

The City of New York
Executive Budget
Fiscal Year 2008

Michael R. Bloomberg, Mayor

Office of Management and Budget
Mark Page, Director

Message of the Mayor

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Message of
the Mayor



THE CITY OF NEW YORK
OFFICE OF THE MAYOR
NEW YORK, N.Y. 10007

April 26, 2007

To the Citizens of the City of New York
Members of the City Council
Members of the Financial Control Board

My Fellow New Yorkers,

New York City is the greatest place in the world to live, work and do business. Our economy continues to grow, led by the recent success of Wall Street firms and the booming commercial real estate market. The unemployment rate is at historic lows in the City and job growth continues. The vacancy rate for commercial space in Midtown Manhattan is at 4%, the lowest level in the nation. Wall Street profits were \$20.9 billion in calendar year 2006, the second-best year ever for the finance industry.

Our City's economic vitality is remarkable, given the perilous state of City finances following the terrorist attacks of September 11, 2001. We made the tough decisions then and we are reaping the benefits today. Although the near-term looks good, the economic outlook for the future is uncertain, with many forecasters predicting a slowing in the economy nationally over the next 12 to 18 months. Also, the ongoing correction in the residential real estate market across the country may eventually affect the City's real estate market. While our economy continues to grow, we are not immune from national trends. Therefore, we must remain fiscally cautious. We must not become complacent with our recent success.

When economic times are good as they are today, we must be especially careful to take a longer-term view of the City's finances. We will use a portion of the extraordinary resources generated this year to help address long-term liabilities:

- The City will contribute an additional \$500 million to the Retiree Health Benefits Trust Fund, which was set up last year to help pay for the future cost of health benefits for retired City employees.
- We will use \$1.3 billion of our current year extraordinary resources to pay down future debt which is not due to be paid until FY2009 and FY2010.

We will also be able to offer tax relief to help generate jobs at small businesses and to provide relief to homeowners in the City:

- We will reduce the property tax rate by 5% and reduce taxes on certain small businesses, returning \$1 billion to City taxpayers.
- We will again offer a \$400 rebate to those homeowners who were there for the City when we needed it most, pending approval by the State Legislature.

We must also focus our resources on making the necessary investments now to ensure our City's long-term stability and growth.

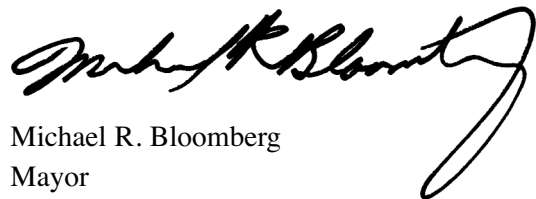
Our Agency Program will generate \$257 million of City resources in FY2007 and \$472 million in FY2008, which will be redirected into two areas:

- plaNYC 2030 expenses of \$199 million including tree pruning and maintenance, developing a city bike network, an air quality study and an assessment of brownfields Citywide.
- Initiatives of \$639 million, including bulletproof vests for auxiliary police officers, summer jobs for teens, and enhancements to the 311 system.

The City's budget will be balanced in FY2007 and we are proposing a balanced plan for FY2008. However, multi-billion dollar budget gaps in the out-years remain. In FY2009, the budget gap is forecast now at \$1.6 billion, the gap in FY2010 is \$3.3 billion and the gap in FY2011 is \$4.3 billion.

We have worked tirelessly together since 2002 to make the City an attractive place to live, work and do business. The quality of life in the City has never been higher, and if we continue to work together for our future, the best is yet to come.

Very truly yours,



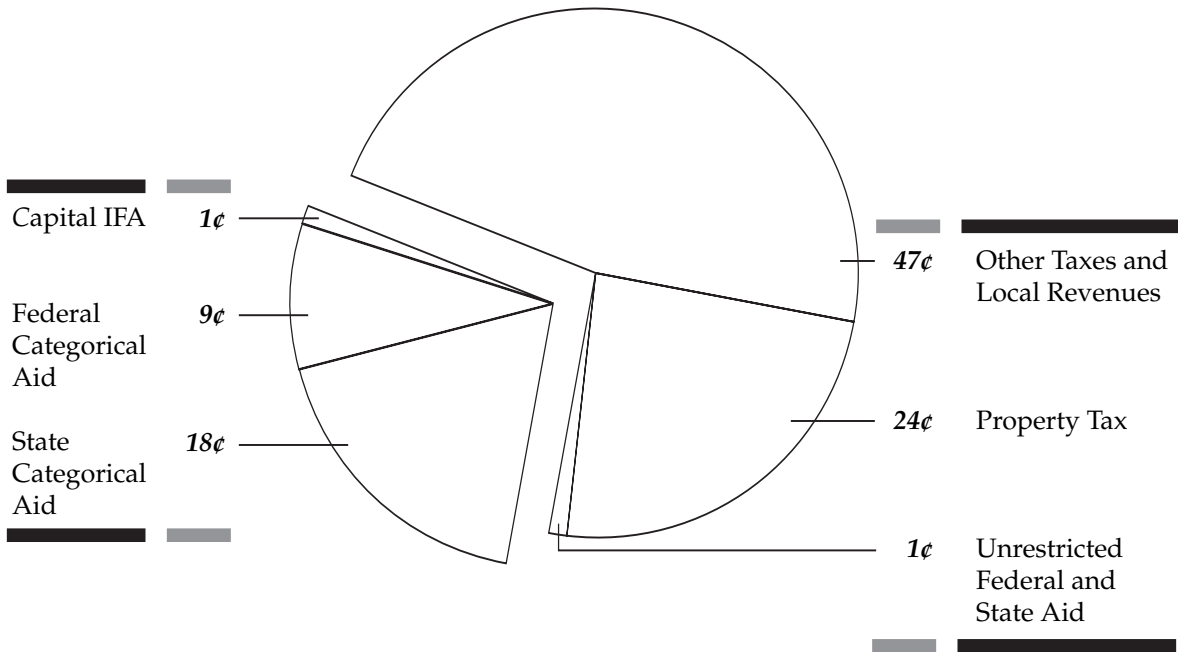
Michael R. Bloomberg
Mayor

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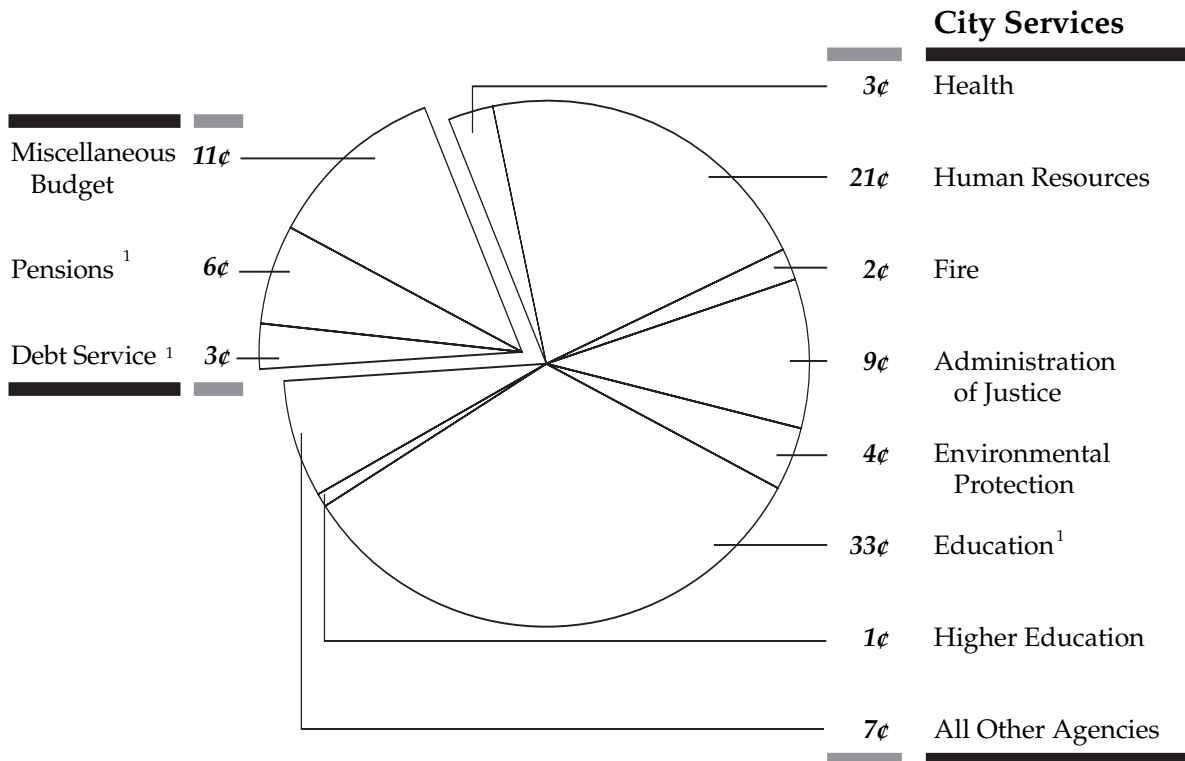
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Budget and Financial Plan Summary

Where the 2008 Dollar Comes From



Where the 2008 Dollar Goes To



¹ Debt Service and Pension costs related to the Department of Education have been included in Education.

BUDGET AND FINANCIAL PLAN OVERVIEW

The 2008 Executive Expense Budget is \$59.0 billion. This is the twenty-eighth consecutive budget which is balanced under generally accepted accounting principles.

Major highlights of the Executive Budget and Financial Plan since the 2007 Adopted Financial Plan are:

- available funds of \$4,385 million are projected for 2007, which will be used to help balance the 2008 budget and reduce projected budget gaps in 2009 and 2010. Discretionary transfers of \$3,313 million to the Budget Stabilization Account and prepayments of \$225 million to the Library Systems, \$91 million to the Health and Hospitals Corporation and \$208 million for Transit Authority subsidy payments are provided in fiscal year 2007, which reduce equivalent costs in fiscal year 2008. In addition, a Miscellaneous Budget grant of \$548 million to the Transitional Finance Authority in 2007 will increase personal income tax revenues by \$548 million in 2008.
- the 2008 budget includes an appropriation of \$2,360 million to the Budget Stabilization Account to prepay 2009 debt service and the 2009 budget includes an appropriation of \$350 million to the Budget Stabilization Account to prepay 2010 debt service.
- forecasted tax revenues have increased by \$5.0 billion, \$4.2 billion, \$3.5 billion and \$3.8 billion in fiscal years 2007 through 2010, respectively.
- tax reductions of \$1.0 billion, \$1.1 billion and \$1.2 billion are planned for fiscal years 2008, 2009, and 2010, respectively. Tax reductions in 2008 include a reduction in the property tax rate which will save taxpayers \$750 million, an additional \$140 million in tax reductions for small businesses and \$110 million from the elimination of the City sales tax on all clothing sold in the City. The property tax reduction in years beyond 2008 is contingent on being able to achieve balanced budgets.
- a continuation of the \$400 real property tax rebate, amounting to \$256 million.
- in 2008, \$500 million will be deposited into the Retiree Health Benefits Trust Fund to address future liabilities for employee health benefits, bringing the total deposited since 2006 to \$2.5 billion.
- the 2008 budget includes a general reserve of \$300 million, while the 2007 budget provides for a general reserve of \$85 million to offset any adverse changes, which may surface during the remainder of the fiscal year or during the audit of the operating results.
- gap closing actions totaling \$257 million, \$472 million, \$346 million and \$304 million in 2007 through 2010, respectively, are assumed in the current budget and four year financial plan from agency actions.
- expenses for plaNYC 2030 of \$199 million, \$341 million, \$377 million and \$404 million for fiscal years 2008 through 2011, respectively, are included in the four year plan.
- revenues and expenditures are balanced for 2007 and 2008 and gaps of \$1.6 billion, \$3.3 billion and \$4.3 billion are projected for fiscal years 2009, 2010 and 2011 respectively, after implementation of the gap closing program.
- a cumulative \$1.0 billion for Pay Go Capital (\$200 million in each fiscal year from 2007 through 2011) is provided to reduce long term debt.
- retirement of TFA and general obligation debt in 2007 of \$1,246 million will provide budget relief of \$64 million in 2008, \$639 million in 2009 and \$656 million in 2010.

Financial Summary — 2002-2008
(\$ in Millions)

	Fiscal Years Ending June 30						
	2002*	2003*	2004*	2005*	2006*	2007**	2008***
<i>Revenues</i>							
<i>Taxes:</i>							
General Property Tax	\$8,649	\$9,943	\$11,445	\$11,464	\$12,471	\$12,976	\$14,220
Other Taxes [1]	12,584	12,846	16,144	18,802	20,964	23,498	23,200
Tax Audit Revenues	485	571	576	600	776	959	559
Tax Reduction Program	—	—	—	—	—	—	(1,331)
Miscellaneous Revenues	5,129	4,258	4,583	6,352	5,258	5,526	5,912
Transitional Finance Authority - 9/11	—	1,500	—	—	—	—	—
Unrestricted Intergovernmental Aid	666	1,443	963	604	494	33	340
Less: Intra-City Revenue	(1,390)	(1,110)	(1,213)	(1,279)	(1,396)	(1,401)	(1,369)
Disallowances	—	(47)	(27)	(87)	(542)	(15)	(15)
Subtotal City Funds	\$26,123	\$29,404	\$32,471	\$36,456	\$38,025	\$41,576	\$41,516
Other Categorical Grants	615	1,006	956	862	1,150	1,104	1,002
Inter-Fund Revenues	305	300	328	346	365	418	428
Total City & Inter-Fund							
Revenues	\$27,043	\$30,710	\$33,755	\$37,664	\$39,540	\$43,098	\$42,946
Federal Categorical Grants	6,097	5,618	5,415	6,654	5,243	5,906	5,302
State Categorical Grants	8,030	8,317	8,455	8,823	9,586	10,259	10,790
Total Revenues	<u>\$41,170</u>	<u>\$44,645</u>	<u>\$47,625</u>	<u>\$53,141</u>	<u>\$54,369</u>	<u>\$59,263</u>	<u>\$59,038</u>
<i>Expenditures</i>							
Personal Service	\$22,756	\$23,608	\$24,410	\$26,885	\$29,136	\$31,547	\$33,677
Other Than Personal Service	18,696	18,684	19,874	22,285	22,277	24,071	24,134
Debt Service	2,903	2,496	2,917	3,128	3,168	4,317	3,763
MAC Debt Service Funding	463	225	502	111	10	10	10
Net Impact of Discretionary Transfers							
Debt Service	(1,532)	(187)	563	894	1,341	35	(953)
MAC Debt Service	(458)	—	—	—	—	—	—
Other [1]	(273)	924	567	1,112	(172)	599	(524)
	(2,263)	737	1,130	2,006	1,169	634	(1,477)
General Reserve	—	—	—	—	—	85	300
	\$42,555	\$45,750	\$48,833	\$54,415	\$55,760	\$60,664	\$60,407
Less: Intra-City Expenditures	(1,390)	(1,110)	(1,213)	(1,279)	(1,396)	(1,401)	(1,369)
Total Expenditures	<u>\$41,165</u>	<u>\$44,640</u>	<u>\$47,620</u>	<u>\$53,136</u>	<u>\$54,364</u>	<u>\$59,263</u>	<u>\$59,038</u>
Surplus/(Deficit) GAAP Basis	<u>\$5</u>	<u>\$5</u>	<u>\$5</u>	<u>\$5</u>	<u>\$5</u>	<u>\$ —</u>	<u>\$ —</u>

* Actual, Comptroller's Report as of the audit of the respective fiscal year excluding subsequent restatements.

** Forecast

*** Executive Budget

[1] Discretionary transfers in the Miscellaneous Budget for delayed receipt of revenues from the Transitional Finance Authority include \$624 million, \$400 million and \$947 million in 2003 through 2005, respectively and \$548 million in 2007.

The City's Executive Budget Financial Plan sets forth projected revenues and expenditures on a GAAP basis for the 2008 through 2011 fiscal years. The assumptions, upon which the four-year plan revenue and expenditure estimates are based, are summarized in the Appendix section of this Mayor's Message.

Four-Year Financial Plan
(\$ in Millions)

	2008	2009	2010	2011
<i>Revenues</i>				
Taxes:				
General Property Tax	\$14,220	\$15,363	\$16,485	\$17,431
Other Taxes	22,652	22,231	23,040	23,882
Discretionary Transfers ¹	548	—	—	—
Tax Audit Revenues	559	559	560	560
Tax Reduction Program	(1,331)	(1,607)	(1,735)	(1,846)
Miscellaneous Revenues	5,912	5,071	5,087	5,121
Unrestricted Intergovernmental Aid	340	340	340	340
Less: Intra-City Revenues	(1,369)	(1,364)	(1,365)	(1,365)
Disallowances Against Categorical Grants	(15)	(15)	(15)	(15)
Subtotal City Funds	<u>\$41,516</u>	<u>\$40,578</u>	<u>\$42,397</u>	<u>\$44,108</u>
Other Categorical Grants	1,002	1,003	1,012	1,014
Inter-Fund Revenues	428	404	396	391
Total City & Inter-Fund Revenues	<u>\$42,946</u>	<u>\$41,985</u>	<u>\$43,805</u>	<u>\$45,513</u>
Federal Categorical Grants	5,302	5,384	5,369	5,362
State Categorical Grants	10,790	11,408	12,272	12,715
Total Revenues	<u><u>\$59,038</u></u>	<u><u>\$58,777</u></u>	<u><u>\$61,446</u></u>	<u><u>\$63,590</u></u>
<i>Expenditures</i>				
Personal Service				
Salaries and Wages	\$21,021	\$22,060	\$23,463	\$24,586
Pensions	5,728	6,390	6,461	6,461
Fringe Benefits	6,928	6,716	6,997	7,316
Subtotal - PS	<u>\$33,677</u>	<u>\$35,166</u>	<u>\$36,921</u>	<u>\$38,363</u>
Other Than Personal Service				
Medical Assistance	\$5,714	\$5,603	\$5,756	\$6,076
Public Assistance	1,187	1,187	1,187	1,187
Pay-As-You-Go Capital	200	200	200	200
All Other ¹	17,033	17,352	17,814	18,065
Subtotal - OTPS	<u>\$24,134</u>	<u>\$24,342</u>	<u>\$24,957</u>	<u>\$25,528</u>
Debt Service ^{1,2,3}	3,773	3,896	4,244	5,053
FY 2007 Budget Stabilization & Discretionary Transfers ¹	(3,837)	—	—	—
FY 2008 Budget Stabilization ²	2,360	(2,360)	—	—
FY 2009 Budget Stabilization ³	—	350	(350)	—
General Reserve	300	300	300	300
	<u>\$60,407</u>	<u>\$61,694</u>	<u>\$66,072</u>	<u>\$69,244</u>
Less: Intra-City Expenses	(1,369)	(1,364)	(1,365)	(1,365)
Total Expenditures	<u><u>\$59,038</u></u>	<u><u>\$60,330</u></u>	<u><u>\$64,707</u></u>	<u><u>\$67,879</u></u>
Gap To Be Closed	\$—	\$(1,553)	\$(3,261)	\$(4,289)

1. Fiscal Year 2007 Budget Stabilization and Discretionary Transfers total \$4.385 billion, including prepayments of subsidies of \$524 million, TFA Debt Service of \$548 million and Budget Stabilization of \$3.313 billion
2. Fiscal Year 2008 Budget Stabilization total \$2.360 billion.
3. Fiscal Year 2009 Budget Stabilization total \$350 million.

When the 2007 budget was adopted in June 2006, budget gaps of \$3.8 billion, \$4.6 billion and \$4.1 billion were projected for 2008, 2009 and 2010 respectively. The following table details how expenses and revenues have changed from last year's Adopted through the 2008 Executive Budget Plan.

FINANCIAL PLAN UPDATE
(Increases Gap)/Decreases Gap
(\$ in Millions)

	2007	2008	2009	2010
2007 Adopted Budget				
Gap to be Closed	\$—	(\$3,810)	(\$4,584)	(\$4,069)
Revenue Changes				
Property Tax Revenue Forecast	\$4	\$382	\$868	\$1,312
Other Tax revenue	4,969	3,844	2,624	2,533
State Budget (Unrestricted Aid and PIT Admin.) ..	(314)	(30)	(30)	(30)
Non Tax Revenues	293	240	10	14
Total Revenue Changes	\$4,952	\$4,436	\$3,472	\$3,829
Net Expense Changes				
Poverty Initiative	(\$15)	(\$65)	(\$65)	(\$65)
plaNYC 2030	—	(199)	(341)	(377)
Energy	73	21	(9)	(8)
Collective Bargaining (DC 37, UFT and Firefighter Settlement)	(314)	(626)	(990)	(1,230)
Fringe Benefits Cost	108	19	24	28
Pension	18	(125)	(542)	(748)
HHC / Medical Assistance	(201)	(403)	(50)	(144)
Debt Service	185	339	262	261
Other Agency Needs	(47)	(626)	(598)	(834)
Reserve for Prior Year Expenses	400	—	—	—
General Reserve	215	—	—	—
Total Net Expense Changes	\$422	(\$1,665)	(\$2,309)	(\$3,117)
Agency Programs	\$257	\$472	\$346	\$304
Debt Retirement	(\$1,246)	\$64	\$639	\$656
Remaining Surplus / (Gap)	\$4,385	(\$503)	(\$2,436)	(\$2,397)
(Uses) of Remaining Funds				
Retiree Health Benefits Trust Fund	—	(\$500)	—	—
Property Tax Reduction Program	—	(750)	(810)	(868)
Other Tax Reduction	—	(272)	(317)	(346)
Remaining Surplus / (Gap) after Tax Reductions	\$4,385	(\$2,025)	(\$3,563)	(\$3,611)
Prepayments of 2008 Expenses	(\$4,385)	\$4,385	—	—
Prepayments of 2009 Expenses	—	(\$2,360)	\$2,360	—
Prepayments of 2010 Expenses	—	—	(\$350)	\$350
Gap to be Closed 2008 Executive Budget	—	—	(\$1,553)	(\$3,261)

The following table reflects the growth of revenues and expenses assumed in the four year plan.

City Revenue and Expense Growth

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Revenues	\$41,576	\$40,968 ¹	\$40,578	\$42,397	\$44,108
Year-to-Year Change		(\$610)	(\$389)	(\$1,819)	\$1,711
Year-to-Year Change		-1.5%	-0.9%	4.5%	4.0%
Expenditures					
Controllable Agency Expenses	\$18,561	\$19,558	\$20,108	\$21,038	\$22,028
Year-to-Year Change		\$997	\$550	\$930	\$990
Year-to-Year Change		5.4%	2.8%	4.6%	4.7%
Non-Controllable Expenses ²	\$22,381	\$23,435	\$24,033	\$24,970	\$26,369
Year-to-Year Change		\$1,052	\$599	\$937	\$1,399
Year-to-Year Change		4.7%	2.6%	3.9%	5.6%
Total Expenditures	\$40,942	\$42,993	\$44,141	\$46,008	\$48,397
Year-to-Year Change		\$2,049	\$1,149	\$1,867	\$2,389
Year-to-Year Change		5.0%	2.7%	4.2%	5.2%
Operating Results- Surplus/(Deficit)	\$634	(\$2,025)	(\$3,563)	(\$3,611)	(\$4,289)
Current Year Roll (Cost)	(\$4,385)	(\$2,360)	(\$350)	\$0	\$0
Prior Year Roll (Benefit)	\$3,751	\$4,385	\$2,360	\$350	\$0
Net Impact of Surplus Roll	(\$634)	\$2,025	\$2,010	\$350	\$0
Gap to be Closed	\$0	\$0	(\$1,553)	(\$3,261)	(\$4,289)

¹ Excludes \$548 million from discretionary transfer of TFA debt in 2007.

² Non-controllable agency expenses include pensions, fringe benefits, debt service, medicaid, re-estimate of prior year's expenses, general reserve, judgments and claims, subsidies to the Transit Authority and private bus lines and public assistance.

The Financial Plan includes funding for the plaNYC 2030 expenses. Highlights of these expenses in the 2008 Executive Expense Budget are included in the following table.

plaNYC 2030 Expenses
(City Funds - \$ in thousands)

Agency		2008	2009	2010	2011
	HOUSING				
<i>Citywide Admin. Services</i>	Develop a Municipal Land Use Database	\$150	\$150	\$150	\$150
	TRANSPORTATION				
<i>Tax Revenues</i>	City Contribution to SMART Fund ¹	\$50,000	\$220,000	\$260,000	\$275,000
<i>Transportation</i>	Develop City Bike Network	8,071	9,566	11,128	12,552
	Bus Initiatives	1,240	1,240	1,240	1,494
	Intelligent Transportation System	3,975	3,975	3,975	3,575
<i>Police</i>	Additional 117 Traffic Enforcement Agents	5,312	4,837	4,837	4,837
	Subtotal	\$68,598	\$239,618	\$281,180	\$297,458
	PARKS				
<i>Education</i>	Open Up Schoolyards	\$3,519	\$3,519	\$3,519	\$14,841
<i>Parks & Recreation</i>	Maintain Field Lighting in 36 Parks	-	360	360	360
	Maintenance of Regional Parks	-	-	-	4,226
	Greenstreets	-	607	1,214	1,822
	Tree Pruning and Maintenance	8,119	8,314	8,510	8,706
<i>Transportation</i>	Town Square Initiative	-	44	88	132
	Subtotal	\$11,638	\$12,844	\$13,691	\$30,087
	ENERGY				
<i>Economic Development Corp.</i>	Study Solar and Real Time Pricing	\$50	\$-	\$-	\$-
<i>Tax Revenues</i>	Provide Green Credit (4MW Solar)	446	1,065	1,917	2,562
	Provide Green Credit (60 Green Roofs)	1,000	1,000	1,000	1,000
<i>Miscellaneous</i>	Dedicated Expenditure for Energy Conservation (Less Energy Demand Reduction)	81,200	83,400	83,300	83,700
		-	(8,120)	(16,460)	(24,790)
	Subtotal	\$82,696	\$77,345	\$69,757	\$62,472
	AIR QUALITY				
<i>Tax Revenues</i>	City Sales Tax Exemption for Hybrid Vehicles	\$1,600	\$1,920	\$2,304	\$2,765
<i>Health & Mental Hygiene</i>	Fund Collaborative Local Air Quality Study	2,000	2,000	2,000	2,000
	Subtotal	\$3,600	\$3,920	\$4,304	\$4,765
	BROWNFIELDS				
<i>Economic Development Corp.</i>	Creation of a NYC Brownfields Fund	\$25,000	\$-	\$-	\$-
	Conduct Brownfields Assessment	1,500	-	-	-
<i>Environmental Protection</i>	Expand Brownfields Office at OEC	1,000	2,000	2,000	2,000
	Subtotal	\$27,500	\$2,000	\$2,000	\$2,000
<i>Economic Development Corp.</i>	Expansion of Office of Long-Term Planning and Sustainability	\$1,050	\$1,050	\$1,050	\$1,050
<i>Miscellaneous/Pensions</i>	Cost Associated With New Staff	\$3,541	\$4,013	\$4,919	\$6,224
	Total plaNYC 2030 EXPENSES	\$198,773	\$340,940	\$377,051	\$404,206

(1) City contribution to SMART fund equals an amount contributed by the State indexed by growth in City PIT.

FEDERAL AND STATE AGENDA

OVERVIEW

The New York State Legislature passed a budget by the April 1st statutory deadline; and the budget has been certified by the State Comptroller. The most significant actions affecting New York City, in the enacted State Budget are a \$308 million decrease in New York City's revenue sharing payment in 2007, a \$30 million increased charge to the City for administration of the Personal Income Tax (PIT) program, increased education aid for the City and the authorization for the State's conversion of HIP-GHI to a for-profit corporation, which could increase City health care expenses by approximately \$500 million annually. The net reduction in State funds, since the January Plan, is \$314 million in 2007 and \$30 million in 2008.

Because the 2007-2008 State Budget has been enacted, there is no State Agenda in the City's Executive Budget for 2008. The 2008 Executive Budget does include a menu of Federal Agenda items that proposes equitable reimbursement to New York City for undertaking mandated functions, risk-based distribution of Homeland Security funds and adequate funding for child care.

FEDERAL AGENDA

Fully Fund No Child Left Behind (NCLB)

The Federal No Child Left Behind (NCLB) law is the main framework by which Federal school aid is distributed. The original law authorized specific Federal funding levels through 2007, together with increased accountability requirements for all school districts. However, the Federal Government has consistently failed to provide adequate funding for states and school districts to meet the law's numerous mandates.

In the January 2007 Financial Plan, the Federal 2007 funding authorization was compared to the Federal 2006 appropriation. Since that time, Congress passed a continuing resolution which added approximately \$132 million to NCLB nationally. As of this most current appropriation, New York City is \$823.1 million short of the 2007 funding authorization. The vast majority of this shortfall is within Title I of NCLB, which provides supplemental funding for high-poverty areas and at-risk students. The City seeks the full amount of NCLB funding authorized by law.

Fully Fund Criminal Justice Programs

Fund the Justice Assistance Grants at the Authorized Level

In 2005, the Byrne Formula grants and Local Law Enforcement Block Grants were merged into the Justice Assistance Grant program (JAG). From the year of the merger until 2006, the last year for which awards have been granted, the Federal appropriation dropped by 56 percent; New York City's allocation decreased from \$11.4 million to \$4.8 million. The City uses JAG funds for important public safety projects such as 911 operators. The reauthorization bill for the Department of Justice signed in January 2006 authorized JAG at a level of \$1.095 billion in 2006 and for "such sums as may be necessary" in 2007 through 2009. New York City requests that JAG be fully funded at a level of at least \$1.095 billion which would provide the City with an additional \$11.5 million in 2008.

Fund the State Criminal Alien Assistance Program (SCAAP) at the Authorized Level

The Federal Government reimburses states and localities for a portion of the costs of incarcerating illegal aliens who have been convicted of one felony or two misdemeanor offenses. In past years, the City has received \$30 million annually to partially offset the costs of keeping these individuals in local jails through the State Criminal Alien Assistance Program (SCAAP). However, this allocation has been reduced in recent years, reaching

a low of \$15.9 million in 2005, shifting even more of the cost of housing these individuals to the City. The City's jail system holds more than 8,000 criminal illegal aliens each year at a cost of more than \$80 million. Cuts in this program force the City to divert already scarce law enforcement resources away from crime prevention and homeland security efforts. The City requests that SCAAP be funded at an appropriate level to cover the full cost of this program which will provide the City with an additional \$64 million annually.

Provide Adequate Child Care Funding to Meet Temporary Assistance to Needy Families (TANF) Work Requirements

Additional child care funding is needed to support the City's expanded child care need due to more rigorous work participation requirements implemented in TANF reauthorization last year. Current child care funding cannot keep pace with the increased work requirements that the City faces. Failure to adequately fund child care impedes the City's ability to move TANF recipients from dependency to self-sufficiency. The City urges Congress to increase child care funding by more than \$6 billion over five years. It is estimated that the City would receive \$75 million a year in incremental funds, which would support approximately 5,500 additional child care slots each year and allow the City to help TANF recipients achieve self-sufficiency and thus comply with new federal mandates.

Provide Reimbursement for UN Protection and Adequate Future Funding

Under an agreement with the State Department, New York City provides extraordinary security measures for the protection of dignitaries and foreign missions, as well as provides security for special international events held in the City. Although the State Department reimburses the City approximately \$7 million a year for these services, the cost of providing protection has increased beyond the current reimbursement level. The City is seeking \$63 million in 2008, which would include the reimbursement of \$48 million in unpaid costs from 2002-2007 and an increase in the annual reimbursement rate from \$7 million to \$15 million for providing this special UN protection. This would provide the City with an additional \$56 million in 2008 and an additional \$8 million each year thereafter. The President's 2008 Budget includes an increase that is expected to allow full funding for the City's annual reimbursement but does not address unpaid costs from previous years.

Revise Foster Care Eligibility

Prior to 1996, a child's eligibility for Title IV-E foster care payments was linked to the child's eligibility for the Title IV-A (Aid to Dependent Children or ADC) program. When the Personal Responsibility Work Opportunity Responsibility Act (PRWORA) was passed by Congress in 1996, the ADC program was ended and replaced by TANF. However, the prior program's eligibility criteria remained as a condition of Title IV-E eligibility. The City supports an amendment to Title IV-E of the Social Security Act to link the eligibility of a child for foster care payments to existing Federal poverty guidelines rather than the current eligibility that is based on the ADC program. Furthermore, in cases where information on parental income is not available and the child has no resources, the child's income should be used to determine IV-E eligibility. Children in foster care would therefore qualify for Federal reimbursement based upon their family's current income eligibility.

Ten years after the enactment of PRWORA, it is unfair and illogical to expect states to continue to apply the requirements of an obsolete program. Basing Title IV-E eligibility on poverty indices would allow this determination to be made much more quickly and easily and allow the Federal government to support the care of children already eligible for Federal support. Currently, the City's Administration for Children's Services (ACS) spends an estimated \$800 million in foster care services and related administration of which 56% is IV-E eligible. Approximately 5,000 of the children currently in ACS care are not IV-E eligible for reasons that include the current income guidelines. If 25% of these children were to become IV-E eligible under changes to Federal law, the City could realize \$7 million in incremental Federal aid for 2008 and more than \$19 million by 2010.

Provide Flexibility for Community Development Block Grant (CDBG) Funds

The Federal Community Development Block Grant (CDBG) program's success is a result of the built-in flexibility it offers, which enables local communities to identify their most pressing needs and to develop solutions to local problems. The City encourages Congress to increase the public service cap from 15 to 25 percent. This would permit the City to use more of its CDBG resources to increase essential services to its low- and moderate income population.

In addition, the CDBG Fund allocates formula grants and discretionary Economic Development Initiative Grants (EDI). New York City currently uses its CDBG funds for a wide range of programs that are vital to New York City citizens. Over the past few years, New York City's CDBG formula grant allocation has been cut by a total of \$37 million. The EDI grants are specific allocations out of the CDBG Fund. Since New York City has borne major cuts to its formula grant allocations in the past few years, New York City proposes that EDI grants funding be included in the CDBG formula grants allocation, making more funds available to localities for important needs-based programs. Based on the 2007 Federal CDBG appropriation and the City's current proportion of formula grants, if the \$310 million which was allocated to the EDI grants were to be combined with the \$3.7 national CDBG formula grant appropriation, New York City would be eligible for approximately \$15 million in additional funds in 2008.

Reimburse the City for Outstanding Foreign Dignitary Parking Tickets

In 2002, the State Department and New York City agreed to a historic parking program that has dramatically reduced illegal parking by the diplomatic community and improved the collection of payments for summonses issued. Since the implementation of the program, the rate of summonses resolved increased from 9 percent to 67 percent. Not only has the program generated more revenue for the City, it has reduced the number of parking violations issued. Given the success of this program, the City is seeking to collect fines accrued prior to the implementation of the program. More than 170 countries owe the City more than \$19 million from violations issued prior to the 2002 agreement.

The 2006 Foreign Operations Appropriations bill included a provision that withheld 110 percent of the amount owed to the City from scofflaw countries, except aid that is determined to be in the national interest. The City supports incorporating similar language into the 2008 appropriations and supports applying those funds to unpaid fines and penalties dating back to April 1, 1997.

Extend Health Coverage for Children

The City proposes to amend Titles XXI and XIX of the Social Security Act to extend the authorization period for eligibility for the State Children's Health Insurance Program (SCHIP) and Medicaid Title XIX Children-Only cases to two years for children aged 18 or under. Current federal law requires a re-determination of eligibility for the State Children's Health Insurance Program and Medicaid Title XIX every 12 months. Extending the authorization period would help enable children to receive seamless coverage and would result in significant administrative cost savings for both programs. Implementing this provision would result in over 100,000 fewer cases requiring eligibility re-determinations per year and would provide almost \$3.0 million to assist New York City in enrolling children in health insurance programs in 2008.

Increase Funding for 9/11 Health and Compensation

Five years after the attacks of September 11, 2001, New York City continues to assist in the health and mental health needs of rescue workers, police officers, firefighters, volunteers, contractors and residents and commuters in the area who were involved in recovery and clean-up efforts on the World Trade Center site. Through monitoring, research and treatment programs run by the Fire Department (FDNY), the Department of Health and Mental Hygiene (DOHMH) and the Health and Hospitals Corporation (HHC), the City has been able to provide essential

care to these important populations. The Mayor's panel on World Trade Center Health which has studied the health and mental health needs of the affected populations recently issued a report indicating that \$392 million is the annual cost of providing health care treatment for those affected groups. Since the Federal funding for these programs will be exhausted shortly, New York City is requesting that Federal funding be increased substantially to meet the continuing need of 9/11 health programs.

The City requests that the Federal Government revive the Victim Compensation Fund to address any unmet needs of those people who may have been adversely affected by their work during the WTC recovery effort. The Fund would provide an appropriate means to both compensate these victims and resolve divisive, costly and unnecessary litigation. The attack on 9/11 was an attack on the nation and the responsibility for addressing any unmet needs of those who worked on the WTC recovery should be borne by the Federal Government, not just New York City.

Distribute All Homeland Security Funds Based on Fair Risk-based Criteria

The Homeland Security Appropriations Acts of 2006 and 2007 demonstrated progress toward the threat-based funding for which the City has consistently advocated. The replacement of population with risk as a factor in the State Homeland Security Grant and Law Enforcement Terrorism Prevention Program is particularly welcome. For all programs, the City supports replacing state minimums with fair risk-based criteria. The City expects that such criteria will not disadvantage cities that face the highest levels of threat.

