

The City of New York
Executive Budget
Fiscal Year 2002
Rudolph W. Giuliani, Mayor

Office of Management and Budget
Adam L. Barsky, Director
April 25, 2001

**Analysis of
Agency Budgets:
Mayoral
Agencies**

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ADMINISTRATION OF JUSTICE

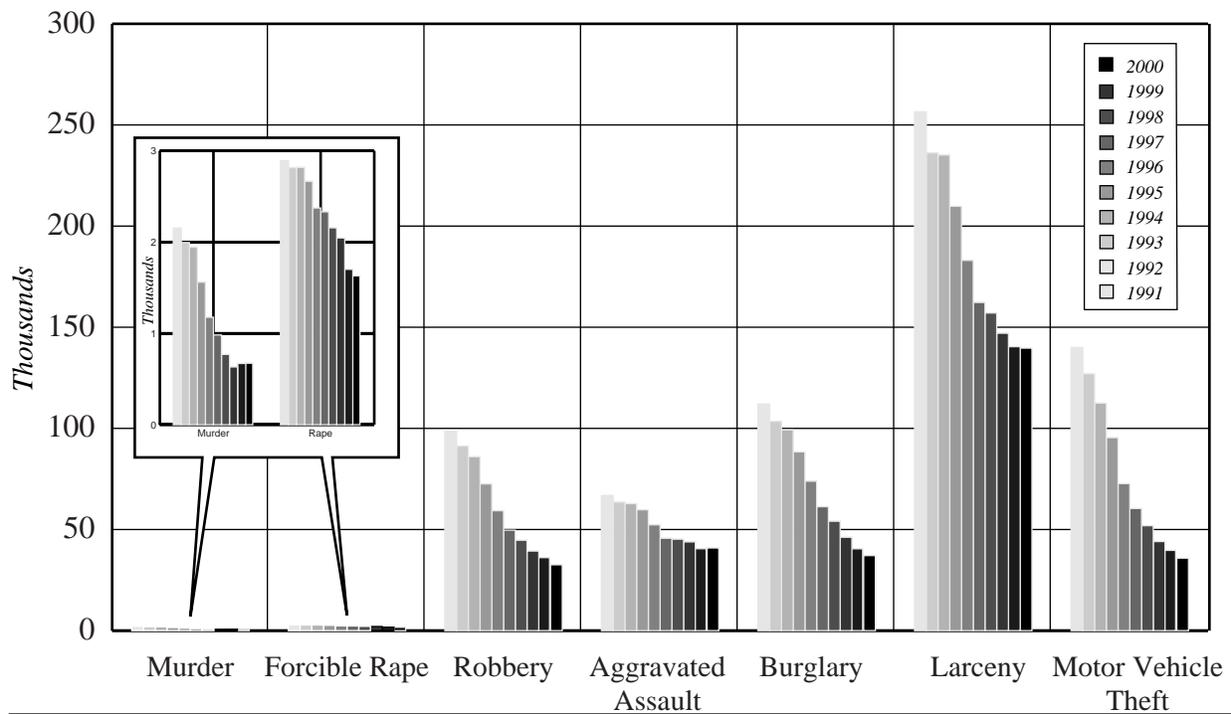
Overview

As a result of the Administration's focus on crime-fighting and quality-of-life issues, reported crime in New York City continues to dramatically decrease. From calendar years 1993 to 2000, FBI Index crimes declined by 52 percent. During this period, crime in all seven major categories declined significantly. Motor vehicle theft experienced the largest decrease (68 percent), followed by murder (65 percent), burglary (62 percent), robbery (62 percent), forcible rape (42 percent), larceny (41 percent) and aggravated assault (35 percent).

In addition, the FBI Crime Index for New York City showed a four percent overall decrease from calendar years 1999 to 2000. The number of robberies, motor vehicle thefts and burglaries experienced the largest changes, decreasing 10 percent, 10 percent and 8 percent, respectively.

NEW YORK CITY FBI INDEX CRIMES

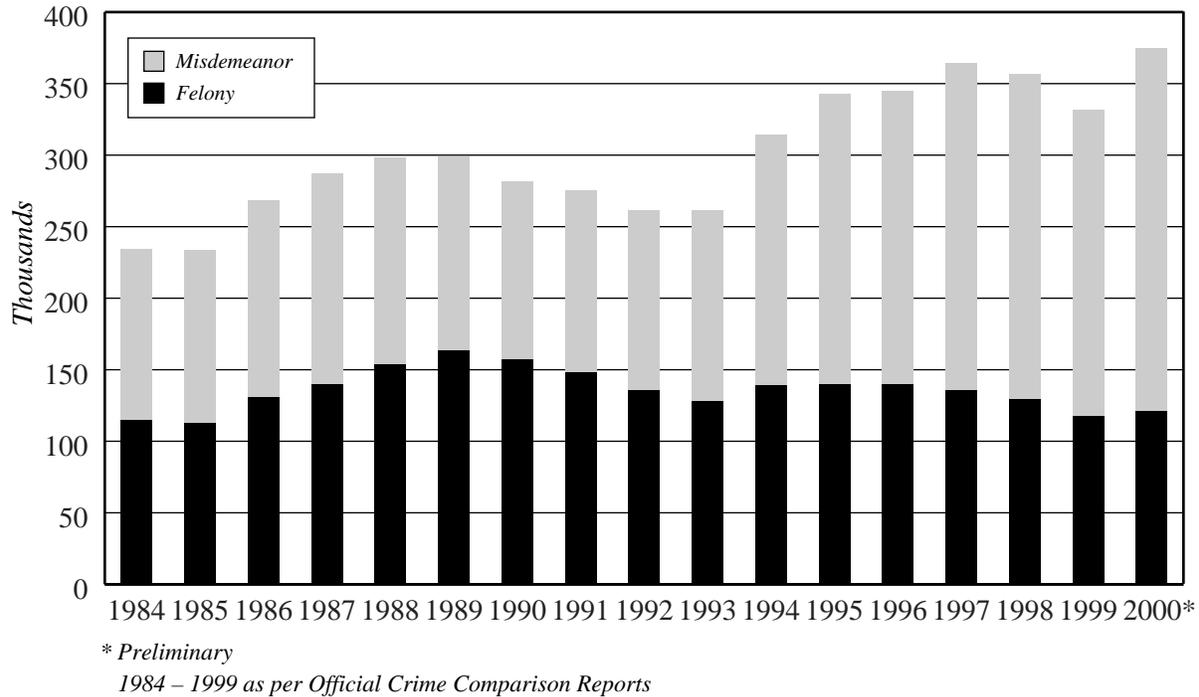
Calendar Years 1991-2000



Arrests totaled 387,233 in 2000, an increase of 46 percent from 1993. Misdemeanor arrests increased by 90 percent during the same period, from 133,446 in 1993 to 253,704 in 2000. The steady increase in misdemeanor arrests reflects the Police Department's focus on quality of life improvements.

NEW YORK CITY FELONY & MISDEMEANOR ARRESTS

Calendar Year 1984-2000



The average daily inmate population (ADP) has decreased recently. From 2000 through March 2001 the ADP fell by 7 percent, from 15,531 to 14,489. The decrease in ADP is primarily attributed to decreases in state contract inmates, pretrial detainees and parole violators. The average length of stay for parole violators decreased by 15.7 percent during this period, from 70 days in 2000 to 59 days through March 2001. March year-to-date jail admissions declined by 4 percent, from 93,530 in 2000 to 89,925 in 2001.

Productivity Initiatives

CITY-WIDE DRUG INITIATIVE

A central focus of the City's strategy to fight crime has been to aggressively pursue illegal drug activity. Since 1996, the Police Department's Narcotics Division has employed drug initiatives, which focus narcotics enforcement through a command center and coordinates uniform, undercover and detective components. In January 2000, the Police Department began an aggressive initiative to enhance the Citywide Drug Initiative and increase its anti-drug policing activity. Known as Operation Condor, the NYPD initially deployed 100 daily additional narcotics modules on the street regularly on officers' scheduled days off. The effects were swift and substantial, as felony arrests soared and crime declined. The program has since been modified to include quality of life enforcement.

TRANSFER OF RESPONSIBILITIES TO THE CCRB

In January 2001, the Mayor and Police Commissioner announced a plan to transfer certain prosecutorial responsibilities from the Police Department to the Civilian Complaint Review Board (CCRB). Under this plan, the CCRB will assume the duties of prosecuting police officers with substantiated cases of police abuse before Administrative Law Judges at the Office of Administrative Trials and Hearings (OATH). Currently, the CCRB

investigates allegations of police abuse and refers substantiated cases to the Police Department. Currently, all uniformed personnel above the rank of police officer are prosecuted within the Department. The 2002 Executive Budget reflects the shift in this function from the NYPD to the CCRB and OATH.

POLICE DEPARTMENT

In 2002, the Department is projected to achieve a peak uniform headcount of 40,710 demonstrating the Administration's continued commitment to fighting crime and improving the quality of life for the people of New York City.

The Department has also continued its efforts to improve its facilities. The 2001 Executive Budget included over \$4 million for the repair and maintenance of precincts and other department buildings. The 2002 Executive Budget provides funding for the hiring of 60 custodians and 200 full time equivalents dedicated to cleaning and maintaining the Department's 97 precincts, transit districts and public service areas. Funding for the replacement of precinct furniture is also included in the budget.

DEPARTMENT OF CORRECTION

Beginning in September 2001, 350 new recruits will be trained to serve as correction officers in City jails. The new officers will replace attrition and will enable the Department to continue to control overtime expenditures in 2002.

Because of the 7 percent decrease in population, from 2000 to March 2001, City jails have remained under capacity for most of the year. This has enabled the Department to consolidate beds and close entire housing areas, thereby operating more efficiently and effectively.

Population management strategies also enable the Department to close beds to perform necessary reconstruction and improvements within jail facilities. The Department expects to commit \$188 million for capital improvements to existing capacity in 2002. These projects improve the overall security, conditions, fire safety, and food service in the jails.

Other Criminal Justice Programs

In 2002, the Department of Juvenile Justice (DJJ), in conjunction with the VERA Institute of Justice, will pilot the Portable Adolescent Therapy (PAT) Program. PAT is a program designed to provide drug treatment to substance abusing adolescents. This treatment program will follow the adolescent regardless of their point within the City or State juvenile justice systems. The program anticipates drug treatment in order to reduce the likelihood of adolescents returning to the juvenile justice system. The City has allocated \$3 million over three years to implement the PAT program.

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. In 2002, the Department will reach a peak uniform headcount level of 40,710 complemented by a planned civilian headcount of 8,586. These numbers include the personnel of forces in all operational, patrol, and support functions.

Financial Review

The New York Police Department's 2002 Executive Budget provides for an operating budget of \$3.24 billion, a decrease of \$166 million from the \$3.41 billion forecast in 2001. This decrease is due primarily to a reduction in overtime combined with certain federal funds and private grants that are not yet reflected in the budget. Capital commitments in the Four-Year Plan total \$391.6 million.

Revenue Forecast

The Police Department collects revenue from fees charged for pistol licenses, rifle permits, fingerprint fees, accident records, tow fees, and unclaimed cash and property that is abandoned or confiscated as a consequence of the commission of a crime. The Department expects to collect \$32.8 million in 2002.

Expense Budget Highlights

Budgetary Priorities: Providing Core Services

- The 2002 Executive Budget includes \$30 million for the purchase of new Police vehicles. Due to an aging fleet and an expanding police force, the Department's vehicle fleet has been chronically below quota and many vehicles have exceeded their lifecycle. The expenditure of \$30 million over two years will address the urgent need for replacement of deteriorating patrol cars and other vehicles within the fleet, and will ensure rapid response to emergencies throughout the City.
- Much of the Police Department's success in reducing crime has been due to the Citywide Narcotics Initiative. Begun in 1996, the initiative is aimed at eliminating illegal drugs from the City's streets. The 2002 Executive Budget includes funding of \$33.3 million to continue the Narcotics Initiative, through March 2002.
- In January 2000, the NYPD began an overtime enhancement program to the Narcotics Initiative known as Operation Condor. This aggressive effort has produced thousands of additional drug arrests and is credited with keeping the City's crime rate at historically low levels. The 2002 Executive Budget allocates \$75 million to continue this program through March 2002.
- To further improve its awareness of the communities it serves, the Department will contract with an independent marketing firm to conduct a neighborhood satisfaction survey. This survey will assess the perception of neighborhood residents toward the Police Department and the quality of the services they receive. The results of this survey will then be developed into a planning document to develop strategies for improvements in services and community relations.
- The Department is taking steps to attract qualified police officer candidates through a recruitment and outreach campaign. This effort will include advertisements in newspapers, on public displays, and on radio and television. The Executive Budget includes \$6.6 million for this campaign. In addition to advertisements, the Department will expand the frequency and locations of its examinations. The NYPD,

in conjunction with DCAS, will offer the police exam three times a year at citywide locations as well as at selected military bases across the nation, and at colleges and universities in the New York region.

- The 2002 Executive Budget includes funding to hire 60 new custodians and 200 full time equivalents for the cleaning and upkeep of Department facilities. The additional staffing is required to bring the NYPD's 97 Precincts, Transit Districts and Public Service Areas to an improved state of cleanliness and order. A funding commitment of \$5.8 million in 2002 is dedicated to this effort.
- As part of his 2001 State of the City Address, the Mayor announced a new program to target criminals with outstanding warrants. Known as Operation Discover, the initiative doubles the size of the Department's Warrants Squad and \$4 million is provided in the Executive Budget for equipment such as cars, radios, computers and other technical support.
- The Executive Budget contains funding for additional School Crossing Guards. Announced as part of the Mayor's 2001 State of the City Address, \$1.9 million has been allocated annually for increasing the number of Crossing Guards to bolster safety near City schools.
- In order to eliminate the City's backlog of DNA evidence, \$3.7 million is included in the Executive Budget for a contract to process DNA kits currently waiting analysis in sex offender cases.

Summary of Agency Financial Data

The following table compares the 2002 Executive Budget with the 2002 Preliminary Budget, the 2001 forecast and actual expenditures for 2000.

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

	2000 Actual	2001 Forecast	2002		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2001 Forecast	2002 Preliminary Budget
<i>Expenditures</i>						
Personal Service	\$2,989,529	\$3,178,579	\$3,029,968	\$3,075,552	(\$103,027)	\$45,584
Other Than Personal Service	198,350	235,722	161,284	172,360	(63,362)	11,076
Total	<u>\$3,187,879</u>	<u>\$3,414,301</u>	<u>\$3,191,252</u>	<u>\$3,247,912</u>	<u>(\$166,389)</u>	<u>\$56,660</u>
<i>Funding</i>						
City	\$2,836,670	\$3,035,061	\$3,005,034	\$3,016,378	(\$18,683)	\$11,344
Other Categorical Grants	121,050	124,566	72,403	80,167	(44,399)	7,764
Capital IFA	1,330	1,797	1,797	1,797	—	—
State	15,252	15,219	5,800	5,852	(9,367)	52
Federal						
• JTPA	—	—	—	—	—	—
• CD	—	—	—	1,500	1,500	1,500
• Other	111,922	107,093	17,433	53,433	(53,660)	36,000
Intra-City Other	101,654	130,565	88,785	88,785	(41,780)	—
Total	<u>\$3,187,879</u>	<u>\$3,414,301</u>	<u>\$3,191,252</u>	<u>\$3,247,912</u>	<u>(\$166,389)</u>	<u>\$56,660</u>
<i>Personnel (at fiscal year-end)</i>						
City	48,656	49,381	46,649	49,222	(159)	2,573
Non-City						
• IFA	38	74	74	74	—	—
• CD	—	—	—	—	—	—
• Other	575	—	—	—	—	—
Total	<u>49,269</u>	<u>49,455</u>	<u>46,723</u>	<u>49,296</u>	<u>(159)</u>	<u>2,573</u>

Programmatic Review

The 2002 Executive Budget reflects the Police Department’s effort to build on its success in reducing crime to record levels while improving its infrastructure and emergency response capabilities.

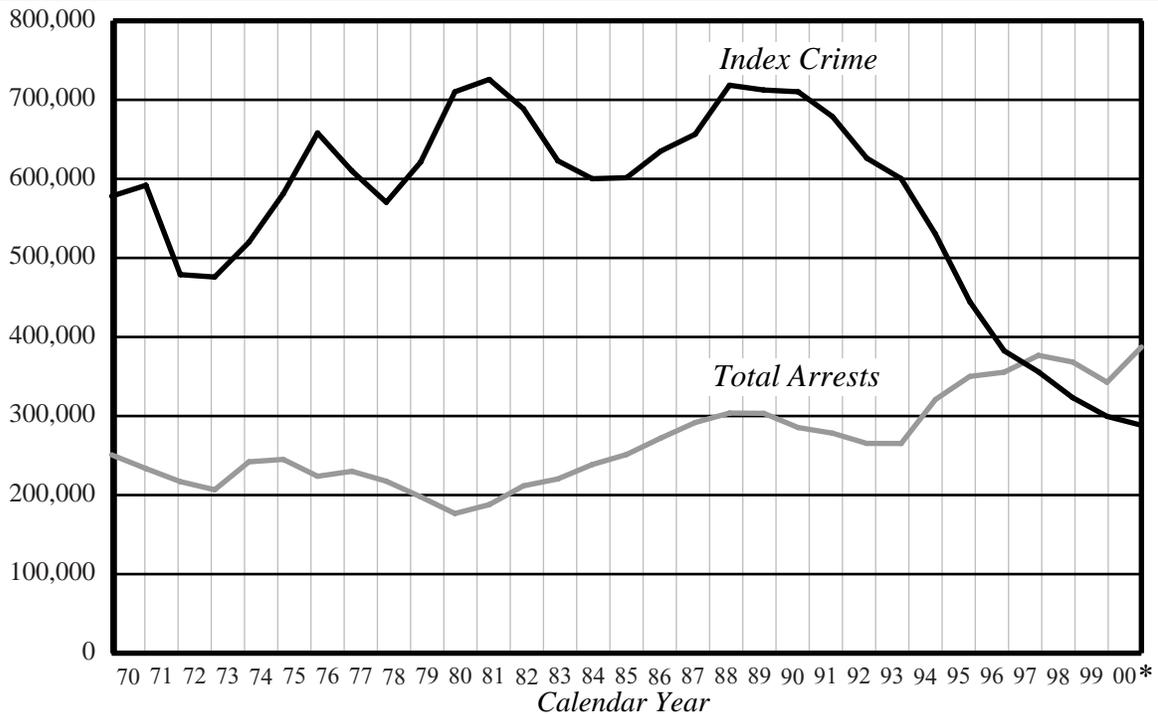
In 2001, the Department expanded the police force to its largest size in history. In 2002, the NYPD will engage in a recruitment and outreach program aimed at attracting top candidates within and outside of New York City and increasing the number of police exams administered each year.

To address a shrinking and aging vehicle fleet, the Department increased its replacement purchases of vehicles and will begin replacing the mobile data terminals within them. Upgrades and replacement of Department helicopters will further enhance the NYPD’s abilities to rapidly respond to emergencies throughout the City. In response to a steady rise in call volume to the City’s emergency 9-1-1 call center, the City is exploring the feasibility of a non-emergency 3-1-1 call taking system. This system would increase public access to information and services, improve the quality and responsiveness of public services, and provide volume relief to the critical lines of communication to the emergency 9-1-1 call center.

In 2001, the Department received over \$4 million to improve the physical state of its facilities. In 2002, the NYPD will hire 60 additional custodians and 200 full time equivalents to clean and maintain the 97 precincts, transit districts and public service areas in the City. The increase in staffing, along with additional funding for the replacement of precinct furniture, will ensure that police facilities are properly maintained for the public and for the employees of the Department.

Crime rates reached an historic low in 2000. Complaints received for the seven major crimes in the FBI index totaled 288,368 in calendar year 2000, which is lower than any single reported year since 1970. According to preliminary data, arrests in calendar year 2000 totaled 387,233, an increase of 46 percent compared to 265,229 total arrests in calendar year 1993. While felony arrests are down, misdemeanor arrests have increased steadily since 1994. The increase in misdemeanor arrests is indicative of the Police Department’s focus on quality of life improvements.

INCREASED ARRESTS AND REDUCED CRIME

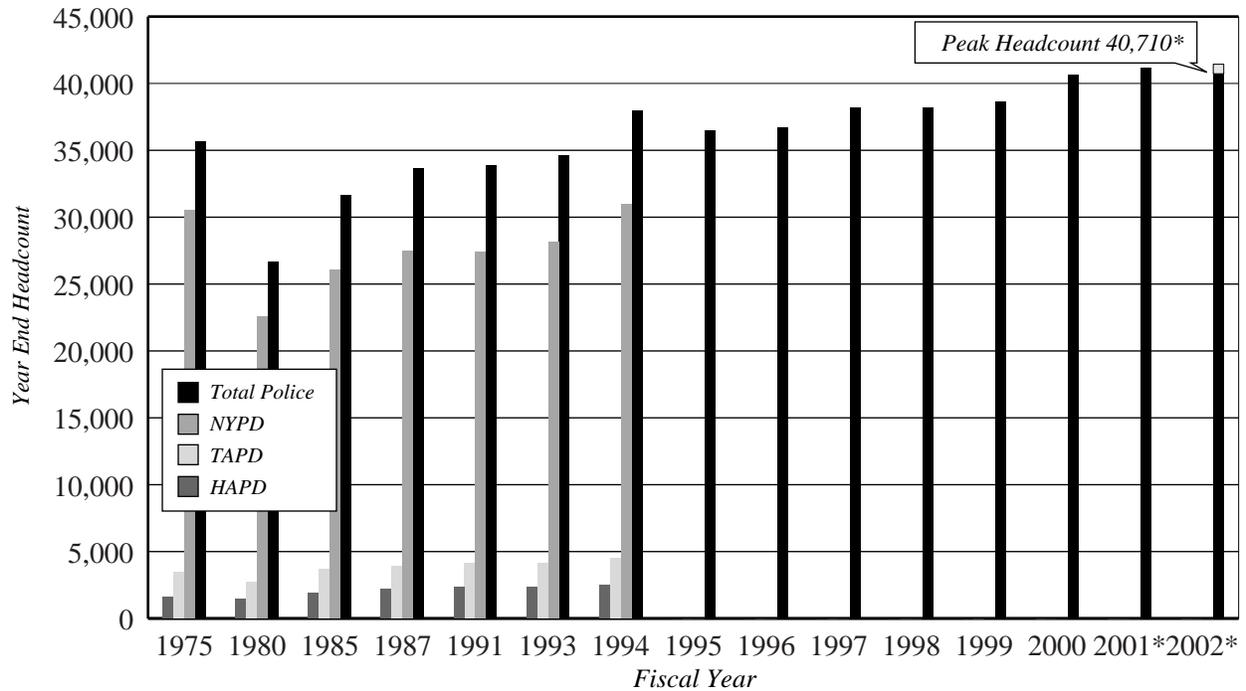


* NYPD Preliminary Data

Uniformed Headcount

The Department hired 1,339 recruits in September 2000. Included in this class were 500 new federally funded police officers hired above the mandated headcount level of 40,210, expanding the police force to its largest size ever. The next class is scheduled for June 2001, and will bring the uniform headcount to 40,710. The 2002 Executive Budget reflects recruit classes scheduled in June of each year so that the peak uniform headcount level will remain at 40,710.

TOTAL CITY, TRANSIT AND HOUSING POLICE FORCE



Note: Merger of the TAPD and HAPD with NYPD was completed in FY 95.
The FY02 recruit class schedule results in a peak uniform headcount of 40,710 in FY02.

* Projection

Capital Review

The Ten-Year Capital Strategy allocates \$824 million and the Four-Year Program allocates \$391.6 million for the replacement, reconstruction and maintenance of facilities citywide; replacement and upgrade of computer and communications equipment; and the replacement of transportation equipment, including the Department's helicopters and boats.

The Ten Year Capital Strategy and Four Year Program includes the following major items:

Police Facilities

- the replacement of the 40th, 42nd, 46th, 52nd, 63rd, 103rd, 110th, 88th, 66th and 70th precincts (\$163 million)
- the rehabilitation and reconstruction of the 10th, 1st, 5th, 9th, 78th, Central Park and 20th precincts (\$67.2 million)

- the replacement of major building components for citywide precincts (\$40 million)
- the construction of a new Queens South Taskforce facility (\$8.3 million)

Communications and Computer Equipment

- the lifecycle replacement of the Department’s radio system (\$123 million); portable radios (\$67.4 million) and mobile radios (\$9.3 million)
- the lifecycle replacement of Police Headquarters’ telephone system (\$3 million)
- the purchase of a handheld parking ticket device system (\$29 million)
- the acquisition of equipment for the Department’s new arrest processing program (\$16 million)
- the lifecycle replacement of the online warrant system (\$16 million)
- the lifecycle replacement of mobile data computers (\$18.7 million)

The table below shows capital plan commitments by program area over the 2001-2005 period.

Capital Commitments
(\$000’s)

	2000 Actual		2001 Plan		2002 Plan		2003 Plan		2004 Plan		2005 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	25,683	26	62,524	62,524	48,521	48,521	35,080	35,080	19,240	19,240	48,209	48,209
Computer Equipment	1,975	1,975	7,116	27,116	22,001	22,001	2,143	2,143	7,775	7,775	22,650	22,650
Communications	2,367	2,367	90,842	104,223	48,880	48,880	15,657	15,657	20,441	20,441	27,968	27,968
Equipment	1,896	1,896	4,448	4,448	24,586	24,586	2,891	2,891	2,959	2,959	2,850	2,850
Vehicles	4,774	4,774	4,723	4,723	11,410	11,410	8,190	8,190	12,861	12,861	7,330	7,330
Total	<u>36,695</u>	<u>11,038</u>	<u>169,653</u>	<u>203,034</u>	<u>155,398</u>	<u>155,398</u>	<u>63,961</u>	<u>63,961</u>	<u>63,276</u>	<u>63,276</u>	<u>109,007</u>	<u>109,007</u>

The 2002 Capital Commitment Plan for the Police Department is \$155 million. The Plan includes the following major items:

- the enhancement and lifecycle replacements of communications equipment (\$49 million)
- the replacement of operational and support vehicles (\$11.4 million)
- the replacement and upgrading of computer equipment (\$22 million)
- various police facility improvements (\$48.2 million)
- various Department equipment citywide (\$24.6 million)

DEPARTMENT OF CORRECTION

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

Financial Review

The 2002 Executive Budget for the Department of Correction provides for a total operating budget of \$867 million, an increase of \$33 million from the amount forecast in 2001. The increase is primarily due to service enhancements and required collective bargaining funding. Capital commitments in the 2002 Ten-Year Plan will total \$1.8 billion.

Revenue Forecast

The Department of Correction collects revenue from prison commissary operations, vending machines, meal fees, inmate fines and sundry accounts. In 2002, the Department expects to collect \$17 million from all revenue sources.

Expense Budget Highlights

Budgetary Priorities: Providing Core Services

- In September 2001, 350 new recruits will complete training and will begin to serve as Correction Officers in City jails. These new officers will replace attrition and will enable the Department to continue to control overtime expenditures in 2002.
- In 2001, in conjunction with several City agencies, the Department began providing discharge planning for mentally ill inmates. The Department will provide 43 uniform positions at a cost of \$3 million to escort inmates to their discharge planners.

Streamlining

- The Department has managed the recent decline in inmate population by closing facilities and consolidating beds. This effective capacity management has saved the City millions of dollars. The Department will reduce planned annual overtime expenditures by \$19 million in 2002 and by \$10 million in 2003.
- The Department received \$39 million in 2001 through the U.S. Department of Justice State Criminal Alien Assistance Program. Another \$20 million is anticipated in September 2001. The reimbursements offset costs associated with the jailing of illegal immigrants.

Summary of Agency Financial Data

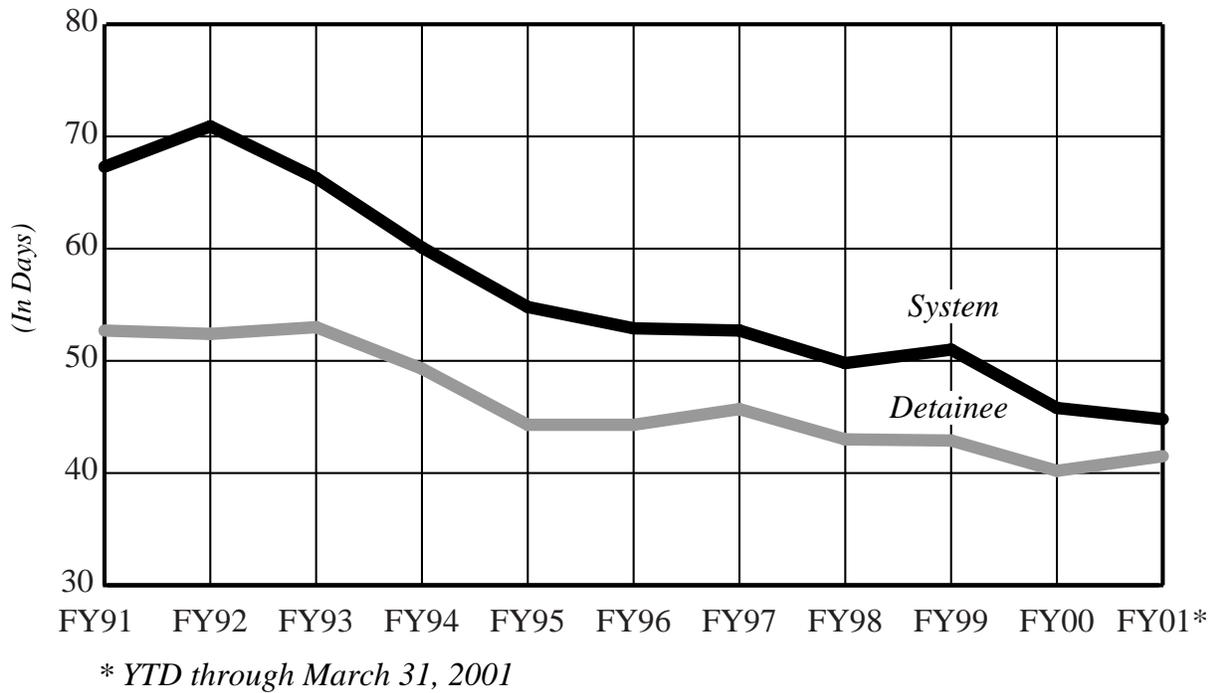
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Summary of Agency Financial Data
(\$000's)

	2000 Actual	2001 Forecast	2002		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2001 Forecast	2002 Preliminary Budget
<i>Expenditures</i>						
Personal Service	\$728,124	\$720,090	\$755,457	\$750,617	\$30,527	(\$4,840)
Other Than Personal Service	106,057	113,894	108,524	116,130	2,236	7,606
Total	<u>\$834,181</u>	<u>\$833,984</u>	<u>\$863,981</u>	<u>\$866,747</u>	<u>\$32,763</u>	<u>\$2,766</u>
<i>Funding</i>						
City	\$752,913	\$734,292	\$826,584	\$829,350	\$95,058	\$2,766
Other Categorical Grants	523	412	—	—	(412)	—
Capital IFA	—	—	—	—	—	—
State	47,851	37,542	34,560	34,560	(2,982)	—
Federal						
• JTPA	—	—	—	—	—	—
• CD	—	—	—	—	—	—
• Other	32,104	60,983	2,082	2,082	(58,901)	—
Intra-City Other	790	755	755	755	—	—
Total	<u>\$834,181</u>	<u>\$833,984</u>	<u>\$863,981</u>	<u>\$866,747</u>	<u>\$32,763</u>	<u>\$2,766</u>
<i>Personnel (at fiscal year-end)</i>						
City	11,553	11,683	11,889	11,809	126	(80)
Non-City						
• JTPA	—	—	—	—	—	—
• CD	—	—	—	—	—	—
• Other	858	861	858	858	(3)	—
Total	<u>12,411</u>	<u>12,544</u>	<u>12,747</u>	<u>12,667</u>	<u>123</u>	<u>(80)</u>

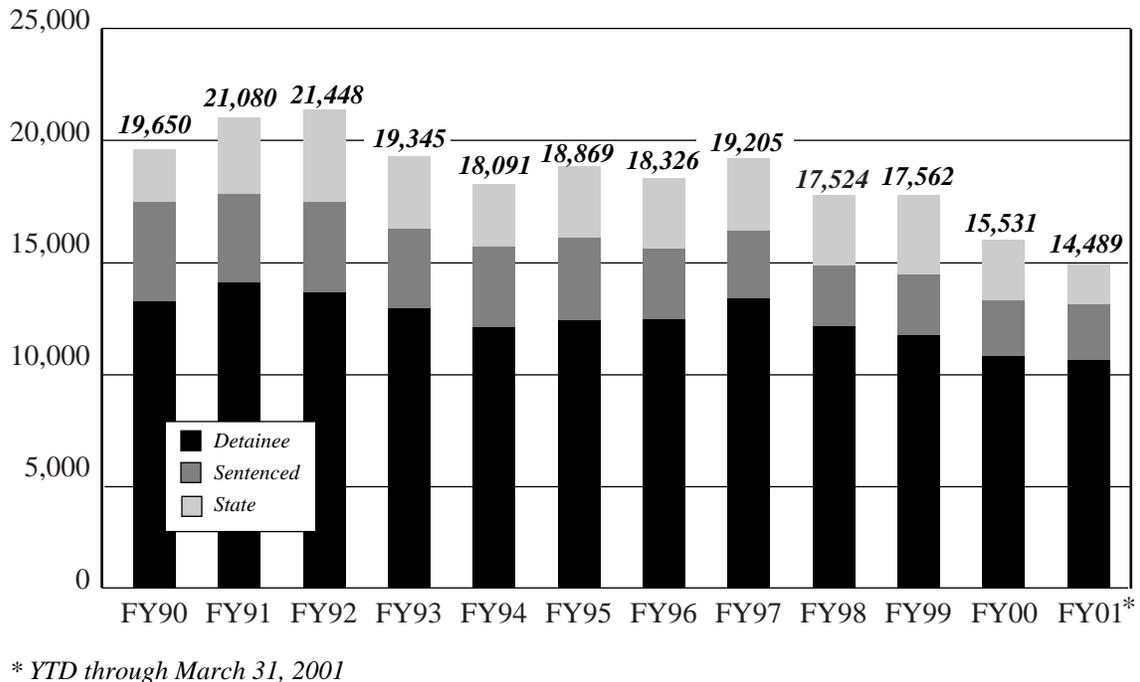
Programmatic Review

AVERAGE LENGTH OF STAY (By Fiscal Year)



AVERAGE DAILY INMATE POPULATION

By Fiscal Year



The average daily population through March 2001 was 14,489, a decrease of 7 percent compared to 2000. The decrease in ADP is primarily due to decreases in State contract inmates, pretrial detainees, and parole violators. The loss of State contract inmates accounts for almost half of the population decline from the previous year. The rest of the decreases is explained by a decline in detainee admissions and the shortened length of stay of alleged parole violators.

