parking lots (\$18.5 million, including \$10.8 million for 2014 to 2017).
- replacement of 1.2 million linear feet of electrical distribution systems along the City's streets (\$52.5 million, including \$23.5 million for 2014 to 2017).
- reconstruction and replacement of ferry boats (\$412.9 million, including \$380.7 million for 2014 to 2017).
- ferry terminal and facility improvements (\$17.0 million planned for 2014 to 2015).
- replacement of vehicles for field forces and the upgrading of computer equipment (\$58.4 million, including \$48.4 million for 2014 to 2017).

The highlights of the 2014 Capital Plan include:

- reconstruction of bridges rated "fair" or "good" (\$832.5 million), including Mill Basin (\$266.8 million) and Harlem River Drive over the viaduct (\$195.3 million).
- reconstruction of the Battery Park and West Street Underpass (\$35.8 million) and 15 movable bridges damaged by Hurricane Sandy (\$31.7 million).
- resurfacing and reconstruction of 363 lane miles of streets damaged by Hurricane Sandy (\$395.7 million).
- reconstruction of sidewalks and pedestrian ramps (\$56.4 million).
- reconstruction of streets (\$829.1 million), including reconstruction of Worth Street in Manhattan (\$42.0 million), reconstruction of West 33rd Street in Manhattan (\$39.5 million), 94th Street in Queens (\$23.0 million), and reconstruction of Grand Concourse Service Road in the Bronx (\$24.8 million).
- signal installations and maintenance, as well as the computerization and modernization of signalized intersections (\$73.4 million).
- upgrading and replacing lamppost and luminaires and associated infrastructure (\$25.7 million).
- replacement of two water-based construction cranes (\$5.0 million).

HOUSING PRESERVATION AND DEVELOPMENT

The Department of Housing Preservation and Development (HPD) is responsible for the preservation, rehabilitation and expansion of New York City's housing stock. HPD serves as a catalyst for private investment in communities with the greatest need. The preservation of New York City's existing housing stock is assured through targeted anti-abandonment and conservation activities in communities throughout the City. The agency will continue to focus on creative and innovative strategies to leverage City resources to encourage private investment in the preservation and creation of affordable housing.

A key agency collaborator is the Housing Development Corporation (HDC). HDC is a public benefit corporation created to provide both taxable and tax-exempt financing for affordable housing. Through the issuance of bonds, HDC invests in the development of numerous projects. Low cost financing and, in some cases, direct subsidies provide for construction of multifamily rental and cooperative housing for low and moderate income households. Together, HPD and HDC work to achieve the goal of the New Housing Marketplace Plan to create and/or preserve 165,000 units of affordable housing throughout the five boroughs.

Financial Review

The Department of Housing Preservation and Development's 2014 Executive Budget provides for operating expenses of \$560 million. The budgeted headcount of 2,401, including full-time and full-time equivalent positions, is funded at \$140 million, \$32 million of which is City funds. Funding for other than personal services amounts to \$421 million, \$18 million of which is City funds. HPD also provides for capital commitments of \$384 million in 2014, including \$283 million in City funds and \$101 million in Federal HOME funds. This represents an increase of \$50 million from the amount planned for 2014 during the FY13 Executive Plan.

Revenue Forecast

HPD collects fees for processing tax abatement and exemption applications, multiple dwelling registrations, document searches, and administrative fees. HPD also collects revenue from residential and commercial tenants occupying in rem buildings and from the sale of in rem buildings to the private sector. The Department will generate \$21.8 million in 2014, \$51.5 million less than the amount for 2013. The 2014 decrease is primarily attributable to the one-time \$30 million payment from the Gateway land sale and the collection of application fees and rental income in 2013.

Expense Budget Highlights

Providing Core Services

The agency will maintain its core services in 2014 including the reduction of lead hazards, enforcement of the housing maintenance code, and the preservation of privately-owned housing.

- HPD will continue to reduce lead hazards within the City's housing stock and within the private housing market.
- Community Development Block Grant (CDBG) funding is maintained for HPD's Code Enforcement Program to allow for prompt inspection of perceived violations of the Housing Maintenance Code.
- Community Development Block Grant (CDBG) funding is maintained for HPD's Emergency Repair Program (ERP) to remove hazardous conditions in private buildings where landlords have been negligent in correcting violations detrimental to life, health and safety.
- HPD administers a portion of New York City's allotment of Federal Section 8 subsidies to eligible New Yorkers. Over \$357 million worth of subsidy payments, serving over 36,000 households, are planned in 2014.

Summary of Agency Financial Data

The following table compares the 2014 Executive Budget with the 2014 Preliminary Budget, the 2013 forecast and actual expenditures for 2012, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services and debt service.

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

	2012 Actual	2013 Forecast	2014		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2013 Forecast	2014 Preliminary Budget
Expenditures						
Salary and Wages.....	\$134,669	\$139,668	\$139,724	\$139,875	\$207	\$151
Fringe Benefits.....	53	—	—	—	—	—
OTPS.....	596,622	650,637	420,027	420,491	(230,146)	464
Total.....	<u>\$731,344</u>	<u>\$790,305</u>	<u>\$559,751</u>	<u>\$560,366</u>	<u>(\$229,939)</u>	<u>\$615</u>
Funding						
City.....	\$35,820	\$60,628	\$49,371	\$49,835	(\$10,793)	\$464
Other Categorical Grants.....	32,733	26,692	1,637	1,788	(24,904)	151
IFA.....	14,784	14,473	16,673	16,673	2,200	—
State.....	3,708	4,002	1,968	1,968	(2,034)	—
Federal CD.....	127,392	130,800	123,319	123,319	(7,481)	—
Federal Other.....	514,789	550,265	364,536	364,536	(185,729)	—
Intra-City Other.....	2,118	3,445	2,247	2,247	(1,198)	—
Total.....	<u>\$731,344</u>	<u>\$790,305</u>	<u>\$559,751</u>	<u>\$560,366</u>	<u>(\$229,939)</u>	<u>\$615</u>
Additional Costs Centrally Funded						
Personal Services (PS).....						
Fringe Benefits.....	\$53,862	\$56,152	\$60,568	\$59,446	\$3,294	(\$1,122)
Pensions.....	24,011	25,764	25,304	25,274	(490)	(30)
Other Than Personal Service (OTPS)						
Legal Services.....	3,608	4,066	4,150	4,138	72	(12)
Judgments and Claims.....	1,471	16,941	17,994	17,994	1,053	—
Debt Service.....	462,586	709,139	749,194	726,114	16,975	(23,080)
Total Additional Costs.....	<u>\$545,538</u>	<u>\$812,062</u>	<u>\$857,210</u>	<u>\$832,966</u>	<u>\$20,904</u>	<u>(\$24,244)</u>
Funding						
City.....	493,972	751,768	785,462	771,071	19,303	(14,391)
Non-City.....	51,566	60,294	71,748	61,895	1,601	(9,853)
Intra-City Additional Costs.....	—	—	—	—	—	—
Full Agency Costs (including Central Accounts)						
Salary and Wages.....	\$134,669	\$139,668	\$139,724	\$139,875	\$207	\$151
Fringe Benefits.....	53,915	56,152	60,568	59,446	3,294	(1,122)
Pensions.....	24,011	25,764	25,304	25,274	(490)	(30)
Total PS.....	<u>\$212,595</u>	<u>\$221,584</u>	<u>\$225,596</u>	<u>\$224,595</u>	<u>\$3,011</u>	<u>(\$1,001)</u>
OTPS.....	\$596,622	\$650,637	\$420,027	\$420,491	(\$230,146)	\$464
Legal Services.....	3,608	4,066	4,150	4,138	72	(12)
Judgments and Claims.....	1,471	16,941	17,994	17,994	1,053	—
Debt Service.....	462,586	709,139	749,194	726,114	16,975	(23,080)
Total OTPS.....	<u>\$1,064,287</u>	<u>\$1,380,783</u>	<u>\$1,191,365</u>	<u>\$1,168,737</u>	<u>(\$212,046)</u>	<u>(\$22,628)</u>
Total Agency Costs.....	\$1,276,882	\$1,602,367	\$1,416,961	\$1,393,332	(\$209,035)	(\$23,629)
Less Intra-City.....	<u>\$2,118</u>	<u>\$3,445</u>	<u>\$2,247</u>	<u>\$2,247</u>	<u>(\$1,198)</u>	<u>\$—</u>
Net Agency Cost.....	<u>\$1,274,764</u>	<u>\$1,598,922</u>	<u>\$1,414,714</u>	<u>\$1,391,085</u>	<u>(\$207,837)</u>	<u>(\$23,629)</u>
Funding						
City.....	529,792	812,396	834,833	820,906	8,510	(13,927)
Non-City.....	744,972	786,526	579,881	570,179	(216,347)	(9,702)
Personnel (includes FTEs at fiscal year-end)						
City.....	455	470	475	477	7	2
Non-City.....	1,698	1,931	1,912	1,910	(21)	(2)
Total.....	<u>2,153</u>	<u>2,401</u>	<u>2,387</u>	<u>2,387</u>	<u>(14)</u>	<u>—</u>

Programmatic Review and Service Impact

Preservation Services

The Division of Code Enforcement ensures compliance with the City's Housing Maintenance Code and the New York State Multiple Dwelling Law by responding to complaints concerning possible housing violations such as the presence of lead paint, structural deficiencies or the lack of heat, hot water or electricity. In response to violations identified by housing inspectors, the Division of Maintenance performs emergency repairs in privately-owned buildings when landlords fail to perform necessary repairs. The Division also coordinates major repairs and contracts for improvements in City-owned buildings prior to disposition and is responsible for protecting public safety through sealing and demolishing vacant and unsafe buildings.

The Division of Neighborhood Preservation (DNP) conducts building site assessments each year through four borough offices in an effort to determine whether buildings are at risk of abandonment. When a building is identified as at-risk, this Division develops individual treatment plans to address building deficiencies and coordinates the implementation of treatment plans. Activities include encouraging owners to pay their taxes and referring owners to existing education, support, and rehabilitation programs.

Development

The Office of Development leads the implementation of the City's Ten Year Housing Plan. The Office is responsible for building a pipeline for affordable housing development by identifying privately-owned sites and assemblages for housing development, collaborating with other land holding agencies, and financing a variety of new construction and rehabilitation programs. The Office includes the divisions of New Construction (including Planning, Housing Production, and New Construction Finance), Special Needs Housing, Preservation Finance, and Housing Incentives.

Within the Division of New Construction, the Division of Planning is responsible for identifying sites for affordable housing development and creating and coordinating the pipeline of public sites, including formulation of interagency partnerships and coordination of neighborhood rezoning efforts. The Division of New Construction Finance is responsible for operating programs which provide financing to construct multi-family housing, often in conjunction with the New York City Housing Development Corporation (HDC). The Division of Housing Production is responsible for coordinating homeownership programs that create or renovate one- to four-family homes for purchase, and operates the agency down-payment assistance program.

The Division of Preservation Finance operates programs which provide financing to rehabilitate and preserve multi-family housing within the private market. The Division of Housing Incentives operates the agency's property tax incentive programs, the Inclusionary Housing program, and is responsible for the allocation of the agency's Low Income Housing Tax Credits. The Division of Special Needs Housing is responsible for providing permanent housing that serves households with special needs, the formerly homeless and the low-income elderly.

Asset and Property Management

The Division of Asset Management is responsible for ensuring the longevity and affordability of units the agency has created and preserved. Its programs are geared to proactively identify at-risk buildings and portfolios and to stabilize mismanaged assets.

The Division of Property Management (DPM) manages City-owned (*in rem*) residential and commercial properties, as well as Urban Renewal properties, until they can be returned to responsible private ownership. In addition, this Division operates the Emergency Housing Response Team (EHRT) and Client and Housing Services (CHS), which provide emergency shelter and housing relocation services to tenants displaced as a result of fires or vacate orders issued by the Department of Buildings, the Fire Department or HPD.

Capital Review

The 2014-2017 Capital Plan for HPD totals \$1.2 billion, including \$941.7 million in City funding and \$270 million in Federal funds. The agency continues to use its City capital resources to leverage State and Federal funds as well as substantial private equity (that does not flow through the City's capital budget). The table below reflects capital commitments by program area over the FY 2012 - 2017 period.

Capital Commitments

(\$ in 000's)

	2012 Actual		2013 Plan		2014 Plan		2015 Plan		2016 Plan		2017 Plan	
	City Funds	All Funds										
New Construction	\$73,142	\$98,491	\$269,759	\$325,568	\$56,265	\$69,705	\$58,210	\$64,565	\$72,742	\$74,617	\$83,000	\$84,364
Preservation.....	82,911	92,375	205,326	218,940	118,183	125,623	78,792	81,882	79,683	82,866	81,166	81,166
Supportive Housing	9,525	82,598	13,198	59,490	1,000	77,655	7,433	59,378	17,900	67,400	18,000	68,000
Disposition	-889	-2,640	49,843	61,093	39,159	42,544	19,290	21,090	24,134	24,134	25,000	25,000
Other Housing Support.....	26,847	26,847	101,438	101,438	68,744	68,744	42,969	42,969	15,448	15,448	34,538	34,538
Total.....	<u>\$191,536</u>	<u>\$297,671</u>	<u>\$639,564</u>	<u>\$766,529</u>	<u>\$283,351</u>	<u>\$384,271</u>	<u>\$206,694</u>	<u>\$269,884</u>	<u>\$209,907</u>	<u>\$264,465</u>	<u>\$241,704</u>	<u>\$293,068</u>

Ongoing Programs

Under the 2014-2017 Capital Plan, the City will invest a total of \$371.5 million (\$357.8 million in City funds) to preserve affordable housing through targeted financial assistance to private owners to prevent abandonment and secure long-term affordability. The current Capital Plan also provides a total of \$293.3 million (\$270.2 million in City funds) for new construction projects that create rental and homeownership opportunities for families at various income levels. Additionally, HPD will allocate a total of \$272.4 million (\$44.3 million in City funds) to supportive housing initiatives, including those to end chronic homelessness through execution of the New York/New York III agreement with the State. Finally, the City will continue with the rehabilitation and disposition of its remaining in rem residential stock, to return these buildings to responsible private owners. The Capital Plan allocates a total of \$112.8 million (\$107.6 million in City funds) to fund these tasks.

- Utilizing a variety of preservation financing programs, including the Article 8A, Mitchell Lama Preservation, Participation Loan, Low Income Housing Tax Credit Year 15, and Senior Citizens' Home Improvement Program, HPD will preserve approximately 12,000 units.
- Through various new construction initiatives, HPD will produce approximately 10,000 units in a broad array of housing options targeting various tiers of affordability. Initiatives include large-scale developments throughout the five boroughs, as well as funding for various rental and homeownership initiatives.
- HPD will fund approximately 3,300 housing units to benefit low income households with special needs. This includes permanent housing for the formerly homeless and supportive housing for the elderly.
- HPD will rehabilitate and complete disposition of approximately 1,200 units through the Multifamily Preservation Loan Program (MPLP) and the Affordable Neighborhood Cooperative Program (ANCP).

DEPARTMENT OF CITYWIDE ADMINISTRATIVE SERVICES

The Department of Citywide Administrative Services (DCAS) is the principal administrative support agency for the City of New York, providing City agencies with various services, including personnel, real estate, goods and selected services procurement, energy management, and facilities management. These are provided by the following lines of services: Human Capital, Diversity and Equal Employment Opportunity, Asset Management, Energy Management, Office of Citywide Purchasing, Office of NYC Fleet, and Fiscal and Business Management.

Financial Review

The 2014 Executive Budget for the Department of Citywide Administrative Services provides \$1.2 billion, a decrease of \$16.0 million over the amount forecasted for 2013. This decrease is primarily attributable to the one-time increase in Hurricane Sandy federal funds in 2013. The \$1.6 billion DCAS Ten-Year Capital Plan includes \$840.5 million for Public Buildings, \$744 million for energy efficiency and other greenhouse gas reducing efforts, and \$37.8 million for Real Property.

Revenue Forecast

In 2014, the Department of Citywide Administrative Services will collect \$93.3 million in revenue, approximately \$15.2 million less than the amount forecasted for 2013. This decrease is partially due to the one-time collection of a State court reimbursement, proceeds from the removal of deed restrictions on previously city-owned properties, and also the sale of city-owned properties in 2013. DCAS Asset Management/Real Estate Services will generate \$75.5 million from land sales and rents from commercial properties.

Expense Budget Highlights

Budgetary Priorities: Providing Core Services

- the 2014 Executive Budget provides total funds of \$1.2 billion for the Department, of which \$777.7 million is for goods and services that agencies purchase from DCAS through intra-city agreements, including the following: utilities (\$680.8 million), leases (\$68.8 million), storehouse supplies (\$17.7 million), maintenance and repair of facilities and vehicles (\$5 million), personnel training (\$0.5 million), and other services (\$4.9 million).
- the 2014 Executive Budget provides a total of \$1.01 billion for DCAS Asset Management. Included in this total is \$794.7 million for utilities, \$90.1 million for leases, and \$34.2 million for building maintenance.
- the 2014 Executive Budget provides a total of \$106.8 million for DCAS Asset Management – Public Facilities (excluding the \$794.7 million for utilities). Included in the \$106.8 million total is \$50.9 million in State funding for court facilities. Asset Management – Public Facilities provides overall facilities management, including maintenance and construction services for 55 public buildings including court facilities.
- the 2014 Executive Budget provides a total of \$15.2 million for DCAS Asset Management – Real Estate Services. Real Estate Services purchases, sells, and leases real property; and locates space for City agencies.
- the 2014 Executive Budget provides a total of \$14.7 million for security services in DCAS-managed buildings.

Restructuring and Streamlining

- in 2013, DCAS will continue implementing its Lease Efficiency Initiative, identifying opportunities for Citywide lease savings through consolidation, rent renegotiations, and lease terminations. To date, this initiative has identified reductions in City office space totaling 545,000 square feet resulting in \$17.3 million in annual recurring savings and \$46.8 million in cumulative savings.
- DCAS completed over 174 energy efficiency retrofits with PlaNYC capital funding since the Plan's release in 2007, avoiding more than 24,359 metric tons of CO₂e and saving \$6.4 million in Citywide energy costs. There are currently an additional 123 projects in various stages of design and construction as well as over 76 energy efficiency reports (including building audits and retro-commissioning reports) of City government buildings underway to continue the aggressive benchmarking and retrofit program in support of PlaNYC. This work will include, but is not limited to, installing energy efficient lighting, implementing heating system and cooling system upgrades, and deploying building management systems. DCAS is implementing 24 Retro-commissioning projects with an additional 52 projects in the pipeline. In addition, DCAS Energy Management has managed various distributed generation projects and renewable energy supply projects such as a new solar Power Purchase Agreement (PPA). DCAS provided training for over 1,400 City custodian engineers and facility managers to empower better energy efficient building operations.
- in 2014, DCAS will continue implementation of the Citywide Fleet Initiative and implementation of Mayoral Executive Order 161 of April 2012. In FY 2013, DCAS consolidated twelve facilities, with NYPD, DSNY, Parks, DOT and DCAS taking on new inter-agency fleet roles. NYC Fleet also partnered with Property Room to conduct fleet auctions online and with zipcar to implement a major fleet reduction and car share initiative. In FY 2014, DCAS will continue garage consolidation focused on the transfer of parts rooms to Genuine Parts Company and implementation of an upgrade of the City Maintenance Control Management System (MCMS) Fleet system to enable seamless inter-agency sharing of fuel and fleet services. DCAS is working with AssetWorks on an upgrade to the City's fleet management system and will also complete the rollout of automated fuel tracking, which is currently in place at NYPD and Parks, to all other agency in-house fuel sites. DCAS also spearheads major environmental initiatives including EV plug in vehicles and biodiesel.
- DCAS will further advance the City's Provisional Reduction Plan in 2014. This plan will reduce the number of City employees serving in provisional status by: 1) strategically scheduling civil service examinations for titles with large numbers of provisionals and for titles where agencies require a significant number of eligibles to meet their hiring needs; and 2) broad-banding, consolidating and conducting other reclassifications of existing titles. Also, DCAS will expand the Online Education and Experience Test (OLEE) and computer-based testing programs, allowing candidates to take Education and Experience (E&E) tests online and expanding the number of walk-in computer-based multiple-choice tests at the DCAS Computerized Testing Centers (CTCs). Candidates who take OLEE and walk-in CTC exams receive immediate tentative test results.
- Citywide Diversity and Equal Employment Opportunity (CDEEO) established three strategic plans for diversity and inclusion through a citywide campaign focused on workforce, workplace and community. Definitions for diversity and inclusion were provided to City agencies as well as business case language. Additionally, key performance indicators have been established specific to new hires and total representation for the Mayor's Management Report. Also, CDEEO worked to re-establish its Citywide EEO Officers working group, which is now open to over 40 Mayoral agencies focused on both diversity management and EEO compliance. CDEEO continues to offer its EEO Computer Based Training (CBT) for employees. The CBT ensures that employees are aware of their rights and responsibilities under the City's EEO Policy using scenarios of actual cases while testing comprehension through a low-cost accessible method.

CDEEO added diversity and inclusion to the FY 2013 Annual EEO Plan and created a new template to allow agencies to highlight their achievements and best practices and strategies specific to their workforce, workplace

and community. The submission rate reached this year was 100%. Each year, DCAS sets the standard plan format for each Mayoral agency to issue an Annual EEO Plan, signed by the Agency Head. The agency plan reaffirms the Agency Head's commitment to diversity and inclusion, and requires the agency to provide EEO training to its employees and review Citywide Equal Employment Database System data for promoting diversity and inclusion in its workforce. CDEEO reviews and approves agency plans, and agencies must submit copies of their approved plans to the City Council, the Equal Employment Practices Commission, and the Civil Service Commission.

- DCAS's Office of Citywide Purchasing (OCP) continues to expand its Citywide service contract portfolio by identifying commonly used services that can be consolidated into multi-agency requirement contracts. By aggregating and standardizing the needs of all City agencies, OCP is leveraging the City's buying power to improve services and generate savings. In addition to creating new contracts for standard, office and fleet service procurements, OCP is also exploring opportunities to consolidate professional and other services to reduce the number of agency-specific contracts.

Summary of Agency Financial Data

The following table compares the 2014 Executive Budget with the 2014 Preliminary Budget, the 2013 forecast and actual expenditures for 2012, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services and debt service.