CONTRACT BUDGET

The Contract Budget is presented as part of the 2008 Executive Budget submission. The Contract Budget includes all projected expenditures for contracts that are personal service, technical or consulting in nature, as defined in Section 104 of the City Charter. Purchase orders and open market orders, as well as small purchases that do not require registration by the Comptroller's Office, are included in the Contract Budget. Contracts for the purchase of supplies, materials and equipment are not included.

The 2008 Executive Contract Budget contains 18,167 contracts totaling over \$8.40 billion. Approximately 77 percent of the total contract budget dollars will be entered into by the Department of Social Services, the Administration for Children's Services, the Department of Homeless Services, the Department of Health and Mental Hygiene and the Department of Education. The Administration for Children's Services has over \$1.41 billion in contracts, over 81 percent of which represents contracts allocated for Children's Charitable Institutions (\$558 million) and Day Care (\$598 million). Of the over \$2.91 billion in Department of Education contracts, approximately 35 percent is allocated for pupil transportation contracts (\$1.01 billion).

Each agency's Contract Budget is delineated by object code within the agency's other than personal service units of appropriation. The Executive Budget Supporting Schedules further break down the Contract Budget by budget code within unit of appropriation. All object codes in the 600 object code series are included in the Contract Budget. In addition, the Executive Budget Supporting Schedules reference the 2007 Modified Budget condition for these contract object codes.

Agencies in preparing their contract budgets were requested to categorize their contracts into 52 specific contract objects. The distribution of these contracts is summarized as follows:

	Est. # of Contracts	Dollars (Millions)	% Total Dollars
Social Service Related and Health Services	4,544	\$3,785	45.0%
• Home Care, Child Welfare, Employment Services, Public Assistance, Day Care, Family Services, Homeless Programs, AIDS, Senior Citizen Programs, Health, Mental Hygiene & Prison Health, etc.			
Youth and Student Related Services	1,574	2,120	25.2%
• (including Transportation of Pupils and Payments to Contract Schools)			
Other Services	3,355	989	11.8%
• Custodial, Security Services, Secretarial, Cultural Related, Employee Related, Economic Development, Transportation, Municipal Waste Exporting, etc.			
Professional Services/Consultant	4,641	1,082	12.9%
• Accounting, Auditing, Actuarial, Education, Investment Analysis, Legal, Engineering & Architectural, System Development & Management Analysis, etc.			
Maintenance & Operation of Infrastructure	1,717	229	2.7%
• Lighting, Street Repair, Buildings, Parks, Water Supply, Sewage and Waste Disposal, etc.			
Maintenance of Equipment	2,336	200	2.4%
• Data Processing, Office Equipment, Telecommunications & Motorized Equipment, etc.			
TOTAL	<u>18,167</u>	<u>\$8,405</u>	<u>100.00%</u>

BOROUGH PRESIDENTS' PROPOSED REALLOCATIONS

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

The Queens Borough President proposed increasing allocations by \$150 million. Among the suggested increases are \$10.7 million to the Queens Public Library, \$2.6 million to Cultural Affairs, \$35 million for youth programs, \$13.5 million for seniors, \$29 million for the City University of New York, \$2.7 million for Parks, \$7 million for housing programs, \$53 million for health and mental health programs.

The proposed funding sources come from procurement consolidations and efficiencies, expanding the bottle bill in New York City to capture unclaimed deposits, energy conservation at municipal agencies, eliminating school year jury duty for teachers, eliminating the property tax exemption for Madison Square Garden, converting the multiple dwelling registration flat fee to per unit fee, and ending the City's use of outside contractors for elevator inspections.

The Manhattan Borough President proposed increasing allocations by \$25.9 million. Suggested increases include \$1 million to fund 30 additional Parks Enforcement Officers, \$24 million to the Department for the Aging; \$15 million to fund community based contracts for Senior Centers and \$9 million for the Senior Transportation Initiative. The Manhattan Borough President proposed increasing the budgets of Manhattan's 12 community boards by \$.9 million.

The Manhattan Borough President proposed funding these increases by using \$25.9 million of the \$1.4 billion surplus allocated to close the FY 2009 budget gap.

The Borough Presidents of Queens and Manhattan have not proposed specific borough reallocations of appropriations.

COMMUNITY BOARD PARTICIPATION IN THE BUDGET PROCESS

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

Each community board receives an annual budget to pay for a district manager, support staff and other operating expenses. In 2008 the uniform base budget for each community board is \$199,895. This excludes the cost of office rent and heat, light and power, which are in a separate unit of appropriation. Included in the rent unit of appropriation are funds for the cost of the move and telephone installation for community boards which plan to move in 2008.

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

Each year agencies that deliver local services consult with community boards about budget issues and the needs of the districts, prior to preparing their departmental estimates. The boards then develop and prioritize their capital budget requests (up to 40) and expense budget requests (up to 25). For 2008 community boards submitted 1,608 capital requests to 28 agencies and 1,304 expense requests to 35 agencies. Almost two-thirds of the community board capital budget requests seek improvements to streets, sewers and parks. Community board expense budget requests concentrate on Citywide programs and personnel increases.

Boards also rank agencies' local service programs by their importance to the community. For 2008 community boards ranked 85 programs within 24 agencies. The top five programs are police patrol, services to the elderly, parks maintenance, emergency medical services and youth programs. Historically, local services have been the highest ranked.

District specific budget information is available in the following geographic budget reports, which accompany the release of the 2008 budget.

Register of Community Board Budget Requests for the Executive Budget, Fiscal Year 2008 – lists the funding status for all community board proposals in priority order within community district. Also available in Council district and agency sorts.

Geographic Report for the Executive Expense Budget for Fiscal Year 2008 – details the expense budgets of fourteen agencies that deliver local services by borough and service district. Includes 2008 Executive Budget information as well as 2007 current modified budget and budgeted headcount data (as of April 20, 2007).

Executive Capital Budget for Fiscal Year 2008 – details the Mayor's Capital Budget by project within agency including two geographic sorts of the Capital Budget. One presents budget data by community district and borough. The other presents the budget by borough within project type.

Geographic Fiscal Year 2008 Executive Budget Commitment Plan – presents information on capital appropriations and commitments by community board, including implementation schedules for each month of 2007 and the succeeding four years for all active project identifications by budget line.

TAX REDUCTION PROGRAM

In addition to the wide array of tax relief to New York City taxpayers announced at the January Plan, the administration is proposing tax initiatives to encourage investments addressing the long-term sustainability of the City. These additional incentives are estimated to cost \$53.0 million in 2008 and grow to \$281.3 million by 2011.

Tax Cuts Proposed in the January Plan:

Property Tax Cuts:

Property Tax Rate Reduction: This proposal returns \$750 million of the 2003 property tax increase, now that it is no longer needed. Under this proposal the property tax rates for all classes will be reduced by about five percent. This will save taxpayers \$750 million in 2008, \$810 million in 2009, \$868 million in 2010, and \$917 million in 2011.

\$400 Property Tax Rebate Extension: In 2005 the City enacted a three-year property tax rebate program to provide owners of Class 1 properties and Class 2 cooperatives and condominiums with a \$400 rebate. To qualify for the rebate, the dwelling unit must be the owner's primary residence. The rebate is currently set to expire after 2007. The mayor proposed the extension of the \$400 rebate program for three more years in the November Plan Modification. The extension of the rebate program would save the taxpayers \$256 million a year.

Job Creation Tax Cuts:

Unincorporated Business Tax (UBT) – increase the deduction for compensation paid to active partners (proprietors): This proposal would help modernize the City's unincorporated business tax. Partnerships are required to add back payments to partners into UBT-taxable income because the distributions are, in part, a return on capital. In lieu of a compensation deduction, firms are given a \$5,000 deduction. This amount has not been raised since the tax was enacted in 1966. The proposal will raise the per partner deduction from \$5,000 to \$10,000. This proposal is estimated to save taxpayers about \$16 million in 2008, growing to \$17 million by 2011.

Unincorporated Business Tax – a 50 percent increase in the UBT/PIT Credit: This proposal would complement the prior proposal by helping to modernize the City's tax treatment of flow-through entities. Currently the City allows the owners of unincorporated businesses (proprietors, partnerships and limited liability companies) to take a partial credit against their resident personal income tax for any UBT payments they made. The current credit was enacted 10 years ago by State legislation that gave the City Council the authority to raise the credit percentages without further State action. This proposal would raise the current percentages from 65 percent of UBT payments at \$42,000 of taxable income and 15 percent of UBT payments at \$142,000 of taxable income to 100 percent and 23 percent, respectively. This proposal will save City taxpayers \$28 million in 2008, growing to \$31 million by 2011.

Corporate Tax – Resident PIT/S-Corporation Credit: This proposal would partially offset the double taxation burden on the City's S-Corporations, a type of business that most jurisdictions (State and Federal) do not tax at all. The proposal will allow City residents who are S-Corporation shareholders to take a credit for a share of their S-Corporation tax liability against their City personal income tax. (This proposal is similar to the credit enacted for owners of unincorporated business in 1997). The credit would range from 65 percent to 15 percent of an S-Corporation shareholder's City corporate tax liability based upon a sliding scale of the taxpayer's City taxable personal income. In tax year 2003, there were 123,000 S-Corporations paying tax in the City, accounting for about 42 percent of corporate tax liability. These firms had an average City corporate tax liability of about \$5,400 in tax year 2003. This proposal is estimated to save taxpayers about \$70 million in 2008, growing to \$78 million by 2011.

Corporate Tax – 50 percent phase-out of the alternative income-plus-compensation tax base: In order to prevent companies from lowering their taxable income by disguising dividends as salaries, the City's general corporation tax uses an income-plus-compensation alternative tax base. Paying dividends as salaries lowers the company's taxable income because salaries are deductible and dividends are not. The alternative tax calculation takes allocated net income and adds back compensation paid to any shareholders who own more than 5 percent of the corporation's outstanding stock. The resulting adjusted net income is taxed at 2.655 percent (30 percent of the corporate income tax rate). Due to changes in Federal laws and enforcement practices, the need for this alternative tax base calculation has diminished. This proposal will enact a 50 percent phase-out of this tax rate over the next four years (12.5 percent in tax year 2007, 25 percent in tax year 2008, 37.5 percent in tax year 2009, and 50 percent in tax year 2010). The most common type of taxpayer affected is small-to-medium sized firms. About 25,000 firms would benefit from this proposal. Taxpayers are estimated to save about \$110 million under this proposal, when fully phased in by 2011.

Corporate Tax – Small Firm Tax Simplification: More than half of the 260,000 corporations subject to the City's general corporation tax pay the City's \$300 dollar minimum tax. Most are small firms with low levels of gross receipts. This proposal will dramatically simplify tax filing for these firms by exempting firms with gross receipts of under \$250,000 from having to complete the City's three-way alternative tax base calculation. These firms will be allowed to base their City net income calculation on their State corporate tax information. This proposal will benefit approximately 110,000 firms and save them about \$8 million annually.

Economic Competitiveness:

Sales Tax – Exempt all clothing and footwear purchases from the City sales tax: On September 1, 2005 the City restored the sales tax exemption on clothing and footwear purchases costing under \$110, which had been temporarily repealed on June 1, 2003. The City 4.0 percent sales tax still applies to clothing and footwear purchases costing \$110 and above. The City now proposes to repeal the City 4.0 percent sales tax on all clothing and footwear purchases. This proposal will save taxpayers \$110 million in 2008, \$117 million in 2009, \$119 million in 2010, and \$122 million in 2011. Currently the State has a clothing and footwear exemption on purchases under \$110, effective statewide. It was reinstated on April 1, 2006 after being temporarily repealed on June 1, 2003. Purchases of clothing and footwear under \$110 in the City are also exempt from the MCTD 0.375 percent sales tax.

Health Initiative:

Cigarette Tax Increase: This proposal would raise the cigarette tax by \$0.50, from \$1.50 per pack to \$2.00 per pack. This health initiative is expected to yield additional cigarette tax revenue of \$20 million per year in 2008 and 2009 and \$19 million per year in 2010 and 2011.

PlaNYC 2030 Tax Initiatives:

City Contribution to Sustainable Mobility and Regional Transportation (SMART) Fund: This proposal would require the City to contribute to the SMART fund an amount equal to the State contribution and is also indexed to the City personal income tax growth rate. The contribution to SMART fund is expected to be \$50 million, \$220 million, \$260 million and \$275 million from 2008 through 2011, respectively.

Solar Electric Abatement: This proposal would provide a four year property tax abatement to building owners who install solar electric systems on their roofs. The value of the abatement will be based upon the eligible installation costs of the system. The solar electric abatement is expected to save taxpayers \$0.4 million, \$1.1 million, \$1.9 million and \$2.6 million from 2008 through 2011, respectively.

Green Roof Abatement: This proposal would provide a one-year property tax abatement to building owners who install “green roofs”. The value of the abatement will be based on the eligible installation costs. This proposal is expected to save taxpayers \$1.0 million from 2008 through 2011.

Hybrid Vehicle Sales Tax Exemption: This proposal would provide a City sales and use tax exemption for the purchase of eligible hybrid automobiles and is expected to save taxpayers \$1.6 million, \$1.9 million, \$2.3 million and \$2.8 million from 2008 through 2011, respectively.

ECONOMIC OUTLOOK

Overview

The deceleration of the U.S. economy has been underway for about a year. In spite of the deterioration of the housing market and several energy price shocks, the economy has exhibited remarkable resiliency and continues to carry enough momentum to recover later this year from the current soft patch. Consumption spending has remained healthy and inflation has been kept largely at bay, except for some periods of minor fluctuation due to volatile energy prices. However, core inflation (excluding food and energy) remained stubbornly beyond the Federal Reserve's preferred 1-2 percent range for most of the year. Nevertheless, after an unprecedented run of 17 consecutive increases in short-term interest rates, the Fed adopted a neutral monetary policy in June 2006, holding the Federal Funds rate constant at 5.25 percent. After growing by 3.3 percent in 2006, growth in the U.S. economy is expected to decelerate to 2.3 percent in 2007, and to subsequently recover to 2.8 percent in 2008.

Not all economic indicators remain consistent with the desired soft-landing path. Most serious of these are the deteriorating housing market and the related turmoil in sub-prime mortgage lending, which has added a new element of uncertainty. No less worrisome is business capital spending, which unexpectedly lost steam in the fourth quarter of 2006 and can potentially derail the recovery process.

New York City has not felt the impact of the national slowdown that remains concentrated in residential construction and the auto industry. The City's employment base increased by 62,000 private sector jobs in 2006, mostly in the service-providing sectors. Roughly half of this gain came from industries demanding office space. As a result, high end office buildings in the Midtown districts benefited directly, and the Downtown area has started to see spillover effects. In addition, intense activity on Wall Street produced near-record profits last year and tourists have been flocking to the City, pumping more income into the local economy. The City estimates wage earnings gains of 7.6 percent and personal income growth of 6.6 percent in 2006.

In early 2007 Wall Street continued the breakneck pace of the latter half of 2006, which should propel the local economy through the first half of the year. However, activity is expected to fall back moderately by the end of the year. It is forecast that Wall Street will generate profits of \$16.8 billion in 2007 and the City as a whole will add 48,000 jobs. There is a significant risk, however, that the securities industry will be impacted by sluggish business earnings growth and the protracted housing meltdown. After two years of back-to-back robust revenue growth, Wall Street is forecast to take a breather in 2008. Consequently, with only meager impetus from a moderate recovery in the national economy, the City's economy decelerates in 2008, with new job creation of only 31,000 and an anemic wage earnings growth of 1.8 percent.

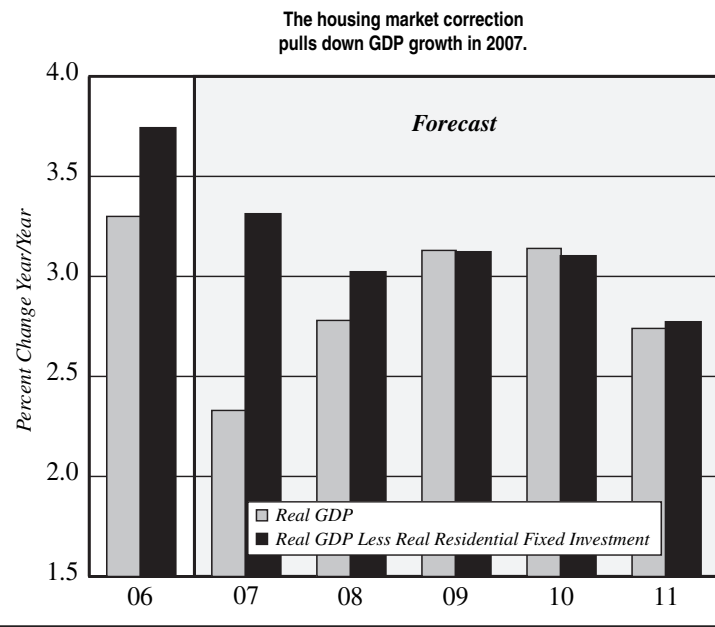
* All economic data are reported on a calendar year basis.

The U.S. Economy

Economic conditions have softened nationally. Since the middle of 2006, GDP growth has fallen below potential but overall fundamentals remain supportive of a soft-landing and gradual recovery. Nevertheless, new concerns have started to arise. The primary threat is that the housing market correction is likely to be deeper and more prolonged than expected because of the emerging crisis in sub-prime mortgage lending. Energy prices are also rising again and job growth has been stronger than expected, adding inflationary concerns. Although GDP is projected to grow only 2.3 percent in 2007 and then return to long-term trend growth of around 3.0 percent, the risks to this forecast have increased.

The drop in residential fixed investment, a direct result of the housing market correction, is forecast to erase a full percentage point from GDP growth in 2007. Housing starts are expected to bottom at around 1.5 million units in the middle of 2007, down from the 2.1 million peak in the first quarter of 2006. Home prices will fall moderately through the end of the year. The developing crisis in the sub-prime mortgage lending business threatens to delay the recovery of the housing market, and of the economy in general. A rise in mortgage foreclosures would add to the already glutted inventory of unsold homes. Another worrisome trend is that mortgage lenders and banks have started to tighten credit standards, further depressing demand for homes.

REAL GDP LESS RESIDENTIAL FIXED INVESTMENT



Fortunately, the housing market slowdown has not yet had an appreciable effect on consumer spending. Real consumption grew by 3.2 percent last year, helped by strong hiring and substantial real wage growth. The impact of declining home prices on the value of real estate has been offset through gains in other financial assets. As a result, household net worth increased by \$1.4 trillion in the fourth quarter of 2006 alone, and the ratio of outstanding net worth to disposable income reached a new post-recession peak. Estimates show that mortgage equity withdrawal, although falling, still remains high relative to historical levels and has been mainly responsible for pushing the household savings rate into negative territory. But this phenomenon of spending beyond disposable income cannot be sustained. The main drivers of consumption – employment growth, real wage growth, and asset appreciation – are all forecast to slow, while high interest rates and energy prices remain additional dampening factors. Real consumption spending is therefore forecast to slow in the first half of 2007 to 2.0 percent, and remains around three percent through the end of 2008.

Although much of the negative wealth effect from falling residential real estate values may still be looming, the decline in transactions is already taking a toll on related sectors of the labor market. Since the third quarter of 2006, construction lost 12,000 jobs. In addition, the ensuing crisis in the domestic auto industry has led to further losses in manufacturing, which shed 103,000 jobs during the same period. Losses in these sectors are forecast to continue through the end of 2007. However, service-providing employment growth remains quite robust. During the last six months, the U.S. economy added 962,000 service-providing

jobs. However, it is only a matter of time before the cyclically-sensitive service sectors – financial activities, professional & business services, information, and leisure & hospitality services – will feel the pinch of the GDP slowdown. Overall payroll employment growth is forecast to decelerate to 1.2 percent in 2007 from 1.9 percent in 2006. Subsequently, growth improves moderately to around 1.4 percent by 2009.

A critical sector at the moment is investment. Although residential fixed investment has been shrinking for a year now, until recently the general expectation had been that the housing market correction would cause limited spillover damage. In the last quarter of 2006, however, almost

all the major components of investment retrenched sharply. This was followed by a steep drop in orders and shipments for capital goods, which indicates weakness going forward. While businesses are replete with cash, the economy’s demand for capital will be depressed by the sluggish GDP growth forecast for 2007.

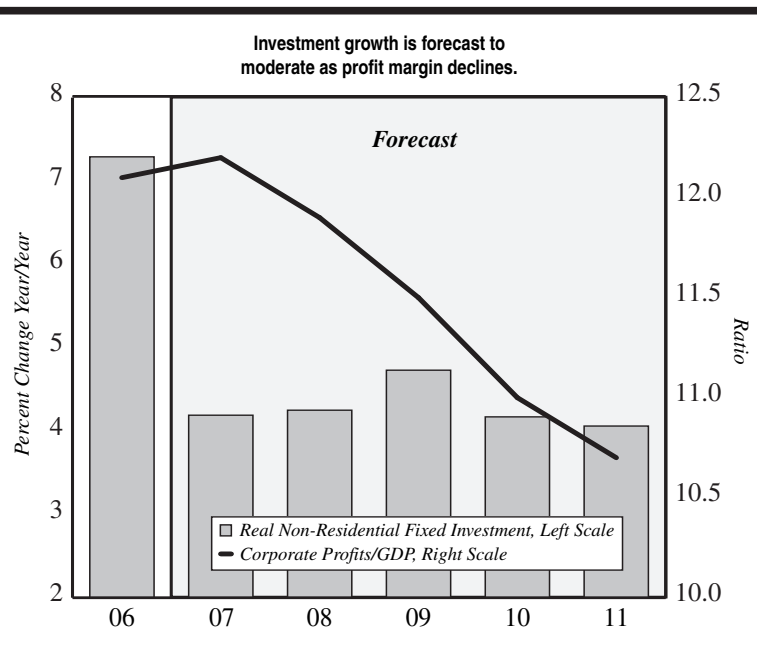
Investors are not going to find comfort in profit margins either, which may have already peaked for this cycle in the latter part of 2006. Profit margins are now being squeezed by the cyclical downturn in productivity growth, higher energy costs and escalating rents. After four straight years of double digit performance, corporate profits abruptly decelerated to an average of slightly above 1.5 percent growth (annualized) for the last three reported quarters, and are forecast to remain in the doldrums for at least two more years.

The subdued earnings outlook will have an adverse effect on equity markets for the rest of 2007 and into 2008. The major stock market indices started slowly in the first half of 2006, with the S&P500 and Dow gaining 1.8 percent and 4.0 percent respectively, and the Nasdaq dropping 1.5 percent. In the latter half of the year, all three major indices climbed more than eleven percent – a stellar performance despite the slowdown in the housing market and volatile energy prices. This rally continued into the first two months of 2007 before an unexpected global equity retrenchment resulted in a three percent freefall in all three indices on February 27. By the end of the first quarter of 2007, the S&P500 and Nasdaq struggled back to positive territory for the year, while the Dow remained down nearly a percentage point.

February’s “Gray Tuesday” reminded investors not to take the unusually low price volatility of the last several years for granted. While the last time the markets saw such a dramatic drop was in 2003, the S&P500 and Dow indices averaged approximately two trading days per year with drops larger than three percent in the decade prior. The popular Chicago Board Options Exchange’s Volatility Index (VIX), which reflects the market’s expectation of near-term volatility in the S&P500 options market, had been trading for the past two years at lows not seen since the mid-1990s – implying low expected volatility. However, since the end of February, the VIX has jumped, signaling expectations of higher volatility in the future.

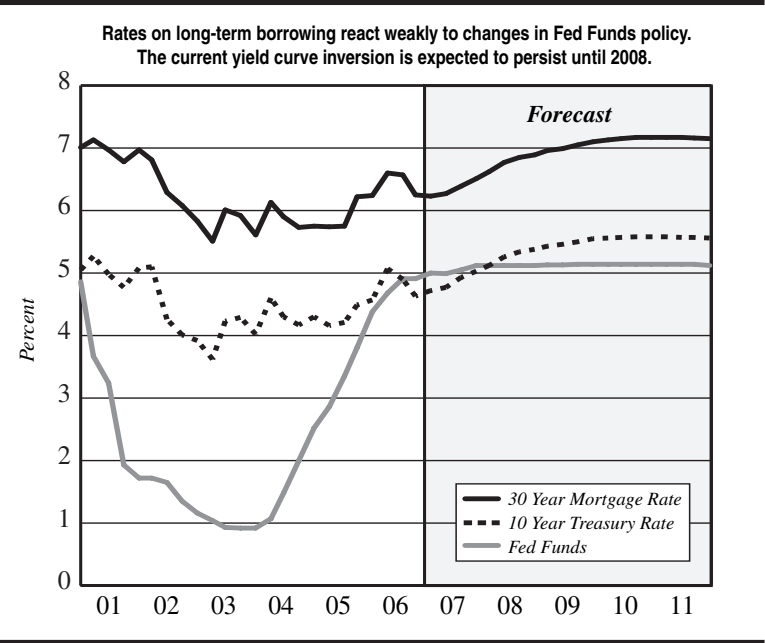
Benchmark yields on 10-year T-notes peaked above 5.1 percent in the summer of 2006, but gradually declined through the third and fourth quarters. At the same time, yields on short-term bills stayed around five

FIXED INVESTMENT AND PROFIT MARGIN



percent, influenced by the Fed’s policy of targeting a Fed Funds rate of 5.25 percent. As a result, the relationship between long and short rates has been inverted since the middle of 2006, an unusual configuration that has persisted through the first quarter of 2007. Yield curve inversions are infrequent and often – but not always – precede periods of economic weakness or recession. In retrospect, since most forecasters are expecting slower growth in 2007, the inversion of 2006 may have been foreshadowing this deceleration. At the same time, other factors may have biased long-term rates downward. In particular, there has been increasing demand for U.S. government bonds from foreign investors, including oil exporters and central banks. Furthermore, the restrained volatility in macroeconomic and financial fundamentals witnessed over the past several years has resulted in lower term premiums on assets.

INTEREST RATES



Inflation in 2006 was dominated by fluctuations in energy prices and rents. The price of West Texas Intermediate Crude oil climbed from about \$60 per barrel at the beginning of the year to a near \$80 peak in July, only to slide back to \$60 by year’s end. Prices fluctuated between \$55 and \$60 in the first quarter of 2007, but the inherent fragility of the oil market was underscored at the end of March when Iran’s confinement of British Naval personnel caused spot prices to jump above \$65. Judging by the price of oil futures contracts, the market is expecting prices to remain elevated through the remainder of the year and into 2008.

The roller coaster path of oil prices was directly reflected in the movement of inflation indices. CPI headline year-over-year inflation peaked at 4.4 percent in June, but subsided to 2.6 percent at year’s end and remained subdued for the first quarter of 2007. Core inflation measures, excluding volatile energy and food items, reacted with lags. The core CPI measure reached a 2006 maximum of 2.9 percent (year-over-year) in September, while the core PCE index – the Fed’s preferred inflation measure – hit its 2006 peak of 2.4 percent in August. Both core rates remained stubbornly above the Fed’s “comfort zone” of 1-2 percent, and were characterized by Fed Chief Bernanke as “uncomfortably high” in his March 2007 statement before Congress.

Two important factors currently dominating core CPI movements are the influence of residential rents and owner’s equivalent rent (OER) – the imputed cost of rental services on owner occupied housing. Both have increased steadily over the past year. Growth in rents has climbed from 3.0 percent at the beginning of 2006 to 4.6 percent in 2007. Similarly, over the same period OER growth has risen from 2.5 to 4.2 percent. The acceleration of these costs is due primarily to uncertainties in the real estate market. As would-be homeowners defer purchases, demand for rental housing increases, driving up rents. When the housing market stabilizes and the supply of rental units begins to match demand, core CPI inflation will likely begin to decline.

The Fed has adopted a “wait and see” policy since mid-June 2006, holding the benchmark short-term Fed Funds rate constant at 5.25 percent. Chairman Bernanke testified in March that the “current stance of policy is

likely to foster sustainable economic growth and a gradual ebbing in core inflation” which was interpreted to mean that the Fed would pause for the indeterminate future. In particular, impending risks on the Fed’s horizon include the residential housing falloff, uncertainties regarding the sub-prime mortgage market, slowing business investment, and the ever-present threat of oil price jumps. Based on Chairman Bernanke’s most recent statements, it appears that although the Fed’s main concern is the intransigence of the core inflation measures, it would maintain flexibility in the face of incoming information on both inflation and economic growth.

The New York City Economy

New York City experienced another year of impressive growth in 2006, due to stellar Wall Street performance and thriving tourism activity. The City's job market kept pace with its national counterpart by adding 62,000 private sector jobs, with the office-using sectors performing exceptionally well. Consequently, the commercial real estate market flourished, offsetting any negative impact of the local housing slowdown. Looking ahead, the local economy has enough momentum to continue forward through the first half of 2007. Subsequently, a gradual deceleration is likely as Wall Street takes a breather and the impact of the U.S. slowdown spills over locally.

New York Stock Exchange member firms posted profits of \$20.9 billion in 2006, nearly matching the previous record of \$21 billion in 2000, bolstered by an unusually high profit of \$7.6 billion in the fourth quarter. Revenues net of interest jumped \$24 billion, or 22 percent compared to 2005. Specifically, principal trading and investment revenue doubled in 2006 compared to 2005. This robust activity translated into record bonuses and additional hiring. Bonuses are estimated to have topped \$25 billion, an increase of 25 percent over 2005's heady level, and the securities industry expanded by 9,000 jobs in 2006, growth of 5.6 percent.

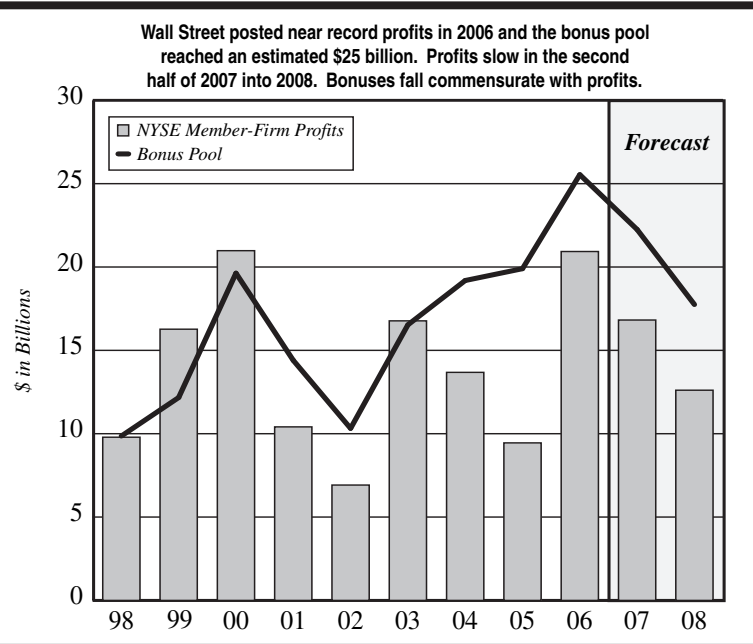
Carrying momentum from the feverish fourth quarter of 2006, early reporting by major securities firms suggest another quarter of large profits in the first quarter of 2007. Profits will retrench slightly throughout the later quarters as the nation's weak housing market slows underwriting activity, equity markets respond to sluggish earnings growth, and risk premiums increase. However, continued mergers & acquisitions activity will sustain overall profits of \$16.8 billion in 2007, before diminishing further in 2008 to \$12.6 billion. Bonuses will fall commensurate with profits and hiring will decelerate in 2007, as the securities sector adds 5,000 jobs. Corresponding with slowing activity in 2008, the sector is expected to contract slightly, cutting about 2,000 jobs.

Wall Street activity has benefited the City's professional & business service sector, which added 16,000 new employees in 2006. Within the sector, accounting and computer design firms posted the largest gains, adding 6,000 and 3,000 jobs, respectively. Another strong office-using sector in 2006 was information, which, in the process of adapting to new digital media, expanded by 2,000 jobs. Corresponding with the slowdown in the national economy, and consequently the local economy, growth in these sectors will slacken in the out years. Professional and business services is expected to add 16,000 jobs in 2007 before weakening in 2008, while the information sector will add about 3,000 jobs this year, and stall in 2008.

The overall growth of 31,000 jobs in office-using employment generated strong demand for office space, making 2006 an exceptional year for commercial real estate.¹ Burgeoning demand and limited supply resulted

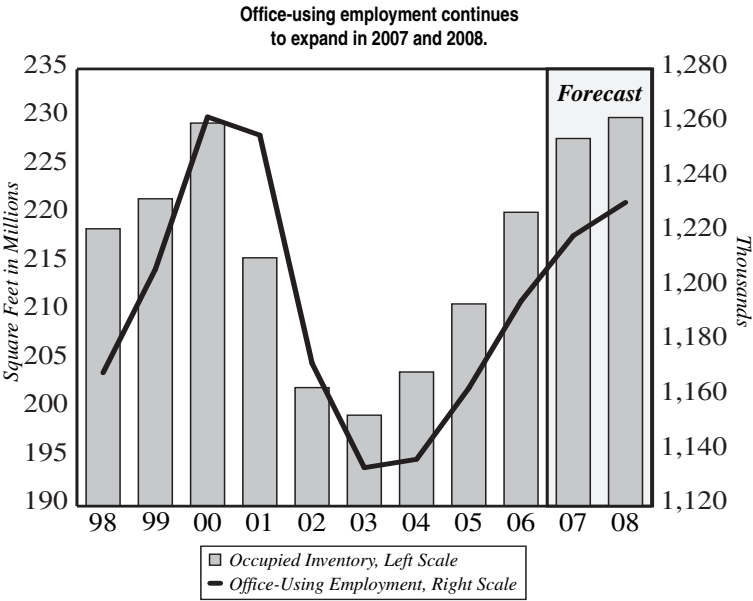
1. Office-using employment includes financial activities, information, and professional & business services.

NYSE MEMBER-FIRM PROFITS



in a tight market. With nearly 20 million square feet of Class A market space leased, vacancy rates in Midtown dropped to 6.1 percent by year's end. Predictably, Midtown asking rents sky-rocketed over the year by 20 percent to \$65 per square foot (psf) by the end of 2006. This initiated over \$40 billion in large commercial sales. Another natural consequence of the quickly declining vacancy rates coupled with the exorbitant asking rents in the Midtown area is that Downtown office space has become more attractive to tenants. With asking rents remaining about \$20 psf below Midtown rents, vacancy rates Downtown fell from over 12 percent in the first quarter of 2006 to 6.9 percent by the end of the year.

OCCUPIED INVENTORY AND OFFICE-USING EMPLOYMENT



This trend continued through the first quarter of 2007. With only about 10 million square feet of primary office space available in Midtown and no new large office buildings in the inventory pipeline, vacancy rates in Midtown are expected to remain below 6.0 percent in 2007 and asking rents are projected to escalate to over \$70 psf.² By 2008, a slight pause in office employment will offer a bit of a respite but with little uncommitted inventory coming online, vacancy rates remain between five and six percent.³ Conditions in the Downtown area will also continue to tighten as prices in Midtown escalate. However, the development of the Goldman Sachs headquarters should ease some of the pressure by 2009, freeing up approximately two million square feet of office space in Downtown. The completion of the Freedom Tower in 2011 will offer further relief. Nonetheless, vacancy rates in Downtown will remain below ten percent for the rest of the forecast as asking rents rise to over \$50 psf.

Along with Wall Street, the tourism sector has been a key driver in bolstering the local economy in recent years. The City's tourism sector reached a new peak in 2006, entertaining a record 44 million tourists from all over the world. The number of air passengers arriving at the three major airports in the New York Area increased noticeably. The Port Authority of NY & NJ reported that average monthly arrivals of air passengers in 2006 were 8.9 million compared to 8.3 million in 2005. This influx of visitors caused hotel occupancy rates to surge, reaching 85 percent for the year. Consequently, hotel room rates rose sharply, averaging \$268 per night. Thriving tourism activity was also evident in the 9.7 percent year-over-year increase in Broadway attendance in December 2006. As a result, the average weekly gross ticket revenue generated from Broadway shows also increased 12.8 percent in December from a year ago. Responding to the vibrant activity, employment in the leisure & hospitality sector increased, adding almost 7,000 jobs in 2006. Momentum is not expected to abate in the near future; occupancy rates will remain at or above 80 percent through the out years, and room rates climb to over \$300 per night by 2008. The leisure & hospitality sector is expected to add around 5,000-7,000 jobs per year during 2007-2011.

2. The New York Times building was included in the statistics in early 2007. Even with its inclusion vacancy rates in Midtown declined.
 3. Two buildings are anticipated to be completed in 2008; 1 Bryant Park, which is near fully leased and a building being developed by SLJ, 11 Times Square.