Due to the decrease in inmate population, City jails have remained under capacity for most of the year. Thus, the Department has been able to consolidate beds and close entire housing areas. These population management strategies enable the Department to perform necessary capital repairs and minimize taxpayer costs.

Capital Review

The Department's 2002-2011 Ten-Year Strategy totals \$1.8 billion for capital improvements and equipment purchases to the City's jail system. The Four-Year Plan totals \$590 million. The Four-Year Plan includes \$286 million for capacity replacement, \$33 million for construction of support space, \$217 million for major overhaul of building systems and infrastructure, and \$54 million for acquisition of new equipment.

The table below shows capital plan commitments by program area over the 2001-2005 period:

Capital Commitments (\$000's)

	2000 Actual		2001 Plan		2002 Plan		2003 Plan		2004 Plan		2005 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	8,293	8,293	(1,139)	(1,139)	100,372	100,372	15,544	15,544	117,438	117,438	52,864	52,864
Support Space	9,492	9,492	9,538	9,538	8,515	8,515	9,700	9,700	3,380	3,380	11,359	11,359
Building Systems and Infrastructure	40,423	40,423	92,506	96,256	66,842	66,842	36,743	36,743	22,773	22,773	90,800	90,800
Equipment	1,211	1,211	21,912	21,912	11,897	11,897	12,521	12,521	12,372	12,372	16,736	16,736
Total	<u>59,419</u>	<u>59,419</u>	<u>172,868</u>	<u>176,618</u>	<u>187,626</u>	<u>187,626</u>	<u>74,508</u>	<u>74,508</u>	<u>155,963</u>	<u>155,963</u>	<u>171,759</u>	<u>171,759</u>

Capacity Replacement

The Department's capital program funds the replacement of aging modular and sprung structures with permanent structures. Nine new housing areas (eight additions to existing facilities and one new facility) will be constructed at a total estimated cost of \$998 million (inclusive of commitments prior to 2002). Design of the first facility, the 448-cell addition at the George R. Vierno Center (GRVC), began in 1999. It was designed as the Department's new Central Punitive Segregation Unit. Construction will commence in 2002.

Upon completion of the modular program, the total operating capacity of the jails will remain the same. However, 5,400 beds that are now in temporary housing will be in permanent facilities. These new facilities will improve the operations, security, and environmental health of the jails.

The 2002 Ten-Year Strategy allocates \$970 million for the completion of the modular replacement program. Commitments during the first four years include:

- construction of a 448-cell addition to the GRVC (\$100 million).
- design completion and construction of an 800-bed addition to the Rose M. Singer Center (\$88 million).
- design completion and construction of a 200-bed addition to the Adolescent Reception and Detention Center (\$27 million).
- design and construction for a 224-cell addition to the Eric M. Taylor Center (\$45 million).
- design of a 448-cell addition to the George Motchan Detention Center (\$11 million).

Building Systems and Infrastructure

Population reductions will allow the Department to undertake significant improvements to building systems, infrastructure, and support space. The Ten-Year strategy includes \$752 million. Commitments during the first four-year years include:

- completion of the upgrades to the fire safety systems in the borough houses and on Riker's Island (\$47 million).
- reconstruction of the Bronx Detention Complex (\$22 million).
- reconstruction of the Brooklyn Detention Complex façade (\$5 million)

Equipment

The Ten-Year strategy provides \$112 million for upgrades and/or replacements of communication equipment, vehicles, computers, and security equipment. Commitments during the first four years include:

- expansion of the DOCNet computer system and upgrade and replacement of existing computer equipment (\$30 million).
- replacement of vehicles for inmate transport (\$10 million).

DEPARTMENT OF SOCIAL SERVICES

The Department of Social Services provides a range of services and programs to assist individuals and families achieve self-sufficiency. Eligible participants receive employment and support services, Public Assistance, Medical Assistance, and Food Stamps. The Department also provides shelter, housing, and support services to victims of domestic violence, people with AIDS and HIV-illness, and frail and elderly adults.

Financial Review

The Department's 2002 Executive Budget provides for operating expenses of \$5.6 billion, of which \$3.5 billion are City funds.

Expense Budget Highlights

Budgetary Priorities: Providing Core Services

- an increase of \$8.6 million in total funds in 2002 will provide for 342 new emergency shelter beds for victims of domestic violence, for a total of 1,810 beds by October 2002.
- an additional \$287,443 in total funds will support seven staff in the Department's Office of Domestic Violence and Emergency Intervention Services to coordinate and manage shelter information systems, procedures and training initiatives.
- increases of \$6.5 million in 2002 and \$6.9 million in 2003 in total funds will support additional staff in the Medical Assistance Program for Medicaid outreach, applications assessment and recertification. In 2001 the Department processed over 2,000 additional new applications per month as a result of the HealthSTAT initiative, which began in March 2000.
- the completion of a Special Needs service center, with \$7.3 million in City Capital funds, will permit the Department to develop specialized case management units for clients with special needs, including the disabled and those with substance abuse problems.
- in 2002 the agency will continue its initiative to provide temporary subsidized employment to individuals receiving assistance under Federal Temporary Assistance for Needy Families (TANF). Parents who have been participating in employment activities but are at risk of losing TANF benefits because of the federal time limit on assistance will be placed in jobs in public and private settings. Participants will receive case management and other supports to help them gain unsubsidized employment.

Restructuring and Streamlining

- in 2002 the Department will continue its commitment to promoting independence through its "Ladders to Success" initiative. By the end of 2001 all Income Support Centers will be converted into Job Centers. Job Centers provide integrated case management combining employment services with other necessary supports, including childcare and substance abuse services.
- savings of \$1.7 million in City funds will be achieved in 2002 through data base matches that will transfer individuals from the City and State funded Safety Net program to the Social Security, Supplemental Security Income and Social Security Disability programs.

- in 2002 the Department will continue to pay contractors providing employment and training services on the basis of performance. The performance-only system will assist the Department to reach a goal of 150,000 unsubsidized job placements for public assistance and Food Stamp recipients in calendar year 2001.
- savings of \$3.5 million in City funds will be realized from the conversion to the 100% federally funded Medicare program of 1,700 Medicaid beneficiaries with work histories who were inappropriately placed in the Supplemental Security Income Program (SSI).

Summary of Agency Financial Data

(\$000's)

	2000 Actual	2001 Forecast	2002		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2001 Forecast	2002 Preliminary Budget
<i>Expenditures</i>						
Personal Service	\$530,595	\$538,907	\$538,987	\$549,370	\$10,463	\$10,383
Other Than Personal Service	4,909,115	4,974,944	4,965,418	5,043,142	68,198	77,724
Total	<u>\$5,439,710</u>	<u>\$5,513,851</u>	<u>\$5,504,405</u>	<u>\$5,592,512</u>	<u>\$78,661</u>	<u>\$88,107</u>
<i>Funding</i>						
City	\$3,404,911	\$3,433,591	\$3,572,827	\$3,513,740	\$80,149	(\$59,087)
Other Categorical Grants	3,639	3,888	—	—	(3,888)	—
Capital IFA	—	—	—	—	—	—
State	808,129	860,008	831,554	797,886	(62,122)	(33,668)
Federal						
• JTPA	—	—	—	—	—	—
• CD	2,081	2,286	2,286	19,570	17,284	17,284
• Other	1,201,076	1,213,871	1,097,663	1,261,241	47,370	163,578
Intra-City Other	19,873	207	75	75	(132)	—
Total	<u>\$5,439,710</u>	<u>\$5,513,851</u>	<u>\$5,504,405</u>	<u>\$5,592,512</u>	<u>\$78,661</u>	<u>\$88,107</u>
<i>Personnel (at fiscal year-end)</i>						
City	10,492	9,410	9,455	9,462	52	7
Non-City						
• JTPA	1	—	—	—	—	—
• CD	—	60	60	60	—	—
• Other	2,661	4,037	3,454	3,454	(583)	—
Total	<u>13,154</u>	<u>13,507</u>	<u>12,969</u>	<u>12,976</u>	<u>(531)</u>	<u>7</u>

Programmatic Review

Family Independence Administration

The Family Independence Administration (FIA) administers the Department's Public Assistance and employment services programs. These programs include Family Assistance (FA), Safety Net Assistance (SNA), and Food Stamps. FIA assists individuals with employment, providing access to work experience; job placement and training programs, and ensuring that support services, including childcare and transportation assistance are available.

As the remaining Income Support Centers are converted to Job Centers staff roles will be expanded to more fully incorporate work-first strategies. Job Center case managers will work directly with clients to connect them with skills assessment, employment and job placement services and to place them in work experience programs. Job Center case managers provide access to information and make referrals to childcare services, Medicaid, Food Stamps and additional employment programs.

FIA offers a wide array of programs and services to help families and individuals achieve independence. In addition to the Employment Service and Placement and Skills Assessment programs, the PRIDE program connects disabled individuals with vendors who offer specialized work experience and job search activities. FIA also coordinates the BEGIN program in partnership with CUNY, the Board of Education and private vendors to offer literacy and ESL program to those needing educational services.

Clients in need of substance abuse treatment are also assessed and referred to appropriate case management services. In 2002, the Department will pilot two new programs using contract vendors to provide services to substance abuse clients. Two providers, serving a total of 2,000 individuals in Brooklyn and the Bronx, will provide comprehensive services, including assessment, referrals and treatment monitoring. Another contractor will provide intensive case management services to 2,000 substance abusing clients with multiple barriers to self-sufficiency.

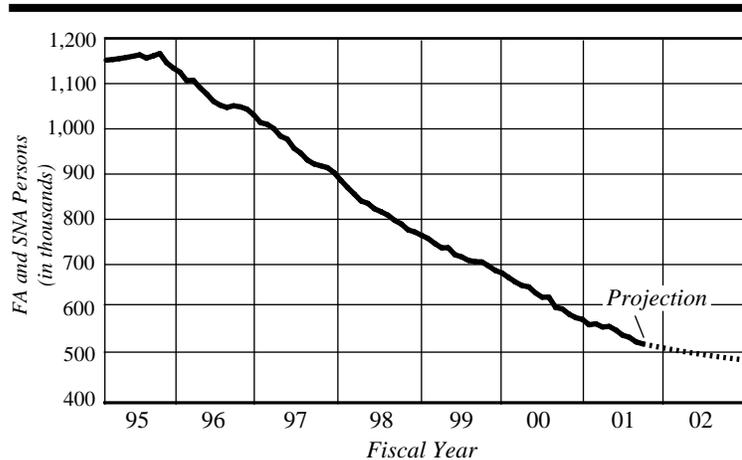
Total expenditures for public assistance, including FA and SNA payments as well as employment programs and other related services, are projected to be \$1.8 billion in 2002, of which \$552 million are City funds. In 2002, an average of 494,520 persons is projected to receive public assistance—a decline of 42,005 persons or 7.8% from 2001 projected levels.

Family Assistance, which is partially funded by Federal Temporary Assistance for Needy Families (TANF) and State funds, will assist an average of 408,898 adults and children in 2002, compared with

447,537 for 2001. Expenditures for this program will be \$914 million, of which \$189 million are City funds. An additional \$258 million, of which \$129 million are City funds, will be spent in the City/State Safety Net program for an average of 85,623 persons, compared to 88,988 in 2001.

Federal law prohibits states from using TANF funds to provide assistance to a household head that has received assistance for 60 cumulative months. On December 2, 2001, the first New York City families will begin

PUBLIC ASSISTANCE CASELOAD 1995-2002



to reach this limit. In June 2000 there were 61,000 families that would have been affected by the time limit, but through the Department's efforts in providing employment opportunities and other services this number had declined to 39,760 as of April 2001. In 2002 the Department will continue to reduce the number further through targeted employment and assessment services that help families move to unsubsidized employment. Federal law permits the exemption of some cases from the time limit but the Department will provide services and assistance to all families that could be impacted. In the event that there are families in this group remaining on Public Assistance in December 2001, they will be eligible for the State Safety Net program. There will be no additional costs incurred because of Federal rules that permit these costs to count towards the TANF maintenance of effort.

Medical Assistance

The Medical Assistance Program (MAP) funds health care services through Medicaid for 1.8 million low-income New York City residents. Medicaid recipients receive a wide range of medical services including primary care, hospital inpatient, emergency room, physician, pharmacy, clinic, nursing home, personal care, dental, rehabilitation, transportation, vision care, laboratory and x-ray.

The 2002 Executive Budget for Medical Assistance is \$2.7 billion in City funds (excluding expenditures for the Health and Hospitals Corporation, the Department of the Health and administrative costs).

The 2002 budget increases by \$131 million or 5.2 percent, from the 2001 forecast. The primary factors contributing to the cost increases include:

- pharmacy costs are expected to rise due to greater utilization and higher prices, creating an increase of \$75 million.
- hospital inpatient expenditures are expected to increase by \$22 million.
- rate increases implemented by New York State in 2001 for physician office visits and dental procedures will result in higher costs.

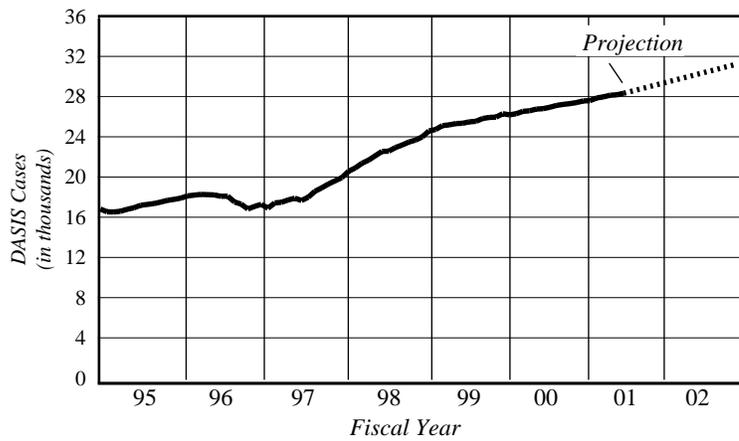
Under HealthSTAT, which began in March 2000, the Department has enrolled 96,000 children and parents into Medicaid and Child Health Plus. This initiative to enroll uninsured New Yorkers into health insurance programs includes a multimedia outreach campaign and the use of advanced technology to facilitate eligibility determinations and enrollment. The Department also deploys a mobile van for community outreach activities to promote education and enrollment. In addition, Helpline, including integrated voice response technology, allows individuals to call and request information or conduct an eligibility prescreening. The 2002 Executive Budget includes an additional \$6.5 million in total funds for personnel to conduct outreach, process applications and recertify eligibility.

In 2001, MAP opened a Brooklyn Medicaid recertification office where Brooklyn residents can reestablish Medicaid eligibility and MAP plans to open similar offices in Queens and the Bronx. The Department has also combined non-public assistance Food Stamp and Medicaid recertification in order to simplify the process. MAP will test telephone recertification for child-only cases and continues to work with the State Department of Health to simplify the documentation and processing requirements for children.

In 2002 the Department, in cooperation with the Federal Social Security Administration, will convert individuals with work histories who were inappropriately placed in the Supplemental Security Income Program (SSI) into the Social Security Disability Insurance Program (SSDI). Savings of \$3.5 million in 2002 will be realized from conversion of these individuals to the 100% federally funded Medicare program from Medicaid.

Division of AIDS Services and Income Support **DIVISION OF AIDS SERVICES CASELOAD 1995-2002**

The Department provides a full range of services to individuals with AIDS, as defined by the Centers for Disease Control, or with advanced HIV-illness, as defined by the New York State AIDS Institute. Client needs may include Public Assistance, Medicaid, Food Stamps, Supplemental Security Income (SSI) and Social Security Disability Insurance (SSDI), housing, home care, substance abuse, mental health counseling and treatment, employment, vocational rehabilitation and referrals to other social services in the community. The caseload is projected to reach 28,921 by June 2001, and is expected to grow by 7.1% to 30,986 by June 2002.



The Department provides emergency transitional housing for formerly homeless clients, permanent housing for more stabilized clients in congregate facilities and scattered-site apartments, and rent supplements for individuals and families to maintain their own apartments. Transitional, congregate and scattered-site housing is provided through contracts with community-based agencies that also provide case management services to clients. The Department has operating contracts for 1,537 congregate supportive housing units and houses clients in another 97 units that are operated with non-City funds. An additional 801 units are in construction or design under the Department of Housing Preservation and Development and will come on line through 2003. The Department operated 2,090 traditional scattered site units and also began the implementation of a new scattered site housing model in 2001. Through the use of 19 performance-based contracts, the Department anticipates placing over 2,000 additional clients in apartments by the end of 2001.

The Department will complete the upgrade of its computer network to facilitate referrals, housing placements, and case management services for all clients. FACTORS/Help Works software will link the Department with its contracted vendors throughout the City. FACTORS/Help Works will allow the Department to connect clients with available housing opportunities and services more effectively.

In addition to critical case management services, financial and medical benefits, housing, and other services, the Department's support system includes the Work Opportunity Program, initiated in April 1998 through a contract with Mobilizing Talents and Skills (MTS). This voluntary program affords clients the opportunity to enter or return to the workforce, and to attain the highest level of self-reliance possible. Clients participate in vocational rehabilitation activities, develop marketable skills, and find employment while retaining necessary support services through a customized transitional benefits program. The program has served 814 individuals and made 162 job placements since its inception.

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

The Office of Domestic Violence and Emergency Intervention Services is the Department's planning and coordinating arm for all major municipal emergencies. ODVEIS is responsible for providing food, clothing and shelter in emergency situations.

The Office of Domestic Violence Services

ODVEIS supports contracted and directly operated programs for victims of domestic violence. Emergency and transitional housing is provided in shelters, safe homes, safe dwellings, and Tier II shelters. All programs provide a safe environment as well as counseling, advocacy, and referral services. The Department will increase its emergency shelter capacity by 172 beds by the end of 2001, and by an additional 170 beds in 2002, for a total emergency shelter capacity of 1,810 beds. The Department is also working with the New York State Homeless Housing and Assistance Program (HHAP) to increase the number of domestic violence transitional shelter facilities. The Department currently supports 408 transitional, or Tier II, beds.

The Department also maintains contracts with 15 not-for-profit organizations to provide non-residential services, including a telephone hotline, counseling, information and referral, advocacy, and community outreach in all five boroughs. These programs provide specialized resources to victims of domestic violence, including those for whom language and cultural barriers pose a difficulty in accessing assistance.

The Department will continue to enhance the range of services available to victims of domestic violence in 2002. Domestic Violence Liaison units in Job Centers will be expanded with staff that are trained to assess the needs of domestic violence victims. The Domestic Violence units will also assist domestic violence victims with specialized engagement plans that will include appropriate employment and support services to help participants remain safe while developing skills to move toward self-reliance. An additional \$287,443 provided in the Executive Budget will support staff in ODVEIS to manage shelter information systems, to develop policies and procedures, and to monitor training initiatives and other special projects.

The Emergency Food Assistance Program (EFAP)

The Emergency Food Assistance Program (EFAP) supports distribution of food to the City's network of food pantries and soup kitchens and coordinates nutrition education programs. In 2002 EFAP will purchase and distribute more than 10 million pounds of food that will be delivered to over 630 food pantries and soup kitchens, which will serve between 25 and 30 million meals.

Protective Services for Adults

Protective Services for Adults (PSA) supports crisis counseling, financial management, eviction prevention assistance, and referrals to other support services for adults. Each month PSA staff and contractors serve nearly 5,000 clients who are unable to care for themselves due to physical or mental impairment and who are threatened with neglect, abuse, or exploitation. In an effort to reduce the incidence of elder abuse in 2001, PSA implemented a pilot program in Brooklyn that provides outreach, education, and linkages with the District Attorney's Office. In 2002, the Department anticipates expanding this initiative into the other boroughs. In addition, PSA has implemented new contracts for an expanded Eviction Prevention Program and a new model of community-based case management services designed for long-term clients. By the end of 2001, all PSA offices will be outfitted with new computers, and in 2002 PSA will automate its case management and financial management systems to strengthen accountability and improve the ability to manage cases.

Four Year Capital Strategy

The Department's Ten-Year Capital Plan totals \$222.1 million including \$92.9 million for facilities maintenance and improvement, \$97.4 million for technology to streamline Department operations, and \$30.1 million for the installation of telecommunications equipment to facilitate data transmission.

Capital Commitments

(\$000's)

	2000 Actual		2001 Plan		2002 Plan		2003 Plan		2004 Plan		2005 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	\$38,647	\$42,728	\$37,557	\$46,017	\$30,089	\$37,962	\$3,295	\$4,093	\$1,224	\$1,224	\$3,177	\$3,177
Computers	\$4,267	\$7,896	\$19,267	\$34,313	\$2,928	\$6,069	\$4,931	\$8,843	\$5,249	\$8,748	\$11,458	\$21,199
Telecommunications	\$1,675	\$2,792	\$2,788	\$5,461	\$928	\$1,547	\$721	\$1,201	\$1,000	\$1,667	\$3,555	\$5,925
Vehicles	\$0	\$0	\$154	\$0	\$88	\$110	\$0	\$0	\$66	\$110	\$66	\$110
Total	<u>\$44,590</u>	<u>\$53,416</u>	<u>\$59,766</u>	<u>\$85,945</u>	<u>\$34,033</u>	<u>\$45,688</u>	<u>\$8,947</u>	<u>\$14,137</u>	<u>\$7,539</u>	<u>\$11,749</u>	<u>\$18,256</u>	<u>\$30,411</u>

Highlights of the Department's Ten-Year Capital Strategy include:

- reconstruction and furnishing of Job Center facilities that will provide the setting for integrated case management services (\$14.4 million).
- imaging projects to eliminate paper records and streamline Department operations (\$18.8 million).
- continued development of Local and Wide Area Network systems in order to provide greater connectivity among Department personnel, contract service providers and clients (\$45.3 million).
- development of a special needs job center that will centralize services for participants with complex issues, including disabilities and substance abuse (\$7.3).

ADMINISTRATION FOR CHILDREN'S SERVICES

The Administration for Children's Services' (ACS) administers a broad range of programs with the primary mission of protecting and advancing the interests of children. The Agency investigates allegations of child abuse and neglect, provides preventive services to families and children, and when necessary provides foster care or adoption services for children who cannot safely remain in their homes. ACS provides early childhood education through the Head Start program and subsidized childcare programs for eligible families. The Agency also provides assistance with establishment, enforcement and collection of child support.

A cornerstone of ACS's Reform Plan, issued in December 1996, was the implementation of Neighborhood-Based Services (NBS). Under this program, children entering foster care are placed in their own neighborhoods maintaining ties to family, friends and schools. NBS promotes permanency by providing preventive services and other supports in the community. In 2002, ACS will continue with implementation of NBS by working to establish child welfare networks in each community district to ensure that neighborhood resources are utilized to address community-specific child welfare needs. In 2002, ACS will review its agency-wide strategic plan, mapping out integrated goals, outcomes and initiatives for all children's services, including Head Start, Child Care, Child Support Enforcement and Child Welfare.

Financial Review

The Agency's 2002 Executive Budget provides for operating expenses of \$2.4 billion, \$714 million of which are City funds. This is a \$62 million increase over the amount forecast for 2001.

Expense Budget Highlights

Budgetary Priorities: Providing Core Services

- an increase of \$23.8 million in total funds will support adoption subsidy cost-of-living increases for children living in adoptive homes.
- an increase of \$625,000 in 2002 and \$3.9 million in 2003 in total funds will enhance medical program services, providing medical, mental health, and substance abuse assessment services to children in protective custody and foster care.
- an increase of \$3.1 million in total funds will support a foster parent recruitment campaign in 2002. This funding will allow for a media campaign and for babysitting stipends for foster parents.
- an additional \$5.3 million in total funds will support specialized programs providing services to severely mentally and physically handicapped children in residential settings.
- completion of renovations at the Crossroad Residence in the Baychester section of the Bronx will provide a state of the art facility for children in direct-run congregate foster care. The eight-acre campus will provide spaces for vocational training programs, an athletic center and sports fields for an intramural athletic league, and a location for programmatic graduation ceremonies and recreational events.

Restructuring and Streamlining

- ACS' move into the newly constructed Children's Center by the end of 2001 will consolidate services currently provided at three separate locations. The facility will house emergency and placement services for children removed from their homes due to abuse or neglect, as well as the Agency's child welfare training and research institute.

- the Agency will continue to move forward with the Safe and Timely Adoption and Reunification (STAR) Program. This program enables foster care providers who reduce children’s length of stay in care to invest the savings in additional services to improve outcomes for children and families.
- in 2002 the Agency will continue its information technology initiatives, including document imaging projects, a health information profiling system, an integrated case management system, and a legal tracking system. These initiatives will enhance Agency efficiency by automating record keeping and reducing duplicative paperwork and manual processing.

Summary of Agency Financial Data

(\$000’s)

	2000 Actual	2001 Forecast	2002		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2001 Forecast	2002 Preliminary Budget
<i>Expenditures</i>						
Personal Service	\$322,485	\$334,409	\$352,689	\$359,870	\$25,461	\$7,181
Other Than Personal Service	1,851,807	2,012,928	1,821,321	2,049,102	36,174	227,781
Total	\$2,174,292	\$2,347,337	\$2,174,010	\$2,408,972	\$61,635	\$234,962
<i>Funding</i>						
City	\$646,927	\$688,518	\$700,707	\$714,387	\$25,869	\$13,680
Other Categorical Grants	710	223	—	—	(223)	—
Capital IFA	—	—	—	—	—	—
State	458,188	514,007	515,322	519,994	5,987	4,672
Federal						
• JTPA	—	—	—	—	—	—
• CD	13,230	27,715	12,855	10,863	(16,852)	(1,992)
• Other	1,054,726	1,116,737	944,989	1,163,578	46,841	218,589
Intra-City Other	511	137	137	150	13	13
Total	\$2,174,292	\$2,347,337	\$2,174,010	\$2,408,972	\$61,635	\$234,962
<i>Personnel (at fiscal year-end)</i>						
City	7,035	7,233	7,457	7,457	224	—
Non-City						
• JTPA	—	—	—	—	—	—
• CD	11	7	7	7	—	—
• Other	75	155	155	155	—	—
Total	7,121	7,395	7,619	7,619	224	—

Programmatic Review

Protective Services for Children

Protective Services for Children investigates allegations of child abuse and neglect and is responsible for monitoring children and families until it is determined whether the children may remain safely in their homes, or must be placed in foster care. The Executive Budget projects that ACS will investigate an average of approximately 53,165 reports of child abuse or neglect in 2001. The number of reports is expected to remain level in 2002.

In order to improve outcomes for children and families, Protective Services has implemented 72-Hour Child Safety Conferences to bring together caseworkers, parents, relatives and service providers to ensure that service and placement decisions are fully informed by everyone involved in the child's life. ACS has also implemented 30-day Family Permanency Conferences to monitor the progress of children and families, with the goal of expediting permanency for children.

By the end of 2001 ACS will have moved its central child protective and placement units into the new Children's Center on the Bellevue campus. Emergency Children's Services, Pre-placement, Placement and Evaluation and the Teen Center will all be located in a state-of-the art, child friendly setting that was designed to minimize disruption and trauma for children entering the child welfare system.

Preventive Services for Children and Families

Preventive services assist families in crisis or at risk of foster care placement. The Agency provides a variety of both direct and contracted preventive services designed to prevent foster care placement or reduce the time that children spend in foster care. The Agency provides intensive services through its direct Family Preservation Program to an average of 246 families per month. In addition, 9,153 general preventive and Family Rehabilitation Program (FRP) slots are provided through contracted providers. In 2002, the number of preventive slots is anticipated to increase to 11,090, including 1,150 FRP slots, which provide intensive services for families with substance abuse issues. Services also include contracts with community-based agencies to provide homemaking services and the housing subsidy program, which provides time-limited rental assistance to families and youth leaving foster care.

ACS works collaboratively with other City agencies, including the Department of Probation, Department of Mental Health, Health and Hospital Corporation, Department of Housing Preservation and Development, and the New York City Housing Authority to address the broad range of issues facing families receiving preventive services. ACS has also initiated the Family Violence Prevention Program to provide preventive service agencies with on-going training and education in assessing and serving families with domestic violence issues.

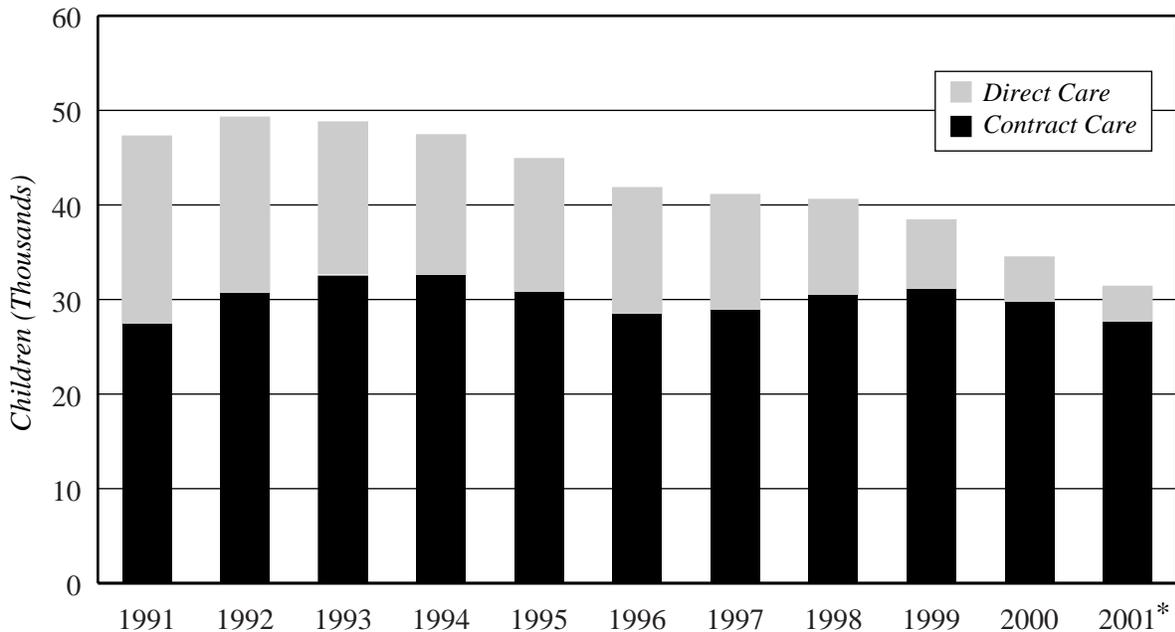
Foster Care

ACS provides foster care services through contracted (voluntary) agencies or through ACS directly run programs. Placements in foster boarding homes, congregate settings, or specialized residential care facilities are provided on a temporary basis until children can be reunified with their families. If reunification is not an option, children receive services that will lead to adoption or development of independent living skills.

The Special Child Welfare Advisory Panel, consisting of nationally respected experts in child welfare, issued a report in December of calendar year 2000 praising ACS for its “remarkable progress” in reforming the child welfare system in New York City. The panel commended ACS for the decrease in the number of children placed in foster care between 1998 and 2000. The foster care caseload is now at its lowest point since 1998, with 31,009 children in foster care as of November 2000. This is a 25% decrease from November 1997, when there were 40,863 children in foster care. Fewer removals, reunification of children with their families and a record number of adoptions over the past five years have contributed to the decrease in the foster care population.

ACS continues its initiatives to enhance foster care service delivery as outlined in the 1996 Reform Plan. Neighborhood-based provider networks, reinvestment in services through the STAR Program and comprehensive evaluation of provider performance will promote improved permanency outcomes for children removed from their homes. The Agency has launched a foster parent recruitment drive with the goal of recruiting an additional 3,500 foster parents from all income levels. The Office of Parent Recruitment and Expedited Permanency (PREP) was established to oversee foster and adoptive home recruitment. The goals of PREP are to build upon neighborhood-based services by recruiting foster parents in high need communities, recruiting homes for children with special needs, increasing the proportion of working foster families and better retaining both the current and newly-recruited foster families.

AVERAGE FOSTER CARE CASELOAD: 1991-2001



* Projected

Note: Beginning in 1996 the number of children in contract care is calculated using number of care-days rather than reported census.

Adoption

The goal of ACS's adoption services is to provide stable and nurturing permanent homes to children who cannot be reunited with their biological families. Emphasis on finalizing adoptions for the many children who were already legally freed and eligible for adoption has resulted in a record-setting number of adoptions over the past five years. The Agency's adoption recruitment efforts, including the adoption hotline, the award winning Wednesday's Child series, and the recently created New York City Family Album have contributed to a 54% increase in annual adoptions, from 2,312 in 1994 to 3,150 in 2000. ACS has a goal of completing an additional 3,500 adoptions in 2001 and in 2002.

Head Start

The federally funded Head Start program provides early childhood education and development services to low-income three and four-year old children. The program is designed to better prepare children for starting school by working with the entire family to support children's learning and development. In December 2000, there were 18,971 children enrolled in the Head Start Program and ACS projects funding over 20,000 slots during 2002. In addition, the agency is piloting a 60 slot Early Head Start program to provide services to infants, toddlers and pregnant women.

Agency for Child Development

The Agency for Child Development (ACD) promotes the safe and healthy development of children and the self-sufficiency of working families, by providing an array of quality subsidized child care options. Contracted services are provided in group child care centers and family child care homes. ACD also distributes vouchers, which enable parents to choose their own child care settings and providers. Subsidized child care is available to public assistance recipients who are employed or engaged in work activities, low-income working families, and families receiving child welfare services. In February 2001, ACD served nearly 57,000 children and is projected to serve over 67,000 children by the end of 2002.

In 2002, Citywide funding for child care services will rise to an unprecedented \$697 million dollars, an increase of \$61 million over the 2001 forecast. This increase in funding reflects the centrality of subsidized child care services to the full engagement of families receiving public assistance and to the continued support of safe, stable and self-sufficient families. This funding will enable both ACD and the Department of Social Services' Family Independence Administration to continue expansion and improvement of services begun in 2001.