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

	2012 Actual	2013 Forecast	2014		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2013 Forecast	2014 Preliminary Budget
Expenditures						
Salary and Wages.....	\$138,858	\$141,970	\$140,278	\$142,177	\$207	\$1,899
Fringe Benefits.....	1,772	2,081	1,701	1,701	(380)	—
OTPS.....	950,615	1,023,714	1,057,269	1,010,407	(13,307)	(46,862)
Total.....	<u>\$1,091,245</u>	<u>\$1,167,765</u>	<u>\$1,199,248</u>	<u>\$1,154,285</u>	<u>(\$13,480)</u>	<u>(\$44,963)</u>
Funding						
City.....	\$199,548	\$207,692	\$217,689	\$224,987	\$17,295	\$7,298
Other Categorical Grants.....	89,370	89,272	100,527	93,065	3,793	(7,462)
IFA.....	8,551	6,242	4,778	4,934	(1,308)	156
State.....	46,790	51,876	47,278	50,243	(1,633)	2,965
Federal CD.....	—	—	—	—	—	—
Federal Other.....	28,997	63,408	2,000	3,287	(60,121)	1,287
Intra-City Other.....	717,989	749,275	826,976	777,769	28,494	(49,207)
Total.....	<u>\$1,091,245</u>	<u>\$1,167,765</u>	<u>\$1,199,248</u>	<u>\$1,154,285</u>	<u>(\$13,480)</u>	<u>(\$44,963)</u>
Additional Costs Centrally Funded						
Personal Services (PS).....						
Fringe Benefits.....	\$48,604	\$49,127	\$52,596	\$51,764	\$2,637	(\$832)
Pensions.....	22,808	25,894	26,414	26,382	488	(32)
Other Than Personal Service (OTPS)						
Legal Services.....	1,955	2,619	2,159	2,335	(284)	176
Judgments and Claims.....	4,718	748	794	794	46	—
Debt Service.....	656,258	686,351	717,952	709,923	23,572	(8,029)
Total Additional Costs.....	<u>\$734,343</u>	<u>\$764,739</u>	<u>\$799,915</u>	<u>\$791,198</u>	<u>\$26,459</u>	<u>(\$8,717)</u>
Funding						
City.....	673,028	727,601	753,848	753,385	25,784	(463)
Non-City.....	61,056	36,813	46,067	37,813	1,000	(8,254)
Intra-City Additional Costs.....	259	325	—	—	(325)	—
Full Agency Costs (including Central Accounts)						
Salary and Wages.....	\$138,858	\$141,970	\$140,278	\$142,177	\$207	\$1,899
Fringe Benefits.....	50,376	51,208	54,297	53,465	2,257	(832)
Pensions.....	22,808	25,894	26,414	26,382	488	(32)
Total PS.....	<u>\$212,042</u>	<u>\$219,072</u>	<u>\$220,989</u>	<u>\$222,024</u>	<u>\$2,952</u>	<u>\$1,035</u>
OTPS.....	\$950,615	\$1,023,714	\$1,057,269	\$1,010,407	(13,307)	(46,862)
Legal Services.....	1,955	2,619	2,159	2,335	(284)	176
Judgments and Claims.....	4,718	748	794	794	46	—
Debt Service.....	656,258	686,351	717,952	709,923	23,572	(8,029)
Total OTPS.....	<u>\$1,613,546</u>	<u>\$1,713,432</u>	<u>\$1,778,174</u>	<u>\$1,723,459</u>	<u>\$10,027</u>	<u>(\$54,715)</u>
Total Agency Costs.....	\$1,825,588	\$1,932,504	\$1,999,163	\$1,945,483	\$12,979	(\$53,680)
Less Intra-City.....	<u>\$718,248</u>	<u>\$749,600</u>	<u>\$826,976</u>	<u>\$777,769</u>	<u>\$28,169</u>	<u>(\$49,207)</u>
Net Agency Cost.....	<u>\$1,107,340</u>	<u>\$1,182,904</u>	<u>\$1,172,187</u>	<u>\$1,167,714</u>	<u>(\$15,190)</u>	<u>(\$4,473)</u>
Funding						
City.....	872,576	935,293	971,537	978,372	43,079	6,835
Non-City.....	234,764	247,611	200,650	189,342	(58,269)	(11,308)
Personnel (includes FTEs at fiscal year-end)						
City.....	1,397	1,409	1,412	1,426	17	14
Non-City.....	758	792	806	808	16	2
Total.....	<u>2,155</u>	<u>2,201</u>	<u>2,218</u>	<u>2,234</u>	<u>33</u>	<u>16</u>

Programmatic Review and Service Impact

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

Human Capital

Human Capital is responsible for Citywide civil service administration including the classification of positions and salaries, developing, validating, administering, and rating examinations, creating civil service lists and certifying those lists to agencies to fill vacancies and replace provisionals, evaluating and administering Citywide personnel policies and programs, and administering special programs such as the Employee Blood Donation Program, the Urban Fellows Program, Public Service Corps, and the Leadership Institute. This office also conducts professional development and employee training. There were 819 classes taken by 9,166 City employees from 82 agencies to date in 2013. Another 3,100 City employees are expected to complete training opportunities by the end of the fiscal year. Human Capital also manages the New York City Automated Personnel System (NYCAPS), which is used by 82 City agencies for human resources and benefits administration.

Examinations are administered by Human Capital for City agencies and other organizations such as the New York City Housing Authority. This office anticipates administering 99 civil service examinations in 2014. In 2014, Human Capital will continue to provide a sufficient number of exams to help meet the City's hiring needs and continue to reduce the number of provisional employees Citywide.

Citywide Diversity and EEO

Citywide Diversity & EEO (CDEEO) oversees the equal employment opportunity policy and practices of the City, assisting City agencies in developing strategies to achieve compliance with the City's EEO obligations. This office provides training to agency EEO Officers in implementing the EEO-related provisions of the City Charter, the City's EEO Policy and other Federal, State and local laws. The group also monitors agencies' EEO efforts, including resolving complaints and monitoring employment actions, through quarterly compliance reports.

Asset Management

DCAS Asset Management is working to achieve the efficiency goal of shedding unneeded City real estate and leased space occupied by City agencies, while also maximizing revenue from City owned properties and providing quality facilities management and construction services for DCAS-managed buildings. Asset Management has seven major units – Acquisitions and Leasing, Financial Services, Facilities Operations, Building Services, Design and Project Management, Tenant Services, and Planning. Several are highlighted below.

Asset Management/Acquisitions and Leasing (A&L) oversees the commercial real estate portfolio for space utilized by City agencies, which includes leasing or purchasing privately-owned properties for government use, managing properties surrendered by other City agencies as surplus, long and short-term leasing of City-owned properties, and disposition of real estate by means of sales and lease auctions. A&L administers approximately 435 leases for City agencies in private buildings. This unit also manages a rental property portfolio of 485 leases and licenses.

Asset Management/Financial Services audits leases to ensure proper lease billing and has identified savings of \$5.9 million in rent credits to date in Fiscal Year 2013.

Asset Management/Facilities Operations is responsible for maintaining and operating 55 City-owned public buildings. They operate building systems and perform routine maintenance and repair work and oversee fire safety and emergency action plans including establishment of plans and procedures and administration of routine drills and compliance with applicable codes and local laws.

Asset Management / Building Services provides custodial and minor maintenance work.

Energy Management

Energy Management is the City's primary energy management entity, and oversees initiatives to reduce energy use and greenhouse gas emissions in City government operations. It identifies and manages energy efficiency projects and programs, develops the City's annual energy budget, pays energy bills for City accounts as the utility account holder of record, and monitors and reports on energy usage and costs to agencies.

Office of Citywide Purchasing

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

OCP is transforming DCAS and citywide procurement by employing customer-centric strategies focused on enhancing and broadening DCAS's contract portfolio, re-engineering procurement and logistics processes, improving communications, and updating and standardizing the City's procurement technology platform. OCP has implemented strategic sourcing and contract consolidation best practices to achieve savings and improve citywide service levels. In Fiscal Year 2012, OCP obtained access to citywide FMS data for strategic sourcing data mining with the goal of maximizing savings in the City's Other Than Personal Service (OTPS) spending. Since then, OCP has begun identifying contract consolidation opportunities, established resources to provide purchasing staff with data to support pre- and post-award vendor negotiation, and developed data dashboards and other procurement visibility tools and resources.

NYC Fleet

NYC Fleet oversees the management of the City's 26,000 vehicles and garage facilities at eight agencies. NYC Fleet will continue to service 2,500 vehicles at 50 client agencies directly through vehicle maintenance contracts while managing the City's fuel, vehicle accidents, defensive driver training and alternative energy programs. NYC Fleet also leads initiatives in fleet consolidation, acquisitions, risk management, enterprise fleet management, and sustainability impacting all fleet agencies.

Fiscal and Business Management

DCAS Fiscal and Business Management (FBM) is responsible for providing the Department with the fiscal management and coordination needed to carry out its mandate. This line of service includes the Capital Budget Office, and the Office of Financial Services, which includes budget control, audits and accounts, and State Court reimbursement.

Capital Review

The 2014-2023 Capital Commitment Plan for the Department is \$1.6 billion, with \$697.5 million provided in 2014.

The Department is responsible for capital improvements to all DCAS-managed and client agencies' buildings including office space, warehouses, and courts; oversight and improvements to City-leased properties; and the sale, lease, and acquisition of City-owned non-residential waterfront and non-waterfront properties. The capital program includes compliance work for public safety and legal mandates, renovation, rehabilitation, construction, design, and outfitting of various sites, including the purchase of furniture. The Department also purchases vehicles and various communications and technological equipment.

The table below shows capital commitments by program area over the 2014-2023 period.

Capital Commitments

(\$ in 000's)

	2012 Actual		2013 Plan		2014 Plan		2015 Plan		2016 Plan		2017 Plan	
	City Funds	All Funds										
Rehabilitation of City- Owned Space	\$74,592	\$74,592	\$187,106	\$187,106	\$204,418	\$204,877	\$31,536	\$31,536	\$16,657	\$16,657	\$2,400	\$2,400
Renovation of Other City-Owned Facilities.....	24	24	1,943	1,943	3,156	3,156	0	0	0	0	0	0
Rehabilitation of Court Buildings.....	0	0	0	0	310	310	0	0	0	0	0	0
Legal Mandates and Correction of Unsafe Conditions.....	15,686	15,686	32,716	32,716	66,103	66,103	8,785	8,785	11,652	11,652	31,821	31,821
Renovation of Leased Space.....	22,230	22,230	59,385	59,385	115,575	115,575	3,238	3,238	6,042	6,042	6,154	6,154
Equipment and Interagency Services.....	7,614	7,655	49,113	49,194	56,042	56,042	1,312	1,312	2,978	2,978	3,284	3,284
Communications Equipment.....	119	119	5,047	5,047	531	531	100	100	100	100	50	50
Board of Elections	2,337	2,337	2,052	2,052	7,504	7,504	0	0	0	0	0	0
Miscellaneous Construction.....	31,750	31,750	48,828	48,828	27,381	27,381	3,000	3,000	0	0	0	0
Acquisition of Real Property	0	0	0	0	500	500	0	0	0	0	0	0
Energy Efficiency and Sustainability	19,389	35,683	124,746	129,229	203,158	203,158	63,840	63,840	63,840	63,840	63,840	63,840
Rehabilitation of Waterfront & Non-Waterfront Properties...	29	29	3,526	3,526	12,410	12,410	3,242	3,242	3,336	3,336	3,433	3,433
Total	<u>\$173,770</u>	<u>\$190,105</u>	<u>\$514,462</u>	<u>\$519,026</u>	<u>\$697,088</u>	<u>\$697,547</u>	<u>\$115,053</u>	<u>\$115,053</u>	<u>\$104,605</u>	<u>\$104,605</u>	<u>\$110,982</u>	<u>\$110,982</u>

The 2014-2023 Capital Commitment Plan provides a total of \$1.6 billion, including \$840.5 million for the renovation, reconstruction, and outfitting of Public Buildings, \$744 million for energy efficiency initiatives and \$37.8 million for Real Property.

Highlights of the Ten-Year Plan include:

- reconstruction and rehabilitation of public buildings and City-owned facilities (\$325.5 million), including the Manhattan Municipal Building (\$65.2 million), the Brooklyn Municipal Building (\$41.0 million), Queens Borough Hall (\$16.5 million), Staten Island Borough Hall (\$3.9 million), and the Bergen Building in the Bronx (\$3.4 million).
- renovation of leased space (\$198.2 million), including 21st Century Civic Center Plan projects (\$26.5 million) and the relocation of 40 Rector Street tenant agencies to new leased space (\$10.8 million).
- energy efficiency measures and building retrofits, Citywide (\$744 million), including the Bronx Zoo Hot Water Distribution Loop (\$15.0 million).
- legal mandates (\$191.1 million), including façade upgrades to ensure Local Law 11 compliance (\$59.6 million), and fire/life safety upgrades to ensure Local Law 5 compliance (\$94.0 million).
- equipment and interagency services (\$86.1 million), including the development of a municipal supplies inventory management system (\$13.8 million) and equipment critical for hurricane/disaster response (\$22.0 million).
- miscellaneous construction in other facilities (\$30.4 million).
- renovation of other City-owned facilities (\$3.2 million).

- modernization of the Board of Elections (\$7.5 million).
- reconstruction of waterfront properties (\$36.2 million), including various pier improvements.
- reconstruction of non-waterfront properties (\$1.6 million).
- rehabilitation of court buildings (\$0.3 million).
- acquisition of real property (\$0.5 million).
- communications equipment (\$0.8 million).
- Citywide vehicle fuel management system (\$0.9 million).

The 2014 Plan provides \$697.5 million and includes:

- reconstruction and rehabilitation of public buildings and City-owned facilities (\$208 million), including the Manhattan Municipal Building (\$50.2 million), the Brooklyn Municipal Building (\$41.0 million), Queens Borough Hall (\$10.8 million) and Staten Island Borough Hall (\$1.5 million).
- renovation of leased space (\$115.6 million), including 21st Century Civic Center Plan projects (\$26.5 million) and the relocation of 40 Rector Street tenant agencies to new leased space (\$10.8 million).
- energy efficiency measures and building retrofits, Citywide (\$203.2 million), including the Bronx Zoo Hot Water Distribution Loop (\$15.0 million).
- legal mandates (\$66.1 million), including façade upgrades to ensure Local Law 11 compliance (\$15.6 million), and fire/life safety upgrades to ensure Local Law 5 compliance (\$13.8 million).
- equipment and interagency services (\$56 million), including the development of a municipal supplies inventory management system (\$13.8 million) and equipment critical for hurricane/disaster response (\$22.0 million).
- miscellaneous construction in other facilities (\$27.4 million).
- renovation of other City-owned facilities (\$3.2 million).
- modernization of the Board of Elections (\$7.5 million).
- reconstruction of waterfront properties (\$10.8 million) including various pier improvements.
- reconstruction of non-waterfront properties (\$1.6 million).
- rehabilitation of court buildings (\$0.3 million).
- communications equipment (\$0.5 million).
- Citywide vehicle fuel management system (\$0.9 million).

DEPARTMENT OF INFORMATION TECHNOLOGY AND TELECOMMUNICATIONS

The Department of Information Technology and Telecommunications (DoITT) provides Citywide coordination and technical expertise in the development and use of data, voice, and video technologies in City services and operations. DoITT's Commissioner directs the development of information technology (IT) strategies and deployment as the City's Chief Information and Innovation Officer. DoITT also provides infrastructure support for data processing and communications services to numerous City agencies, researches and manages IT projects, and administers the City's cable television, public pay telephone, and mobile and high capacity telecommunications franchises. DoITT also administers NYC311 and the City's broadcast/cable television and radio stations, and maintains NYC.gov, the City's official website.

Financial Review

DoITT's 2014 Executive Budget provides for an operating budget of \$443 million, a decrease of \$30.3 million over the amount forecasted for 2013. This change is largely attributable to the fact that much of the Federal, State and private grant funding in 2013 has not yet been reflected in 2014. In addition, the Department's IFA and Intra-City funding is reduced due to ongoing changes in operations, such as the transfer of HHS-Connect to the Human Resources Administration (HRA).

Revenue Forecast

The Department collects revenue from cable television and high capacity telecommunications franchises, public pay telephone franchises, recovery of overpayments of City telephone billings, and international programming fees for use of the City's NYC TV cable television network. The Department will generate \$168.9 million in revenue for 2014.

Expense Budget Highlights

Budgetary Priorities: Providing Core Services

- the Department's 2014 Executive Budget includes \$118.6 million for services that DoITT purchases on behalf of client agencies, including telecommunications, data, and consultant services.
- the Department's 2014 Executive Budget provides \$65.8 million for the Information Utility Technology Services Division. This Division is responsible for the data center operations and fiber optic network that provide data processing and networking services to over 120 City agencies and entities, 24 hours a day, seven days a week.
- the Department's 2014 Executive Budget provides \$35.4 million for the 311 Citizen Service Center. The Service Center provides the public with continuous access to non-emergency City services through one phone number.
- the Department's 2014 Executive Budget provides \$7.3 million for the administration of the City's five cable television channels, a broadcast station, and a radio station on the NYC TV Media Group network. The City produces programming designed to inform the public on City affairs.

Restructuring and Streamlining

- in 2013 the management of HHS-Connect, the application that coordinates agency practices to more effectively provide health and human services to New Yorkers, will complete its transfer from DoITT to HRA.

Summary of Agency Financial Data

The following table compares the 2014 Executive Budget with the 2014 Preliminary Budget, the 2013 forecast and actual expenditures for 2012, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services, and debt service.

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

	2012 Actual	2013 Forecast	2014		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2013 Forecast	2014 Preliminary Budget
Expenditures						
Salary and Wages.....	\$85,854	\$91,169	\$82,021	\$96,349	\$5,180	\$14,328
Fringe Benefits.....	—	86	—	—	(86)	—
OTPS.....	366,647	386,371	333,187	347,169	(39,202)	13,982
Total.....	<u>\$452,501</u>	<u>\$477,626</u>	<u>\$415,208</u>	<u>\$443,518</u>	<u>(\$34,108)</u>	<u>\$28,310</u>
Funding						
City.....	\$264,529	\$295,365	\$291,044	\$311,072	\$15,707	\$20,028
Other Categorical Grants.....	5,795	11,895	2,605	2,605	(9,290)	—
IFA.....	10,346	11,630	145	8,479	(3,151)	8,334
State.....	63	4,181	—	—	(4,181)	—
Federal CD.....	1,667	1,433	1,433	1,433	—	—
Federal Other.....	24,481	23,493	—	—	(23,493)	—
Intra-City Other.....	145,620	129,629	119,981	119,929	(9,700)	(52)
Total.....	<u>\$452,501</u>	<u>\$477,626</u>	<u>\$415,208</u>	<u>\$443,518</u>	<u>(\$34,108)</u>	<u>\$28,310</u>
Additional Costs Centrally Funded						
Personal Services (PS).....						
Fringe Benefits.....	\$23,693	\$24,878	\$24,994	\$25,105	\$227	\$111
Pensions.....	13,927	15,685	16,125	16,106	421	(19)
Other Than Personal Service (OTPS)						
Legal Services.....	1,060	1,159	1,094	1,179	20	85
Judgments and Claims.....	82	418	444	444	26	—
Debt Service.....	—	—	—	—	—	—
Total Additional Costs.....	<u>\$38,762</u>	<u>\$42,140</u>	<u>\$42,657</u>	<u>\$42,834</u>	<u>\$694</u>	<u>\$177</u>
Funding						
City.....	32,579	34,914	40,190	37,582	2,668	(2,608)
Non-City.....	6,183	7,226	2,467	5,252	(1,974)	2,785
Intra-City Additional Costs.....	—	—	—	—	—	—
Full Agency Costs (including Central Accounts)						
Salary and Wages.....	\$85,854	\$91,169	\$82,021	\$96,349	\$5,180	\$14,328
Fringe Benefits.....	23,693	24,964	24,994	25,105	141	111
Pensions.....	13,927	15,685	16,125	16,106	421	(19)
Total PS.....	<u>\$123,474</u>	<u>\$131,818</u>	<u>\$123,140</u>	<u>\$137,560</u>	<u>\$5,742</u>	<u>\$14,420</u>
OTPS.....	\$366,647	\$386,371	\$333,187	\$347,169	(\$39,202)	\$13,982
Legal Services.....	1,060	1,159	1,094	1,179	20	85
Judgments and Claims.....	82	418	444	444	26	—
Debt Service.....	—	—	—	—	—	—
Total OTPS.....	<u>\$367,789</u>	<u>\$387,948</u>	<u>\$334,725</u>	<u>\$348,792</u>	<u>(\$39,156)</u>	<u>\$14,067</u>
Total Agency Costs.....	\$491,263	\$519,766	\$457,865	\$486,352	(\$33,414)	\$28,487
Less Intra-City.....	<u>\$145,620</u>	<u>\$129,629</u>	<u>\$119,981</u>	<u>\$119,929</u>	<u>(\$9,700)</u>	<u>(\$52)</u>
Net Agency Cost.....	<u>\$345,643</u>	<u>\$390,137</u>	<u>\$337,884</u>	<u>\$366,423</u>	<u>(\$23,714)</u>	<u>\$28,539</u>
Funding						
City.....	297,108	330,279	331,234	348,654	18,375	17,420
Non-City.....	48,535	59,858	6,650	17,769	(42,089)	11,119
Personnel (includes FTEs at fiscal year-end)						
City.....	963	1,093	1,065	1,162	69	97
Non-City.....	144	168	38	116	(52)	78
Total.....	<u>1,107</u>	<u>1,261</u>	<u>1,103</u>	<u>1,278</u>	<u>17</u>	<u>175</u>

Programmatic Review and Service Impact

DoITT is the technology services agency that oversees the City's use of existing and emerging technologies in government operations and its delivery of services to the public. To achieve these goals, DoITT works to establish citywide policies around large-scale technology programs. DoITT developed the Citywide IT Infrastructure Services (CITIServ) initiative, allowing the City to leverage expertise, personnel, and enterprise architecture practice to avoid duplicative efforts across agencies and improve efficiency. DoITT also manages Citynet, the City's institutional fiber network, NYC.gov, the City's official website, the New York City Wireless Network (NYCWIn), the Citywide Radio (Channel 16) Network, the 800 MHz Radio Network, the Citywide Geographic Information Systems Unit, and provides administrative support to the Mayor's Office of Media and Entertainment (MOME), NYC311, and various other initiatives to help streamline agency operations and provide service to New Yorkers.