**NYC Job Growth Gains/(Loss)
Forecast**

	2007 <i>Level</i> (000s)	2007 <i>Percent Change</i>	2008 <i>Percent Change</i>
Total	3,711	1.3%	0.8%
Private	3,156	1.5	1.0
Construction	121	2.6	0.8
Manufacturing	100	(6.0)	(5.5)
Financial Activities	464	1.2	(0.3)
Securities	184	2.7	(1.1)
Information	168	1.5	0.3
Transportation & Utilities	122	0.1	0.3
Health & Education	709	2.1	1.7
Leisure & Hospitality	290	2.2	2.1
Wholesale & Retail Trade	439	0.9	0.9
Professional & Business Services	587	2.8	2.2
Other Services	156	1.4	0.4
Government	555	0.0	(0.1)

New York City's bustling economy and reputation as the safest big city in the nation has helped attract more people to the City, not only as tourists but as residents. The City's population is at an all time high, and as a result the demand for health & educational services has expanded. In 2006 alone, these two sectors added 16,000 jobs. As New York City continues to flourish, the forecast assumes similar job growth of 10,000 to 15,000 jobs per year. Another beneficiary of the larger population, bustling tourism and surging Wall Street has been retail trade. In 2006, retail employment added 5,000 jobs. The sector is expected to add another 5,000 jobs on average in 2007 and 2008, before slowing in the out years. While most sectors have benefited from the rapid growth of the past several years, the most significant outlier is local manufacturing, which continues to shrink due to shifts to lower cost regions. Manufacturing employment dropped by another 7,000 jobs in 2006 and will likely continue to contract at this rate through the current plan period.

Reflecting the national situation, the local housing market remains a risk to the City's economy. It is clear by now that the nation's housing market is in the midst of a substantial correction. It is unclear however, how much weakness will spill into the City's market. Market-wide transaction activity slowed by 8.8 percent in 2006 after plateauing in 2004 and 2005, and prices flattened over the course of the year. However, strong bonuses on Wall Street and international appeal have helped insulate the high-end Manhattan condo market. Activity is expected to slow over the next two years as tighter credit requirements, higher mortgage rates, and a slower national economy cut demand. At the same time, ample supply is expected as the issuance of new housing permits has been frenetic until very recently.⁴ As a result, transaction activity is projected to fall by 17.8 percent from the 2005 peak level and prices should soften by an average of six percent per year City-wide through 2008. It is expected that the housing market will pick up in 2009 at a balanced pace.

The weakening housing market over the next two years will put a pause to real estate employment. Even though the market is expected to weaken and permits are slowing from a breakneck pace, it is likely that the

4. In 2005 the City issued 31,731 permits followed by another solid year of 30,927 in 2006.

construction industry will add jobs due to the commencement of several large non-residential construction projects, both commercial and public.

Overall the City is expected to add another 47,000 private sector jobs in 2007 (1.5 percent growth). Strong labor market activity and hefty bonuses will help boost average wages 5.4 percent in 2007, resulting in total wage earnings growth of 6.9 percent. In 2008 weakness on Wall Street coupled with very sluggish overall employment gains in the cyclically sensitive sectors will result in total wage earnings growth of only 1.8 percent. In the out years, the City's economy returns to trend growth, with wage earnings up on average five percent per year. This forecast is predicated on the assumption that the nation successfully accomplishes a soft landing, with subdued inflationary pressures and a muted impact of the current correction in the housing market. However, a deeper housing correction and instability on Wall Street remain significant risks to this forecast.

Executive Budget Fiscal Year 2008
 Forecasts of Selected United States and New York City Economic Indicators
 Calendar Years 2006-2011

	2006	2007	2008	2009	2010	2011	1976- 2006*
NATIONAL ECONOMY							
Real GDP							
Billions of 2000 Dollars	11,414	11,680	12,004	12,380	12,768	13,118	
Percent Change	3.3	2.3	2.8	3.1	3.1	2.7	3.1
Non-Agricultural Employment							
Millions of Jobs	136.2	137.8	139.5	141.4	143.3	144.8	
Change from Previous Year	2.5	1.7	1.6	1.9	1.9	1.4	
Percent Change	1.9	1.2	1.2	1.4	1.4	1.0	1.8
Consumer Price Index							
All Urban (1982-84=100)	201.6	205.7	210.3	214.9	219.4	224.0	
Percent Change	3.2	2.1	2.2	2.2	2.1	2.1	4.3
Wage Rate							
Dollars Per Year	44,228	45,881	47,481	49,266	51,203	53,203	
Percent Change	4.4	3.7	3.5	3.8	3.9	3.9	4.6
Personal Income							
Billions of Dollars	10,884	11,482	12,098	12,791	13,535	14,264	
Percent Change	6.3	5.5	5.4	5.7	5.8	5.4	6.9
Before-Tax Corporate Profits							
Billions of Dollars	1,792	1,852	1,861	1,873	1,860	1,864	
Percent Change	18.0	3.3	0.5	0.6	-0.7	0.2	8.0
Unemployment Rate							
Percent	4.6	4.8	4.9	4.7	4.5	4.4	6.2 (avg)
10-Year Treasury Bond Rate							
Percent	4.8	4.9	5.3	5.5	5.6	5.6	7.7 (avg)
Federal Funds Rate							
Percent	5.0	5.3	5.3	5.3	5.3	5.3	6.6 (avg)
NEW YORK CITY ECONOMY							
Real Gross City Product**							
Billions of 2000 Dollars	476	478	477	489	503	517	
Percent Change	5.1	0.4	-0.2	2.5	2.9	2.8	3.4
Non-Agricultural Employment							
Thousands of Jobs	3,664	3,711	3,742	3,780	3,817	3,844	
Change from Previous Year	62.2	47.0	30.6	37.6	37.2	27.5	
Percent Change	1.7	1.3	0.8	1.0	1.0	0.7	0.4
Consumer Price Index							
All Urban NY-NJ Area							
(1982-84=100)	220.8	227.4	232.9	238.4	243.9	249.4	
Percent Change	3.8	3.0	2.4	2.4	2.3	2.3	4.4
Wage Rate							
Dollars Per Year	72,060	75,958	76,734	78,658	81,992	85,636	
Percent Change	6.1	5.4	1.0	2.5	4.2	4.4	5.9
Personal Income							
Billions of Dollars	370	388	402	421	443	466	
Percent Change	6.6	5.1	3.7	4.5	5.3	5.2	6.3
NEW YORK CITY REAL ESTATE MARKET							
Manhattan Primary Office Market							
Asking Rental Rate***							
Dollars Per Sq Ft	53.93	65.32	71.88	75.79	87.13	93.26	
Percent Change	12.9	21.1	10.0	5.4	15.0	7.0	N.A.
Vacancy Rate***							
Percent	7.3	5.2	5.2	5.2	4.7	5.0	N.A.

* Compound annual growth rates for 1976-2006. Compound growth rate for Real Gross City Product covers the period 1980-2005; for NYC wage rate, 1976-2005; for NYC personal income, 1976-2004.

** GCP estimated by OMB.

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

TAX REVENUE

Overview

New York City's economic and tax revenue expansion continues into its fifth year with total tax revenue growth of 9.1 percent expected by the close of 2007. Over this period, the expansion of tax revenues has been driven by the economic factors noted in the Economic Outlook, as well as by the tax programs implemented. Tax revenues grew by 57.5 percent over the four years from 2003 through 2006. Excluding the effects of tax program changes, revenues grew by 41.3 percent, underscoring the importance of both the economic recovery and the City's policy responses in order to restore the City's revenue stream. The strength in revenue growth over the past five years has come from two volatile sources – personal and business income taxes from Wall Street firms and real estate transaction taxes – and both of these sources are expected to weaken in 2008. Residential real estate transactions have already seen declines, despite continued strength seen in large commercial transactions. The expected return to a sustainable level of Wall Street profits and real estate transaction activity, combined with a slowdown in the national and local economies, will result in revenue growth over the next two years weaker than recently experienced.

2007 and 2008 Tax Revenue Forecast (\$ in Millions)

Tax	2007 Forecast	2008 Executive Budget	Increase/(Decrease) From 2007 to 2008	
			Amount	Growth
Real Property	\$12,976	\$14,220	\$1,244	9.6%
Commercial Rent	507	550	43	8.5%
Real Property Transfer	1,692	1,381	(311)	-18.4%
Mortgage Recording	1,487	1,249	(238)	-16.0%
Personal Income †	6,842	7,477	635	9.3%
General Corporation	3,306	3,163	(143)	-4.3%
Banking Corporation	1,189	813	(376)	-31.6%
Unincorporated Business	1,610	1,586	(24)	-1.5%
Sales and Use	4,522	4,644	122	2.7%
Utility	340	355	15	4.4%
Cigarette	120	117	(3)	-2.5%
Hotel	332	337	5	1.5%
All Other	458	380	(78)	-17.0%
Subtotal††	\$35,381	\$36,272	\$891	2.5%
STAR Aid	1,093	1,148	55	5.0%
Tax Audit Revenue	959	559	(400)	-41.7%
Tax Reduction Program	—	(1,331)	(1,331)	—
Total††	\$37,433	\$36,648	(\$785)	-2.1%

† After TFA retention of \$726.9 million in 2007 and \$189.3 million in 2008.

†† Totals may not add due to rounding.

Total tax revenue*, excluding audits, is forecast to increase 11.9 percent in 2007 and to exhibit flat growth in 2008. The property tax is forecast to increase 4.3 percent in 2007 and 7.8 percent in 2008. The non-property taxes, excluding the real property transfer and mortgage recording taxes, are forecast to increase 15.2

* The tax revenue in this section is reported on a common rate and base unless otherwise noted. The May 2007 report, "Tax Revenue Forecasting Documentation" discusses the tax forecasting techniques used in this Executive Budget.

percent in 2007 and to decline 1.0 percent in 2008. After the inclusion of tax law changes and retention by the Transitional Finance Authority (TFA), total tax revenue is forecast to increase 9.1 percent in 2007 and increase 2.6 percent in 2008.

Non-property tax collection strength continues in 2007, the result of a near record level of Wall Street profitability in calendar year 2006, large employment gains, overall wage rate growth and a real estate market that continues to show resilience due to a strong commercial market even as the number of residential property transactions decline. In calendar year 2006, NYSE member-firm profits totaled \$20.9 billion, an \$11.5 billion increase over the calendar year 2005 level. The bonus payout for calendar year 2006 grew more than 20 percent, after averaging 27 percent over the prior three years. Residential property sales volume has seen declines since the last quarter of 2005, as the rise in interest rates and considerable price appreciation have cooled the residential real estate market. Collections from sales of very large commercial properties, however, have more than offset the subsiding residential collections. The confluence of the above factors led to strong non-property tax growth of 15.5 percent in 2007, compared to 12.9 percent growth seen in 2006.

The personal income tax in 2007 is forecast to grow 11.3 percent, reflecting wage earnings growth, driven by employment gains and a record bonus payout, in addition to an estimated 20 percent growth in capital gains realizations in calendar year 2006. Business tax collections (general corporation, banking corporation and unincorporated business taxes) are expected to finish the fiscal year with growth of 39.4 percent in 2007, mostly attributable to finance sector payment strength, the result of strong Wall Street profits in calendar year 2006. Sales tax collections are expected to grow only 3.6 percent and reflect declines in real estate related consumption from home purchases as well as cash-out mortgage refinancings, despite growth in wage earnings and visitor spending.

Real property transfer tax collections are forecast to remain strong, growing at 30.6 percent (higher than last year's growth of 22.7 percent). Collections from high value commercial transactions, benefiting from continued investor interest in New York City's commercial office buildings, were buoyed by a flurry of very large transactions. Similarly, mortgage recording tax collections are forecast to grow 10.0 percent in 2007, higher than last year's 7.4 percent growth.

Property tax revenue is forecast to increase 4.3 percent in 2007, based upon 4.6 percent growth in billable assessed value. The commercial rent tax is forecast to grow 4.7 percent.

In 2008, non-property taxes are forecast to decline 2.3 percent. Personal income tax revenue growth is expected to increase 1.8 percent over the prior year, reflecting a decline in the bonus payout stemming from a falloff in Wall Street profits in calendar year 2007, as well as a forecast decline in capital gains realizations. Additionally, the national economic slowdown suppresses overall job and wage rate growth. Payments from business taxes decline 8.3 percent, reflecting the forecast decline in Wall Street profitability. The sales tax is forecast to grow 2.9 percent, paralleling forecast growth in wage earnings of 2.8 percent.

Residential collections from the real property transfer and mortgage recording taxes are forecast to decline 12.9 percent and 18.2 percent, respectively, in 2008. This slowdown, after the overheated level of activity seen in the last five years, reflects higher mortgage interest, home price appreciation in excess of income growth and tighter credit standards. Commercial collections from the real property transfer and mortgage recording taxes are forecast to decline 21.9 percent and 13.8 percent, respectively, in 2008, as very large commercial transactions return to more sustainable levels. Adjusting 2008 commercial collections growth for two very large transactions that occurred in 2007 (Stuyvesant Town/Peter Cooper Village and Equity Office Properties/Blackstone), commercial collections from the real property transfer tax in 2008 are forecast to decline by only 3.0 percent while the collections from the mortgage recording tax remain flat. Non-property taxes are forecast to decline 1.0 percent in 2008 after excluding the real property transaction and the mortgage recording taxes.

In 2008, property tax collections are forecast to grow 7.8 percent. The levy is forecast to increase 7.5 percent over 2007, driven by a similar growth in billable assessed value. The commercial rent tax is forecast to grow by 5.5 percent in 2008 with strong asking rents and improving vacancy rates for commercial office space in Manhattan.

REAL PROPERTY TAX

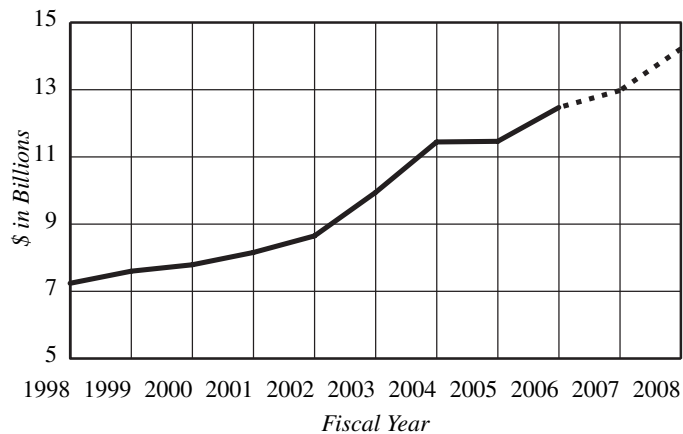
The real property tax is projected to account for 38.0 percent of tax revenue in 2008, or \$14,220 million.

State law requires the New York City Department of Finance (DOF) to assign every property to one of four tax classes. Class 1 consists of residential properties with up to three units and vacant land zoned for residential use. Class 2 comprises all other residential properties including co-ops and condos. Class 3 consists of utility properties. Class 4 represents all other properties including office buildings, factories and stores. There are about 970,000 parcels in the City, 71.36 percent of which are Class 1, the largest among the four tax classes. Classes 2, 3, and 4 account for 20.10 percent, 0.04 percent and 8.50 percent, respectively.

State law also requires that all properties in each class are assessed at the same percentage of full market value, known as the assessment ratio. The assessment ratio is six percent for Class 1 and 45 percent for Classes 2, 3 and 4. The tax levy for a property is determined by multiplying the full market value by the assessment ratio applicable for that class of property and then multiplying the resulting assessed value by the appropriate class tax rate. The tax rates are different for each class and are set annually by the City Council at the beginning of the fiscal year. The practice in recent years has been that the City Council holds the average tax rate constant, allowing the class tax rates to fluctuate moderately. Some portion of the tax levy is uncollectible each year due to delinquency, cancellation of tax liability and tax abatements. The uncollectible taxes are forecast and reserved against. The tax levy less the reserve for uncollected taxes yields the annual property tax revenue.

Property Tax Summary: The assessment of real property taxes in the City is governed by the provisions of the New York State Real Property Tax Law (NYSRPTL), the City Charter and the City Administrative Code. DOF administers the real property tax, determines the market value of all real properties in the City and collects the property taxes levied. The Property Division of DOF annually estimates the full market value of each parcel of real property. Once the full market value of the property is determined, the actual assessed value of the property is derived by multiplying the full market value times the assessment ratio. Tax Class 1 is assessed at six percent of full market value and tax Classes 2, 3 and 4 are assessed at 45 percent of full market value. The law also establishes restrictions on annual assessed value increases (six percent per year and 20 percent over five years for Class 1; eight percent per year and 30 percent over five years for Class 2 rental units and co-ops and condos of less than 11 units). For all other Class 2 and Class 4 properties there are no annual restrictions on actual assessed value increases. Instead, for these properties, actual assessed value

REAL PROPERTY TAX 1998-2008



Distribution of Real Property by Class

	Parcels*	Percentage Share
Class 1	692,518	71.36%
Class 2	195,025	20.10%
Class 3	419	0.04%
Class 4	82,508	8.50%
Citywide	970,470	100.00%

* FY 2007 final roll

The Real Property Tax Calendar

- Market value survey and class equalization rates are published in December. (New York State Office of Real Property Service, ORPS)
 - Tentative assessment roll is released in mid-January. (DOF)
 - Taxpayers wishing to protest this assessment may do so by applying to the Tax Commission for a hearing.
 - Calculating estimated class shares (Current Base Proportions) updates each class's share of the levy for changes in market value in April.
 - The final assessment roll is released in late-May. (DOF)
 - Calculating the final class shares (Adjusted Base Proportions) updates the class shares for physical changes in late May, after release of the final roll. (ORPS)
 - The final tax rates are set at budget adoption in June. (City Council)
-

changes (both increases and decreases) are phased in over five years. There are no assessment caps or phase-in requirements for Class 3 properties.

The assessed value, after the applicable market value phase-ins, is referred to as the transitional assessed value. Increases in actual assessed value as a result of new construction, alterations, or change in taxable status are reflected immediately in billable assessed value and are generally not subject to assessed value caps or phase-in requirements. The taxable billable assessed value is the lower of the actual assessed value and the transitional assessed value, less any portion of the assessed value that is exempt from taxation.

The taxable status and assessed value of each property in the City are determined on January 5th for the subsequent fiscal year, which begins on July 1st. In mid-January, a tentative assessment roll is produced and taxpayers are notified of their new assessment level. Taxpayers may protest the tentative assessment level by applying to the Tax Commission for a hearing. Owners of Class 2, 3 and 4 properties are required to file their applications before March 1st; Class 1 property owners must file by March 15th. A taxpayer who does not wish to accept a Tax Commission decision may begin an Article 7 proceeding (tax certiorari) in the appropriate State Supreme Court.

All or a portion of the assessed value of a property may be exempt from taxation. Government-owned (public) properties are exempt from taxation and include properties owned by the Federal government, the State of New York, the City of New York, public benefit corporations and the United Nations or foreign governments (if they use such properties as missions to the United Nations or as consulates). Private properties that are exempt from taxation include property owned by non-profit, religious, charitable, educational, medical and cultural organizations. Residential property exemptions exist to encourage rehabilitation of existing housing and new construction or renovation. Commercial and industrial property exemptions exist to encourage economic development. In addition, properties may qualify for individual assistance exemptions such as the veteran's exemption, the senior citizen homeowner's exemption and persons with disabilities exemption.

The share of the total tax levy that is borne by each tax class (the class share) is regulated by the provisions of the NYSRPTL. The class share system was created by the enactment of chapter 1057 of the Laws of 1981 (known as S.7000A). Class shares fluctuate every year depending on how much each tax class increased or decreased its share of the citywide total market value. Each tax class's share of the total tax levy is updated annually to reflect relative full market value changes among the four tax classes as well as new construction, demolition, alterations and change in taxable status or reclassification.

Once the class shares are determined and the class levy is set for each tax class, the tax rate for each tax class is then determined by dividing the levy for such tax class by the billable assessed value of the tax class. The tax rates are determined annually by the City Council at the adoption of the budget for the new fiscal year.

Further tax detail and legislative history can be found in the OMB publication “Tax Revenue Forecasting Documentation, Financial Plan, Fiscal Years 2007-2011”.

Forecast: The real property tax revenue is forecast at \$12,976 million in 2007, growth of 4.0 percent over the prior year, including lien sale proceeds, and an increase of \$35 million from the January Plan. The property tax revenue is forecast at \$14,220 million in 2008 including lien sale proceeds, growth of 9.6 percent over 2007 and a decrease of \$7 million from the January Plan.

The projected 2007 growth is based on the billable assessed value growth of 4.6 percent on the 2007 final roll. The \$35 million forecast increase from the January Plan results from an increase in cash collections of \$25 million, as the current year reserve for uncollectibles has declined, and a \$10 million increase in the forecast for collections from prior year delinquencies.

The 2008 property tax revenue forecast is based on the tentative roll, released by DOF on January 12, 2007, but also incorporates information on Department of Finance changes-by-notice issued to certain property owners since the tentative roll release. The tentative roll’s billable assessed value (after veterans and STAR exemptions and before any changes-by-notice) increased by \$10.3 billion to \$125.4 billion, growth of 8.9 percent over last year.

Class 1 properties (one-, two- and three-family homes) saw market value growth of 16.3 percent on the tentative roll, higher than last year’s growth of 12.9 percent. It is the eighth consecutive year where Class 1 properties registered double-digit market value growth. Class 1 properties saw billable assessed value growth of 5.1 percent on the tentative roll, slightly higher than the prior year’s 4.7 percent growth rate. Class 2 properties (apartments, condominiums and cooperatives) saw market value growth of 26.3 percent on the tentative roll and billable assessed value growth of 9.7 percent, the highest growth seen since 1991. The billable assessed value on the final roll is expected to show growth of 8.4 percent. Class 3 (utility) properties saw a decline in market value on the tentative roll of 5.9 percent, down from last year’s growth of 6.8 percent. Last year’s robust growth resulted from the expiration of special agreements with major utility companies that allowed certain value reductions for a fixed number of years in the original settlement. This year’s decline in Class 3 market value was due to the DOF’s response to a recent court decision regarding non-regulated utility properties. The court ruled that non-regulated utility properties should be classified as Class 4 commercial properties. Consequently, DOF moved telecommunication properties and power plants owned by non-regulated entities, valued at \$777 million in billable assessed value, from tax Class 3 to tax Class 4, resulting in a Class 3 billable assessed value decline of 7.0 percent on the tentative roll. Class 4 properties (office and commercial space) saw strong market value growth of 22.3 percent on the tentative roll. Adjusting for the reclassification of Class 3 properties to Class 4 this year, market value growth was 21.1 percent, still higher than the previous year’s 5.2 percent market value growth. Class 4 properties saw billable assessed value growth of 12.0 percent on the tentative roll. Adjusting for the Class 3 transferred properties, billable assessed value growth was 10.6 percent compared to 4.1 percent in 2007.

The final roll, to be released in May, is currently estimated to be about \$1.6 billion lower than the tentative roll as a result of Tax Commission actions, Department of Finance changes-by-notice and completion of exemption processing. For the forecast period, the overall billable assessed value is forecast to grow 6.9 percent on average from 2009 through 2011, based on moderating market value growth assumptions. In 2008, the levy is expected to increase by \$1,067 million to \$15,358 million, growth of 7.5 percent over 2007, due to the strong growth seen in billable assessed value. For 2008, revenue from the property tax is forecast at \$14,220 million including lien sale proceeds, an increase of \$1,244 million and growth of 9.6 percent over 2007. The forecast decrease of \$7 million from the January Plan results from slightly larger reductions from the tentative to final roll than previously estimated. It appears that a number of taxpayers have been taking advantage of an extended deadline of May 1st to file their Real Property Income and Expense (RPIE) statements to receive assessed value reductions through Department of Finance change-by-notice.

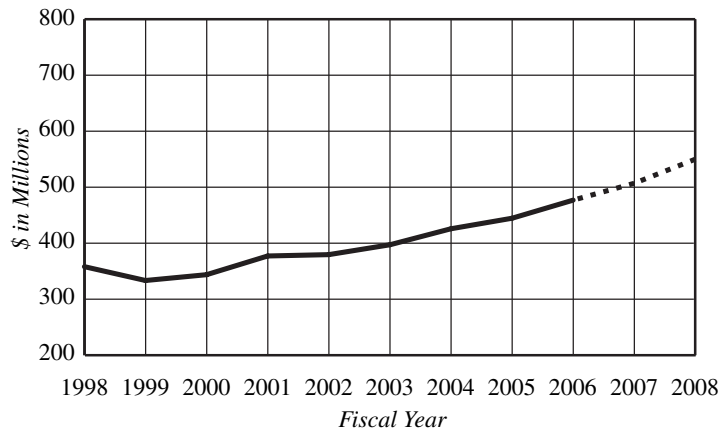
Sustained by the steady growth in billable assessed value projected in the out-years, the real property tax revenue is forecast to grow at 7.0 percent on average from 2009 through 2011.

COMMERCIAL RENT TAX

The commercial rent tax is projected to account for 1.5 percent of tax revenue in 2008, or \$550 million.

This tax is imposed on tenants of premises that are used to operate businesses, professions, or commercial activities in Manhattan south of 96th Street at an effective rate of 3.9 percent. Tenants, whose annual or annualized gross rents are less than \$250,000, are not subject to this tax; those with annual taxable rents between \$250,000 and \$300,000 are eligible for a sliding-scale credit that partially offsets tax liability. This tax is administered by the New York City Department of Finance (DOF).

COMMERCIAL RENT TAX 1998-2008



Further tax detail and legislative history can be found in the OMB publication “Tax Revenue Forecasting Documentation, Financial Plan, Fiscal Years 2007-2011”.

Forecast: Commercial rent tax collections for 2007 are forecast at \$507 million, 6.3 percent growth over the prior year, reflecting the strong demand for commercial office space. In Midtown Manhattan, primary market asking rents are forecast to increase by 21 percent in calendar year 2007 to \$71 per square foot from \$58 per square foot seen in calendar year 2006. Over the same period, the Midtown vacancy rate is forecast to decline from 6.7 percent to 5.0 percent. As a result of the burgeoning demand and limited availability in Midtown, office space in lower Manhattan is becoming more desirable, driving asking rents up by 15 percent and vacancy rates down by 37 percent in calendar year 2007. Furthermore, the 31,000 jobs added to office employment in financial, information, and professional services in calendar year 2006, continue to generate strong demand for office space in Manhattan.

Revenue for 2008 is forecast at \$550 million, growth of 8.5 percent over the prior year. The forecast for strong growth is driven by forecasts of continued, although slower, local private sector employment gains, tightening office vacancies and strong growth in asking rents. From 2009 through 2011, as growth in the City’s office using employment moderates, commercial rent tax collections are projected to grow an average of 3.0 percent.

REAL PROPERTY TRANSFER TAX

The real property transfer tax is projected to account for 3.7 percent of tax revenue in 2008, or \$1,381 million.

The real property transfer tax (RPTT) is imposed upon the conveyance of real property (at closing) but is typically not collected until the deed is registered with the City. For non-deeded transactions, payments are made directly to the New York City Department of Finance (DOF), which administers the tax. The tax is imposed on transfers that include assignments of leasehold interests, economic interest in real

property and shares of stock in cooperative housing corporations. The tax is payable by the grantor, normally the seller. If the grantor is exempt from the tax, it is payable by the grantee. The two major components of RPTT - residential and commercial transactions - are taxed differently. Residential transactions include Class 1 and 2 properties sold as individual units. Commercial properties include Class 3 and 4 properties as well as any Class 2 properties sold in their entirety (i.e. the sale of buildings as a whole).

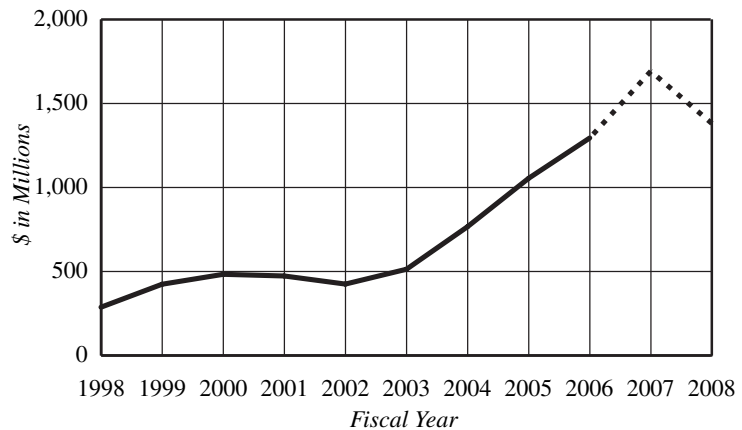
Further tax detail and legislative history can be found in the OMB publication "Tax Revenue Forecasting Documentation, Financial Plan, Fiscal Years 2007-2011".

Forecast: The real property transfer tax in 2007 is forecast at \$1,692 million, 30.7 percent growth over the prior year and an increase of \$209 million from the January Plan level.

The real property transfer tax has reached record levels in recent years, with compounded annual average growth of 32.1 percent seen from 2003 through 2006, reflecting the booming residential real estate market and a very strong commercial market. The upward revision to the 2007 forecast is based on an analysis of transaction volume and average sale price data through January 2007 for residential and commercial transactions. Generally, the ongoing slowdown in the residential and smaller commercial transactions has been offset by the continued strength in very large commercial real estate transactions.

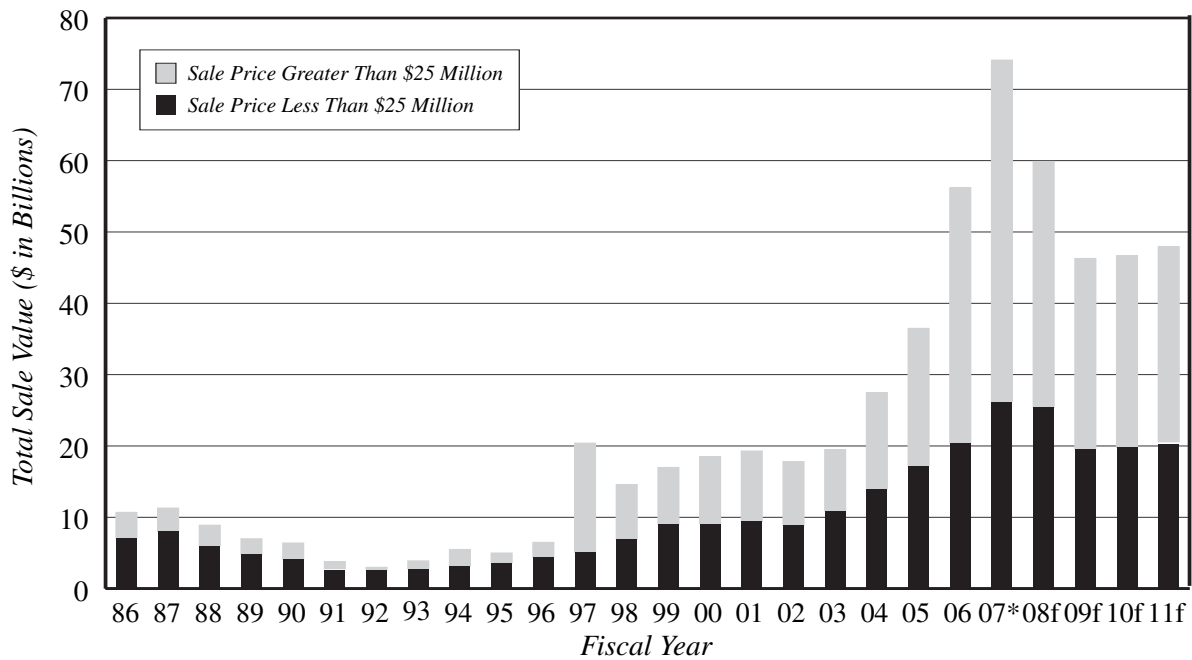
Revenue from residential transactions in 2007 is forecast at \$666 million, growth of 6.6 percent over the prior year and an increase of \$20 million from the January Plan level. This follows unprecedented collections growth of 27.1 percent on average from 2004 through 2006, fueled by historically low mortgage interest rates, income growth and employment gains in the City. The boom in residential transaction activity started to slow in the fourth quarter of 2005, and the decline has accelerated since the second half of 2006 as the regional housing market slowed along with the rest of the nation. In 2007, year-to-date residential transaction activity (July through January) has demonstrated the persistence of this market retrenchment, with sales of 1-3 family homes declining 15.1 percent over the prior year and sales of cooperatives declining 8.8 percent. This retrenchment is only partially offset by a 13.5 percent increase in transaction activity for condominiums during the same period, with high value Manhattan condominium sales accounting for practically all of the increase. Total residential transactions peaked in the first quarter of 2005 and are expected to trough in the fourth quarter of 2009, at a level of 27.6 percent below the peak. Typically, transaction activity is a leading indicator for average sales prices. Average sales prices are expected to decline 12.6 percent from the peak in the fourth quarter of 2006 to the trough in the fourth quarter of 2009. The forecast declines in transaction volume and average price translate into revenue declines of 12.9 percent in 2008 and 6.2 percent in 2009, before collections rebound in 2010 and 2011.

REAL PROPERTY TRANSFER TAX 1998-2008



Revenue from commercial transactions in 2007 is forecast at \$1,026 million, growth of 53.2 percent over the prior year and an increase of \$189 million from the January Plan level. This follows unprecedented average collections growth of 47.5 percent from 2004 through 2006, fueled by low interest rates and the high demand for commercial investment properties. Moderate returns on equities, low yields in the bond market and other investments, and strong fundamentals for the Manhattan office market have made the returns on Manhattan commercial real estate attractive. The demand for large commercial properties in the City has been driven by local private sector employment gains, tightening office vacancies, and strong growth in asking rents. This demand is further fueled by the shortage of new office space especially in Midtown where the vacancy rates have fallen to 5.0 percent and the asking rents are approaching \$71 per square foot. With very little inventory coming on line, the attractiveness of commercial office space in New York City continues. Collections from commercial property transactions above \$25 million grew 27.2 percent and 96.4 percent in 2005 and 2006, respectively. They are expected to grow by another 47.4 percent in 2007, due to a flurry of large sales including two very high value transactions, Styuvesant Town/Peter Cooper Village (\$5.4 billion in transaction value) and Equity Office Property/Blackstone (\$7.0 billion in transaction value). The importance of large commercial transactions in 2007 is demonstrated by the fact that in the first seven months of the year, 0.4 percent of the number of all real estate transactions accounted for about 50 percent of the value of all real property transfers. While the market fundamentals for commercial properties are expected to

In 2007 Large Commercial Transactions Experienced an Unsustainable Spike in Activity but are Forecast to Return to a More Sustainable Level



f = Forecast

** Projection based on first seven months of data.*

remain strong, commercial transaction activity is forecast to return to a more sustainable level, after the giant transactions seen in 2007, and the revenue is forecast to decline 21.9 percent in 2008 and 22.7 percent in 2009 before collections rebound again in 2010 and 2011.

For 2008, the real property transfer tax is forecast at \$1,381 million, a decline of 18.4 percent from 2007. Collections from residential transactions are forecast to decline 12.9 percent while collections from

commercial transactions are forecast to decline 21.9 percent, on the heels of interest rate increases and the return of activity to a more sustainable level. Real property transfer tax collections are projected to decline by 15.8 percent in 2009 before growth returns in 2010 and 2011.

MORTGAGE RECORDING TAX

The mortgage recording tax is projected to account for 3.3 percent of tax revenue in 2008, or \$1,249 million.

The mortgage recording tax (MRT) is imposed on all mortgages on real property recorded with the NYC Register (or in the case of Staten Island, with the Richmond county clerk). The tax is payable upon registration of the mortgage. The New York City Department of Finance (DOF) administers this tax. The two major components of MRT are mortgages on residential and commercial transactions,

which are taxed differently. Mortgages on residential transactions include Class 1 properties and Class 2 properties sold as individual units. Commercial properties include Class 3 and 4 properties as well as any Class 2 property sold in its entirety (i.e. the sale of a building as a whole). In addition, the refinancing of an existing mortgage, in most cases, also triggers a mortgage recording tax liability.

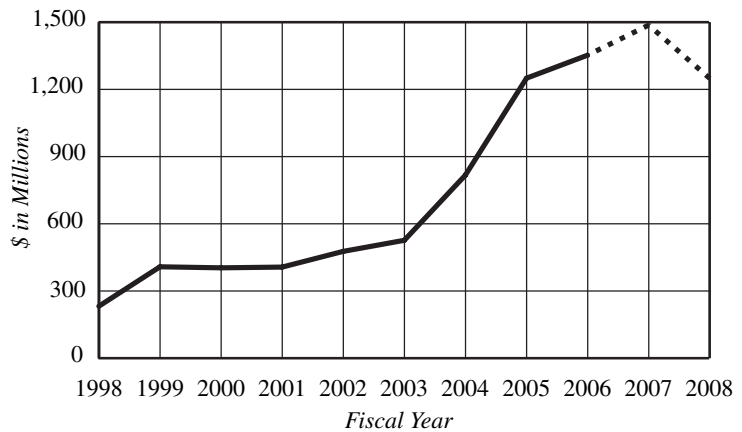
Further tax detail and legislative history can be found in the OMB publication “Tax Revenue Forecasting Documentation, Financial Plan, Fiscal Years 2007-2011”.

Forecast: The mortgage recording tax for 2007 is forecast at \$1,487 million, 9.9 percent growth over the prior year and an increase of \$96 million from the January Plan level. The upward revision to the forecast in 2007 is based on an analysis of year-to-date collections through March. The mortgage recording tax has reached record levels in recent years with annual average growth of 29.8 percent from 2003 through 2006, reflecting the boom in residential home sales, which now appears to be waning, and the continued strength in large commercial real estate sales both attributable to historically low mortgage interest rates.

Revenue from residential mortgage recordings in 2007 is forecast at \$745 million, a decline of 6.2 percent from the prior year and an increase of \$26 million from the January Plan level. This follows robust revenue growth of 11.5 percent, 65.8 percent and 36.8 percent seen from 2003 through 2005. Mortgage recording tax collections, from residential purchases, are expected to parallel the real property transfer tax residential transaction forecast. The volume of residential purchases in the City started to decline in the fourth quarter of 2005, despite continued increases in the average sale price, and is forecast to decline through the fourth quarter of 2009. Residential mortgage refinancings are also forecast to decline steeply, paralleling the Mortgage Bankers Association’s forecast of mortgage originations for refinancing. Residential collections from the mortgage recording tax are expected to decline 18.2 percent and 6.2 percent in 2008 and 2009, respectively, before collections start to grow again in 2010.