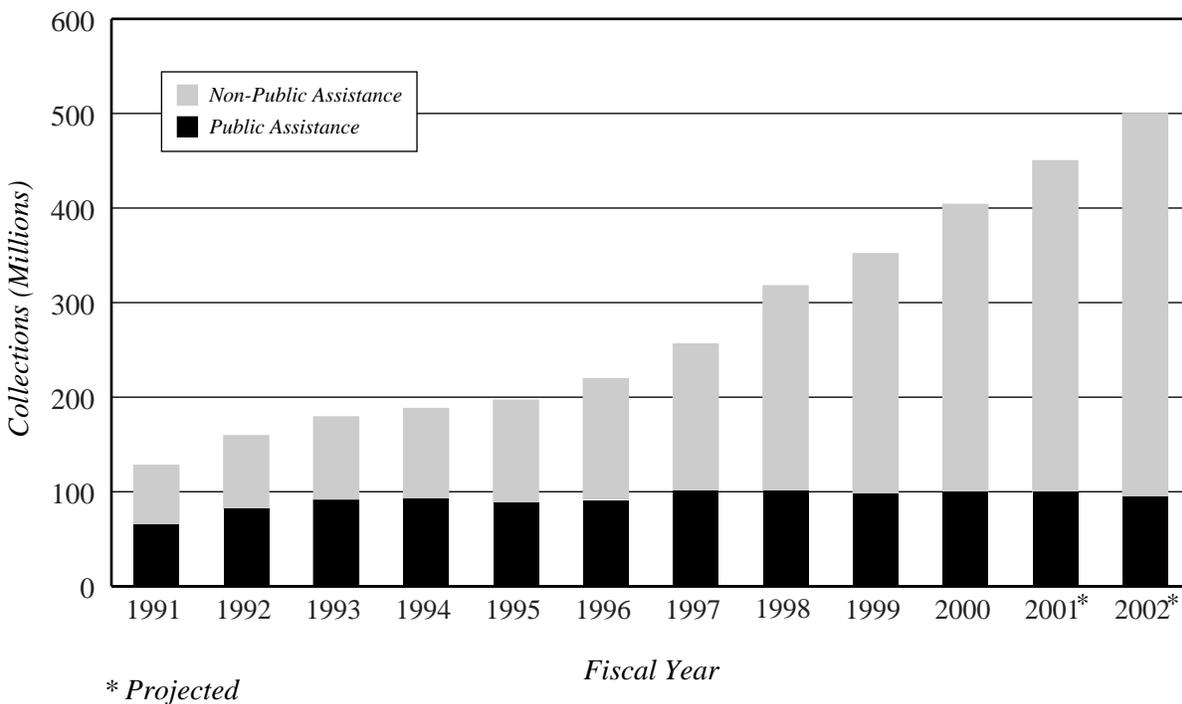
In September 2000, ACS convened a committee to develop recommendations for a child care reform plan to ensure the availability of quality care. Through an extensive planning process involving ACS staff, child care providers, private funders and representatives of several other City agencies the committee will produce a set of principles, goals and recommendations to enhance and expand child care services for New York City's children. During 2002, ACS will continue its collaborative work to incorporate these recommendations into its planning and operations.

Office of Child Support Enforcement

The Office of Child Support Enforcement (OCSE) ensures that non-custodial parents provide financial support for their children. Services provided on behalf of both public and non-public assistance families include establishment of paternity and support obligations, collection, accounting, and disbursement of support payments and the enforcement of court ordered support obligations. In 2001, it is projected that OCSE will collect a total of \$100 million in child support for public assistance families and \$350 million on behalf of non-public assistance families. In 2002, OCSE projects collection of \$500 million, including \$95 million for public assistance clients and \$405 million for non-public assistance clients. The non-public assistance targets are significantly higher than in past years due to the large number of public assistance families who have achieved self-sufficiency.

The Agency has implemented several additional enforcement actions to improve support collection, including suspension of delinquent parents' driver's licenses and business permits. In 2001, OCSE expanded a successful pilot program providing mandatory employment services to parents who fail to pay child support. This program is operated in conjunction with the Department of Social Services' welfare-to-work initiatives.

CHILD SUPPORT COLLECTIONS



Ten Year Capital Strategy

The Department's Ten-Year Capital Strategy totals \$238.0 million including \$43.1 million for renovation of congregate foster care facilities, \$74.7 million for construction and renovation of child care facilities, \$35.2 million for renovation and furnishing of ACS offices, and \$84.9 million for technology and telecommunications to streamline agency operations.

Capital Commitments

(\$000's)

	2000 Actual		2001 Plan		2002 Plan		2003 Plan		2004 Plan		2005 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	\$12,185	\$12,185	\$3,072	\$3,278	\$2,667	2,667	\$2,167	\$2,167	\$5,000	\$5,000
Day Care	\$0	\$0	\$7,008	\$7,008	\$23,439	\$23,485	\$10,000	\$10,000	\$3,075	\$3,075	8,120	8,120
Buildings	\$0	\$0	\$6,835	\$8,651	\$6,256	\$7,703	\$4,320	\$5,816	\$3,218	\$4,073	\$0	\$1,000
MIS	\$0	\$0	\$8,228	\$12,521	\$13,572	\$18,586	\$7,055	\$9,312	\$6,530	\$9,237	\$8,405	\$11,172
Total	<u>\$0</u>	<u>\$0</u>	<u>\$34,256</u>	<u>\$40,365</u>	<u>\$46,339</u>	<u>\$53,052</u>	<u>\$24,042</u>	<u>\$27,795</u>	<u>\$14,990</u>	<u>\$18,552</u>	<u>\$21,525</u>	<u>\$25,292</u>

Note: Funds for ACS capital projects prior to 2001 are included in the Department of Social Services capital plan.

Highlights of the Ten-Year Capital Strategy

- renovation and expansion of the Jefferson Group Home for adolescent foster children (\$2.6 million)
- code compliance at various group homes operated by ACS (\$1.5 million)
- construction of the Williamsburg Day Care Center in Brooklyn (\$5.7 million), the Seabury Day Center in the Bronx (\$2.8 million), and the Washington Heights Day Care Center (\$5 million).
- additional funds for capital work related to initiatives to expand and improve child care services (\$25 million).
- development of the Integrated Case Management System, a single case data entry system. (\$7.4 million).
- development of a legal tracking system to automate tracking of legal actions involving abused and neglected children (\$2.5 million).
- implementation of a document imaging project for paperless retention and management of required financial and child welfare information (\$1.6 million).

DEPARTMENT OF HOMELESS SERVICES

The Department of Homeless Services (DHS) provides temporary housing and services to homeless families and single adults and facilitates placement into permanent housing. In 2002, DHS will continue its commitment to providing quality services that enable homeless adults and families to attain self-sufficiency and return to independent living.

Financial Review

The Department's 2002 Executive Budget provides for operating expenses of \$491 million, of which \$215 million are City funds.

Expense Budget Highlights

The Department's mission is to provide services for eligible homeless families and individuals in a safe, supportive environment, and to deliver services through a continuum of care in which clients assume responsibility for achieving the goal of independent living.

Budgetary Priorities: Providing Core Services

- an additional \$29 million in total funds in 2002 and \$51 million in 2003 will enable the Department to increase capacity in transitional housing for families.
- an increase of \$290,704 in total funds will support the creation of a Correctional Review Unit (CRU) to screen and process referrals to DHS of mentally ill homeless adults released from jail. The CRU will conduct assessments to ensure that clients are appropriately placed in accordance with their clinical and mental health needs.

Restructuring and Streamlining

- in 2002 the Department will continue the incentive payment program that rewards providers for achieving excellence in areas including long-term placements outside of the DHS system, reducing clients' return to the DHS system, and achieving employment placements.
- in 2002 DHS will continue its efforts to contract out directly operated facilities to not-for-profit providers. The Department will begin the process of phasing out the 850-bed 30th Street Men's Shelter with smaller contracted facilities.
- in 2002 the Department will complete development of its client tracking system and will continue to increase efficiency through the use of new and improved technology, including systems linking contractors to DHS for reporting and payment processes.

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

	2000 Actual	2001 Forecast	2002		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2001 Forecast	2002 Preliminary Budget
<i>Expenditures</i>						
Personal Service	\$88,578	\$92,276	\$89,554	\$90,021	(\$2,255)	\$467
Other Than						
Personal Service	344,905	399,106	387,332	400,959	1,853	13,627
Total	<u>\$433,483</u>	<u>\$491,382</u>	<u>\$476,886</u>	<u>\$490,980</u>	<u>(\$402)</u>	<u>\$14,094</u>
<i>Funding</i>						
City	\$196,772	\$214,383	\$211,029	\$214,880	\$497	\$3,851
Other Categorical Grants	—	—	—	—	—	—
Capital IFA	—	—	—	—	—	—
State	134,269	166,687	154,924	157,101	(9,586)	2,177
Federal						
• JTPA	—	—	—	—	—	—
• CD	601	404	—	10,976	10,572	10,976
• Other	101,046	109,908	110,933	108,023	(1,885)	(2,910)
Intra-City Other	795	—	—	—	—	—
Total	<u>\$433,483</u>	<u>\$491,382</u>	<u>\$476,886</u>	<u>\$490,980</u>	<u>(\$402)</u>	<u>\$14,094</u>
<i>Personnel (at fiscal year-end)</i>						
City	1,682	1,700	1,559	1,567	(133)	8
Non-City						
• JTPA	—	—	—	—	—	—
• CD	—	—	—	3	3	3
• Other	15	—	—	—	—	—
Total	<u>1,697</u>	<u>1,700</u>	<u>1,559</u>	<u>1,570</u>	<u>(130)</u>	<u>11</u>

Programmatic Review

Homeless Individuals

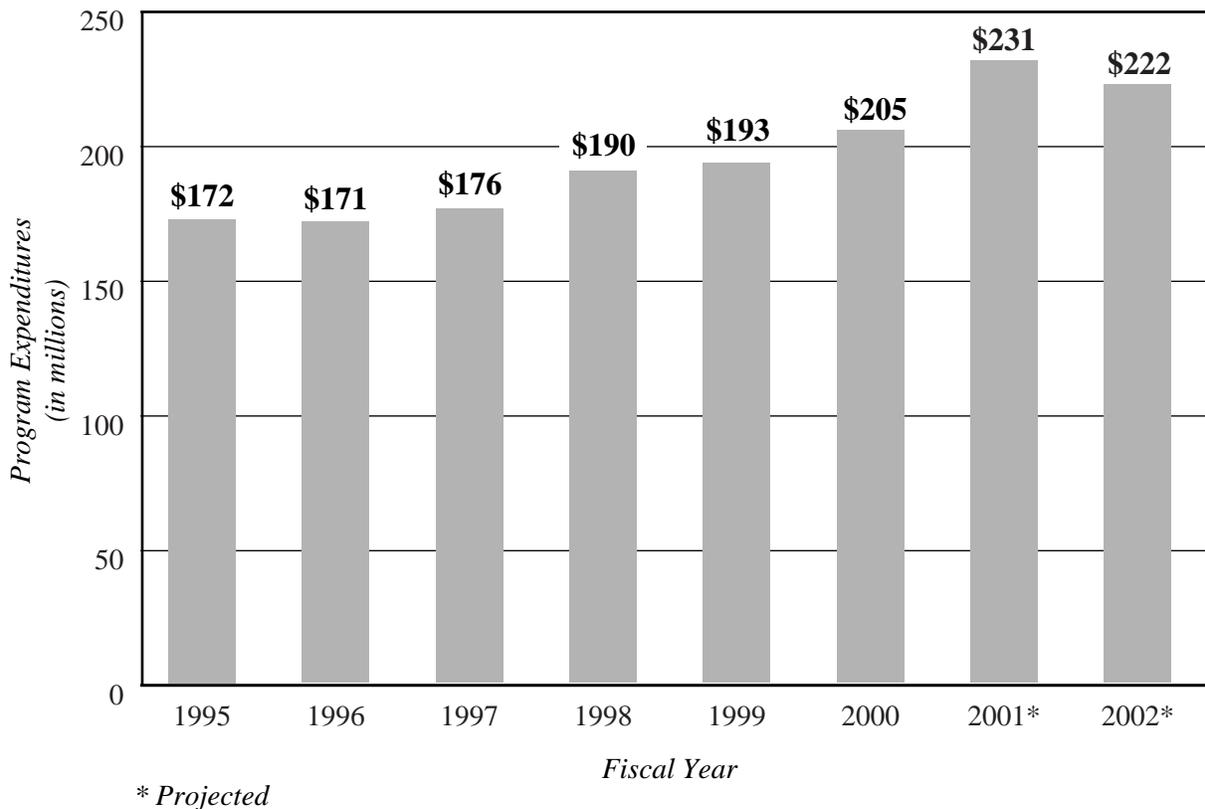
The Department provides a continuum of services to homeless individuals. These services include street outreach and drop-in centers for the hardest to serve, general and specialized transitional facilities, and supportive housing. In 2002, DHS will continue to improve and expand programs and services that provide homeless individuals with substance abuse and mental health treatment and help them secure and retain private sector employment. By the end of 2001, 79 percent of all adult transitional beds will offer assessment or program services.

DHS also provides permanent housing assistance, including referral to supportive Single Room Occupancy (SRO) units operated by a network of not-for-profit providers. In 2001, the Rental Assistance Program (RAP), which will provide time-limited rent subsidies to employed, homeless individuals, began operations. RAP provides supportive services, including employment, job development, and life skills training, and rental subsidies that decrease gradually as participants become increasingly self-sufficient. When fully implemented, RAP will enable approximately 391 homeless individuals to locate and retain permanent housing through the private market.

In 2002, the assessment process for both men and women entering the DHS system will be enhanced with additional medical services staff and the inclusion of mental health reviews. This will better allow the Department to address the immediate needs of clients, especially the most fragile individuals, and will help ensure the most appropriate placement for each client.

The Department also provides outreach services, both directly and through contract, and supports drop-in centers, operated by not-for-profit organizations. Outreach teams identify and engage a diverse population of homeless individuals living in public spaces such as streets, parks, terminals, transportation facilities, and encampments, and link them with services that will eventually enable them to move into protective settings like transitional or permanent housing. Nine drop-in centers (including one supported entirely by non-City funds) provide counseling, crisis intervention, meals, clothing and referrals to a variety of support services to an average of 1,000 individuals daily.

HOMELESS INDIVIDUALS - PROGRAM EXPENDITURES: 1995-2002



In 2002, the cost of serving homeless individuals will be \$221.9 million, of which \$129.6 million are City funds.

Homeless Families

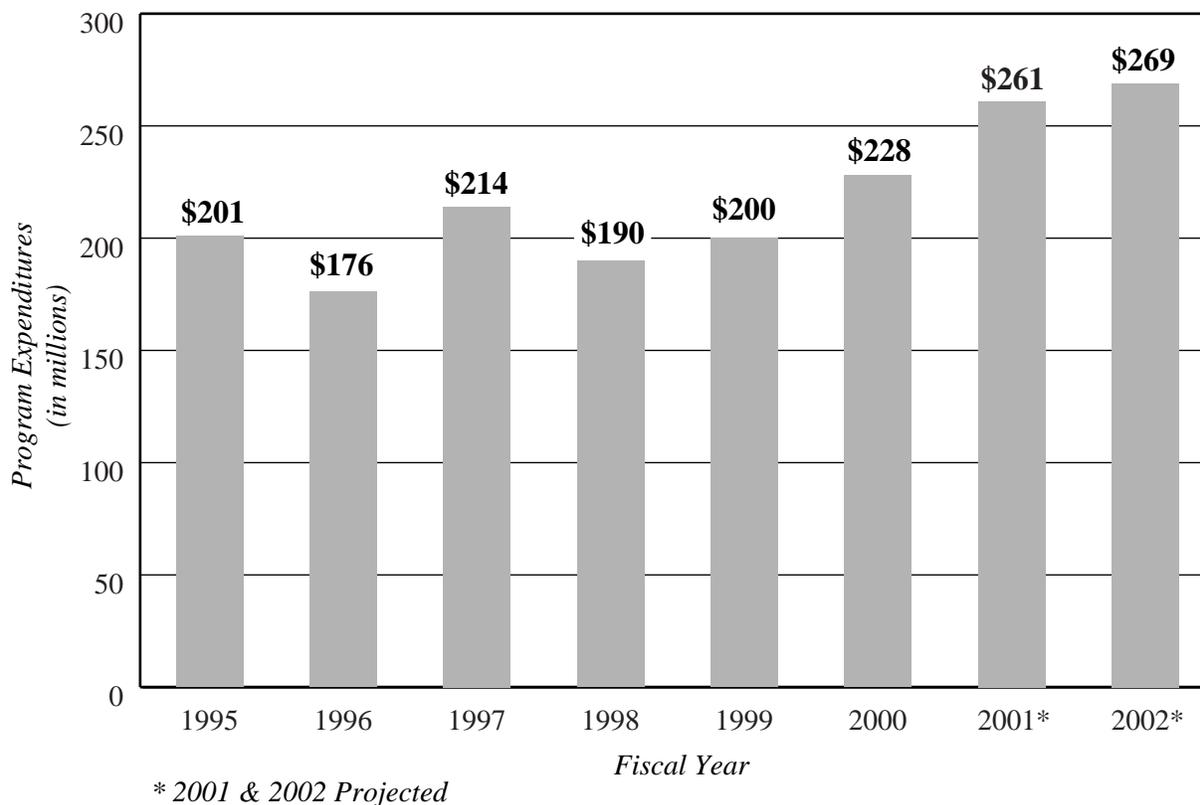
The Department provides services to homeless families through a network of transitional housing facilities. Transitional housing provides families with stable living situations and supportive social services designed to lead to self-sufficiency. Access to permanent housing and follow-up services are also provided to assist families in maintaining independence. In 2002 DHS will increase the number of transitional housing units with \$11 million in City funds and \$29 million in total funds to keep pace with capacity needs.

The Family Rental Assistance Program (FRAP), which began operations in 2001, will provide time-limited rent subsidies and support services to employed, homeless families. The subsidies will decrease gradually as participants become increasingly self-sufficient. When fully operational, FRAP will enable approximately 108 homeless families to locate and retain permanent housing through the private market.

DHS will continue efforts to increase the number of units of permanent housing available to families in DHS shelters. An increase in the EARP bonus paid to landlords who rent apartments to families coming out of shelters was widely advertised in 2001 and the Department hopes to maximize the use of Federal Section 8 vouchers through this initiative. In 2002 DHS will continue to work with the Department of Social Services to develop additional programs and incentives to increase the number of permanent housing units for homeless families.

Special events and programs for clients and children in transitional housing expanded significantly in 2001 and are expected to continue in 2002. Programs include after-school computer workshops sponsored by New York Life Insurance Company, demonstrations of African American dances sponsored by the Brooklyn Children's Museum and Carnegie Hall, and college basketball tournaments at Madison Square Garden, among others.

HOMELESS FAMILIES - PROGRAM EXPENDITURES: 1995-2002



The cost of housing homeless families in 2002 will be \$269.1 million, of which \$85.2 million are City funds.

Capital Review

The Department's Ten Year Capital Strategy totals \$322.3 million. Funding for facilities for homeless families totals \$62.5 million; \$248.5 million has been allocated for facilities for single adults, including Single Room Occupancy (SRO) permanent residences; and \$11.2 million has been allocated for computer network upgrade and creation of a client tracking system.

Capital Commitments

(\$000's)

	2000 Actual		2001 Plan		2002 Plan		2003 Plan		2004 Plan		2005 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	\$ 762	762	9,154	9,154	12,692	12,692	8,035	8,035	6,743	6,743	5,000	5,000
Homeless Individuals	4,176	4,176	12,932	12,932	40,529	40,529	17,181	17,181	13,450	13,450	25,000	25,000
Equipment and Vehicles	1,060	1,060	1,599	1,599	3,693	3,693	250	250	250	250	1,000	1,000
Administrative Facilities	4,746	4,746	224	224	98	98	0	0	0	0	0	0
Total.	<u>\$ 10,744</u>	<u>\$10,744</u>	<u>\$23,909</u>	<u>\$23,909</u>	<u>\$57,012</u>	<u>\$57,012</u>	<u>\$25,466</u>	<u>\$25,466</u>	<u>\$20,433</u>	<u>\$20,443</u>	<u>\$31,000</u>	<u>\$31,000</u>

Highlights of the Department's Ten Year Capital Strategy include:

- development of a new adult facility on the Willow Avenue site to replace the existing building (\$10.4 million).
- building upgrade and repairs at adult and family facilities, including \$7.0 million at 68 Lexington Avenue, \$1.7 million at Dean Street, \$1.0 million at Jamaica Assessment Center, \$1.0 million at Linden, \$1.5 million at Charles Gay Schwartz and \$2.5 at Pamoja House.
- \$25.3 million for exterior repairs to various facilities. The intent of this program, initiated in July 1998, is to provide building envelope stabilization and restoration for all Department of Homeless Services owned facilities throughout the City. The work includes sidewalk bridges; demolition; repair/replacement of masonry, metals, windows, roofing; and associated plumbing.
- code and regulation compliance at Camp Laguardia (\$3.8 million) and Catherine Street/Life (\$3.1 million)
- fire safety projects at various sites, including work at Jamaica Armory, Franklin Armory, Charles Gay, Park Slope Armory and Saratoga (\$5.3 million).
- upgrades of existing SRO's, including projects at Veterans, Commonwealth, Miracle Makers and Mount Eden (\$3 million).
- upgrade of the DHS computer network system, including an integrated client tracking system with enhanced client and shelter information reporting, and computerization of the Rehousing Unit, which tracks and locates permanent housing for homeless families (\$1.8 million).

DEPARTMENT FOR THE AGING

The Department for the Aging (DFTA) administers a wide range of programs that enable senior citizens to maintain independence and improve their quality of life. Services include congregate and home-delivered meals, home care, employment counseling and placement, assistance for crime victims, social and legal services, transportation, and information and referral services. The Department also advocates for the City's elderly through legislative activity and public policy initiatives.

Financial Review

The Department's 2002 Executive Budget provides for operating expenses of \$230.5 million, of which \$166.1 million are City funds.

Expense Budget Highlights

Budgetary Priorities: Providing Core Services

- an additional \$1.9 million will support expansion and reorganization of the Elderly Crime Victims Program to provide crime prevention, elder abuse services and crime victim's assistance services throughout the five boroughs.
- in 2002 the Department will fully implement the weekend meals program, which began in 2001 and provides nutritious take-home meals to 12,500 seniors for Saturdays or Sundays.

Restructuring and Streamlining

- in 2002 the Department will streamline administrative operations through the use of imaging technology to store application records and development of a new contract management system that will link payments to contractor performance.
- program services will be enhanced by the migration of the Provider Data System (PDS) and the Uniform Benefits Assessment System (Uni-form) to a web based platform and expanded availability of Uni-form, which allows seniors to complete a single, simplified application for various entitlement benefits.

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

	2000 Actual	2001 Forecast	2002		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2001 Forecast	2002 Preliminary Budget
<i>Expenditures</i>						
Personal Service	\$19,474	\$21,724	\$19,804	\$20,014	(\$1,710)	\$210
Other Than Personal Service	195,608	218,354	203,359	210,495	(7,859)	7,136
Total	<u>\$215,082</u>	<u>\$240,078</u>	<u>\$223,163</u>	<u>\$230,509</u>	<u>(\$9,569)</u>	<u>\$7,346</u>
<i>Funding</i>						
City	\$150,888	\$164,686	\$162,889	\$166,132	\$1,446	\$3,243
Other Categorical Grants	5	5	—	—	(5)	—
Capital IFA	—	—	—	—	—	—
State	20,536	23,450	19,662	19,662	(3,788)	—
Federal						
• JTPA	—	—	—	—	—	—
• CD	691	492	362	4,452	3,960	4,090
• Other	42,403	50,926	40,031	40,031	(10,895)	—
Intra-City Other	559	519	219	232	(287)	13
Total	<u>\$215,082</u>	<u>\$240,078</u>	<u>\$223,163</u>	<u>\$230,509</u>	<u>(\$9,569)</u>	<u>\$7,346</u>
<i>Personnel (at fiscal year-end)</i>						
City	138	148	146	149	1	3
Non-City						
• JTPA	5	—	—	—	—	—
• CD	—	—	—	2	2	2
• Other	218	269	234	234	(35)	—
Total	<u>361</u>	<u>417</u>	<u>380</u>	<u>385</u>	<u>(32)</u>	<u>5</u>

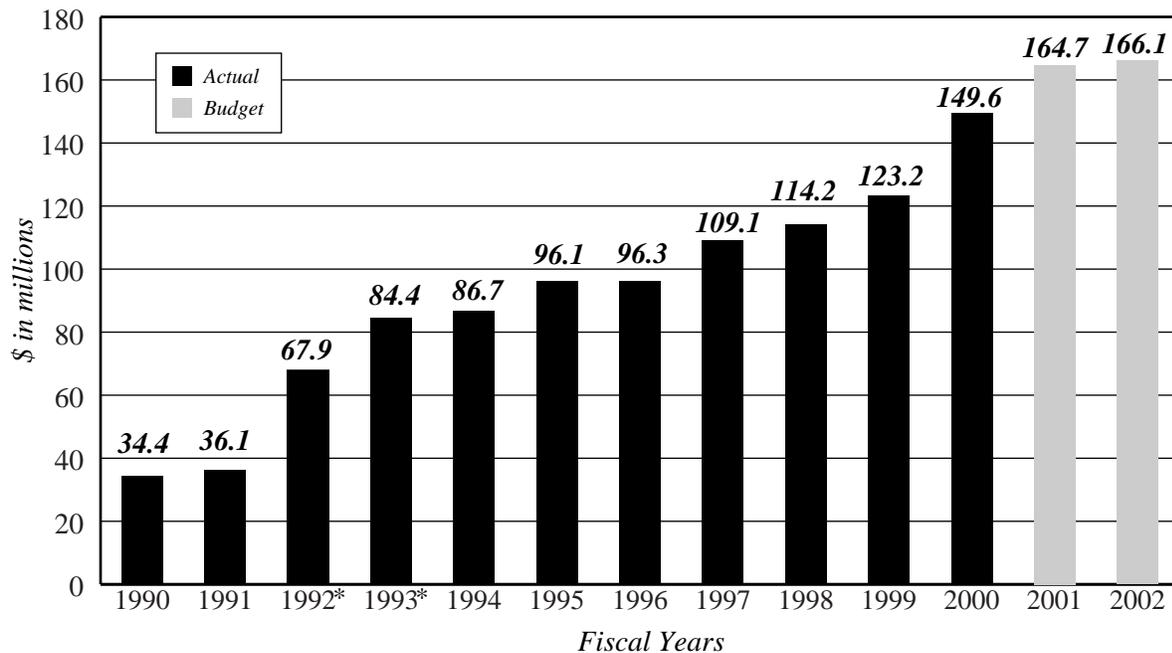
Programmatic Review

In 2002, DFTA will continue to provide services to elderly New Yorkers through a network of 340 senior centers, which serve over 165,000 of the City's elderly. The Department will also provide congregate and home-delivered meals to seniors throughout the five boroughs. Over four and one half million home-delivered meals (including over one million on weekends and holidays) and over nine million congregate meals will be served.

The Department's Senior Citizen Rent Increase Exemption Program (SCRIE) subsidizes the annual rent increases of over 45,000 elderly households through property tax abatements to the owners of more than 27,000 buildings participating in the program. In an ongoing effort to inform the public, the Department has distributed over 200,000 copies of "Your Guide to the Senior Citizen Rent Increase Exemption (SCRIE) Program" to tenants, building owners, elected officials, and community-based service organizations.

The Department manages a number of additional programs that assist elderly New Yorkers including homemaking, housekeeping and social adult day care services for homebound and frail seniors and case management and transportation services to meet special and recurring needs. The Department supports funding for 28 NORC's (Naturally Occurring Retirement Communities), which provide on-site services in complexes with large numbers of elderly residents. Seniors are also engaged in activities with younger New Yorkers through the Department's Foster Grandparent and Intergenerational programs.

DEPARTMENT FOR THE AGING: HISTORICAL TAX - LEVY SPENDING



* Reflects transfer of 177 senior centers from HRA between 1992 and 1993.

Ten Year Capital Strategy

The Department's Ten-Year Capital Plan totals \$43.9 million. Capital projects include the rehabilitation of facilities that provide services to the elderly, technology projects to improve operations and the enhancement of a computerized network to assist seniors to apply for entitlement and benefit programs directly at local senior centers.

Highlights of the Department's Ten-Year Capital Strategy include:

- renovations of senior centers citywide (\$30.3 million).
- support for computer systems projects including the Provider Data System (PDS) and Uni-form Benefits Assessment System. These systems will streamline the application and certification process for senior citizen entitlement benefits. In addition, the system will provide the Department with a reliable client database (\$2.8 million).
- conversion of PDS and Uni-form to a web based platform (\$2.0 million).
- development of a Grants Management computer system to support performance-based contract monitoring and grant-related reporting requirements (\$2.2 million).

Capital Commitments

(\$000's)

	2000 Actual		2001 Plan		2002 Plan		2003 Plan		2004 Plan		2005 Plan	
	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds
Elec. Data Processing	\$1,344	\$1,344	\$2,175	\$2,175	\$3,920	\$3,920	\$1,721	\$1,721	\$1,000	\$1,000	\$1,000	\$1,000
Building Reconstruction . .	\$249	\$249	\$18,024	\$18,024	\$9,474	\$9,474	\$3,231	\$3,231	\$2,403	\$2,403	\$2,943	\$2,943
Total	<u>\$1,593</u>	<u>\$1,593</u>	<u>\$20,199</u>	<u>\$20,199</u>	<u>\$13,394</u>	<u>\$13,394</u>	<u>\$4,952</u>	<u>\$4,952</u>	<u>\$3,403</u>	<u>\$3,403</u>	<u>\$3,943</u>	<u>\$3,943</u>

DEPARTMENT OF HEALTH

The Department of Health (DOH) promotes and protects the health and quality of life of New York City residents by enforcing compliance with the City Health Code and operating a broad range of public health services. These include disease monitoring, control, and prevention, as well as health education, environmental health, infant mortality reduction, early intervention, and child health. In addition, the Department's Health Access Division is responsible for overseeing the implementation of mandatory Medicaid managed care in New York City through the monitoring and enforcement of contracts with managed care plans.

Financial Review

The Department of Health's 2002 Executive Budget provides for \$916.2 million, which is \$27.7 million less than the 2001 forecast. Additional funds of approximately \$72 million will be modified during the fiscal year when Federal and State award notifications are received.

Revenue Forecast

The Department of Health generates revenue from licenses, permits, inspections and service fees, and fines for violations of the New York City Health Code. The Department will generate \$35.8 million in 2002.

Expense Budget Highlights

Budgetary Priorities: Providing Core Services

- an increase of \$15.5 million for a new contract to provide correctional health services to inmates on Rikers Island.
- an increase of \$2 million to fund two major research studies on the impact of drug regimen compliance on heart disease and treatment options for men at risk for prostate cancer.
- an increase of \$1.3 million to enhance the Comprehensive Arthropod-Borne Disease Surveillance and Control Program.
- an increase of \$558,000 to complete the evaluation phase of the Asthma Symptom Management and Referral Treatment demonstration project.

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

	2000 Actual	2001 Forecast	2002		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2001 Forecast	2002 Preliminary Budget
<i>Expenditures</i>						
Personal Service	\$198,547	\$216,171	\$231,028	\$224,400	\$8,229	(\$6,628)
Other Than Personal Service	593,578	727,779	604,535	691,835	(35,944)	87,300
.....						
Total	<u>\$792,125</u>	<u>\$943,950</u>	<u>\$835,563</u>	<u>\$916,235</u>	<u>(\$27,715)</u>	<u>\$80,672</u>
<i>Funding</i>						
City	\$361,296	\$439,408	\$452,524	\$456,543	\$17,135	\$4,019
Other Categorical Grants	76,813	88,377	101,636	101,461	13,084	(175)
Capital IFA	—	—	—	—	—	—
State	193,196	227,636	234,610	235,311	7,675	701
Federal						
• JTPA	—	—	—	—	—	—
• CD	—	—	—	—	—	—
• Other	159,981	183,993	45,468	120,009	(63,984)	74,541
Intra-City Other	840	4,536	1,325	2,911	(1,625)	1,586
Total	<u>\$792,125</u>	<u>\$943,950</u>	<u>\$835,563</u>	<u>\$916,235</u>	<u>(\$27,715)</u>	<u>\$80,672</u>
<i>Personnel (at fiscal year-end)</i>						
City	2,019	2,457	2,445	2,446	(11)	1
Non-City						
• JTPA	—	—	—	—	—	—
• CD	—	—	—	—	—	—
• Other	965	1,041	849	848	(193)	(1)
Total	<u>2,984</u>	<u>3,498</u>	<u>3,294</u>	<u>3,294</u>	<u>(204)</u>	<u>—</u>

Programmatic Review

The mission of the Department of Health is to protect and promote the health of the public through monitoring, prevention, and control activities for individuals, families, and communities in New York City. The Department prevents epidemics and the spread of diseases such as HIV/AIDS, sexually transmitted diseases (STD), and tuberculosis; protects against environmental hazards; prevents unintentional injuries; promotes and encourages healthy behaviors; responds to disasters and assists communities in recovery; and ensures the accessibility of health services.

Agency Initiatives

In 2002, the Department will intensify its efforts to reduce mosquito-borne diseases in New York City. This will be accomplished by implementing enhanced mosquito-borne disease surveillance and control activities, including: (1) intensive surveillance systems to detect mosquito-borne disease in mosquitoes, birds and mammals, and humans; (2) identification, reduction, and elimination of mosquito breeding grounds to reduce mosquito populations; (3) aggressive larviciding efforts to prevent the emergence of adult mosquitoes; (4) judicious use of adulticides when necessary; (5) evaluation of surveillance and control efforts, including the efficacy of pesticides; (6) continuing assessment of the effects of pesticide on the environment, including potential adverse effects on humans; (7) public education to enhance community awareness about the risks for mosquito-borne disease; and (8) professional education for health care providers. These activities will be partially supported by the Federal Centers for Disease Control and Prevention and the New York State Department of Health. The Department, under Section 11.03 of the Health Code, will require health care providers, laboratories, and others to report cases of arboviral diseases diagnosed or identified in New York City.

In 2002, the Department will continue its efforts to mobilize community partnerships to identify and solve health problems and to develop policies and plans that support individual and community health efforts.

The Department continues to expand the Childhood Asthma Initiative, which is now in its fourth year and is quickly becoming a national intervention model for urban settings. The initiative supports Citywide educational programs in high-risk neighborhoods, as well as surveillance and evaluation activities.

The Department is piloting the Asthma Symptom Management and Referral Treatment (SMART) program serving asthmatic children in East Harlem. This program identifies and shares critical asthma events, such as visits to school nurses or emergency rooms, with those who are involved in the management of the child's asthma in order to prevent the progression of symptoms and avert subsequent emergency room visits and hospitalizations. Follow-up care involves the mobilization of the child's "asthma team," which includes the child's primary care doctor and a community health outreach worker. The program, which began in the fall of 2000, will serve approximately 400 families in the coming year.

In 2001, the Department launched the Child Health Initiative, a program involving both Citywide and community-based efforts. The initiative, which will continue in 2002, aims to reduce childhood morbidity through a coordinated, integrated response to lead poisoning, asthma, vaccine-preventable diseases, and conditions affecting children.