Citywide IT Infrastructure Services

The Citywide IT Infrastructure Services (CITIServ) initiative will develop a standardized infrastructure environment comparable in scope and features to those of leading industry IT providers. DoITT will provide agencies with secure and recoverable data centers through expanded oversight functions and a shared structure, which will reduce costs, space footprint, energy consumption and greenhouse gas emissions; strengthen security; and improve overall IT service quality. CITIServ is part of a broader effort to make City government more efficient and more customer-focused. CITIServ will continue its progress with more data center, e-mail and service desk migrations in 2013. To date, DoITT has successfully migrated 16 agencies to the centralized CITIServ environment.

This year, DoITT will also commission a new backup data center (known as "Site B"). Site B is designed to "mirror" the citywide Data Center at MetroTech Center in technical architecture, monitoring, reporting, and management tools. To ensure the same continuity experienced for DoITT-supported systems and applications during the worst of Hurricane Sandy, City agencies will be required to identify for backup at Site B their most critical systems currently hosted by DoITT.

Emergency Communications Transformation Program

The City continues work on Stage 2 of planned upgrades and enhancements to its 9-1-1 Emergency System. The majority of the capital funding for this initiative, known as the Emergency Communications Transformation Program (ECTP), is contained within its budget. In December 2011, in collaboration with the Police Department and the Fire Department, the Office of Citywide Emergency Communications completed Stage 1, which included significant upgrades to the call-taking systems and telecommunications infrastructure, as well as co-location of the Police, Fire and EMS call taking and dispatch operations into the Public Safety Answering Center in Brooklyn. Since that time, the City has successfully received more than 14 million calls on the new 9-1-1 system. ECTP's work on Stage 2 continues as the City develops a new, consolidated Fire and EMS dispatch system, and looks to install next generation technologies in a second, fully redundant Public Safety Answering Center (PSAC 2) in the Bronx, expected to be completed by the end of December 2015.

New York City Wireless Network

The New York City Wireless Network (NYCWIn) is a high-speed, mobile data network representing a commitment to provide a next-generation public safety infrastructure. NYCWiN provides first responders high-speed data access to support large file transfers, including fingerprints, mug shots, City maps, automatic vehicle location, and full-motion streaming video. The network is also leveraged by City agencies to improve service delivery to New Yorkers. Automated water meter reading, traffic signal control and various other programs are now underway, allowing the City's mobile workforce to not only function more efficiently, but also to realize substantial cost savings across agencies. Today, NYCWiN supports more than 300 applications and approximately 850,000 devices spanning dozens of agencies.

Citywide Radio Network & 800 MHz Radio Network

DoITT maintains two distinct mission critical radio systems – 800 MHz and the Citywide Radio Network – supporting more than 40 City agencies and some 25,000 radios with internal and interoperable communications among various jurisdictions. There was heavy reliance on these systems during and after Hurricane Sandy, as they were among the only reliable means of voice communications for critical response efforts in and around the impact zones. All told, DoITT deployed more than 900 radios to approximately two dozen agencies. These radio systems maintained 100% uptime and reliability throughout the emergency, which can be attributed to backup generators and digital microwave technology that lessened dependency on power and telecommunications providers.

Geographic Information Systems

DoITT's Citywide Geographic Information Systems (GIS) Unit develops and maintains a repository of current, accurate spatial data and applications. This includes NYCityMap, a physical base map and planimetrics of the City derived from aerial photography. The unit also develops GIS tools and applications and provides services for use by all City agencies. The GIS internet hosting environment provides the public with an expanding array of geographic-based information on NYC.gov. Leveraging NYCityMap and similar technologies, DoITT has worked with agencies across the City to launch many interactive websites and applications serving a range of audiences and needs, including:

- PlowNYC – delivers a new, public-facing view into the City's snow clearing operations. When activated during a snow event, this tool features a map to view snow removal activities, including color-coded street segments by time interval denoting when a street was last plowed. PlowNYC was used to great effect during the citywide snow emergency in February 2013.
- NYC Census FactFinder – provides greater flexibility in searching for the most up-to-date population profiles for specific locations across the five boroughs. Users can now quickly examine 2010 Census data. i.e., how many people rent versus own homes in their community; the number of housing units in their neighborhoods, etc.

NYC311

NYC311 is the nation's largest and most comprehensive government information and services center. It is available 24 hours a day, 7 days a week in nearly 180 languages and now serves more than 60,000 customers filing 7,700 daily requests via phone, online and text message. Since its launch, NYC311 has received more than 158 million calls and has been a clearinghouse for all things New York City government, providing information on more than 4,000 topics, routing details to the appropriate City agencies and providing customers with service request numbers for use in tracking the progress of their inquiry. In doing so, NYC311 has helped increase the accessibility and responsiveness of City agencies, allowing them to better focus on the key public services they provide. In addition, NYC311 has served as a model for non-emergency government service delivery operations, hosting hundreds of delegations from dozens of countries and many major cities in the United States while they designed their own 311 operations.

Reinvent NYC.gov

In Fiscal 2014 NYC.gov will be re-launched. Today, the City's official website is accessed by over 25 million users each year, and improving the effectiveness of its user interface will enhance service delivery to New Yorkers. The redesigned site will feature optimized viewing for smart phone and tablet mobile devices; improved content organization, search functionality, and tools to increase awareness of City programs/services; and deeper social media integration to ensure the content and information hosted on NYC.gov reaches an ever-widening audience.

Sustainable Broadband Adoption

DoITT leads the City's comprehensive efforts to enhance broadband adoption in underserved communities across the City. By tapping the City's regulatory authority over cable franchise providers, the agency helps to bring free and low-cost Wi-Fi and other technological improvements to public parks, community centers, and commercial sectors across the City valued at more than \$60 million. DoITT has also secured \$42 million in Federal Stimulus monies to increase broadband access for more than 300,000 New Yorkers, including public school students and families and patrons of 100 free public computing centers citywide.

Open Data

Signed by Mayor Bloomberg last March, Local Law 11 of 2012 (known as the "Open Data" bill) represents the most ambitious legislation of its kind in the country. Last September, pursuant to the first deliverable mandated by the bill, DoITT published a technical standards manual for City agencies, setting forth policies and standards for open data.

March 2013 marked the date by which data on NYC.gov must also be made available in machine-readable formats on NYC OpenData, the City's centralized platform for data from more than 60 agencies. There are now approximately 1,800 unique representations of more than 1,000 raw data sets available at no charge via NYC OpenData, with new data added every day. Available data sets span the full range of City operations, including cultural affairs, education, health, housing, property, public safety, social services, transportation, and more.

The next milestone pursuant to Local Law 11 arrives in September 2013 when DoITT, with assistance from City agencies, will publish an open data compliance plan categorizing all public data sets held by the City and outlining plans to make them available on NYC OpenData by December 31, 2018. Beginning July 15, 2014, DoITT will publish annual updates to the open data compliance plan, detailing the City's progress in opening public data sets since its last report.

Mayor's Office of Media and Entertainment and NYC.gov

The Mayor's Office of Media and Entertainment (MOME) is responsible for coordinating and unifying the City's media channel communications, including television, web, mobile applications and other media platforms to enhance government communications by making information more accessible to the public and to leverage technology to aid in transparency. MOME aims to develop the City's diverse media functions, encourage local economic activity in the entertainment industry as well as spur the development of new media. MOME consists of the Office of Film, Theatre and Broadcasting; NYC Media, the official network of the City of New York; and NYC Digital.

Streamlining Agency Operations

DoITT will continue to leverage its data centers, fiber optic network, wireless data network, and other resources in order to achieve cost savings for City agencies in need of internet access, data center hosting and management, e-mail, security and firewall solutions, disaster recovery sites, wireless solutions, and remote access. The DoITT Capital Plan for 2014-2023 includes \$148.8 million for infrastructure improvements associated with these Citywide initiatives.

ECONOMIC DEVELOPMENT

Together, the Department of Small Business Services (SBS) and the New York City Economic Development Corporation (EDC) oversee programming to achieve the City's economic development goals and objectives. SBS also administers the City's adult workforce development programs.

SBS provides services primarily to small businesses in New York City by providing technical assistance in procurement and local commercial development opportunities, increasing opportunities for minority- and women-owned businesses, and overseeing the City's Business Improvement Districts. SBS assists prospective small business owners in starting a business in New York City, and provides assistance for small businesses in their interactions with other City agencies. Within the Workforce Development Division, SBS provides job training and placement services to jobseekers and businesses through its one-stop centers and contracted service providers.

Under contract with SBS, EDC coordinates the City's commercial, industrial, market, waterfront and intermodal transportation development projects. EDC is the City's primary means of promoting economic growth in each of the five boroughs, and the organization works with diverse industries and business sectors to help companies locate and expand in the City. To improve the distribution of goods within and outside the five boroughs, EDC manages the redevelopment of rail freight lines, food markets, and maritime and aviation facilities owned by the City. Through EDC's incentive programs, eligible businesses can meet their financing needs for property acquisition, new equipment, renovation, working capital and other purposes through the use of low-cost tax-exempt bonds.

Additionally, SBS contracts with, and the City allocates capital resources for, the Brooklyn Navy Yard Development Corporation (BNYDC) and the Trust for Governors Island (TGI) for the purposes of economic development and rehabilitation of City-owned assets.

Financial Review

The 2014 Executive Budget provides \$100.7 million in operating expenses at SBS, with Federal funds of \$41.6 million, including Workforce Investment Act (WIA) funds, and City funds of \$59.1 million. The SBS operating budget includes allocations for EDC, NYC & Company, the Trust for Governors Island, and other SBS programs such as the Avenue NYC commercial revitalization program and the NYC Business Express interactive website. EDC funds the majority of its operating budget through income earned from its management of the City's real estate portfolio.

City-funded capital commitments of \$350.7 million are forecast in the 2014-2023 capital plan. Of this amount, \$303.1 million reflect Mayoral commitments. The remaining \$47.6 million reflect Elected Officials commitments.

Revenue Forecast

The Department of Small Business Services collects revenue from the rental and sale of commercial, industrial, maritime, and market properties administered by EDC, and from other miscellaneous fees. The 2014 revenue estimate is \$90 million.

Expense Budget Highlights

- the Workforce Development Division runs the City's job training and placement programs through 17 Workforce1 Career Centers in all five boroughs, including Workforce Expansion Centers (some of which are located at public libraries) and two sector-specific Career Centers. In addition, the City's Business Solutions Centers, some of which are co-located with the Workforce1 Centers, provide businesses with access to hiring and training opportunities. Adult and Dislocated Worker job training and placement

programs are currently budgeted at \$36.2 million in 2014, but this amount may change depending on decisions made at the Federal government level. Additionally, the New York State Department of Labor (NYSDOL) has allocated Federal National Emergency Grant (NEG) funding for Hurricane Sandy recovery efforts, including the hiring of temporary workers for clean-up across the City and other humanitarian assistance efforts. Year to date, as of the 2014 Executive Budget, SBS has budgeted \$16.6 million of Sandy NEG funding to be disbursed to City agencies for various assistance programs, with additional funds forthcoming.

- the Business and District Development Division oversees and supports the City's network of 67 Business Improvement Districts, Business Incentives programs, the Energy Cost Savings Program, and Avenue NYC. The 2014 Executive Budget provides \$6.8 million in City and Federal funds.
- the Division of Economic and Financial Opportunity focuses on outreach and technological assistance to certify minority- and women-owned businesses for government contracts and to ensure parity in the City's hiring practices. Local Law 1 of Calendar Year 2013 was implemented to expand the M/WBE program to enable more firms to become certified and work with higher-value contracts. The 2014 Executive Budget provides \$3.2 million in City and Federal funds.
- through a contract with SBS, NYC & Company will receive \$12.3 million in City funding in 2014 for its work to promote the City as the country's premier tourist destination, to serve as the City's official marketing organization, and to provide partnership services.
- in 2011, the City of New York assumed responsibility for the development and operations of Governors Island, located in Upper New York Harbor. The City will contribute \$11.4 million towards the management and operations of the island in 2014, and will provide capital funds for investments in infrastructure and the construction of public open space and recreational facilities.

Summary of Agency Financial Data

The following table compares the 2014 Executive Budget with the 2014 Preliminary Budget, the 2013 forecast and actual expenditures for 2012, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services and debt service.

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

	2012 Actual	2013 Forecast	2014		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2013 Forecast	2014 Preliminary Budget
Expenditures						
Salary and Wages.....	\$16,768	\$18,269	\$17,500	\$17,656	(\$613)	\$156
Fringe Benefits.....	—	468	—	—	(468)	—
OTPS.....	120,866	137,496	87,606	82,997	(54,499)	(4,609)
Total.....	<u>\$137,634</u>	<u>\$156,233</u>	<u>\$105,106</u>	<u>\$100,653</u>	<u>(\$55,580)</u>	<u>(\$4,453)</u>
Funding						
City.....	\$73,019	\$75,715	\$55,905	\$58,585	(\$17,130)	\$2,680
Other Categorical Grants.....	12,330	56	56	56	—	—
IFA.....	—	—	—	—	—	—
State.....	1,637	1,893	—	—	(1,893)	—
Federal CD.....	2,666	2,840	2,481	2,481	(359)	—
Federal Other.....	43,355	72,810	46,154	39,021	(33,789)	(7,133)
Intra-City Other.....	4,627	2,919	510	510	(2,409)	—
Total.....	<u>\$137,634</u>	<u>\$156,233</u>	<u>\$105,106</u>	<u>\$100,653</u>	<u>(\$55,580)</u>	<u>(\$4,453)</u>
Additional Costs Centrally Funded						
Personal Services (PS).....						
Fringe Benefits.....	\$5,211	\$5,560	\$5,870	\$5,904	\$344	\$34
Pensions.....	3,433	3,399	3,149	3,145	(254)	(4)
Other Than Personal Service (OTPS)						
Legal Services.....	5,288	9,215	8,851	9,276	61	425
Judgments and Claims.....	9	3	4	4	1	—
Debt Service.....	221,781	279,934	281,680	312,191	32,257	30,511
Total Additional Costs.....	<u>\$235,722</u>	<u>\$298,111</u>	<u>\$299,554</u>	<u>\$330,520</u>	<u>\$32,409</u>	<u>\$30,966</u>
Funding						
City.....	228,187	289,149	290,226	320,149	31,000	29,923
Non-City.....	7,535	8,962	9,328	10,371	1,409	1,043
Intra-City Additional Costs.....	—	—	—	—	—	—
Full Agency Costs (including Central Accounts)						
Salary and Wages.....	\$16,768	\$18,269	\$17,500	\$17,656	(\$613)	\$156
Fringe Benefits.....	5,211	6,028	5,870	5,904	(124)	34
Pensions.....	3,433	3,399	3,149	3,145	(254)	(4)
Total PS.....	<u>\$25,412</u>	<u>\$27,696</u>	<u>\$26,519</u>	<u>\$26,705</u>	<u>(\$991)</u>	<u>\$186</u>
OTPS.....	\$120,866	\$137,496	\$87,606	\$82,997	(\$54,499)	(\$4,609)
Legal Services.....	5,288	9,215	8,851	9,276	61	425
Judgments and Claims.....	9	3	4	4	1	—
Debt Service.....	221,781	279,934	281,680	312,191	32,257	30,511
Total OTPS.....	<u>\$347,944</u>	<u>\$426,648</u>	<u>\$378,141</u>	<u>\$404,468</u>	<u>(\$22,180)</u>	<u>\$26,327</u>
Total Agency Costs.....	\$373,356	\$454,344	\$404,660	\$431,173	(\$23,171)	\$26,513
Less Intra-City.....	<u>\$4,627</u>	<u>\$2,919</u>	<u>\$510</u>	<u>\$510</u>	<u>(\$2,409)</u>	<u>\$—</u>
Net Agency Cost.....	<u>\$368,729</u>	<u>\$451,425</u>	<u>\$404,150</u>	<u>\$430,663</u>	<u>(\$20,762)</u>	<u>\$26,513</u>
Funding						
City.....	301,206	364,864	346,131	378,734	13,870	32,603
Non-City.....	67,523	86,561	58,019	51,929	(34,632)	(6,090)
Personnel (includes FTEs at fiscal year-end)						
City.....	114	137	132	143	6	11
Non-City.....	128	121	105	110	(11)	5
Total.....	<u>242</u>	<u>258</u>	<u>237</u>	<u>253</u>	<u>(5)</u>	<u>16</u>

Programmatic Review and Service Impact

Department of Small Business Services

The Department of Small Business Services makes it easier for companies to form, do business and grow by providing direct assistance to business owners, fostering neighborhood development in commercial districts, promoting financial and economic opportunity among minority- and women-owned businesses, preparing New Yorkers for jobs, and linking employers to a skilled and qualified workforce.

District Development

- the District Development Unit supports community-based economic development organizations throughout New York City in order to create the conditions under which local businesses thrive and residents enjoy access to a vibrant mix of goods and services. Through its network of 67 Business Improvement Districts (BIDs), SBS' District Development unit oversees contracts with BIDs that led to the provision of more than \$100 million in supplemental services across 1,262 City blocks in 2012. District Development also partners with dozens of local development corporations, merchants' associations and other neighborhood development organizations through Avenue NYC, a competitive grant program that funds commercial revitalization programs, including planning and business attraction efforts, district marketing campaigns, BID formation initiatives, and other economic development activities, in all five boroughs.

NYC Business Solutions

- NYC Business Solutions Centers meet the needs of start-up and operating businesses by providing assistance in accessing financing, fulfilling business staffing needs, and providing access to services not directly provided by the Centers through partnerships. Centers are open in the South Bronx, Upper Manhattan, Queens, Downtown Brooklyn, Washington Heights, and Lower Manhattan. In 2012, NYC Business Solutions Centers facilitated over \$71.5 million in loans for 588 unique clients.
- the NYC Business Solutions Outreach Team helps businesses interact with other City agencies and resolve obstacles to starting, operating, or expanding their businesses. In coordination with the Mayor's Office of Emergency Management, the Outreach Team also assists businesses affected by disasters by providing updates on building re-openings, facilitating the resolution of matters affecting day-to-day business operations, and compiling evidence to support business claims for assistance. In 2012, outreach staff provided assistance for 1,404 businesses, in interacting with other City agencies, including the Department of Buildings, the Department of Consumer Affairs, the Department of Finance, and the Department of Sanitation.
- NYC Business Solutions Hiring provides customized recruitment and hiring services to New York City businesses. The unit works with large scale employers in growing industries to assist them in finding qualified candidates to fulfill their citywide employment needs.
- NYC Business Solutions' Curriculum Development Unit facilitates the provision of business education courses at all of the City's NYC Business Solutions Centers. Courses are offered in different languages across the Centers and cover topics such as business basics, computer applications, financing, and marketing. In 2012, free business education courses were provided to over 4,400 entrepreneurs.

Business Incentives

- the Business Incentives Unit coordinates the Lower Manhattan Energy Program (LMEP), which offers reduced regulated electricity costs for up to 12 years. From its inception, through 2011, over 50 office towers with 1,403 commercial tenants have received LMEP benefits. The Energy Cost Savings Program (ECSP), which helps businesses lower their energy costs in targeted areas around the City, affected 2,521 jobs and generated approximately \$597,000 in annual savings in 2012.

New Business Acceleration Team and NYC Business Express

- coordinated by the Office of the Mayor, the New Business Acceleration Team (NBAT) and NYC Business Express help businesses to obtain the City licenses, permits, and certifications they need to open and operate in New York City. NBAT assists customers by navigating many City agency processes on their behalf, accelerating plan reviews, and coordinating plan review appointments and inspections with City agencies. NYC Business Express (www.nyc.gov/BusinessExpress) assists customers via a website that provides a single source of customized information and instructions on City, State, and Federal government requirements required to start, operate or expand a business in New York City. In Calendar Year 2012, NBAT enabled 505 establishments to open, generating 5,959 jobs; NYC Business Express was accessed by 226,701 unique users who applied for 7,609 licenses and certifications online. Taken together, NBAT and NYC Business Express make opening and operating a business in New York City clearer, faster, and simpler.

In 2014, NBAT will continue to offer services to all new restaurants in New York City, acceptance of payments on behalf of multiple City agencies, and the ability to file plans electronically. NYC Business Express will continue to provide a single source of comprehensive, accurate, and up-to-date information encompassing nearly all business sectors in New York City.

Economic and Financial Opportunity

- the Division of Economic and Financial Opportunity is responsible for the implementation and oversight of the City's Minority- and Women-owned Business Enterprise (M/WBE) program. The current M/WBE program was established by Local 129 in 2005 to level the competitive playing field by setting citywide M/WBE utilization goals for City contracting. It is also responsible for the oversight of the City's Executive Order 50 requiring City contractors to comply with applicable equal opportunity employment laws. To date, 3,526 companies have certified as M/WBE and are eligible to receive exclusive services offered by SBS such as business classes, one-on-one technical assistance, and access to networking events with agency and corporate buyers. In Calendar Year 2013, Local Law 1 was implemented to expand the M/WBE program to enable more firms to become certified and work with higher-value contracts.

Workforce Development

- the Workforce Development Division administers employment services to the City's adult workforce. The Workforce1 Career Centers are the foundation of the City's adult workforce system. The Career Center system reaches New Yorkers across the City's five boroughs. In 2012, the 17 Career Centers registered 73,518 new jobseekers, providing workshops, pre-vocational skills training, on-site recruitments and job referral services. Additionally, New Yorkers were placed in 33,643 jobs in 2012 through the Workforce1 system (including Career Centers, Sector Centers, Expansion Centers, Training Fund, and Employment Works programs).
- through partnerships with private employers, SBS provides NYC Business Solutions Training Funds to upgrade the skill sets of employees in growth industries. In 2012, SBS served 26 companies through this program, in sectors such as manufacturing, healthcare, and information technology. Since the program's inception, SBS has awarded more than \$9.6 million in training funds to over 150 companies to train over 5,500 workers, matched by over \$8.7 million in employer contributions.
- since 2007, SBS has partnered with the Center for Economic Opportunity (CEO) to implement employment programs that support advancement of the City's working poor. With \$3.5 million in the 2014 Executive Budget, SBS will continue a suite of initiatives that have been funded by CEO. These programs include the Employment Works employment and training program for individuals with criminal records and sector-specific workforce training for the healthcare, transportation and industrial fields.