Revenue from commercial mortgage recordings in 2007 is forecast at \$743 million, growth of 32.8 percent over the prior year and an increase of \$71 million from the January Plan level. This follows robust collections growth of 34.6 percent, 94.7 percent, and 20.2 percent seen from 2004 through 2006, fueled by low interest rates and increased sales of high valued properties. The 2007 growth of 32.8 percent is buoyed by tax collections on a series of very large commercial mortgages, despite a continued decline in the number of smaller sized commercial transactions. Collections from commercial mortgage recordings are expected to decline 13.8 percent and 14.5 percent in 2008 and 2009, respectively, before growth returns in 2010.

MORTGAGE RECORDING TAX 1998-2008



Mortgage recording tax for 2008 is forecast at \$1,249 million, a decline of 16.0 percent from 2007. From 2009 through 2011, the volume of mortgage recordings is expected to return to sustainable levels. Over this period, mortgage recording tax collections are projected to rebound moderately.

PERSONAL INCOME TAX

The personal income tax is projected to account for 20 percent of tax revenue in 2008, or \$7,477 million.

The personal income tax is imposed on the taxable income of City residents, estates and trusts. The tax conforms to the New York State (NYS) personal income tax with respect to the determination of taxable income. The starting point for determining taxable income is Federal adjusted gross income (AGI). This is adjusted for statutory modifications to yield NYS AGI. Taxable income results from subtracting the New York deduction and exemptions from NYS AGI. Taxpayers may claim either the NYS standard deduction or the itemized deductions. The City tax rates are imposed directly on NYS taxable income of City residents. Additionally, credits are given to eligible City taxpayers against their personal income tax liability.

The City's personal income tax rates and brackets have changed over the years. The top rate for tax year 2007 is 3.648 percent. The City rates are lower than the State rates and are paid by City residents, who are also responsible for Federal and State income taxes. State authorization is required to change the City's rates and brackets. Current rates are extended every two years.

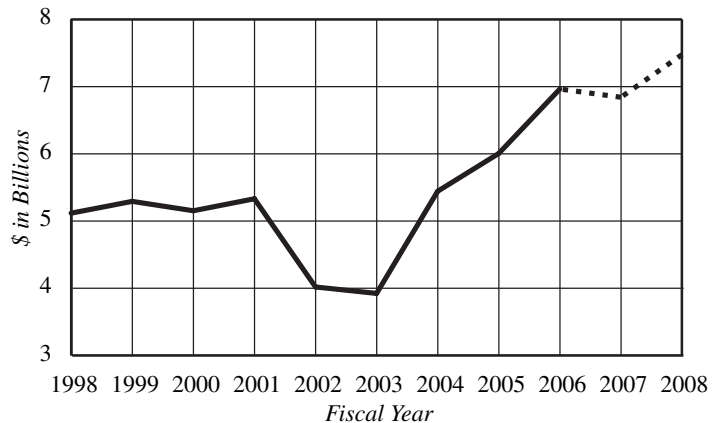
Beginning in 1998, the personal income tax cash flow to the City changed with the introduction of the Transitional Finance Authority (TFA). The TFA gives the City an additional financing vehicle to meet capital commitments beyond the constitutional debt limit. The TFA has the first claim on personal income tax revenue to meet its debt service and administrative costs, with the remaining personal income tax revenue distributed to the City.

New York State and New York City laws enacted in tax year 2006, and effective the same year, that affect the City personal income tax are as follows: (1) the increase in the standard deduction for married couples filing jointly and surviving spouses from \$14,600 to \$15,000 and from \$6,500 to \$7,500 for married individuals filing separate returns, (2) the increase in the school tax relief (STAR) credit from \$125 to \$230 for married couples filing joint returns and surviving spouses and from \$62.50 to \$115 for single individuals, heads of households and married individuals filing separately.

Further tax detail and legislative history can be found in the OMB publication "Tax Revenue Forecasting Documentation, Financial Plan, Fiscal Years 2007-2011".

Forecast: The personal income tax is forecast at \$6,842 million in 2007, after TFA retention, a decline of 1.8 percent from the prior year and a decrease of \$8 million from the January Plan forecast. This year-over-year decline in collections is due principally to a significant increase in TFA retention and the expiration of the temporary personal income tax increase at the beginning of tax year 2006. After adjusting for tax law changes and TFA retention, the personal income tax is forecast to grow at 11.3 percent in 2007. In 2008, the personal income tax is forecast at \$7,477 million after TFA retention, growth of 9.3 percent over the prior year and an increase of \$625 million over the January Plan forecast. Most of this increase is due to a reduction in TFA retention of \$577 million from the January Plan. After adjusting for the tax law changes and TFA retention, the personal income tax is forecast to grow 1.8 percent in 2008.

PERSONAL INCOME TAX 1998-2008



Note: Personal income tax revenue after Transitional Finance Authority retention.

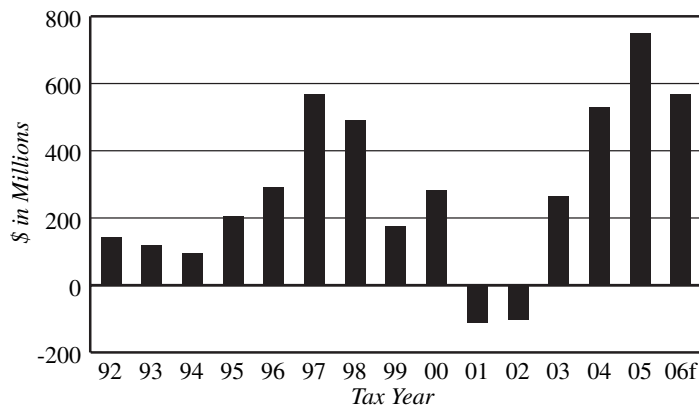
In 2007, personal income tax receipts continue the strong growth seen in recent years. A near record performance on Wall Street, continued employment growth, and strength in capital gains realizations from real estate sales in calendar year 2006 have increased the income subject to tax. Collections, on a common rate and base, are forecast to grow 11.3 percent in 2007 following three years of double-digit growth (13.5 percent, 21.1 percent and 15.4 percent in 2004, 2005 and 2006, respectively).

In 2007, personal income tax withholding is forecast to grow 9.7 percent, on a common rate and base, following growth of 8.8 percent in 2006. The continued strength in withholding growth stems from strong wage earnings growth in 2007. Contributing to wage earnings growth are the gain of 62,000 private sector jobs in calendar year 2006, of which nearly 9,000 are from the very high-paying securities industry sector, and 18,000 are from the high-paying professional services and information sector. Additionally, Wall Street paid an estimated \$25 billion in bonuses on calendar year 2006, leading to bonus withholding growth during December through March of more than 20 percent over the prior year. The strong bonus payout reflects the near record NYSE member-firm profits of \$20.9 billion for the 2006 calendar year, an increase of \$11.5 billion from the 2005 level. The majority of this profit strength came from trading and investment earnings, which doubled over the preceding year. In July through November, withholding collections increased by 6.0 percent over the prior year, on a common rate and base, supported by the large private employment gains in calendar year 2006. During the final quarter of the fiscal year, withholding is forecast to increase 6.1 percent, paralleling the growth in wage earnings, 5.9 percent for the same period. After tax law changes, personal income tax withholding is forecast to grow 7.8 percent in 2007 following growth of 5.9 percent in 2006.

Installment payments on liability year 2006 increased 14.0 percent, following the 23.3 percent growth seen in 2005. Installment payments have risen as the result of an estimated 20 percent growth in capital gains realizations for calendar year 2006. The high capital gains forecast stems from another year of exceptional real estate transaction activity and property value growth. Also contributing to capital gains realizations growth are strong gains in stock valuations. Nonwage income has also been buoyed by robust growth in dividend interest and rent income in calendar year 2006 as well as by growth in employment in sectors with large self-employment participation (professional services and information services).

Remittances for settlement payments (final returns, extensions, and State/City offsets) are forecast to exceed refunds payouts by \$568 million for tax year 2006, a decrease of \$182 from the prior year. The decline in settlement payments is due to the expiration of the temporary tax increase which was levied on upper income taxpayers, who typically pay a larger portion of their total tax liability in the settlement. The settlement payment of \$568 million on calendar year 2006 remains at a historically high level, and reflects the strong liability growth for tax year 2006. Total liability on tax year 2006 is forecast to grow 14.4 percent, on a common rate and base.

SETTLEMENT PAYMENTS



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

Personal income tax revenue in 2008, after TFA retention, is forecast at \$7,477 million, 9.3 percent growth over the prior year. This is an increase of \$625 million from the January Plan forecast. After adjusting

for the tax law changes and the TFA retention, the personal income tax is forecast to grow 1.8 percent in 2008. A large decline in the calendar year 2007 bonus payout, a slowdown in employment growth and the non-finance wage rate, and a forecast decline in capital gains realizations in calendar year 2007 slow growth in the income subject to the personal income tax.

Personal income tax withholding growth in 2008 slows to 2.5 percent due to a bonus payout decline and slowdown in employment gains, reflecting the national economic slowdown. Wall Street profits are forecast to decline to \$16.8 billion from the near record profits seen in calendar year 2006, a \$4.1 billion decline from the prior year, suppressing the calendar year 2007 bonus payout. In addition, job growth is forecast to slow due to the national economic slowdown, leading to a slowdown in the non-finance wage rate growth. On a common rate and base, withholding collections are forecast to grow 2.9 percent, reflecting the wage earnings growth of 2.8 percent forecast in 2008.

Installment payments in 2008 are forecast to decline 3.5 percent due to a falloff in capital gains realizations in calendar year 2007. The forecast decline in capital gains realizations reflects the forecast continued retrenchment in real estate market activity and a moderate expectation of stock valuations. Additionally a forecast slowdown in nonwage income growth, notably proprietors' income, further suppresses installment payments.

Personal income tax revenue, on a common rate and base, is forecast to grow 1.0 percent in 2009, reflecting the continuing decline in Wall Street bonuses on calendar year 2008 earnings and further weakness in capital gains realizations due to the persisting slowdown in real estate transaction activity. Personal income tax revenue, on a common rate and base, is forecast to average growth of 4.9 percent in 2010 and 2011 as local income rebounds and trend growth is forecast for the national and local economies.

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

	2005	2006	2007 ^f	2008 ^f
Withholding	\$4,845	\$5,128	\$5,527	\$5,666
Estimated Payments ¹	1,563	1,954	1,939	1,855
Final Returns	500	587	502	467
Other ²	515	618	652	774
	<hr/>	<hr/>	<hr/>	<hr/>
Gross Collections	\$7,423	\$8,287	\$8,620	\$8,762
Refunds	(920)	(973)	(1,051)	(1096)
	<hr/>	<hr/>	<hr/>	<hr/>
Net Collections	\$6,503	\$7,315	\$7,569	\$7,666
Less TFA Retention	(497)	(350)	(727)	(189)
	<hr/>	<hr/>	<hr/>	<hr/>
Total	\$6,006	\$6,965	\$6,842	\$7,477

1. Includes extension payments.

2. Offsets, charges, assessments less City audits.

f = Forecast.

Totals may not add due to rounding.

GENERAL CORPORATION TAX

The general corporation tax is projected to account for 8.5 percent of tax revenue in 2008, or \$3,163 million.

The tax was first enacted in 1966 and is imposed on all corporations, domestic and foreign, for the privilege of doing business, employing capital, owning or leasing property, or maintaining an office in the City. To determine its tax liability, a corporation is required to make three alternative calculations, compare these to a fixed minimum tax, and pay the largest amount. The majority of the total

general corporation tax liability is paid on the City-allocated net income tax base at a rate of 8.85 percent. Banking corporations are subject to City bank tax and therefore do not pay the general corporation tax. Insurance firms, nonprofit corporations, and Residential Mortgage Insurance Corporations (REMICs) are exempt from the general corporation tax. For taxable years beginning on or after January 1, 1998 the general corporation tax also does not apply to an alien corporation whose activities in New York City are limited solely to investing or trading in stocks, securities, or commodities for its own account.

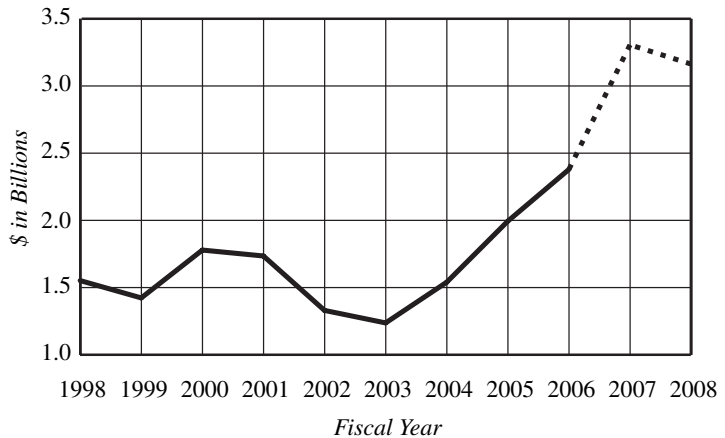
The New York City Department of Finance (DOF) administers the general corporation tax, but New York State must authorize most changes to the City's general corporation tax law, including tax rate and tax base changes, and tax rate extensions. The general corporation tax rates must be extended every two years by the State.

Tax detail and legislative history with updates can be found in the OMB publication "Tax Revenue Forecasting Documentation, Financial Plan, Fiscal Years 2007-2011".

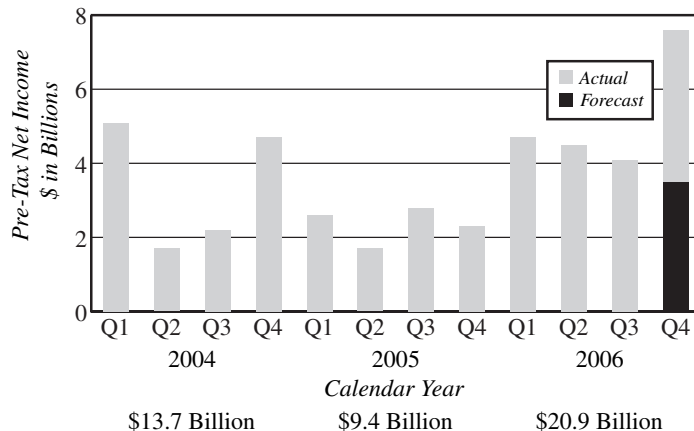
Forecast: The general corporation tax is forecast at \$3,306 million in 2007, growth of 39.0 percent over the prior year and an increase of \$533 million from the January Plan forecast. In 2008, the general corporation tax is forecast at \$3,163 million, decline of 4.3 percent from the prior year and a \$300 million increase over the January Plan forecast.

Year-to-date through March, general corporation tax revenues are up 41.4 percent over the prior year and are \$337 million over the January Plan forecast. The strength in March payments can be in large part attributed to the finance sector. In the January Plan, NYSE member-firm profits were forecast at \$16.8 billion for calendar year 2006. The expectation for the fourth quarter level was \$3.5 billion, in keeping with the first three quarters of the year. The actual fourth quarter results released in March, \$7.6 billion in pre-tax profits,

GENERAL CORPORATION TAX 1998-2008



QUARTERLY NYSE MEMBER-FIRM PROFITS



was significantly higher than the forecast. This resulted in near record NYSE member-firm profits of \$20.9 billion for calendar year 2006, an increase of \$11.5 billion from the 2005 level. The robust profit increase was led by revenue growth from trading and investment banking, up 104 percent for the year. This unusually large year-over-year increase in profits, which was concentrated in the last quarter of the calendar year, resulted in very strong payments from finance sector firms in March. Also contributing to the robust year-to-date growth in collections through March was the strength in non-finance sector payments, reflecting the national pre-tax corporate profits growth of 18 percent in calendar year 2006. The strong revenue growth seen the first three quarters of 2007 is expected to continue through the fourth quarter, resulting in general corporation tax revenue growth of 39 percent for 2007.

In 2008, the general corporation tax is forecast to decline 4.3 percent from the prior year, the result of a decline in Wall Street profitability and the expectation that the US economic slowdown will suppress payment growth from the non-finance sectors of the local economy. Finance industry firms are still expected to post high profit levels in calendar year 2007, but not the extraordinary levels seen the prior year. NYSE member-firm profits are forecast at \$16.8 billion, a decline of \$4.1 billion from calendar year 2006, which leads to a forecast decline of 2.6 percent in finance sector liability in calendar year 2007. Also, a national cyclical slowdown is forecast for calendar year 2007, with GDP growth slowing from 3.3 percent in calendar year 2006 to 2.3 percent in calendar year 2007. National pre-tax corporate profits growth is also forecast to slow to 3.3 percent, from the 18 percent growth seen in calendar year 2006. As a result, non-finance sector liability growth is forecast to decelerate from 9.4 percent in calendar year 2006 to 4.3 percent in calendar year 2007.

A forecast decline in NYSE member-firm profits in calendar year 2008 leads to a decline in general corporation tax revenue in 2009, which is followed by a rebound in calendar years 2010 and 2011 as Wall Street profitability returns to trend levels and the national economy continues to grow.

BANKING CORPORATION TAX

The banking corporation tax is projected to account for 2.2 percent of tax revenue in 2008, or \$813 million.

The tax was first enacted in 1966 and is imposed on banking corporations for the privilege of doing business in New York City. Corporations subject to the tax include commercial banks, savings banks, savings and loan associations, bank holding companies and foreign banks. Investment banks, securities brokers and other non-bank financial institutions subject to the general corporation tax are exempt.

The New York City Department of Finance (DOF) administers the banking corporation tax, but New York State must authorize most changes to the City's banking corporation tax law, including tax rate increases, tax base changes, and tax rate extensions. Banking corporation tax rates must be extended every two years by the State.

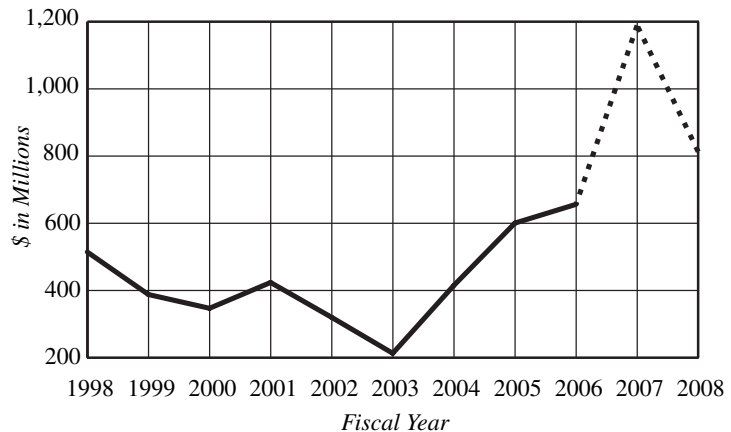
Tax detail and legislative history with updates can be found in the OMB publication "Tax Revenue Forecasting Documentation, Financial Plan, Fiscal Years 2007-2011".

Forecast: The 2007 banking corporation tax is forecast at \$1,189 million, growth of 81.1 percent over the prior year and an increase of \$378 million from the January Plan forecast. The banking corporation tax is forecast at \$813 million in 2008, a decline of 31.6 percent from the prior year and unchanged from the January Plan forecast.

Year-to-date collections through March are \$224 million above the January Plan forecast, with extraordinary growth of 93.5 percent over the prior year. For the year, banking corporation tax collections are forecast to maintain this robust pace and increase 81.1 percent over the prior year. This payment strength reflects calendar year 2006 Wall Street related activity from large commercial banks (member-firm profits at a near record \$20.9 billion), the expansion of both commercial and retail banking activity in the City (evidenced by banking employment gains of 7,000 jobs in calendar years 2005 and 2006 combined, preceded by more than a decade of declines), as well as gains in fee and interest revenue from the surge in very large commercial real estate transactions in the City. Large money center banks' earnings in calendar year 2006 demonstrated strength across most primary business lines, especially in the investment banking revenue line with growth of 79 percent. These banks also reported that their exposure to the troubled subprime mortgage market is moderate, and have increased reserves accordingly. Despite moderately higher interest rates, slowing residential mortgage activity and moderate exposure from subprime mortgages, robust investment banking related earnings growth has fueled collections strength in 2007.

In 2008, banking corporation tax collections are forecast to decline 31.6 percent, but remain at the historically high level of payments achieved in recent years. The drop in collections is based upon an expected decline in Wall Street related activity in calendar year 2007, as well as a slowdown in earnings from large commercial real estate transactions. The decline in payments is expected to continue into 2009 as payments from banking corporations return to a sustainable level. Moderate growth returns to banking corporation tax collections, average growth of 5.3 percent for 2010 and 2011, as Wall Street related activity rebounds in calendar year 2009 and the national economy continues to grow.

BANKING CORPORATION TAX 1998-2008



UNINCORPORATED BUSINESS TAX

The unincorporated business tax is projected to account for 4.2 percent of tax revenue in 2008, or \$1,586 million.

New York City's unincorporated business tax is levied on the NYC-allocated taxable income of all proprietorships, partnerships and limited liability companies doing business in New York City. The tax is paid in addition to the City's personal income tax. Entities engaged in real estate transactions for their own account, or trading and investing for their own account, are exempt from the tax. The

tax rate has been 4.0 percent since its imposition in 1966. An unincorporated business is required to calculate its gross income to determine if the business should make estimated quarterly tax payments or file a final return.

The New York City Department of Finance (DOF) administers the unincorporated business tax. Most changes to the City's unincorporated business tax law must be authorized by the New York State legislature, including tax rate increases and tax base changes.

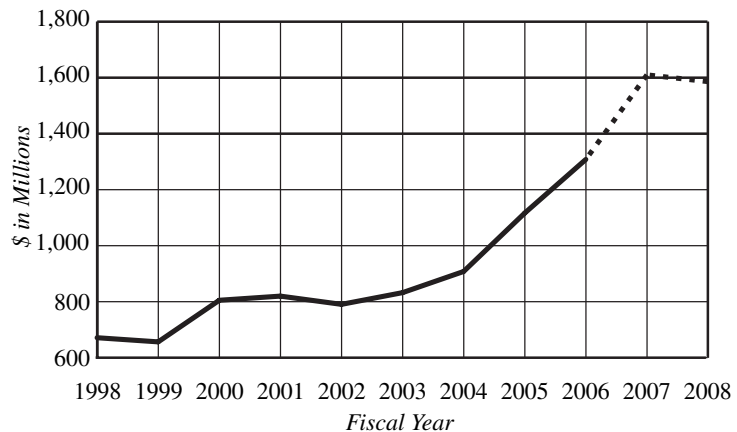
Tax detail and legislative history with updates can be found in the OMB publication "Tax Revenue Forecasting Documentation, Financial Plan, Fiscal Years 2007-2011".

Forecast: The unincorporated business tax is forecast at \$1,610 million in 2007, an increase of 23.1 percent over the prior year, and growth of \$165 million over the January Plan forecast. Unincorporated business tax revenue is forecast at \$1,586 million in 2008, a decline of 1.5 percent from the prior year, but an increase of \$124 million over the January Plan forecast.

Year-to-date through March unincorporated business tax revenues are up 32.6 percent over the prior year, reflecting strong March payments that are largely attributed to the finance sector. In the January Plan, NYSE member-firm profits were forecast at \$16.8 billion for calendar year 2006. The expectation for the fourth quarter level was \$3.5 billion in profits, in keeping with the first three quarters of the year. The actual fourth quarter posted a \$7.6 billion pre-tax profit. This resulted in a near record NYSE member-firm profits of \$20.9 billion in calendar year 2006, an increase of \$11.5 billion from the 2005 level. The unusually large year-over-year increase in profits, which were concentrated in the last quarter of the calendar year, resulted in very strong payments from finance sector firms in March. Also contributing to the strong year-to-date growth in collections through March was payment strength from non-finance sector taxpayers, reflecting strong private sector job growth in calendar year 2006. This is largely due to an increase of 18,000 jobs in the professional services and information services, sectors with particularly high self-employment participation. The revenue growth seen the first three quarters of 2007 is not expected to match the fourth quarter, resulting in unincorporated business tax revenue growth of 23.1 percent for 2007.

In 2008, the unincorporated business tax is forecast to decline 1.5 percent from the prior year, the result of a forecast decline in profitability on Wall Street that will suppress payments from finance sector taxpayers. Finance industry firms are still expected to post high levels of profits in calendar year 2007, but not the extraordinary levels seen the prior year. NYSE member-firm profits are forecast to decline more than \$4

UNINCORPORATED BUSINESS TAX 1998-2008



billion from calendar year 2006, resulting in a forecast decline in finance sector liability. In addition, a forecast slowdown in the national and local economies in calendar year 2007 slows growth in proprietors' income to 2.1 percent, after averaging 7.2 percent from calendar year 2004 through 2006. As a result, non-finance sector payment growth, which accounts for about 69 percent of total UBT liability, is expected to slow.

In 2009, a slight decline in growth over the prior year is expected, reflecting the forecast decline in Wall Street profitability in calendar year 2008. In 2010 and 2011, unincorporated business tax revenue is forecast to rebound in response to the growth forecast in the national and local economies.

SALES AND USE TAX

The sales and use tax is projected to account for 12.4 percent of total tax revenue in 2008, or \$4,644 million.

This tax was first enacted in 1934 and is imposed on sales of tangible personal property and certain services. This tax is administered for the City by New York State. Effective June 1, 2005 the NYC sales tax rate is 4.0 percent, the State rate is 4.0 percent and an additional 0.375 percent rate (which was increased by 0.125 percent from 0.25 percent in 2005) is levied in all localities

located within the Metropolitan Commuter Transportation District (MCTD), making the aggregate sales tax rate in NYC 8.375 percent. Exemptions include food, rent, prescription and non-prescription drugs, textbooks for college students, public transportation and clothing and footwear purchases under \$110. The exemptions are designed to reduce the regressivity of the tax. Sales tax is also applied to charges for parking, garaging or storing motor vehicles at a rate of 6.0 percent, including an additional 8.0 percent surcharge for the borough of Manhattan, bringing the aggregate parking sales tax rate in Manhattan to 18.375 percent.

Tax detail and legislative history with updates can be found in the OMB publication “Tax Revenue Forecasting Documentation, Financial Plan, Fiscal Years 2007-2011”.

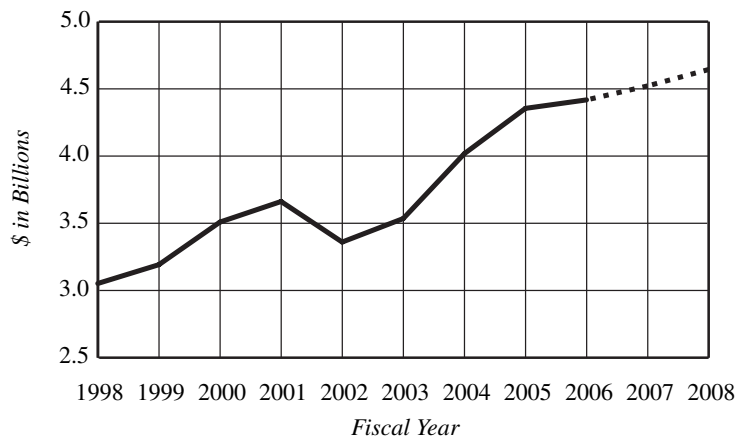
Forecast: The sales tax revenue is forecast at \$4,522 million in 2007, 2.4 percent growth over the prior year, but a \$16 million decrease from the January Plan forecast. The 2008 sales tax revenue is forecast at \$4,644 million, or 2.7 percent growth over 2007, unchanged from the January Plan forecast. Adjusted for tax law changes, the sales tax is forecast to grow 3.6 percent in 2007 and 2.9 percent in 2008.

Year-to-date sales tax collections through March have grown 2.4 percent over the prior year. Adjusted for tax law changes, collections have grown 3.1 percent. Moderate growth is expected in the remaining quarter to finish the year at an annual growth of 3.6 percent (common rate and base), a significant slowdown from the prior year growth of 9.1 percent. The collections slowdown occurs despite strong wage earnings growth from the addition of 56,000 new jobs (fiscal year), a record bonus payout from Wall Street profits of \$20.9 billion in calendar year 2006, and the continued influx of domestic and foreign visitors. Given these strong indications that consumption growth in 2007 would be strong, it is clear that a slowdown in real estate related consumption is suppressing sales tax collections. Residential real estate transactions in the City started to decline in the fourth quarter of 2005 and that decline has accelerated through 2007 as the regional housing market slowed along with the rest of the nation. Adding to the decline in real estate related consumption from home purchases has been the reduced consumption related to cash-out mortgage refinancings.

In 2008, sales tax revenue is forecast at \$4,644 million, 2.7 percent growth over the 2007 level. This reflects a forecast slowdown in wage earnings growth, from 7.1 percent in 2007 to 2.8 percent in 2008, as the Wall Street bonus payout declines and job gains slow. In addition, the continued decline in residential real estate transactions also further suppresses taxable consumption in 2008.

Sales tax revenue, on a common rate and base, is forecast to average growth of 3.9 percent in 2009 through 2011, reflecting the forecast of wage income growth over the period.

SALES TAX 1998-2008

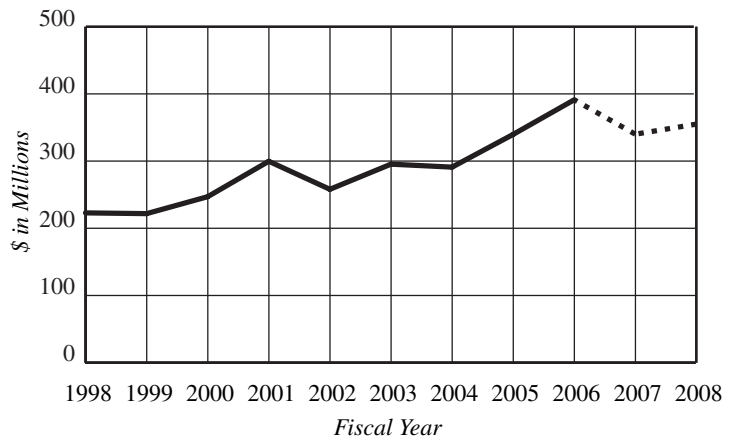


UTILITY TAX

The utility tax is projected to account for 0.9 percent of tax revenue in 2008, or \$355 million.

The City imposes a tax on all utilities and vendors of utility services, including operators of omnibuses. The tax is levied at a rate of 2.35 percent on the gross income of taxpayers. Currently this tax applies to electric and natural gas utilities as well as telecommunications firms whose services include wireless, fiber optic and other types of transmission.

UTILITY TAX 1998-2008



Tax detail and legislative history with updates can be found in the OMB publication “Tax Revenue Forecasting Documentation, Financial Plan, Fiscal Years 2007-2011”.

Forecast: The 2007 utility tax revenue is forecast at \$340 million, a decline of 13.1 percent from the prior year, and a decrease of \$16 million from the January Plan forecast. In 2008, the utility tax revenue is forecast at \$355 million, growth of 4.4 percent over the prior year but a decrease of \$8 million from the January Plan forecast.

Year-to-date through March, utility tax collections are down 12.2 percent from the prior year, attributed primarily to the unusually warm winter. Heating degree days, October through March, were 14 percent lower than average this year. The mild winter dampened the demand for natural gas and consequently the price, driving heating season utility tax collections downward in 2007. Utility tax collections are expected to finish the fiscal year down 13.1 percent from 2006.

The 2008 utility tax revenue is forecast at \$355 million, 4.4 percent growth over the prior year. The increase stems from the expectation of an average cooling season over the summer months and an average heating season in the winter, as well as the expectation of an increase in natural gas prices as the heating season rebounds from the prior year. In 2009 through 2011, the utility tax is forecast to average growth of 4.1 percent.

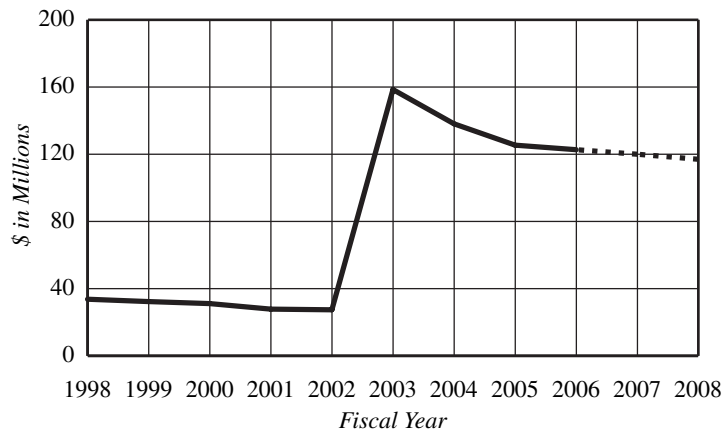
CIGARETTE TAX

The cigarette tax is projected to account for 0.3 percent of tax revenue in 2008, or \$117 million.

The sale of cigarettes within NYC is regulated by State and local law and enforced by the New York City Department of Finance (DOF). The cigarette tax is paid by an agent or distributor at the wholesale level and is then passed along to the consumer in the cost of each pack of cigarettes.

Forecast: Cigarette tax revenue for 2007 is forecast at \$120 million, a 2.2 percent decline from the prior year and unchanged from the January Plan level. Revenue for 2008 is forecast at \$117 million, a 2.5 percent decline from the prior year and unchanged from the January Plan forecast. The increase in cigarette tax to \$1.50 per pack, effective July 2002, led to a subsequent drop in packs sold within the City; many taxpayers either ceased smoking or diverted purchases to vendors outside the City's jurisdiction. In 2002, 342 million packs of cigarettes were sold in New York City, while only 151 million packs were sold in 2006. At the same time, revenue grew from \$27 million in 2002 to \$123 million in 2006, net of the New York State retention of 46 percent of the City revenue. From 2009 through 2011 cigarette tax collections are projected to continue falling on average 2.3 percent per year, based upon the long-term forecast decline in the number of packs sold.

CIGARETTE TAX 1998-2008



HOTEL TAX

The hotel tax is projected to account for 0.9 percent of tax revenue in 2008, or \$337 million.

The City has imposed a hotel room occupancy tax since 1970. The current City hotel tax is a 5.0 percent tax on the rent or room charge. The City also charges a flat fee for rooms over \$40 a night at the rate of \$2.00 per day along with a hotel unit fee of \$1.50 per unit per day. The hotel tax is levied in addition to the combined City, State, and MCTD sales tax (at 4.0 percent, 4.0 percent, and 0.375 percent, respectively), bringing the aggregate hotel occupancy tax and sales tax on a hotel room rental in the City to 13.375 percent.

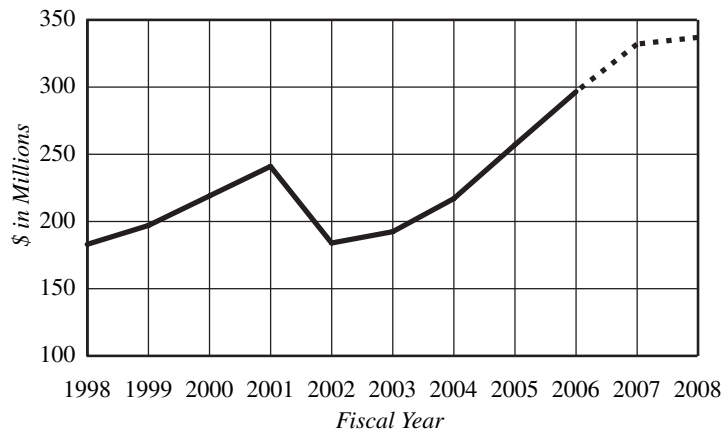
Tax detail and legislative history with updates can be found in the OMB publication “Tax Revenue Forecasting Documentation, Financial Plan, Fiscal Years 2007-2011”.

Forecast: The hotel tax revenue is forecast at \$332 million in 2007 and \$337 million in 2008, growth of 12.0 percent and 1.5 percent, respectively.

In 2007, the travel and tourism industry in New York City is experiencing its third boom year, as large numbers of international and domestic visitors continue to visit the City. Growth in the average daily room rate (averaging \$279 per night) remains strong, averaging 10.5 percent from July through February. Hotel occupancy remains at or near the peak 2006 level, averaging 84.4 percent from July through February. According to the Port Authority of New York and New Jersey, airport arrivals grew over 7 percent in calendar year 2006. The total number of visitors is forecast to have surpassed the prior year’s number by nearly 1.4 million, reaching a level of 44 million. Broadway shows also posted another year of record revenue growth in calendar year 2006. Meanwhile, day and overnight trips related to holiday events and activities boosted economic activity within the tourism sector, and almost 7,000 jobs were added to the leisure and hospitality sector in calendar year 2006. For the year, hotel occupancy is forecast to remain at or near its peak level, 85.8 percent, while the average daily room rate is expected to grow 10.6 percent to \$278 per night, resulting in hotel tax revenue of \$332 million in 2007, a 12.0 percent growth over the prior year.

Due to the forecast national economic slowdown in 2008, the upward pressure on hotel room rates is forecast to ease in 2008. The growth rate in the average daily room rate is forecast to slow to 2.4 percent over the prior year level to \$285 per night, while the average occupancy rate is forecast to dip 2.4 percent to 83.7 percent. Consequently, hotel revenue for fiscal year 2008 is forecast to grow only 1.5 percent over the prior year, to \$337 million. Looking forward, hotel tax collections are forecast to grow an average of 4.2 percent from 2009 through 2011, as the national and local economic recovery continues.