Disease Intervention Services

The Department, consistent with Federal initiatives to eliminate tuberculosis in the nation, will continue its efforts to further reduce the incidence of tuberculosis in New York City. While the number of tuberculosis cases continues to go down – tuberculosis cases decreased by 55 percent between 1994 and 2000 - the program will increase its efforts to reach minority communities where significant numbers of the new tuberculosis cases are

being identified. The Department is planning for 140,200 tuberculosis visits in 2002 and will ensure that 90 percent of drug-sensitive patients and 80 percent of harder-to-reach, multiple drug-resistant patients complete treatment.

The Department, in its continuing efforts to control AIDS and HIV infection, will enhance health education and risk reduction services for young minority men who have sex with men (MSM) in 2002. Recent surveys conducted by the Department and others show an alarming increase in the proportion of young minority MSM recently infected with HIV. The number of deaths from AIDS in New York City decreased by more than 70 percent between 1994 and 2000, with a concomitant increase in the number of people living with AIDS to approximately 45,000.

The Department also noted an increase in syphilis among MSM in late 1998 and 1999 and will mount an aggressive campaign to control syphilis in MSM in 2002 as part of its syphilis elimination program. This initiative, which is designed to enhance awareness about syphilis, promote safer sex practices, and encourage screening for syphilis and other sexually transmitted diseases, will include a multi-media campaign and public and provider education.

In 2002, the Department will continue its efforts to enforce the State law requiring providers to report HIV-infected individuals, including their partners, and will offer HIV counseling and testing to those who are potentially at risk for HIV infection. As a provider of clinical services, the Department itself will continue to report HIV-infected clients who tested confidentially to the New York State Department of Health and will provide partner notification, counseling, and testing services to providers in the community upon referral of their clients for such services. The Department expects 50,000 visits to its testing sites requiring confidential counseling, testing, and partner notification.

From March 2001 to February 2002, the Department, with guidance from the HIV Health and Human Services Planning Council, will monitor the disbursement of \$119 million in Title I Ryan White Comprehensive AIDS Resource Emergency (CARE) funds.

Between 1995 and 2000, the number of new lead cases reported for New York City children dropped by 53 percent. In 2002, the Department will continue to work toward reducing the burden of lead poisoning in communities by: (1) conducting outreach and education; (2) providing medical case management for children reported as lead poisoned; (3) inspecting dwelling units where lead poisoned children spend significant time; and (4) assuring compliance of abatement through follow-up inspections. The Department will also expand its surveillance activities for lead by requiring laboratory tests analyzed in physician offices to be reported directly to the Department.

The Department recently launched the Hepatitis B immunization campaign in participating schools and will continue these activities through 2002. These activities, aimed at providing Hepatitis B immunization to children in the seventh grade who are now required to receive the vaccine as a condition for enrollment, include actively immunizing children against Hepatitis B in participating schools. Through walk-in immunization clinics and collaboration with public and private partners, the Department provides all other vaccines for children who need them. In 2002, the Department maintained its goal of having 100 percent of all public and private hospitals reporting to the Citywide immunization registry and ensuring that providers track their patients' immunization histories.

Family and Community Health Services

In 2002, the Department will enhance its focus on reducing disparities in healthcare in minority communities. These efforts will be coordinated through the newly organized Office of Minority, Immigrant, and Refugee Health. Working with other programs in the Department, the Office will address: (1) the high prevalence of HIV and sexually transmitted diseases; (2) high infant mortality rates; (3) high mortality rates secondary to malignancies;

(4) increased health complications of diabetes; (5) increased complications of cardiovascular disease; and (6) low immunization rates for influenza and pneumonia. The Office will also seek active participation of health care providers, community-based groups, and other entities, including faith-based organizations, in promoting health in minority communities.

The Department provides public health services in all public and selected nonpublic elementary and intermediate schools. These services include a comprehensive review of the child's medical condition, with special emphasis on conditions that may impair daily school activities, attending to emergencies, provision of medication and management of potentially handicapping conditions, vision and hearing screening, case management, and follow-up. The Department anticipates providing 4,000 new admission exams in 2002 and referring the majority of new school entrants to primary health care providers who will provide ongoing direct health care. The school health program will actively identify children in need of health insurance and refer or enroll them into Child Health Plus.

In 2002, the Department will increase its multi-media campaign against tobacco use and will widely publicize its toll-free "Quit Line." This telephone line provides assistance and referral to services for smokers who wish to stop smoking. The Department will also continue to work with selected facilities at the Health and Hospitals Corporation (HHC) in promoting smoking cessation in the community by offering smoking cessation services. In collaboration with the Department of Consumer Affairs, the Department will intensify its efforts to prevent the sale of tobacco products to minors.

In 2002, the Department, in partnership with the HHC, will launch an initiative to enhance knowledge about prostate cancer among minorities, promote screening, and provide management and referral to those in need of additional services. Other partners in this initiative will include academic medical centers engaged in various clinical trials for new treatment regimens for advanced prostate cancer.

The Department will continue its efforts to reduce the infant mortality rate, which fell to a record low of 6.8 deaths per 1,000 live births in 1998. However, infant mortality remains unacceptably high in certain neighborhoods in the City. In 2002, the Department will launch a comprehensive program to reduce infant mortality in selected neighborhoods. This initiative, which will focus on early identification of conditions that may lead to poor outcomes of pregnancy, will facilitate access to vital services for women and linkages to these services within the community. The Department anticipates providing 33,000 callers to the Women's Healthline with information about woman and infant health care and arranging 1,800 prenatal care appointments within three weeks of a pregnant woman's initial contact with the Department. The Department will also provide case management services to 1,410 high-risk pregnant women and infants.

The Department will ensure the provision of preventive services to children under the age of 18 through a contract with HHC. HHC plans to provide 163,000 child health clinic visits during 2002.

The Department will continue to administer the Early Intervention Program in partnership with the Department of Mental Health, Mental Retardation, and Alcoholism Services and HHC. This program is designed to: (1) create an efficient system for the early identification and referral of infants and toddlers under the age of three with developmental delays; (2) reduce the duplication of services; (3) provide more timely and efficient evaluation of young children; and (4) provide comprehensive services in a more natural setting for each child. Due to greater public awareness of the Early Intervention Program, children are being identified and referred to the program in larger numbers. As a result, the developmental potential of infants and toddlers is maximized. Since its inception in 1993, over 67,000 children have been referred to the Early Intervention Program. It is anticipated that approximately 15,500 additional children will be referred to the program in 2002.

In 2002, the Department will continue its efforts to meet the increased needs of the Universal Pre-Kindergarten Program, which mandates that all four-year-old children in New York State have the opportunity to access pre-kindergarten services. The Department expects to issue an additional 1,000 group day care permits and to maintain contacts with a total of 19,720 day care facilities. With funding from the State, the Department will increase the sample of family day care and group family day care facilities that it inspects from 10 percent to 20 percent in calendar year 2001.

Regulatory and Environmental Health Services

The Department is prepared to respond 24 hours a day to radiological, chemical, hazardous material, and food-borne illness emergencies.

In 2002, with support from the New York State Department of Health, the Department will enhance its drinking water monitoring program to ensure the safety of the drinking water supply. This enhancement will include intensive oversight of the New York City Department of Environmental Protection's water main replacement activities, plans for modifications of plant operations, biological and heavy metal monitoring programs, and cross-connection control activities. The Department will also enhance its monitoring for bacterial pathogens in drinking water at consumer access points.

In 2002, the Department plans to conduct 23,600 initial restaurant inspections. The Department will continue to conduct inspections of food service establishments in the evenings and on weekends, enabling the Department to enforce the Smoke-Free Air Act and to maintain a consistent presence in establishments that operate during nontraditional business hours. The results of the Department's restaurant inspections will continue to be accessible by the public through NYC Link.

In 2002, the Department will continue to implement the Enhanced Pest Control Program, which identifies strategic geographic areas with rodent problems and develops customized plans to address rodent infestation. These areas are identified through complaints from citizens, elected officials, and community boards, or by the Department based on the results of inspections and/or information about known chronic problem areas. Site-specific plans are developed and implemented within an appropriate time frame after the identification of critical geographic areas. In 2002, the Department anticipates making 16,000 inspections in response to complaints.

Health Care Access

This division is responsible for developing, implementing, and monitoring various initiatives for expanding the availability of critical health services.

The Division of Health Care Access oversees New York City's Medicaid managed care program in conjunction with the New York City Human Resources Administration and the New York State Department of Health. Mandatory enrollment of Medicaid clients began in August 1999 into the Phase 1 neighborhoods of South Brooklyn, Southern Manhattan, and Staten Island. Mandatory enrollment in the Phase 2 neighborhoods of Northern Bronx and Northeast and Central Queens will begin in early spring 2001. The Department will continue to execute contracts and contract amendments with Medicaid managed care plans and enforce the terms and conditions of managed care contracts. The Department will work with the State Department of Health and the New York State AIDS Institute to develop HIV Special Needs Plans (SNPs) for Medicaid recipients with HIV/AIDS. Enrollment into HIV SNPs is expected to begin in 2001.

The Department has also been working toward reducing barriers to health insurance coverage. The HealthPass program, which began in 2000 and is administered by the New York Health Purchasing Alliance, will continue in 2002 and will enable businesses with 50 or fewer employees to offer their staff a choice of health insurance plans and benefit options.

In addition, the Division of Health Care Access has been involved with the administration's HealthStat initiative to identify and enroll uninsured New Yorkers into health insurance. Through the newly created Health Insurance Services Unit, the Department is involved in the following activities: (1) outreach and referral – programs in the Department provide outreach to communities and make referrals for facilitated enrollment; (2) facilitated enrollment – trained enrollers assist families with the child health insurance application process; and (3) lead agency function – Department staff review and process all children's health insurance applications completed by facilitated enrollers at the Department and other City agencies.

Correctional Health Services

The Department continues to contract with HHC to provide health services to approximately 16,000 inmates daily. Services include new admission examinations, infirmary services, sub-acute treatment, preventive care, dental services, and prenatal services. These services are provided to inmates on Rikers Island through a subcontract with Prison Health Services, which began operations on January 1, 2001. This provider was selected through a request for proposals (RFP).

Office of the Chief Medical Examiner

The Office of the Chief Medical Examiner (OCME) operates an accredited Forensic Biology Laboratory that processes DNA evidence from over 3,000 homicide and sexual assault cases. The Laboratory also analyzes positive cases from 16,000 evidence kits of historical sexual assault cases held by the New York City Police Department (NYPD). These cases are tested by an outside laboratory for semen and retested by the OCME if positive indications of semen are found. In October 2000, the Laboratory opened a new evidence examination annex located on the fourth floor of the Bellevue Hospital Administration Building. This annex has enabled faster examination of evidence that has reduced the turnaround time for DNA analysis of sexual assault cases to an average of 30 days for regular cases and seven days for rush cases.

By the start of 2003, the OCME will expand its DNA laboratory with the opening of a new High Sensitivity Laboratory to be located on the ninth floor of the Bellevue Hospital Administration Building. This laboratory will isolate and profile small amounts of DNA found on a wide variety of evidence gathered from crime scenes, including various parts of stolen vehicles, telephones, doorknobs, cigarette butts, or soda cans. The laboratory will validate the methodology, procedures, and equipment needed to process 35,000 fingerprint cases. It will also provide the necessary training for a core group of scientists who will enable the laboratory to handle 70,000 fingerprint cases annually. The new laboratory will also include a program to train evidence collection teams from the NYPD on collection and evaluation methods for this type of analysis.

The High Sensitivity Laboratory will be the training ground for the staffing of a new DNA facility scheduled to open by the end of 2004. This new building will consolidate the three existing laboratories into a world class, custom-built facility for forensic DNA analysis. This twelve-story, 300,000 square foot building will be located on the campus of Bellevue Hospital. The new building will house the following expanded functions: (1) a new evidence delivery area capable of accepting over 100,000 pieces of evidence per year; (2) high-density storage systems to house 12 years of evidence as retained specimens; (3) an expanded casework laboratory to handle 16,000 cases annually, up from the current level of 3,000; (4) a total of 70,000 fingerprint cases, up from the 35,000 cases to be processed in the High Sensitivity Laboratory; (5) a high-volume, high-throughput exemplar laboratory to perform DNA profiling from blood and saliva taken from suspects, elimination samples, and postmortems; (6) a mitochondrial laboratory to perform DNA typing of hair samples in cases such as body identifications, where regular DNA from blood and semen is unavailable; (7) an in-situ laboratory that will use DNA testing of the brains and serum of deceased individuals to ascertain the level of pain, stress, or fear of homicide victims immediately before death; and (8) training facilities and conference rooms essential for supporting programs on proper evidence collection.

Capital Review

The 2002-2011 Capital Plan totals \$169.5 million for facility renovations and equipment.

Capital Commitments (\$000's)

	2000 Actual		2001 Plan		2002 Plan		2003 Plan		2004 Plan		2005 Plan	
	City Funds	All Funds										
Equipment	\$16,467	\$16,467	\$30,195	\$30,195	\$5,242	\$5,242	\$990	\$990	\$1,262	\$1,262	\$7,449	\$7,449
Renovation	7,080	7,080	22,856	22,856	31,821	31,281	21,952	21,952	22,726	22,726	23,094	23,094
Total	<u>\$23,547</u>	<u>\$23,547</u>	<u>\$53,051</u>	<u>\$53,051</u>	<u>\$37,063</u>	<u>\$37,063</u>	<u>\$22,942</u>	<u>\$22,942</u>	<u>\$23,988</u>	<u>\$23,988</u>	<u>\$30,543</u>	<u>\$30,543</u>

Highlights of the Ten-Year Plan include:

- \$35.7 million for the upgrade of the heating, ventilation, and air conditioning (HVAC) and fire alarm systems, electrical service, plumbing, and general conditions at the Department's Public Health Laboratory facility located at 455 First Avenue.
- \$31.8 million for laboratory equipment replacement.
- \$10.1 million for the construction of a free-standing mortuary at Kings County Hospital.
- \$7.6 million for computer replacement.
- \$7.6 million to complete Phase II of the renovation of the Jamaica Health Center, which includes the construction of a new tuberculosis clinic.
- \$6.3 million for the renovation of the Manhattanville Health Center.
- \$5.6 million for the renovation of the Center for Animal Care and Control (CACC) Manhattan shelter and acquisition of a Queens shelter.
- \$5.5 million for the renovation of STD clinics.
- \$3.9 million for vehicle replacement.
- \$3.0 million for a human surveillance system for vector control.

DEPARTMENT OF MENTAL HEALTH, MENTAL RETARDATION, AND ALCOHOLISM SERVICES

The Department of Mental Health, Mental Retardation, and Alcoholism Services (DMH) is a contracting and supervisory agency that plans, evaluates, and monitors mental health, mental retardation, alcoholism, and substance abuse services for New York City residents. The Department also provides court-ordered psychiatric evaluations through its criminal court mental health clinics. In addition, the Department funds public education, prevention services, and training while maintaining culturally responsive, cost-effective, and high quality care for its clients.

Financial Review

The Department of Mental Health's 2002 Executive Budget provides for \$585.4 million, which is \$25 million less than the 2001 forecast. Additional funds of approximately \$49 million will be modified during the fiscal year when Federal and State award notifications are received.

Eighty three percent of the Department's City tax levy budget funds programs provided by the voluntary service sector and HHC. The distribution of these funds among program areas is as follows: mental health, 39 percent; mental retardation, 15 percent; and alcoholism and substance abuse, 29 percent. The remainder is allocated to prison mental health, criminal court, and administration.

Expense Budget Highlights

Budgetary Priorities: Providing Core Services

- an increase of \$5.3 million for enhanced discharge planning services and community-based forensic LINK programs for mentally ill individuals released from the City's jails and courts.

Summary of Agency Financial Data

(\$000's)

	2000 Actual	2001 Forecast	2002		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2001 Forecast	2002 Preliminary Budget
			<i>Expenditures</i>			
Personal Service	\$12,776	\$12,999	\$12,887	\$12,887	(\$112)	\$—
Other Than Personal Service	493,681	597,390	568,575	572,502	(24,888)	3,927
Total	\$506,457	\$610,389	\$581,462	\$585,389	(\$25,000)	\$3,927
<i>Funding</i>						
City	\$69,186	\$97,368	\$102,611	\$96,302	(\$1,066)	(\$6,309)
Other Categorical Grants Capital IFA	—	—	—	—	—	—
State	159,919	190,346	118,486	123,140	(67,206)	4,654
Federal						
• JTPA	—	—	—	—	—	—
• CD	492	553	553	553	—	—
• Other	21,869	22,683	14,335	19,925	(2,758)	5,590
Intra-City Other	254,992	299,439	345,477	345,469	46,030	(8)
Total	\$506,457	\$610,389	\$581,462	\$585,389	(\$25,000)	\$3,927
<i>Personnel (at fiscal year-end)</i>						
City	138	157	159	159	2	—
Non-City						
• JTPA	—	—	—	—	—	—
• CD	—	—	—	—	—	—
• Other	82	99	82	82	(17)	—
Total	220	256	241	241	(15)	—

Programmatic Review

The Department of Mental Health, Mental Retardation and Alcoholism Services provides planning, funding, and oversight for the provision of mental health, mental retardation, alcoholism, and substance abuse services for New York City residents. In addition the Department funds public education, prevention services, and training while maintaining culturally responsive, cost-effective, high quality care for its clients.

The Department serves 388,000 patients annually through 333 contracts with voluntary mental hygiene service providers and the Health and Hospitals Corporation (HHC) facilities.

Mental Health

The Department plans and funds a variety of mental health services, including outpatient services to adults and families, outreach services, and services to special populations, including recent immigrants. The Department's priority services include programs for children and adolescents, the homeless, the severely and persistently mentally ill, and the mentally ill forensic population.

Mental Retardation and Developmental Disabilities

The Department plans and funds services for people with developmental disabilities, including mental retardation, cerebral palsy, epilepsy, autism, and other neurological impairments. The services provided to these populations include adult vocational programs, employment programs, diagnostic evaluations, clinic treatment programs, family support programs, counseling, after-school and weekend recreation and respite programs, special continuing education, sleep-away camp, transportation, information and referral, and public education. In addition, the Department will continue to administer the Early Intervention Program for toddlers under the age of three with development delays through an intracity relationship with the Department of Health (DOH).

Alcoholism

The Department plans and funds an array of services to assist individuals in need of alcoholism treatment, including inpatient detoxification, alcohol crisis centers, comprehensive outpatient services, and community residences. The priority populations include homeless persons, pregnant women, families, and adolescents.

Substance Abuse Services

The Department funds a variety of services to assist individuals in need of substance abuse treatment, including integrated outpatient services for adult substance abusers and mentally ill chemical abusers (MICA), family centered adolescent substance abuse and MICA treatment, and comprehensive integrated substance abuse services focusing on sobriety and employment readiness.

Performance-Based Contracting

The Department continues to implement performance-based contracting across all disability sectors. Currently, 100 programs are covered, including Assertive Community Treatment (ACT) teams, clubhouse programs, alcoholism treatment clinics, and vocational programs. In the next three months, an additional 100 programs will be covered, including mental health, intensive case management, supportive case management, Temporary Assistance to Needy Families (TANF), and forensic LINK programs, resulting in over 200 programs under performance-based contracts.

During 2002, the Department anticipates that 70 additional programs will be included in performance-based contracting, including supportive housing, children's day treatment, adult continuing day treatment, medically supervised outpatient treatment, and drug-free outpatient treatment.

Forensic Services

An additional \$5.3 million allocated to the Department's budget during the November Financial Plan will allow the Department to provide enhanced discharge planning services to mentally ill individuals released from the City's jails in order to facilitate linkages to community-based care.

In addition to expansion of jail-based discharge planning, these funds will also enable the Department to establish five court-adjacent Service Planning and Assistance Network (SPAN) offices where discharge plans can be developed or completed for individuals released from court.

Lastly, the additional funding will enable the Department to enhance existing community-based forensic LINK programs with 32 additional transition managers. Transition managers work closely with the jail-based discharge planners and clients to facilitate a smooth transition into the community following release from confinement. These transition services are provided in the community and are conducted on an intensive basis, for approximately two months, with less intensive follow-up conducted for two additional years.

Case Management Services

As part of a Statewide Office of Mental Health initiative, an estimated \$32.5 million of additional case management funding for adults and children will be allocated to New York City next year. An integral component of this initiative is the implementation of a Single Point of Accountability system. Under this initiative, services to high-risk populations, such as forensic and Assisted Outpatient Treatment clients, will be prioritized.

FIRE DEPARTMENT

The Fire Department is responsible for protecting the lives and the property of the citizens of New York City from fire, medical and other emergencies, and from building hazards. The Fire Department extinguishes fires, promotes fire prevention awareness, investigates suspicious fires, provides ambulance and pre-hospital emergency medical services, and inspects for building safety. The 362 fire companies provide fire and rescue services, while public outreach and enforcement of New York City's fire codes promote fire prevention. The Department's Fire Marshals investigate arson cases and apprehend perpetrators. The Bureau of Emergency Medical Services (EMS), assisted by the Certified First Responder – Defibrillation (CFR-D) trained personnel responding from Engine Companies, provide ambulance transport and pre-hospital emergency medical care. Building inspectors enforce the various building code regulations.

Financial Review

The Fire Department's 2002 Executive Budget provides for operating expenses of \$1.09 billion. This increase of \$22.7 million from the amount forecasted for 2001 is primarily due to the anticipated transfer of the building inspection program from the Department of Buildings to the Fire Department. Capital commitments of \$246.3 million are also provided in 2002. The increase of \$60.3 million is a 32.4 percent change from 2001 and includes funding for a new computer aided dispatch system, firehouse rehabilitation and renovation, EMS station construction, and new mandated firefighting and support vehicles.

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 doing business in New York City and to private fire alarm companies. In 2002, it is estimated that the Department will collect \$58.3 million in revenue that includes certain fees and permits formerly collected by the Department of Buildings.

Expense Budget Highlights

Budgetary Priorities: Providing Core Services

- an increase in firefighter availability, due to hiring over quota, to strengthen response to structural fires and to non-fire emergencies, such as hazardous materials spills.
- an allocation of \$0.6 million in 2002 to procure cold water rescue equipment, rebar cutters, and pharmaceuticals to maintain emergency readiness.
- the hiring of 150 Fire Cadets to improve minority recruitment and to enhance fire prevention programs citywide.
- the re-certification (CFR-D) training for First Responder firefighters, who respond to life-threatening medical incidents, citywide.

Streamlining

- the Department will outsource the Medical Necessity Review process for Ambulance Call Reports (ACRs).

- upon retirement, 75 uniformed personnel on extended limited duty assignments will be replaced by 75 civilians.
- thirty citywide administrative civilian positions, vacant due to early retirement, will be eliminated.

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

	2000 Actual	2001 Forecast	2002		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2001 Forecast	2002 Preliminary Budget
<i>Expenditures</i>						
Personal Service	\$987,994	\$981,775	\$987,816	\$1,001,617	\$19,842	\$13,801
Other Than						
Personal Service	90,352	84,393	79,591	87,255	2,862	7,664
Total	<u>\$1,078,346</u>	<u>\$1,066,168</u>	<u>\$1,067,407</u>	<u>\$1,088,872</u>	<u>\$22,704</u>	<u>\$21,465</u>
<i>Funding</i>						
City	\$1,003,941	\$996,406	\$992,520	\$1,014,626	\$18,220	\$22,106
Other Categorical Grants	72,213	67,306	72,120	72,445	5,139	325
Capital IFA	—	—	—	—	—	—
State	2,109	2,201	2,512	1,546	(655)	(966)
Federal						
• JTPA	—	—	—	—	—	—
• CD	—	—	—	—	—	—
• Other	83	255	255	255	—	—
Intra-City Other	—	—	—	—	—	—
Total	<u>\$1,078,346</u>	<u>\$1,066,168</u>	<u>\$1,067,407</u>	<u>\$1,088,872</u>	<u>\$22,704</u>	<u>\$21,465</u>
<i>Personnel (at fiscal year-end)</i>						
City	15,977	15,686	15,586	15,986	300	400
Non-City						
• JTPA	—	—	—	—	—	—
• CD	—	—	—	—	—	—
• Other	10	17	16	10	(7)	(6)
Total	<u>15,987</u>	<u>15,703</u>	<u>15,602</u>	<u>15,996</u>	<u>293</u>	<u>394</u>

Programmatic Review

In 2002, the Department expects that over one half of the responses by its fire companies will be to medical and other non-fire emergencies. Despite this increased response to medical and other non-fire emergencies, the Department's citywide response time to structural fires is estimated to be less than four and one half minutes. The Department anticipates that its ambulances will respond to over one million medical incidents in 2002.

Fire Extinguishment

The Fire Department provides fire and rescue operations via 203 Engine Companies, 143 Ladder Companies, seven Squads, five Rescue Units, three Marine Companies, and one Hazardous Materials Unit.

Emergency Medical Services

The Department continues to acquire sites throughout the City to be used as community-based EMS stations to increase ambulance availability. All ambulance personnel have been trained in asthma treatment. Engine Companies' personnel have received CFR-D training, and re-certification continues through 2002 for those whose initial certification will expire.

Fire Prevention and Building Safety

The Bureau of Fire Prevention is responsible for enforcing the City's fire codes through the inspection of public and private properties, and for providing fire safety education and community outreach. The recruitment of 150 Fire Cadets, who also perform fire safety instruction as part of their responsibilities, has augmented existing efforts. In addition, the Bureau will assume the responsibility for building safety, which is accomplished by the inspection of public and private properties for enforcement of the Building Code and the Electrical Code, the Multiple Dwelling Law, zoning regulations, and energy laws.

Fire Investigation

The promotion of 25 Firefighters to the rank of Fire Marshal in 2002 will improve efficiency in the Bureau of Fire Investigations.

Capital Review

The Capital Commitment Plan allocates \$683.0 million over the next ten years. This funding will be used for the purchase of firefighting apparatus, equipment and support vehicles, emergency medical equipment, and the upgrade and replacement of computer and communications systems. It will also fund the acquisition and construction of EMS ambulance stations, and the renovation and modernization of firehouses and training facilities.

Capital Commitments

(\$000's)

	2000 Actual		2001 Plan		2002 Plan		2003 Plan		2004 Plan		2005 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
Fire Alarm												
Communications	14,705	14,705	22,815	22,815	24,583	24,583	686	686	713	713	724	724
Electronic Data Processing	2,701	2,701	26,715	26,715	16,887	16,887	151	151	0	0	200	200
Reconstruction/Modernization of Facilities	22,695	22,695	100,239	100,239	143,700	143,700	18,193	18,193	19,573	19,573	14,166	14,166
Vehicles and Equipment . .	8,595	8,595	36,247	36,247	61,138	61,138	35,457	35,457	33,105	33,105	20,912	20,912
Total	<u>48,696</u>	<u>48,696</u>	<u>186,016</u>	<u>186,016</u>	<u>246,308</u>	<u>246,308</u>	<u>54,487</u>	<u>54,487</u>	<u>53,391</u>	<u>53,391</u>	<u>36,002</u>	<u>36,002</u>

Highlights of the Ten-Year Capital Strategy and 2002 Executive Budget

- the replacement of front-line firefighting apparatus according to mandated replacement cycles and support vehicles and equipment (\$349.5 million).
- the renovation of firehouse components such as apparatus doors, apparatus floors, boilers, electrical upgrades, kitchens, roofs, toilets, waterproofing, and windows (\$123.3 million).
- the complete restoration of nine firehouses (\$42.0 million).
- the construction of new joint firehouse and EMS stations in Staten Island (\$7.8 million) and Rockaway (\$8.6 million).
- the construction of new training facilities at Fort Totten (\$50.5 million).
- the purchase of communications equipment for the five borough communication offices and for the continued operation of the call box network (\$13.1 million).
- the procurement of a joint Fire/EMS Computer Aided Dispatching (CAD) system (\$12.0 million).
- the purchase and upgrade of computer equipment to support agency operations (\$5.3 million).

The 2002 Plan for the Department totals \$246.3 million and highlights include:

- the replacement of front-line firefighting apparatus and support vehicles and equipment (\$50.8 million).

- the replacement and upgrade of building components (\$14.9 million), the complete rehabilitation of three firehouses (\$16.5 million), the design for the rehabilitation of three additional firehouses (\$1.2 million), the construction of a new joint firehouse and EMS station in Staten Island (\$7.8 million) and Rockaway (\$8.6 million), and the renovation of the communications offices (\$26.2 million).
- the development of a joint Fire/EMS Computer Aided Dispatching (CAD) system (\$12.0 million).
- the purchase of new mobile radios for all front-line vehicles (\$15.0 million).
- the design and construction of new training facilities at Fort Totten (\$50.5 million).
- the upgrade of the Fire Prevention Information Management System (FPIMS) (\$4.4 million).
- the permanent installation of emergency generators in firehouses (\$2.2 million).

DEPARTMENT OF SANITATION

The Department of Sanitation is responsible for protecting the public health by maintaining and enforcing sanitary conditions through the collection, management, and disposal of municipal solid waste. The Department is one of the oldest, largest, and most diverse public solid waste organizations in the United States providing collection service to residents in the City's 59 Community Districts. The Department collects refuse and recyclables, cleans streets, disposes of waste, processes recyclables, removes snow, and enforces portions of the City's health and administrative codes.

Financial Review

The Department of Sanitation's 2002 Executive Budget provides \$986.2 million for operating expenses, an increase of \$44.4 million from the amount forecasted in 2001. This increase is primarily attributed to the cost of exporting waste. Capital commitments of \$292.8 million are also provided in 2002, an increase of \$75.3 million from the 2001 Plan amount.

Revenue Forecast

The Department of Sanitation generates revenues from privately bid contracts for the removal of abandoned vehicles from City streets and property, concession fees on methane gas extracted from the Fresh Kills landfill, the sale of recycled paper to private processors, and from an assortment of miscellaneous fees and minor sales. The Department's 2002 revenue estimate is \$10.1 million from these sources.

Expense Budget Highlights

Budgetary Priorities: Providing Core Services

- as of March 2001, the Department has completed all five phases of the interim waste export program diverting waste from all five boroughs from the Fresh Kills landfill, nine months ahead of the planned closure date of December 31, 2001.
- in November 2000, the Department secured City Council approval for the City's Comprehensive Solid Waste Management Plan (SWMP) Modification.
- as part of the SWMP Modification, an additional \$0.5 million has been provided for a preliminary Commercial Waste Study to provide information related to refuse tonnage, truck routes and the characterization of the commercial waste stream of private transfer stations.
- as part of the SWMP Modification, an additional \$5.2 million has been provided for advertising campaigns for education and outreach related to waste prevention and recycling.
- as part of the SWMP Modification, an additional \$6.3 million has been provided for a three-year pilot designed to reduce waste through recycling and waste prevention involving community-based coordinators whose focus will be low-diversion communities.
- as part of the SWMP Modification, an additional \$0.4 million per year and eight full-time personnel have been provided to the Permit and Inspection Unit (PIU) to increase the frequency of inspections of private transfer stations to enforce regulatory compliance of these facilities.

- as part of the SWMP Modification, an additional \$0.4 million has been provided for procurement training to educate agency personnel on increasing the City’s purchases of recycled-content and waste reducing products as well as other environmentally preferable goods and services.
- the Department maintains the ability to handle a major snow emergency.

Streamlining

- the Department continues its efforts to acquire dual-bin collection trucks for recycling collection in low-density communities and at New York City schools to increase the recycling diversion rate and to enhance collection productivity.

Summary of Agency Financial Data
(\$000’s)

	2000 Actual	2001 Forecast	2002		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2001 Forecast	2002 Preliminary Budget
<i>Expenditures</i>						
Personal Service	\$589,882	\$609,536	\$586,939	\$583,183	(\$26,353)	(\$3,756)
Other Than Personal Service	248,417	332,288	399,044	403,041	70,753	3,997
Total	<u>\$838,299</u>	<u>\$941,824</u>	<u>\$985,983</u>	<u>\$986,224</u>	<u>\$44,400</u>	<u>\$241</u>
<i>Funding</i>						
City	\$819,240	\$916,159	\$961,188	\$955,376	\$39,217	(\$5,812)
Other Categorical Grants	360	147	1,600	1,600	1,453	—
Capital IFA	5,893	8,468	6,321	11,908	3,440	5,587
State	—	—	—	—	—	—
Federal						
• JTPA	—	—	—	—	—	—
• CD	9,385	10,479	10,364	10,794	315	430
• Other	—	—	—	—	—	—
Intra-City Other	3,421	6,571	6,510	6,546	(25)	36
Total	<u>\$838,299</u>	<u>\$941,824</u>	<u>\$985,983</u>	<u>\$986,224</u>	<u>\$44,400</u>	<u>\$241</u>
<i>Personnel (at fiscal year-end)</i>						
City	9,684	10,324	10,014	9,793	(531)	(221)
Non-City						
• IFA	94	203	124	203	—	79
• CD	199	227	227	227	—	—
• Other	—	—	—	—	—	—
Total	<u>9,977</u>	<u>10,754</u>	<u>10,365</u>	<u>10,223</u>	<u>(531)</u>	<u>(142)</u>

Programmatic Review

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, Re-use, 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.

Planning for the Closure of the Fresh Kills Landfill

In the spring of 1996, Mayor Rudolph W. Giuliani and Governor George F. Pataki announced that the Fresh Kills landfill would close by the end of 2001 and established a joint Task Force. The Fresh Kills Task Force explored various options available to the City to reduce the use of the Fresh Kills landfill and develop a plan for its closure. The Fresh Kills Task Force Report provided various recommendations regarding the City's waste management programs such as reducing waste disposed at Fresh Kills, decreasing the City's waste stream, and exploring various recycling initiatives. The Department has allocated resources to implement these recommendations and programs.

The Department of Sanitation (DOS) is responsible for administering the City's waste management programs. The Department has developed both an interim and a long-term plan to meet the Fresh Kills closure mandate. DOS was disposing approximately 13,000 tons of waste per day at Fresh Kills at the end of 1996. The interim plan is a phased reduction of waste disposed at Fresh Kills through the use of private contracts to receive, transfer, and transport waste to out of City sites. The Department began this program in fiscal year 1998 and as of March 2001, the final phase of the interim waste export program was fully implemented. Therefore, all five boroughs are currently diverting a total of 11,600 tons of waste per day (based on fiscal year 2001 year-to-date information) from the Fresh Kills landfill. The borough of Queens, which was the last borough of the phased Waste Export program, was completed nine months ahead of the December 31, 2001 Fresh Kills closure deadline as the recommended date set by the Fresh Kills Task Force Report. The budget has been continuously evaluated and updated to reallocate funds required for this program.

Long Term Solid Waste Management

The Bureau of Long Term Export is responsible for analyzing, planning, and developing long-term waste disposal strategies for the City's waste. The Comprehensive Solid Waste Management Plan (SWMP) of 1992 (updated in 1996) included the City's ten-year solid waste management plan. The City is required, as part of the long-term plan, to amend the SWMP to reflect how it will manage its future waste disposal due to the closure of the Fresh Kills landfill.