New York City Economic Development Corporation

EDC coordinates with both the private and public sectors to promote job generating initiatives across a diverse set of industries and neighborhoods. To support improved transportation, commercial development and the revitalization of the City’s waterfront properties, EDC also manages and develops marine terminals, public markets, rail yards, and industrial parks.

The financing arm of EDC includes several small business lending, guarantee, and bond programs. The purpose of these programs is to create jobs and retain and expand businesses through financial assistance offered at market or below market rates. EDC also oversees the New York City Industrial Development Agency (IDA) and the Build NYC Resource Corporation (Build NYC) to provide financing for capital expansion projects for industrial and commercial companies and not-for-profit organizations.

- IDA closed 11 projects in 2012. In total, these projects are projected to generate \$302.1 million in City tax revenues and more than 1,419 jobs over the life of the agreements.
- the Build NYC Resource Corporation was created in December 2011 to facilitate the ability of not-for-profit institutions to access the private credit market in order to finance their capital projects. These institutions will be able to use triple tax-exempt bonds to finance their capital needs. These bonds can be repaid over a 20-30 year term. The Build NYC Resource Corporation closed four projects in 2012. In total, these projects are projected to generate \$75.7 million in City tax revenues. On April 1, 2013, the New York City Capital Resource Corporation (CRC) merged into Build NYC and ceased to exist as an independent entity.

Under its contract with SBS, EDC acts as a managing agent for City-sponsored projects, funded primarily through the capital budget, as described below. Additionally, SBS contracts with the Brooklyn Navy Yard Development Corporation (BNYDC) and the Trust for Governors Island (TGI) for the purposes of economic development and rehabilitating City-owned assets.

Capital Review

The primary goal of the Ten Year Capital Plan is to encourage development in order to create and retain jobs in New York City, to bolster the City’s tax base, and to maintain city-owned facilities in a state of good repair. The 2014-2023 Ten Year Capital Plan totals \$353.7 million.

The following chart shows Capital plan commitments by major function over the 2014-2017 period. Actual commitments are provided for 2012.

**Capital Commitments
(\$ in 000’s)**

	2012 Actual		2013 Plan		2014 Plan		2015 Plan		2016 Plan		2017 Plan	
	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds
Commercial Development.....	\$38,521	\$66,012	\$356,175	\$418,948	\$6,729	\$6,729	\$25,445	\$25,445	\$664	\$664	\$861	\$861
Industrial Development.....	37,355	37,355	141,046	141,366	30,225	30,225	5,970	5,970	6,065	6,065	6,160	6,160
Market Development	757	757	54,593	54,593	1,552	1,552	152	152	161	161	171	171
Neighborhood Revitaliz’n.....	18,684	18,717	95,924	133,262	4,500	4,500	2,000	2,000	434	434	7,231	7,231
Port Development	10,450	11,108	9,276	12,240	10,000	10,000	0	0	0	0	0	0
Rail Development	0	0	9,393	9,393	0	0	0	0	0	0	0	0
Waterfront Development	5,167	12,965	43,601	63,277	5,342	5,342	4,231	4,231	7,384	7,384	8,331	8,331
Cultural Development.....	17,806	17,806	14,194	14,194	8,675	8,675	8,500	8,500	0	0	0	0
Community Development.....	2,218	2,218	21,850	28,220	0	0	0	0	0	0	0	0
Miscellaneous	74,168	77,430	294,169	360,668	11,383	14,383	6,615	6,615	3,457	3,457	8,069	8,069
Total	\$205,126	\$244,368	\$1,040,221	\$1,236,161	\$78,406	\$81,406	\$52,913	\$52,913	\$18,165	\$18,165	\$30,823	\$30,823

Highlights of the 2014-2023 Ten Year Capital Plan (including uncommitted 2013 funds):

- rehabilitation of existing structures, public access improvements, and infrastructure upgrades to support public open space and future redevelopment at Governors Island (\$132 million).
- site acquisition, infrastructure development and environmental services at Willets Point (\$161.7 million).
- development, management and rehabilitation of the City's waterfront properties in all five boroughs (\$160 million).
- various development and infrastructure improvements at the Brooklyn Navy Yard (\$133.2 million).
- campus construction and infrastructure improvements for the new Applied Sciences campus on Roosevelt Island (\$100 million).
- development in and around the Hunts Point section of the Bronx, including support for reconstruction of the Hunts Point Produce Market (\$91 million).
- funding for the rebuilding and redevelopment of multiple properties damaged by Hurricane Sandy, including City-owned properties managed by the New York City Economic Development Corporation and facilities at Governors Island and the Brooklyn Navy Yard (\$45.3 million).
- developer site preparation, esplanade construction, and street reconstruction at New Stapleton Waterfront at Staten Island's Homeport (\$14 million).

LIBRARIES

The City of New York funds three independently operated public library systems, each administered by a separate board of trustees. The Brooklyn Public Library (BPL) oversees the operation of 58 branches, a Business Library, and a Central Library. The New York Public Library (NYPL) manages a three-borough library system with 35 branches in the Bronx, 40 branches in Manhattan, and 12 branches in Staten Island. NYPL also oversees four research libraries: the Stephen A. Schwarzman Building at 5th Avenue & 42nd Street, the Library for the Performing Arts at Lincoln Center, the Schomburg Center for Research in Black Culture, and the Science, Industry, and Business Library. The Queens Borough Public Library (QBPL) is comprised of 61 community libraries, seven Adult Learning Centers, two Family Literacy Centers, and a Central Library.

Financial Review

The 2014 Executive Budget for Libraries provides total operating funds of \$194.8 million, a decrease of \$110.3 million from the 2013 forecast of \$305.1 million after adjusting for \$64.5 million that was prepaid to all three library systems in 2012 and the \$64.5 million that will be prepaid to all three library systems in 2013. The Executive Budget also provides for City funded capital commitments of \$141.8 million in 2014.

Expense Budget Highlights

Budgetary Priorities: Providing Core Services

- in 2014, the operating subsidy for BPL will be \$35.5 million. Adjusting for the prepayments, the City's 2014 subsidy of \$54.0 million will be \$30.9 million less than the 2013 forecast of \$84.9 million.
- in 2014, the operating subsidy for NYPL will be \$48.8 million. Adjusting for the prepayments, the City's 2014 subsidy of \$72.6 million will be \$40.6 million less than the 2013 forecast of \$113.2 million.
- in 2014, the operating subsidy for the NYPL Research Libraries will be \$10.8 million. Adjusting for the prepayments, the City's 2014 subsidy of \$15.0 million will be \$7.3 million less than the 2013 forecast of \$22.3 million.
- in 2014, the operating subsidy for QBPL will be \$35.2 million. Adjusting for the prepayments, the City's 2014 subsidy of \$53.3 million will be \$31.4 million less than the 2013 forecast of \$84.6 million.

Summary of Agency Financial Data

The following table compares the 2014 Executive Budget with the 2014 Preliminary Budget, the 2013 forecast and actual expenditures for 2012, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services and debt service.

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

	2012 Actual	2013 Forecast	2014		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2013 Forecast	2014 Preliminary Budget
Expenditures						
Salary and Wages.....	\$—	\$—	\$—	\$—	\$—	\$—
Fringe Benefits.....	—	—	—	—	—	—
OTPS.....	202,850	305,075	193,159	130,365	(174,710)	(62,794)
Total.....	<u>\$202,850</u>	<u>\$305,075</u>	<u>\$193,159</u>	<u>\$130,365</u>	<u>(\$174,710)</u>	<u>(\$62,794)</u>
Funding						
City.....	\$199,193	\$298,032	\$193,159	\$130,365	(\$167,667)	(\$62,794)
Other Categorical Grants.....	171	—	—	—	—	—
IFA.....	—	—	—	—	—	—
State.....	—	—	—	—	—	—
Federal CD.....	—	—	—	—	—	—
Federal Other.....	—	589	—	—	(589)	—
Intra-City Other.....	3,486	6,454	—	—	(6,454)	—
Total.....	<u>\$202,850</u>	<u>\$305,075</u>	<u>\$193,159</u>	<u>\$130,365</u>	<u>(\$174,710)</u>	<u>(\$62,794)</u>
Additional Costs Centrally Funded						
Other Tan Personal Services (OTPS)						
Fringe Benefits.....	\$1,645	\$1,823	\$2,002	\$2,001	\$178	(\$1)
Pensions.....	18,624	21,408	31,757	26,757	5,349	(5,000)
Legal Services.....	13	22	—	22	—	22
Judgments and Claims.....	—	41	43	43	2	—
Debt Service.....	50,929	66,631	70,395	56,098	(10,533)	(14,297)
Total Additional Costs.....	<u>\$71,211</u>	<u>\$89,925</u>	<u>\$104,197</u>	<u>\$84,921</u>	<u>(\$5,004)</u>	<u>(\$19,276)</u>
Funding						
City.....	68,953	87,565	100,788	82,879	(4,686)	(17,909)
Non-City.....	2,258	2,360	3,409	2,042	(318)	(1,367)
Full Agency Costs (including Central Accounts)						
Fringe Benefits.....	\$1,645	\$1,823	\$2,002	\$2,001	\$178	(\$1)
OTPS.....	202,850	305,075	193,159	130,365	(174,710)	(62,794)
Pensions.....	18,624	21,408	31,757	26,757	5,349	(5,000)
Legal Services.....	13	22	—	22	—	22
Judgments and Claims.....	—	41	43	43	2	—
Debt Service.....	50,929	66,631	70,395	56,098	(10,533)	(14,297)
Total OTPS.....	<u>\$274,061</u>	<u>\$395,000</u>	<u>\$297,356</u>	<u>\$215,286</u>	<u>(\$179,714)</u>	<u>(\$82,070)</u>
Total Agency Costs.....	\$274,061	\$395,000	\$297,356	\$215,286	(\$179,714)	(\$82,070)
Less Intra-City.....	<u>\$3,486</u>	<u>\$6,454</u>	<u>\$—</u>	<u>\$—</u>	<u>(\$6,454)</u>	<u>\$—</u>
Net Agency Cost.....	<u>\$270,575</u>	<u>\$388,546</u>	<u>\$297,356</u>	<u>\$215,286</u>	<u>(\$173,260)</u>	<u>(\$82,070)</u>
Funding						
City.....	268,146	385,597	293,947	213,244	(172,353)	(80,703)
Non-City.....	2,429	2,949	3,409	2,042	(907)	(1,367)
Personnel (includes FTEs at fiscal year-end)						
City.....	—	—	—	—	—	—
Non-City.....	—	—	—	—	—	—
Total.....	—	—	—	—	—	—

* The 2014 Executive budget provides an estimated 2,066 full-time and full-time equivalent positions, which are funded with City subsidies.

Programmatic Review and Service Impact

The three library systems will continue to provide services throughout the five boroughs at existing branches and at recently opened or rehabilitated libraries including:

- the Children's Library Discovery Center in Queens which opened in September 2011.
- the Glen Oaks Community Library in Queens which is expected to be open in May 2013
- the Stapleton Branch Library in Staten Island, which is expected to open in May 2013.
- the Kingsbridge Branch Library in the Bronx, which opened in June 2012.
- the Washington Heights Branch Library in Manhattan, which is scheduled to open by Winter 2013.
- the Kensington Branch Library in Brooklyn, which opened in November 2012.
- the Park Slope Branch Library in Brooklyn, which opened in September 2012.
- the Shelby White and Leon Levy Information Commons, which opened in Brooklyn in January 2013.

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

- the Brooklyn Public Library opened two Workforce 1 Career Centers in October 2011, in partnership with the Department of Small Business Services. These new centers add a job placement component to the services and resources that BPL provides to jobseekers, ranging from one on one readiness counseling and workshops, to print and electronic career resources. With the help of librarians who were trained as part of the initiative, the centers have served more than 5,000 jobseekers, and have made over 1,000 job placements, since opening.
- The New York Public Library offered more than 55,000 programs and classes throughout its 91 locations in fiscal year 2012, with a combined attendance of nearly 1.2 million. Among these programs, the Library offered a full range of services for patrons of all ages, from early childhood literacy to programs for teens, job seekers, entrepreneurs, and seniors. In particular, NYPL expanded English Classes for Speakers of Other Languages (ESOL) services for recent immigrants to more than 1,800 classes and increased computer training to nearly 7,700 classes, up more than 350% over the previous year. In addition, the Library launched a groundbreaking pilot program, called MyLibraryNYC, that expands students' access to library materials and brings library books directly to public schools.
- the Queens Borough Public Library continued to expand its diverse offering of programs and services to its nearly 13 million annual visitors in fiscal year 2012. Overall attendance to all programs, including afterschool programs for school age-children, workforce development and small business support, financial and health literacy programs and technology training topped 712,000 in fiscal year 2012. The library also continued its Adult Learner Program, providing basic adult education and English language instruction at multiple locations including its seven Adult Learning Centers and two Literacy Zones. In addition, the library expanded its workforce development and job training offerings through grant funded programs.

Days and hours of library branch service remain a priority for all three library systems. In 2013, on average, each branch provides at least 5.6 days of service per week (approximately 43 hours per week). The decrease in City subsidies to the library systems assumed in the 2014 Executive Budget will result in a reduction of overall service hours. The impact on specific branches will be determined by each of the library systems.

Capital Review

The 2014-2023 Capital Commitment Plan for the Libraries totals \$208.2 million, of which 99 percent is City funded. The table below reflects capital commitments by system over the 2012-2017 period.

Capital Commitments (\$ in 000's)

	2012 Actual		2013 Plan		2014 Plan		2015 Plan		2016 Plan		2017 Plan	
	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds
Brooklyn Public Library	\$1,853	\$2,079	\$52,033	\$57,248	\$24,399	\$24,399	\$589	\$572	\$606	\$589	\$624	\$606
New York Public Library	6,296	6,549	182,293	183,201	51,279	51,279	40,872	40,872	794	794	817	817
NYPL Research Libraries	894	894	17,570	17,720	0	0	0	0	0	0	0	0
Queens Borough Public Library .	5,688	5,414	59,163	77,644	66,122	69,122	4,089	4,089	645	645	654	654
Total	<u>\$14,731</u>	<u>\$14,936</u>	<u>\$311,059</u>	<u>\$335,813</u>	<u>\$141,800</u>	<u>\$144,800</u>	<u>\$45,550</u>	<u>\$45,533</u>	<u>\$2,045</u>	<u>\$2,028</u>	<u>\$2,095</u>	<u>\$2,077</u>

Several major renovations took place in 2013. Other major projects will be undertaken in 2014. Highlights of the 2014-2023 Capital Commitment Plan include:

Brooklyn Public Library:

- renovations and improvements at the Central Library building in Grand Army Plaza (\$12.2 million in 2014, in addition to \$.3 million in 2013).
- renovation of the New Lots Branch Library (\$2.0 million in 2014).
- renovation of the roof and façade of the New Utrecht Branch Library (\$1.5 million in 2014).

New York Public Library, which includes projects in the Bronx, Manhattan, and Staten Island:

- the Central Library Master Plan project at the Stephen A. Schwarzman Building in Manhattan (\$81.5 million in 2014-2015, in addition to \$69.5 million in 2013).
- site acquisition and new branch construction of the Rossville Branch Library in Staten Island (\$8.4 million in 2013).
- a new replacement Westchester Square Branch Library in the Bronx (\$5.4 million in 2014-2015, in addition to \$11.1 million in 2013).

NYPL Research Libraries:

- renovations at the Stephen A. Schwarzman Building in Manhattan (\$1.6 million in 2013).

Queens Borough Public Library:

- a new replacement facility for the Far Rockaway Community Library (\$17.5 million in 2014, in addition to \$.1 million in 2013).
- renovations of the Central Library (\$14.9 million in 2014).
- various system-wide equipment purchases and infrastructure improvement projects (\$2.3 million in 2014, in addition to \$6.9 million in 2013).

THE DEPARTMENT OF CULTURAL AFFAIRS

The Department of Cultural Affairs (DCLA) is responsible for supporting and strengthening the City's vibrant cultural life through funding, technical assistance and advocacy for more than 1,200 non-profit cultural organizations across New York City, including museums, dance companies, theatres, performing arts organizations, botanical gardens, zoos and a wide array of other cultural organizations.

The City supports operations at the 33 City-owned cultural institutions known as the Cultural Institutions Group (CIG). This group includes such diverse organizations as the Metropolitan Museum of Art, the Brooklyn Academy of Music, Queens Theatre in the Park, the Staten Island Museum and the New York Botanical Gardens.

DCLA provides support for capital improvements at approximately 198 cultural organizations throughout the five boroughs. Funding is provided for infrastructure, renovation, expansion, equipment and public art projects. DCLA also provides program grants and support services to approximately 890 cultural organizations citywide, which includes groups like the Pregones Theater of the Bronx, the Brooklyn Waterfront Artists Coalition, the Signature Theater, the Alley Pond Environmental Center and the Staten Island Ballet Theater.

Financial Review

The Department of Cultural Affairs' 2014 Executive Budget provides for operating expenses of \$88.8 million, which is a \$62.2 million decrease from the 2013 forecast of \$151.0 million. It also provides for City funded capital commitments of \$122.5 million in 2014.

Expense Budget Highlights

Budgetary Priorities: Providing Core Services

- the City's 33 Cultural Institutions will receive operating support of \$69.0 million, including \$45.8 million in energy subsidies, a decrease of \$34.8 million from the 2013 forecast.
- in the 2014 Executive Budget, various cultural organizations citywide will receive program grants totaling \$14.2 million, a decrease of \$22.1 million from the 2013 forecast.
- the 2014 Executive Budget contains \$5.6 million in operating funds for the Department of Cultural Affairs' staff, rent, supplies and equipment.

Summary of Agency Financial Data

The following table compares the 2014 Executive Budget with the 2014 Preliminary Budget, the 2013 forecast and actual expenditures for 2012, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services and debt service.

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

	2012 Actual	2013 Forecast	2014		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2013 Forecast	2014 Preliminary Budget
Expenditures						
Salary and Wages.....	\$4,041	\$4,345	\$4,207	\$4,207	(\$138)	\$—
Fringe Benefits.....	—	—	—	—	—	—
OTPS.....	143,708	146,679	88,548	84,582	(62,097)	(3,966)
Total.....	<u>\$147,749</u>	<u>\$151,024</u>	<u>\$92,755</u>	<u>\$88,789</u>	<u>(\$62,235)</u>	<u>(\$3,966)</u>
Funding						
City.....	\$144,648	\$145,235	\$92,101	\$88,135	(\$57,100)	(\$3,966)
Other Categorical Grants.....	215	—	—	—	—	—
IFA.....	247	237	237	237	—	—
State.....	114	220	—	—	(220)	—
Federal CD.....	587	693	237	237	(456)	—
Federal Other.....	127	2,071	—	—	(2,071)	—
Intra-City Other.....	1,811	2,568	180	180	(2,388)	—
Total.....	<u>\$147,749</u>	<u>\$151,024</u>	<u>\$92,755</u>	<u>\$88,789</u>	<u>(\$62,235)</u>	<u>(\$3,966)</u>
Additional Costs Centrally Funded						
Personal Services (PS).....						
Fringe Benefits.....	\$1,050	\$1,126	\$1,172	\$1,181	\$55	\$9
Pensions.....	6,873	7,060	9,457	9,456	2,396	(1)
Other Than Personal Service (OTPS)						
Legal Services.....	90	70	65	71	1	6
Judgments and Claims.....	21	8	9	9	1	—
Debt Service.....	103,620	143,540	151,648	214,345	70,805	62,697
Total Additional Costs.....	<u>\$111,654</u>	<u>\$151,804</u>	<u>\$162,351</u>	<u>\$225,062</u>	<u>\$73,258</u>	<u>\$62,711</u>
Funding						
City.....	106,982	146,641	154,925	217,175	70,534	62,250
Non-City.....	4,672	5,163	7,426	7,887	2,724	461
Intra-City Additional Costs.....	—	—	—	—	—	—
Full Agency Costs (including Central Accounts)						
Salary and Wages.....	\$4,041	\$4,345	\$4,207	\$4,207	(\$138)	\$—
Fringe Benefits.....	1,050	1,126	1,172	1,181	55	9
Pensions.....	6,873	7,060	9,457	9,456	2,396	(1)
Total PS.....	<u>\$11,964</u>	<u>\$12,531</u>	<u>\$14,836</u>	<u>\$14,844</u>	<u>\$2,313</u>	<u>\$8</u>
OTPS.....	\$143,708	\$146,679	\$88,548	\$84,582	(\$62,097)	(\$3,966)
Legal Services.....	90	70	65	71	1	6
Judgments and Claims.....	21	8	9	9	1	—
Debt Service.....	103,620	143,540	151,648	214,345	70,805	62,697
Total OTPS.....	<u>\$247,439</u>	<u>\$290,297</u>	<u>\$240,270</u>	<u>\$299,007</u>	<u>\$8,710</u>	<u>\$58,737</u>
Total Agency Costs.....	\$259,403	\$302,828	\$255,106	\$313,851	\$11,023	\$58,745
Less Intra-City.....	<u>\$1,811</u>	<u>\$2,568</u>	<u>\$180</u>	<u>\$180</u>	<u>(\$2,388)</u>	<u>\$—</u>
Net Agency Cost.....	<u>\$257,592</u>	<u>\$300,260</u>	<u>\$254,926</u>	<u>\$313,671</u>	<u>\$13,411</u>	<u>\$58,745</u>
Funding						
City.....	251,630	291,876	247,026	305,310	13,434	58,284
Non-City.....	5,962	8,384	7,900	8,361	(23)	461
Personnel (includes FTEs at fiscal year-end)						
City.....	52	57	54	54	(3)	—
Non-City.....	5	5	5	5	—	—
Total.....	<u>57</u>	<u>62</u>	<u>59</u>	<u>59</u>	<u>(3)</u>	<u>—</u>

* The 2014 Executive Budget provides an estimated 626 full-time and full-time equivalent positions, which are funded with City subsidies.