HOTEL TAX 1998-2008



OTHER TAXES

All other taxes are projected to account for 1.0 percent of total City tax revenue in 2008, or \$380.5 million.

**2007-2008 Other Taxes Forecast
Excluding Tax Audit Revenue
(\$000s)**

Tax	2007 Forecast	2008 Executive Budget	Increase/(Decrease) From 2007 to 2008 Amount	Percent Growth
Auto Related Taxes				
Auto Use	\$28,000	\$28,000	\$—	—
Commercial Motor Vehicle	44,000	44,000	—	—
Taxi Medallions Transfer	7,000	7,000	—	—
Excise Taxes				
Beer and Liquor	23,000	23,000	—	—
Liquor License Surcharge	4,000	4,000	—	—
Horse Race Admissions	35	35	—	—
Off-Track Betting Surtax	19,240	19,600	360	1.9%
Miscellaneous				
Other Refunds	(25,000)	(25,000)	—	—
Payment in Lieu of Taxes (PILOTs)	212,082	146,815	(65,267)	(30.8%)
Section 1127 (Waiver).....	90,000	90,000	—	—
Penalty and Interest Real Estate				
(Current Year).....	15,000	15,000	—	—
Penalty and Interest Real Estate				
(Prior Year)	45,000	30,000	(15,000)	(33.3%)
Penalty and Interest - Other Refunds	<u>(4,000)</u>	<u>(2,000)</u>	<u>2,000</u>	<u>(50.0%)</u>
Total	\$458,357	\$380,450	(\$77,907)	(17.0%)

AUTO RELATED TAXES

Auto Use Tax: This tax is imposed by the City on privately-owned vehicles at the annual rate of \$15 per vehicle. The tax was first imposed on October 1, 1974, and the amount has since remained unchanged. The tax is administered by the State Department of Motor Vehicles, with an administrative charge levied on the City for this service. Revenue from the tax is projected to be \$28 million in 2007 and 2008.

Commercial Motor Vehicle Tax: This tax was first levied in 1960 on vehicles used for the transportation of passengers (medallion taxicabs, omnibuses and other for-hire passenger vehicles) and on all other commercial trucks and vehicles. The tax is charged at different rates, based on the purpose for which vehicles are used. Significant legislative changes in 1990 resulted in a revision of the rate schedules for many commercial motor vehicles. The rate for medallion taxicabs was raised to \$1,000 per year, from \$100 the previous year. Other for-hire passenger vehicles (livery cabs and omnibuses) pay \$400 per year, a \$300 increase over the 1989 rate. The rate schedule for other commercial vehicles weighing less than 10,000 pounds was left unchanged at \$40 per year, while the rate for heavier vehicles was increased, with trucks weighing over 15,000 pounds paying the highest rate of \$300 per year. Medallion taxicabs pay twice a year, in December and June, while owners of other types of commercial vehicles pay annually in June. In 2001, following a Department of Finance initiative, the City transferred the collection and administration of the commercial motor vehicle tax for livery taxicabs and light trucks to the State, thereby improving the rate of compliance. Until 2001, all registrants for taxi and livery vehicles ran from March 1st through the end of February. Beginning in 2002, the State Department of Motor Vehicles staggered the registration period for these vehicles so that the renewals were spread throughout the year resulting in a one-time cash flow loss of \$3.5 million in fiscal year 2002. Revenue from the tax is projected to be \$44 million in 2007 and 2008.

Taxi Medallion Transfer Tax: This tax is imposed at a rate of five percent of the consideration paid for transfers of taxicab licenses (medallions). The tax is expected to generate \$7 million in 2007 and 2008.

EXCISE TAXES

Beer and Liquor Excise Tax: Since 1980, the City has imposed a tax on licensed distributors and non-commercial importers on the sale of beer and liquor within New York City. The current tax rate is 12 cents per gallon of beer and 26.4 cents per liter of liquor with alcohol content greater than 24 percent. The City does not impose a tax on wine. The tax is administered by New York State. The tax is expected to generate \$23 million in 2007 and 2008.

Liquor License Surcharge: This tax is imposed on distributors and non-commercial importers of beer and liquor at a rate of 25 percent of the license fees payable under the New York State Alcoholic Beverage Control Law. This tax is projected to generate \$4 million in 2007 and 2008.

Horse Race Admissions Tax: A three percent tax was imposed in 1952 on the price of all paid admissions to horse races held either partly or wholly within the City of New York. This tax is expected to generate \$0.04 million in 2007 and 2008.

Off-Track Betting Surtax: A surcharge is levied on most bets placed at New York City Off-Track Betting offices, and on most bets placed statewide on races held within New York City. This tax is expected to generate \$19.2 million in 2007 and \$19.6 million in 2008.

MISCELLANEOUS

Other Refunds: These refunds are primarily paid out on the commercial rent tax and Section 1127 (waiver) and are projected to be \$25 million in 2007 and 2008.

PILOTs: Payments in lieu of taxes (PILOTs) are contractual agreements between public agencies and private property holders which result in real property tax relief in order to: (1) induce businesses to remain in New York City; (2) attract new business; (3) provide subsidies for low income housing; and (4) promote economic growth. PILOT payments are fixed sums based either on real property taxes paid on the underlying property in the year preceding the agreement, formulas calculated on the income derived from business operations at the PILOT facility, or a combination of both. Payments are remitted quarterly, semi-annually or annually. There are three primary sponsor agencies which serve as intermediaries between the City and the PILOT facility owner: the New York City Housing Authority, the New York City Industrial Development Agency and the Battery Park City Authority. These agencies administer projects that comprise approximately 95 percent of PILOT payments received. Two smaller sponsors are the New York City Economic Development Corporation and the Port Authority of New York and New Jersey. PILOT revenue is expected to be \$212 million in 2007 and \$146.8 million in 2008.

Stock Transfer Tax: The State repealed the City's stock transfer tax in 1980 and provided for annual appropriations of no more than \$120 million as compensation. Until 1988, the State appropriated to the City approximately \$118 million annually. Following a slowdown in State revenue growth, the appropriation was reduced to \$83 million in 1990 and to \$56 million in 1991. In 1992, the appropriation was restored to \$114 million. In 2001, the appropriation was eliminated by the State.

Section 1127 (Waiver): Under section 1127 of the New York City Charter, the City may collect payments from nonresident employees of the City, or any of its agencies, in an amount which equalizes their personal income tax liability to what it would be if they were residents. Revenue is projected to be \$90 million in 2007 and 2008.

Prior Year and Current Year Penalty and Interest - Real Estate: Taxpayers who do not pay their real property tax on time are liable for interest charges on outstanding balances. Interest is charged at a rate of nine percent for taxpayers whose annual liability is under \$2,750 and 18 percent for all other taxpayers. Penalties and interest received against current year delinquencies are expected to be \$15 million in 2007 and 2008, while penalty and interest collections from prior year delinquencies are expected to be \$45 million in 2007 and \$30 million in 2008.

Penalty and Interest - Other Refunds: The City currently pays out interest on refunds claimed on overpayments against the business income taxes, on audits of the general corporation and unincorporated business taxes already collected by the Department of Finance but overturned by Federal or State rulings, and on payments made under protest by taxpayers who subsequently substantiate their claims. As a result of legislation, interest on overpayments claimed on amended returns is currently no longer paid for tax years beginning with 1989 as long as the refund is paid within a 90-day period. The cost of all these payments is projected at \$4 million in 2007 and \$2 million in 2008.

TAX ENFORCEMENT REVENUE

The Department of Finance targets delinquent taxpayers through agency audit activities, selected use of collection agencies and computer matches. Audits are forecast at \$958.6 million in 2007, an increase of \$100 million from the January Plan. The audit target increase stems from the Department of Finance's clarification of investment capital treatment and resolution of ongoing audit issues with financial sector firms. The audit target for 2008 remains at \$558.6 million.

MISCELLANEOUS RECEIPTS

Forecast of Miscellaneous Receipts

The non-tax revenue portion of City Funds is referred to as miscellaneous revenues. The 2008 Executive Budget includes eleven classes of miscellaneous revenues which are discussed below.

Miscellaneous Revenues (\$ in Millions)

	2007 Forecast	2008 Executive Budget	Forecast to Executive Budget Increase (Decrease)
Licenses	\$46	\$45	(1)
Permits	137	125	(12)
Franchises and Privileges	269	249	(20)
Interest Income	454	387	(67)
Tuition and Charges for Services	584	562	(22)
Water and Sewer Revenues	1,097	1,183	86
Rental Income	205	194	(11)
Fines and Forfeitures	724	725	1
Miscellaneous	609	1,073	464
Total Miscellaneous Revenues	<u>\$4,125</u>	<u>\$4,543</u>	<u>\$418</u>

Miscellaneous revenues are estimated at \$4,543 million in 2008, an increase of \$418 million from 2007, exclusive of private grants and intra-city revenues. The revenue classes listed above are regrouped and described in the following three areas: Cost-based Charges (Licenses, Permits and Charges for Services); Water and Sewer revenues; and Other Income (Interest Income, Franchises, Rental Income, Fines, and Miscellaneous).

Cost-based Charges

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

Licenses

The City issues approximately 438,000 licenses. About 69,000 are non-recurring, 120,000 are renewed annually, 211,000 biennially, and 38,000 triennially. The major sources of license revenue are taxi and limousine licenses, pistol licenses, marriage licenses, and various business licenses under the jurisdiction of the Department of Consumer Affairs.

The 2008 forecast for license revenue is \$45 million, \$1 million less than 2007. The decrease is due to the biennial and triennial renewal period for certain licenses.

Permits

Permits are issued to 945,500 individuals or entities for the use of facilities, premises or equipment. Approximately 330,500 permits are renewable on an annual, biennial or triennial basis. Seasonal or single occurrence permits, such as tennis and building permits, account for 615,000 additional permits, all of which are issued and regulated by twelve City agencies.

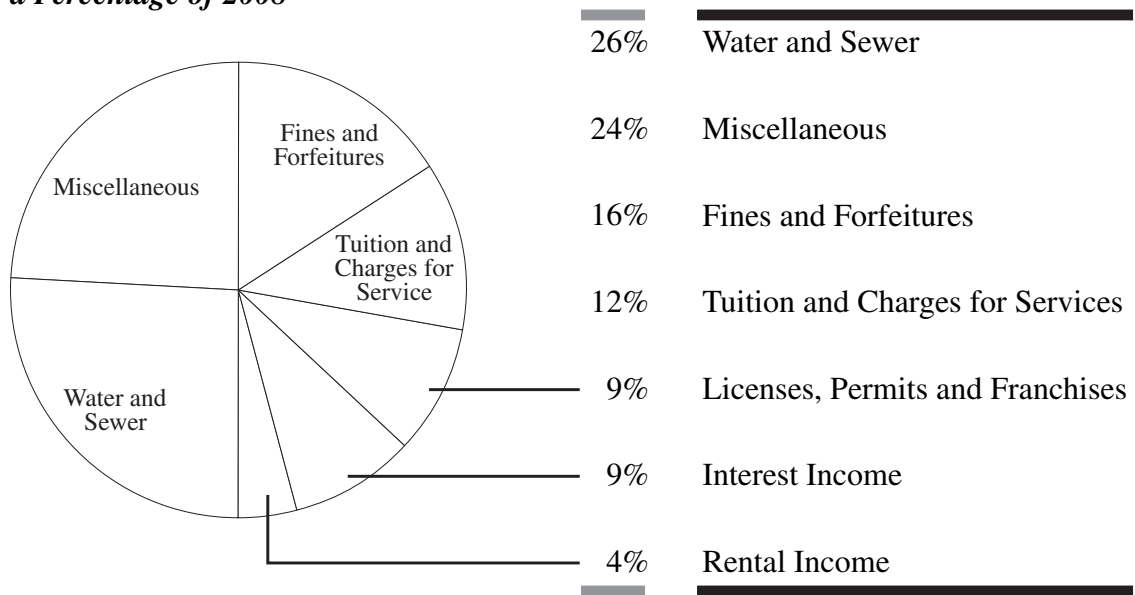
The major sources of revenue are permits for building construction and alterations, street openings, restaurants, hazardous materials, and air pollution control. The 2008 forecast for permit revenue is \$125 million, \$12 million less than 2007. The decrease is due to a decline in receipts for construction-related permits issued by the Department of Buildings and the Department of Transportation.

Tuition and Charges for Services

The City collects tuition from students enrolled at community colleges. In addition, the City collects money from charges to the public and other governmental agencies for services rendered. There are over 100 different service fees in this category, including fees for parking, towing, Sheriff poundage, provision of school lunches, copies of reports, processing applications, searches, and performing fire and building inspections. The 2008 forecast for tuition and charges for services is \$562 million, \$22 million less than 2007. This decrease is the result of a strong real estate market in 2007 which generated non-recurring revenue collected by the City Register's Office at the Department of Finance, and the processing of 421-a tax exemption applications.

COMPONENTS OF MISCELLANEOUS REVENUES

As a Percentage of 2008



Water and Sewer Revenues

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

The Water Board has proposed an 11.5 percent rate increase for 2008. The forecast for Water Board revenue is \$2.3 billion, including a City payment of \$49 million for municipal water and sewer charges and \$76 million for interest on funds held by the New York City Municipal Water Finance Authority. The Water Board will pay \$925 million for Water Board and Authority expenses and debt service. The City will receive \$1.028 billion for services rendered in the delivery of water and the collection, treatment, and disposal of waste water, and \$155 million for the rental of the water supply and sewer system plant, in accordance with the lease agreement between the Water Board and the City.

Other Income

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

Interest Income

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

The 2008 forecast for interest earnings is \$387 million, a decrease of \$67 million from 2007. Interest rates are forecast to decrease slightly in 2008 and cash balances are expected to be lower than in 2007.

Franchises and Privileges

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

The 2008 forecast for franchise revenue is \$249 million, a decrease of \$20 million from 2007. The decrease is due to non-recurring revenue in the Department of Sanitation from the previous methane gas extraction concessionaire.

Rental Income

Rental income is derived from both long and short-term agreements for the occupancy of City-owned property, including condemnation sites and *in rem* buildings. Approximately 2,350 properties are rented from the City. Approximately 750 are *in rem* or condemnation sites, 200 are covered by long term agreements, and over 1,400 are schools that are rented on a per event basis after school hours.

The 2008 forecast for rental income is \$194 million, \$11 million less than in 2007. The decrease is due to a decline in the percentage-based agreements collected by the Department of Citywide Administrative Services, partially offset by an increase in the minimum rent paid by the Port Authority on the airport lease.

Fines and Forfeitures

The City collects fine revenue through courts and administrative tribunals for violations issued under the Administrative Code, Vehicle and Traffic Law, and other laws. Forfeiture revenue is obtained from the surrender and conversion of bail and cash bonds, and contractors’ performance bonds. The 2008 forecast for forfeitures is \$3.8 million, \$0.4 million less than 2007. One-time bail bond forfeitures account for this change. The revenue expected from fines in 2007 and 2008 is listed below:

Fine Revenue

SOURCE (\$ in 000’s)	2007 FORECAST	2008 EXECUTIVE BUDGET
Parking Violations	\$548,455	\$580,244
Environmental Control Board	68,460	63,327
Department of Health	27,000	23,543
Traffic Violations	23,643	20,567
State Court Fines	7,085	7,085
Taxi and Limousine Commission	5,500	6,500
Department of Buildings	12,500	6,250
Department of Consumer Affairs	8,050	5,760
Other Sources	19,301	7,347
Total	<u>\$719,994</u>	<u>\$720,623</u>

The Parking Violation division of the Department of Finance is forecasted to collect \$580 million in parking fines in 2008, \$32 million more than 2007. The Parking Enforcement District has equipped all its agents with handheld parking ticketing devices which will continue to increase the accuracy of issued summonses and allow for greater efficiency in their processing.

The Parking Violation division also processes and adjudicates Red Light Camera violations. This program is designed to promote safe, responsible driving by photographing and fining vehicles “running” red lights. Given the success of this program in reducing red light violations at busy intersections, DOT has expanded the Red Light Camera program from 50 to 100 cameras in 2007. All additional cameras have been installed as of December 2006.

The Environmental Control Board (ECB) adjudicates approximately 740,000 notices of violations issued by over a dozen City agencies for infractions of the City’s Administrative Code related to street cleanliness, waste disposal, street peddling, fire prevention, air, water and noise pollution, building safety and construction, and other quality of life issues. ECB will collect \$63.3 million in 2008.

The Department of Health issues summonses for violations of City and State health code regulations, as well as certain portions of the City Administrative Code. The majority of fines imposed are for food establishment, window guard and pest control violations.

The City also collects revenue from the adjudication of traffic violations issued in the City of New York, certain fines adjudicated through the State-operated Criminal and Supreme Court system, and fines collected by the City for administrative code violations, building code violations, and violations issued under the authority of the Consumer Protection Law, the State Agriculture & Market Laws, and the Licensing Law.

Miscellaneous

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

The 2008 forecast for miscellaneous revenue is \$1,073 million, \$464 million more than in 2007. The difference is attributable to a settlement of FICA refund claims and an increase in the 2008 tobacco settlement revenues offset by the sale of taxi medallions and other one-time receipts in 2007.

Private Grants

The Executive Budget includes \$1,002 million in private grants in 2008, \$102 million less than 2007. Additional private grant funding will be modified into the budget during the course of the year, as additional funding sources are identified and grants are defined.

Interfund Revenues

Interfund Revenues (IFA's) are reimbursements from the Capital Fund to the General Fund for authorized first-line architectural, engineering, and design costs incurred by the City's own engineering and support staff. These costs also include employee costs for expenses incurred in connection with eligible capital projects for the development of computer software, networks and systems. All IFA costs are assigned to particular capital projects and are valid capital charges under generally accepted accounting principles. In 2008, expected reimbursements will be \$428 million.

CAPITAL BUDGET

The Executive Capital Budget and Four-Year Plan, 2008-2011

The 2008 Executive Capital Budget includes new appropriations of \$14.1 billion, of which \$11.0 billion are to be funded from City sources. These appropriations, together with available balances from prior years, authorize total commitments of \$14.5 billion for 2008, of which \$11.4 billion will be City-funded. City funds include proceeds from City general obligation bonds as well as bonds issued by the City Municipal Water Finance Authority. As indicated in the following table, the targeted level for City-funded commitments is \$10.2 billion in 2008. The aggregate agency-by-agency authorized commitments of \$11.4 billion exceed the 2008 financial plan by \$1.2 billion. Excess authorizations in this proportion have proven necessary to achieve commitment spending targets by accommodating such factors as project scope changes and delays.

The Capital Plan includes budget commitments designed to implement the sustainability goals of *plaNYC: A Greener, Greater New York*. Many of those initiatives are described in the 2008 Ten-Year Capital Strategy Highlights and 2008 Agency Highlights that follow and appear on the chart “Capital Investments for plaNYC 2030.”

Four-Year Plan Highlights

The 2008-2011 Capital Plan totals \$44.5 billion for the construction and rehabilitation of the City’s infrastructure. This will provide funding targeted to building and improving schools, maintaining the drinking water system, improving transportation, modernizing emergency response communications, improving major hospitals, and developing economic growth initiatives.

Over \$11.2 billion is provided in the Capital Plan for new school construction and expansion, as well as the modernization, rehabilitation and improvements to existing school buildings. The City will invest \$462.3 million for the continued reconstruction and rehabilitation of the four East River Bridges and the reconstruction and rehabilitation of 68 other bridge structures. Over \$1.0 billion is provided for the construction of an ultraviolet light water disinfection plant for water from the Catskill and Delaware watersheds. An investment of \$1.0 billion will be provided for the development of a 911 Emergency Response Communication System, including upgrades to telecommunications infrastructure.

To improve the delivery of health care services to New Yorkers, the City will invest \$319.9 million to modernize and renovate the facilities of the Health and Hospitals Corporation. Projects in design and construction include Harlem Hospital Center, Gouverneur Nursing Facility and Diagnostic and Treatment Center, and Kings County Hospital Behavioral Health Center. The City will provide over \$193.3 million for waterfront and infrastructure work in support of industrial development within Brooklyn.

FY 2007 - 2011 Commitment Plan
(\$ in millions)

	2007		2008		2009		2010		2011	
	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds
Environmental Protection										
• Equipment	\$111	\$118	\$322	\$433	\$267	\$270	\$83	\$83	\$111	\$111
• Sewers	238	238	187	187	291	291	283	283	287	287
• Water Mains, Sources & Treatment.....	2,137	2,140	1,412	1,412	914	914	633	633	681	681
• Water Pollution Control	1,183	1,217	1,486	1,486	1,347	1,347	1,013	1,013	1,160	1,160
• Water Supply	66	66	18	18	264	264	107	107	349	349
Subtotal	\$3,734	\$3,779	\$3,425	\$3,536	\$3,083	\$3,086	\$2,120	\$2,120	\$2,588	\$2,588
Transportation										
• Mass Transit	\$60	\$109	\$81	\$81	\$89	\$89	\$90	\$90	\$75	\$75
• Bridges.....	254	287	1,066	1,450	859	1,345	179	310	117	\$168
• Highways.....	456	511	441	562	347	472	354	382	389	\$403
Subtotal	\$770	\$907	\$1,588	\$2,093	\$1,296	\$1,906	\$624	\$782	\$581	\$646
Education										
• Education	\$1,023	\$3,097	\$1,032	\$3,064	\$1,222	\$3,227	\$1,212	\$2,424	\$1,254	\$2,508
• Higher Education.....	221	229	48	49	34	35	3	4	73	85
Subtotal	\$1,244	\$3,326	\$1,080	\$3,113	\$1,257	\$3,262	\$1,215	\$2,428	\$1,327	\$2,593
Housing & Economic Development										
• Economic Development	\$1,131	\$1,428	\$439	\$446	\$219	\$219	\$76	\$76	\$158	\$158
• Housing	602	757	352	492	337	438	282	383	332	428
Subtotal	\$1,734	\$2,185	\$791	\$938	\$557	\$658	\$358	\$459	\$489	\$585
Administration of Justice										
• Corrections	\$71	\$71	\$110	\$110	\$80	\$84	\$187	\$187	\$621	\$621
• Courts	143	143	187	187	854	854	12	12	77	77
• Police	150	150	312	312	1,005	1,005	90	90	82	82
Subtotal	\$363	\$363	\$609	\$609	\$1,939	\$1,943	\$289	\$289	\$780	\$780
City Operations and Facilities										
• Cultural Institutions	\$541	\$547	\$202	\$250	\$22	\$22	\$7	\$7	\$90	\$90
• Fire.....	210	240	205	205	105	105	86	86	211	211
• Health & Hospitals	570	570	280	280	168	168	115	115	202	202
• Parks	686	745	651	784	572	598	575	578	117	117
• Public Buildings	235	237	363	363	121	121	65	65	60	60
• Sanitation	197	197	395	401	701	701	267	267	356	356
• Technology & Equipment	1,397	1,435	1,315	1,315	749	749	259	259	241	241
• Other.....	618	734	482	600	204	262	176	202	234	266
Subtotal	\$4,454	\$4,705	\$3,892	\$4,200	\$2,642	\$2,726	\$1,551	\$1,580	\$1,511	\$1,543
Total Commitments	\$12,299	\$15,265	\$11,385	\$14,488	\$10,773	\$13,580	\$6,157	\$7,658	\$7,278	\$8,735
Reserve for Unattained Commitments	(\$4,305)	(\$4,305)	(\$1,187)	(\$1,187)	(\$201)	(\$201)	\$1,545	\$1,545	\$148	\$148
Commitment Plan	\$7,994	\$10,960	\$10,198	\$13,301	\$10,572	\$13,379	\$7,702	\$9,203	\$7,426	\$8,883
Total Expenditures	\$5,228	\$7,637	\$6,038	\$8,823	\$7,375	\$9,629	\$8,796	\$10,153	\$8,548	\$10,403

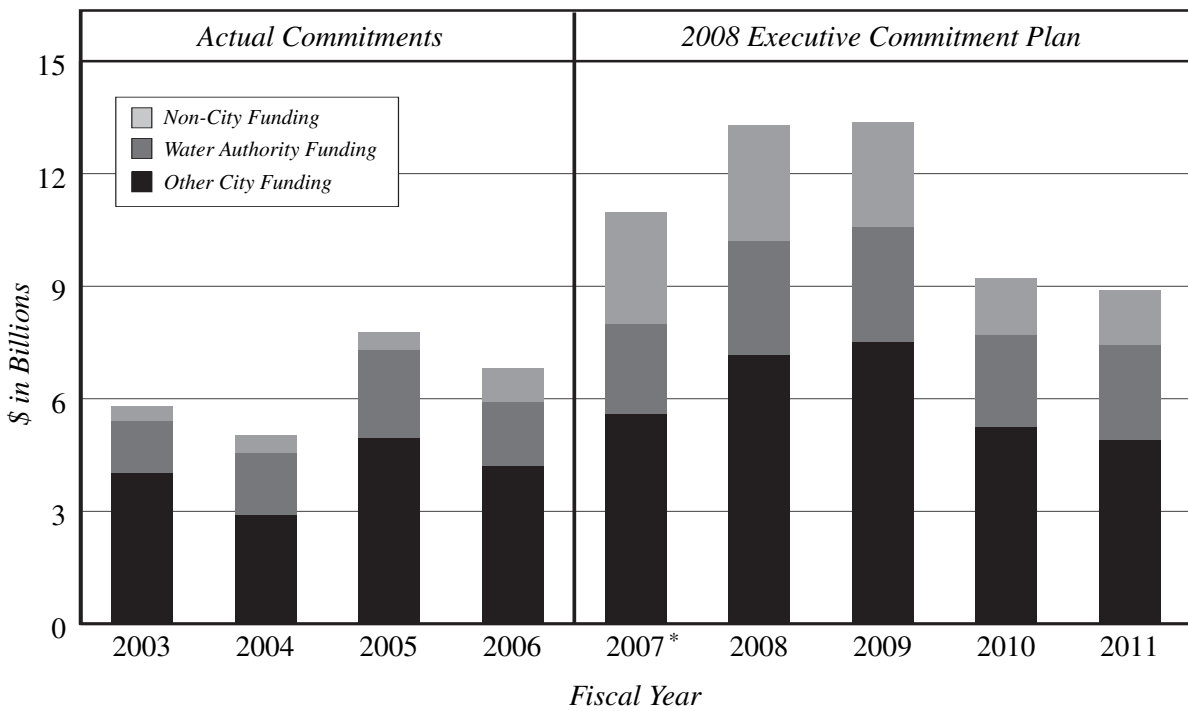
*Note: Individual items may not add to totals due to rounding

Non-City Funding Sources

Non-City capital funding sources include \$3.1 billion in the 2008 plan and \$8.9 billion over the 2008-2011 four-year plan period. The majority of non-City funding supports Education, Transportation, Housing, Parks, and Environmental Protection programs.

Education programs anticipate receiving \$6.5 billion in State funding over the 2008-2011 period. Transportation programs are projected to receive non-City funding of \$1.5 billion over the 2008-2011 period, with \$1.1 billion from the Federal government, \$158.0 million from the State, and private funds of \$265.9 million. Housing programs anticipate Federal funding of \$437.3 million over the 2008-2011 period. Parks programs are projected to receive \$162.9 million over the 2008-2011 period, with \$86.2 million from the Federal government, \$22.6 million from the State, and private funds of \$54.1 million. Environmental Protection programs anticipate receiving \$114.0 million in non-City funding over the 2008-2011 period, consisting of \$106.8 million in State funding and \$7.2 million in Federal funds.

FY 2003-2011 CAPITAL COMMITMENTS BY FUNDING SOURCE



* Projected

The Capital Program since 2003

The table below illustrates the changes in the size of the City's capital program over the 2003-2006 period.

FY 2003 - 2006 Commitments (\$ in millions)

	2003		2004		2005		2006	
	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds
Environmental Protection								
• Equipment	\$91	\$91	\$43	\$43	\$68	\$69	\$73	\$107
• Sewers	201	202	216	216	186	187	191	192
• Water Mains, Sources and Treatment	337	337	480	481	499	498	568	568
• Water Pollution Control	681	687	877	935	838	839	843	848
• Water Supply	63	63	39	39	746	746	26	26
Subtotal	\$1,373	\$1,380	\$1,654	\$1,713	\$2,337	\$2,338	\$1,702	\$1,741
Transportation								
• Mass Transit	\$521	\$521	\$80	\$80	\$180	\$180	\$83	\$83
• Bridges	372	468	364	570	94	266	259	281
• Highways	171	166	202	227	224	246	200	215
Subtotal	\$1,064	\$1,155	\$646	\$878	\$498	\$692	\$541	\$578
Education								
• Education	\$890	\$963	\$571	\$593	\$2,188	\$2,188	\$1,411	\$1,990
• Higher Education	17	21	18	19	20	20	39	40
Subtotal	\$907	\$983	\$589	\$612	\$2,208	\$2,208	\$1,449	\$2,029
Housing & Economic Development								
• Economic Development	\$237	\$255	\$206	\$221	\$207	\$215	\$154	\$168
• Housing	203	313	216	283	275	423	238	356
Subtotal	\$440	\$568	\$422	\$504	\$481	\$638	\$393	\$524
Administration of Justice								
• Correction	\$110	\$110	\$30	\$30	\$50	\$50	\$92	\$92
• Courts	86	96	103	105	129	132	142	142
• Police	81	81	65	65	43	43	76	76
Subtotal	\$277	\$287	\$198	\$200	\$222	\$225	\$310	\$310
City Operations & Facilities								
• Cultural Institutions	\$203	\$207	\$98	\$101	\$140	\$140	\$143	\$151
• Fire	81	99	66	69	93	93	108	121
• Health & Hospitals	102	104	90	90	451	451	307	307
• Parks	222	226	116	143	211	225	262	279
• Public Buildings	98	102	175	176	78	78	108	110
• Sanitation	159	159	140	140	137	137	77	77
• Technology & Equipment	205	213	174	180	297	297	379	410
• Other	258	315	169	228	135	247	133	177
Subtotal	\$1,328	\$1,425	\$1,029	\$1,127	\$1,542	\$1,668	\$1,516	\$1,631
Total Commitments	\$5,389	\$5,799	\$4,539	\$5,034	\$7,288	\$7,769	\$5,911	\$6,814
Total Expenditures	\$5,376	\$5,734	\$5,133	\$5,755	\$5,274	\$6,655	\$6,211	\$6,595

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

Comprehensive Planning Process

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

Ten-Year Capital Strategy 2008-2017
(\$ in thousands)

	City Funds	Non-City Funds	Total Funds
<i>Environmental Protection</i>			
• Sewers	\$2,582,153	\$22	\$2,582,175
• Water Mains, Sources and Treatment	5,648,111	0	5,648,111
• Water Pollution Control	8,232,357	0	8,232,357
• Water Supply	1,647,963	0	1,647,963
• DEP Equipment	1,260,725	113,955	1,374,680
Subtotal Environmental Protection	\$19,371,309	\$113,977	\$19,485,286
<i>Education</i>			
• Education	\$13,224,828	\$15,005,750	\$28,230,578
• CUNY	189,762	42,356	232,118
Subtotal Education	\$13,414,590	\$15,048,106	\$28,462,696
<i>Transportation</i>			
• Mass Transit	\$766,859	\$0	\$766,859
• Highways & Transit Operations	4,582,650	698,056	5,280,706
• Bridges	4,105,422	1,719,575	5,824,997
Subtotal Transportation	\$9,454,931	\$2,417,631	\$11,872,562
<i>Housing & Economic Development</i>			
• Housing	\$3,564,714	\$628,910	\$4,193,624
• Housing Authority	228,506	0	228,506
• Economic Development	1,212,938	7,500	1,220,438
Subtotal Housing & Economic Development	\$5,006,158	\$636,410	\$5,642,568
<i>Administration of Justice</i>			
• Correction	\$1,840,890	\$3,750	\$1,844,640
• Police	1,900,936	0	1,900,936
• Courts	1,219,499	0	1,219,499
• Juvenile Justice	25,216	0	25,216
Subtotal Administration of Justice	\$4,986,541	\$3,750	\$4,990,291
<i>Health & Social Services</i>			
• Health	\$284,254	\$0	\$284,254
• Hospitals	973,045	0	973,045
• Homeless Services	291,343	0	291,343
• Human Resources	134,297	60,879	195,176
• Children’s Services	156,020	8,502	164,522
• Aging	47,230	0	47,230
Subtotal Health & Social Services	\$1,886,189	\$69,381	\$1,955,570
<i>Other City Services</i>			
• Sanitation	\$2,906,161	\$6,784	\$2,912,945
• Public Buildings	1,339,813	0	1,339,813
• Fire	1,023,774	0	1,023,774
• Parks & Recreation	2,490,112	162,926	2,653,038
• Cultural Institutions & Libraries	596,272	50,360	646,632
• Technology & Equipment	2,679,419	0	2,679,419
Subtotal Other City Services	\$11,035,551	\$220,070	\$11,255,621
Total	\$65,155,269	\$18,509,325	\$83,664,594

**Capital Investments for plaNYC 2030
(\$ in thousands)**

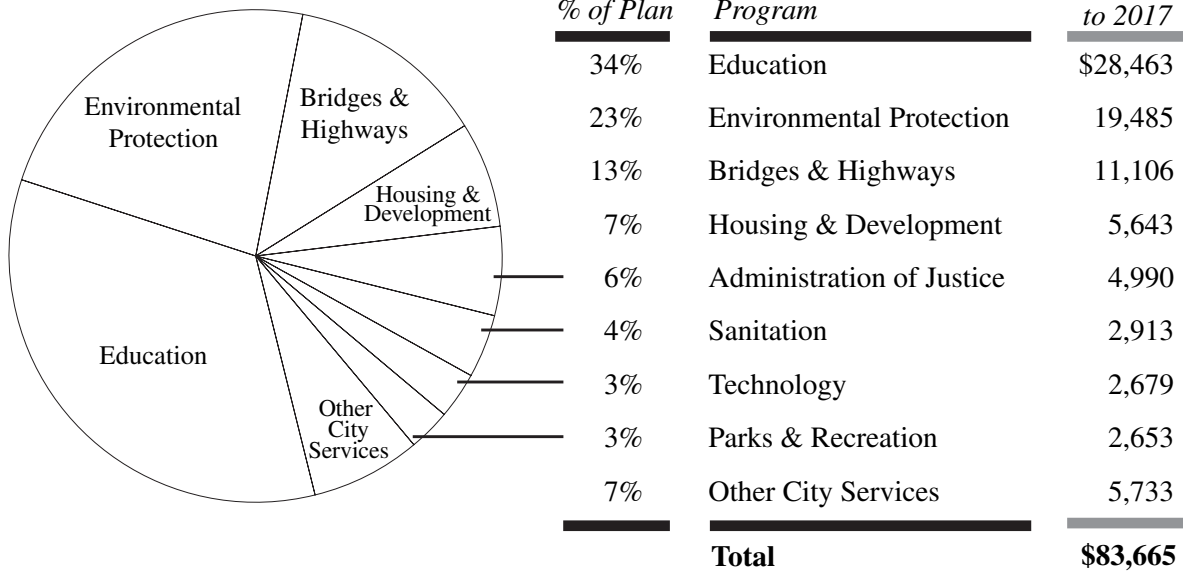
	2008-2017 Total
HOUSING	
Develop a Municipal Land Use Database	\$2,000
TRANSPORTATION	
Develop City Bike Network ¹	\$6,204
Bus Initiatives ¹	46,373
Build Safe Routes to Transit and Subways to Sidewalk	15,174
Congested Corridors and Growth Areas	124,789
Intelligent Transportation System ¹	57,310
Subtotal	\$249,850
PARKS	
Open Up Schoolyards	\$110,770
Complete 8 Regional Parks	386,365
Install Field Lighting In 36 Parks	21,600
New Soccer Fields	42,120
Greenstreets	15,042
Town Square Initiative	134,250
Stocking of Street Trees (15,500 per year)	246,878
Subtotal	\$957,025
ENERGY	
Support Construction of City's First Carbon Neutral Building	\$3,000
AIR QUALITY	
Expand Local Law 42 to Include Smaller Buses	\$5,125
Install Staten Island Ferry Engine Upgrades	2,264
Stock Parks with Saplings	118,800
Replacement of Fuel Burners in NYC Public Schools ²	285,000
Subtotal	\$411,189
TOTAL	<u>\$1,623,064</u>

¹ Represents City Match to SMART Fund

² Assumes 50% Match of School Building Aid - 10 Per Year

TEN-YEAR CAPITAL STRATEGY FOR 2008-2017

(\$ in Millions - All Funds)



2008 Ten-Year Capital Strategy Highlights

Technology

- **Information and Communication Systems:** 911/Emergency Communications Transformation Project (ECTP) facilities, software, and equipment to update and integrate the City's computer aided dispatch capabilities (\$1.0 billion), including \$444.5 million in FY 2007 funds; development of an enterprise-wide workforce management and automated timekeeping system (CityTime) (\$268.0 million); continued rollout of the citywide wireless data network (NYCWiN) and other radio communications projects (\$247.7 million); 311/Citizens Service Management System, including additional capacity and new functionality to help agencies utilize 311 and agency data to better anticipate citizen demands (\$66.8 million); development of the New York City Automated Personnel System (NYCAPS) (\$46.4 million); upgrades and enhancements to the Coordinated Payment and Adjudication System (NYCServ) (\$28.5 million); and development and implementation of the e311 system to provide human service referrals and assistance at the City's 311 Call Center (\$19.6 million).