In November 2000, the Department submitted a Draft Modification of the Comprehensive Solid Waste Management Plan (SWMP) and a supporting Draft Environmental Impact Statement (DEIS) to the City Council replacing the SWMP Draft Modification proposed in April 1998. The DEIS provides an evaluation of the potential environmental impact of the proposed long-term residential waste export program and feasible long-term export alternatives. On November 29, 2000 the City Council voted to submit the SWMP Draft Modification as amended to the State. On December 19, 2000 the Mayor signed into law Intro. 282-A, a bill to approve the submission to the State of the Comprehensive SWMP Draft Modification as amended. On February 27, 2001 the New York State Department of Environmental Conservation (NYSDEC) gave final approval of the City's SWMP Modification. Important elements of this plan are expanding waste prevention, recycling, and developing marine and rail based waste transportation options.

Design for the Staten Island Transfer Station project has been completed and is currently in the Uniformed Land Use Review Process (ULURP). This transfer station will provide the borough of Staten Island with the ability to transfer waste, collected by trucks, to freight containers for shipment out of New York City.

Bureau of Waste Prevention, Re-use, and Recycling

The Department continues its efforts to reduce the quantity of solid waste the City must dispose. The Department manages the largest and most aggressive recycling program in the United States.

The Bureau of Waste Prevention, Re-use, and Recycling studied and implemented many of the Fresh Kills Task Force recommendations. These include extensive educational outreach programs and the expansion of materials to be included in the City's recycling program. For example, the City expanded its recycling program to include mixed paper and household metal bulk collection. Also, pursuant to Local Law 59 of 1998, the City has expanded alternate week recycling collection to a weekly collection schedule in an effort to augment recycling participation and waste diversion rates. In April 2000, the Department implemented the final phase of weekly recycling, providing all New York City residents with weekly collection services. The Department also expanded its leaf and Christmas tree collection to increase composting. In September 2000, the Department convened a task force with the Board of Education to examine issues related to recycling in New York City schools. In January 2001, based on task force recommendations, the Department started a pilot for dual-bin recycling and refuse collection at public schools. As of April 2001, 362 New York City schools were receiving this service. In October 2001, the Department plans to implement dual-bin collection to include 699 schools citywide.

These efforts are evident in the City's diversion rates. For the first four months of 2001, the citywide diversion rate was 19.9 percent of the residential and curbside waste stream and 35.6 percent of the total Department managed waste stream (including recycled construction and demolition debris and tires). This represents a 0.7 percent and a 2.6 percent increase respectively, compared to the first four months of fiscal year 2000.

Bureau of Waste Disposal

The Bureau of Waste Disposal (BWD) is responsible for the receipt, transfer, transportation, and final disposal of approximately 12,000 daily tons of residential and institutional waste through its waste export contracts. As a result of refuse diverted from the landfill, workload reductions have occurred at the marine transfer stations and at the Fresh Kills landfill. Staffing levels at these facilities have been reduced through attrition and redeployment to other divisions.

BWD is also responsible for the Fresh Kills landfill closure activities. The Financial Plan includes funds for closure activities including the 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.

The 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. BCC provides refuse collection services two or three times a week depending on the population density of the community. Additional resources have been provided for this function due to increased travel time to export refuse to out-of-city private transfer stations and to ensure that collection schedules are completed on time.

The Financial Plan also includes additional resources for citywide weekly recycling collection. Due to the increase in recyclables collected, the Department will deploy additional trucks to ensure that collection schedules

are completed. The Department's pilot study of dual-bin collection trucks to pick up paper, metal, glass, and plastic in one collection truck has been successful in low tonnage districts. The Department has been expanding the use of dual-bin trucks in low-density districts to improve collection productivity.

In order to maintain street cleanliness, BCC deploys mechanical street sweepers to clean over 6,000 miles of streets. The Department deploys Work Experience Program (WEP) participants to assist in the cleaning of City streets. This initiative has contributed to an improvement in citywide street cleanliness. The Department's street cleanliness rating for the first four months of fiscal 2001 is 86.5 percent acceptably clean. BCC cleaning operations include supplemental cleaning of recreational areas and beaches (during the summer season), vacant lot cleaning, and the cleaning of illegal dumpsites.

The Department will continue the cleaning strategy embodied in Operation SLICE (Streets, Lots, Intensive Cleaning and Enforcement) to perform intensive street cleaning in problem areas citywide. In 2002, the Department will continue its enforcement efforts to maintain improved street and lot conditions and work closely with other City agencies to identify those properties that require better maintenance. Also, as part of the Mayor's ongoing effort to improve quality of life in the City, the Department implemented an Anti-Graffiti Program in 1999. The Department continues to keep all of its facilities, vehicles and equipment free of graffiti.

Support Bureaus

The Bureau of Motor Equipment (BME) provides services related to the acquisition, repair, and maintenance of the Department's motor equipment including collection trucks, street sweepers, salt spreaders, cranes, tractors, and other vehicles and equipment. BME operates an extensive repair and maintenance facility to ensure that equipment is available to implement the Department's operational functions. This Bureau researches and develops equipment specifications to improve productivity, vehicle design, and alternative fuel vehicles.

The Bureau of Building Maintenance continues to provide facility management services. BME provides maintenance and emergency repair work for the Department's 204 facilities.

Capital Review

The Department's 2002-2011 Ten-Year Capital Plan totals approximately \$2.9 billion. The Ten-Year Capital 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. Sanitation's Capital Budget consists of two major components – garage construction and rehabilitation, and equipment purchases. These two major programs represent 81 percent of the total 2002-2011 Ten-Year Capital Plan.

The Department supports its collection and cleaning operations through its garage program. The garage program will be expanded and developed to compliment the size of the Department's fleet and work force. Garages and facilities will be constructed and rehabilitated in all five boroughs. The Department continues to replace equipment, in accordance with established replacement schedules, including collection trucks, dual-bin trucks, mechanical brooms, and salt spreaders in order to support operations.

The Department's Capital Plan includes funding for the rehabilitation of its marine infrastructure. Associated with this funding and in accordance with the Long Term Solid Waste Management Plan, five Marine Transfer Stations including West 135th Street, East 91st Street, and West 59th Street in Manhattan, Hamilton Avenue in Brooklyn, and North Shore in Queens will be renovated in order to facilitate and support the long-term waste export plan.

In order to reduce the amount of solid waste to be disposed, the Department supports recycling projects. The Capital Plan provides funds to increase the City's composting capabilities by developing sites for composting.

The table below shows capital commitments by program area over the 2000-2005 period.

Capital Commitments
(\$000's)

	2000 Actual		2001 Plan		2002 Plan		2003 Plan		2004 Plan		2005 Plan	
	City Funds	All Funds										
Bureau of Waste Disposal .	8,150	8,150	-7,320	-7,320	30,607	30,607	39,709	39,709	10,000	10,000	15,318	15,318
Solid Waste Management Plan	315	315	1,268	7,518	5,525	5,525	0	0	0	0	12,500	12,500
Garages	41,818	41,818	111,125	111,125	179,489	179,489	16,913	16,913	224,200	224,200	213,568	213,568
Equipment	147,330	147,330	99,217	106,217	77,189	77,189	80,082	80,082	82,096	82,096	87,996	87,996
TOTAL	<u>197,613</u>	<u>197,613</u>	<u>204,290</u>	<u>217,540</u>	<u>292,810</u>	<u>292,810</u>	<u>136,704</u>	<u>136,704</u>	<u>316,296</u>	<u>316,296</u>	<u>329,382</u>	<u>329,382</u>

Highlights of the Ten-Year Capital Strategy and 2002 Executive Capital Plan

- construction of the Southwest Brooklyn Marine Export Facility (\$31.7 million).
- rehabilitation of and improvements to the Marine Transfer Stations in accordance with the Long Term Solid Waste Management Plan (\$204.6 million).
- construction of various garages (\$808.9 million), including the construction of the Queens 14 garage (\$30.4 million), Manhattan 4/4A/7 garage (\$121.5 million), Manhattan 6/8/8A garage (\$123.4 million), Brooklyn 13/15 garage (\$65.3 million), and Brooklyn 3/3A garage (\$49.6 million).
- rehabilitation of garages and various facilities (\$547.7 million).
- replacement of collection trucks and mechanical brooms in accordance with established replacement cycles (\$705.9 million).
- construction of new composting sites (\$22.0 million).

The 2002 Plan provides \$292.8 million including:

- replacement of collection trucks and mechanical brooms (\$54.8 million) and salt spreaders (\$4.6 million) in accordance with established replacement cycles.
- replacement of all other equipment (\$17.8 million).
- construction of Manhattan District 4/4A/7 garage (\$121.5 million).
- construction of Queens District 14 garage (\$30.4 million).
- rehabilitation of multiple garages and facilities, citywide (\$18.3 million).

- construction of the Staten Island Waste Export Facility (\$27.4 million).
- construction of salt sheds, citywide (\$1.2 million).
- construction of new composting sites (\$2.0 million).
- development of and improvements to technology and computer systems (\$4.0 million).
- site acquisition for Sanitation facilities (\$1.9 million).

DEPARTMENT OF PARKS AND RECREATION

The Department of Parks and Recreation maintains one of the oldest and largest municipal park systems in the country. The Department maintains 28,346 acres of developed, natural, and undeveloped parkland, which constitutes 13.7 percent of the City's landmass. The municipal park system includes 614 turf ball fields, 550 tennis courts, 33 outdoor swimming pools, 10 indoor swimming pools, 35 recreation centers, 14 miles of beaches, 13 golf courses, six ice rinks, five stadia, and four zoos. The Department is also responsible for 500,000 street trees and 2 million park trees.

The Department of Parks and Recreation provides recreation programs for all age groups at parks, playgrounds and indoor recreation centers citywide. Structured programs include basketball, track and field, softball, boxing and swimming instruction.

Financial Review

The 2002 Executive Budget for the Department of Parks and Recreation provides for operating expenses of \$194.1 million, which represents a net decrease of \$14.7 million from the amount forecasted in 2001. This decrease is primarily due to one-year grants and initiatives included in 2001, but not in 2002. Capital commitments for 2002 of \$282.1 million are also provided, a decrease of \$105.2 million from the 2001 capital plan of \$387.3 million.

Revenue Forecast

The Department of Parks and Recreation collects revenue from fees for the use of City tennis courts, ball fields, admission to the Kate Wollman skating rink, and revenue from stadium rentals and concessions on Parks property. In 2002, the Department will collect \$47.2 million from these sources, compared to \$55.0 million in 2001. Increased stadium rent collections in 2001, as a result of the successful baseball season, and additional concession revenue, from increased fees on bids, account for the change.

Expense Budget Highlights

Budgetary Priorities: Providing Core Services

- maintaining the City's parks, playgrounds, infrastructure, and safety equipment.
- operating pools and beaches, employing lifeguards at beaches and providing instructional and recreational programs.
- maintaining and operating recreation centers throughout the City.
- maintaining cleanliness and overall condition park ratings.
- maintaining funding subsidies for the Central Park, Flushing Meadows-Corona Park and Prospect Park zoos.
- maintaining a 10-year tree pruning cycle by continuing funding for climbers and pruners and supplemental contracts.
- coordinating with the United States Department of Agriculture and the New York State Department of Agriculture and Markets in fighting the Asian longhorned beetle by injecting 8,800 trees with insecticide.

Impact of Reducing the Size of Government

- reducing seasonal playground associates while continuing to provide recreational services to communities.
- reducing headcount through targeted early retirement incentives.

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

	2000 Actual	2001 Forecast	2002		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2001 Forecast	2002 Preliminary Budget
<i>Expenditures</i>						
Personal Service	\$146,281	\$150,864	\$139,636	\$142,270	(\$8,594)	\$2,634
Other Than Personal Service	51,796	57,957	48,940	51,818	(6,139)	2,878
Total	<u>\$198,077</u>	<u>\$208,821</u>	<u>\$188,576</u>	<u>\$194,088</u>	<u>(\$14,733)</u>	<u>\$5,512</u>
<i>Funding</i>						
City	\$163,828	\$164,017	\$152,077	\$157,589	(\$6,428)	\$5,512
Other Categorical Grants	4,812	5,784	—	—	(5,784)	—
Capital IFA	14,679	14,951	14,951	14,951	—	—
State	716	1,540	—	—	(1,540)	—
Federal						
• JTPA	—	—	—	—	—	—
• CD	3,364	5,637	5,304	5,304	(333)	—
• Other	252	573	—	—	(573)	—
Intra-City Other	10,427	16,319	16,244	16,244	(75)	—
Total	<u>\$198,077</u>	<u>\$208,821</u>	<u>\$188,576</u>	<u>\$194,088</u>	<u>(\$14,733)</u>	<u>\$5,512</u>
<i>Personnel (at fiscal year-end)</i>						
City	1,768	1,696	1,662	1,662	(34)	—
Non-City						
• IFA	222	296	296	296	—	—
• CD	35	76	76	50	(26)	(26)
• Other	—	—	—	—	—	—
Total	<u>2,025</u>	<u>2,068</u>	<u>2,034</u>	<u>2,008</u>	<u>(60)</u>	<u>(26)</u>

Programmatic Review

The Department of Parks and Recreation will focus on maintaining parkland, playgrounds, beaches, pools, recreational facilities, and street trees. Overall condition ratings for parks have increased over the last six years from 42 percent in 1994 to 85 percent in 2001. Cleanliness ratings of parks and playgrounds have improved from 74 percent in 1994 to 91 percent in 2001. An additional \$4.3 million has been allocated to augment maintenance and operations staff to continue to improve park ratings. This will increase to \$4.8 million in 2002, and the ensuing years. Rodent control remains a priority with continued efforts in inspecting reported infestations and performing site remediation. Finally, the Department has standardized and begun to collect special event fees to recoup the cost of cleaning, maintenance, and/or damages beyond the normal park usage. This new fee schedule will enable the Department to provide sufficient staff to maintain these parks.

Beginning this year, Parks will generate revenue from rent, naming rights and parking at the new minor league stadium in Coney Island. The new stadium will house the Brooklyn Cyclones, a minor league affiliate of the New York Mets.

Capital Review

The Ten-Year Plan totals \$1,024.9 million, including \$15.2 million of non-city funding. The table below shows capital commitments by program area over the 2002 - 2011 period.

Capital Commitments (\$000's)

	2000 Actual		2001 Plan		2002 Plan		2003 Plan		2004 Plan		2005 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	1,536	1,594	2,446	2,446	2,993	2,993	500	500	500	500	1,072	1,072
Land Acquisition and Tree Planting	8,818	9,151	21,331	22,838	8,193	8,492	7,000	7,000	8,000	8,000	8,820	9,640
Major Recreation Facilities	13,845	14,367	28,812	29,337	10,672	13,330	4,207	4,207	5,303	5,303	8,107	8,107
Neighborhood Parks and Playgrounds	49,692	51,567	123,085	124,825	70,173	73,708	14,500	14,500	13,000	13,000	13,986	13,986
Vehicles, Equipment and Facility Reconstruction	16,055	16,661	25,688	25,688	14,467	14,467	9,895	9,895	10,270	10,270	21,800	21,800
Large, Major and Regional Park Reconstruction	51,430	53,371	172,283	182,167	161,499	169,069	46,173	46,173	45,560	45,560	34,672	34,672
Zoos	0	0	0	0	0	0	1,935	1,935	0	0	0	0
Total	<u>141,376</u>	<u>146,711</u>	<u>373,645</u>	<u>387,301</u>	<u>267,997</u>	<u>282,059</u>	<u>84,210</u>	<u>84,210</u>	<u>82,633</u>	<u>82,633</u>	<u>88,457</u>	<u>89,277</u>

Highlights of the Ten-Year Capital Strategy and the 2002 Executive Budget

- reconstruction and replacement of safety surfaces, play equipment and paths (\$130.0 million).
- planting an average of 14,000 street trees per year (\$69.4 million).
- reconstruction of bridges within parks (\$49.5 million).
- rehabilitation of stadia (\$46.2 million).
- replacement of aging vehicles (\$42.7 million).
- replacement and upgrade of computer, information technology and communication systems (\$13.9 million).
- reconstruction of pools (\$10.7 million).
- reconstruction of roofs (\$10.1 million).
- replacement of boilers (\$10.0 million).
- construction of the Hudson River Park (\$98.0 million).

- transferring funds from the Economic Development Corporation for the construction of Brooklyn Bridge Park (\$43.8 million).
- reconstruction of East River Park including bulkheads along the waterfront (\$17.2 million).
- reconstruction of Conference House Park (\$10.9 million).
- construction of a park in the Bronx at Barretto Point (\$5.0 million).
- reconstruction of the Washington Square Arch (\$1.1 million).

DEPARTMENT OF ENVIRONMENTAL PROTECTION

The major functions of the Department of Environmental Protection (DEP) include the collection, storage and delivery of the City's water; the conveyance and treatment of stormwater and sanitary flow; the enforcement of air, noise and water use regulations; water use billing, revenue collection and customer service; the management of environmental issues and natural resource protection; and the construction and reconstruction of the related infrastructure. The City is reimbursed for the costs of operating the water and sewer system by the New York City Water Board and the Department's capital program is financed through the New York City Municipal Water Finance Authority.

Financial Review

The Department of Environmental Protection's 2002 Executive Budget provides \$677.7 million in operating expenses, an increase of \$27.2 million from the amount forecast in 2001. It also provides capital commitments of \$2.1 billion in Water Finance Authority Funds, \$8.7 million in City funds and \$76.6 million in State funds for a total of \$2.23 billion.

Revenue Forecast

The Department collects revenue from environmental quality permits, the sale of hydro-energy to upstate power utilities, property rentals, summonses adjudicated before the Environmental Control Board (ECB), and other fees. The revenue estimate from these sources for 2002 is \$46.9 million. DEP also collects the data used to generate bills for customers and collects water and sewer fees for the New York City Water Board.

The Bureau of Environmental Compliance, which deals with air, noise and hazardous materials, performs inspections, issues licenses and permits, and reviews technical plans related to asbestos control, air quality, and noise abatement laws. Combined, the 2002 revenue from these sources is projected at \$8.4 million. The Environmental Control Board will collect \$33.8 million in 2002, a decrease of \$8.2 million from 2001. This increase in 2001 is attributable to the clearing of a temporary backlog of non-compliance cases.

Expense Budget Highlights

Budgetary Priorities: Providing Core Services

- the Department will add thirteen new positions under Water and Sewer Operations to help maintain and improve operations of facilities that chlorinate the City's water supply (\$1.0 million).
- six positions will be added for cross connection inspections. These positions will provide blackflow inspections at high-risk facilities as a proactive measure to prevent waste from entering the water distribution system (\$0.2 million).
- an additional seven DEP Police Officer positions have been added for the purpose of patrol and protection of New York City's upstate watersheds and facilities (\$0.2 million).
- as a continuance of DEP's program for acquiring land around the upstate watersheds, the agency will extend the term of four positions on the Land Acquisition Team for three years and add two positions for the stewardship of newly acquired land (\$0.3 million).
- the Bureau of Water Supply will add a total of eleven positions for Regulatory Compliance issues and mandates set forth by the USEPA and NYSDEC within the upstate watersheds. The positions will oversee contracts and compliance monitoring (\$1.7 million).

- eight positions will be added to the Bureau of Water Supply to oversee and manage the contracts and upgrades of approximately 115 non-City owned wastewater treatment plants located within the upstate watershed. These positions will also review other watershed projects to ensure their compliance with stormwater regulations (\$0.4 million).

Productivity and Restructuring Initiatives

- the Department will evaluate various interim strategies that ensure continued compliance with current State nitrogen discharge limits prior to implementation of the City's long-term Comprehensive Nitrogen Management Plan for its wastewater treatment facilities. To ensure compliance DEP will hire twenty-six employees, at an annual cost of \$1.2 million, for various nitrogen removal projects.

Public/Private Competition

- DEP expects to expand its program to privatize the reading of water meters to the boroughs of Brooklyn, Manhattan, and Queens via cooperative agreements with public utilities or other contractors that will incorporate water meter readings as part of their operations. The reading of customers' meters in Staten Island and the Bronx will continue to be performed by private vendors.
- the Bureau of Water and Sewer Operation will contract with private vendors who will carry the materials from cleaning the City's 140,000 catch basins to landfills located outside of the City.
- the Department will continue to contract for sewer dragging services for Springfield Gardens in Queens and for the Third Avenue in Brooklyn to alleviate the accumulation of silt during 2002.
- the Department will continue managing its successful program regarding the disposal of dewatered sludge (or biosolids) produced from the City's wastewater treatment plants (WTPs). Through private vendors, the biosolids are transported throughout the country for beneficial use (i.e. compost and fertilizer).

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

	2000 Actual	2001 Forecast	2002		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2001 Forecast	2002 Preliminary Budget
<i>Expenditures</i>						
Personal Service	\$298,427	\$300,540	\$299,787	\$308,111	\$7,571	\$8,324
Other Than Personal Service	301,731	349,959	341,228	369,630	19,671	28,402
Total	<u>\$600,158</u>	<u>\$650,499</u>	<u>\$641,015</u>	<u>\$677,741</u>	<u>\$27,242</u>	<u>\$36,726</u>
<i>Funding</i>						
City	\$566,650	\$613,157	\$604,943	\$642,389	\$29,232	\$37,446
Other Categorical Grants	—	—	—	—	—	—
Capital IFA	32,396	35,580	35,580	34,860	(720)	(720)
State	247	353	—	—	(353)	—
Federal						
• JTPA	—	—	—	—	—	—
• CD	—	—	—	—	—	—
• Other	183	899	—	—	(899)	—
Intra-City Other	682	510	492	492	(18)	—
Total	<u>\$600,158</u>	<u>\$650,499</u>	<u>\$641,015</u>	<u>\$677,741</u>	<u>\$27,242</u>	<u>\$36,726</u>
<i>Personnel (at fiscal year-end)</i>						
City	275	286	286	290	4	4
Non-City						
• IFA	678	823	823	799	(24)	(24)
• CD	—	—	—	—	—	—
• Other	4,612	4,889	4,889	4,975	86	86
Total	<u>5,565</u>	<u>5,998</u>	<u>5,998</u>	<u>6,064</u>	<u>66</u>	<u>66</u>

Programmatic Review

Water Supply Strategies

The federally mandated Surface Water Treatment Rule (SWTR) requires all surface water providers to filter drinking water unless they can demonstrate that their supply meets increasingly strict federal standards without a filter system. In 1997, the U.S. Environmental Protection Agency (EPA) gave the City a five-year conditional waiver from a filtration mandate for the Catskill and Delaware water systems. A filtration plant for the Catskill and Delaware systems would cost over \$4 billion to construct. DEP continues to implement an innovative strategy to protect and monitor both the upstate source waters and the in-City distribution system. To preserve the source waters, the Department's plan includes purchasing environmentally sensitive land around the City's reservoirs, increasing water quality monitoring, upgrading City-owned and non-City owned WTPs, enhancing laboratory analysis, and improving agricultural and resource management practices. Within the City, the Department has focused on various programs to improve the distribution system by eliminating cross connections, improving valve maintenance, flushing mains, and increasing water sampling and laboratory analyses.

To aid with the enforcement of the Watershed Rules and Regulations, the City hired 70 additional watershed police officers during the past two years and seven new officers will be added during 2002. Presently these officers are divided among the City's three watersheds where they are presently enhancing security by guarding the reservoirs and aqueducts from potential polluters.

The Croton system did not receive a waiver from filtration and the City is under federal and state mandate to construct a water filtration plant. In February 2001, the New York State Court of Appeals ruled that New York City is required to obtain State legislation authorizing alienation of park land before it could build the Croton Water Treatment Plant beneath the Mosholu Golf Course and Driving Range within Van Cortlandt Park in the Bronx. This decision, reversing a lower Federal court decision which determined there was no alienation because the plant would be entirely below ground and parkland would be restored above it, will result in a delay in the construction of the Croton Plant. The City will be moving ahead on several paths simultaneously: seeking state legislation authorizing the City to construct and operate the plant at the Mosholu site; evaluating other siting alternatives; and evaluating when and how the Croton System will be used as part of the City's overall water supply and its effects on water quality.

In July 1998 Stage One of City Tunnel Number Three began transporting drinking water to New York City residents for the first time. Work continues on Stage Two and when completed in 2008, the Tunnel will enhance and improve the adequacy and dependability of the entire water supply system and improve service and pressure to the outlying areas of the City. It will also provide the opportunity for the Department to inspect and repair the other two tunnels, which have been in continuous service since their respective completions in 1917 and 1936.

Wastewater Treatment Initiatives

The renegotiated federal consent order governing the disposal of New York City's dewatered sludge (or biosolids) allows the City to replace its prior management program with an improved and more cost-effective program. Beginning in 1999, under the new program, DEP's biosolids disposal strategy has realized annual cost savings of approximately \$45 million while obtaining greater environmental benefits through increased recycling or reuse. The Department will continue managing this successful program in 2002, with 100 percent of its dewatered sludge beneficially used at a projected cost of approximately \$50 million.

According to a recent Harbor Survey issued by the Department, water quality in New York Harbor and its surrounding rivers continues to improve. The Harbor Survey has provided ongoing monitoring of water quality at 53 sampling stations throughout the Harbor since 1909. For example, coliform bacterial counts, which are indicators of sewage pollution, have continued to decline and, since 1993, compliance with New York State standards continues at the highest levels recorded by this program. Improvements have also been realized in the measure of dissolved oxygen (DO) in the City's surrounding waters. DO is a universal indicator of overall water quality in aquatic systems and its concentrations in most areas of the Harbor have been notably higher throughout the 1990s than in the prior decade. These improvements are primarily in response to the following Department initiatives: continued wastewater treatment plant (WTP) reconstruction and upgrades throughout the City; the abatement of illegal discharges; improved surveillance and sewer maintenance; decreased water consumption, and increased capture of wet weather flows.

Customer Services Programs

The Department services approximately 828,000 water and sewer customer accounts. Of these, approximately 714,000 are billed for water and sewer services based on metered consumption and 114,000 are billed on an annual flat-rate system. The accounts billed on a flat-rate basis include approximately 31,000 properties, which are already metered, but are being billed flat rate during a transition period which requires the owners to install water saving devices and conduct water leak audits.

As required by the NYS Department of Environmental Conservation and the NYC Water Board, the number of unmetered accounts has diminished each year as the Department progresses towards its goal of universally metering all properties. The major goals of universal metering include water conservation, improved water supply system management and rate equity. Owners of 43,000 unmetered properties were issued \$188.0 million in surcharges on July 1, 2000. Owners of properties that still have not taken steps to have meters installed will continue to be billed surcharges as part of their annual flat rate bills.

DEP has made significant progress in improving the quality of its water and sewer bills. The percentage of metered bills based on estimated consumption has been reduced from 42 percent to about 17 percent over the past 4.5 years. It is anticipated that DEP's plan to contract for meter reading services City-wide will further reduce the rate of estimated bills. Since customers are more likely to pay bills based on actual consumption, these improvements will continue to help DEP meet its collection targets each year.

The Department has expanded the use of private contractors to read water meters. After successfully privatizing meter reading in Staten Island and the Bronx, the Department plans to expand the program Citywide during 2002.

The Department's outreach program continues to offer communities an opportunity to have local meetings during which customers can speak directly with customer service representatives about their water and sewer bills, have inspections performed and billing adjustments made, and learn about water conservation. The meetings target customers from particular communities and focus on the needs of groups of customers with common concerns and interests including the needs of owners and managers of multiple dwellings, co-ops, and condos and non-English speaking customers.

DEP has improved convenience for customers paying their water and sewer bills by entering into an agreement with privately operated Neighborhood Payment Centers (NPCs). Previously, customers could pay by check or money order at one of the Department's five borough offices or by mailing their payments to a "lockbox". Now they can make payments by cash, check, or money order at NPCs. There are currently over 400 NPCs processing water/sewer payments.

DEP has enhanced the capabilities of its Interactive Voice Response (IVR) system so that customers now hear key information about their accounts including current balance due, payment received, and data from their last meter reading. In addition, customers may now view current charges, payments and bills for the last year on the City's NYCServe Website. During 2002 NYCServe will be enhanced to allow customers to pay their water and sewer bills on line with an electronic check or credit card.

The Department's conservation programs will also conduct 12,000 annual surveys for water leaks on customers' properties and supply low-flow showerheads and faucet aerators at no cost to its customers. Where leaks are detected and promptly corrected, customers may qualify for a "forgiveness" program that reduces increased charges caused by the leaks. The program was recently expanded to service both residential and commercial properties.

Environmental Compliance

The Bureau of Environmental Compliance responds to hazardous material emergencies, maintains a Citywide database of facilities containing hazardous materials under its Right-to-Know Program (RTK), monitors emissions and environmental impacts from alternative fuel vehicles, inspects in-progress asbestos abatements for all City-owned properties, investigates air quality and noise complaints, maintains four air monitoring stations on Staten Island, and assists environmental economic development.

In December 1996, the RTK Program was consolidated into the Division of Emergency Response & Technical Assessment (DERTA). This Division responds to hazardous material emergencies and inspects chemical facilities and locations with associated hazardous substance risks. Inspectors identify facilities, conduct investigations, and issue violations to non-compliant facilities and the Department maintains a Citywide Facility Inventory database. A Memorandum of Understanding (MOU) was reached between DEP and Con Edison in February 2001 which will allow DEP to inspect approximately 25,000 underground vaults with transformers and/or other equipment utilizing fluids which may contain polychlorinated biphenyls (PCBs), and approximately 20,000 pole-mounted transformers utilizing fluids which may contain PCBs.

The Asbestos Control Program (ACP) was created to certify asbestos handlers, provide telephone response service to contractors and the public, provide laboratory analysis of asbestos materials, and inspect asbestos remediation projects. ACP also inspects the cleanup of parks containing soil and dust contaminated by lead-based paint (LBP) from nearby bridges.

Other Services

Working with local businesses, the Department fosters economic development and environmental protection via its Environmental Economic Development Assistance Unit (EEDAU). This program promotes environmentally sound business practices and offers assistance to City businesses on issues relating to compliance and pollution prevention.

The Department continues to maintain a 24-hour complaint and emergency Help Center, which responds to infrastructure-related and quality-of-life complaints and monitors the Department's response to emergencies. Complaints are entered into the automated complaint system and electronically routed to field offices.

Capital Review

Overview

In total, the Ten-Year Capital Strategy provides \$9.3 billion from the following sources: \$8.9 billion in Water Finance Authority Funds; \$29.7 million in City funds; and \$346.6 million in State funds. The major elements of the Ten-Year Capital Strategy include:

- continuing construction of Stage Two of City Tunnel Number 3 for \$519.3 million. Work on this stage of tunnel construction will be in Queens and Manhattan. Stage Two is expected to be operational in 2008. Stage One went into operation in July 1998.
- allocating \$584.6 million for the continuation of programs upstate to enhance water quality, including the reconstruction of dams, watershed improvements, land acquisition and programs related to the Watershed Memorandum of Agreement.
- replacing and extending trunk and distribution water mains (\$803.1 million).
- construction of the Croton Water Filtration Plant (\$782.8 million).
- replacing and constructing sewers to improve and expand the collection and transport of storm and waste water (\$1.2 billion).
- upgrading the Newtown Creek Wastewater Treatment Plant to provide secondary treatment (\$955.6 million).

- stabilizing in-City wastewater treatment facilities that are in need of system-wide reconstruction to ensure their continued compliance with mandated permit requirements (\$1.7 billion).
- retrofitting wastewater treatment facilities and other related projects to reduce the amount of nitrogen discharged into New York Harbor, Jamaica Bay, and the Long Island Sound (\$144.2 million).
- reconstructing or replacing individual components at in-City wastewater treatment facilities to ensure their continuous and reliable operation (\$262.2 million).
- reconstructing in-City wastewater pumping stations, regulators, tide gates, and force mains to minimize leakage or back-ups in the sewer system (\$178.1 million).
- implementing initiatives that address water quality problems attributable to combined sewer overflow (CSO) discharges into the City's surrounding waterways during rainstorms. These include an estimated \$250.0 million in New York State funds, as part of the Clean Water/Clean Air Bond Act of 1996, for various water quality improvement projects that are included in the Ten-Year Plan (\$1.0 billion).
- remediating two closed City-owned landfills: Pennsylvania Avenue, and Brookfield Avenue Landfills. Pennsylvania Avenue is scheduled to be remediated in 2002 and will cost \$54.8 million: \$8.7 million in City funds and \$46.1 million in State funds. Brookfield Avenue is scheduled to be remediated in 2004 and will cost \$66 million: \$21 million in City funds and \$45 million in State funds.

Major projects scheduled for 2002 include:

- continuing the upstate land purchase program which will protect environmentally sensitive land around the City's reservoirs (\$37.7 million).
- construction of Hillview Chlorination Building for (\$42.0 million).
- continuing the construction for Stage Two of City Tunnel Number 3 for 2002 (\$88.8 million).
- replacing and constructing sewers (\$247.1 million).
- upgrading portions of the Newtown Creek Wastewater Treatment Plant (\$198.2 million).
- retrofitting wastewater treatment facilities and other related projects to reduce the amount of nitrogen discharged into New York Harbor, Jamaica Bay, and the Long Island Sound (\$18.2 million).
- reconstructing or replacing individual components at in-City water pollution control wastewater treatment facilities to ensure their continuous and reliable operation (\$79.9 million).
- reconstructing in-City wastewater pumping stations, regulators, tide gates, and force mains (\$123.0 million).
- construction of various water quality improvement projects (\$150.2 million) including: Alley Creek CSO (\$36.5 million), Flushing Bay CSO (\$50.0 million), and Paerdegat Basin CSO (\$78.4 million).
- remediation of a closed City-owned landfill at Pennsylvania Avenue (\$8.7 million G.O. funds and \$46.1 million State funds).

- \$25.0 million in New York State funds, as part of the Clean Water/Clean Air Bond Act of 1996, for water quality improvement projects in 2002.

The table below shows capital commitments by program area over the 2000-2005 period.

Capital Commitments

(\$000's)

	2000 Actual		2001 Plan		2002 Plan		2003 Plan		2004 Plan		2005 Plan	
	City Funds	All Funds	City Funds	All Funds								
Water Pollution	444,368	448,178	1,105,794	1,138,132	1,171,981	1,202,412	1,119,199	1,144,199	655,210	680,210	482,234	507,234
Water Mains	232,953	233,010	528,332	528,332	402,514	402,514	1,003,162	1,003,162	239,161	239,161	107,339	107,339
Sewers	251,491	251,625	175,406	176,011	247,192	247,192	200,625	200,625	108,203	108,203	98,812	98,812
Water Supply	97,265	97,265	169,993	169,993	112,771	112,771	272,000	272,000	430,000	430,000	46,800	46,800
Equipment	75,249	86,319	135,124	212,561	155,198	201,329	41,840	41,840	55,723	100,723	46,723	46,723
Total	<u>1,101,328</u>	<u>1,116,397</u>	<u>2,114,649</u>	<u>2,225,029</u>	<u>2,089,656</u>	<u>2,166,218</u>	<u>2,636,826</u>	<u>2,661,826</u>	<u>1,488,297</u>	<u>1,558,297</u>	<u>781,908</u>	<u>806,908</u>

The 2002-2011 Capital Strategy provides \$9.3 billion in funding. The major elements of the Ten-Year Plan are described below in the context of the four major program areas.