Programmatic Review and Service Impact

- Seniors Partnering with Artists Citywide (SPARC) is a community arts engagement program developed in partnership with the New York City Department for the Aging (DFTA) that places artists in senior centers across the five boroughs. The program began in 2009 as a pilot with 12 artists and 9 centers. In 2012, with support from the National Endowment for the Arts, the program expanded to 50 artist residencies at 44 senior centers citywide. This year, with funding support from DFTA, SPARC has placed 50 artists in 48 senior centers citywide. In addition to providing seniors with interactive arts activities, resident artists produce public programs at their centers that are open to all New Yorkers.
- Materials for the Arts (MFTA) continues to serve 4,486 nonprofit organizations, government agencies and public schools with arts programming throughout the five boroughs. MFTA provides these recipients with access to free materials from its Long Island City warehouse and through its online donations system.
- since July 2012, MFTA has collected 493 tons of materials valued at over \$3.6 million and made them available to 1,685 non-profit organizations and DOE schools. Through social media tools such as Twitter, Facebook, and its blog, MFTA engages recipients, donors, and volunteers by highlighting their work and how they serve the larger community. Since July, corporate volunteers from Ticketmaster, Bank of America, Macy's and Crowe Horwath have given their time and talent to help organize the MFTA warehouse. MFTA's education center offers professional development classes, in school residencies and student workshops. Recently, MFTA in partnership with Friends of Materials for the Arts, launched two new websites to better serve their constituents.
- in 2013, the Percent for Art program has installed projects by fourteen artists at thirteen sites, and anticipates completing installations by two more artists by the end of the fiscal year. Additions to the Percent for Art collection include Ben Rubin's *Shakespeare Machine* at the Public Theater in Manhattan, Ellen Harvey's *Mathematical Star* mosaic at Marcy Plaza in Brooklyn, and Chakaia Booker's *Sugar in My Bowl* for Weeksville Heritage Center, also in Brooklyn. Since the beginning of fiscal year 2013, the Percent for Art Program has selected nine artists for new commissions, and anticipates selecting artists for six more new city construction projects by the end of the fiscal year.
- in recognition of Percent for Art's 30th Anniversary, the program staff has engaged in making the collection more visible through online features including the development of a Percent for Art mobile website for smartphones, a tumblr blog with articles and visual content about Percent for Art commissioned artists and their recent accomplishments, and two mapping efforts, one through FourSquare and another through Google Maps.

Capital Review

The 2014-2023 Capital Commitment Plan for the Department of Cultural Affairs totals \$183.7 million, of which 96.4 percent is City funded, for approximately 200 different cultural organizations in all five boroughs. The table below reflects capital commitments over the 2012-2017 period.

Capital Commitments

(\$ in 000's)

	2012 Actual		2013 Plan		2014 Plan		2015 Plan		2016 Plan		2017 Plan	
	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds
Department of Cultural Affairs	\$132,547	\$134,729	\$560,513	\$648,141	\$122,486	\$129,176	\$21,395	\$21,395	\$11,085	\$11,085	\$9,443	\$9,443
Total	\$132,547	\$134,729	\$560,513	\$648,141	\$122,486	\$129,176	\$21,395	\$21,395	\$11,085	\$11,085	\$9,443	\$9,443

Highlights of the 2014-2023 Capital Commitment Plan include:

- construction at New York Aquarium in Brooklyn including the installation of a new Shark Exhibit and construction of a new Ocean Wonders Ecology walk (\$27.8 million in addition to \$140.6 million in 2013, which includes \$60.0 million for Hurricane Sandy damages).
- construction of a Water Garden at the Brooklyn Botanical Garden (\$8.0 million).
- improvements to the Brooklyn Children's Museum (\$7.6 million in addition to \$13.2 million in 2013).
- renovations at the Staten Island Historical Society including the reconstruction of Tysen Court, the restoration of Britton Cottage and a new carriage barn (\$7.1 million in addition to \$3.2 million in 2013).
- renovation of the building at Cooper Hewitt in Manhattan (\$5.0 million, in addition to \$3.4 million in 2013).
- renovation of the facility at the Bronx Council on the Arts (\$3.0 million).
- building improvements at the Poppenhusen Institute in Queens (\$4.4 million).
- renovation of a new space and new equipment at the St. Ann's Warehouse in Brooklyn (\$5.7 million).
- HVAC improvements at P.S.1 Art Institute in Queens (\$1.6 million in addition to \$2.0 million in 2013 for additional improvements).

CITY UNIVERSITY OF NEW YORK

The City University of New York (CUNY) includes eleven senior colleges, seven community colleges, the School of Professional Studies, the Graduate Center, the Graduate School of Journalism, the Macaulay Honors College, a law school, and an affiliated medical school. CUNY also sponsors the Hunter College Campus Schools. The CUNY colleges, some of which date back to the nineteenth century, were federated in 1961. The University is governed by a 17-member Board of Trustees. Ten members are appointed by the Governor with the advice and consent of the New York State Senate, five are appointed by the Mayor, and two (the chairpersons of the Faculty and Student Senates) serve as ex-officio members.

CUNY is the largest municipal university system in the United States and ranks third in number of students among the public university systems in the nation. In 2013 CUNY's enrollment decreased one percent from the last academic year. In 2014 CUNY will serve approximately 265,000 students in degree programs with approximately 170,000 in the senior colleges and 95,000 in the community colleges. In addition, CUNY will serve approximately 258,000 non-degree students. Sustained levels of enrollment are anticipated in 2014.

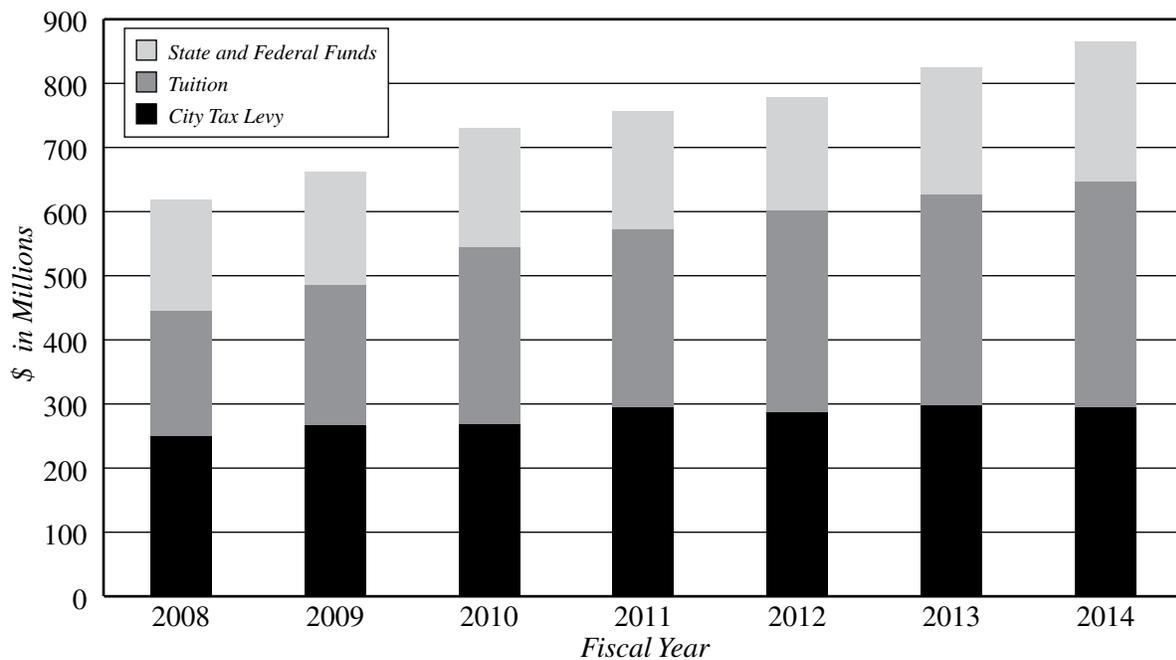
Financial Review

The City University of New York's 2014 Executive Budget totals \$877.9 million, a net increase of \$9.8 million from the 2013 forecast of \$868.0 million. This increase reflects additions in City funds of \$9.3 million from \$583.2 million in 2013 to \$592.6 million in 2014, and in State aid of \$20.5 million from \$235.5 million in 2013 to \$256.0 million in 2014, and a decline of \$19.4 million in Intra-City funds, from \$35.2 million in 2013 to \$15.8 million in 2014. The total budget increase of \$9.8 million consists of a \$9.5 million increase in the CUNY community college budget, from \$817.3 million in 2013 to \$826.8 million in 2014, and a slight increase in funding for Hunter Campus Schools, from \$15.7 million in 2013 to \$16.0 million in 2014. The Senior College lump sum appropriation of \$35 million remains unchanged for both 2013 and 2014.

Revenue Forecast

Major revenue sources that fund the CUNY community college expense budget include tuition, fees and miscellaneous income, as well as City tax levy, State aid and Federal funding. In 2014, State and Federal funds increase by \$19.4 million from \$199.8 million in 2013 to \$219.2 million in 2014. Also in 2014, increased tuition rates result in additional tuition, fees and miscellaneous revenue, bringing the budget to \$351.4 million.

COMMUNITY COLLEGE EXPENDITURES BY SOURCE 2008-2014



* Funding which supports senior college and Hunter Campus Schools activities is not included here. City tax levy includes pension contributions which are budgeted in the Pension Agency and Collective Bargaining, Medicare Part B and Stabilization Fund contributions which are budgeted in the Miscellaneous Agency. Tuition includes Tuition and Fees, Miscellaneous Revenues, Adult Continuing Education fees and Other Categorical funds. State and Federal dollars are combined and include Community Development funds. The 2013 and 2014 amounts are as per the Executive forecast.

Expense Budget Highlights

Budgetary Priorities: Providing Core Services

- an additional \$16.5 million for community college operating support, which has been fully funded for the next three academic years.
- an additional \$971 thousand for community college lease and energy adjustments.

Center for Economic Opportunities and Young Men's Initiative

- more than \$7.6 million of funding for targeted educational programs.

Summary of Agency Financial Data

The following table compares the 2014 Executive Budget with the 2014 Preliminary Budget, the 2013 forecast and actual expenditures for 2012, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services, and debt service.

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

	2012 Actual	2013 Forecast	2014		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2013 Forecast	2014 Preliminary Budget
Expenditures						
Salary and Wages.....	\$464,766	\$496,672	\$488,929	\$489,759	(\$6,913)	\$830
Fringe Benefits.....	115,902	89,524	84,906	84,906	(4,618)	—
OTPS.....	210,652	281,850	244,310	303,213	21,363	58,903
Total.....	<u>\$791,320</u>	<u>\$868,046</u>	<u>\$818,145</u>	<u>\$877,878</u>	<u>\$9,832</u>	<u>\$59,733</u>
Funding						
City.....	\$561,416	\$583,241	\$553,441	\$592,569	\$9,328	\$39,128
Other Categorical Grants.....	10,089	12,999	13,508	13,508	509	—
IFA.....	—	—	—	—	—	—
State.....	178,590	235,462	235,462	256,004	20,542	20,542
Federal CD.....	1,103	547	—	—	(547)	—
Federal Other.....	—	610	—	—	(610)	—
Intra-City Other.....	40,122	35,187	15,734	15,797	(19,390)	63
Total.....	<u>\$791,320</u>	<u>\$868,046</u>	<u>\$818,145</u>	<u>\$877,878</u>	<u>\$9,832</u>	<u>\$59,733</u>
Additional Costs Centrally Funded						
Personal Services (PS).....						
Fringe Benefits.....	\$2,549	\$2,705	\$3,099	\$2,957	\$252	(\$142)
Pensions.....	59,214	63,991	62,755	69,141	5,150	6,386
Other Than Personal Service (OTPS)						
Legal Services.....	352	356	334	363	7	29
Judgments and Claims.....	463	1,000	1,000	1,000	—	—
Debt Service.....	47,266	53,776	59,580	62,260	8,484	2,680
Total Additional Costs.....	<u>\$109,844</u>	<u>\$121,828</u>	<u>\$126,768</u>	<u>\$135,721</u>	<u>\$13,893</u>	<u>\$8,953</u>
Funding						
City.....	108,846	120,731	125,191	134,433	13,702	9,242
Non-City.....	998	1,097	1,577	1,288	191	(289)
Intra-City Additional Costs.....	—	—	—	—	—	—
Full Agency Costs (including Central Accounts)						
Salary and Wages.....	\$464,766	\$496,672	\$488,929	\$489,759	(\$6,913)	\$830
Fringe Benefits.....	118,451	92,229	88,005	87,863	(4,366)	(142)
Pensions.....	59,214	63,991	62,755	69,141	5,150	6,386
Total PS.....	<u>\$642,431</u>	<u>\$652,892</u>	<u>\$639,689</u>	<u>\$646,763</u>	<u>(\$6,129)</u>	<u>\$7,074</u>
OTPS.....	\$210,652	\$281,850	\$244,310	\$303,213	\$21,363	\$58,903
Legal Services.....	352	356	334	363	7	29
Judgments and Claims.....	463	1,000	1,000	1,000	—	—
Debt Service.....	47,266	53,776	59,580	62,260	8,484	2,680
Total OTPS.....	<u>\$258,733</u>	<u>\$336,982</u>	<u>\$305,224</u>	<u>\$366,836</u>	<u>\$29,854</u>	<u>\$61,612</u>
Total Agency Costs.....	\$901,164	\$989,874	\$944,913	\$1,013,599	\$23,725	\$68,686
Less Intra-City.....	<u>\$40,122</u>	<u>\$35,187</u>	<u>\$15,734</u>	<u>\$15,797</u>	<u>(\$19,390)</u>	<u>\$63</u>
Net Agency Cost.....	<u>\$861,042</u>	<u>\$954,687</u>	<u>\$929,179</u>	<u>\$997,802</u>	<u>\$43,115</u>	<u>\$68,623</u>
Funding						
City.....	670,262	703,972	678,632	727,002	23,030	48,370
Non-City.....	190,780	250,715	250,547	270,800	20,085	20,253
Personnel (includes FTEs at fiscal year-end)						
City.....	7,815	7,635	7,635	7,768	133	133
Non-City.....	34	31	31	31	—	—
Total.....	<u>7,849</u>	<u>7,666</u>	<u>7,666</u>	<u>7,799</u>	<u>133</u>	<u>133</u>

Programmatic Review and Service Impact

The Executive Budget continues City support for CUNY's efforts to raise and maintain high standards and to create a flagship academic environment. Assisted by revenues generated through enrollment, State aid for the community colleges, as well as continuous efforts to promote efficiency from within, CUNY will continue to recruit full-time faculty to improve disciplinary strength and increase the ratio of full-time to adjunct faculty in its schools.

CUNY continues its initiative to attract the City's brightest high school graduates for their college education through its CUNY-wide Macaulay Honors College. This program seeks to attract students with a record of academic achievement and high SAT test scores. Selected students receive free tuition, a laptop computer, independent research opportunities and/or internships. These students work with CUNY's most distinguished faculty and receive specialized advisement and academic support throughout their college careers.

The Mayoral efforts to enhance economic opportunities as expressed through the Center for Economic Opportunities (CEO) initiatives and the Young Men's Initiative (YMI) are also incorporated by the City into the CUNY agenda. Three programs: CUNY Prep, CUNY Accelerated Study in Associate Programs (ASAP), and Civic Justice Corps are products of the CEO initiatives. YMI, in addition to supporting expansion of Civic Justice Corps, has developed three new programs: YMI Incentives and Work Supports, Mentoring Tools and Technical Assistance, and Peer Mentoring in Adult Literacy. All of these initiatives serve diverse populations and offer educational and training opportunities through CUNY's educational process.

Program Highlights

CUNY is expected to engage in numerous independent and collaborative programs, including:

- CUNY/Department of Education Partnerships — CUNY maintains a number of successful collaborative programs with the New York City Department of Education. In the 2011-12 academic year, the College Now/College program served 20,428 students in college credit courses, skill development courses and workshops and various enrichment activities. The programs operate in all seventeen undergraduate colleges with students participating at the high school and college campuses. College Now helps 9th through 12th graders acquire the skills necessary to graduate from high school, enter college without the need for remediation, and ultimately succeed in college. In addition, the University's campuses are home to the Early College Initiative, which operates twelve affiliated high schools at Brooklyn, City, Lehman, Queens, Hunter, New York City Technical and York colleges, and Hostos, LaGuardia, and Kingsborough community colleges. New York City public school students enter into CUNY's early college schools in the 6th and 9th grade. They study with a mix of high school and college faculty. Upon graduation, they earn both a high school diploma and an associate degree (or two years of transferable credit).
- Language Immersion Program — This program provides up to 900 hours of classroom work over three or four annual cycles to immigrant students who require better knowledge of academic English to be more effective students. The program has served over 30,000 students since its inception.
- Workforce Development Initiative (WDI) — This program promotes and supports small businesses by retraining and upgrading employee skills, meeting qualified teacher shortages, preparing undergraduates for skill-shortage occupations, creating jobs, providing for economic development, and performing labor market research, planning and coordination.
- Adult Literacy Program — This program will help approximately 10,000 students meet program and employment requirements in the labor market, including English-as-a-Second-Language education.
- Child Care — This program provides child care in eighteen centers throughout CUNY. The program serves approximately 2,400 children and provides early child care, infant/toddler care, training for families and early childhood education.

Capital Review

The City University of New York's 2014-2017 Four-Year Plan Capital Strategy totals \$142 million (\$140.2 million in City funds and \$1.8 million in Non-City funds). The majority of CUNY's capital funds, \$318.3 million, reside in the current year (\$310.1 million in City funds and \$8.2 million in Non-City funds). CUNY expects a significant portion of these funds to roll into 2014.

Community college critical maintenance and new capital construction projects approved by the City are eligible for an equal amount of State matching funds. The State provides its 50 percent share for such projects through annual State budget capital appropriations. A portion of State matching funds from annual appropriations are reflected in the City's capital plan. However, a majority of the State matching funds, provided through the independent sale of New York State Dormitory Authority (DASNY) bonds, are not represented in the City's capital plan.

Construction is substantially completed on the Borough of Manhattan Community College's Fiterman Hall replacement project. This \$325 million project has opened for use, replacing the original which was irreparably damaged on September 11, 2001.

The new North Instructional Building at Bronx Community College (\$102.4 million total project) has also been substantially completed and opened for use. This is the first new academic building built on the campus since it was acquired from NYU in the 1970s.

Also at Bronx Community College, construction is anticipated to begin this summer on the third phase of a multi-phase major upgrade of the campus' outdated utilities (\$14 million).

Design of the Center 3 Building Façade Replacement at LaGuardia Community College is nearly complete (\$39 million for phase I design and construction).

Also at LaGuardia Community College, design is nearly complete on the library expansion project (\$10 million) and construction is underway on the new Admissions/Bursar's office (\$6.5 million total project).

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

- construction of electrical infrastructure upgrades at Queensborough Community College (\$35 million).
- construction of central plant upgrades at Kingsborough Community College nearing completion (\$18.6 million).
- construction of a green roof at the Borough of Manhattan Community College (\$12 million).
- upgrade of mechanical systems at Hunter Campus schools (\$6.7 million).

It is anticipated that rolling resources from 2013 into 2014 will fund significant projects that will be accomplished during the next four-year plan period. Highlights of 2014 commitments include:

- construction of a new cafeteria and central kitchen at Queensborough Community College (\$14.5 million).
- renovation of the 500 Grand Concourse building at Hostos Community College (\$15 million).
- roof replacements for four buildings at Bronx Community College (\$6 million).

The table below shows the capital commitments by program area over the 2012-2017 period.

Capital Commitments

(\$ in 000's)

	2012 Actual		2013 Plan		2014 Plan		2015 Plan		2016 Plan		2017 Plan	
	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds
New School Construction	\$5,247	\$5,100	\$45,110	\$45,298	\$55,000	\$55,000	\$0	\$0	\$0	\$0	\$0	\$0
Renovation/Rehabilitation of Roofs, Classrooms, etc.	58,274	58,761	194,803	201,317	38,652	40,226	20,313	20,369	18,694	18,752	2,978	3,038
Purchase & Installation of EDP and Other Equipment...	5,073	5,073	43,005	44,520	4,400	4,400	0	0	0	0	0	0
Electrical, Mechanical & HVAC	299	299	24,345	24,345	0	0	0	0	0	0	0	0
Other Projects	865	865	2,828	2,828	0	0	0	0	200	200	0	0
Total	<u>\$69,758</u>	<u>\$70,098</u>	<u>\$310,091</u>	<u>\$318,308</u>	<u>\$98,052</u>	<u>\$99,626</u>	<u>\$20,313</u>	<u>\$20,369</u>	<u>\$18,894</u>	<u>\$18,952</u>	<u>\$2,978</u>	<u>\$3,038</u>

PENSIONS AND OTHER FRINGE BENEFITS

Pension Overview

The Executive Budget for 2014 provides for \$8,317 million in City pension contributions, an increase of \$131 million from the amount forecast for 2013. In the table below, \$8,181 million (City Actuarial Systems) represents contributions to the City's five major retirement systems that cover City employees and retirees; \$78 million (Non-City Systems) represents contributions to systems not maintained by the City including: the State pension plan that covers employees of City libraries, the Cultural Institutions Retirement System that covers non-City employees of day care centers and certain cultural institutions, and the Teachers' Insurance and Annuity Association (TIAA) that covers certain CUNY employees. Lastly, \$58 million (Non-Actuarial) represents, primarily, supplemental death benefit payments to widows and widowers of uniformed employees who were killed in the line of duty.

Pension Expenditures and Funding Sources (\$ in 000's)

	2012 Actual	2013 Forecast	2014		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2013 Forecast	Preliminary Budget
<i>Expenditures</i>						
<i>Personal Service</i>						
• City Actuarial Systems	\$7,840,122	\$8,062,664	\$8,075,582	\$8,180,622	\$117,958	\$105,040
• Non-City Systems....	61,903	67,104	83,415	78,415	11,311	(5,000)
• Non-Actuarial	52,680	55,667	52,667	57,667	2,000	5,000
Total	\$7,954,705	\$8,185,435	\$8,211,664	\$8,316,704	\$131,269	\$105,040
<i>Funding</i>						
City	\$7,797,915	\$8,029,145	\$8,055,374	\$8,160,414	\$131,269	\$105,040
State	32,525	32,025	32,025	32,025	—	—
Federal	—	—	—	—	—	—
Intra-City Other.....	124,265	124,265	124,265	124,265	—	—
Total	\$7,954,705	\$8,185,435	\$8,211,664	\$8,316,704	\$131,269	\$105,040

The City's five actuarial retirement systems are the New York City Employees' Retirement System, the New York City Teachers' Retirement System, the New York City Police Pension Fund, the New York City Fire Pension Fund, and the Board of Education Retirement System. These systems cover approximately 685,000 employees, retirees and beneficiaries of the City, the Department of Education, the City University System, and certain independent agencies. Each system is governed by a board of trustees and functions in accordance with applicable state and local laws. Annual pension contributions are made as required by statute based on an actuarial valuation of liabilities and assets.