Environmental Protection and Sanitation

- **Sewers:** reconstruction and extension of the City's sewer system (\$2.6 billion).
- **Water Mains, Sources and Treatment:** construction of an ultraviolet light water disinfection plant for water from the Catskill and Delaware watersheds (\$1.1 billion); continued construction of in-City water mains and ancillary work (\$1.9 billion), including \$523.4 million to connect the City Water Tunnel No. 3 to in-City water mains throughout New York City; reconstruction of upstate dams, roads and bridges (\$827.0 million); construction of the Croton Water Filtration Plant (\$504.6 million); and continuation of various Filtration Avoidance Determination (FAD) measures in the upstate watershed (\$644.9 million), including \$309.4 million for land acquisition.

- **Wastewater Treatment:** continued reconstruction of the Newtown Creek Wastewater Treatment Plant (WWTP) (\$1.8 billion); reconstruction and stabilization of the four WWTPs located in the Upper East River to reduce nitrogen discharges (\$996.6 million); reconstruction and stabilization of all other WWTPs (\$1.7 billion); combined sewer overflow projects (\$1.2 billion); and continued reconstruction of select pumping stations citywide (\$612.5 million).
- **Water Supply:** dependability projects to make drinking water available to the City during the shutdown and repair of the Delaware Aqueduct leak (\$667.7 million); and continued construction of Stage Two of City Water Tunnel No. 3 (\$383.6 million).
- **Equipment:** implementation of an Automatic Meter Reading system (\$200.5 million); continued water conservation programs including the installation of water meters (\$153.6 million) and the plumbing retrofit program (\$34.0 million); and remediation of the Brookfield Landfill located in Staten Island (\$141.3 million).
- **Sanitation:** purchase of vehicles and other equipment (\$1.3 billion); construction and reconstruction of sanitation garages and other facilities, citywide (\$1.0 billion); construction of solid waste management facilities (\$544.7 million); and reconstruction of waste disposal facilities (\$32.1 million).

Transportation

- **Bridges:** the continued reconstruction/rehabilitation of the four East River Bridges (\$595.9 million); the reconstruction of five bridge structures rated “poor” (\$323.3 million) and 63 bridge structures rated “fair” (\$3.0 billion). The total Bridge Program for 2008-2017 is \$5.8 billion and includes \$309.3 million for plaNYC 2030 initiatives involving bridge reconstruction and capital maintenance.
- **Highways:** the reconstruction and/or resurfacing of 10,778 lane miles (3,286 linear miles) of streets (\$3.5 billion); the reconstruction of sidewalks, retaining walls, and installation of pedestrian ramps (\$549.4 million). The total Highway Program for 2008-2017 is \$4.0 billion of which \$266.3 million is for plaNYC 2030 initiatives, including the resurfacing of a supplemental 950.0 lane miles (289.7 linear miles) of streets and arterial highways, in addition to the 9,000 lane miles in the DOT base program.
- **Traffic:** the modernization and expansion of the City’s computerized traffic signal network to improve traffic flow (\$206.3 million); and the upgrading of the street lighting system (\$194.6 million). The total traffic program for 2008-2017 is \$950.2 million including \$276.4 million for plaNYC 2030 initiatives such as Bike Network Development, Bus Initiatives, Intelligent Traffic Systems and Congested Corridors for Growth Areas for the purpose of alleviating congestion by 2030.
- **Ferries:** the reconstruction and improvement of various ferry vessels (\$109.2 million) and facilities (\$74.9 million); and general construction work at the ferry maintenance facilities (\$5.4 million). The total Ferries Program for 2008-2017 is \$189.5 million.
- **Transit:** contribution to the MTA’s capital program, including subway and bus fleet enhancements, infrastructure improvements, in-house track rehabilitation and reconstruction of bus and subway lines for New York City Transit, and bus purchases and facilities improvements for the MTA Bus Company (\$766.9 million).

Education, Health and Social Services

- **Education:** capital improvements that enhance educational programs (\$5.9 billion); rehabilitate, replace and upgrade building components (\$10.8 billion); construct new schools (\$3.9 billion); modernize school buildings (\$1.2 billion); emergency projects, research and development, and prior plan completion costs (\$2.7 billion); expand facilities through leases, building additions, modular classrooms and new athletic fields and playgrounds (\$2.7 billion); and address the need for security systems, emergency lighting and code compliance (\$1.1 billion). The total Education program for 2008-2017 is \$28.2 billion.

- Higher Education: renovations and upgrades to existing facilities (\$120.0 million); completion of new academic buildings at the Borough of Manhattan Community College (\$20.8 million), Medgar Evers College (\$20.6 million) and Bronx Community College (\$29.7 million); purchase of computer, laboratory and other equipment (\$16.3 million); design of a new academic building at Queensborough Community College (\$8.3 million); HVAC upgrades (\$6.0 million); and renovations to athletic fields and gymnasiums (\$4.0 million). The total Higher Education program for 2008-2017 is \$232.1 million.
- Health: various DOHMH facility renovations and rehabilitation (\$113.6 million); Animal Care and Control upgrades to existing facilities (\$15.3 million); automation and technology infrastructure improvements (\$69.4 million); laboratories and equipment (\$39.8 million); technology upgrades for the Office of the Chief Medical Examiner and construction of a new Bronx Mortuary (\$46.3 million); hospital improvements including Local Law 11 compliance, upgrading existing power systems, and miscellaneous projects (\$376.1 million); major hospital reconstruction projects that includes Harlem Hospital, Gouverneur Nursing facility and Diagnostic and Treatment Center, and Kings county Hospital Behavioral Health Center (\$446.7 million); miscellaneous equipment purchase (\$8.5 million); and ambulance purchases (\$141.6 million).
- Aging: rehabilitate senior centers, with a primary focus on improvements to fire suppression systems, heat and hot water systems, and handicapped accessibility (\$15.6 million); and develop computerized network to assist applicants in accessing services and entitlement programs, and purchase computers for senior centers (\$12.9 million).
- Administration for Children's Services: renovation and code compliance at various child care centers (\$17.1 million); continued development of CHILDSTAT and expansion of the agency's automated systems, including planned computer replacements and software licenses, upgrading of telecommunications networks, and maintenance of systems that are critical for meeting mandated program management reporting requirements (\$45.3 million); and renovation and furniture purchases for the agency central office at 150 William Street in Manhattan and various field offices (\$26.0 million).
- Homeless Services: building renovations, building envelope stabilization and restorations, code compliance, fire safety and security upgrades to adult facilities (\$125.6 million) and family facilities (\$145.7 million); construction of a new family intake center (\$57.2 million); and upgrade and development of the Department's computer network, including an integrated client tracking system with enhanced client and shelter information reporting and inter-agency data match capability (\$19.0 million).
- Human Resources: renovations to facilities and equipment purchases (\$60.0 million), including construction of model offices to provide a more client-friendly environment (\$9.5 million); data processing and information technology projects (\$98.7 million), including automation of the food stamp application process (\$3.3 million); telecommunications projects (\$34.7 million); and miscellaneous vehicle projects (\$1.8 million).

Housing and Development

- Housing: development starts of over 33,000 new homeownership and rental dwelling units through the Nehemiah, Neighborhood Initiative, Mixed Income, Cornerstone, Multifamily New Construction, Middle Income, and other new construction programs (\$1.8 billion); provision of low-interest loans to finance the rehabilitation and preservation of approximately 35,000 units in privately-owned buildings under Article 7A, Article 8A, Participation Loan, Small Buildings, Senior Citizens Home Assistance, and other housing preservation programs (\$1.3 billion); production of approximately 4,000 units for low-income and formerly homeless individuals, including those with special needs, through the Supportive Housing Loan Program (\$557.0 million); and disposition and rehabilitation of approximately 3,400 *In Rem* dwelling units through various privatization initiatives (\$402.1 million).

- Housing Authority: interior work including the replacement of doors, interior lighting and compactors (\$72.9 million); system work including the upgrade of steam lines, electrical wiring, basement waste lines, and boiler replacements (\$140.6 million); exterior work including lighting and roof reconstruction (\$10.9 million); and upgrades and modernizations to Prospect Plaza in an effort to revitalize the surrounding neighborhood of Ocean Hill-Brownsville in Brooklyn (\$4.0 million).
- Economic Development: implementation of the Coney Island Strategic Plan (\$107.5 million); cruise industry development in Manhattan (\$105.6 million); infrastructure improvements at Governors Island (\$90.0 million); marine and infrastructure improvements at the Brooklyn Navy Yard (\$80.5 million); substructure rehabilitation of Brooklyn Piers 7-11 (\$66.9 million); infrastructure improvements to support redevelopment of the New Stapleton waterfront in Staten Island (\$51.7 million); implementation of various projects in the BAM Cultural District (\$47.4 million); redevelopment of the Downtown Brooklyn area (\$27.5 million); and transportation and economic development improvements at the Jamaica Center in Queens (\$23.6 million).

Administration of Justice and Public Safety

- Correction: replacement of deteriorating housing facilities with new facilities (\$1.1 billion); improvements to building systems, infrastructure and support space (\$683.0 million); and life cycle replacement of vehicles, telecommunications, and other equipment (\$67.0 million).
- Courts: construction of a new courthouse in Staten Island to house the Supreme Court-Criminal Term, the Supreme Court-Civil Term, and the Surrogate's Court (\$188.8 million); renovation of the Supreme Court building at 360 Adams Street and Criminal Court building at 120 Schermerhorn Street in Brooklyn (\$33.2 million); renovation and systems upgrade in the Bronx Supreme Court building at 851 Grand Concourse and Bronx Family Criminal Court at 215 E. 161st Street (\$126.5 million); and renovations to the courthouse at 18 Richmond Terrace in Staten Island to house the Criminal and Family Courts (\$20.0 million).
- Police: lifecycle replacement of communications equipment, computer equipment, vehicles and miscellaneous equipment (\$554.7 million); construction of six new police precincts: 40th Precinct (\$30.0 million), 66th Precinct (\$30.0 million), 70th Precinct (\$30.0 million), 110th Precinct (\$30.0 million), 120th Precinct (\$40.1 million), and 121st Precinct (\$27.0 million); design and construction of a new Police Academy (\$998.0 million); and rehabilitation and maintenance of facilities citywide (\$161.0 million).
- Fire: replacement of front-line fire-fighting apparatus, support vehicles and equipment (\$455.5 million); renovation of firehouse components including boilers, electrical upgrades, kitchens, roofs, bathrooms, waterproofing, apparatus doors, floors and windows (\$251.6 million); complete restoration of two firehouses (\$22.7 million); construction of six new EMS stations (\$72.9 million); renovations to the fire training facilities, including construction of a new Chaffer Training Course (\$11.5 million); design, acquisition, and construction of a new fleet maintenance facility in Maspeth, Queens (\$135.0 million); purchase and upgrade of computer equipment to support agency operations (\$11.6 million); and professional services for the integration and upgrade of the emergency response and dispatch system (\$14.9 million).

Recreation and Cultural

- Parks: construction of neighborhood parks, roadways, and other park features at Fresh Kills in Staten Island (\$171.8 million); construction of replacement parkland necessitated by the new Yankee Stadium construction in the Bronx (\$155.0 million); construction of the new Brooklyn Bridge Park in Brooklyn (\$37.8 million); development of parks along the Greenpoint and Williamsburg waterfronts (\$130.9 million); conversion of an abandoned freight viaduct to the new High Line Park in Manhattan (\$114.3 million); construction of Hudson River Park in Manhattan (\$38.9 million); construction of the new Elmhurst Keyspan Park (\$9.2 million) and Fort Totten Park in Queens (\$8.7 million); reconstruction and replacement of safety surfaces, play equipment and paths in neighborhood parks and playgrounds citywide (\$185.4 million); planting of over 35,000 street trees and park trees per year citywide (\$460.5 million), including the planting

of approximately 12,500 new street trees as part of plaNYC 2030 (\$245.9 million), the restocking of parks with saplings as part of plaNYC 2030 (\$118.8 million), and the construction of 80 greenstreets per year between 2008 and 2012 as part of plaNYC 2030 (\$15.0 million); reconstruction of school playgrounds to make them accessible to the public during non-school hours as part of plaNYC 2030 (\$96.4 million); construction of eight major regional parks throughout the City as part of plaNYC 2030 (\$386.4 million); improvements to Central Park in Manhattan (\$21.4 million); construction of Marine Park White Island and restoration of grassland in Brooklyn (\$14.5 million); construction of the Prospect Park Skating Rink in Brooklyn (\$21.9 million); and construction of Ferry Point Park in the Bronx (\$45.2 million).

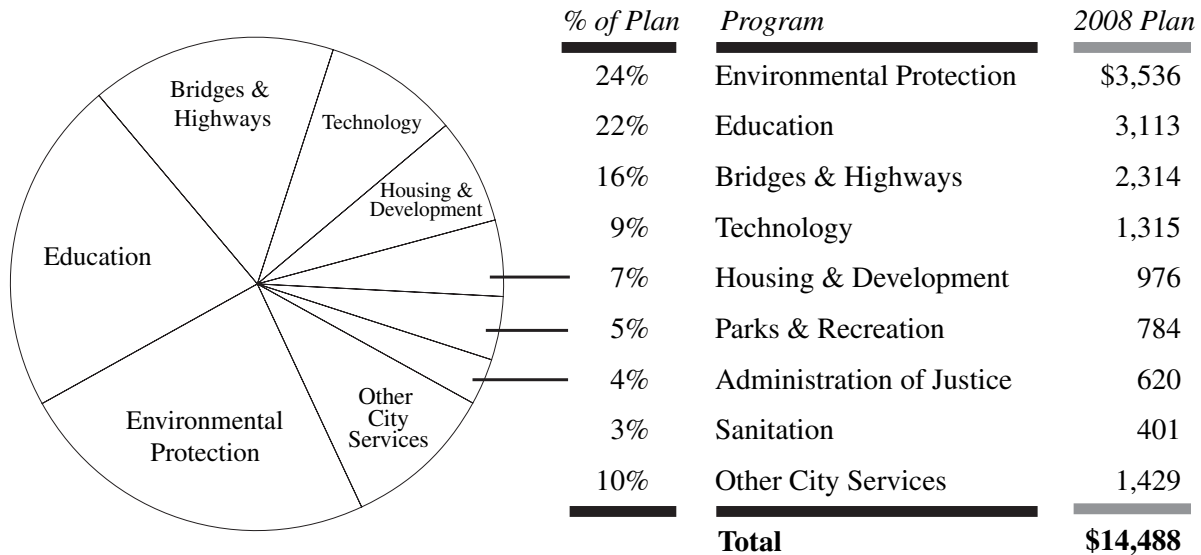
- **Public Libraries:** extensive system-wide infrastructure and technology projects in Brooklyn (\$9.1 million); technology upgrade initiatives borough-wide in the Bronx (\$1.1 million); façade restoration of the Humanities and Social Sciences Library in Manhattan (\$7.7 million); site acquisition and construction of the new Mariner’s Harbor Branch Library in Staten Island (\$5.3 million); construction of the Central Library’s new Children’s Library Discovery Center in Jamaica, Queens (\$16.7 million); new Kensington Branch Library in Brooklyn (\$11.4 million); second floor renovation of the Woodstock Branch Library in the Bronx (\$0.6 million); new Macomb’s Bridge Branch Library in Manhattan (\$6.4 million); site acquisition and expansion of the Stapleton Branch Library in Staten Island (\$5.6 million); and Glen Oaks Branch renovation project in Queens (\$9.6 million).
- **Department of Cultural Affairs:** funding for the Master Plan redevelopment projects at Lincoln Center for the Performing Arts in Manhattan (\$197.6 million); various reconstruction projects at the Snug Harbor Cultural Center in Staten Island, including the renovation of the Music Hall and Building E, implementation of a site-wide circulation plan of pedestrian walkways, and infrastructure and interior upgrades to Buildings F and H (\$19.2 million); expansion of the Queens Museum of Art (\$18.6 million); reconstruction of the 122 Community Center in Manhattan (\$17.3 million); various reconstruction and improvement projects at the Bronx Zoo/Wildlife Conservation Society, including a new Wildlife Health Center and the restoration of the Italian Fountain (\$16.8 million); restoration of the Weeksville Heritage Center Hunterfly Road Houses in Brooklyn (\$16.6 million); renovation of the shark exhibit and other improvements at the New York Aquarium/Wildlife Conservation Society in Brooklyn (\$12.7 million); various reconstruction and stabilization projects at the New York Hall of Science in Queens, including the reconstruction of the rotunda entrance and the interior systems in the Great Hall (\$11.8 million); various improvements at the City Center Theater in Manhattan including theater renovation, exterior water-proofing and roof reconstruction (\$10.6 million); construction relating to the Brooklyn Children’s Museum Master Plan project (\$10.3 million); various enhancement projects at the New York Botanical Garden in the Bronx including improvements to way lighting, parking areas and roads (\$9.9 million); reconstruction of Buildings A and B for the Staten Island Institute for Arts and Sciences (\$6.6 million); ADA compliance work and parking lot reconstruction at Wave Hill in the Bronx (\$6.0 million); funding for a new visitors kiosk and HVAC replacement at P.S. 1 in Queens (\$5.9 million); and various improvements at the Staten Island Historical Society (\$5.0 million).

Department of Citywide Administrative Services

- **Public Buildings:** reconstruction of public buildings and City-owned facilities (\$561.1 million), including renovations to the Manhattan Municipal Building (\$20.5 million) and exterior and interior renovations to 253 Broadway in Manhattan (\$14.2 million); compliance with legal mandates (\$354.0 million), including fire safety improvements (\$140.8 million); the renovation of leased space (\$137.9 million), including the relocation and consolidation of the Queens District Attorney’s Office (\$24.3 million) and renovations to the DCAS Storehouse (\$12.2 million); purchase of equipment (\$54.5 million); modernization of the Board of Elections (\$59.7 million), including the purchase of electronic voting machines (\$50.0 million); and reconstruction of waterfront and non-waterfront properties (\$56.0 million).

2008 AUTHORIZED CAPITAL COMMITMENTS, BY PROGRAM

(\$ in Millions - All Funds)



2008 Agency Highlights

Technology

- Information and Communication Systems: 911/Emergency Communications Transformation Project (ECTP) facilities, software, and equipment to update and integrate the City's computer aided dispatch capabilities (\$359.0 million); continued rollout of the citywide wireless data network (NYCWiN) and other radio communications projects (\$230.4 million); Citywide Timekeeping and Workforce Management System (CityTime) (\$129.0 million); upgrade of the City's Financial Management System (FMS), including its integration with the Department of Education (\$63.0 million); development and implementation of the Citywide Integrated Human Resources System (NYCAPS), including implementation at the Department of Education (\$45.2 million); 311/Citizens Service Management System, including implementation of additional capacity and new functionality to help agencies utilize 311 and agency data to better anticipate citizen demands (\$32.4 million); upgrades and enhancements to the Coordinated Payment and Adjudication System (NYCServ) (\$28.5 million); and development and implementation of the e311 system to provide human service referrals and assistance at the City's 311 Call Center (\$4.0 million).

Environmental Protection and Sanitation

- Sewers: reconstruction and augmentation of the City's sewer system (\$186.9 million).
- Water Mains, Sources and Treatment: construction of an ultraviolet light water disinfection plant for water from the Catskill and Delaware watersheds (\$816.2 million); construction of the Croton Water Filtration Plant (\$188.1 million); and continued construction of in-City water mains and ancillary work (\$139.8 million).
- Wastewater Treatment: continued reconstruction of the Newtown Creek Wastewater Treatment Plant (WWTP) (\$1.1 billion); and continued refurbishing of pumping stations citywide (\$105.9 million).

- Water Supply: continued construction of the Third Water Tunnel, Stage Two (\$15.3 million).
- Equipment: remediation of the Brookfield Landfill in Staten Island (\$141.3 million); and implementation of an Automatic Meter Reading system for the City's water meters (\$100.5 million).
- Sanitation: purchase of vehicles and other equipment (\$171.4 million); construction and reconstruction of sanitation garages and other facilities, citywide (\$170.6 million); construction of solid waste management facilities (\$44.9 million); and reconstruction of waste disposal facilities (\$14.6 million).

Transportation

- Bridges: the continued reconstruction/rehabilitation of the four East River Bridges (\$72.1 million); the reconstruction of one bridge structure rated "poor" (\$39.8 million) and nine bridges rated "fair" (\$1.0 billion). The total Bridge Program for 2008 is \$1.5 billion and includes \$32.1 million for plaNYC 2030 initiatives involving bridge reconstruction and capital maintenance.
- Highways: the reconstruction and/or resurfacing of 1,026 lane miles (310 linear miles) of streets (\$446.0 million); the reconstruction of sidewalks, retaining walls, and the installation of pedestrian ramps (\$116.3 million). The total Highway Program for 2008 is \$562.3 million of which \$21.6 million is for plaNYC 2030 initiatives, including the resurfacing of a supplemental 50 lane miles (15.3 linear miles) of street and arterial highways, in addition to the 900 lane miles in the DOT base program.
- Traffic: the modernization and expanded computerization of the City's traffic signal network to improve traffic flow (\$80.5 million); and the upgrade of the street lighting system (\$32.9 million). The total Traffic program for 2008 is \$179.8 million including \$14.8 million for plaNYC 2030 initiatives, such as Bike Network Development, Bus Initiatives, Intelligent Traffic Systems and Congested Corridors for Growth Areas for the purpose of alleviating congestion by 2030.
- Ferries: the reconstruction and improvement of various ferry vessels (\$27.8 million) and facilities (\$36.9 million); and general construction work at the ferry maintenance facilities (\$5.4 million). The total Ferries Program for 2008 is \$70.2 million.
- Transit: contribution to the MTA's capital program, including subway and bus fleet enhancements, infrastructure improvements, in-house track rehabilitation and reconstruction of bus and subway lines for New York City Transit, and bus purchases and facilities improvements for the MTA Bus Company (\$81.0 million).

Education, Health and Social Services

- Education: capital improvements that enhance educational programs (\$696.3 million); rehabilitate, replace and upgrade building components (\$524.5 million); construct new schools (\$687.8 million); modernize school buildings (\$37.7 million); emergency projects, research and development, and prior plan completion costs (\$227.4 million); expand facilities through leases, building additions, modular classrooms and new athletic fields and playgrounds (\$744.5 million); and address the need for security systems, emergency lighting and code compliance (\$145.5 million). The total Education program for 2008 is \$3.1 billion.
- Higher Education: renovations and upgrades to existing facilities (\$18.8 million); design and construction of an Instructional Building at Bronx Community College (\$27.0 million); and purchase of computer, laboratory and other equipment (\$3.4 million). The total Higher Education program for 2008 is \$49.2 million.
- Health: technology upgrades for the Office of the Chief Medical Examiner and construction of the Bronx Mortuary (\$18.1 million); Public Health Laboratory and upgrade (\$2.2 million); various DOHMH facilities rehabilitation, renovations and emergency upgrades (\$25.5 million); Animal Care and Control upgrades to existing facilities (\$4.3 million); automation and technology infrastructure improvements (\$20.1 million);

hospital improvements including Local Law 11 compliance, upgrading existing power systems, and miscellaneous projects (\$64.3 million); major hospital reconstruction that includes Harlem Hospital, Gouverneur Nursing Facility and Diagnostic and Treatment Center, and Kings County Hospital Behavioral Health Center (\$105.8 million); equipment upgrades (\$7.0 million); and ambulance purchases (\$17.2 million).

- Aging: rehabilitate senior centers (\$0.4 million); and purchase computers for senior centers (\$1.3 million).
- Administration for Children’s Services: renovation and code compliance at various child care centers (\$3.2 million); continued development of CHILDSTAT (\$6.3 million); development and expansion of the agency’s automated systems, including planned computer replacements, upgrading of telecommunications networks, and maintenance of systems that are critical for meeting mandated program management reporting requirements (\$9.7 million); and renovation of the agency central office at 150 William Street in Manhattan and various field offices (\$3.0 million).
- Homeless Services: computer network upgrade, including the development of the new Client Tracking System, and implementation of a digital telephone system (\$8.1 million); renovation, development, and upgrade of adult shelters (\$17.5 million); upgrade and renovation of family shelters (\$11.8 million); and construction of a new family intake center (\$55.3 million).
- Human Resources: renovate model offices (\$4.7 million) to develop and expand an automated food stamp system that will streamline applications, eligibility and recertification (\$2.0 million).

Housing and Development

- Housing: development starts of over 7,000 new homeownership and rental dwelling units through the Nehemiah, Neighborhood Initiative, Mixed Income, Cornerstone, Multifamily New Construction, Middle Income, and other new construction programs (\$238.7 million); provision of low-interest loans to finance the rehabilitation and preservation of approximately 4,000 units in privately-owned buildings under Article 7A, Article 8A, Participation Loan, Small Buildings, Senior Citizens Home Assistance, and other housing preservation programs (\$92.8 million); disposition and rehabilitation of approximately 550 *In Rem* dwelling units through various privatization initiatives (\$71.0 million); and production of approximately 525 units for low-income and formerly homeless individuals, including those with special needs, through the Supportive Housing Loan Program (\$68.0 million).
- Housing Authority: interior work including the replacement of doors, interior lighting and compactors (\$1.8 million); system work including the upgrade of steam lines, electrical wiring, basement waste lines, and boiler replacements (\$32.0 million); exterior work including lighting and roof reconstruction (\$0.3 million); and upgrades and modernizations to Prospect Plaza in an effort to revitalize the surrounding neighborhood of Ocean Hill-Brownsville in Brooklyn (\$4.0 million).
- Economic Development: cruise industry development in Manhattan (\$86.6 million); infrastructure improvements to support redevelopment of the New Stapleton waterfront in Staten Island (\$43.7 million); marine and infrastructure improvements at the Brooklyn Navy Yard (\$38.2 million); infrastructure improvements at Governors Island (\$37.0 million); implementation of various projects in the BAM Cultural District (\$37.4 million); implementation of various projects as part of the Coney Island Strategic Plan (\$28.8 million); redevelopment of the Downtown Brooklyn area (\$23.5 million); transportation and economic development improvements at the Jamaica Center in Queens (\$8.7 million); and development of the South Bronx Greenway as part of the community-led South Bronx Greenway Project (\$7.8 million).

Administration of Justice and Public Safety

- Correction: construction of facility additions for permanent capacity replacement projects (\$59.9 million); infrastructure and upgrades to security (\$41.3 million); technology upgrades (\$7.5 million); and replacement of vehicles to transport inmates (\$2.8 million).
- Courts: construction commitments related to new Supreme Court building in Staten Island (\$50.8 million); interior renovations to various facilities (\$79.0 million); new chiller plants and boiler replacement (\$22.0 million); electrical upgrades (\$17.6 million); exterior and roof renovation (\$6.6 million); elevator upgrade and modernization (\$4.3 million); and fire safety systems (\$1.5 million).
- Police: relocation, maintenance and rehabilitation of facilities citywide (\$65.3); lifecycle replacement of vehicles (\$21.3 million); upgrade and lifecycle replacement of the Department's radio communications system (\$24.6 million); development of the Lower Manhattan Security Initiative (\$15.0 million); construction of the 120th Precinct (\$40.1 million) and the 121st Precinct (\$26.3 million); and design of a new Police Academy (\$50.0 million).
- Fire: replacement of front-line fire-fighting apparatus, support vehicles and equipment (\$58.8 million); renovation of firehouse components including boilers, electrical upgrades, kitchens, roofs, bathrooms, waterproofing, apparatus doors, floors and windows (\$35.8 million); renovation of the Rescue 2 Firehouse in Brooklyn and Engine Company 293 in Queens (\$15.9 million); construction of a new EMS Station at Queens Hospital (\$11.1 million); acquisition and design of a new fleet maintenance facility (\$20.0 million); purchase and upgrade of computer equipment to support agency operations (\$3.3 million); and professional services for the integration and upgrade of the emergency response and dispatch system (\$1.3 million).

Recreation and Cultural

- Parks: construction of replacement parkland necessitated by the new Yankee Stadium construction in the Bronx (\$67.0 million); conversion of an abandoned freight viaduct to the new High Line Park in Manhattan (\$87.8 million); development of parks along the Greenpoint and Williamsburg waterfronts (\$46.9 million); reconstruction and replacement of safety surfaces, play equipment and paths in neighborhood parks and playgrounds citywide (\$13.5 million); reconstruction in Flushing Meadows Corona Park (\$5.4 million); redevelopment of the former Fresh Kills landfill in Staten Island into parkland (\$26.7 million); design for the reconstruction of eight major regional parks throughout the City as part of plaNYC 2030 (\$29.7 million); design of school playgrounds to make them accessible to the public during non-school hours as part of plaNYC 2030 (\$7.2 million); and construction of Ferry Point Park in the Bronx (\$27.2 million).
- Public Libraries: new Kensington Branch Library in Brooklyn (\$11.4 million); second floor renovation of the Woodstock Branch Library in the Bronx (\$0.6 million); site acquisition and construction of the new Mariner's Harbor Branch Library in Staten Island (\$4.1 million); site acquisition and expansion of the Stapleton Branch Library in Staten Island (\$4.4 million); new Macomb's Bridge Branch Library in Manhattan (\$6.0 million); façade restoration of the Humanities and Social Sciences Library in Manhattan (\$7.0 million); construction of the Central Library's new Children's Library Discovery Center in Jamaica, Queens (\$9.0 million); and the Glen Oaks replacement facility in Queens (\$9.6 million).
- Department of Cultural Affairs: funding for the Master Plan redevelopment projects at Lincoln Center for the Performing Arts in Manhattan (\$35.9 million); restoration of the Weeksville Heritage Center Hunterfly Road Houses in Brooklyn (\$16.6 million); various reconstruction and improvement projects at the Bronx Zoo/Wildlife Conservation Society, including a new Wildlife Health Center and the restoration of the Italian Fountain (\$16.1 million); various reconstruction projects at the Snug Harbor Cultural Center in Staten Island, including the renovation of the Music Hall and Building E, implementation of a site-wide circulation plan of pedestrian walkways, and infrastructure and interior upgrades to Buildings F and H (\$14.5 million); expansion of the Queens Museum of Art (\$12.9 million); reconstruction of the 122

Community Center in Manhattan (\$11.8 million); renovation of the shark exhibit and other improvements at the New York Aquarium/Wildlife Conservation Society in Brooklyn (\$11.4 million); various reconstruction and stabilization projects at the New York Hall of Science in Queens, including the reconstruction of the rotunda entrance and the interior systems in the Great Hall (\$11.1 million); reconstruction of Buildings A and B for the Staten Island Institute for Arts and Sciences (\$5.9 million); and ADA compliance work and parking lot reconstruction at Wave Hill in the Bronx (\$4.2 million).

Department of Citywide Administrative Services

- **Public Buildings:** reconstruction of public buildings and City-owned facilities (\$113.0 million), including central administration of select energy efficiency projects citywide (\$10.2 million), interior and exterior renovations to the Brooklyn Municipal Building (\$7.7 million), as well as renovations to the Manhattan Municipal Building (\$9.9 million), Queens Borough Hall (\$22.4 million) and renovations to the Bronx Family Justice Center (\$2.5 million); miscellaneous construction and the acquisition of real property (\$71.8 million); modernization of the Board of Elections (\$59.7 million), including the consolidation and renovation of warehouse and office facilities for the Board of Elections (\$9.7 million), as well as the purchase of electronic voting machines as required by the Help America Vote Act (HAVA) (\$50.0 million); renovation of leased space (\$48.8 million), including the move of the Department of Records and Information Services warehouse (\$5.0 million) and the Queens DCAS Storehouse renovations (\$12.2 million); legal mandates (\$38.1 million), including the reconstruction and replacement of petroleum underground storage tanks (\$16.0 million); equipment and interagency services (\$13.0 million), including the purchase of management information systems equipment; and reconstruction of waterfront properties and non-waterfront properties (\$7.5 million).

Borough Presidents' Allocations

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

FY 2008-2011 Borough Presidents' Allocations* (City Funded Appropriations \$ in thousands)

	2008	2009	2010	2011
Bronx Program				
Cultural Affairs.....	\$600	\$191	—	—
Education	800	—	—	—
Higher Education	1,007	1,480	—	—
Housing	2,220	250	—	—
New York Public Library	498	600	—	—
Parks	2,710	1,000	—	—
Public Buildings	98	800	—	—
Traffic	250	—	—	—
GRAND TOTAL: BRONX	\$8,183	\$4,321	\$0	\$0
Brooklyn Program				
Children's Services	\$45	—	—	—
Economic Development	20,068	—	—	—
Parks	1,301	3,799	—	—
Public Buildings	1,185	—	—	—
GRAND TOTAL: BROOKLYN	\$22,599	\$3,799	\$0	\$0
Manhattan Program				
Aging	\$130	—	—	—
Children's Services.....	—	50	—	—
Cultural Affairs.....	500	—	—	—
Economic Development	200	—	—	—
Education	500	—	—	—
Highways.....	100	—	—	—
Public Buildings	310	—	—	—
Traffic	36	—	—	—
GRAND TOTAL: MANHATTAN	\$1,776	\$50	\$0	\$0

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

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

FY 2008-2011 Borough Presidents' Allocations*
(City Funded Appropriations \$ in thousands)

	2008	2009	2010	2011
Queens Program				
Aging	\$500	—	—	—
Cultural Affairs	5,489	—	—	—
Education	500	—	—	—
Parks	8,234	—	—	—
Public Buildings	9,303	—	—	—
GRAND TOTAL: QUEENS	\$24,026	\$0	\$0	\$0
Staten Island Program				
Cultural Affairs	\$3,963	—	—	—
Education	3,460	—	—	—
General Services - Equipment.....	1	—	—	—
Health	1,350	—	—	—
Highways	—	92	—	—
Hospitals	150	—	—	—
New York Public Library	103	—	—	—
Parks	151	—	—	—
Public Buildings	300	—	—	—
GRAND TOTAL: STATEN ISLAND.....	\$9,478	\$92	\$0	\$0

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

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

Management Initiatives

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

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

Capital Program Management

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

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

Capital Asset Inventory and Maintenance Program

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

Value Engineering

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

Value Engineering is a collaborative effort between all concerned city agencies with budgetary and operational jurisdiction over a project, and outside consultants with expertise on critical project components. The City has utilized VE effectively in the last 25 years on mainly large-scale capital projects with a view to managing costs. However, the VE process does not only result in cost reductions, but also frequently generates project improvements, and anticipates and solves functional problems by raising relevant issues early in the design process,

which could adversely compromise the project's development, cost and schedule. The VE program continues to grow and the Unit averages approximately 22 value methodology reviews per year, as agencies seek to maximize their return on investment and increase efficiency in their operations. Studies scheduled for upcoming VE reviews include environmental projects, reconstruction of major hospitals, parks, courts, sanitation garages, and Value Analysis reviews to enhance revenue at city-owned hospitals.

FINANCING PROGRAM

The City's financing program projects \$35.4 billion of long-term borrowing for the period 2007 through 2011 to support the City's current capital program. Unless bonding capacity of the New York City Transitional Finance Authority (TFA) is increased, all of this financing will be implemented through General Obligation (GO) bonds of the City and bonds of the New York City Municipal Water Finance Authority (NYW or the Authority). Figures below do not include \$6.5 billion of state funded financing for education capital purposes through the Dormitory Authority of the State of New York (DASNY) and the TFA Building Aid Revenue Bonds (BARBs):

Financing Program (\$ in Millions)

	2007	2008	2009	2010	2011	Total
City General Obligation Bonds	\$820	\$4,200	\$4,850	\$6,300	\$6,030	\$22,200
TFA Bonds ¹	2,000	0	0	0	0	2,000
Water Authority Bonds ²	2,111	1,871	2,428	2,385	2,394	11,189
Total	\$4,931	\$6,071	\$7,278	\$8,685	\$8,424	\$35,389

¹ TFA Bonds do not include BARBs issued for education capital purposes. TFA has issued \$1.3 billion of BARBs in fiscal year 2007. TFA expects to issue \$1.394 billion, \$1.394 billion and \$698 million of such bonds in fiscal years 2008 through 2010, respectively.

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

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

Debt Outstanding
(\$ in Millions at Year End)

	2007	2008	2009	2010	2011
City General Obligation Bonds	\$35,018	\$37,454	\$40,455	\$44,770	\$48,727
TFA Bonds	13,634	13,560	13,068	12,554	12,017
TSASC Bonds	1,315	1,294	1,270	1,244	1,215
Conduit Debt	2,611	2,496	2,383	2,307	2,206
Total	\$52,578	\$54,804	\$57,177	\$60,875	\$64,166
Water Authority Bonds ¹	\$17,075	\$18,723	\$20,910	\$23,011	\$25,055

¹ Net of Economically Defeased Debt.

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

	2007	2008	2009	2010	2011
City General Obligation Bonds ¹	\$4,095	\$3,536	\$3,577	\$3,929	\$4,736
TFA Bonds	727	189	843	879	1,154
TSASC Bonds	85	88	89	90	91
MAC	10	10	0	0	0
Conduit Debt ²	223	227	319	314	317
Total Debt Service	\$5,139	\$4,050	\$4,828	\$5,212	\$6,298
Water Authority Bonds ³	\$898	\$1,006	\$1,142	\$1,330	\$1,522

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

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

³ Includes First Resolution debt service and Second Resoluiton debt service net of subsidy payments from the NYS Environmental Facilities Corporation. Water Authority Bonds debt service is net of debt service on economically defeased debt.