Water Supply

DEP provides water for consumption and fire fighting in the City, and in many upstate communities, by maintaining 18 reservoirs and three controlled lakes in three watersheds, with a storage capacity of about 550 billion gallons. A network of three aqueducts, three City water tunnels, and 106,312 hydrants, 94,358 valves and 6,794 miles of water mains are or will be used to convey water from upstate to distribute this water within the City and to several upstate communities. Highlights of the Ten-Year Capital Plan include construction on Stages One and Two of City Tunnel Number 3, the replacement and construction of distribution water mains and trunks and improvements to the water supply system upstate.

The Stage One portion of City Tunnel Number 3 is 13 miles long and directs water south from the Hillview Reservoir in Yonkers, under Central Park Reservoir in Manhattan, east under the East River and Roosevelt Island to Long Island City in Queens. Tunnel water rises via 14 supply shafts and feeds into the distribution system. Construction of Tunnel Number 3, Stage One for the Ten-Year Plan is \$332.3 million and includes funds for the reconstruction of the Hillview Reservoir designed to improve both the flow and the quality of water entering City Tunnels. Additional projects under Stage 1 include: reconstruction of the chlorination building, reconstruction of chambers and the design and construction of a concrete cover over the surface of the reservoir, as mandated by the EPA. The Ten-Year Plan forecasts \$519.3 million for continuation of the construction of Stage Two and consists of two sections: the Brooklyn/Queens section and the Manhattan section. The Brooklyn/Queens portion of Stage Two stretches from Redhook, Brooklyn to Maspeth, Queens. The Queens portion of Stage Two is being excavated. The remaining construction work is for various Shafts in Queens and Manhattan.

The Ten-Year Plan includes \$782.8 million for the construction of the Croton Water Treatment Plant. The plant will filter water from the East-of-Hudson watershed, which furnishes ten percent of the City's total drinking water supply. The start of construction was planned for 2001, but has been delayed due to a February 2001 New York State Court of Appeals ruling impacting the proposed site.

The Ten-Year Plan forecasts a total of \$803.1 million for the replacement and extension of 673.5 miles of trunk and distribution water mains. The Four-Year total is \$452.3 million and \$107 million is forecasted for 2002.

This effort will replace chronically failing six-inch water mains in Brooklyn and Queens (Manhattan and the Bronx are largely completed and six-inch replacements in Staten Island are outside the years of this Plan) and will include \$50.0 million for trunk main extension in the former Jamaica Water Supply Company service area in Queens.

The Ten-Year Plan provides an overall total of \$584.6 million for projects in the upstate watershed, of which \$515.4 million is scheduled for the first four years. DEP plans to commit \$204.8 million for the reconstruction of various City-owned dams. The City will spend \$87.7 million in the Ten-Year Plan to acquire environmentally sensitive land in the watershed region. In total, the City will spend approximately \$260 million to selectively acquire land, either through outright purchase or through conservation easements, within the watershed that contains streams, wetlands, floodplains and other areas that are critical to maintaining high water quality. In total, the City has acquired or entered into option agreements to acquire over 30,000 acres in the watershed.

Sewers

DEP operates and maintains over 6,400 miles of sanitary, storm and combined sewers. Approximately 70 percent of the existing system is composed of combined sewers that carry both storm and wastewater to the City's 14 wastewater treatment plants for treatment. The sewage collection system, which is divided into 14 drainage areas, also includes 131,243 catch basins and approximately 5,000 seepage basins to prevent flooding and sewer backups.

For the Sewer program, the Ten-Year Capital Plan allocates a total of \$1.2 billion for the replacement, construction and expansion of approximately 602 miles of the City's sewer system to improve the collection and transport of storm and wastewater. The Ten-Year Capital Strategy provides \$40.4 million for the programmatic replacement and reconstruction of deteriorating sewers Citywide. \$46.7 million is scheduled for the replacement and augmentation of sewers to enhance capacity where required by population increases and economic development projects. As required by the State's Clean Water Act, \$9.0 million is provided in 2003 for the construction of separate storm and sanitary sewers and the abatement of combined sewer overflows in the Coney Island drainage area. \$522.3 million is allocated for the replacement of sewers experiencing chronic malfunctions that may cause flooding or potential health hazards. The System will be extended into new areas that are currently underserved, primarily in Queens and Staten Island, for \$553.3 million.

During the Four-Year Capital Plan, approximately 329 miles of sewers will be replaced at a cost of \$652.8 million. Major projects include the installation of new sewers in the Springfield Gardens / Rockaway Boulevard area of Queens at a cost of \$53.2 million and the installation of new sewers in Vernon Avenue, Staten Island at a cost of \$11.6 million.

In 2002, the plan forecasts \$247.1 million in spending for the replacement and construction of approximately 112 miles of sewers, including \$18.0 million for sewers in Rockaway Boulevard, Queens and \$9.4 million for sewers in Chester Avenue in Staten Island.

Wastewater Treatment

DEP's Bureau of Wastewater Treatment operates 14 wastewater treatment plants (WTPs), one storm-overflow retention facility, 89 wastewater pumping stations, nine laboratories, eight sludge dewatering facilities and three inner-harbor sludge transport vessels. On average each day, these facilities treat approximately 1.3 billion gallons of dry-weather sewage and handle approximately 1,200 wet-tons of sludge. The Ten-Year Plan for Wastewater Treatment projects is \$4.3 billion, including \$250.0 million of State funds. The Four-Year Plan forecasts \$3.5 billion in funding for Wastewater Treatment projects including \$100 million in State funds.

Portions of the City's water bodies have been identified as having significant water quality impacts in part from combined sewer overflow (CSO) discharges. The Ten-Year Plan provides \$760.8 million for the study, design and implementation of CSO abatement projects that includes the following: Flushing Bay; Paerdegat Basin; Hunts Point; Alley Creek; Jamaica Bay (26th Ward); and the Gowanus Canal. These include \$250 million that the Department is forecasting in State funds, as part of the Clean Water/Clean Air Bond Act of 1996, for various water quality improvement projects. The Four-Year Plan provides \$698.3 million in total funding for various water quality improvement projects. The 2002 Capital Commitment Plan consists of: \$50.1 million for the continued construction of the Flushing Bay CSO Tank; \$78.4 million towards the construction of the Paerdegat Basin CSO Tank; and \$36.5 million to alleviate flooding and sewer discharges in the Alley Creek section of Queens.

The Ten-Year Plan has scheduled \$1.7 billion for the stabilization of wastewater treatment facilities that are in need of system-wide reconstruction to ensure their continued compliance with mandated permit requirements into the future. These facilities include the Bowery Bay, Wards Island, 26th Ward, Tallman Island, Jamaica, and Hunts Point WPCPs and the Spring Creek storm overflow retention facility. The Four-Year Plan includes \$1.3 billion for plant stabilization projects. The Capital Plan for 2002 includes \$200.8 million for improvements at Hunts Point WTP, \$143.0 million for improvements in the Jamaica WTP and \$111.8 million for improvements in Ward's Island WTP.

The Ten-Year Plan provides \$262.2 million for the reconstruction or replacement of individual components at DEP's sewage treatment facilities required for continued reliable operations. These components encompass valves, pumps, boilers, generators and other mechanical equipment. The Four-Year Plan provides \$164.2 million in funding for this function including \$79.9 million for various improvements in 2002.

The Ten-Year Plan allocates \$178.1 million for the reconstruction of wastewater pumping stations, regulators, tide gates, and force mains. The System's 89 pumping stations are used to convey wastewater over long distances, to drain low-lying areas, and to lift flows to WTPs. The Four-Year Plan includes \$154.5 million for this function including \$100.5 million forecast in 2002 for improvements to the Avenue V Pumping Station in Brooklyn.

The Ten-Year Plan includes \$1.2 billion for consent decree upgrading and construction projects for water pollution control facilities. The largest of these projects is \$955.6 million for the continued upgrade of the Newtown Creek WTP to provide full secondary treatment (\$2.2 billion total cost). The Department will also complete work at the North River, Owls Head and Coney Island WTPs. The Four-Year Plan includes \$874.1 million in funding with \$198.2 million forecast in 2002 for the Newtown Creek WTP upgrade.

The Long Island Sound Study (LISS) is a joint federal-state-local (the states being New York and Connecticut) program to identify the Sound's major environmental problems and to develop an appropriate management plan. The United States Environmental Protection Agency (USEPA) is the lead agency in the LISS, which has identified hypoxia, or low levels of dissolved oxygen, as the issue of greatest concern in the Long Island Sound. Hypoxia is the result of a chain reaction beginning with high levels of nutrients, largely nitrogen. In addition to natural sources, other nutrient sources include: effluent from sewage treatment plants, storm water run-off carrying lawn and agricultural fertilizers, organic materials, and air-deposited nitrate substances. The first phase of the Study has been completed and a Comprehensive Conservation and Management Plan has been adopted by the participants to reverse the adverse impacts associated with hypoxia in the Long Island Sound. The City has entered into agreements as part of its State Pollution Discharge Elimination System (SPDES) permits to undertake certain measures to control nitrogen levels. The Ten-Year Plan includes \$144.2 million for the Department's Biological Nutrient Removal (BNR) program, which provides for the retrofitting of its facilities and other related projects to reduce the amount of nitrogen discharged into New York Harbor, Jamaica Bay and the Long Island Sound. The Four-Year Plan consists of \$111.2 million for this function.

Equipment

The Ten-Year Plan totals \$506.7 million for this category that is funded as follows: \$30.1 million in City General Obligation funding, \$91.1 million in State funds, and \$385.5 million in Water Authority funding. The plan includes the remediation of closed landfills, water meter installation, vehicles, computer equipment, facility purchase and the relocation of utility mains for sewer and water projects.

The Department will continue installing meters for all 828,000 residential and commercial customers and replacing approximately 85,000 meters that were installed prior to the beginning of the Universal Metering Program in 1988 at a cost of \$67.6 million in the Ten-Year Plan. The meter program allows the Department to charge customers for actual usage rather than on an estimated usage based on property characteristics, thus providing more equitable billing, encouraging water conservation, and allowing better water management. An additional \$36 million is allocated for plumbing retrofit rebates for participants in the multiple dwelling conservation program, which is expected to begin in 2002.

DEP will remediate two landfills previously operated by the Department of Sanitation. As a result of past illegal dumping which occurred at these sites, they have been placed on the State list of inactive hazardous waste sites. DEP will supervise the remediation of Brookfield Avenue and Pennsylvania Avenue Landfills, which are both in the design phase for landfill caps, landfill gas collection and disposal systems and stormwater management systems. Remediation of Pennsylvania Avenue Landfill, scheduled for 2002, will cost \$54.9 million, of which \$8.7 million will be funded by City G.O. funds and \$46.2 million funded by State funds. Remediation of Brookfield Avenue Landfill, scheduled for 2004, will cost \$66.0 million, of which \$21.0 million will be funded by City G.O. funds and \$45.0 million funded by State funds.

DEPARTMENT OF TRANSPORTATION

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

Financial Review

The Department's 2002 Executive Budget provides for operating expenses of \$459.2 million, a decrease of \$54.4 million from the amount forecast for 2001. This decrease is primarily the result of Federal and State grants expiring at the end of 2001, but which are expected to be renewed during 2002. Capital commitments of almost \$1.5 billion are also provided for 2002, including \$401.3 million in Federal and State funding.

Revenue Forecast

The Department of Transportation collects revenue from parking meters and garages, franchises, concessions, street opening permits, and ferry vehicle fares. In 2002, it is projected that the Department will collect \$155.9 million in revenue, \$1.6 million less than in 2001. The decrease is attributable to the loss of revenue expected as several parking facilities are sold in 2001.

Expense Budget Highlights

Budgetary Priorities: Providing Core Services

- over \$28.6 million in 2002 for the operation of the Staten Island Ferry and private ferry service.
- funding of \$20.9 million for the maintenance of over 11,000 traffic signalized intersections, Citywide.
- an allocation of \$19.5 million for the maintenance of over 325,000 streetlights, Citywide.
- approximately \$11.5 million in 2002 for the maintenance and cleaning of the City's arterial highways.
- over \$14.9 million for the preventive maintenance, cleaning, and painting of the City's bridges.
- an allocation of approximately \$10.9 million to repair hazardous, or potentially hazardous safety and structural conditions on bridges, known as bridge "flags."

Streamlining

- a savings of \$694,000 annually resulting from the reduction of eleven Bridge operators made possible through the U.S. Coast Guard's approval of advance notice openings for a total of twenty-two mechanical waterway bridges. As a result, only three other bridges will require no advance notice for openings.
- a decrease of \$900,000 in ferry terminal repair costs realized through the advancement of the construction of a new Whitehall Ferry Terminal. The demolition of portions of the existing temporary facility is currently underway and the completion of the new terminal is scheduled for November 2003.

- a reduction of \$294,000 through the replacement of 27 street maintenance positions with seasonal positions. This replacement will provide the necessary personnel during the street resurfacing season only.

Restructuring

- a savings of \$325,000 in City funds resulting from the merger of ten positions in the Communications Center with the Traffic Management Center. This merger will enhance DOT's ability to respond to emergency situations through the use of its surveillance cameras and signal control and communication systems.
- a reduction of \$66,000 made possible by the replacement of guard services at the West 158th Street and Kew Loop Street and Arterial Maintenance facilities with other security measures.

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

	2000 Actual	2001 Forecast	2002		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2001 Forecast	2002 Preliminary Budget
<i>Expenditures</i>						
Personal Service	\$222,151	\$233,248	\$209,378	\$211,033	(\$22,215)	\$1,655
Other Than Personal Service	242,650	280,350	245,625	248,213	(32,137)	2,588
Total	<u>\$464,801</u>	<u>\$513,598</u>	<u>\$455,003</u>	<u>\$459,246</u>	<u>(\$54,352)</u>	<u>\$4,243</u>
<i>Funding</i>						
City	\$257,733	\$264,243	\$272,108	\$267,174	\$2,931	(\$4,934)
Other Categorical Grants	1,115	1,374	—	—	(1,374)	—
Capital IFA	44,784	82,201	86,303	84,521	2,320	(1,782)
State	89,342	61,413	33,844	42,748	(18,665)	8,904
Federal						
• JTPA	—	—	—	—	—	—
• CD	—	—	—	2,000	2,000	2,000
• Other	23,176	41,739	11,077	11,132	(30,607)	55
Intra-City Other	48,650	62,628	51,671	51,671	(10,957)	—
Total	<u>\$464,801</u>	<u>\$513,598</u>	<u>\$455,003</u>	<u>\$459,246</u>	<u>(\$54,352)</u>	<u>\$4,243</u>
<i>Personnel (at fiscal year-end)</i>						
City	1,874	1,990	1,986	1,814	(176)	(172)
Non-City						
• IFA	890	1,039	1,039	1,076	37	37
• CD	—	—	—	2	2	2
• Other	1,181	1,357	898	1,080	(277)	182
Total	<u>3,945</u>	<u>4,386</u>	<u>3,923</u>	<u>3,972</u>	<u>(414)</u>	<u>49</u>

Programmatic Review

Bridges

The Bureau of Bridges is responsible for the reconstruction, repair, maintenance and operation of 848 bridge and tunnel structures. In 2002, the Bureau of Bridges will be staffed with 841 positions and have an operating budget of \$57.7 million, a decrease of \$6.2 million from the amount forecast for 2001, due to the expiration of Federal grants which the City will re-apply for in 2002.

The Bridge program in the 2002 Executive Budget continues the City's commitment to preserve and maintain its infrastructure. The Bridge "Flag" Repair program corrects structural and safety deficiencies on bridges by using both in-house and contract forces. The Executive Budget provides \$17.8 million in 2002 for the "Flag" and Corrective Repair programs. Of that amount, \$4.3 million is provided for contracts to help reduce the backlog of "yellow" and "safety" flags and to keep current on all new occurrences of "red" flags. The in-house staff of over 170 positions for "flag" and corrective repair has been maintained at current levels. Flag Repair is also performed by the Department's Capital contractors doing large-scale reconstruction work on the East River Bridges. As a result of these combined strategies there is no backlog of the more serious "red" or emergency structural flags.

While the City is continuing to downsize its workforce, the preservation of its infrastructure remains a priority. The preventive maintenance program will have a workforce of 246 positions for the oiling, sweeping, cleaning, washing, electrical maintenance and spot and salt splash zone painting of the City's bridges. Operating in conjunction with the expense-funded program, the Capital Budget also funds large-scale bridge protective coating programs.

To complement the City's commitment to the bridge program, the Federal government will continue to pay for preventive maintenance tasks on the Manhattan, Williamsburg, Queensborough and Brooklyn Bridges while these four bridges are under capital reconstruction.

This continuing and expanding commitment to the City's bridge program, in conjunction with a Ten-Year Capital Plan of over \$6.0 billion and a Four Year Plan of \$3.1 billion, will result in an extensive bridge system in good condition, with lower future capital reconstruction costs, fewer emergency repairs, and a more cost effective maintenance and repair program.

Highway Operations

The Bureau of Highway Operations is responsible for maintaining approximately 5,700 linear miles of City streets and arterial highways. In 2002, this Bureau will be staffed by 983 full time and over 230 seasonal positions with a budget totaling \$92.8 million, a decrease of \$4.5 million from the amount forecast for 2001. This decrease is primarily attributable to Federal and State grants which expire at the end of 2001, but which the City will re-apply for in 2002.

The City will strive to ensure that its streets remain smooth through its in-house and contract resurfacing programs, with 211.3 linear miles (713.6 lane miles) to be resurfaced in 2002. The City also intends to repair approximately 25,000 small street defects in 2002, in addition to other street defects addressed in the street resurfacing program. Currently, over 84 percent of the City's 5,700 linear miles of street surfaces are rated in good condition.

In an effort to maintain the arterial highways within the City and increase community participation, the Department will continue its successful Adopt-a-Highway Program, whereby sponsors adopt up to 362 miles of

highway and contribute funding for the cleaning and maintenance of the roadside. In conjunction with City and private funding, the Department also utilizes State aid to perform both maintenance and safety structure repair activities. Currently, the Department cleans and maintains 200 miles of arterials annually with a staff of over 200.

Traffic Operations

The Bureau of Traffic Operations maintains and collects revenue from approximately 71,500 metered spaces, operates 58 municipal parking facilities, and installs and maintains approximately one million traffic signs, approximately 11,000 signalized intersections, and over 325,000 streetlights. The 2002 Executive Budget provides for 1,050 positions and \$169.7 million, a decrease of \$28.6 million from the amount forecast for 2001. As with the Highway Operations budget, this decrease is a result of Federal and State grants temporarily expiring at the end of 2001. The 2002 Executive Budget provides \$40.4 million for the continued maintenance of streetlights and traffic signals.

In an ongoing effort to enhance traffic safety, the City will continue an expanded Red Light Camera program in 2002. Designed to promote safe, responsible driving by photographing and fining vehicles "running" red lights, this program became fully operational in 1994 and was quickly expanded to its current level of 30 cameras. By the start of 2002, DOT will operate 50 cameras at various locations, Citywide. Due to its success in containing traffic violations, DOT is considering a further expansion of the program.

As part of its efforts to improve the flow of traffic through the City, DOT will install 50 video cameras at various intersections throughout the City. This will bring the total number of DOT operated cameras up to 100. By improving the City's responsiveness to accidents, breakdowns and other traffic blockages, this program will allow the City to ameliorate the effects of congestion. These additional cameras will improve DOT's ability to provide traffic reports (updated every 15 minutes) on its 1-800-DOT-MOVE public information line. Furthermore, as of January 2001, up to 24 locations monitored by these cameras have been available for public viewing on the DOT website for improved trip planning.

By increasing the number of streets checked regularly by the Highway Inspector Quality Assurance (HIQA) program, DOT will further reduce traffic congestion and improve the quality of street cut restorations. DOT plans to increase the number of streets monitored by HIQA inspectors from 70 percent to 100 percent of streets - thus creating a disincentive for illegal construction projects. This will have the benefit of reducing congestion due to illegal construction projects and reduce the number of potholes resulting from noncompliance with City regulations regarding utility street cuts.

Due to the success of the joint New York Power Authority/DOT pilot program for traffic signal red Light Emitting Diodes (LED's) in Queens, the Department has decided to proceed with the installation of an additional 48,500 red and green LED's in over 3,000 signalized intersections in Queens and Staten Island. After these high-efficiency bulbs have been fully installed, the City will save approximately \$1.6 million per year.

Transit Operations

The Bureau of Transit Operations operates and maintains the Staten Island Ferry and its terminals, regulates private ferry operations, provides school bus service for disabled pre-kindergarten children, and manages the subsidized franchise bus program. The 2002 Executive Budget provides for 540 positions and an operating budget of \$91.5 million, a decrease of \$11.8 million from the 2001 forecast. This decrease is a result of current Federal and State grants expiring at the end of 2001.

The Staten Island Ferry is expected to carry approximately 19 million passengers and approximately 360,000 vehicles. In addition, the Department anticipates that the Ferry program will achieve an on-time performance

rate of 96 percent. In addition, over eight million passengers per year are transported on privately operated commuter ferries.

The Bureau also manages the operating contracts, provides financial management and operating assistance, and administers the capital program for the subsidized franchise bus program. The program, which includes seven bus operators, provides local and express service in areas not covered by New York City Transit’s bus network. This system is expected to carry over 112 million passengers in 2002.

Since the introduction of “One City, One Fare” on July 4, 1997, which eliminated two-fare zones and established free intermodal transfers between the subsidized franchise buses and the New York City Transit (NYCT) system, and the more recent introduction of fare discounts and fixed price transit passes, mass transit ridership has increased significantly. Ridership on the subsidized franchise buses has, on average, increased approximately seven percent annually, which is slightly lower than ridership on the NYCT system, which has increased by approximately nine percent annually. The changes in fare policy have made mass transit more affordable for the riding public, and have significantly improved the overall efficiency and usage of the City’s transportation network.

The City currently owns two bus depots, located in College Point, Queens and in Southeast Brooklyn, that are equipped to fuel and maintain Compressed Natural Gas (CNG) buses. The City has committed to convert its entire fleet of 1,291 buses to CNG in efforts to minimize the environmental impact of diesel fuel emissions. Currently, 350 buses are CNG-fueled.

Capital Review

The Department’s 2002-2011 Ten-Year Capital Strategy totals \$10.6 billion for the reconstruction of transportation infrastructure, of which approximately 89 percent is City-funded. The table below shows commitments by program area over the 2000-2005 period.

Capital Commitments (\$000’s)

	2000 Actual		2001 Plan		2002 Plan		2003 Plan		2004 Plan		2005 Plan	
	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds
Highways and Streets	\$111,463	\$115,295	\$277,337	\$272,730	\$343,412	\$367,628	\$347,980	\$357,689	\$284,016	\$310,248	\$360,073	\$360,073
Highway Bridges	192,733	227,666	123,234	133,949	408,829	509,493	627,893	743,403	535,960	555,960	286,073	286,073
Waterway Bridges	82,454	86,360	170,394	312,764	98,915	143,915	191,871	201,871	463,772	463,772	131,334	171,334
Traffic	12,853	25,615	42,480	83,936	52,308	119,143	28,932	43,032	29,408	32,750	35,023	48,276
Vehicles/Equipment	7,547	7,547	4,007	4,007	38,608	38,608	4,795	4,795	10,413	10,413	6,424	6,424
Ferries	10,353	10,353	103,324	121,668	120,228	160,028	2,593	2,593	4,300	4,300	7,600	7,600
Franchise Transit	5,944	44,126	6,552	11,170	20,781	145,587	6,190	39,401	2,875	28,750	2,875	28,750
Total	<u>\$423,347</u>	<u>\$516,962</u>	<u>\$727,328</u>	<u>\$940,224</u>	<u>\$1,083,081</u>	<u>\$1,484,402</u>	<u>\$1,210,254</u>	<u>\$1,392,784</u>	<u>\$1,330,744</u>	<u>\$1,406,193</u>	<u>\$829,402</u>	<u>\$908,530</u>

The highlights of the Ten-Year Capital Strategy include:

- the continued reconstruction/rehabilitation of the four East River Bridges and the complete reconstruction/rehabilitation of 336 bridge structures. It also includes programs to resurface bridge decks, replace expansion joints and other bridge components, and apply protective coating treatments to prolong the useful life of City bridges (\$6.0 billion).

- the reconstruction and/or resurfacing of approximately 2,455 linear miles (8,163 lane miles) of City streets to maintain and improve their condition. In addition it provides for the installation of pedestrian ramps at 58,621 corners to increase accessibility for the disabled, and the reconstruction of 44.6 million square feet of sidewalk to reduce defects (\$3.6 billion).
- the modernization and computerization of the City's traffic signal network to improve traffic flow, the upgrade of the streetlighting system, the installation of pavement markings, and the reconstruction of municipal parking facilities (\$479.0 million).
- the replacement of two City-owned ferry boats, in addition to the replacement boat funded in 2001. Construction will continue at the new Whitehall Ferry Terminal and St. George Ferry Terminal will undergo major reconstruction (\$221.7 million).
- the purchase of CNG-fueled buses, equipment and the rehabilitation of bus facilities for the City's subsidized franchise transit program (\$242.5 million).
- the replacement of vehicles for field forces and the upgrading of computer equipment (\$113.8 million).

Bridges

The Final Ten Year Plan for the Bureau of Bridges totals almost \$6.0 billion, of which 90 percent is City-funded. The Plan includes \$802.6 million for the reconstruction of the East River Bridges, including \$257.5 million for the reconstruction of the Brooklyn Bridge, \$285.9 million for the Manhattan Bridge, \$141.3 million for the Williamsburg Bridge, and \$117.9 million for the Queensboro Bridge. The Ten Year Plan will complete the major reconstruction of all four East River Bridges.

In the four year period (2002-2005), the Bridge Program totals \$3.1 billion, of which 89 percent is City funded. The Four Year Plan provides \$621.6 million for East River Bridge reconstruction, including the rehabilitation of the superstructures of the Manhattan Bridge and the Williamsburg Bridge as well as the Brooklyn Bridge's protective coating and main approaches. Another \$1.7 billion is provided in the Four Year Plan to reconstruct 12 "poor" and 78 "fair" bridge structures, including the Willis Avenue Bridge over the Harlem River, the Roosevelt Avenue Bridge over the Van Wyck Expressway and nine Belt Parkway bridges. The Bridge Life Extension program, designed to address the capital needs of bridges before total capital reconstruction becomes necessary, will rehabilitate 64 bridge structures at a cost of over \$567.9 million. All bridge structures currently rated "poor" will be committed for reconstruction by 2004. In addition, \$150.9 million is provided to apply protective coating treatments to various highway and waterway bridges to preserve and enhance their condition.

The 2002 Capital Plan for Bridges totals \$653.4 million, including \$66.0 million for the protective coating of the Queensboro Bridge, \$58.1 million for the protective coating of the Brooklyn Bridge, and \$423.5 million for the reconstruction of 3 "poor" and 24 "fair" rated bridge structures, including the Third Avenue Bridge over the Harlem River and the Belt Parkway Bridge over the Ocean Parkway in Brooklyn.

Highways

The Ten-Year Plan for the Bureau of Highways totals \$3.6 billion of which 94 percent is City-funded. The Plan provides \$2.1 billion for street reconstruction of 346.6 linear miles (1,134.2 lane miles), and \$824.0 million for street and arterial resurfacing of 2,108.4 linear miles (7,029.5 lane miles). The Plan also provides \$200.0 million for the installation of pedestrian ramps at 58,621 corners. Another \$311.9 million is allocated for the replacement of over 44.6 million square feet of sidewalks, citywide.

The Four-Year Plan for the Bureau of Highways totals \$1.4 billion of which 96 percent is City-funded. The Plan provides \$792.7 million for street reconstruction of 145.6 linear miles (478.0 lane miles), and \$316.0 million for street and arterial resurfacing of 837.4 linear miles (2,798.6 lane miles). The Plan also provides \$80.0 million for the installation of pedestrian ramps at 24,653 corners. Another \$153.1 million is allocated for the replacement of over 21.9 million square feet of sidewalks, citywide.

The 2002 Capital Plan for Highways totals \$367.7 million and includes \$288.6 million for the reconstruction or resurfacing of 252.3 linear miles (844.7 lane miles) of streets, including the Throgs Neck area in the Bronx, Fifth Avenue in Brooklyn, and the South Beach area in Staten Island. In addition, the City is considering constructing a second asphalt plant in order to realize savings in asphalt purchasing contracts, as well as to avoid a portion of the costs associated with the disposal of asphalt millings produced by our in-house resurfacing crews. A second asphalt plant would also provide the environmental benefit of recycling approximately 87,000 tons of millings annually in the production of new asphalt.

Traffic

The Ten-Year Plan provides a total of \$479.0 million for construction projects supporting Traffic operations. Of this amount, approximately 78 percent is City funded. This Plan includes \$215.1 million for the maintenance, installation and computerization of the City's traffic signals and \$65.6 million for the maintenance and installation of streetlights. Additionally, the Plan includes \$125.8 million for streetlight and signal projects implemented in conjunction with the highway and bridge reconstruction program and \$15.0 million for the installation of pavement markings in conjunction with the in-house highway resurfacing program. The Plan also includes \$34.4 million for the replacement of electrical distribution systems and \$23.1 million for the reconstruction of City parking facilities.

The Four-Year Plan for Traffic totals \$243.2 million, of which 60 percent is City-funded. The Plan provides \$128.5 million for signal installations and maintenance, as well as the computerization and modernization of signalized intersections to improve the flow of traffic. The Plan includes \$34.1 million for the upgrade and replacement of lampposts and luminaries for lighting and safety, \$41.8 million for signal and streetlight work associated with the highway and bridge reconstruction programs, \$6.5 million for the installation of approximately 12 million linear feet of thermoplastic markings for traffic control in conjunction with the in-house resurfacing program, and \$11.1 million for the replacement of 123,000 linear feet of electrical distribution systems along the City's streets. In addition, the Plan includes \$21.2 million for the rehabilitation of six municipal parking garages and seven parking lots.

The 2002 Capital Plan for Traffic totals \$119.1 million. This includes \$15.6 million for the installation of approximately 1,000 lampposts and luminaries and the installation of signals at roughly 150 intersections. Additionally, the plan includes \$26.8 million for the final two phases of the Traffic Operations Program to Increase Capacity and Safety (TOPICS) IV initiative – which will connect 2,200 signalized intersections to DOT's signal control system in order to improve traffic flow and control in the outer boroughs. The plan also includes \$7.6 million for the replacement of 20,000 mechanical parking meters with electronic meters that will improve meter operability problems and make parking more convenient.

Transit

The Ten-Year Plan for Transit totals \$464.2 million, including \$221.7 million for Ferries and \$242.5 million for Franchise Transit. The Plan for Ferries, which is 82 percent City-funded, provides \$131.2 million for the reconstruction or replacement of ferry boats, and \$90.5 million for ferry terminal improvements, including \$17.6 million for the repair of ferry racks at St. George and Whitehall. The Four Year Plan for ferries totals \$174.5 million, including \$101.4 million for the reconstruction or replacement of ferry boats, and \$73.1 million for ferry terminal improvements, including \$7.8 million for ferry racks.

The 2002 Capital Plan for Ferries totals \$160.0 million, including \$89.5 million for the shipyard construction of two of the three Kennedy Class ferry boats. An additional \$40.0 million is provided in 2001 for the construction of the third boat. The 2002 Capital Plan also includes \$9.7 million for the continuing reconstruction of the St. George Ferry Terminal, \$7.9 million for the reconstruction of the ferry fueling facility, \$4.6 million for the rehabilitation of the St. George South Viaduct, \$4.4 million for the Battery Maritime Building, and \$1.5 million for private ferry slips.

The Ten-Year Plan for the Franchise Transit program, of which 13 percent is City-funded, provides \$205.9 million for the purchase and inspection of approximately 530 CNG buses, \$32.6 million for the construction and improvement of bus facilities, including \$24.0 million for the construction of three CNG fueling facilities, and \$4 million for other bus-related projects and miscellaneous equipment. All projects are scheduled during the Four-Year Plan period.

The 2002 Capital Plan for the Franchise Transit program totals \$145.6 million, including \$116.4 million for the scheduled purchase and inspection of over 325 CNG buses, \$4.3 million for the construction of a vehicle emissions lab in Brooklyn, \$2.8 million for design of a new bus depot in Queens, \$2.2 million for a mobility enhancement study and \$1.2 million for bus stop signs. The 2002 Capital Plan also includes \$15.9 million for the modification of two bus facilities to make them CNG compatible, pursuant to the City's policy of reducing diesel fuel emissions from City-owned buses.

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 and economic reintegration of communities with the greatest need. As reflected in the 2002 Executive Budget, the agency will stimulate the preservation and development of affordable housing through direct investment and the provision of loans and other forms of financial assistance. The agency will also continue to enforce compliance with housing quality standards and maximize neighborhood ownership and management of housing by soliciting local participation in its disposition and development programs. Two offices manage the bulk of the HPD's programs.

The Office of Housing Operations, comprised of six divisions, focuses its resources on the maintenance and upgrading of occupied residential properties, both privately-owned and City-owned *in rem* buildings, and addresses emergency repairs where necessary. The Division of Alternative Management Programs (DAMP) administers "Building Blocks!," the City's comprehensive neighborhood redevelopment initiative designed to encourage neighborhood revival by returning City-owned *in rem* buildings to responsible private owners. The Division of Property Management maintains the City's *in rem* housing until buildings can be returned to responsible private ownership. The Division of Maintenance addresses repairs in privately-owned buildings in response to emergency violations (including lead paint) issued by code inspectors if the landlord fails to perform the repair. This office also includes the Division of Code Enforcement (DCE) which enforces the City's housing code and assists owners in correcting hazardous conditions and code violations. The Division of Anti-Abandonment, whose primary goal is to prevent the abandonment and consequential City ownership of distressed buildings, implements the agency's PRO-Housing initiative, offering property owners education, investment, and enforcement – or three "Pathways to Responsible Ownership".