Pension expense estimates in the Financial Plan reflect a revised set of funding assumptions and methods contained in reports released by the Chief Actuary in February 2012. Such assumptions were adopted by the boards of trustees of each of the City's retirement systems during fiscal year 2012, and those assumptions and methods that required legislative approval were enacted into law in January 2013 (Chapter 3 of the Laws of 2013). Highlights of the changes include a lowering of the actuarial interest rate assumption from eight percent (gross of expenses) to seven percent (net of expenses), the use of updated mortality tables to account for longer life expectancy, an additional funding mechanism to support certain uniformed employee variable supplement funds, and other modifications regarding rates of retirement and disability. The Actuary also implemented a market value restart and switched funding methods to a commonly-used method known as the Entry Age Actuarial Cost Method. Under this method, discrete unfunded liabilities are recognized. The initial unfunded liability is to be amortized using increasing payments over a closed 22 year period.

At the end of the Second World War, civilian and teacher pension members had retirement plans under Tier 1 and Tier 2 that allowed them to retire at age 55 if they rendered 25 years of service. In addition, uniformed police and fire members were able to retire with 20 years of service at half-pay under Tier 1 and Tier 2. In the 1970s, due to the fiscal crisis facing the State and the City, some pension reforms were achieved. Tier 3 was enacted for non-uniformed employees in 1976 (virtually replaced by Tier 4 in 1983). Tier 4 permitted retirees to collect their pensions at age 62, and did not provide for retirement at earlier ages. Uniformed police and fire employees remained under Tier 2.

However, many of these pension reforms were subsequently eroded as a result of benefit enhancements granted by the state legislature in periods of economic boom and when pension investment returns were strong. Enhancements were granted in the form of: relaxed pension-eligibility requirements (e.g. Chapter 389 of the Laws of 1998); prior-service credit (e.g. Chapter 538 of the Laws of 1991); early-retirement plans (e.g. Chapter 873 of the Laws of 1985); expanded disability benefits (e.g. Chapter 567 of the Laws of 1994); and, ad-hoc increases to the pensions of retirees (e.g. Chapter 119 of the Laws of 1995, and Chapter 390 of the Laws of 1998). This culminated in the year 2000 when a series of pension enhancements were enacted (Chapters 126, 373, 372 of the Laws of 2000) which decreased employee contributions, gave additional service credit, and for police and fire employees restored the average salary calculation used for benefit calculation from three years to one. In addition, significant cost of living adjustments (COLAs) were granted to the pensions of existing retirees, and future annual COLAs would be permanent and automatic (Chapter 125 of the Laws of 2000).

As a result of the severe market declines that occurred in both the early and late 2000s, and the benefit enhancements granted in 2000, the funded status of the plans plummeted. These investment losses along with the benefit enhancements, translated into substantial increases in the City's required contributions to the retirement systems. The City's pension contributions rose from approximately \$700 million in 2000 to approximately \$8.0 billion in 2012.

In 2009, in response to the rapid increase in pension contributions, some pension reforms were achieved. As a result of the veto of a bill extending Tier 2, going forward, new uniformed police officers and firefighters were covered under Tier 3. In addition, newly hired City teachers were subject to ten-year vesting and were required to make higher employee contributions. Also, the fixed interest rate in the tax-deferred annuity (TDA) program for teachers was lowered from 8.25 percent to 7.00 percent (Chapter 504 of the Laws of 2009).

Finally, in 2012, landmark pension reforms were achieved with the enactment of the Tier 6 law (Chapter 18 of the Laws of 2012). Tier 6 impacts all employees who become pension members on or after April 1, 2012.

- With respect to new non-uniformed employees, the reforms included: 1) employees will be required to work until age 63 to retire and receive a pension that is not reduced by the election of early retirement; 2) employees will be subject to ten year vesting; and 3) employees will pay member contributions for their entire careers and such member contributions will follow a progressive schedule based on salary level.
- With respect to new uniformed employees (and Investigator titles in the District Attorney offices), the reforms included: 1) employees will have a pension contribution of three percent for the first 25 years of service; 2) employees must work 22 years to receive a half-pay pension (25 years to be eligible for full cost of living adjustments); 3) their pensions will be subject to a social security offset at age 62; and 4) employees can receive a half-pay Accidental Disability Retirement benefit if they become disabled.

While budget savings from Tier 6 are forecast to begin in fiscal year 2015, these savings will grow over time as a greater percentage of the workforce is covered by the new law.

Other Fringe Benefits

The City provides a number of fringe benefits to its employees, retirees and eligible dependents. Contribution levels and terms of coverage are governed by various contractual, legal and collective bargaining provisions. In general, the City's Miscellaneous Expense Budget contains the fringe benefit appropriations on behalf of

employees and retirees of the mayoral agencies. Separate allocations are included in the Department of Education, the City University system, the Health and Hospitals Corporation, and the various other covered organizations, libraries and cultural institutions, for the fringe benefit costs of their active and retired employees.

The City’s basic health insurance program provides comprehensive major medical and hospitalization benefits to its members. In addition, the City makes annual contributions to union-administered welfare funds, which typically provide supplemental health insurance benefits to their members. Annual contributions conform to collective bargaining and labor agreements.

The City also makes the required employer contributions on behalf of its employees who are covered under federal Social Security. As required by New York State Workers’ Compensation Law, the City pays wage-replacement and medical benefits to employees who sustain on the job injuries. Under New York State Labor Law, the City provides up to 26 weeks in unemployment benefits (capped at statutory maximums) to eligible employees who lose their jobs due to economic reasons. The City, per the Administrative Code, also pays for the medical costs of uniformed employees of the Police, Fire and Sanitation departments who sustain injuries in the line of duty.

Retiree Health Benefits Trust Fund

The Retiree Health Benefits Trust Fund (the “Trust”) was created in 2006 and is used to receive and disburse assets accumulated to pay for postemployment benefits other than pensions (OPEB) provided by the City to its retired employees. The City’s reported net OPEB obligation as of the end of 2012 is \$88.2 billion. The City is not required to fund OPEB obligations on an actuarial basis, but had available resources of \$1.0 billion in 2006 and \$1.5 billion in 2007 to make contributions totaling \$2.5 billion into the Trust to help reduce its reported OPEB obligation. In 2012, the Trust paid approximately \$1.9 billion to cover the cost of these retiree benefits.

The following table sets forth the fringe benefit amounts carried in the Miscellaneous Budget for 2013 and 2014.

Fringe Benefits
(\$ in 000’s)

	2013 Forecast	2014 Executive	Increase/ (Decrease)
Workers’ Compensation	\$174,396	\$195,196	\$20,800
Health Insurance Plans	2,177,034	2,390,213	213,179
Social Security Contributions	919,672	938,082	18,410
Unemployment Insurance Benefits.....	27,181	27,466	285
Supplementary Employee Welfare Benefits.....	538,801	548,238	9,437
Workers’ Compensation - Other.....	51,100	56,200	5,100
Hurricane Sandy	104,395	166	(104,229)
Total	\$3,992,579	\$4,155,561	\$162,982
Funding			
City	\$3,258,784	\$3,560,532	\$301,748
Other Categorical.....	154,663	154,625	(38)
State.....	111,309	107,618	(3,691)
Interfund Agreements	50,432	50,147	(285)
Intra-City.....	75,129	79,629	4,500
Federal.....	342,262	203,010	(139,252)
• CD	30,500	30,500	—
• Other	311,762	172,510	(139,252)
Total	\$3,992,579	\$4,155,561	\$162,982

JUDGMENTS AND CLAIMS

The Executive Budget for 2014 provides an appropriation of \$768 million for Judgments and Claims. These expenditures represent the City's costs for tort and contract liability and are projected to reach \$851 million by 2017. Tort expenditures cover both personal injury and property damage claims, and typically represent about 95 percent of total costs. These projections incorporate a substantial amount of claims cost attributed to the Health and Hospitals Corporation for which the Corporation will reimburse the City.

The Office of Management and Budget (OMB) employs various statistical methods and financial models to estimate claims costs. In addition, OMB consults the Law Department to provide cost estimates for cases that are expected to settle for \$1 million or greater. These are mainly serious personal injury cases that have been in litigation or on appeal for a considerable period of time. These cases represent a significant portion of total tort costs, but their relatively small volumes do not lend themselves to statistical analysis. Historical claim data contained on the Comptroller's Omnibus Automated Image Storage and Information System (OASIS) are analyzed to determine annual settlement volumes and average cost per claim. Total costs are the product of the volume and average cost projections.

**Analysis of
Agency
Budgets:
Covered
Organizations**

NEW YORK CITY HEALTH AND HOSPITALS CORPORATION

The New York City Health and Hospitals Corporation (the Corporation) provides comprehensive medical, mental health and substance abuse services to New York City residents, regardless of their ability to pay. Through its seven regional health care networks, the Corporation operates 11 acute care hospitals, four long-term care facilities, six diagnostic and treatment centers, a certified home health program, and more than 70 community-based health clinics throughout the five boroughs. In addition, MetroPlus, the wholly-owned health maintenance organization, provides care to more than 440,000 New Yorkers. The Corporation also provides emergency and inpatient services to New York City's correctional facilities' inmate population and conducts mental health evaluations for the family courts in the Bronx, Brooklyn, Queens, and Manhattan.

The Corporation is the nation's largest public hospital system operating 4,820 inpatient beds and 2,850 long-term care facility beds. In 2012, the Corporation's facilities had more than 217,800 patient discharges, 5.1 million clinic visits and 1.2 million emergency room visits. The Corporation served more than 1.3 million people last year, of which almost 500,000 lacked any form of health insurance.

Financial Review

The 2012 ending cash balance was \$461 million as reported in the New York City Financial Plan; the projected ending cash balance for 2013 is \$358 million. The ending cash balance includes receipt of \$1.6 billion in 2013 of City and Federally funded Upper Payment Limit and Disproportionate Share payments. The Corporation's 2014 Executive Budget projects total expenses to be \$7.2 billion and total revenue to be \$6.5 billion. Revenue derived from third party payers is projected to be \$5.8 billion. City support for the Corporation in 2014, excluding the City portion of Medicaid and prepayments, is anticipated to be \$174 million. This support includes funding for the treatment of prisoners and uniformed services personnel at the Corporation's facilities. Additionally, the City will make payments in 2014 of approximately \$1.3 billion for the local share of Medicaid collections, bad debt and charity care pool payments, Upper Payment Limit, and Disproportionate Share payments.

Expense Budget Highlights

Over the past four years, the Corporation has worked to implement their multi-year cost containment restructuring plan that will ultimately trim \$600 million from their budget deficit. To date, the Corporation has nearly reached that goal with \$589 million annually in cost savings and new revenue. The Corporation's multi-year cost-containment restructuring plan includes more than 35 discrete initiatives that must be fully implemented by the end of 2014. The Corporation is presently on track to meet their 2013 fiscal objectives while work on more complex initiatives is underway and slated for future completion.

The Corporation's structural budget deficit is attributable to a combination of factors that are outside of their control, including reductions in Medicare and Medicaid reimbursements and steeply rising fringe pension and health insurance costs. The Corporation's facilities continue to serve increasing numbers of uninsured patients. In 2012, these facilities treated 500,000 uninsured patients – representing more than one-third of their total patient population.

In addition, the Medicaid program rate cuts and reforms adopted in this year's State budget will reduce the Corporation's reimbursement by more than \$60 million for State fiscal year 2013-14. Over the past five years, the Corporation has absorbed cuts in Medicaid funding of \$560 million on an annualized basis.

The Corporation also faces diminishing Federal funding. Cuts mandated by the Budget Control Act of 2011 took effect in March and, unless changed by Congress in the future, will result in across-the-board cuts totaling \$1.2 trillion over ten years. Medicare will cut provider payments by two percent and the Corporation estimates that this and other related cuts will reduce their revenue by \$20 million in the first year. Under the Affordable Care Act, beginning in 2014, the Federal government will make significant reductions to supplemental Medicaid funding that supports public hospitals and other safety net institutions. Ultimately, these cuts could reduce the Corporation's Federal funding by more than \$325 million annually.

Beyond these reimbursement cuts, the Corporation and healthcare providers are increasingly working in an environment where the expectations are for providers to deliver better care with better patient outcomes, at lower costs. While healthcare providers throughout the country are also facing these same expectations, the Corporation's challenges are greater as a result of the care for so many uninsured patients with less and less funding for that work.

Programmatic Review

Improving Efficiency through Breakthrough

One of the ways in which the Corporation has been able to sustain their capacity despite these budgetary challenges is through the use of a system for process improvement called Breakthrough. This methodology empowers frontline staff – the people who do the work – to determine ways to improve processes, remove inefficient steps and activities, and increase efficiency. When new processes and procedures are implemented, Breakthrough teams evaluate and monitor them on an ongoing basis, creating opportunities for continuous improvement.

The Corporation's Breakthrough work not only continues to contribute significantly to operational efficiency, it has reduced costs and helped to optimize revenue collection. The Corporation estimates the improvement devised by Breakthrough teams over the past four years have resulted in more than \$284 million in combined savings and new revenue. Some Breakthrough teams have achieved truly impressive results, such as decreased waiting times for appointments and increased access to health care services. To date, more than 7,500 employees and affiliate staff have been involved in Breakthrough activities.

Adapting to Health Delivery Reform

As the Corporation works to make its system more efficient and manage their ongoing financial challenges, they continue to be responsive to the healthcare needs of their communities. The Corporation continues to provide a full range of primary and preventive care services, emphasizing early detection of disease and effective management of chronic diseases such as asthma, diabetes, and hypertension.

These efforts match the goals expressed by the State and Federal governments toward the achievement of the Triple Aim: better care for the individual patient, better health for the broader community, and lower per capita costs. The Triple Aim encapsulates the central challenge of healthcare reform for providers: the need to simultaneously improve patient and population health and lower cost of healthcare. The Corporation's long-standing commitment to, and capacity for, delivering robust primary and preventive care serves New Yorkers well as they position the organization to achieve the Triple Aim and succeed under healthcare reform.

The Corporation has moved forward in a number of areas that will help transform care in a positive way for their patients. This past year, the Corporation met new Federal standards for implementing effective health information technology, including electronic medical records. As a result, the Corporation will receive approximately \$82 million in Federal funding to support further development of their health information technology systems.

Last year, the Corporation successfully worked to convert its primary clinics into patient-centered medical homes. These medical homes match each patient with a dedicated team of providers who offer coordinated, comprehensive care. Medical homes improve continuity of care for patients and earn additional reimbursement. The Corporation is projected to receive \$21 million in State funding to strengthen the patient-centered medical home model.

The Corporation and its health plan MetroPlus received State designation as a health home for Queens, Manhattan, Brooklyn, and the Bronx. Health homes are paid to be responsible for assuring that people with mental illness and multiple chronic conditions have better access to primary care as well as improved coordination and care management. Assuming responsibility as a health home is a part of the Corporation's effort to strengthen

services for vulnerable populations, improve outcomes, decrease unnecessary Emergency Department visits, and decrease unnecessary hospital admissions.

The Corporation has also been approved to participate in the Medicare Shared Savings Program as an Accountable Care Organization (ACO). This initiative creates a new service delivery model to offer Medicare beneficiaries higher quality care while reducing costs through increased efficiency and integration of services. To receive incentive payments, the Corporation's ACO will have to measurably improve the health status of patients through evidence-based clinical practices and lower spending in the Medicare program by reducing unnecessary hospitalizations and readmissions, and Emergency Department visits for designated Medicare patients.

Robust primary care is the foundation of health reform, and as a step toward meeting the need for more primary care doctors in the future, the Corporation and the St. George's Medical College have collaborated on the City Doctor's Scholarship program. Over the next five years, the program will offer \$11 million in tuition-based scholarships to New Yorkers who attend St. George's Medical College and commit to practice primary care medicine at one of the Corporation's hospitals. The program awarded 11 scholarships this past year, and will award more this coming year.

Hurricane Sandy

Bellevue Hospital and Coney Island Hospital, among other non-Corporation hospitals, were severely damaged during the storm, requiring them to evacuate hundreds of patients, including those who were critically ill on ventilators and more than fifteen NICU babies. The Coler campus of the Coler-Goldwater Specialty Hospital and Nursing Facility on Roosevelt Island was also severely impacted, losing power, heat and hot water for an extended period.

Both Bellevue and Coney Island worked quickly to first restore outpatient services and then limited emergency department services. Coney began to accept inpatients in the middle of January. Bellevue fully reopened in February. Although the Corporation has completed the first phase of storm recovery work by reopening their most heavily damaged facilities, there is still much work to be done to complete permanent repairs and to protect the facilities against any future storms of this magnitude.

Capital Investments that Support Better Healthcare

The 2014-2023 Ten-Year Capital Strategy totals \$894.0 million, including \$673.9 million in the 2014-2017 Four-Year Capital Strategy. During the past year, the Corporation achieved several milestones in its campaign to modernize its infrastructure. New and renovated facilities ensure patient care is provided in optimally therapeutic environments that better support the practice of modern medicine and foster the use of technology that improves patient outcomes.

The work at Harlem Hospital Center on the main phase of the new Mural Pavilion is complete. This project features expanded primary care and specialty care suites, new intensive care and burn units and preservation of the hospital's historic murals. The Corporation expects work to be complete on the hospital's new Emergency Department later this summer.

Gouverneur Healthcare Services completed the first phase of its major modernization at the end of 2011, which encompassed the construction of a new ambulatory care pavilion. The balance of the project, which includes a renovated, state-of-the-art skilled nursing facility with an additional 85 beds, will be completed in the spring of 2014.

The Henry J. Carter Specialty Hospital and Nursing Facility will be the new home of the Goldwater Specialty Hospital and Nursing Facility currently located on Roosevelt Island. This new Harlem-based long-term care hospital and skilled nursing facility, consisting of nearly 400,000 square feet of combined new and renovated space, will be completed in the fall of 2013.

Finally, energy efficient window replacements are in progress at Coney Island Hospital and Coler Memorial Hospital, and two energy conservation projects will begin construction later this year at Metropolitan and Elmhurst Hospitals. These projects will eliminate combustion of No. 6 fuel, increase electrical energy efficiency through lighting and building management system upgrades, and result in greenhouse gas reductions of 42 percent and 34 percent, respectively.

Highlights of the 2014 Capital Commitment Plan:

The Corporation's 2014 Capital Commitment Plan features several important projects, including:

- funding of \$7.7 million for the purchase of EMS ambulances for the FDNY.
- funding of \$63.9 million for Electronic Health Records.
- funding of \$410.0 million for reconstruction as a result of Hurricane Sandy.
- funding of \$3.7 million for code compliance upgrades at Coler.

Highlights of the Ten-Year Capital Commitment Plan:

The Corporation's Ten-Year Capital Commitment Plan (2014-2023) features several important projects, including:

- funding of \$196.4 million for the purchase of EMS ambulances for the FDNY.
- funding of \$192.1 million for Electronic Health Records.

NEW YORK CITY TRANSIT

New York City Transit (NYCT) operates the most extensive public transportation system in the nation, which served approximately 2.3 billion subway and bus passengers in calendar year 2012, with over 1.6 billion passengers riding the subway system. NYCT has been a component of the Metropolitan Transportation Authority (MTA) since the Authority's inception in 1968. The MTA is a New York State public authority responsible for coordinating and implementing a mass transportation program for New York City and the seven adjacent counties. Other components of the MTA primarily serving New York City are the Staten Island Railway (SIR) and the MTA Bus Company (MTABC). The MTA also includes the Long Island Railroad and the Metro North Railroad.

The NYCT's subway system operates 24 hours a day, 7 days a week, on 659 miles of mainline track, serving 468 stations throughout the Bronx, Brooklyn, Manhattan, and Queens. The NYCT bus system consists of a fleet of 4,336 buses on 191 local, five Select Bus Service, and 26 express routes servicing 1,796 route miles in all five boroughs. System expansions currently underway by NYCT include the Second Avenue Subway and the westward extension of the #7 subway train to 11th Avenue and 34th Street.

SIR operates a 14-mile rapid transit line that links 22 communities on Staten Island and provides a connection to the Staten Island Ferry. SIR serves approximately 4.5 million passengers per year.

The MTABC operates an extensive public bus transportation system throughout New York City, primarily in the Bronx, Brooklyn, and Queens. Over 120 million passengers are carried annually on local and express routes. The MTABC is primarily funded through farebox revenues and City subsidies.

The MTABC currently operates 1,270 buses owned by the City along 890 route miles. Service on 46 local and 35 express routes is available 24 hours a day, 7 days a week. Since beginning operations in 2005, the MTABC has significantly improved service and the City expects the MTABC to continue making improvements to all facets of its operations, ensuring service levels are up to MTA's standards.

Financial Review

The City's financial plan includes \$346.5 million for NYCT in fiscal year 2014. As NYCT operates on a calendar year (CY) basis, the financial plan below is presented in that format. The plan for CY 2013 incorporates the following key elements:

- CY 2013 fare revenue is projected to be \$4.0 billion, a 9.5 percent increase over the CY 2012 total.
- tax revenues dedicated for NYCT's use are projected to total \$3.3 billion; \$942.8 million from the regional Metropolitan Mass Transportation Operating Assistance Account (MMTOA), \$536.3 million from the State "Lock Box" Petroleum Business Tax, \$431.9 million from the Urban Mass Transportation Operating Assistance Account (Urban Account) and \$1.3 billion in new State taxes and fees, which includes \$904.8 million from the Payroll Mobility Tax and \$195.5 million from license, vehicle registration, taxi, and vehicle rental fees, and \$224.8 million from the State to replace funds from eliminating the Payroll Mobility Tax from school districts and small businesses.
- the City's contribution to NYCT's operating budget for CY 2013 totals \$352.5 million, including \$158.1 million in operating assistance as part of the City match to State "18b" aid, \$45 million for student fare discounts, \$128.0 million for the Paratransit program, \$13.8 million for elderly and disabled fare discounts, and \$7.6 million for Transit Police. In addition, the City contributes over \$90 million directly to the MTA to maintain Long Island Railroad and Metro-North Commuter Railroad stations in the five boroughs and for operating assistance for the commuter railroads as part of the local match of State "18b" aid. The City has also set aside \$30 million for liabilities related to the Staten Island Rapid Transit Operating Authority.