Debt Burden

	2007	2008	2009	2010	2011
Total Debt Service (NYC GO, Lease & TFA) as % of:					
a. Total Revenue ¹	8.6%	6.8%	8.1%	8.4%	9.7%
b. Total Taxes ²	13.5%	11.0%	12.9%	13.3%	15.3%
c. Total NYC Personal Income	1.4%	1.0%	1.2%	1.2%	1.4%
Total Debt Outstanding (NYC GO, Lease & TFA) as % of:					
a. Total NYC Personal Income	13.8%	13.9%	13.9%	14.1%	14.1%

¹ Total revenue includes amounts required to pay debt service on TFA bonds other than BARBs (PIT Bonds) and operating expenses.

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

TFA has exhausted its statutory bonding capacity for general capital purposes of \$13.5 billion (excluding refunding bonds, Recovery Bonds to pay costs related to the September 11th terrorist attacks, and BARBs). TFA has been a cost-effective source of financing for the City since the issuance of its first bonds in fiscal year 1998. It has been an important source of diversification as a financing vehicle in the marketplace as well. The City is seeking legislative approval to increase TFA's borrowing cap. If the TFA cap is not increased, the City will issue approximately \$22.2 billion of GO bonds during the plan period, which will equal 62.7 percent of the total program. If the TFA cap is lifted, up to half of what otherwise would be issued in the form of GO bonds would be issued by the TFA instead, significantly reducing the City's financing costs. NYW's annual bonding amount, excluding refundings, will average approximately \$2.2 billion. The aggregate NYW financing during the plan period will account for approximately 31.6 percent of the total financing program.

New York City General Obligation Bonds

Since July 1, 2006, the City has issued \$1.13 billion in refunding bonds and \$820 million in bonds for capital purposes, totaling \$1.95 billion. The dates, principal amounts, and the true interest costs of the tax-exempt, fixed rate portion of these issues are as follows:

NYC GO Issuances						
(\$ in Millions)						
<u>Series</u>	<u>New\$/ Refunding</u>	<u>Issue Date</u>	<u>Tax Exempt Amount</u>	<u>Taxable Amount</u>	<u>TIC</u>	<u>Total Par Amount</u>
2007AB	R	8/17/06	\$850	\$0	4.554%	\$850
2007C	N	1/9/07	750	70	4.292% ¹	820
2007D	R	1/9/07	278	0	4.238%	278
Total			<u>\$1,878</u>	<u>\$70</u>		<u>\$1,948</u>

A portion of the Series 2007 C transaction consists of floating-rate bonds.

The two refunding transactions the City has completed to date in fiscal year 2007, totaling \$1.13 billion in aggregate principal amount, generated \$49 million of debt service savings in 2008 and 2009. The present value savings from the refundings were in excess of \$42 million.

All of the \$70 million of taxable financing during the current fiscal year has been issued through competitive bidding. The City's taxable bonds are generally amortized in 12 years or less so that the higher cost taxable debt is paid off sooner than the longer-term lower cost tax exempt debt. In the current fiscal year, the City's taxable bonds, with maturities ranging between 11 and 12 years, were priced approximately 60 basis points higher than those of the US Treasury bonds for comparable maturities.

In addition to the financings described above, the City plans to issue \$4.20 billion, \$4.85 billion, \$6.30 billion and \$6.03 billion in 2008, 2009, 2010 and 2011, respectively, assuming that TFA's statutory bonding cap is not increased.

Currently the debt service for the City and its related financing entities (TFA, TSASC, MAC and conduit debt, excluding the effect of pre-payments, and excluding debt service supported by revenues from the water and sewer system) is 8.6 percent of the City's total budgeted revenues in 2007. That ratio is projected rise to 9.7 percent in 2011. As a percentage of tax revenues, the debt service ratio is 13.5 percent in 2007 and is projected to increase to 15.3 percent in 2011.

While the ratios mentioned above are primarily influenced by the cost of the City's capital program relative to tax and total revenues, the ratios are also affected by the term of the debt financing the capital program. With the overlapping constraints of federal tax law and New York State Local Finance Law, the City's debt has been amortized, on average, up to five years shorter than the life of the assets being financed. This means that earlier

generations are more heavily burdened by the cost of the capital program than future generations. Although it might be viewed as prudent to pay off debt sooner rather than later, accelerated debt repayment does not distribute the burden of the costs equitably across generations. The City will continue to balance the goals of spreading the debt burden equally over time and repaying debt as quickly as possible.

During 2007, short-term interest rates relating to the \$6.24 billion of floating rate debt (including synthetic floating-rate debt, auction rate bonds and variable-rate demand bonds) issued by the City have been 3.46% percent on average for tax-exempt and 5.26% percent for taxable floating rate debt. This floating rate debt has traded recently at rates that are at least 70 basis points lower than those for the City's fixed-rate debt, resulted in an annual savings of over \$44 million. In many years, savings from variable rate debt often have been several multiples of this \$44 million amount.

In 2007 and 2008, the City did not require a note issuance to satisfy cash flow needs. The City's financing program assumes the issuance of \$2.4 billion in each of 2009, 2010 and 2011.

New York City Related Issuers - Variable Rate Debt

As discussed above, variable rate demand bonds have been a reliable source of cost savings in City's capital program. In considering the proportion of the City's debt which is in variable rather than fixed rates, it is useful to consider all sources of financing with the exception of NYW, which is typically considered separately for such purposes. Included would be not only City GO bonds but also TFA, TSASC bonds and conduit debt. The City and its related entities have over \$10.5 billion of variable rate demand bonds and auction rate bonds currently outstanding. The TFA floating rate bonds are supported by liquidity facilities while the City's floating rate general obligation and lease appropriation bonds are supported by credit enhancement facilities and liquidity facilities.

Swaps

The City has entered into various interest rate exchange agreements (swaps and swaptions) since 2002, taking on various risks similar to those of variable rate bonds. The City also bears the economic responsibility for certain swaps entered into through DASNY and the New York City Industrial Development Agency. The total notional amount of swaps outstanding as of March 31, 2007 was \$2.9 billion, on which the termination value was negative \$19.85 million. This is the theoretical amount which the City would pay if all of the swaps terminated under market conditions as of March 31, 2007. However, most of the swaps entered into by the City have sufficient liquidity such that there should be relatively little cost to enter into replacement swaps.

In April 2007, the City amended a swap confirmation to eliminate the counterparty's cancellation option by slightly increasing the fixed rate paid by the City under the swap in order to substantially preserve the advantageous terms of the swap.

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

counterparty's option (a "swaption"), is a contingent liability, the swaptions which the City has entered into are not counted as floating rate exposure.

NYC Floating-Rate Exposure*
(\$ in Millions)

	<u>GO</u>	<u>TFA</u>	<u>Lease</u>	<u>TSASC</u>	<u>Total</u>
VRDB & Auction Rate Bonds	\$5,063	\$2,700	\$1,207	\$0	\$8,971
Synthetic Fixed	241	0	18	0	259
Taxable Basis Swap	161	0	0	0	161
Total Return Swap	500	0	74	0	574
Enhanced Basis Swap	125	0	0	0	125
Total Floating-Rate	\$6,091	\$2,700	\$1,299	\$0	\$10,090
Total Debt Outstanding	\$34,256	\$13,634	\$2,611	\$1,315	\$51,816
% of Floating-Rate / Total Debt Outstanding	19.5%				
Total Floating-Rate Less \$2.6 Billion Average Balance in General Fund (Floating-Rate Assets)	\$7,404				
% of Net Floating Rate / Total Debt Outstanding	14.3%				

¹ Debt Outstanding as of the Executive 2008 Plan

The 19.5 percent floating rate exposure, including the risk from the synthetic fixed rate swaps, the basis swaps, and the "total return" swaps, is even more manageable after taking into account the average \$2.6 billion of short-term assets in the City's General Fund which are an offset to these floating rate liabilities. Net of these floating rate assets, the floating rate exposure of the City, excluding NYW, is 14.3 percent of its outstanding debt. (The City's cash balance as of February 2007 was \$8.7 billion.) Moreover, the City uses conservative assumptions in budgeting expenses from floating rate instruments.

The New York City Municipal Water Finance Authority

The New York City Municipal Water Finance Authority (NYW) was created in 1985 to finance capital improvements to the City's water and sewer system. Since its first bond sale in November 1985, the Authority has sold \$30.8 billion in General (First) and Second General (Second) Resolution bonds and subordinated special resolution crossover refunding bonds. Of this aggregate bond par amount, \$16.9 billion is outstanding, \$10.6 billion was refinanced with lower cost debt, \$752 million was defeased with revenues prior to maturity, and \$2.6 billion was retired with Authority revenues as it matured.

In addition to this long-term debt, NYW uses an \$800 million tax-exempt commercial paper program as a source of flexible short-term financing. This program is comprised of \$200 million of unenhanced extendable municipal commercial paper notes and \$600 million of commercial paper notes backed by three lines of credit.

NYW Ratings

Resolution	Fitch	Moody's	Standards and Poor's
First Resolution	AA	Aa2	AA+
Second Resolution	AA	Aa3	AA

NYW participates in the State Revolving Fund (SRF) program that is administered by the New York State Environmental Facilities Corporation (EFC). The SRF provides a benefit to NYW in the form of lowered borrowing costs for NYW debt issued to EFC through the investment of Federal and matching state funds.

EFC Ratings

Resolution	Fitch	Moody's	Standards and Poor's
Senior SRF Bonds	AAA	Aaa	AAA
Subordinated SRF Bonds	AA+	Aa1	AA

On October 25, 2006, NYW issued \$334 million Second Resolution bonds. This issue was comprised of \$134 million of new money bonds and \$200 million current refunding bonds, which achieved 10.9 percent present value savings.

On November 30, 2006, NYW issued \$210 million of tax exempt floating rate new money bonds, which consisted of two tranches each handled by a separate remarketing agent.

In March, 2007, NYW issued \$1.1 billion of tax exempt debt in two transactions as a common plan of finance. The first issuance of \$518 million of Second Resolution new money bonds was issued to EFC. The second transaction totaling \$588 million of First Resolution bonds included \$310 million of new money bonds, \$223 million of current refunding bonds and \$55 million of advance refunding bonds. The refundings achieved 7.6 percent and 7.7 percent present value savings, respectively.

The six bond series that have been closed to date in Fiscal Year 2007 are summarized in the following table. The proceeds of new money bonds were used to refinance commercial paper previously issued by NYW and to pay the costs of issuance. First Resolution bond proceeds were also used to fund a debt service reserve fund.

NYW Issuance

Series	(N)ew Money /(R)ef.	Issue Date	Par Amount	True Interest Cost (TIC)	Effective Interest Cost (EIC) (3)	Longest Maturity
2006 Series AA	N	10/25/06	\$199,910,000	4.59%	N/A	2037
2006 Series BB	R	10/25/06	\$134,360,000	4.59%	N/A	2021
2006 Series CC	N	11/30/06	\$210,500,000	NA	N/A	2038
2007 Series 1(1)	N	3/27/07	\$228,112,917	4.30%	2.98%	3036
2007 Series 2(2)	N	3/27/07	\$290,314,867	4.34%	2.66%	3036
2007 Series A	N/R	3/29/07	\$587,975,000	4.51%	N/A	3039

(1) EFC Series 2007 A

(2) EFC Series 2007 B

(3) Effective cost after interest rate subsidy

NYW is a party to two interest rate exchange agreements (swaps) with a total notional amount of \$220 million. On December 23, 2003, NYW entered into a \$200 million synthetic variable rate swap with BNP Paribas. According to the terms of this agreement, NYW receives a fixed interest rate of 3.567 percent in exchange for paying a floating rate based on the BMA Municipal Swap Index. As of December 29, 2006, the mark-to-market value of the swap was a negative \$753,309. NYW also entered into a swap with Morgan Stanley Capital Services, Inc. on July 9, 2002 in conjunction with its sale of \$20 million of Muni-CPI bonds, which pay the holder a floating

rate tied to the consumer price index. Under the swap, NYW receives a payment matching the rate paid on the bonds and pays a fixed interest rate of 4.15 percent, which was 11 basis points lower than conventional fixed rate debt at the time of issuance. As of December 29, 2006, the mark-to-market value of the swap was \$36,000.

NYW expects to issue approximately \$421 million of new money bonds over the remainder of Fiscal 2007. These bonds are likely to consist of bonds issued to EFC as well as bonds sold directly to the public. To the extent that revenues are available, the Authority expects to defease outstanding First Resolution Bonds before the end of Fiscal Year 2007.

During the period from 2008 to 2011, NYW expects to sell an average of approximately \$2.3 billion of new debt per year. Of this amount, NYW plans to issue a minimum of \$300 million per year through EFC, taking advantage of the interest rate subsidy available for qualifying projects, and minimizing the overall costs of its financing program. Approximately 20 percent of new debt per year is expected to be issued as floating rate debt and 80 percent as fixed rate debt. The Authority intends to utilize its General Resolution and Second Resolution on an equal basis for the issuance of NYW new money bonds directly to public.

The New York City Transitional Finance Authority

The TFA is a corporate governmental agency constituting a public benefit corporation and instrumentality of the State of New York created by Chapter 16 of the Laws of 1997 in March 1997. The TFA was created to issue debt, primarily secured with the City's personal income tax (PIT), to fund a portion of the capital program of the City. The TFA was originally authorized to issue up to \$7.5 billion of bonds and notes. Subsequently, the TFA received an additional \$4 billion of bonding capacity in 2000 and an additional \$2 billion of bonding capacity in 2007, increasing its overall authorization to \$13.5 billion.

On September 13, 2001, the TFA was given statutory authority to borrow \$2.5 billion to finance costs related to the September 11th terrorist attack on the City. Pursuant to that authority, the TFA issued approximately \$2 billion of long-term debt in the first half of fiscal year 2003. One billion dollars of Recovery Bond proceeds were used to pay recovery costs consisting of revenue losses associated with the September 11 event and the remaining \$1.03 billion of proceeds were used to retire the Recovery Notes issued in October 2001, which were used to fund other costs and revenue losses related to the attack. The TFA Recovery Bonds are subordinated to TFA senior debt and have a shorter maturity (20 years vs. 30 years for senior bonds).

In April 2006, the State enacted legislation authorizing issuance by the TFA of an additional \$9.4 billion of bonds to be used to fund capital costs for the New York City Department of Education. This legislation also provided for the assignment to TFA of State building aid that had previously been paid directly to the City. In November 2006, the TFA issued the first series of BARBs. BARBs are secured by State building aid and have no claim on PIT. The BARBs received ratings of "AA-" from Standard & Poor's (S&P), "A1" from Moody's, and "A+" from Fitch. Investors showed strong demand for the BARBs, placing \$3.8 billion of orders for the \$650 million inaugural issue. In March 2007, the TFA sold its second issue of BARBs. Including these issues, the financial plan reflects \$4.8 billion of TFA BARB issuance.

Since the creation of the TFA in March 1997, the TFA has sold \$11.5 billion in senior new money PIT Bonds, \$4.5 billion of BANs and \$2.5 billion of subordinate PIT Bonds including refunding bonds which do not materially impact the \$13.5 billion legislative cap on TFA issuance. Refunding PIT Bonds, excluding bonds issued to refund BANs, amounted to \$4.0 billion. Of the \$13.6 billion of PIT Bonds currently outstanding, 50.1 percent will be retired by the end of 2018, with the annual amortization of about \$339 million in 2007, growing gradually to \$759 million in 2020 and then decreasing gradually to \$7.5 million in 2034. The PIT debt will be fully amortized by 2035.

On September 28, 2006, the TFA closed a new money PIT issue consisting of \$500 million of tax exempt fixed rate debt, \$200 million of taxable fixed rate debt, and \$100 million of tax exempt floating rate debt. The entire \$800 million issue was sold as subordinate bonds. It was the first such new money issuance since receiving the additional \$2 billion in financing capacity. Pricing spreads on the tax exempt fixed rate portion ranged from

1 basis point below to 18 basis points over the comparable MMD AAA benchmark depending on the maturity. The taxable bonds were sold by competitive bid pricing 54 to 65 basis points over US treasury securities of comparable maturity.

On November 29, 2006, the TFA issued \$600 million of PIT Bond Anticipation Notes (BANs). The TFA received \$4.9 billion of bids for \$600 million of BANs offered. In aggregate, the issue TIC was 3.496% which was 6 basis points below the MIG-1 note index for a comparable note maturity.

On February 22, 2007, the TFA issued its final new money financing under its current authorization. In addition to the \$600 million of new money bond proceeds, the TFA issued \$300 million of refunding bonds. The refinancing generated over \$12 million in savings in 2009.

TSASC, Inc.

TSASC, Inc., a special purpose corporation, was created by the City in November 1999 to issue bonds secured with the City's share of the Tobacco Settlement Revenues (TSRs) to be paid pursuant to a nationwide Master Settlement Agreement (MSA). TSASC has acquired the City's 3.4 percent share of the national total TSRs payable under the Master Settlement Agreement (MSA). Under the indenture pursuant to which TSASC originally issued its bonds, TSASC retained sufficient TSRs to pay for its debt service and operating expenses, and the excess TSRs flowed to the City through ownership of a residual certificate. Due to a credit rating downgrade of a tobacco company which is a party to the MSA, TSASC was required under that indenture to retain a portion of the excess TSRs that would otherwise have been paid to the City in a trapping account.

In 2006, TSASC refinanced all the bonds issued under its original indenture. Under the amended indenture providing for the issuance of the refunding bonds, less than 40% of the TSRs are pledged to the TSASC bondholders and the remainder flows to the City. The pledged TSRs fund regularly scheduled TSASC debt service and operating expenses. Any pledged TSRs received in excess of those requirements are used to pay the newly issued TSASC bonds. The amended indenture does not require that any funds be retained or "trapped" for the benefit of bondholders beyond the pledged TSRs. Therefore, funds in the trapping account established under the original indenture will be released to the City.

Hudson Yards Infrastructure Corporation

In December 2006, HYIC, a not-for-profit local development corporation, issued its first series of bonds in the principal amount of \$2 billion. HYIC was established to provide financing for infrastructure improvements to facilitate economic development on Manhattan's far west side. Improvements include the extension of the No. 7 subway line west and south, construction of a system of parks, streets, and open spaces, as well as the acquisition of development rights over the MTA rail yards. Principal on the HYIC bonds will be repaid from revenues generated by this new development, notably payments-in-lieu-of-property taxes on the commercial development and various developer payments. To the extent these revenues are not sufficient to cover interest payments, the City has agreed to make interest support payments to HYIC subject to appropriation. Despite the novel and complex nature of this new credit, it was very well received. HYIC received credit ratings of "A", "A3", and "A-" from Standard & Poor's, Moody's, and Fitch, respectively. While HYIC received bond insurance bids to insure the entire issue, HYIC sold \$800 million on an uninsured basis. Investors showed strong demand for HYIC's inaugural issuance, placing \$8.07 billion of orders for the \$2 billion bonds offered. In addition, HYIC expects a second and final issuance of \$1 billion of Senior Bonds in 2011.

Analysis of Agency Budgets

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

Full Agency Costs for 2008
(\$ in Millions)

Agency	Personal Service Costs				Other than Personal Service Costs							Gross Total (Including Intra-City)	Net Total (Excluding Intra-City)	City Funds Total
	Salaries & Wages	Fringe Benefits	PS Pensions	PS Subtotal	Agency OTPS	PA, MA & Other Mandates	Legal Services	Judgments & Claims	Debt Service	OTPS Subtotal				
Uniform Agencies														
Police Department	\$3,514	\$1,520	\$1,908	\$6,942	\$280	\$—	\$37	\$118	\$67	\$502	\$7,444	\$7,252	\$7,098	
Fire Department	1,312	539	842	2,693	137	—	5	24	64	230	2,923	2,913	2,720	
Department of Correction	794	331	253	1,378	117	—	7	13	158	295	1,673	1,673	1,628	
Department of Sanitation	702	334	178	1,214	520	—	7	28	206	761	1,975	1,972	1,930	
Subtotal	\$6,322	\$2,724	\$3,181	\$12,227	\$1,054	\$—	\$56	\$183	\$495	\$1,788	\$14,015	\$13,810	\$13,376	
Health and Welfare														
Administration for Children's Services	\$426	\$120	\$50	\$596	\$2,309	\$—	\$2	\$2	\$—	\$2,313	\$2,909	\$2,908	\$1,017	
Department of Social Services	716	297	101	1,114	948	6,901	2	7	83	7,941	9,055	9,046	7,062	
Department of Homeless Services	113	39	13	165	564	—	1	—	—	565	730	699	350	
Department of Health and Mental Hygiene	379	108	43	530	1,123	—	1	3	22	1,149	1,679	1,670	735	
Health and Hospitals Corporation ¹	—	22	—	22	205	—	14	194	138	551	573	495	271	
Subtotal	\$1,634	\$586	\$207	\$2,427	\$5,149	\$6,901	\$20	\$206	\$243	\$12,519	\$14,946	\$14,818	\$9,435	
Education														
Department of Education	\$9,562	\$2,751	\$1,997	\$14,310	\$4,792	\$—	\$14	\$36	\$820	\$5,662	\$19,972	\$19,840	\$10,062	
City University	316	79	39	434	201	—	—	1	48	250	684	673	475	
Subtotal	\$9,878	\$2,830	\$2,036	\$14,744	\$4,993	\$—	\$14	\$37	\$868	\$5,912	\$20,656	\$20,513	\$10,537	
Other Agencies	\$2,050	\$681	\$258	\$2,989	\$3,857	\$—	\$71	\$207	\$1,740	\$5,875	\$8,863	\$7,974	\$6,471	
Elected Officials	\$422	\$107	\$46	\$575	\$105	\$—	\$8	\$2	\$—	\$115	\$690	\$687	\$641	
Miscellaneous Budget	\$715	\$—	\$—	\$715	\$—	\$1,572 ²	\$—	\$—	\$293	\$1,865	\$2,580	\$2,579	\$2,433	
Debt Service Costs (Unallocated)	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$134	\$134	\$134	\$134	\$100	
Re-estimate of Prior Years' Expenses	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	
Total³	\$21,021	\$6,928	\$5,728	\$33,677	\$15,158	\$8,473	\$169	\$635	\$3,773	\$28,208	\$61,884	\$60,515	\$42,993	
City Funds	\$11,856	\$6,321	\$5,557	\$23,734	\$7,550	\$7,487	\$160	\$445	\$3,617	\$19,259	\$42,993			
Less: Prepayments	\$—	\$—	\$—	\$—	\$316	\$208	\$—	\$—	\$953	\$1,477	\$1,477	\$1,477	\$1,477	
Total After Prepayments	\$21,021	\$6,928	\$5,728	\$33,677	\$14,842	\$8,265	\$169	\$635	\$2,820	\$26,731	\$60,407	\$59,038	\$41,516	

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

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

(3) Excludes the impact of prepayments.

DEPARTMENT OF EDUCATION

The New York City Department of Education provides primary and secondary education for over one million school-age children. Through a network of elementary, junior high, intermediate, and high schools as well as special education schools, the Department provides basic instructional services and offers students special and bilingual education, and vocational training. Support services include free and subsidized transportation, breakfast and lunch services, and the operation and maintenance of over 1,400 schools.

Financial Review

The Department of Education's 2008 operating budget is \$16,873.4 million, an increase of \$1,030.5 million over the 2007 forecast of \$15,842.9 million. In addition, education-related pension and debt service costs of \$3,136.7 million are budgeted in separate agencies. These additional costs include a pension increase of \$299.6 million from 2007 and a debt service increase of \$29.2 million. City funds including pensions and debt service support \$10,053.0 million of the Department of Education's expense budget in 2008, an increase of \$552.1 million, or 6 percent. State funds support \$8,043.8 million, an increase of \$803.5 million. The balance of the education budget is supported by \$1,855.8 in Federal aid (an increase of \$18.1 million from the 2007 forecast), \$9.1 million in intra-city funds and \$48.4 million in other categorical funds. Including those funds budgeted centrally, total funds budgeted on behalf of the Department of Education increase from \$18,650.8 million in the 2007 forecast to \$20,010.2 million in the 2008 Executive Budget.

Total Department of Education Expenses 2002-2008 (\$ in Millions)

	2002	2003	2004	2005	2006	Forecast 2007	Executive Budget 2008	Change 2007 to 2008	Change 2002 to 2008
Department Of Education									
Operating Budget									
City	\$4,785	\$5,103	\$5,464	\$5,617	\$6,312	\$6,757	\$7,090	\$334	\$2,306
Other Categorical	51	107	88	72	56	61	48	(\$13)	(\$3)
State	5,648	5,864	5,809	6,238	6,715	7,177	7,870	\$693	\$2,222
Federal	1,393	1,697	1,781	1,930	1,862	1,838	1,856	\$18	\$462
Intra-City	6	9	7	14	14	11	9	(\$2)	\$3
Total Operating Expenditures .	\$11,883	\$12,780	\$13,149	\$13,871	\$14,959	\$15,844	\$16,873	\$1,030	\$4,990
Other City Funds Supporting Education									
Pensions	\$452	\$572	\$848	\$1,163	\$1,245	\$1,573	\$1,873	\$300	\$1,421
G.O. Bond Debt Service	473	383	518	595	796	932	820	(\$111)	\$347
State Aid for Debt Service	(3)	(3)	(3)	(3)	(3)	(3)	(3)	\$0	\$0
TFA Debt Service	144	161	215	227	260	303	444	\$141	\$299
State Aid for TFA Debt Service	0	0	0	0	0	(61)	(172)	(\$110)	(\$172)
Total Additional City Funds	\$1,066	\$1,113	\$1,578	\$1,982	\$2,298	\$2,744	\$2,963	\$218	\$1,897
TOTAL CITY FUNDS									
FOR EDUCATION	\$5,850	\$6,216	\$7,043	\$7,599	\$8,611	\$9,501	\$10,053	\$552	\$4,206
TOTAL STATE FUNDS									
FOR EDUCATION	\$5,651	\$5,867	\$5,812	\$6,241	\$6,716	\$7,240	\$8,044	\$803	\$2,392

The amounts shown for 2002 through 2006 represent actual expenditures including pensions and debt service funds budgeted in other agencies. The 2007 amounts represent the latest forecast as per the 2008 Executive Budget. G.O. Debt Service numbers have been corrected to reflect the impact of pre-payments. The 2003 City and Federal operating budget numbers have been corrected to reflect \$29.9 million of FEMA expenditures for lost instructional time which were reimbursed at the Citywide level rather than in the Department of Education's budget.

Expense Budget Highlights

Additional Resources for Children First Reforms

- an additional \$100.0 million for Fair Student Funding, establishing a simpler and fairer system of school funding that will help students get better results.
- an additional \$60.9 million for the expansion of the Universal Pre-Kindergarten program that will provide up to 18,000 new seats.
- an additional \$30.3 million for the expansion of Formative Assessments, a vital aid to improving student outcomes.
- an additional \$30.0 million to support the increased growth in Special Education classroom services.
- an additional \$30.0 million for the new citywide science curricula for grades K-8.
- an additional \$29.7 million to open 39 new schools.
- an additional \$11.4 million to help under-credited and over-age students graduate through additional Transfer Schools, Young Adult Borough Centers and GED programs, some with Learning to Work components.

Providing Core Services

- an additional \$107.4 million for increased fringe benefit costs.
- an additional \$71.4 million for transportation to cover the cost of CPI increases, escorts and air conditioning units added to special education buses, and GPS units added to buses.
- an additional \$59.1 million for projected increases in enrollment and opening of new charter schools.
- an additional \$54.5 million for the increased cost of instruction and transportation for special education pre-kindergarten students mandated to attend private facilities.
- an additional \$46.0 million for mandated special education related service contracts and paraprofessionals required by Individualized Education Plans.
- an additional \$45.3 million for the increased cost of leases and energy.
- an additional \$35.3 million for the increased cost of transportation and instruction of school-age special education students mandated to attend private facilities.

The \$7,090.3 million City funds budget for 2008 provides the Department of Education with \$333.7 million more than is mandated by the maintenance of effort requirement established by the State as part of the governance changes passed in the summer of 2002. This provision of State law requires that the City funding provided in the Adopted Budget (excluding City funding for pensions and debt service) cannot be less than the amount provided for in the current year's budget. In the case of a year-to-year decline in the amount of City funds available for the total Citywide budget, the requirement permits the City to reduce education funding by a proportional amount.

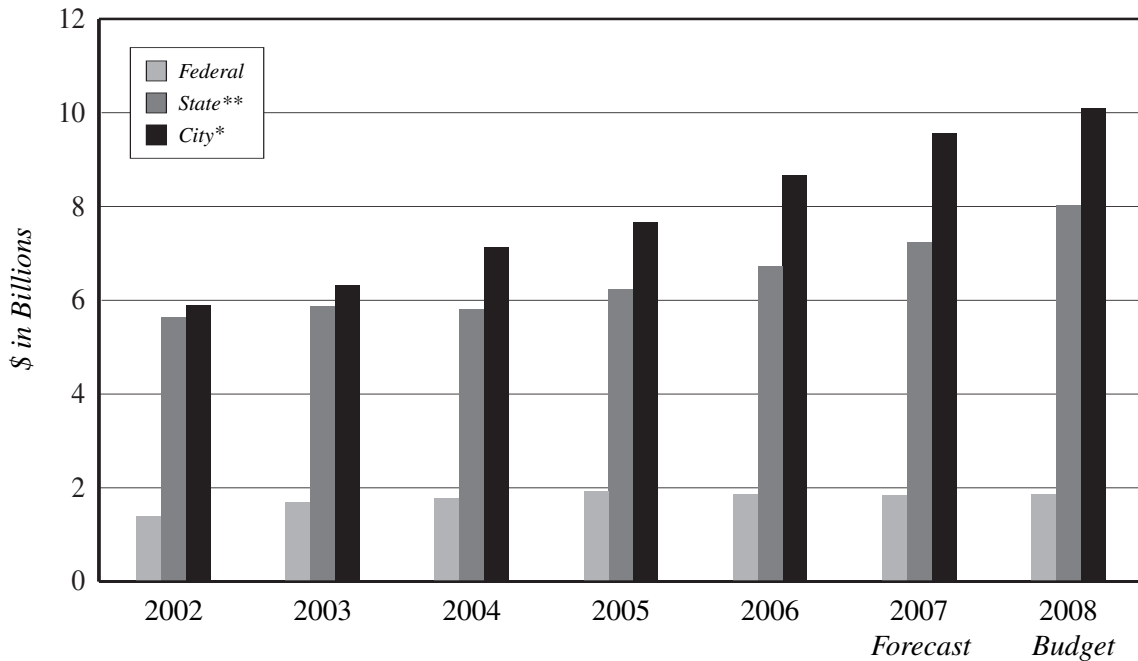
Summary of Agency Financial Data

The following table compares the 2008 Executive Budget with the 2008 Preliminary Budget, the 2007 forecast and actual expenditures for 2006, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services and debt service.

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

	2006 Actual	2007 Forecast	2008		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2007 Forecast	2008 Preliminary Budget
Expenditures						
Salary and Wages	\$8,398,860	\$8,789,680	\$9,513,959	\$9,561,692	\$772,012	\$47,733
Fringe Benefits	2,199,472	2,411,834	2,498,028	2,519,273	107,439	21,245
OTPS	4,360,986	4,641,372	4,663,442	4,792,456	151,084	129,014
Total	<u>\$14,959,318</u>	<u>\$15,842,886</u>	<u>\$16,675,429</u>	<u>\$16,873,421</u>	<u>\$1,030,535</u>	<u>\$197,992</u>
Funding						
City	\$6,306,405	\$6,756,588	\$6,968,485	\$7,090,300	\$333,712	\$121,815
Other Categorical Grants	62,187	61,140	39,249	48,434	(12,706)	9,185
IFA	—	—	—	—	—	—
State	6,714,977	7,176,668	7,806,842	7,869,838	693,170	62,996
Federal CD	10,000	5,000	5,000	5,000	—	—
Federal Other	1,852,119	1,832,633	1,846,759	1,850,755	18,122	3,996
Intra-City Other	13,630	10,857	9,094	9,094	(1,763)	—
Total	<u>\$14,959,318</u>	<u>\$15,842,886</u>	<u>\$16,675,429</u>	<u>\$16,873,421</u>	<u>\$1,030,535</u>	<u>\$197,992</u>
Additional Costs Centrally Funded						
Personal Services (PS) . .						
Fringe Benefits	\$349,007	\$362,002	\$231,012	\$231,768	(\$130,234)	\$756
Pensions	1,381,305	1,697,468	1,970,176	1,997,031	299,563	26,855
Other Than Personal Service (OTPS)						
Legal Services	15,399	14,608	13,652	13,734	(874)	82
Judgments and Claims .	33,061	34,642	36,000	36,000	1,358	—
Debt Service	796,113	931,819	832,732	820,437	(111,382)	(12,295)
Total Additional Costs . .	<u>\$2,574,885</u>	<u>\$3,040,539</u>	<u>\$3,083,572</u>	<u>\$3,098,970</u>	<u>\$58,431</u>	<u>\$15,398</u>
Funding						
City	2,435,460	2,913,372	2,944,662	2,971,911	58,539	27,249
Non-City	3,420	2,902	2,905	2,794	(108)	(111)
Intra-City Pensions	136,005	124,265	136,005	124,265	—	(11,740)
Full Agency Costs (including Central Accounts)						
Salary and Wages	\$8,398,860	\$8,789,680	\$9,513,959	\$9,561,692	\$772,012	\$47,733
Fringe Benefits	2,548,479	2,773,836	2,729,040	2,751,041	(22,795)	22,001
Pensions	1,381,305	1,697,468	1,970,176	1,997,031	299,563	26,855
Total PS	<u>\$12,328,644</u>	<u>\$13,260,984</u>	<u>\$14,213,175</u>	<u>\$14,309,764</u>	<u>\$1,048,780</u>	<u>\$96,589</u>
OTPS	\$4,360,986	\$4,641,372	\$4,663,442	\$4,792,456	\$151,084	\$129,014
Legal Services	15,399	14,608	13,652	13,734	(874)	82
Judgments and Claims . .	33,061	34,642	36,000	36,000	1,358	—
Debt Service	796,113	931,819	832,732	820,437	(111,382)	(12,295)
Total OTPS	<u>\$5,205,559</u>	<u>\$5,622,441</u>	<u>\$5,545,826</u>	<u>\$5,662,627</u>	<u>\$40,186</u>	<u>\$116,801</u>
Total Agency Costs	\$17,534,203	\$18,883,425	\$19,759,001	\$19,972,391	\$1,088,966	\$213,390
Less Intra-City	\$13,630	\$10,857	\$9,094	\$9,094	(\$1,763)	\$—
Intra-City Pensions	136,005	124,265	136,005	124,265	—	(11,740)
Net Agency Cost	<u>\$17,384,568</u>	<u>\$18,748,303</u>	<u>\$19,613,902</u>	<u>\$19,839,032</u>	<u>\$1,090,729</u>	<u>\$225,130</u>
Funding						
City	8,741,865	9,669,960	9,913,147	10,062,211	392,251	149,064
Non-City	8,642,703	9,078,343	9,700,755	9,776,821	698,478	76,066
Personnel (includes FTEs at fiscal year-end)						
City	113,454	115,707	111,062	114,567	(1,140)	3,505
Non-City	23,613	21,463	25,419	21,919	456	(3,500)
Total	<u>137,067</u>	<u>137,170</u>	<u>136,481</u>	<u>136,486</u>	<u>(684)</u>	<u>5</u>

FUNDING SOURCES 2002-2008



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

New York City Public School Enrollment School Year 2004-2008

	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Projection
DOE Facilities Enrollment					
General Education*	945,197	928,809	906,708	889,217	868,399
Special Education**	80,084	82,162	86,100	89,762	96,336
Pre-Kindergarten***	29,333	29,870	29,613	20,712	20,712
Subtotal	1,054,614	1,040,841	1,022,421	999,691	985,447
Non-DOE Facilities Enrollment					
Charter Schools	5,799	7,821	11,187	15,574	19,497
Contract Schools	6,673	7,137	6,960	7,360	7,783
Pre-Kindergarten at CBOs	16,384	15,963	15,722	27,396	27,396
Special Ed Pre-Kindergarten	20,407	20,895	22,800	24,148	25,572
Subtotal	49,263	51,816	56,669	74,478	80,248
TOTAL	1,103,877	1,092,657	1,079,090	1,074,169	1,065,695

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

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

*** Pre-Kindergarten at DOE facilities includes Superstart, Superstart Plus, Targeted and Universal Pre-K.

Programmatic Review

The Student Population

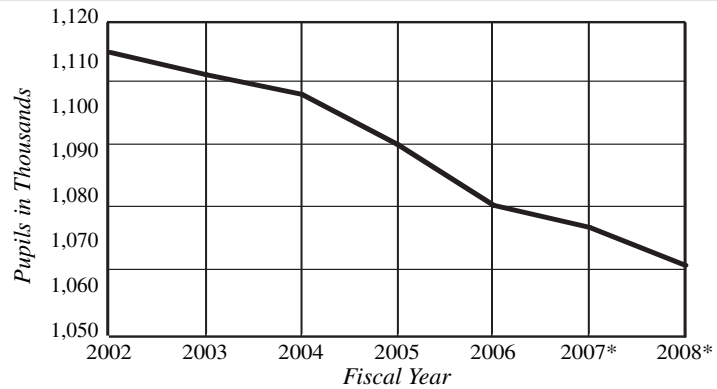
Total enrollment supported by the Department's budget, including pre-kindergarten, charter school and contract school students, will decrease 8,474 from 1,074,169 in 2007 to a projected 1,065,695 in 2008. In the coming fiscal year, the City projects that general education public school enrollment for kindergarten through twelfth grade will be 887,896, or 16,895 less than in 2007. Of these students, 868,399 are expected to attend schools run by the Department of Education, and 19,497 are expected to attend charter schools. The Universal Pre-Kindergarten, Superstart/Superstart Plus, and Targeted Pre-Kindergarten combined enrollments are expected to be 48,108. Of these students, 20,712 are expected to attend Department of Education schools, and 27,396 are expected to attend programs run by community-based organizations.