The Office of Development, through its three divisions, provides affordable housing opportunities by promoting the construction of new homes and apartments on formerly City-owned vacant land and by reconstructing and selling vacant and occupied buildings. Through various neighborhood initiatives and homeownership programs, the Division of New Construction builds new homes, making HPD the most prolific developer of affordable housing in the nation. To encourage private construction, rehabilitation, and economic development, the Division of Housing Finance provides loans for supportive housing development and uses a variety of tools, including Tax-Incentive Programs, low-interest loans, and Low Income Housing Tax Credit allotments. The Division of Housing Supervision regulates the approximately 60,000 apartments in 141 Mitchell-Lama rental and co-op housing companies.

The Office of Legal Affairs provides legal services in the Agency's pursuit of housing development and preservation. The Office of Planning and Intergovernmental Affairs, the Office of Community Partnerships, and the Office of Administration/Technical Services and Equal Opportunity provide support for the above programs.

Financial Review

The 2002 Executive Budget for HPD provides \$419 million for operating expenses as compared to \$402 million in 2001, an increase of \$17 million. Of the total operating expenses, \$115 million is for personal services and the remaining \$304 million is for other than personal services. Concurrently, the Four Year Plan allocates \$2 billion in capital to the City's housing programs over the period 2002-2005.

Revenue Forecast

HPD collects revenue from residential and commercial tenants occupying *in rem* buildings, from auctions, and from negotiated sales. HPD also collects fees for processing tax abatement and exemption applications,

multiple dwelling registrations, document searches, administrative costs, and the management of municipal and Mitchell-Lama loans. Revenues generated by the agency will be \$85.2 million in 2002, \$21.1 million more than the amount for 2001. The 2002 increase is primarily attributable to non-recurring revenue from negotiated land sales offset by the one-time collection of fees in 2001 from various programs. Additional decreases reflect reductions in *in rem* rental income due to the disposition of *in rem* units to the private sector.

Expense Budget Highlights

Priorities: Providing Core Services

The agency maintains core services in *in rem* property management, tenant-landlord assistance, housing maintenance code enforcement, development of new affordable housing, and preservation of privately-owned housing.

- 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 the life, health or safety of tenants.
- In an effort to expedite permanent placements for families who have been evacuated from their homes due to fire, demolition or unsafe building conditions, \$3 million has been added to HPD's emergency services bureau expense budget in 2002. This homeless diversion program will assist families, temporarily housed in HPD shelters, to reclaim their original apartments or to find alternate apartments in public housing or in the private market.
- In an effort to reduce future management costs and to improve the quality of occupied *in rem* housing, \$175 million is allocated in the capital budget for the agency's disposition programs in 2002. HPD has developed programmatic and financial mechanisms to accelerate the transfer of City-owned occupied buildings to tenants and neighborhood-based not-for-profit and for-profit housing organizations. These programs are Tenant Interim Lease (TIL), Neighborhood Entrepreneurs (NEP), Neighborhood Redevelopment (NRP) and Neighborhood Homes.

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

	2000 Actual	2001 Forecast	2002		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2001 Forecast	2002 Preliminary Budget
<i>Expenditures</i>						
Personal Service	\$111,346	\$115,196	\$114,336	\$115,151	(\$45)	\$815
Other Than						
Personal Service	272,790	375,275	217,436	303,589	(71,686)	86,153
Total	<u>\$384,136</u>	<u>\$490,471</u>	<u>\$331,772</u>	<u>\$418,740</u>	<u>(\$71,731)</u>	<u>\$86,968</u>
<i>Funding</i>						
City	\$65,749	\$69,535	\$63,552	\$67,741	(\$1,794)	\$4,189
Other Categorical Grants	—	—	—	—	—	—
Capital IFA	12,520	15,870	15,749	15,887	17	138
State	922	819	819	819	—	—
Federal						
• JTPA	—	—	—	—	—	—
• CD	149,671	227,970	175,398	176,423	(51,547)	1,025
• Other	137,460	162,115	66,267	147,904	(14,211)	81,637
Intra-City Other	17,813	14,162	9,987	9,966	(4,196)	(21)
Total	<u>\$384,136</u>	<u>\$490,471</u>	<u>\$331,772</u>	<u>\$418,740</u>	<u>(\$71,731)</u>	<u>\$86,968</u>
<i>Personnel (at fiscal year-end)</i>						
City	553	585	578	585	—	7
Non-City						
• IFA	264	375	373	375	—	2
• CD	1,183	1,348	1,348	1,348	—	—
• Other	465	403	402	403	—	1
Total	<u>2,465</u>	<u>2,711</u>	<u>2,701</u>	<u>2,711</u>	<u>—</u>	<u>10</u>

HPD's budgeted headcount of 2,711 positions is funded at \$115 million, \$27 million of which is City funds. Funding for other than personal services amounts to \$304 million, \$40 million of which is City funds.

Programmatic Review

HPD will implement a \$1.2 billion housing plan, comprised of three new initiatives, using City capital and other public resources to leverage private equity to create, rehabilitate, and preserve housing. The Vacant Buildings initiative projects to return 1,100 of the remaining 1,300 vacant City-owned *in rem* units to the private sector in 2002-2005. Over the same four year period, the Housing Preservation initiative will transfer 5,900 units in deteriorating, tax-delinquent buildings to responsible new landlords to prevent them from falling into City-ownership. The Mixed-Use initiative will expand the ANCHOR program to create 3,067 new units and 875,000 square feet of commercial space in mixed-use residential/commercial developments. This housing plan is conditioned on reforming the Department of Buildings and the Building Code, rezoning land for residential development, and eliminating organized crime influence from the construction industry.

Housing Operations

The Office of Housing Operations's Division of Property Management (DPM) will maintain an average of 7,413 City-owned *in rem* residential units in occupied multiple dwellings and in occupied one- and two-family homes in 2002. The workload is expected to decline by approximately 3,464 units during 2002 through disposition initiatives and other outtake mechanisms. DPM also relocates households and businesses pursuant to approved urban renewal plans.

The Division of Alternative Management Programs (DAMP) within the Office of Housing Operations promotes the rehabilitation, management, and ownership of occupied City-owned buildings by tenant, not-for-profit, and for-profit housing organizations. New emphasis has been placed on the privatization of City-owned housing units through a variety of sales and management mechanisms. DAMP also administers the Article 7A Program, which manages and funds necessary repairs for privately owned buildings that have been effectively abandoned.

The Division of Maintenance (DOM) enforces the City's housing code, assists small property owners with financial and maintenance issues, and assists owners in removing hazardous conditions. DOM enforces compliance with the City's housing code by responding to heat, hot water, and the most critical non-heat emergency complaints from tenants. Under DOM's Emergency Repair Program, the City corrects immediately hazardous conditions in private buildings where landlords have been negligent and places liens on properties for the cost of repairs, fuel deliveries, window guard installations, and lead paint abatement. Funding is provided in 2002 to respond to an estimated 69,000 emergency certifications and to issue approximately 18,000 repair orders.

The Office of Housing Operations also includes the Division of Anti-Abandonment (DAA) which, through the passage of Local Law 37, identifies, monitors and recommends treatment for distressed buildings. DAA, by coordinating the third party transfer process to convey approximately 5,900 units in tax-delinquent buildings to responsible new owners, will administer the new Housing Preservation initiative, for which \$278 million has been budgeted over 2002-2005. The DAA is also responsible for making loans to private owners for capital improvements through the Participation Loan Program and Article 8A programs.

The Division of Code Enforcement (DCE) enforces compliance with the City's Housing Maintenance Code and the New York State Multiple Dwelling Law and responds to complaints concerning possible housing violations such as the lack of heat, water, or electricity. DCE also provides emergency housing for victims of fires and other disasters. In 2002, field inspectors are projected to conduct an estimated 152,000 inspections, issue 290,000 violations (including over 15,000 lead paint violations), and reinspect 325,000 violations. In addition, DCE is budgeted at \$12 million in capital and expense funds to demolish and seal vacant and unsafe buildings.

Development

The Office of Development is responsible for HPD's housing production functions. Its Division of New Construction promotes the construction of new homes and apartments on formerly vacant City-owned land. Activity for 2002 includes the construction of over 1,500 units in new one- to three-family homes, multiple dwellings and mixed-use multiple dwellings. These owner-occupied housing units will be built on City-owned land with City capital subsidies for construction and associated costs. This Division will be responsible for the new Mixed-Use development initiative funded at \$332 million for the construction of mixed residential/commercial developments over the next four years. Through the Alliance for Neighborhood Commerce, Home Ownership and Revitalization (ANCHOR), HPD combines retail development along targeted commercial corridors with new housing construction to generate economic activity and provide neighborhood services in revived residential communities. HPD will also continue the development of long-term, large-scale projects for both homeowners and rental tenants in selected neighborhoods in Brooklyn, the Bronx, Manhattan, and Queens 2002-2005.

The Office of Development's Division of Housing Finance administers multi-family and small building disposition and loan programs. Through these programs, vacant City-owned buildings are rehabilitated and returned to the private housing market. This division is also responsible for the Supportive Housing Program, which over 2002-2005 will produce approximately 1,200 units of supportive housing for mentally-ill and low-income New Yorkers, as well as for people with HIV/AIDS.

Capital Review

The 2002-2005 Four Year Capital Plan for HPD is \$2.0 billion, including \$1.4 billion in City funding and \$539 million in non-City funds. The agency continues to use its City capital sources to leverage State and Federal funds as well as substantial private equity (which does not flow through the City's capital budget). The Four Year Plan reflects the City's continuing commitment to affordable housing by funding the creation and preservation of units in City-owned and privately-owned buildings.

Under the Four Year Plan, the City will continue to pursue the "Building Blocks!" strategy: the rehabilitation and sale of City-owned *in rem* residential buildings to responsible private owners, including tenant cooperatives, not-for-profit organizations, and local entrepreneurs. A total of \$843 million is provided to fund the occupied *in rem* programs under this strategy, namely TIL, NEP, NRP, and Neighborhood Homes. This allocation will promote the disposition of roughly 9,100 housing units to private owners over 2002-2005. Through the use of asset sales and the tax exemption certificate program, HPD will be able to transfer additional housing units to the private sector.

Vacant buildings seized through tax foreclosure will be returned to the private sector primarily through the newly initiated Vacant Buildings Program, while the existing HomeWorks and StoreWorks programs will continue through 2003. Fifty-two million dollars budgeted over the Four Year period in these three programs will produce roughly 1,300 rehabilitated owner-occupied residential, rental residential, and rental retail units.

Concurrently, the City will enhance its efforts to prevent abandonment of privately-owned buildings and forestall their entry into City ownership by investing \$531 million in programs providing financial and technical assistance to private landlords. The City will combine its current loan programs, such as Participation Loan (PLP), Article 7A (7A), Article 8A (8A), Small Homes Private (SHP), Home Improvement (HIP), and Senior Citizen Home Assistance (SCHAP), with the new Housing Preservation initiative. The Housing Preservation initiative will allow for tax delinquent property to be transferred to responsible new owners without the City taking title in the interim.

The Four Year Plan also includes funds for new construction projects to promote homeownership to families at various income levels. New Homes (NYC Housing Partnership) and Nehemiah provide for the construction of one- to three-family homes. The new Mixed Use program will fund new construction of mixed residential/commercial developments, producing roughly 3,000 rental residential units and 875,000 square feet of retail space. Along with ANCHOR, these programs form the basis for the new construction projects being built in conjunction with large-scale neighborhood redevelopment programs in Brooklyn, the Bronx, Manhattan, and Queens.

The table below shows capital commitments by Ten Year Plan category over the 2001-2005 period, including actual commitments for 2000.

Capital Commitments
(**\$000's**)

	2000 Actual		2001 Plan		2002 Plan		2003 Plan		2004 Plan		2005 Plan	
	City Funds	All Funds										
Occupied <i>In-Rem</i> Rehab/ Privatization	\$83,427	\$154,383	\$90,948	\$167,814	\$181,807	\$263,522	\$100,524	\$179,354	\$122,039	\$188,276	\$127,998	\$211,998
Vacant <i>In-Rem</i> Rehab.	1,161	852	13,469	13,779	15,740	15,740	12,100	12,100	9,000	9,000	4,500	4,500
New Construction.....	22,161	22,161	36,357	36,357	20,027	38,827	53,920	68,920	20,600	50,600	20,000	50,000
Neighborhood Initiatives	8,662	8,662	30,407	30,407	13,838	13,838	50,585	50,585	9,292	9,292	48,157	48,157
Assistance to Private Owners	46,821	154,383	111,576	161,759	120,899	187,642	126,035	155,187	132,852	160,235	175,460	175,460
Other Housing Support Investment	19,635	19,635	55,483	56,124	21,984	21,984	18,981	18,981	16,358	16,358	27,889	27,889
Total	<u>\$181,867</u>	<u>\$294,029</u>	<u>\$338,240</u>	<u>\$466,240</u>	<u>\$374,295</u>	<u>\$552,753</u>	<u>\$362,145</u>	<u>\$485,127</u>	<u>\$310,141</u>	<u>\$433,761</u>	<u>\$404,004</u>	<u>\$518,004</u>

The \$2.0 billion Four Year Plan emphasizes the following goals:

- Treatment and disposition of occupied, City-owned buildings — rehabilitation begins for approximately 3,800 units in 2002 through the privatization initiatives (\$264 million); 9,100 units will be rehabilitated in the 2002-2005 period (\$843 million).
- Reconstruction of vacant buildings — treatment in the 2002-2005 period of 1,300 City-owned vacant units under the Vacant Buildings, HomeWorks and StoreWorks programs (\$53 million).
- Assistance to private owners — the Housing Preservation initiative, PLP, 8A, 7A, SHP, HIP and SCHAP programs will allow the rehabilitation of 22,000 units in the private sector in the 2002-2005 period (\$531 million).
- Construction of new units — funding for the production of over 9,800 homeownership and rental units in the 2002-2005 period (\$323 million) under the new construction homeownership programs, including the large scale neighborhood projects.
- Production of supportive housing — funding for the creation of over 1,200 units for homeless and low-income single adults and persons with AIDS in the 2002-2005 period (\$130 million).

DEPARTMENT OF CITYWIDE ADMINISTRATIVE SERVICES

The Department of Citywide Administrative Services (DCAS) is the principal support agency for the City of New York. DCAS provides City agencies with various services, including personnel services, real estate services, facilities management, and municipal supply services.

The Department's personnel services include personnel development and training; civil service administration; the classification of positions and salary levels; and the formulation and administration of civil service examinations and license tests. DCAS is also responsible for the administration of the citywide internship and fellowship programs; and the oversight of the Citywide Equal Employment Opportunity program.

Furthermore, the Department provides facilities management and maintenance services for 49 City owned buildings, including court facilities and City owned piers. The Division of Real Estate Services (DRES) is responsible for the management of the City's portfolio of leased properties, including the acquisition, leasing and sale of non-residential real property.

The Department provides municipal supply services to agencies, citywide. Municipal supply services include the acquisition, testing, and distribution of supplies and equipment as well as the administration of the citywide vehicle fleet. DCAS is also responsible for the management and oversight of citywide energy conservation programs. Additionally, the Department manages the CityStore bookstore and publishes the City Record, the Green Book and other official City publications.

Financial Review

The 2002 Executive Budget for the Department of Citywide Administrative Services provides \$668.1 million, an increase of \$35.1 million above the amount forecasted for 2001. This increase is primarily attributed to increases and adjustments in intra-city sales and one-time savings achieved in 2001. The \$231.2 million DCAS Capital Commitment Plan for 2002 includes \$213.7 million for the Public Buildings program and \$17.5 million for the Real Property program.

Revenue Forecast

In 2002, DCAS will collect \$62.0 million in revenue, \$29.8 million less than the amount forecasted in 2001. The decrease is attributable to non-recurring revenues collected in 2001 for property sales, rents, sales of relinquished vehicles, and the sale of mortgages. The Division of Real Estate Services (DRES), the largest revenue generating component of DCAS, will collect \$44.4 million from land sales and rents from commercial properties.

Expense Budget Highlights

Budgetary Priorities: Providing Core Services

- The Department's 2002 Executive Budget provides a total funded budget of \$668.1 million. This includes \$453.8 million for goods and services that agencies purchase from DCAS through intra-city agreements for utilities, municipal supplies, etc.
- The Department's 2002 Executive Budget provides a total of \$569.3 million for the Division of Facilities Management and Construction (DFMC). DFMC maintains and operates 49 public buildings, including court facilities, and provides citywide energy management services. Included in the \$569.3 million is \$23.5 million in State funding, an increase of \$5.5 million from 2001, to provide cleaning services for court facilities.

- The Department's 2002 Executive Budget provides a total of \$14.7 million for the Division of Real Estate Services (DRES).

Summary of Agency Financial Data

(\$000's)

	2000 Actual	2001 Forecast	2002		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2001 Forecast	2002 Preliminary Budget
<i>Expenditures</i>						
Personal Service	\$78,992	\$82,467	\$84,927	\$88,409	\$5,942	\$3,482
Other Than Personal Service	485,546	550,495	509,637	579,704	29,209	70,067
Total	<u>\$564,538</u>	<u>\$632,962</u>	<u>\$594,564</u>	<u>\$668,113</u>	<u>\$35,151</u>	<u>\$73,549</u>
<i>Funding</i>						
City	\$111,873	\$109,744	\$115,954	\$121,390	\$11,646	\$5,436
Other Categorical Grants	46,456	57,517	46,158	58,380	863	12,222
Capital IFA	5,851	7,120	8,021	8,021	901	—
State	17,915	18,130	19,116	23,542	5,412	4,426
Federal						
• JTPA	—	—	—	—	—	—
• CD	2	560	—	1,000	440	1,000
• Other	1,163	2,502	2,000	2,000	(502)	—
Intra-City Other	381,277	437,389	403,315	453,780	16,391	50,465
Total	<u>\$564,538</u>	<u>\$632,962</u>	<u>\$594,564</u>	<u>\$668,113</u>	<u>\$35,151</u>	<u>\$73,549</u>
<i>Personnel (at fiscal year-end)</i>						
City	1,092	1,108	1,087	1,082	(26)	(5)
Non-City						
• IFA	107	153	121	153	—	—
• CD	—	—	—	—	—	—
• Other	256	435	408	497	62	121
Total	<u>1,455</u>	<u>1,696</u>	<u>1,616</u>	<u>1,732</u>	<u>36</u>	<u>116</u>

Programmatic Review

The Department is divided into the following five program divisions: the Division of Citywide Personnel Services (DCPS), the Division of Municipal Supply Services (DMSS), the Division of Facilities Management and Construction (DFMC), the Division of Real Estate Services (DRES), and the Division of Financial and Administrative Services.

Division of Citywide Personnel Management Services

The Division of Citywide Personnel Services (DCPS) is responsible for the classification of positions and salaries, civil service administration, personnel development and training, citywide redeployment, and other special programs such as the Employee Blood Program, the Urban Corps, Public Service Corps, and Leadership Institute programs. DCPS also offers Work Experience Program (WEP) participants the opportunity to learn clerical and office skills.

In order to simplify civil service job titles and streamline exam administration, DCPS is continuing its strategy to consolidate, reclassify, and broadband titles with overlapping functions. The Division continues its efforts to reduce, eliminate or combine civil service examinations for titles that require similar knowledge and skills. DCPS eliminated 14 competitive civil service titles thus far in 2001. In addition, the number of provisional employees citywide has dropped from 35,937 in January 1994 to the current level of 30,220 - a reduction of 16 percent. Examinations are administered by DCPS for city and non-city entities such as the Metropolitan Transportation Authority and the New York City Housing Authority. The preliminary plan for examinations in 2002 includes 95 civil service examinations and 30 license examinations. As of March, 66 civil service and 16 license exams were administered in 2001.

The Office of Citywide Equal Employment Opportunity (OCEEO), an office within DCPS, monitors compliance with the Citywide Equal Employment Opportunity (EEO) policy. The EEO policy requires agencies to conduct specialized training programs and document workforce composition. City agencies are required to report annually to OCEEO on compliance with the EEO policy. OCEEO carries out its monitoring function through training initiatives, agency site visits, and interviewing City personnel.

Division of Real Estate Services

The Division of Real Estate Services (DRES) offers real property services including broker services, site searches, lease services, and property acquisition for client agencies. This division also provides architectural design and project management services for client agencies in both DCAS managed and privately owned space. The Division manages and oversees approximately 20 City leases as well as the leasing of city owned commercial properties. DRES manages and disposes of City owned commercial properties acquired through tax foreclosure, condemnation, and the transfer or surrender of City surplus properties.

The Division effectuated a lease for a space consolidation for the Department of Finance Manhattan Business Center in 2001. Currently, DRES anticipates signing leases for the Department of Finance Bronx Business Center and for the Human Resource Administration's Management Information Systems division by the end of 2002.

The Division also provides lease auditing for various client agencies to ensure proper lease billing and management. Over \$10.3 million in recoveries and credits from the Lease Audit Program have been realized since 1993.

Facilities Management and Construction

The Division of Facilities Management and Construction (DFMC) is responsible for maintaining and operating 49 City owned public buildings. This division performs technical engineering, architectural, and construction management services to maintain and operate its facilities. This division also coordinates with the State Office of Court Administration to ensure proper maintenance of court facilities within the City. DFMC manages a program of over 185 WEP participants. The division provides its WEP participants the opportunity to learn various building operation, maintenance, and custodial skills.

The Office of Energy Conservation (OEC), an office within DFMC, is the City's primary energy management entity. This office develops and reports on the City's annual energy budget. OEC coordinates with utility companies and processes payments for the City's electric, gas and steam bills. In addition, OEC establishes, coordinates, and oversees energy conservation guidelines and programs. The Office participates in and administers the High Efficiency Lighting Program (HELP), the Energy Cost Reduction Program (ENCORE), and the Cafeteria Lighting Program (CLP).

Division of Municipal Supply Services

The Division of Municipal Supply Services (DMSS) is the City's chief procurement entity. DMSS procures, warehouses, and distributes supplies necessary for City agencies to fulfill their missions. Centralized contracting enables the City to utilize economies of scale to purchase various commodities at the most favorable market price. This division ensures the quality of goods purchased through inspections and operates the Central Storehouse which warehouses over 2,200 different items. This division is also responsible for the salvaging of surplus property through redistribution to other City agencies and auction.

Additionally, DMSS manages the Direct Delivery Program for office supplies for various client agencies. This program delivers office supplies from the vendor directly to city agencies, thereby reducing the waiting period for the receipt of goods and associated overhead costs. A program for the direct delivery of automotive parts will continue to maintain reduced levels of stock inventories and reduce vehicle downtime in 2002.

The Office of Fleet Administration (OFA), an office within DMSS, oversees citywide vehicle procurement, the alternative fuel vehicle program, and fleet maintenance for client agencies. Maintenance services are provided by contracts which have reduced costs by approximately sixty percent. A new fleet management system, the Maintenance Control and Management System (MCMS), will be completed in 2002. The system will assist OFA and its client agencies with citywide fleet management.

Division of Financial and Administrative Services

The Division of Financial and Administrative Services is responsible for providing the Department with the necessary central leadership, management and coordination to carry out its mandate. This division includes the Executive Office, General Counsel's Office, Division of Financial Services including; budget control, audit and accounts, State Court reimbursement, Internal Audit, Division of Management and Operations, and Management and Information Systems.

The Department is currently developing the Citywide Automated Personnel System (NYCAPS). NYCAPS will store personnel data in a central location. The system will permit oversight agencies and agency personnel divisions, citywide, to share and access data easily. This will simplify workflow and system management resulting in more accurate personnel-related information. The Department is conducting connectivity testing with City agencies and has begun preliminary training on the system software.

Office of External Affairs and Communications

The Office of External Affairs and Communications is responsible for the agency's public relations. The Office oversees the City Publishing Center and the CityStore. The City Publishing Center produces and publishes The City Record, The Green Book and other official City publications. CityStore is the City's bookstore and gift shop. The CityStore operates booths in both the Manhattan Municipal Building and the Times Square Visitor Center, as well as having an on-line store accessible through the City's website.

The Department continues development of internet applications for City publications. The City Record is available on-line and the Green Book will be on-line by the end of 2001.

Capital Review

The 2002-2005 Four-Year Capital Commitment Plan for the Department is \$532.2 million, with \$231.2 million provided in 2002. These amounts include State funding of \$0.9 million in the Four-Year Plan, all of which is scheduled for commitment in 2002.

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; the sale, lease and acquisition of City owned non-residential waterfront and non-waterfront properties. The capital program responsibilities include 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 2000-2005 period.

Capital Commitments
(**\$000's**)

	2000 Actual		2001 Plan		2002 Plan		2003 Plan		2004 Plan		2005 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
Legal Mandates and												
Correction of Unsafe												
Conditions	16,448	\$16,448	\$49,458	\$49,458	\$66,196	\$66,196	\$15,578	\$15,578	\$41,016	\$41,016	\$14,811	\$14,811
Renovation of Other												
City-owned Facilities	149	149	22,345	22,345	39,748	39,748	0	0	0	0	0	0
Renovation of Leased												
Space	17,757	18,127	20,479	20,479	29,836	29,836	9,239	9,239	824	824	15,905	15,905
Board of Elections	1,980	1,980	-55,588	-55,588	16,154	16,154	19,060	19,060	19,531	19,531	13,955	13,955
Communications												
Equipment	365	365	768	768	3,790	3,790	500	500	0	0	0	0
Rehabilitation of Court												
Facility System	1,840	2,406	-3,633	293	373	1,242	0	0	0	0	0	0
Rehabilitation of City-												
Owned Office Space	37,033	40,926	98,274	98,274	50,574	50,574	39,242	39,242	9,526	9,526	80,718	80,718
Equipment and												
Interagency Services	4,339	4,339	7,289	7,289	6,105	6,105	300	300	300	300	300	300
Rehabilitation of Waterfront &												
Non-Waterfront Properties .	5,361	5,361	20,528	20,528	17,523	17,523	9,322	9,322	4,420	4,420	6,444	6,444
TOTAL	<u>\$85,272</u>	<u>\$90,101</u>	<u>\$159,920</u>	<u>\$164,846</u>	<u>\$230,299</u>	<u>\$231,168</u>	<u>\$93,241</u>	<u>\$93,241</u>	<u>\$75,617</u>	<u>\$75,617</u>	<u>\$132,133</u>	<u>\$132,133</u>

The Four-Year Plan provides a total of \$532.2 million, including \$494.5 million for the renovation, reconstruction and outfitting of Public Buildings and \$37.7 million for Real Property.

Highlights of the Four-Year Plan include:

- reconstruction and rehabilitation of public buildings and City owned office space with the focus on the replacement of mechanical, electrical, plumbing and structural systems (\$180.1 million); including Manhattan Municipal Building tenant alterations and electrical upgrades (\$30.3 million), reconstruction of the Brooklyn Municipal Building (\$22.8 million), rehabilitation of base building systems at City Hall (\$8.5 million), interior renovations at 280 Broadway (\$7.5 million), and renovation of Queens Borough Hall (\$5.2 million).
- rehabilitation of court facilities (\$1.2 million); including the exterior reconstruction at 27 Madison Avenue (\$0.9 million in State funds).
- legal mandates (\$137.6 million); including vapor control and leak detection programs for petroleum storage tanks (\$60.6 million), lead and asbestos abatement (\$33.7 million), compliance with the Americans with Disabilities Act (\$7.9 million), and fire safety improvements (\$3.4 million).
- renovation of leased space (\$55.8 million); including the Department of Finance Bronx Business Center (\$7.4 million), renovation of various facilities for the Department of Probation (\$3.6 million), and the renovation of City Council offices (\$2.9 million).
- elections modernization (\$68.7 million); including the purchase of voting machines (\$55.8 million).
- reconstruction of waterfront properties (\$15.9 million), including various pier improvements.
- reconstruction of non-waterfront properties (\$21.8 million); including reconstruction of the Kingsbridge Armory (\$15.0 million) and various real property improvements (\$2.8 million).

The 2002 Plan provides \$231.2 million and includes:

- reconstruction of public buildings and City owned office space (\$50.6 million); including tenant alterations and renovations at the Manhattan Municipal Building (\$19.6 million), reconstruction at Queens Borough Hall (\$5.2 million), renovation of the Brooklyn Municipal Building (\$2.2 million), and rehabilitation of base building systems at City Hall (\$1.6 million).
- legal mandates (\$66.2 million); including vapor control and leak detection equipment for petroleum storage tanks (\$47.6 million), lead and asbestos abatement (\$7.2 million), compliance with the Americans with Disabilities Act (\$1.9 million), and fire safety improvements (\$1.8 million).
- renovation of leased space (\$29.8 million); including the Department of Finance Business Centers in the Bronx (\$7.4 million) and Manhattan (\$1.5 million), the Department of Finance Sheriff's Offices at 30-03 Review Avenue (\$5.7 million), and the renovation of City Council offices (\$0.8 million)
- elections modernization (\$16.2 million); including the purchase of voting machines (\$14.0 million), and the renovation of office space at 345 Adams Street (\$2.2 million).
- reconstruction of waterfront properties (\$3.2 million) and non-waterfront properties (\$14.3 million); including reconstruction of the roof at the Kingsbridge Armory (\$7.5 million).

ECONOMIC DEVELOPMENT

Since 1992, two organizations, the Department of Business Services (DBS) and the Economic Development Corporation (EDC), have administered the City's economic development programs. DBS also provides administrative support to the Mayor's Office of Film, Theater, and Broadcasting (Film Office). City funds for EDC and the Film Office flow through the budget of DBS. In order to facilitate comprehensive service delivery to businesses, DBS and EDC are both located at 110 William Street, while the Film Office is located in the Midtown Entertainment District.

DBS provides services primarily to small businesses in New York City through technical assistance in procurement, contracting and local community development. DBS also assists small businesses in their interaction with other City agencies in order to ease the business development process. EDC, funded through a contract with DBS, serves as the City's corporate attraction and retention arm. In addition, EDC undertakes financing initiatives and develops and funds commercial and industrial projects. Waterfront, maritime and intermodal transportation development is also under EDC's purview.

Financial Review

The 2002 Executive Budget for Economic Development provides \$49 million—\$36 million in operating expenses at DBS and \$13 million in operating expenses at EDC. The DBS budget is divided between Federal funds of \$8 million and City funds of \$42 million. The total 2002 budget for DBS represents a \$2 million increase from the 2001 forecast. The increase represents the allocation of additional Federal funds to CDBG-eligible (Community Development Block Grant) programs administered by DBS. The DBS operating budget includes allocations for NYC & Co. (formerly known as the New York Convention and Visitors Bureau), the NYC Empowerment Zone, the Film Office, and other DBS programs such as the Market Security and Enforcement Division, the Commercial Revitalization program and the Vendor Initiative Division. EDC self-funds the majority of its operating budget. Its expense allocation from DBS includes \$10 million for the Emerging Industries Fund.

City-funded capital commitments of \$709 million are also forecast in the 2002-2005 capital plan. Of this amount, \$633 million reflect Mayoral commitments. The remaining \$76 million reflect Reso A commitments. The amount of total City-funded capital commitments for the 2002-2005 plan represents an increase of \$19 million over the amount of commitments forecast in the 2001-2004 plan.

Revenue Forecast

The Department of Business Services collects revenues from the rental and sale of commercial, industrial, maritime and market properties administered by EDC, and other miscellaneous fees. The 2002 revenue estimate for Economic Development is \$49 million, \$23 million above the amount forecasted in 2001. The 2002 increase is attributable to the identification of alternative sources of funding for EDC projects previously funded with tax levy or other EDC funds.

Expense Budget Highlights

In 1995, the Vendor Initiative Division was created to help reduce street congestion caused by illegal street vending. Legal vending space was created for displaced vendors at vendor markets in Harlem and Washington Heights in Manhattan, Flatbush in Brooklyn, and Fordham (now closed) in the Bronx. Since the program's inception, over 3,000 vendors have sold their products in these neighborhood markets. In 1998, the division initiated Micro-Enterprise Programs to assist vendors and other entrepreneurs in developing basic business and computer skills. Specifically, the participants are instructed in business plan development, basic finance, taxation, vending regulations, and computer skills such as word processing and Internet usage. To date, over 2,000 vendors

and others have participated in the program. The Executive Budget includes one additional CD-funded position to assist in the administration of the Micro-Enterprise Programs.

Through outreach and technical assistance services, the City Business Assistance Program (CBAP) helps businesses in their interactions with other City agencies. CBAP agents also help businesses avoid summonses by advising them about local stoopline, sanitation and vending regulations. Over the past five years, CBAP agents have assisted over 9,300 businesses. Through the Mayor's Anti-graffiti Task Force, CBAP agents have worked intensively with local groups to help remove graffiti from commercial building facades in Harlem and Washington Heights in Manhattan, Hunts Point and Soundview in the Bronx, Bayside in Queens, Dyker Heights in Brooklyn, and Port Richmond in Staten Island.

The Emergency Response Unit (ERU) of CBAP works directly with the Mayor's Office of Emergency Management to respond to businesses affected by disasters occurring in the five boroughs. The ERU provides businesses with timely updates on building reopenings, facilitates the resolution of matters affecting day-to-day business operations, and compiles evidence to support business claims for assistance due to economic injury. Thus far, ERU has provided critical assistance for over 50 major disasters, including the Times Square scaffolding collapse, the West 109th Street fire and the Bronx Starling Avenue fire that consumed nine small businesses in October 1999.

In January of 1995, portions of Upper Manhattan and the South Bronx were designated an Empowerment Zone by the Federal government, entitling the City to an additional \$100 million in Federal aid over ten years. Both the City and New York State have committed funds matching this investment. These funds facilitate a variety of economic development initiatives by local development corporations and community-based organizations.

Working in conjunction with the Brooklyn Chamber of Commerce, DBS has developed an economic development initiative to improve the business climate on Fulton Street in the Bedford-Stuyvesant section of Brooklyn. The Executive Budget includes \$3 million in 2001 and 2002 for the following commercial revitalization efforts on Fulton Street: supplemental street cleaning, graffiti removal, improvements to street lighting, the creation of a matching grant program for storefront and façade improvements, the development of an on-going merchants association, the creation of a master plan for streetscape improvements, and the design of a marketing plan to attract new retail and service businesses.

Through a contract with DBS, NYC & Co. receives City funding for its efforts to establish and maintain the City as the premier convention center and to publicize and advertise the City's institutions and various opportunities for all visitors. In the past year, NYC & Co. has successfully implemented programs such as Paint the Town Red and Park and Ride Wednesdays. The Executive Budget includes funding to match additional private sector support to expand existing programs, create new programs such as the Retail and Bridal Promotion Programs, and produce items such as foreign language brochures and maps.