In addition to the very large indirect contributions the City makes to various MTA revenue sources, the following chart summarizes the City’s direct subsidies to NYCT for CY 2013:

City Subsidies to NYCT, CY 2013
(\$ in millions)

• Elderly and Disabled Subsidy.....	\$13.8
• School Fare Subsidy.....	45.00
• Operating Assistance.....	158.10
• Police Reimbursement.....	7.60
• Paratransit.....	128.00
TOTAL.....	\$352.5

Based on recent financial reports, NYCT closed CY 2012 with a cash surplus of \$37.0 million. Despite this, NYCT has projected substantial budget shortfalls in the future, which are expected to be offset by gap-closing and other government actions including potential tax, fee, and further fare increases.

New York City Transit Financial Plan
(\$ in millions)

	Calendar Years [1]				
	2012A	2013E	2014E	2015E	2016E
REVENUES					
Subway / Bus Fare Revenue	\$3,654.8	\$4,002.2	\$4,101.9	\$4,158.8	\$4,206.3
Other Operating Revenue	\$113.0	\$194.2	\$185.4	\$186.9	\$142.0
Transit Tax and Other Subsidies	\$3,184.2	\$3,264.5	\$3,476.7	\$3,550.4	\$3,681.0
City Subsidies	\$325.8	\$352.5	\$374.7	\$405.3	\$442.0
State Subsidies	\$183.4	\$183.4	\$183.4	\$183.4	\$183.4
TBTA Surplus Transfer	\$169.3	\$214.4	\$210.8	\$189.7	\$165.2
Capital and Other Reimbursements ...	\$882.1	\$852.7	\$840.2	\$836.6	\$848.5
TOTAL REVENUES	\$8,512.7	\$9,063.9	\$9,373.0	\$9,511.1	\$9,668.3
EXPENSES					
Salaries & Wages	\$3,233.6	\$3,196.2	\$3,195.9	\$3,256.4	\$3,318.3
Fringes	\$2,191.6	\$2,293.7	\$2,416.0	\$2,575.2	\$2,717.2
Reimbursable Overhead	(\$194.3)	(\$183.6)	(\$178.0)	(\$177.5)	(\$180.1)
OTPS [2]	\$1,201.4	\$1,355.9	\$1,373.0	\$1,491.1	\$1,486.8
Paratransit Expenses	\$366.8	\$385.2	\$419.6	\$425.6	\$493.8
Capital Reimbursable Expenses	\$882.1	\$852.7	\$840.2	\$836.6	\$848.5
Transit Police	\$2.1	\$7.6	\$4.2	\$4.2	\$4.3
Debt Service	\$1,024.2	\$1,134.1	\$1,213.8	\$1,268.9	\$1,380.7
Depreciation [3]	\$1,445.0	\$1,520.0	\$1,595.0	\$1,670.0	\$1,748.0
Other Post Employment Benefits [3].	\$1,355.0	\$1,405.3	\$1,463.5	\$1,520.8	\$1,579.6
Environmental Remediation [3]	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
TOTAL EXPENSES	\$11,507.6	\$11,967.2	\$12,343.2	\$12,871.4	\$13,397.1
OTHER ACTIONS					
Balance before Adjustments	(\$2,994.9)	(\$2,903.3)	(\$2,970.3)	(\$3,360.3)	(\$3,728.8)
Gap-Closing Actions [4]	\$0.0	(\$2.4)	\$1.7	\$210.4	\$294.4
Cash Flow Adjustments [5]	\$2,927.3	\$2,903.8	\$2,885.2	\$3,139.3	\$3,283.9
Net Cash from Prior Year	\$104.7	\$37.0	\$35.1	(\$48.3)	(\$59.0)
SURPLUS/(DEFICIT)	\$37.0	\$35.1	(\$48.3)	(\$59.0)	(\$209.5)

[1] All Financial Plan figures were provided by NYCT in February 2013; this table shows modified accrual-basis CY 2012 Actuals (A) and CY 2013-2016 estimates (E) because the MTA operates on a Calendar Year basis (January-December) that is not directly comparable to the City's Fiscal year (July-June).

[2] Includes Inter-agency loan, NYCT Charge back of MTA Bus Debt Service, Forward Energy Contracts and Commitments to Capital.

[3] Since February 2004, NYCT has included depreciation in its financial plan. As of 2007, NYCT also reports other post employment benefits (OPEB) obligations and environmental remediation liabilities.

[4] Includes Below the Line Items and Items not yet provided by the MTA. Typically includes Increased Ridership, Fare Collection, Expense Reduction, Management Initiatives, Cash Reserve, & Other Governmental Assistance.

[5] Cash flow adjustments include operating, depreciation, environmental remediation and OPEB cash flow adjustments.

Capital Review

The City's 2014-2023 Ten-Year Capital Strategy totals \$520 million (\$280 million for 2014-2017), including \$518.2 million for NYCT (\$278.2 million for 2014-2017) and \$1.8 million for SIR (\$1.8 million for 2014-2017). These funds will be used to support MTA's most essential work: bringing the mass transit system to a state of good repair, maintaining a normal replacement cycle, and helping expand the transit system. City capital funds are used in conjunction with other sources (Federal, State, and Private) towards MTA's Capital Program.

The City's Ten-Year Capital Strategy for NYCT, SIR, and MTABC includes the following key elements:

- funds to help provide for various NYCT infrastructure improvements, system enhancements, and bus and subway car upgrades, \$168.2 million for 2014-2023 (\$138.2 million for 2014-2017).
- funds for NYCT trackwork, \$350 million for 2014-2023 (\$140 million for 2014-2017).
- funds for SIR's track replacement and infrastructure programs, \$1.8 million for 2014-2017 (\$1.8 million for 2014-2017).

The table below outlines the City's Capital Commitments to NYCT, SIR and MTABC for the 2012-2017 period:

Capital Commitments

(\$ in 000's)

	2012 Actual		2013 Plan		2014 Plan		2015 Plan		2016 Plan		2017 Plan	
	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds
Infrastructure.....	\$0	\$0	\$177,550	\$177,550	\$59,100	\$59,100	\$59,100	\$59,100	\$0	\$0	\$0	\$0
Trackwork.....	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000
Revolving Fund.....	0	0	20,000	20,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
SIRTOA.....	0	0	3,700	3,700	900	900	900	900	0	0	0	0
Miscellaneous.....	-30,213	0	42,188	44,146	0	0	0	0	0	0	0	0
MTABC.....	0	0	26,835	55,658	0	0	0	0	0	0	0	0
Total.....	<u>\$4,787</u>	<u>\$35,000</u>	<u>\$305,273</u>	<u>\$336,054</u>	<u>\$100,000</u>	<u>\$100,000</u>	<u>\$100,000</u>	<u>\$100,000</u>	<u>\$40,000</u>	<u>\$40,000</u>	<u>\$40,000</u>	<u>\$40,000</u>

Appendix

**EXHIBIT 1
EXPENDITURE ASSUMPTIONS**

Personal Services

The estimates for Personal Services over the five-year period of the plan are as follows:

(\$ in Millions)

	2013	2014	2015	2016	2017
Salaries and Wages	\$21,977	\$21,767	\$21,693	\$21,715	\$21,802
Pensions	8,185	8,317	8,326	8,524	8,778
Other Fringe Benefits	8,553	8,827	9,447	10,148	10,913
Retiree Health Benefits Trust	(1,000)	(1,000)	—	—	—
Reserve for Collective Bargaining	106	265	465	714	983
Total	<u>\$37,821</u>	<u>\$38,176</u>	<u>\$39,931</u>	<u>\$41,101</u>	<u>\$42,476</u>

Salaries and Wages

The projections for salaries and wages reflect personnel costs associated with current and projected headcount levels assuming implementation of projected PEG initiatives, and also including recognized needs and any wage adjustments from rounds of collective bargaining that have been implemented.

Pensions and Other Fringe Benefits

Pension expenditures reflect actuarial valuation estimates of the City’s five major retirement systems prepared by the Office of the Actuary, and other pension program costs. Adjustments are made to reflect changes in the City’s planned payroll and changes in the number of pension members.

Pension expense estimates for the five major retirement systems reflect a revised set of funding assumptions and actuarial methods recommended by the Chief Actuary as a result of his review of independent audits required by the City Charter. Such assumptions were adopted by the boards of trustees of each of the City’s retirement systems during fiscal year 2012 and those assumptions and methods that require legislative approval were enacted into law in January 2013 (Chapter 3 of the Laws of 2013). Highlights of the changes include a lowering of the actuarial interest rate from eight percent (gross of expenses) to seven percent (net of expenses), the use of updated mortality tables to account for longer life expectancy, an additional funding mechanism to support certain uniformed employee variable supplement funds and other modifications regarding rates of retirement and disability. The Actuary also implemented a market value restart and switched funding methods to a commonly-used method known as the Entry Age Actuarial Cost Method. Under this method, discrete unfunded liabilities are recognized. The initial unfunded liability is to be amortized using increasing payments over a closed 22 year period.

The financial plan for pensions also reflects the impact of a new pension tier (Tier 6) that was enacted into law last year (Chapter 18 of the Laws of 2012). The major reforms included increased age and service requirements; increased member contributions; and modifying and harmonizing the pension benefits for all the City’s four uniformed forces. The Tier 6 reforms only impact City employees who join the pension system on or after April 1, 2012. Savings in the financial plan commence in 2015 at \$49 million and are estimated to grow to \$21 billion over thirty years.

Total pension expenses for the financial plan are shown below:

Total Pension Expenses
(\$ in Millions)

	2013	2014	2015	2016	2017
City Actuarial Systems	\$8,063	\$8,181	\$8,179	\$8,371	\$8,619
Non-City Systems	67	78	86	89	92
Non-Actuarial	55	58	61	64	67
Total	\$8,185	\$8,317	\$8,326	\$8,524	\$8,778

Social security cost estimates reflect the projected tax rates and wage ceilings issued by the Social Security Administration as well as planned payroll adjustments. Unemployment insurance costs are consistent with the statutory maximum weekly benefit levels and planned payroll levels. Workers' compensation costs are consistent with the compensation rate schedule mandated by State law and the projected growth in medical costs. Health insurance estimates reflect current levels of coverage based on the latest population and premium data available from the City's health insurance providers. The financial plan also reflects a two-year drawdown of \$2 billion from the Retiree Health Benefits Trust: \$1 billion in 2013 and \$1 billion in 2014.

Reserve for Collective Bargaining

The Reserve for Collective Bargaining contains funding for the cost of undistributed collective bargaining increases. The reserve contains no funding for wage increases for the first three years beyond the 2008-2010 round. After that three-year period, the reserve contains funding for wage increases assumed to be 1.25 percent per year.

Other Than Personal Services

The following items are included in this category:

(\$ in Millions)

	2013	2014	2015	2016	2017
Administrative OTPS	\$18,672	\$17,222	\$17,508	\$17,819	\$18,117
Public Assistance	1,378	1,387	1,385	1,385	1,391
Medical Assistance	6,335	6,366	6,447	6,415	6,415
Health & Hospital Corporation	307	174	175	175	175
Covered Agency Support & Other Subsidies*	3,300	3,369	3,612	3,810	3,981
Debt Service*	5,994	6,245	7,179	7,510	7,732
General Reserve	40	450	300	300	300
Prepayments	(270)	(2,050)	(142)	-	-
Total	\$35,756	\$33,163	\$36,464	\$37,414	\$38,111

* Numbers adjusted for prepayments

Administrative OTPS

Administrative OTPS costs in each agency's baseline four-year financial plan include the ongoing cost of existing programs, planned increases or decreases from PEG initiatives and other adjustments. For 2015 through 2017, the financial plan includes a Citywide appropriation to provide for an increase in OTPS costs resulting from inflation. The inflation adjustment represents a yearly 2.5 percent increase from 2015 through 2017.

Energy

The financial plan includes a Citywide appropriation to provide for the changing cost of energy for 2015 through 2017. Energy costs in each agency, with the exception of HPD, are held constant for 2014 through 2017. Price and usage changes for HPD's In-Rem / DAMP Programs are budgeted in HPD's four-year plan.

Gasoline costs are expected to decrease by \$4 million from 2013 to 2017. Fuel oil and heat, light and power is expected to increase by \$44 million between 2013 and 2014 due to the mild winter weather and low natural gas prices in 2013. Heat, light and power is expected to increase another \$17 million between 2014 and 2017.

	Energy Costs				
	(\$ in Millions)				
	2013	2014	2015	2016	2017
Gasoline	\$117	\$115	\$111	\$110	\$113
Fuel Oil	122	129	126	126	129
HPD-In Rem / DAMP	8	8	7	7	7
HPD-Emergency Repairs	5	3	3	3	3
Heat, Light and Power	772	809	835	820	826
Total	\$1,024	\$1,064	\$1,082	\$1,066	\$1,078

Leases

In each agency, the cost of leases is budgeted at a constant level from 2014 through 2017. A citywide adjustment for 2015 through 2017 provides for the increasing cost of leases based on a three percent annual inflator as well as known future leases, where applicable.

In total, the four-year plan includes \$871 million for leases in 2014, \$909 million in 2015, \$937 million in 2016 and \$965 million in 2017. Of these amounts, the citywide adjustment is \$38 million, \$66 million, and \$94 million respectively in 2015 through 2017.

Public Assistance

In 2014, 362,454 persons are projected to receive cash assistance on average each month, an increase of 9,498 from the projected 2013 average.

Medical Assistance

The financial plan for Medical Assistance assumes decreasing growth and baselined funds consistent with the New York State enacted budget effective April 1, 2013, in which the State slowly takes over Medicaid growth from localities. The financial plan also includes the City share of Disproportionate Share and Upper Payment Limit payments which fall outside of the Medicaid cap.

Health and Hospitals Corporation

Revenue and expenditure projections for 2013 through 2017 include assumptions related to actual collections experience, the impact of rates by third party payers, and collections performance through a variety of revenue enhancement efforts. Included in the Corporation's baseline revenue assumption is the continued receipt of the Disproportionate Share and Upper Payment Limit transactions. Corporation revenue increases are reliant on Medicaid receipts, which continue to grow steadily. Expenditure increases are driven by growth in pension and health insurance costs.

Covered Agency Support and Other Subsidies

Included in this category are the contributions made by the City to the Transit Authority, Libraries and various Cultural Institutions. Also included in this category are the estimated projections for the cost of Judgments and Claims.

General Reserve

The General Reserve is projected at \$40 million for 2013, \$450 million for 2014 and \$300 million for 2015 through 2017 to provide for uncontrollable increases in expenditures as well as shortfalls in revenue. The General Reserve for 2014 through 2017 has been increased above the required \$100 million to allow for any further uncertainties that may occur in the future.

Debt Service

Debt Service projections cover payments of debt service on currently outstanding City's, TFA, and Conduit debt as well as future issuances in accordance with the 2013 through 2017 financing program (See Financing Program). Actual debt service payments in these years will be affected by the timing of bond sales and by market conditions. Estimates of City and TFA debt service costs on debt to be issued are based on estimates of the periods of probable usefulness of the capital assets for which the debt will be issued.

A Budget Stabilization Account has been established for the prepayment of future years' debt service costs. Funding of \$2.097 billion in 2013 and \$142 million in 2014 has been provided for this purpose.

Below are the detailed estimates for debt service for 2013 through 2017 after prepayments:

(\$ in Millions)

	Long Term	Short Term	Lease Purchase	Budget Stabilization*	Total City and Lease	TFA	Prepayment Adjustment	Total City, Lease and TFA
2013	\$2,576	\$—	\$189	\$2,097	\$4,862	\$862	\$270	\$5,994
2014	1,940	75	293	142	\$2,450	1,809	1,986	\$6,245
2015	4,390	75	316	—	\$4,781	2,256	142	\$7,179
2016	4,643	75	321	—	\$5,039	2,471	—	\$7,510
2017	4,684	75	312	—	\$5,071	2,661	—	\$7,732

* Amounts in the Budget Stabilization Account are used to prepay the succeeding year's debt service

EXHIBIT 2

**FISCAL YEAR 2014 EXECUTIVE BUDGET AND PROJECTIONS,
FISCAL YEAR 2015 THROUGH FISCAL YEAR 2017**

(\$ in thousands)

Dept. No.	Agency	FY 2012 Actual Expenditures	Fiscal Year 2013		FY 2014 Executive Budget	FY 2015 Estimate	FY 2016 Estimate	FY 2017 Estimate	
			Executive Budget	8 Month Actuals July - Feb. Forecast					
002	Mayorality.....	\$93,346	\$91,792	\$59,218	\$98,467	\$89,296	\$87,901	\$87,849	\$87,422
003	Board of Elections.....	109,838	72,590	91,180	117,763	112,258	76,486	76,486	76,486
004	Campaign Finance Board.....	9,645	55,077	47,047	12,177	71,864	13,288	13,288	13,288
008	Office of the Actuary.....	5,547	6,293	3,545	5,812	6,459	6,261	6,263	6,263
010	President,Borough of Manhattan.....	4,541	2,715	2,901	4,606	2,618	2,457	2,462	2,462
011	President,Borough of the Bronx.....	4,867	3,612	3,282	5,339	3,424	3,245	3,245	3,245
012	President,Borough of Brooklyn.....	5,139	3,464	3,517	5,768	3,195	2,893	2,893	2,893
013	President,Borough of Queens.....	4,588	3,343	2,714	4,700	3,141	2,866	2,870	2,875
014	President,Borough of S.I.....	3,859	2,524	2,314	3,966	2,395	2,303	2,303	2,303
015	Office of the Comptroller.....	70,886	75,490	44,754	76,547	76,379	76,758	77,045	77,096
017	Dept. of Emergency Management.....	23,382	20,902	24,511	76,393	13,023	6,369	6,376	6,379
021	Office of Admin. Tax Appeals.....	3,850	4,180	2,692	4,354	4,273	4,273	4,273	4,273
025	Law Department.....	137,433	142,101	98,248	147,459	147,433	141,642	135,517	135,517
030	Department of City Planning.....	22,831	22,669	14,248	24,740	20,848	20,278	20,290	20,290
032	Department of Investigation.....	21,288	20,179	22,699	38,591	21,931	21,855	21,855	21,343
035	NY Public Library - Research.....	15,339	11,886	15,507	22,278	10,846	14,975	14,975	14,975
037	New York Public Library.....	73,868	54,534	80,043	113,231	48,819	72,591	72,591	72,591
038	Brooklyn Public Library.....	56,721	40,976	36,173	84,925	35,534	53,994	53,994	53,994
039	Queens Borough Public Library.....	56,922	39,591	37,396	84,641	35,166	53,261	53,261	53,261
040	Department of Education.....	19,283,257	19,710,997	11,084,156	19,205,323	19,830,895	20,445,190	21,028,749	21,663,044
042	City University.....	791,320	837,511	465,250	868,046	877,878	874,834	863,465	841,178
054	Civilian Complaint Review Bd.....	8,739	10,550	6,343	11,598	11,917	12,242	12,242	12,257
056	Police Department.....	4,867,891	4,618,157	3,262,293	4,985,857	4,677,861	4,644,465	4,645,906	4,646,522
057	Fire Department.....	1,757,228	1,729,961	1,218,957	1,912,934	1,714,932	1,629,663	1,626,811	1,629,303
068	Admin. for Children Services.....	2,854,526	2,719,909	2,256,568	2,865,791	2,719,545	2,734,071	2,734,071	2,734,071
069	Department of Social Services.....	9,391,228	9,255,945	6,292,381	9,501,107	9,430,958	9,538,064	9,475,046	9,476,482
071	Dept. of Homeless Services.....	900,521	800,962	737,264	1,000,338	903,499	898,004	897,804	897,804
072	Department of Correction.....	1,078,789	1,050,050	725,724	1,091,296	1,065,104	1,059,994	1,060,694	1,060,143
073	Board of Correction.....	900	940	638	1,059	1,246	1,235	1,235	1,235
095	Citywide Pension Contributions.....	7,954,705	8,144,670	5,298,270	8,185,435	8,316,704	8,326,079	8,523,756	8,777,617
098	Miscellaneous.....	6,137,716	6,599,278	3,149,866	6,664,304	7,206,673	9,036,217	9,931,362	10,877,615
099	Debt Service.....	4,256,603	4,589,577	1,836,854	5,723,508	4,259,409	7,037,019	7,509,574	7,732,175
101	Public Advocate.....	2,237	1,607	1,340	2,252	1,523	1,523	1,523	1,523
102	City Council.....	51,899	52,090	36,355	52,102	51,517	49,442	49,442	49,442
103	City Clerk.....	4,410	4,356	2,594	4,532	4,437	4,440	4,440	4,440
125	Department for the Aging.....	257,781	235,298	237,870	269,015	225,592	226,625	225,922	225,922
126	Department of Cultural Affairs.....	147,749	103,148	121,182	151,024	88,789	88,789	88,789	88,789
127	Financial Info. Serv. Agency.....	83,199	99,519	67,321	90,833	91,763	90,425	90,925	90,925
131	Office of Payroll Admin.....	14,226	44,349	8,625	21,422	27,588	27,664	27,692	27,722
132	Independent Budget Office.....	3,694	4,359	2,707	4,358	4,344	4,337	4,333	4,333
133	Equal Employment Practices Com.....	627	790	291	790	665	715	715	715
134	Civil Service Commission.....	651	751	474	773	1,040	1,040	1,040	1,040
136	Landmarks Preservation Comm.....	4,273	4,727	2,829	4,954	5,005	5,023	5,047	5,047
138	Districting Commission.....	—	1,661	871	1,661	—	—	—	—

EXHIBIT 2

**FISCAL YEAR 2014 EXECUTIVE BUDGET AND PROJECTIONS,
FISCAL YEAR 2015 THROUGH FISCAL YEAR 2017**

(\$ in thousands)