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

	2000 Actual	2001 Forecast	2002		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2001 Forecast	2002 Preliminary Budget
<i>Expenditures</i>						
Personal Service	\$6,905	\$6,974	\$6,622	\$6,405	(\$569)	(\$217)
Other Than						
Personal Service	46,095	37,942	37,118	42,841	4,899	5,723
Total	<u>\$53,000</u>	<u>\$44,916</u>	<u>\$43,740</u>	<u>\$49,246</u>	<u>\$4,330</u>	<u>\$5,506</u>
<i>Funding</i>						
City	\$47,772	\$36,269	\$38,605	\$41,769	\$5,500	\$3,164
Other Categorical Grants	128	166	—	—	(166)	—
Capital IFA	—	—	—	—	—	—
State	—	—	—	—	—	—
Federal						
• JTPA	—	—	—	—	—	—
• CD	4,939	6,186	5,125	7,467	1,281	2,342
• Other	160	150	—	—	(150)	—
Intra-City Other	—	2,145	10	10	(2,135)	—
.....						
Total	<u>\$53,000</u>	<u>\$44,916</u>	<u>\$43,740</u>	<u>\$49,246</u>	<u>\$4,330</u>	<u>\$5,506</u>
<i>Personnel (at fiscal year-end)</i>						
City	138	146	143	138	(8)	(5)
Non-City						
• JTPA	—	—	—	—	—	—
• CD	11	12	12	13	1	1
• Other	3	6	0	—	(6)	—
Total	<u>152</u>	<u>164</u>	<u>155</u>	<u>151</u>	<u>(13)</u>	<u>(4)</u>

Programmatic Review

Department of Business Services

The Department of Business Services (DBS) is responsible for providing direct services to New York City's business community. These services include technical assistance, neighborhood development, and guidance through the governmental contracting process. DBS is also responsible for facilitating legal and efficient activity at the City's wholesale markets. DBS supplies administrative support to both the Film Office and the federally-designated Empowerment Zone, which promotes economic development in Upper Manhattan and the South Bronx.

- In 1995, DBS began an initiative intended to eliminate illegal activities at the City's wholesale fish, meat and produce markets. In conjunction with the Department of Investigation, DBS conducted an extensive investigation and review process to eliminate corruption among wholesalers, loaders and unloaders at the Fulton Fish and Hunts Point Markets. With the passage of Local Law 50 and on-going investigations, a number of companies with suspected organized crime ties did not register to conduct business at the markets. DBS registers an average of 50 wholesalers for each market. Since the City's efforts to eliminate

corruption in the markets began, rent revenues have increased while unloading costs have decreased. The volume of fish sold at the Fulton Market has increased, reaching one million pounds a day, and the City is realizing a profit in its management of the markets. EDC is currently negotiating the relocation of the Fulton Fish Market to the Hunts Point area in the Bronx.

- The Lower Manhattan Energy Program (LMEP), a component of the Energy Cost Savings Program, was initiated in 1995 to address the under-utilization of commercial real estate and encourage the modernization of buildings in Lower Manhattan. The program offers benefits in the form of utility credits of up to 30 percent off a building's electric bill for eight years followed by a four-year phase out period. Benefits are awarded to building owners who pass energy savings on to tenants based on usage. To date, 63 office towers have applied for benefits on behalf of their tenants, of which 17 have met LMEP criteria and made the requisite facility renovations.

New York City Economic Development Corporation

The financing arm of EDC includes several small business lending, guarantee and bond issuance programs. The purpose of these programs is to create jobs and retain businesses through financial assistance offered at market or below market rates. EDC also contracts with the New York City Industrial Development Agency (IDA) to provide financing for larger industrial and marketing projects. The major programs are summarized below.

- **Business Recruitment and Retention:** Since July 1, 2000, EDC has recruited 26 firms and has helped two firms to expand within the City. These efforts have generated 440 new jobs and \$3 million in City tax revenues. Through its Business Retention Unit, EDC has also retained seven companies representing 8,819 jobs. Of these, CIBC and Met Life are notable projects: the former involves the construction of a 1.1 million square foot office tower in Midtown Manhattan and the latter represents the commitment of a Fortune 50 company to move approximately 1,000 jobs to a building in Long Island City, an emerging business district. Related employment growth is estimated at 10,880 jobs, with direct and indirect City tax revenue estimated at \$133 million annually.
- **Small Business Financing Programs:** Since July 1, 2000, EDC's small business financing programs assisted 32 firms with \$251 million in bond and other financing for expansion, renovation and new construction.
- **Printer Relocations:** The \$8 million Printers Relocation Fund (PRF) assists commercial printers and graphic arts companies that are committed to remaining in New York City but need to relocate from their current locations. Eligible companies can obtain reimbursement for up to 50 percent or \$200,000 of their moving costs. To date, 32 companies are scheduled to receive \$1.6 million in relocation assistance through the PRF, an average of \$50,000 per firm. This assistance is expected to result in the direct retention of approximately 800 jobs.
- **DBS contracts with EDC to administer the City's waterfront planning and development program, to market and sell City-owned land, and to act as managing agent for City-sponsored projects. Projects are divided into two main categories: Economic Development and Port Development. These projects are funded primarily through the capital budget, as described below.**

Capital Review

The primary goal of the Four Year Capital Plan is to encourage development in order to create and retain jobs in New York City and bolster the City's tax base. The 2002-2005 Four Year Plan totals \$709 million.

The following chart shows Capital commitments by major function over the 2000-2005 period. Actuals are provided for 2000.

Capital Commitments

(\$000's)

	2000 Actual		2001 Plan		2002 Plan		2003 Plan		2004 Plan		2005 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	\$10,818	\$ 10,818	\$281,810	\$332,475	\$121,970	\$287,328	\$61,131	\$89,531	\$19,619	\$19,619	\$19,919	\$19,919
Industrial Development . . .	6,389	6,389	66,420	67,102	56,539	56,539	41,538	41,538	11,696	11,696	17,669	17,669
Market Development	0	0	13,954	13,954	21,045	21,045	5,500	5,500	5,000	5,000	3,418	3,418
Neighborhood Revitaliz'n . .	25	25	10,444	10,844	13,645	16,845	0	0	0	0	3,418	3,418
Port Development	0	0	100,141	141,081	58,959	72,309	41,184	41,184	4,930	4,930	9,019	9,019
Rail Development	0	0	8,076	33,597	9,300	13,778	7,500	7,500	1,000	1,000	0	0
Waterfront Development . .	4,236	4,236	46,081	73,518	54,836	57,578	31,304	31,304	13,063	13,063	22,229	22,229
Aviation	0	0	4,399	11,574	0	0	0	0	0	0	0	0
Miscellaneous	0	0	27,926	31,541	26,700	27,700	15,000	15,000	2,000	2,000	10,000	10,000
Total	<u>\$ 21,468</u>	<u>\$ 21,468</u>	<u>\$559,251</u>	<u>\$715,686</u>	<u>\$362,994</u>	<u>\$553,122</u>	<u>\$203,157</u>	<u>\$231,557</u>	<u>\$57,308</u>	<u>\$57,308</u>	<u>\$85,672</u>	<u>\$85,672</u>

Highlights of the 2002-2005 Four Year Capital Plan are:

Economic and Port Development

- relocation of the New York Stock Exchange (\$240M in private funding)
- citywide waterfront improvements (\$124M).
- reconstruction of the Whitehall Ferry Terminal (\$129M - \$47M in Non-City funds).
- reconstruction of the St. George Ferry Terminal (\$85M - \$20M in Non-City funds).
- relocation of the Fulton Fish Market to Hunts Point (\$71M).
- development of the BAM (Brooklyn Academy of Music) Cultural District (\$50M).
- construction of approximately 250,000 square feet of new space at the Audubon Biotech Research facility (\$19M).
- the purchase of two new cranes at the Howland Hook Container Terminal in Staten Island (\$12M).
- design and construction of a track and field center on Randall's Island (\$5M).

LIBRARIES

The City of New York funds three independently operated public library systems, each administered by a distinct and separate board of trustees. The New York Public Library manages a three-borough library system: the Bronx with 34 branches, Manhattan with 39 branches and Staten Island with 12 branches. In addition, the New York Public Library oversees four Research Libraries: the Humanities and Social Sciences Library at 42nd Street and 5th Avenue (formerly the Central Research Library), 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 Brooklyn Public Library oversees the operation of 58 branches, a Business Library and a Central Library and the Queens Borough Public Library encompasses 62 branches and a Central Library.

Financial Review

The 2002 Executive Budget for Libraries provides total operating funds, including energy costs, of \$198.7 million, a decrease of \$46.3 million in City funds from the 2001 forecast. The Executive Budget also provides for City funded capital commitments of \$71.7 million in 2002.

Expense Budget Highlights

Budgetary Priorities: Providing Core Services

In 2002, there will be an operating subsidy of \$76.3 million to New York Public Library, \$13.0 million to New York Research Libraries, \$55.9 million to Brooklyn Public Library and \$53.5 million to Queens Borough Public Library. In 2001 there has been record attendance levels at all three systems.

Streamlining and Public/Private Competition

- the Executive Budget contains subsidy reductions for Libraries in the amount of \$43.7 million from the 2001 Adopted Budget - \$16.7 million for New York Public Library; \$2.7 million for New York Research Library; \$12.7 million for Brooklyn Public Library; \$11.7 million for Queens Borough Public Library.
- through a Private Partnership Incentive Program, \$5 million will be restored if the Libraries raise \$5 million in new private contributions. This partnership will lessen the overall impact of the reduction by \$10 million and strengthen the Libraries by making them more independent.

Summary of Agency Financial Data

(\$000's)

			2002		Increase/(Decrease)	
	2000	2001	Preliminary	Executive	2001	2002
	Actual	Forecast	Budget	Budget	Forecast	Preliminary
<i>Expenditures</i>						
Personal Service	\$—	\$—	\$—	\$—	\$—	\$—
Other Than Personal Service	232,521	244,920	213,342	198,636	(46,284)	(14,706)
Total	<u>232,521</u>	<u>244,920</u>	<u>213,342</u>	<u>198,636</u>	<u>(46,284)</u>	<u>(14,706)</u>
<i>Funding</i>						
City	\$232,521	\$244,920	\$213,342	\$198,636	(\$46,284)	(\$14,706)
Other Categorical Grants	—	—	—	—	—	—
Capital IFA	—	—	—	—	—	—
State	—	—	—	—	—	—
Federal						
• JTPA	—	—	—	—	—	—
• CD	—	—	—	—	—	—
• Other	—	—	—	—	—	—
Intra-City Other	—	—	—	—	—	—
Total	<u>232,521</u>	<u>244,920</u>	<u>213,342</u>	<u>198,636</u>	<u>(46,284)</u>	<u>(14,706)</u>
<i>Personnel (at fiscal year-end)</i>						
City	—	—	—	—	—	—
Non-City						
• JTPA	—	—	—	—	—	—
• CD	—	—	—	—	—	—
• Other	—	—	—	—	—	—
Total	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

Programmatic Review

- the Libraries provide major services through the Connecting Libraries And Students Program (CLASP), Summer Reading Program, and Adult Literacy Initiatives. CLASP makes reading and books an integral part of the lives of schoolchildren through a series of programs that create new links among teachers, librarians, and parents. The Summer Reading Program encourages reading among children by combining reading with storytelling and the creative arts. The Adult Literacy initiatives provide literacy instruction for adults 16 years and older.
- in addition, the Libraries also provide English classes for Speakers of Other Languages (ESOL) to adults whose first language is not English.
- currently, the three library systems provide at least six-day a week service at all branches. Attendance and use at all systems are at record levels.

- all three library systems have well-developed computer systems that provide the public with free of charge Internet access and basic PC software applications. The libraries have also implemented interactive reference services that allow patrons to search the reference database and send reference inquiries to professional librarians.
- the Libraries also provide technology training workshops to assist the public in usage of the internet and introduce them to available electronic resources at the Libraries.
- the New York Public Library recently opened a new South Beach Branch and fully renovated the New Dorp Branch on Staten Island.
- extensive renovations at the Library for the Performing Arts are nearly complete which will allow for the reopening of the Library in the fall.
- a series of important renovations to the Schomburg Center for Research in Black Culture are underway and will be completed over the next two years.
- a substantial renovation of the Coney Island branch was recently completed.
- new buildings were opened for the Langston Hughes and the South Jamaica branches in Queens.

Capital Review

The Libraries Ten Year Capital Strategy totals \$132.4 million in City funds. The table below shows capital commitments by program area over the 2002-2005 period.

Capital Commitments (\$000's)

	2000 Actual		2001 Plan		2002 Plan		2003 Plan		2004 Plan		2005 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 York Research Library ..	382	382	42,286	42,286	7,894	7,894	348	348	0	0	1,667	1,667
New York Public Library	2,415	2,415	67,204	67,204	33,147	33,147	12,461	12,461	2,078	2,078	1,532	1,532
Brooklyn Public Library	5,393	5,393	20,696	20,696	16,683	16,683	3,331	3,331	2,933	2,933	4,153	4,153
Queens Public Library	1,739	1,739	12,165	12,165	13,932	13,932	855	855	761	761	855	855
Total	<u>9,929</u>	<u>9,929</u>	<u>142,351</u>	<u>142,351</u>	<u>71,656</u>	<u>71,656</u>	<u>16,995</u>	<u>16,995</u>	<u>5,772</u>	<u>5,772</u>	<u>8,207</u>	<u>8,207</u>

Major Highlights of the Libraries Ten Year Strategy include:

- renovations at the Humanities and Social Services Library at 42nd Street (\$9.4 million). The City's total contribution has been \$33.9 million, \$24.5 million in 2001, \$3.8 million in 2002 and \$5.6 million in 2003 – 2007.
- construction of the new Bronx Borough Center (\$16.1 million) that will include a Latino and Puerto Rican Cultural Center. The City's total contribution is \$26.9 million, \$10.8 million in 2001, \$5.7 million in 2002 – 2005 and \$10.4 million in 2006 – 2011.

- full renovation and expansion of the Mid-Manhattan branch (\$19.2 million). The City's total contribution is \$23.2 million, \$4.0 million in 2001 and \$19.2 million in 2002 – 2003.
- extensive renovation at the Williamsburg branch in Brooklyn (\$3.3 million in 2002 – 2003).
- extensive renovations at the Brooklyn Public Library's Central Branch (\$11.2 million) which includes: façade and parapet restoration and a new front plaza surface and ADA work. The City's total contribution is \$15.1 million, \$3.9 million in 2001, \$10.3 million in 2002 – 2005 and \$0.9 in 2006 – 2011.
- site acquisition and construction of a new Kensington Library in Brooklyn (\$4.3 million in 2001-2002).
- creation of a new Long Island City branch in Queens (\$6.1 million in 2002).
- construction of a new Cambria Heights branch in Queens (\$4.8 million in 2002).
- construction of a new Mid Island branch on Staten Island (\$4.0 million in 2002 – 2004).

THE DEPARTMENT OF CULTURAL AFFAIRS

The Department of Cultural Affairs (DCA) is responsible for sustaining and promoting the cultural quality of life throughout the City. DCA achieves these goals by administering a variety of financial, legal, capital construction, and managerial support services while monitoring functions essential to promoting efficient operations at the 34 City cultural institutions. The City cultural institutions include world-renowned organizations such as the Metropolitan Museum of Art, the Wildlife Conservation Society, the American Museum of Natural History, the Joseph Papp Public Theater/New York Shakespeare Festival, Carnegie Hall, Lincoln Center for the Performing Arts, and the New York Botanical Garden. The City's institutions also include prominent regional institutions such as the Brooklyn Academy of Music, the New York Hall of Science, the Staten Island Zoological Society, Queens Theater in the Park, Wave Hill, El Museo del Barrio, and the Brooklyn Children's Museum. Furthermore, DCA supports capital construction and improvement projects at other distinguished cultural institutions, such as the Morgan Library, the Museum of Modern Art, the Guggenheim Museum, the Center for Jewish History and the Intrepid Sea-Air-Space Museum.

DCA is also instrumental in supporting arts organizations and cultural activities in all five boroughs through a variety of grants and support services. DCA provides grants to over 450 arts-related organizations citywide, with recipients as diverse as the New York Philharmonic, Coney Island USA, the Museum of Television and Radio, the Tibetan Museum, Bargemusic, Black Spectrum Theater Company, Bronx Choral Society, Hospital Audiences, African Poetry Theatre, the Jewish Museum, the Puerto Rican Traveling Theater, the International Center of Photography, Jazzmobile, and the Children's Museum of Manhattan. Finally, DCA administers a citywide Cultural Challenge Program that awards operating funds to cultural institutions and arts-related organizations. The Cultural Challenge Program bolsters the award recipients' programmatic capabilities and financial security by requiring them to leverage private matching funds.

Financial Review

The Department of Cultural Affairs 2002 Executive Budget provides for operating expenses, including energy costs, of \$103.1 million, a decrease of \$29.4 million from the 2001 forecast. It also provides for City funded capital commitments of \$176.9 million in 2002.

Expense Budget Highlights

Budgetary Priorities: Providing Core Services

- the City's 34 cultural institutions will receive operating support of \$91.2 million, including energy subsidies.
- the Executive Budget allocates \$5 million as a City funds match for the Cultural Challenge Program.
- various cultural organizations citywide will receive program grants totaling \$4.1 million.
- the Executive Budget contains \$2.9 million in operating funds for the Department of Cultural Affairs.

Restructuring and Public/Private Competition

- the City subsidy to the 34 cultural institutions will be reduced by \$8.5 million from the 2001 Adopted Budget.
- the City allocation to cultural programs will be reduced in 2002 by \$14.8 million from the 2001 Adopted Budget.

- the Executive Budget includes \$5 million in City funds as a match for the Cultural Challenge Program. The \$5 million in City funds combined with the matching additional private “Challenge” funding will help offset the reduction to cultural programs by selectively adding City funds for quality proposals and strengthening grant recipients’ leveraging power. In 2000, the City’s \$5 million leveraged almost \$8.5 million in private funds.
- the reductions to the cultural institutions and program groups will require these organizations to diversify and strengthen their funding streams. In the process of raising additional private funds, these organizations will become stronger by becoming more self-reliant.

Summary of Agency Financial Data

(\$000’s)

	2000 Actual	2001 Forecast	2002		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2001	2002
					Forecast	Preliminary Budget
<i>Expenditures</i>						
Personal Service	\$2,088	\$2,213	\$2,051	\$2,051	(\$162)	\$—
Other Than Personal Service	117,824	133,164	102,707	102,567	(30,597)	(140)
Total	<u>\$119,912</u>	<u>\$135,377</u>	<u>\$104,758</u>	<u>\$104,618</u>	<u>(\$30,759)</u>	<u>(\$140)</u>
<i>Funding</i>						
City	\$115,931	\$132,555	\$103,248	\$103,108	(\$29,447)	(\$140)
Other Categorical Grants	—	—	—	—	—	—
Capital IFA	41	41	41	41	—	—
State	—	102	—	—	(102)	—
Federal						
• JTPA	—	—	—	—	—	—
• CD	197	673	225	225	(448)	—
• Other	—	87	—	—	(87)	—
Intra-City Other	3,744	1,919	1,244	1,244	(675)	—
Total	<u>\$119,912</u>	<u>\$135,377</u>	<u>\$104,758</u>	<u>\$104,618</u>	<u>(\$30,759)</u>	<u>(\$140)</u>
<i>Personnel (at fiscal year-end)</i>						
City	30	32	32	32	—	—
Non-City						
• IFA	1	1	1	1	—	—
• CD	2	2	2	2	—	—
• Other	—	—	—	—	—	—
Total	<u>33</u>	<u>35</u>	<u>35</u>	<u>35</u>	<u>—</u>	<u>—</u>

Programmatic Review

Support for Cultural Programs and Institutions

In 2001, the DCA, through its major funding divisions - Cultural Institutions, Capital Projects, and Program Services - supported many different activities and projects throughout the New York City cultural community. These projects include:

- the major renovation and expansion of the Museum of Modern Art. The City has contributed \$35 million to this project which is currently underway and will contribute another \$30 million.
- the renovation of the Selwyn Theater for the Roundabout Theater Company. The City contributed \$5.3 million to this \$17 million project.
- the Center for Jewish History, which combines the archival and library resources of four premier Jewish archives in America as well as the Yeshiva University Museum. The City committed \$10 million to this \$80 million project.
- the children’s murals at the Hecksher Theater, operated by El Museo del Barrio in East Harlem.
- DCA’s Percent for Art program which recently completed three projects with the Board of Education at P.S. 161, I.S. 230 and Middle College High School in Brooklyn.
- the opening of the John A. Noble Collection at Staten Island’s historic Snug Harbor.
- the Materials for the Arts program, in cooperation with the Department of Sanitation and the Board of Education, opened its expanded facility in Long Island City in April 2001.
- the Lakeside Visitor Center, which opened at the Bronx Zoo in January 2001. The City contributed \$5.4 million to this \$14.3 million project.
- the new home for the Mark Morris Dance in Brooklyn. The City contributed \$1.7 million to this \$5 million project.
- the construction of the Luce Study Center at the New York Historical Society.
- a website serving the 400 plus members of the Alliance of Resident Theaters / New York.

Capital Commitments

(\$000’s)

	2000 Actual		2001 Plan		2002 Plan		2003 Plan		2004 Plan		2005 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	20,856	20,974	419,352	432,190	176,899	181,884	80,033	81,754	67,565	69,430	44,458	46,458
Total	<u>20,856</u>	<u>20,974</u>	<u>419,352</u>	<u>432,190</u>	<u>176,899</u>	<u>181,844</u>	<u>80,033</u>	<u>81,754</u>	<u>67,565</u>	<u>69,430</u>	<u>44,458</u>	<u>46,458</u>

Capital Review

The Department's Ten-Year Capital Strategy totals \$587.9 million in City funds.

Major Highlights of the Ten-Year Strategy:

- a Master Plan including extensive renovations and expansions at Lincoln Center for the Performing Arts (\$216 million). The overall Master Plan will cost approximately \$1.5 billion and take approximately 10 years to complete. The total City commitment is \$240 million.
- a major new building for the Guggenheim Museum of Art designed by Frank Gehry to be built on piers over the East River (\$32.8 million). The value of the land (\$35 million) brings the total City contribution to \$67.8 million.
- construction of exhibition space at the Tweed Courthouse, the new home for the Museum of the City of New York in lower Manhattan (\$5.4 million plus \$12.6 million in 2001). The \$18 million in City funds will be matched with \$18 million in private funds.
- a major addition to the Morgan Library. The City is contributing \$5 million towards this \$100 million project.
- comprehensive reconstruction and expansion at the Metropolitan Museum of Art (\$23 million). Projects include the renovation of the Great Hall & the Fifth Avenue Plaza, construction of a new Education Center, expansion of the Museum's Library, and reconstruction work in the Italian Sculpture, Egyptian, and Decorative Arts Galleries.
- a series of new projects for New York Aquarium for the revitalization of Coney Island (\$19.5 million). Projects include a new Carousel Visitor Center, a new Boardwalk Entrance, renovation of the Main Hall, a Plaza Master Plan, and improvements to the Aquatheater.
- creation of a new wing for the Museum of Jewish Heritage (\$10 million). Overall, the City has contributed \$22 million for this wing which will be matched by \$22 million in private funds. The new building will contain a theater, special exhibition galleries, a Family History Center, classrooms, offices, a kosher dining facility, and a garden.
- infrastructure improvements at the New York Botanical Garden (\$13.9 million). The City has contributed \$22.2 million to date towards a \$300 million capital campaign. Projects in the Master Plan include the reconstruction of a new Visitors' Center, renovations to the Museum Building Interior, as well as garden-wide irrigation, the restoration of the Fountain of Life, expanded parking, road repairs, and night illumination.
- a new permanent home for the Alvin Ailey Dance Foundation (\$7.5 million).
- major expansion and improvements to the New York Hall of Science (\$8.8 million). Overall, the City has contributed \$33.4 million towards this project.
- expansion and improvements at the Center for Jewish History (\$7 million) as part of a \$50 million renovation project. The total City contribution to this project is \$10 million.

- construction of a new entrance and other Master Plan work at the Brooklyn Museum of Art (\$18.5 million). Overall, the City has contributed \$42.3 million towards this project.
- construction of a permanent facility at the former Coliseum site for Jazz at Lincoln Center (\$1.2 million). Overall, the City has contributed \$19.7 million towards this \$120 million project.
- a major renovation at the Institute of Contemporary Art (P.S. 1) (\$15.9 million). This includes \$10.3 million in 2001 - 2002 for the renovation of the façade.
- improvements to the historic Intrepid Sea-Air-Space Museum (\$5.5 million). Overall, the City has contributed \$7.5 million to this project.
- a major new museum in Brooklyn, the Jewish Children's Museum (\$3 million), to which the City has contributed a total of \$5 million.

PENSIONS AND OTHER FRINGE BENEFITS

Pension Overview

The Executive Budget for 2002 provides for \$1,454 million in City pension contributions, an increase of \$155 million from the amount forecast for 2001. Of the total amount, \$1,407 million represents contributions to the City's five main actuarial retirement systems, \$28 million represents contributions to actuarial systems covering certain non-City employees of the City University, the library system, day care centers, and certain cultural institutions, and \$19 million represents "pay as you go" contributions to non-actuarial systems that are no longer open to active City employees.

Pension Expenditures and Funding Sources (\$000's)

	2000 Actual	2001 Forecast	2002		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2001 Forecast	Preliminary Budget
<i>Expenditures</i>						
Personal Service						
• City Actuarial	\$657,246	\$1,259,262	\$1,374,825	\$1,406,791	\$147,529	\$31,966
• Non-City Actuarial	\$19,200	20,912	31,647	27,747	6,835	(3,900)
• Non Actuarial	21,663	18,874	21,691	19,312	438	(2,379)
Total	<u>\$698,109</u>	<u>\$1,299,048</u>	<u>\$1,428,163</u>	<u>\$1,453,850</u>	<u>\$154,802</u>	<u>\$25,687</u>
<i>Funding</i>						
City	\$593,041	\$1,188,928	\$1,321,780	\$1,343,347	\$154,419	21,567
State	19,519	17,590	19,853	17,973	383	(1,880)
• JTPA	—	—	—	—	—	—
• CD	—	—	—	—	—	—
• Other	2,525	2,525	2,525	2,525	—	—
Intra-City Other	83,024	90,005	84,005	90,005	—	6,000
Total	<u>\$698,109</u>	<u>\$1,299,048</u>	<u>\$1,428,163</u>	<u>\$1,453,850</u>	<u>\$154,802</u>	<u>\$25,687</u>

The City's five main retirement systems include the New York City Employees' Retirement System, the New York City Teachers' Retirement System, the New York City Police Pension Fund, Subchapter Two, the New York City Fire Pension Fund, Subchapter Two, and the Board of Education Retirement System. These systems, as of June 30, 1999 data, cover 572,216 employees, retirees and beneficiaries of the City, the Board of Education, and certain independent agencies.

Each of the five systems is managed by a board of trustees and functions in accordance with State and City laws. Pension liabilities and required contributions are actuarially determined and conform to Generally Accepted Accounting Principles (GAAP). The funding assumptions have been approved by the various boards of trustees as recommended by the Chief Actuary of the City. The actuarial interest rate assumption for all five systems is eight percent, as governed by state law.

Membership in any of the City's main retirement systems is grouped into certain categories, or "Tiers", which vary according to a member's entry-date into a system. Tier I members are employees who joined a City pension

system prior to July, 1973. In general, other than the uniformed forces, Tier I members with 25 years of service may retire at age 55 and receive a benefit which is 55 percent of final year's salary. Members of the uniformed forces under Tier I are eligible to retire after 20 years of service on a half-pay retirement allowance.

Tier II covers all employees who joined City pension systems between July, 1973 and June, 1976. Tier II benefits are generally lower than Tier I benefits.

Tier III legislation was enacted statewide in 1976 to cover employees joining pension systems on and after July 1, 1976, excluding uniformed police officers and firefighters, who continue to be members of Tier II. Tier III benefits are based on a three-year average salary and include a Social Security offset to the benefit calculation.

Tier IV was enacted under Article 15 of the Laws of 1983, to supersede Tier III. All Tier III members with the exception of uniformed police, fire and correction employees were transferred to Tier IV effective September 1, 1983. The Tier IV plan is more costly than Tier III, predominantly because it eliminated the Social Security offset feature of Tier III.

On June 29, 1984, the New York Court of Appeals held that the provisions of the Tier IV legislation which eliminated the immediate refunding of terminated employees' contributions and reduced death benefits, could not be applied to Tier IV members who held membership in the Tier III plan before September 1, 1983. Subsequent court decisions indicate that Tier IV members who were former Tier III members have rights in certain cases to elect to receive benefits (which they may deem more favorable) originally provided under Tier III. In 1986, State legislation was enacted which further enhanced benefits to Tier IV plan participants. Specifically, ordinary death benefits were amended to become nearly identical to those received by Tier II members. It should be noted that this legislation is a reversal of reductions in these death benefits that were intended to partially offset the employer cost of the removal of the Social Security offset.

State legislation enacted in 1985 enables teachers hired since July, 1976 to retire with no reduction in benefits at age 55 provided they have 30 years of service. Similarly, in 1988, State legislation was enacted which entitles uniformed sanitation workers hired since July, 1976 to retire with no reduction in benefits at age 55 provided they have 30 years of service. An improved retirement plan for correction officers and sanitation workers was approved in 1990 and 1991, respectively. This plan allows correction officers and sanitation workers to retire with 20 years of service at half pay, with the provision that the members pay for the enhanced benefit through increased payroll deductions. Other improvements include State legislation enacted in 1989 and effective July 1, 1990, which allows non-vested Tier IV members who leave City service to withdraw their contributions upon termination of employment. And, in 1990, the State passed into law the ability for Tier III and Tier IV members to take loans on their pension contributions. In 1993, the State enacted legislation which extended the 1990 correction officers improved retirement plan, discussed above, to correction captains. Similar to the previous plan, the correction captains are now eligible to retire with 20 years of service at half pay with the provision that members pay for the enhanced benefit through increased payroll deductions.

Pursuant to an agreement between the City and the Municipal Labor Coalition, Chapter 96 of the Laws of 1995 was enacted to allow Tier II, III and IV civilian employees to purchase improved pension and health insurance benefits through increased payroll deductions. Participants must contribute an additional 4.35 percent of salary for all service rendered through the beginning of January 1998, and as a result of Chapter 422 of the laws of 1997, 2.85 percent thereafter. Chapter 96 granted existing pension members the option of joining an improved plan to receive pension payability upon attaining age 55 and 25 years of service. New employees are mandated into a separate plan that provides pension payability at age 57. In addition, eligible participants in physically taxing titles can retire at age 50 with 25 years of service for an additional 6.33 percent of salary as provided under Chapter 96, and 4.83 percent of salary as provided under Chapter 422.

State legislation enacted in 1998 under Chapters 389 and 266 provided for further improvements for Tier III and IV members of TRS, and certain civilian members of NYCERS and BERS. Chapter 389 provided for five year vesting and Chapter 266 provided members with a two percent service fraction for 20 or more years of service. Additional legislation passed into law granted a pre-retirement death benefit for Tier II, III and IV members.

In 2000, a number of benefit improvements were mutually agreed to by the City and the unions - the enabling state legislation calls for retroactive commencement dates upon the completion of new labor settlements with the City. For example, Chapters 126 and 110 of the Laws of 2000 provide up to two years of additional service credit for members of Tiers I and II, and eliminates the required employee contributions for members of Tiers III and IV upon ten years of service. Other examples relate to uniformed employees of the Police and Fire Departments whereby Chapter 372 of the Laws of 2000 changes the salary base for computing Tier II retirement benefits from a three year average to a one year average. Police and Fire will also receive additional Increased Take-Home Pay associated with Chapter 373 of the Laws of 2000.

In addition, there were also several other statewide bills of note that were enacted into law last year. Chapter 125 of the Laws of 2000 provides for annual automatic cost of living adjustments (COLA) for retirees based on the prior year's actual rate of inflation (generally one-half of actual inflation, but not less than one percent and not greater than three percent). Chapter 86 of the Laws of 2000 allowed the City to participate in a targeted early retirement program which was accepted by approximately 1,000 employees. Participants in the early retirement program will receive up to three years of additional service credit. Finally, Chapter 548 of the Laws of 2000 allows members of a public retirement system to purchase up to three years of additional service credit associated with eligible military service.

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.

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 for their members. Annual contribution levels conform with collective bargaining and labor agreements.

The City also participates in federal Social Security and makes the required employer contributions on behalf of covered employees. Under Worker's Compensation, the City provides statutory wage-replacement and medical benefits to employees who sustain on the job injuries, and under Unemployment Benefits, provides up to 26 weeks of wage-replacement benefits, up to state law maximum levels. The City also provides medical benefits to uniformed employees of the Police, Fire and Sanitation Departments who are injured in the line of duty.

In general, the City's Miscellaneous Budget contains the fringe benefit appropriations on behalf of employees and retirees of the mayoral agencies. Separate allocations are included in the Board of Education, the City University system, the Health and Hospitals Corporation, various other covered organizations, libraries and cultural institutions, for the fringe benefit costs of their active and retired employees.

The following table sets forth the fringe benefit amount carried in the Miscellaneous Budget.

Fringe Benefits

(\$ 000's)

	2001 Forecast	2002 Executive	Increase/ (Decrease)
Workers' Compensation	\$ 91,921	\$ 101,941	\$ 10,020
Health Insurance Plans	1,097,807	1,165,416	67,609
Social Security Contributions	606,942	615,779	8,837
Unemployment Insurance Benefits	10,007	10,500	493
Supplementary Employee Welfare Benefits	351,466	360,264	8,798
Workers' Compensation - Other	30,141	33,200	3,059
Total	<u>\$2,188,284</u>	<u>\$2,287,100</u>	<u>\$98,816</u>
Funding			
City	\$2,064,613	\$2,164,724	\$100,111
Other Categorical	—	—	—
State	42,989	41,989	(1,000)
Interfund Agreements	2,450	2,450	—
Federal			
• CD	20,795	21,500	705
• Other	57,437	56,437	(1,000)
Total	<u>\$2,188,284</u>	<u>\$2,287,100</u>	<u>\$98,816</u>

JUDGMENTS AND CLAIMS

The Executive Budget for 2002 provides an appropriation of \$310 million for Judgments and Claims. These expenditures represent the City's costs for tort and contract liability and are projected to reach \$369 million by 2005. Tort expenditures cover both personal injury and property damage claims, and account for approximately 96 percent of total costs. It should be noted that these projections incorporate the impact of a recent agreement between the City and the Health and Hospitals Corporation, whereby, commencing in 2002, claims costs attributed to the Corporation will be entirely paid for by the Corporation. These amounts, as reduced from the City's annual liability, are estimated at \$154 million in 2002, and reaching \$167 million by 2005.

The Office of Management and Budget (OMB) employs various statistical methods and financial models to estimate annual claim costs. Historical claim data contained on the Comptroller's Omnibus Automated Image Storage and Information System (OASIS) are analyzed to determine both annual settlement volumes and average claim costs. Total costs are the product of both the volume and average cost projections.

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 almost 20 percent of total tort costs, but their relatively small volumes do not lend themselves to statistical analysis.