Dept. No.	Agency	FY 2012 Actual Expenditures	Fiscal Year 2013		FY 2014 Executive Budget	FY 2015 Estimate	FY 2016 Estimate	FY 2017 Estimate	
			Executive Budget	8 Month Actuals July - Feb. Forecast					
156	Taxi & Limousine Commission.....	31,716	64,846	24,761	42,013	62,194	59,885	55,385	41,885
226	Commission on Human Rights.....	6,032	6,498	3,986	6,521	6,287	6,495	6,495	6,495
260	Youth & Community Development,...	325,035	244,813	250,491	354,988	265,034	232,412	232,412	232,412
312	Conflicts of Interest Board.....	1,960	2,087	1,297	2,053	2,033	2,033	2,033	2,033
313	Office of Collective Barg.....	2,112	2,257	1,394	2,124	2,008	2,001	2,003	2,003
499	Community Boards (All).....	14,315	15,225	9,545	15,786	15,411	15,359	15,361	15,361
781	Department of Probation.....	79,679	77,923	56,319	83,655	82,409	81,519	81,445	81,430
801	Dept. Small Business Services.....	137,634	121,412	87,256	156,233	100,653	82,895	82,447	82,450
806	Housing Preservation & Dev.....	731,344	562,012	498,866	790,305	560,366	557,155	556,505	556,505
810	Department of Buildings.....	95,062	95,972	63,273	108,144	103,587	94,586	93,992	93,992
816	Dept Health & Mental Hygiene.....	1,569,569	1,528,265	1,086,707	1,682,983	1,331,251	1,329,387	1,328,665	1,328,615
819	Health and Hospitals Corp.....	207,543	168,596	162,316	307,155	173,709	174,867	174,917	174,968
820	Office Admin Trials & Hearings.....	30,465	35,440	20,283	34,554	35,012	35,014	35,016	35,016
826	Dept of Environmental Prot.....	1,059,047	1,133,885	1,081,342	1,723,758	1,119,867	1,104,311	1,099,569	1,052,679
827	Department of Sanitation.....	1,281,219	1,352,030	1,032,372	1,435,435	1,425,601	1,463,060	1,461,348	1,461,561
829	Business Integrity Commission.....	6,794	7,119	5,066	7,397	7,145	7,192	7,192	7,192
836	Department of Finance.....	221,346	225,772	147,681	232,657	234,424	232,597	231,962	231,554
841	Department of Transportation.....	839,794	710,897	635,332	916,819	732,978	730,380	731,759	731,759
846	Dept of Parks and Recreation.....	361,329	304,920	272,753	450,093	351,879	347,821	346,322	346,322
850	Dept. of Design & Construction.....	127,277	107,056	86,225	130,426	119,742	120,234	120,234	120,234
856	Dept of Citywide Admin Srvces.....	1,091,245	1,196,059	994,148	1,167,765	1,154,285	1,135,949	1,133,806	1,133,277
858	D.O.I.T.T.....	452,501	442,507	339,537	477,626	443,518	436,829	439,409	439,018
860	Dept of Records & Info Serv.....	5,192	5,439	3,975	5,785	5,209	5,073	5,077	5,077
866	Department of Consumer Affairs.....	26,263	25,568	17,210	28,850	27,977	27,577	27,457	27,457
901	District Attorney - N.Y.....	105,206	76,699	67,933	102,542	85,009	85,013	85,013	85,013
902	District Attorney - Bronx.....	50,168	49,234	33,744	53,114	52,659	52,662	52,662	52,662
903	District Attorney - Kings.....	87,341	79,989	62,666	85,178	82,744	82,748	82,748	82,748
904	District Attorney - Queens.....	49,347	46,861	33,198	50,865	48,919	48,321	48,321	48,321
905	District Attorney - Richmond.....	8,689	7,809	5,449	8,524	8,201	8,201	8,201	8,201
906	Off. of Prosec. & Spec. Narc.....	17,829	17,338	11,720	17,841	17,744	17,745	17,745	17,745
941	Public Administrator - N.Y.....	1,184	1,260	1,066	1,446	1,355	1,363	1,363	1,363
942	Public Administrator - Bronx.....	481	474	331	563	483	491	491	491
943	Public Administrator- Brooklyn.....	472	563	322	656	585	593	593	593
944	Public Administrator - Queens.....	421	437	298	510	453	465	466	466
945	Public Administrator -Richmond.....	376	349	279	429	364	371	371	371
	Prior Payable Adjustment.....	(332,717)	—	—	(500,000)	—	—	—	—
	General Reserve.....	—	300,000	—	40,000	450,000	300,000	300,000	300,000
	Energy Adjustment.....	—	—	—	—	—	17,649	1,933	14,146
	Lease Adjustment.....	—	—	—	—	—	38,136	65,416	93,514
	OTPS Inflation Adjustment.....	—	—	—	—	—	55,519	111,038	166,557
	TOTAL EXPENDITURES.....	\$69,271,329	\$70,312,691	\$44,508,153	\$73,576,862	\$71,338,881	\$76,394,704	\$78,515,591	\$80,587,786
	LESS: INTRA-CITY EXPENDITURES.....	(1,743,359)	(1,595,574)	(697,323)	(1,731,806)	(1,562,691)	(1,561,497)	(1,565,098)	(1,566,367)
	NET TOTAL EXPENDITURES.....	<u>\$67,527,970</u>	<u>\$68,717,117</u>	<u>\$43,810,830</u>	<u>\$71,845,056</u>	<u>\$69,776,190</u>	<u>\$74,833,207</u>	<u>\$76,950,493</u>	<u>\$79,021,419</u>

EXHIBIT 3

**ACTUAL REVENUE
(\$ in Millions)**

	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012
Taxes:				
Real Property	\$14,487	\$16,369	\$17,086	\$18,158
Personal Income.....	7,489	7,576	8,138	8,531
General Corporation	2,320	1,976	2,278	2,447
Banking Corporation.....	1,099	969	1,346	1,278
Unincorporated Business	1,785	1,561	1,675	1,637
Sales and Use.....	4,594	5,059	5,586	5,812
Commercial Rent	583	594	601	629
Real Property Transfer.....	742	615	795	912
Mortgage Recording	515	366	434	537
Utility.....	398	375	394	371
Cigarette.....	96	93	70	67
Hotel.....	342	363	422	476
All Other	475	516	537	513
Tax Audit Revenue	948	769	988	743
Total Taxes	35,873	37,201	40,350	42,111
Miscellaneous Revenues:				
Licenses, Franchises, Etc.....	493	487	525	583
Interest Income	124	22	21	16
Charges for Services	687	746	776	850
Water and Sewer Charges.....	1,284	1,540	1,295	1,373
Rental Income	255	234	253	291
Fines and Forfeitures	802	833	820	859
Miscellaneous	981	828	698	1,275
Intra-City Revenue.....	1,631	1,782	1,851	1,743
Total Miscellaneous	6,257	6,472	6,239	6,990
Unrestricted Intergovernmental Aid:				
Federal Revenue Sharing	—	—	—	—
N.Y. State Per Capita Aid.....	327	(26)	—	—
Other Federal and State Aid	—	8	39	25
Total Unrestricted Intergovernmental Aid	327	(18)	39	25
Provision for Disallowance of Categorical Grants	—	—	(112)	166
Less Intra-City Revenue	(1,631)	(1,782)	(1,851)	(1,743)
Sub Total City Funds	40,826	41,873	44,665	47,549
Other Categorical Grants	1,280	1,579	1,523	1,141
Transfers from Capital Fund:				
Inter Fund Agreements	475	583	561	551
Total City Funds & Capital Budget Transfers	42,581	44,035	46,749	49,241
Federal Categorical Grants:				
Community Development.....	251	263	241	225
Social Services	2,758	3,084	3,209	3,290
Education	1,717	2,911	2,762	1,861
Other	1,215	1,458	1,665	1,802
Total Federal Grants.....	5,941	7,716	7,877	7,178
State Categorical Grants:				
Social Services	2,034	2,099	1,743	1,533
Education	8,639	8,078	8,110	8,012
Higher Education	178	173	154	179
Department of Health and Mental Hygiene.....	468	448	397	536
Other	805	847	851	854
Total State Grants.....	12,124	11,645	11,255	11,114
Total Revenues	\$60,646	\$63,396	\$65,881	\$67,533

EXHIBIT 4
REVENUE ESTIMATES
(\$ in Millions)

	Fiscal Year 2013 8 Months Actuals	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017
Taxes:						
Real Property	\$17,287	\$18,561	\$19,486	\$20,328	\$21,259	\$22,026
Personal Income	5,700	9,115	8,169	9,045	9,397	9,723
General Corporation	1,105	2,567	2,586	2,757	2,866	3,023
Banking Corporation	557	1,433	1,297	1,330	1,340	1,375
Unincorporated Business...	946	1,762	1,843	1,903	1,947	2,056
Sale and Use	3,928	6,071	6,323	6,590	6,829	7,092
Commercial Rent.....	326	660	686	715	745	778
Real Property Transfer	735	1,092	1,110	1,266	1,387	1,515
Mortgage Recording.....	488	709	723	828	906	1,000
Utility.....	220	382	394	405	419	423
Cigarette.....	36	63	63	62	60	59
Hotel	269	509	513	536	560	576
All Other	223	515	501	501	501	502
Tax Audit Revenue.....	468	1,060	709	709	709	709
State Tax Relief Program - STAR	407	829	836	872	877	881
Total Taxes.....	32,695	45,328	45,239	47,847	49,802	51,738
Miscellaneous Revenue:						
Licenses, Franchises, Etc.	398	577	584	584	587	600
Interest Income	9	16	10	10	28	108
Charges for Services.....	476	857	917	909	910	910
Water and Sewer Charges .	1,349	1,435	1,514	1,511	1,536	1,504
Rental Income.....	168	293	292	295	295	295
Fines and Forfeitures	531	804	816	816	814	814
Miscellaneous	273	645	866	926	884	933
Intra-City Revenue	622	1,732	1,563	1,561	1,565	1,566
Total Miscellaneous	3,826	6,359	6,562	6,612	6,619	6,730
Reserve for Disallowance of Categorical Grants	-	(15)	(15)	(15)	(15)	(15)
Less: Intra-City Revenue	(622)	(1,732)	(1,563)	(1,561)	(1,565)	(1,566)
Sub Total City Funds.....	35,899	49,940	50,223	52,883	54,841	56,887
Other Categorical Grants	384	996	888	893	881	877
Inter Fund Agreements	201	560	535	516	515	515
Total City Funds & Inter-Fund Revenues.	\$36,484	\$51,496	\$51,646	\$54,292	\$56,237	\$58,279

REVENUE ESTIMATES

(\$ in Millions)

	Fiscal Year 2013 8 Months Actuals	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017
Federal Categorical Grants:						
Community Development .	\$116	\$230	\$220	\$219	\$219	\$219
Social Services.....	1,222	3,389	3,163	3,139	3,127	3,124
Education.....	148	1,903	1,803	1,816	1,815	1,815
Other.....	966	3,483	1,243	1,138	1,134	1,134
Total Federal Grants.....	2,452	9,005	6,429	6,312	6,295	6,292
State Categorical Grants:						
Social Services.....	546	1,532	1,469	1,446	1,442	1,433
Education.....	4,268	8,060	8,622	8,931	9,285	9,733
Higher Education.....	69	235	256	256	256	256
Department of Health and Mental Hygiene.....	51	584	454	451	451	451
Other.....	136	933	900	953	1,085	1,160
Total State Grants.....	5,070	11,344	11,701	12,037	12,519	13,033
TOTAL REVENUE.....	\$44,006	\$71,845	\$69,776	\$72,641	\$75,051	\$77,604

EXHIBIT 5
FULL-TIME and PART-TIME POSITIONS (FTEs)

		12/31/2001		6/30/2013		6/30/2014		6/14 vs 12/01	
		Actual [1] [4]		Executive Budget		Executive Budget		Inc/(Dec)	
		Total	City	Total	City	Total	City	Total	City
MAYORAL AGENCIES:									
<i>Uniformed Forces:</i>									
Police	-Uniform	39,297	39,297	34,483	34,379	34,483	34,483	(4,814)	(4,814)
	-Civilian	14,779	14,166	15,924	15,773	15,655	15,610	876	1,444
Fire	-Uniform	11,120	11,113	10,282	10,274	10,282	10,274	(838)	(839)
	-Civilian	1,582	1,581	1,674	1,669	1,660	1,658	78	77
	-EMS	2,913	2,910	3,324	3,313	3,325	3,314	412	404
Sanitation	-Uniform	7,957	7,810	7,181	7,064	7,311	7,194	(646)	(616)
	-Civilian	2,265	2,053	2,151	2,027	2,230	2,112	(35)	59
Correction	-Uniform	10,617	9,874	8,965	8,944	8,869	8,869	(1,748)	(1,005)
	-Civilian	1,603	1,488	1,634	1,626	1,611	1,603	8	115
	<i>Subtotal</i>	<i>92,133</i>	<i>90,292</i>	<i>85,614</i>	<i>85,065</i>	<i>85,426</i>	<i>85,117</i>	<i>(6,707)</i>	<i>(5,175)</i>
<i>Health and Welfare:</i>									
Social Services		16,836	13,293	14,611	10,570	14,129	10,135	(2,707)	(3,158)
Admin. for Children's Services		8,286	8,232	6,565	6,398	6,629	6,463	(1,657)	(1,769)
Homeless Services		2,090	2,081	1,936	1,861	1,960	1,960	(130)	(121)
Health & Mental Hygiene		5,442	4,398	6,402	4,701	5,845	4,567	403	169
	<i>Subtotal</i>	<i>32,654</i>	<i>28,004</i>	<i>29,514</i>	<i>23,530</i>	<i>28,563</i>	<i>23,125</i>	<i>(4,091)</i>	<i>(4,879)</i>
<i>Other Mayoral:</i>									
Housing Preservation and Development		2,720	645	2,401	470	2,387	477	(333)	(168)
Environmental Protection		5,760	376	6,103	221	6,051	218	291	(158)
Finance		2,685	2,685	1,963	1,951	1,988	1,976	(697)	(709)
Transportation		4,415	2,498	4,929	1,864	4,676	1,968	261	(530)
Parks		6,630	6,231	7,061	5,786	5,351	4,784	(1,279)	(1,447)
Citywide Administrative Services		1,879	1,296	2,201	1,409	2,234	1,426	355	130
All Other Mayoral		18,103	13,776	18,674	14,937	18,629	15,178	526	1,402
	<i>Subtotal</i>	<i>42,192</i>	<i>27,507</i>	<i>43,332</i>	<i>26,638</i>	<i>41,316</i>	<i>26,027</i>	<i>(876)</i>	<i>(1,480)</i>
EDUCATION:									
Dept. of Education - Pedagogical		112,810	95,407	107,229	90,775	109,807	93,362	(3,003)	(2,045)
	- Civilian	25,442	22,174	23,892	21,628	24,237	21,973	(1,205)	(201)
City University - Pedagogical		4,273	4,273	5,034	5,013	5,049	5,028	776	755
	- Civilian	2,300	2,299	2,632	2,622	2,750	2,740	450	441
	<i>Subtotal</i>	<i>144,825</i>	<i>124,153</i>	<i>138,787</i>	<i>120,038</i>	<i>141,843</i>	<i>123,103</i>	<i>(2,982)</i>	<i>(1,050)</i>
Total		311,804	269,956	297,247	255,271	297,148	257,372	(14,656)	(12,584)
COVERED ORGANIZATION AND NON-CITY EMPLOYEES SUBSTANTIALLY PAID BY CITY SUBSIDIES [2]:									
Health and Hospital Corp.		37,941	37,941	38,243	38,243	37,864	37,864	(77)	(77)
Housing Authority		14,863	—	11,979	—	11,965	—	(2,898)	—
Libraries		4,428	4,428	3,857	3,857	2,066	2,066	(2,362)	(2,362)
Cultural Institutions [3]		1,728	1,728	1,124	1,124	626	626	(1,102)	(1,102)
School Construction Authority		933	933	715	715	715	715	(218)	(218)
New York City Employees Retirement System		368	368	383	383	384	384	16	16
Economic Development Corporation		344	344	413	413	413	413	69	69
Teachers Retirement System		308	308	390	390	390	390	82	82
Police Pension Fund		66	66	140	140	142	142	76	76
All Other		155	155	264	259	265	260	110	105
	<i>Subtotal</i>	<i>61,134</i>	<i>46,271</i>	<i>57,508</i>	<i>45,524</i>	<i>54,830</i>	<i>42,860</i>	<i>(6,304)</i>	<i>(3,411)</i>
Total		372,938	316,227	354,755	300,795	351,978	300,232	(20,960)	(15,995)

[1] Adjusted for transfers.

[2] Includes non-city employees substantially paid by city subsidies. For these agencies the December 2001 data reflects staffing as of February 2002.

[3] Includes only those employees of the Cultural Institutions Group paid by city fund subsidies.

[4] Includes restatements for positions formerly funded under vendor contracts and for Education part-time positions not previously included in the city headcount.

EXHIBIT 6
FY 2014 EXECUTIVE BUDGET
CITY GAP CLOSING PROGRAM - 5 YEAR VALUE
(City \$ in 000's)

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
MAYORAL AGENCIES:					
<i>Uniformed Forces:</i>					
Police	\$22,333	\$21,320	\$—	\$—	\$—
Fire	13,776	9,741	5,012	4,953	2,330
Correction	28,116	41,362	16,404	16,627	16,865
Sanitation	910	75,724	—	—	—
<i>Health and Welfare:</i>					
Administration for Children's Services	72,267	46,558	18,908	18,908	18,908
Social Services	43,482	45,956	29,523	46,548	48,648
Homeless Services	3,423	12,178	15,382	15,582	15,582
Youth and Community Development	9,408	10,000	—	—	—
Health and Mental Hygiene	15,938	25,637	20,338	20,485	20,752
<i>Other Mayoral:</i>					
Housing Preservation and Development	3,523	5,646	5,769	5,786	5,804
Finance	16,650	19,105	20,112	21,172	21,715
Transportation	25,509	41,920	29,996	26,252	26,272
Citywide Administrative Services	17,080	16,610	2,685	2,693	2,726
Other	112,593	93,606	74,621	72,047	71,854
MAJOR ORGANIZATIONS:					
Department of Education	122,303	297,997	265,997	265,997	265,997
OTHER:					
Debt Service	29,291	229,971	—	—	—
Procurement Savings	—	55,519	55,519	55,519	55,519
Total Agency Programs	\$536,602	\$1,048,850	\$560,266	\$572,569	\$572,972

Technical Note: Gap closing program includes initiatives from the May 2, 2013 Executive Budget, January 29, 2013 Preliminary Budget and the November 9, 2012 Financial Plan.

EXHIBIT 6A
FY 2014 EXECUTIVE BUDGET
CITY GAP CLOSING PROGRAM - 5 YEAR VALUE
(City \$ in 000's)

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
OTHER:					
Mayoralty	\$15,375	\$2,188	\$2,216	\$2,249	\$2,284
Campaign Finance Board	459	—	—	—	—
Office of the Actuary	378	—	—	—	—
Emergency Management	309	428	428	428	428
Administrative Tax Appeals	281	415	415	415	415
Law Department	17,672	1,047	—	—	—
City Planning	455	221	208	208	211
Investigation	587	331	336	341	347
New York Research Library	307	1,281	1,281	1,281	1,281
New York Public Library	1,526	6,218	6,218	6,218	6,218
Brooklyn Public Library	1,143	4,657	4,657	4,657	4,657
Queens Borough Public Library	1,127	4,566	4,566	4,566	4,566
Civilian Complaint Review Board	712	39	39	39	23
City Clerk	301	440	440	440	440
Department for the Aging	6,000	—	—	—	—
Cultural Affairs	6,040	8,092	8,092	8,092	8,092
FISA	11,252	2,203	1,816	1,816	1,816
Payroll Administration	1,330	2,655	2,288	2,288	2,288
Equal Employment Practices	—	125	75	75	75
Civil Service Commission	28	—	—	—	—
Landmarks Preservation	336	532	508	472	460
Taxi & Limousine Commission	3,853	2,951	1,884	1,359	1,058
Human Rights	137	208	—	—	—
Conflicts of Interest	81	41	15	15	15
Collective Bargaining	—	309	182	182	182
Probation	2,705	2,324	1,385	1,413	1,443
Small Business Services	6,328	8,594	7,972	7,973	7,973
Department of Buildings	6,336	9,135	9,135	9,135	9,135
Administrative Trials and Hearings	2,146	3,322	3,322	3,322	3,322
Environmental Protection	1,140	1,695	1,696	1,697	1,699
Business Integrity Commission	526	605	—	—	—
DOITT	15,315	23,412	9,872	7,766	7,799
DORIS	305	455	458	460	463
Department of Consumer Affairs	2,022	2,306	2,306	2,306	2,306
PA - Queens	226	305	305	305	305
Subtotal	\$106,738	\$91,100	\$72,115	\$69,518	\$69,301
OTHER ELECTED:					
BP - Manhattan	\$—	\$137	\$137	\$137	\$137
BP - Bronx	—	178	178	178	178
BP - Brooklyn	—	168	168	168	168
BP - Queens	—	154	154	154	154
BP - Staten Island	—	128	128	128	128
Comptroller	4,546	300	300	300	300
Public Advocate	—	83	83	83	83
DA - Manhattan	377	382	382	388	395
DA - Bronx	239	252	252	257	262
DA - Brooklyn	348	365	365	371	378
DA - Queens	224	236	236	240	244
DA - Staten Island	39	40	40	41	41
Prosec. & Spec. Narc.	82	83	83	84	85
Subtotal	\$5,855	\$2,506	\$2,506	\$2,529	\$2,553
Total Other	\$112,593	\$93,606	\$74,621	\$72,047	\$71,854

Technical Note: Gap closing program includes initiatives from the May 2, 2013 Executive Budget, January 29, 2013 Preliminary Budget and the November 9, 2012 Financial Plan.

EXHIBIT 6B
FY 2014 EXECUTIVE BUDGET
CITY GAP CLOSING PROGRAM - BY EXPENSE AND REVENUE
(City \$ in 000's)

	Expense	Revenue	Total
MAYORAL AGENCIES:			
<i>Uniformed Forces:</i>			
Police	\$15,983	\$5,337	\$21,320
Fire	5,722	4,019	9,741
Correction	41,362	—	41,362
Sanitation	75,724	—	75,724
<i>Health & Welfare:</i>			
Administration for Children's Services	46,558	—	46,558
Social Services	45,956	—	45,956
Homeless Services	12,178	—	12,178
Youth and Community Development	10,000	—	10,000
Health and Mental Hygiene	25,637	—	25,637
<i>Other Mayoral:</i>			
Housing Preservation and Development	4,509	1,137	5,646
Finance	—	19,105	19,105
Transportation	19,502	22,418	41,920
Citywide Administrative Services	6,092	10,518	16,610
Other	56,273	37,333	93,606
MAJOR ORGANIZATIONS:			
Department of Education	289,197	8,800	297,997
OTHER:			
Debt Service	229,971	—	229,971
Procurement Savings	55,519	—	55,519
Total Agency Programs	\$940,183	\$108,667	\$1,048,850

Technical Note: Gap closing program includes initiatives from the May 2, 2013 Executive Budget, January 29, 2013 Preliminary Budget and the November 9, 2012 Financial Plan.