In 2008, the City projects that 104,119 school-age students will be enrolled in full-time special education programs. This projected enrollment level is 6,997 students higher than the 2007 full-time special education population of 97,122. Of these students, 96,336 are expected to attend Department of Education facilities, and 7,783 are expected to attend specialized private facilities ("contract schools") paid for through the Department's budget. The City's total special education population also includes approximately 26,000 pre-kindergarten students and a small group of school-age special education students placed in specialized facilities through steps taken outside the Department's regular referral process.

Staffing Levels

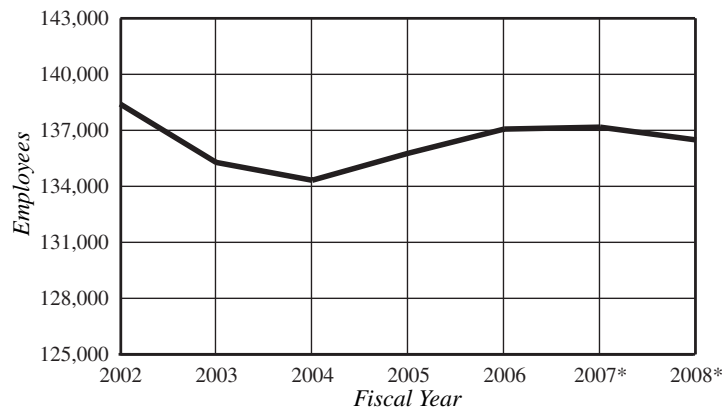
In 2008 the City projects that the Department's staffing level will be 136,486. Of this count, 119,261 are full-time and 17,225 are Full Time Equivalents (FTEs). Pedagogical employees (which include teachers, superintendents,

NYC PUBLIC SCHOOL ENROLLMENT 2002-2008



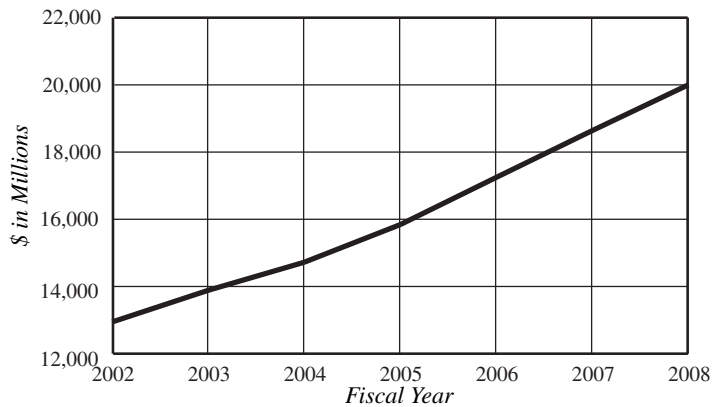
*Includes Charter Schools, Special Ed Pre-K, Universal Pre-K, Targeted Superstart, Superstart Plus, Contract schools and CTT. Excludes LTA's.
* Projected as of FY08 Executive Budget*

FULL TIME AND FULL TIME EQUIVALENT DEPARTMENT OF EDUCATION EMPLOYEES 2002-2008



** Projected as of FY08 Executive Budget*

TOTAL DEPARTMENT OF EDUCATION EXPENDITURES 2002-2008*



** Total DOE expenditures include pensions, TFA and GO debt service, other categorical, and labor reserve amounts and exclude Intra-City funds.*

principals, assistant principals, guidance counselors, school secretaries, educational paraprofessionals and other school support staff) make up 108,879 of the full-time employees and 1,521 of the FTEs. Non-pedagogical employees represent 10,382 of the full-time employees and 15,704 of FTEs. Of the full-time pedagogical employees, approximately 78,000 are teachers.

Capital Review

The City’s Four-Year Plan for 2008-2011 anticipates spending \$11.2 billion on school construction projects and is consistent with the last two years of the Department of Education’s (DOE’s) \$13.1 billion Five-Year Plan for 2005-2009. In its 2007 budget the State of New York agreed to provide its 50 percent share of this \$13.1 billion plan. The City will now receive \$1.8 billion in State aid and an additional \$9.4 billion in TFA borrowing authority, half of which will be paid for by State building aid. These two sources of capital support represent the State’s full \$6.5 billion share of the City’s \$13.1 billion Five-Year Plan for capital construction.

The table below shows actual and planned capital commitments by program area over the 2006-2011 periods.

Capital Commitments

(\$ in 000’s)

	2006 Actual		2007 Plan		2008 Plan		2009 Plan		2010 Plan		2011 Plan	
	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds
System Expansion												
New Schools	271,495	576,995	207,245	693,257	230,387	687,840	211,641	562,384	72,247	144,494	244,029	488,058
System Expansion												
Other	105,997	144,625	131,081	438,481	249,367	744,508	183,027	486,348	60,433	120,866	52,456	104,912
School Modernizations	11,793	11,793	10,296	34,441	12,624	37,690	4,007	10,648	179,150	358,300	41,775	83,550
Rehabilitation of School												
Components	361,782	523,402	257,141	942,351	176,488	524,453	393,659	1,024,591	397,698	795,396	525,373	1,050,746
Educational												
Enhancements	165,322	205,802	150,704	504,122	233,210	696,269	283,601	753,601	291,663	583,326	213,807	427,614
Emergency, Unspecified												
And Miscellaneous	352,206	361,975	237,762	387,717	81,545	227,355	83,506	221,896	175,392	350,784	147,395	294,790
Safety and Security	38,198	42,556	28,743	96,148	48,747	145,538	63,019	167,457	35,417	70,834	29,165	58,330
Total	<u>1,306,793</u>	<u>1,867,147</u>	<u>1,022,972</u>	<u>3,096,517</u>	<u>1,032,368</u>	<u>3,063,653</u>	<u>1,222,460</u>	<u>3,226,925</u>	<u>1,212,000</u>	<u>2,424,000</u>	<u>1,254,000</u>	<u>2,508,000</u>

Capital Highlights - The Fourth Five-Year Plan

By successfully securing the State’s \$6.5 billion share of the Fourth Five-Year Capital Plan the City is now proceeding with its work to provide the following:

- over \$4.5 billion for the construction or lease build out of more than 100 new schools and additions, creating 63,305 new classroom seats (15,022 in Brooklyn, 17,722 in The Bronx, 4,253 in Manhattan, 22,944 in Queens and 3,364 in Staten Island) and 3,000 replacement seats. In September 2007, the DOE will open 3,900 of these new seats.
- in excess of \$3.1 billion to rehabilitate existing schools through DOE’s Capital Improvement Program (CIP).
- over \$900 million for the DOE’s SIRA (School Improvement and Restructuring Allocation) program, which will restructure and enhance facilities at struggling schools.

- over \$1.8 billion for mandated programs and fixed costs, such as asbestos abatement, lead abatement, emergency lighting and code compliance.
- an amount of \$1.1 billion for technology and safety enhancements, providing internet connections to every classroom and security cameras at hundreds of schools.
- approximately \$1.0 billion for general enhancements, such as science lab upgrades, accessibility, physical fitness upgrades and auditorium upgrades.
- an amount of \$359 million to create new partnership and charter schools.

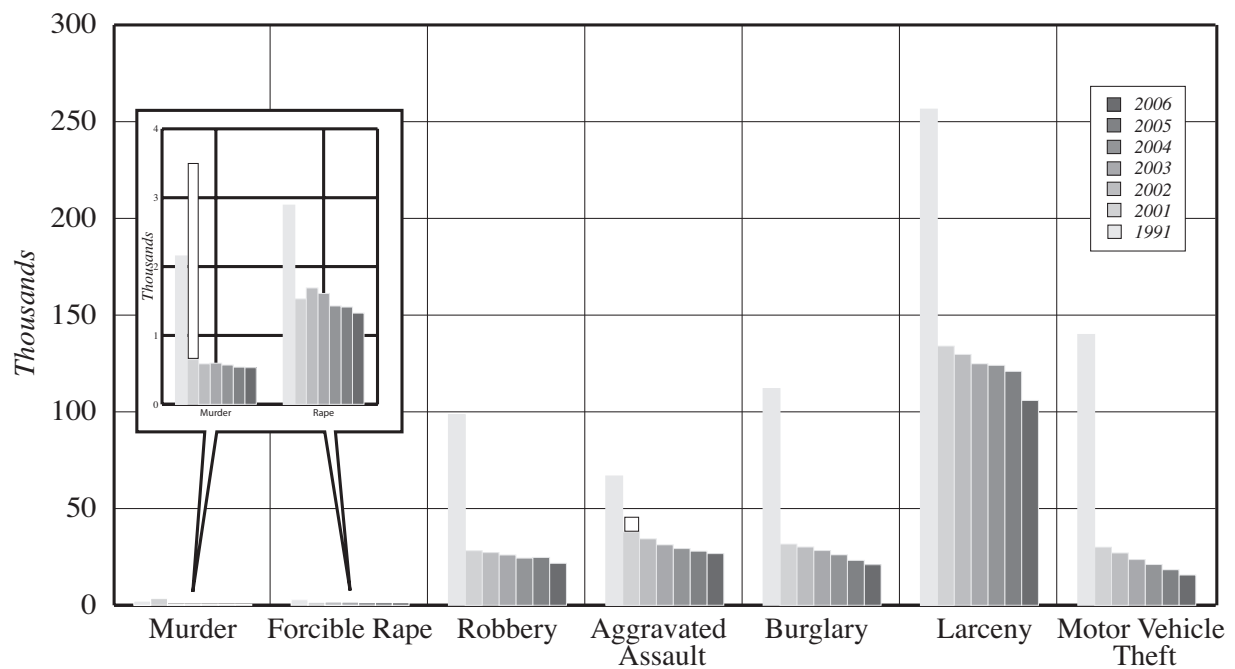
ADMINISTRATION OF JUSTICE

Overview

As demonstrated by NYPD Compstat data and the FBI crime index, crime in New York City continues to decrease to record low levels. Since 2001, the number of FBI Index Crime complaints has fallen 21 percent. The NYPD Compstat figures from 2006 show a five percent decrease over 2005. According to these figures, Motor Vehicle Theft experienced the largest decrease (12.4 percent), followed by Forcible Rape (10.3 percent), Burglary (six percent), Grand Larceny (3.5 percent), Aggravated Assault (3.2 percent) and Robbery (0.68 percent). The year to date figures for 2007 support this trend, showing an overall ten percent reduction in criminal complaints over year to date crime complaints in 2006.

NEW YORK CITY FBI INDEX CRIMES

Calendar Years 1991-2006**



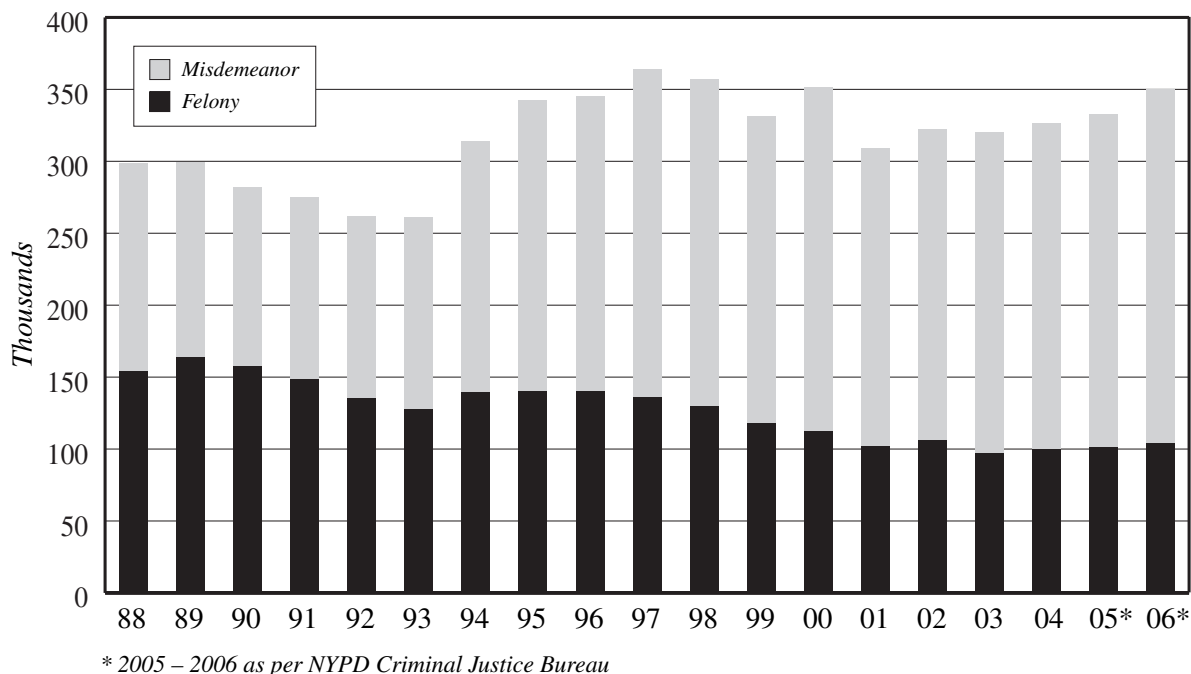
* In 2001, for Murder and Aggravated Assault, the unshaded portion represents World Trade Center victims.

** Preliminary data for six months through June 2006.

Arrests totaled 337,324 in calendar year 2006. Although this is five percent more than in 2005, the overall distribution of felony and misdemeanor arrests has remained consistent with 28 percent felonies, 66 percent misdemeanors and six percent violations.

NEW YORK CITY FELONY & MISDEMEANOR ARRESTS

Calendar Years 1988-2006



While the distribution has remained consistent, felony arrests increased by 2.5 percent, misdemeanor arrests increased 6.3 percent and violations increased by 9.6 percent. In the criminal courts, the overall number of filings between 2006 and 2005 increased by two percent, which included an increase of four percent in felony filings, two percent increase in misdemeanors and a three percent decrease in violations. There was a slight decrease in the number of criminal filings disposed of at arraignment (one percent), however; there were eight percent fewer cases sent to the Grand Jury.

The increased arrest volume has led to a rise in Department of Correction population. In 2006, average daily population was 13,506 and the average length of stay was 48.0 days. In contrast, population through March 2007 is 14,030 and the average length of stay is 47.5 days.

POLICE DEPARTMENT

In 2008, NYPD will begin the design process for a new Police Academy to be located on the site of the NYPD tow pound in College Point, Queens. The existing Police Academy is over 40 years old and was designed for a much smaller Police Department. Currently only 40 percent of the training provided by the Department is conducted at the academy. The new academy will consolidate the Department's programs into one facility and accommodate changes in the way police officers are trained for a career with the NYPD.

The Department will continue with the development of the Lower Manhattan Security Initiative, a comprehensive anti-terrorism plan that brings together the resources of the Police Department, the financial sector and other stakeholders in the area. In addition to installing a new network of cameras throughout lower Manhattan, the Department hopes to gain access to video feeds provided by major corporations located downtown. The Department will make use of license plate recognition readers stationed at bridge and tunnel entrances, patrol

cars and helicopters. Furthermore, the NYPD will increasingly utilize technology such as the Real Time Crime Center (RTCC) to identify and respond to emerging crime patterns and trends by implementing proactive intelligence-driven crime prevention methods.

DEPARTMENT OF CORRECTION

With the average daily population remaining below 15,000 for the seventh year in a row, the Department of Correction continues its population management strategies of facility closures, bed consolidations and developing more efficient facilities to replace long outdated structures.

The Department is investing in the expansion of one facility and renovation of another facility on Rikers Island, the redevelopment of the Brooklyn Detention Center and a new detention facility in the Bronx. Each of these projects will be designed to maximize staffing efficiencies and are expected to save the City millions of dollars in annual operating costs.

OTHER CRIMINAL JUSTICE PROGRAMS

With both juvenile arrests and detention on the rise, New York City has invested more than \$12.5 million in restructuring its juvenile justice system. This overhaul includes the Alternative to Detention (ATD) continuum, which will address the needs of alleged juvenile delinquents whose crimes do not warrant a stay in Secure or Non-Secure Detention, but who do require community-based services and supervision. The \$4.4 million continuum will be implemented in July 2007 and replaces the Department of Probation's ATD program, which ended in January 2006. The City will first launch the Community Monitoring program, which will employ stipended volunteers to provide curfew checks and home visits, and the After-School Supervision program. Additional components of the continuum include Court Appearance Notification services and Juvenile Pre-Trial (JPT) services. JPT will manage the continuum by facilitating the placement of juveniles within the continuum, providing court reporting and compliance monitoring, collecting and analyzing data, as well as managing the Risk Assessment Instrument (RAI). The RAI is a data-based tool that will be used to provide a recommendation to Family Court judges regarding the suitability of various options for youth, whether it be detention, ATD or release to a parent, while his or her case is pending.

In order to provide coordinated, essential services to domestic violence victims, New York City will continue to operate a Family Justice Center in Brooklyn and open similar centers in the Bronx and Queens in 2008. The Family Justice Center located in Brooklyn has served 5,795 clients since inception, 2,301 this year. Of those served, 61 percent were women between the ages of 25 and 45. The Police Department along with four other City agencies, the District Attorney's domestic violence unit and 25 community-based programs and organizations anticipate serving an estimated 7,000 adults and up to 14,000 children annually at these family justice centers.

The District Attorneys (DAs) and Special Narcotics Prosecutor (SNP) are dedicating enhanced resources to support the prosecution of child abuse, guns and internet related crimes. As crime moves to the Internet in the form of drug trafficking, stolen identities, money laundering and sexual predators, the DA Offices will dedicate funds to find and prosecute these criminals. In addition, the DAs will dedicate more resources to child abuse prosecutions and join the NYPD and ACS in staffing child advocacy centers in each borough to coordinate the investigation of child abuse complaints and make the process less traumatic for the victim. The DAs and SNP will also work to increase staffing in complaint rooms to improve arrest processing through a reduction in the average arrest to complaint sworn time, thereby reducing NYPD new arrest overtime. Finally, the DAs will continue to partner with the NYPD and the Mayor's Office to combat gun violence in New York City.

In January 2006, Mayor Bloomberg announced a multi-pronged approach to stemming gun crime and the flow of illegal guns. In a little over a year's time, there have been several significant accomplishments. In April 2006, Mayor Bloomberg hosted the first national gun summit, which brought together fifteen mayors from around

the country to share cutting-edge policing and legal strategies and launched a coordinated coalition to combat illegal guns and gun crime. In January 2007, more than 50 members of the Coalition met in Washington, D.C. to discuss the problem of illegal guns flowing into America's cities. There have also been important legislative changes. In November 2006, New York State passed a law that increased the criminal penalties for carrying illegal, loaded handguns. In March 2007, New York City implemented the nation's first gun offender registry.

Finally, the Civilian Complaint Review Board (CCRB) will undertake to improve productivity and maintain caseloads at manageable levels with baseline funding for 25 investigators. Additionally, five legal advisors will be hired to improve the quality of CCRB's investigations and the legal analysis of the evidence gathered during the course of investigations. This underscores the City's commitment to dealing with all complaints swiftly and seriously.

POLICE DEPARTMENT

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

Financial Review

The New York Police Department's 2008 Executive Budget provides for an operating budget of \$3.871 billion, a decrease of \$76 million from the \$3.946 billion forecast for 2007. This decrease is primarily due to annual State, Federal, and private grant funding not yet recognized. Capital commitments of \$311.6 million are also provided in 2008.

Revenue Forecast

The Police Department collects revenue from fees charged for pistol licenses, rifle permits, fingerprint fees, accident report records, tow fees, and unclaimed cash and property that is abandoned or confiscated as a consequence of the commission of a crime. The City also collects E-911 surcharge imposed on all New York City cellular telephones and land line telephones. In 2008, the revenue estimate for the Police Department is approximately \$108.7 million.

Expense Budget Highlights

Budgetary Priorities: Providing Core Services

- an additional \$9.4 million per year will be added to maintain the Department's existing vehicle fleet lifecycles. The new vehicles will provide enhanced officer safety as well as improve the morale of officers who spend long periods patrolling in them. Maintaining the lifecycle also ensures that more police cars are available for patrol functions on a daily basis.
- the Department will add an additional 68 Custodians. The custodians will be assigned to major enforcement facilities ensuring adequate cleanliness in the facilities. These positions are critical to the Department since the facilities operate 24 hours per day and are not only the work place for many NYPD employees but also routinely visited by members of the general public.
- the NYPD will hire an additional 162 Traffic Enforcement Agents. One hundred seventeen agents will be assigned to improve the flow of traffic in the five boroughs as part of plaNYC 2030. The agents will be strategically placed at critical areas throughout the city to ease heavy traffic congestion. The remaining 45 agents will be assigned to the Lower Manhattan Construction Command Center (LMCCC), which was established by executive order to help facilitate construction activities, mitigate their impacts on the community, and communicate with the public about the effects of the work taking place in Lower Manhattan. The agents will be deployed as needed on a daily basis.
- the Department will spend an additional \$3.3 million in 2008, for the initial purchase of 4,533 bullet resistant vests to outfit every Auxiliary Police Officer. Auxiliary Police Officers are volunteer members who act as the eyes and ears of Police Department.

Summary of Agency Financial Data

The following table compares the 2008 Executive Budget with the 2008 Preliminary Budget, the 2007 forecast and actual expenditures for 2006, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services and debt service.

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

	2006 Actual	2007 Forecast	2008		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2007 Forecast	2008 Preliminary Budget
Expenditures						
Salary and Wages	\$3,450,346	\$3,482,658	\$3,537,416	\$3,514,335	\$31,677	(\$23,081)
Fringe Benefits	71,355	81,065	77,041	77,041	(4,024)	—
OTPS	272,482	382,922	247,358	279,632	(103,290)	32,274
Total	<u>\$3,794,183</u>	<u>\$3,946,645</u>	<u>\$3,861,815</u>	<u>\$3,871,008</u>	<u>(\$75,637)</u>	<u>\$9,193</u>
Funding						
City	\$3,404,713	\$3,492,767	\$3,602,799	\$3,546,050	\$53,283	(\$56,749)
Other Categorical Grants	98,061	96,394	69,082	69,082	(27,312)	—
IFA	1,797	1,797	1,797	1,797	—	—
State	17,582	32,709	4,930	4,930	(27,779)	—
Federal CD	—	—	—	—	—	—
Federal Other	113,648	142,709	14,152	56,094	(86,615)	41,942
Intra-City Other	158,382	180,269	169,055	193,055	12,786	24,000
Total	<u>\$3,794,183</u>	<u>\$3,946,645</u>	<u>\$3,861,815</u>	<u>\$3,871,008</u>	<u>(\$75,637)</u>	<u>\$9,193</u>
Additional Costs Centrally Funded						
Personal Services (PS) . .						
Fringe Benefits	\$1,456,348	\$1,510,792	\$1,467,596	\$1,442,944	(\$67,848)	(\$24,652)
Pensions	1,390,112	1,628,826	1,818,832	1,907,985	279,159	89,153
Other Than Personal Service (OTPS)						
Legal Services	36,046	38,478	38,519	37,820	(658)	(699)
Judgments and Claims . .	92,816	107,316	118,418	118,418	11,102	—
Debt Service	53,838	77,311	68,637	66,768	(10,543)	(1,869)
Total Additional Costs . .	<u>\$3,029,160</u>	<u>\$3,362,723</u>	<u>\$3,512,002</u>	<u>\$3,573,935</u>	<u>\$211,212</u>	<u>\$61,933</u>
Funding						
City	3,005,741	3,341,177	3,489,551	3,551,788	210,611	62,237
Non-City	23,419	21,546	22,451	22,147	601	(304)
Full Agency Costs (including Central Accounts)						
Salary and Wages	\$3,450,346	\$3,482,658	\$3,537,416	\$3,514,335	\$31,677	(\$23,081)
Fringe Benefits	1,527,703	1,591,857	1,544,637	1,519,985	(71,872)	(24,652)
Pensions	1,390,112	1,628,826	1,818,832	1,907,985	279,159	89,153
Total PS	<u>\$6,368,161</u>	<u>\$6,703,341</u>	<u>\$6,900,885</u>	<u>\$6,942,305</u>	<u>\$238,964</u>	<u>\$41,420</u>
OTPS	\$272,482	\$382,922	\$247,358	\$279,632	(\$103,290)	\$32,274
Legal Services	36,046	38,478	38,519	37,820	(658)	(699)
Judgments and Claims . .	92,816	107,316	118,418	118,418	11,102	—
Debt Service	53,838	77,311	68,637	66,768	(10,543)	(1,869)
Total OTPS	<u>\$455,182</u>	<u>\$606,027</u>	<u>\$472,932</u>	<u>\$502,638</u>	<u>(\$103,389)</u>	<u>\$29,706</u>
Total Agency Costs	\$6,823,343	\$7,309,368	\$7,373,817	\$7,444,943	\$135,575	\$71,126
Less Intra-City	\$158,382	\$180,269	\$169,055	\$193,055	\$12,786	\$24,000
Net Agency Cost	<u>\$6,664,961</u>	<u>\$7,129,099</u>	<u>\$7,204,762</u>	<u>\$7,251,888</u>	<u>\$122,789</u>	<u>\$47,126</u>
Funding						
City	6,410,454	6,833,781	7,092,350	7,097,215	263,434	4,865
Non-City	254,507	295,151	112,412	154,050	(141,101)	41,638
Personnel (includes FTEs at fiscal year-end)						
City	51,138	51,464	51,268	51,760	296	492
Non-City	85	459	427	143	(316)	(284)
Total	<u>51,223</u>	<u>51,923</u>	<u>51,695</u>	<u>51,903</u>	<u>(20)</u>	<u>208</u>

Programmatic Review

The 2008 Executive Budget supports the Department's long-proven success in identifying changing trends in crime and reacting rapidly. The Department's efforts have been successful in reducing crime to record low levels and meeting the challenge of keeping the City safe from potential terrorist threats.

According to the most recent FBI Uniform Crime Index Report, which covers the first six months of 2006, New York City had the lowest index crime rate of the 25 largest cities in the country. Crime continues to fall to record low levels and New York City remains the safest big city in America. So far in 2007, major felony crime has decreased 10 percent as compared to the same time period last year. This is after we ended 2006 with a five percent overall decrease as compared to 2005. The decrease in major felony crime includes further crime reduction in public housing developments and in the subway system, where major felonies were down by 13 percent in 2006, including a decline in robberies and grand larcenies of 11 percent and 13 percent respectively.

The Department's continued success in the reduction of crime is attributable to its effective leadership and crime fighting strategies. Through constant monitoring of changes in crime and the timely dissemination of intelligence on global activity, the Department has maintained the ability to realign resources to meet new challenges. As a result, the Department has continued funding for programs with proven track records, expanded on those models to create safer learning environments in the City's Schools, and continues to create innovative strategies, through collaboration with other City agencies, to address unique challenges.

Operation Impact, which was originally launched in January 2003, continues to serve the City well. Crime trends are analyzed on a continual basis and Impact Zones are reassessed often to determine areas that require intensive police patrol. Currently, there are 16 new Impact Zones which are patrolled by over 700 Police Officers. Additionally, the Department enhanced this concept by creating Impact Response Teams within the Housing Bureau and in Manhattan and Brooklyn. So far in 2007, we have seen an 18 percent reduction in the overall number of major felony crimes within the current Impact Zones with shooting incidents having decreased by 22 percent and robberies by 27 percent.

The Department is implementing a closed-circuit television system which is supported by 122 cameras strategically located throughout the five boroughs. When complete, there will be a total of 505 cameras in place as part of this initiative. Crimes committed in view of these cameras will be addressed by a faster response time from the nearest patrol and will assist in identification of suspects.

Another pioneering technology that has aggressively increased the Department's ability to combat crime is the Real Time Crime Center (RTCC). The RTCC is a powerful tool piloted in the City in 2005 for the purpose of reducing crime solving time, enhancing timeliness and accuracy of information provided to investigators and detectives, recognizing developing crime trends and quick apprehension of suspected criminals. This is accomplished by compiling a multitude of databases at the Center and staffing the center twenty-four hours a day, seven days a week.

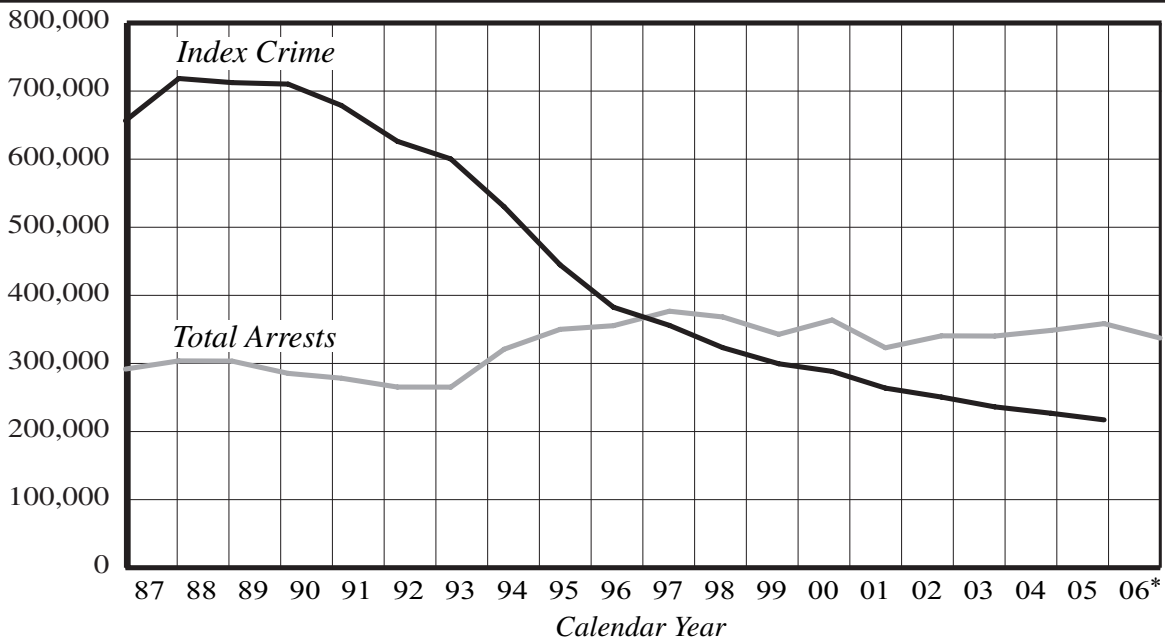
Last September, the Department established a new citywide command within the Detective Bureau, the Central Robbery Section to address robberies which often span precinct boundaries and are carried out by the same group of perpetrators. The Central Robbery Section enhances the Department's ability to deter robberies by analyzing these crimes citywide, identifying common links, and predicting where the perpetrators might try to strike next. Members of the Central Robbery Section frequently engage in resource intensive surveillance operations to apprehend serial robbery suspects. Surveillance operations such as these have been conducted at nearly fifty locations simultaneously.

The Department has also continued its aggressive enforcement operations against illegal guns by creating the Firearms Suppression Division in April 2006 to attack the flow of guns coming into New York City. By centralizing existing firearms investigation units into one command, enhanced coordination and efficiency in gun investigations is provided. A special Gun Enhancement Unit was created to debrief every individual arrested for

a firearms-related offense in New York City with the aim of identifying anyone connected to the movement of an illegal weapon. This will enable better identification of and penetration of gun smuggling networks.

In addition to the Department’s core mission to fight conventional crime, the Department continues to create innovative counter terrorism initiatives such as Operation Atlas to further secure high-profile landmarks in and around lower Manhattan. About 1,000 officers are devoted to this initiative daily to prevent terrorism efforts. Originally launched in 2003, the Department continues to protect critical landmarks and infrastructure sending heavily-armed patrols into high profile areas. They also focus on preventing acts of terrorism on the City’s subway system by conducting bag searches at random subway stations. Staffing levels and assignments within Operation Atlas are continuously changed, based on the Department’s ongoing risk assessment of conditions in the City and throughout the world.

ARRESTS VERSUS CRIME

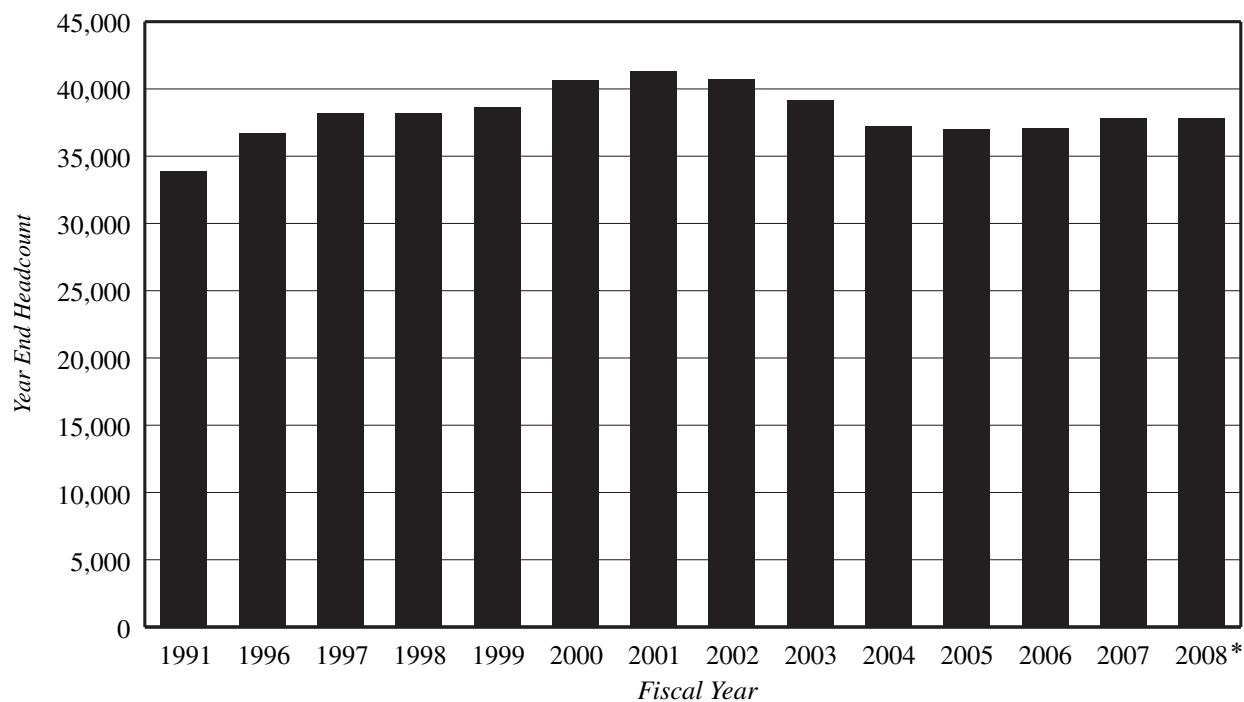


* *Index Complaints from FBI preliminary data for six months through June 2006 reports a total of 96,379 index crime complaint. Arrests Totals include F.M.V. and Infractions.*

Uniformed Headcount

The Department hired 1,640 recruits in July 2006 and 1,346 recruits in January 2007. In Fiscal Year 2008, the Department’s authorized peak headcount is 37,838. The Department expected to reach this headcount by hiring recruit classes in July 2007 and January 2008.

TOTAL CITY, TRANSIT AND HOUSING POLICE FORCE



Note: Merger of the TAPD and HAPD with NYPD was completed in FY 95.

* Projection

Capital Review

The 2008-2017 Ten-Year Capital Strategy for the Police Department in total provides the Department with \$1.9 billion for the replacement, reconstruction, and maintenance of facilities citywide; replacement and upgrade of computer and communications equipment; and the replacement of transportation equipment, including Department helicopters and boats. Almost 78 percent, \$1.5 billion is allocated in the Four-Year 2008-2011 Commitment Plan.

The Four-Year Program includes the following major items:

Police Facilities (total commitment, \$1.2 billion)

- design and construction of a new Police Academy (\$1 billion across 2007, 2008 and 2009).
- construction of a new 120th Precinct (\$40.1 million).
- construction of a new 121st Precinct (\$27 million).
- initial funding for the design and construction of a new 40th Precinct in the Bronx and New 66th and 70th Precincts in Brooklyn (\$48.5 million).
- relocation of various Department facilities (\$23.6 million).
- facility rehabilitations Department-wide (\$70.5 million).

Communications and Computer Equipment (total commitment, \$210.4 million)

- lifecycle replacement of the Department’s radio system (\$60.6 million), portable radios (\$37.9 million), mobile radios (\$9.3 million), and mobile data computers (\$13.7 million).
- development of the Lower Manhattan Security Initiative (\$15 million).
- further development of the Department’s Real Time Crime Center (\$4.6 million).
- infrastructural upgrade of the Department’s local area and wide area networks (\$14.3 million).
- acquisition of equipment for the Department’s arrest processing program (\$9.6 million).

Miscellaneous Equipment (total commitment, \$18.7 million)

- purchase and upgrade of miscellaneous equipment such as diesel marine engines, printing equipment, and forensic lab equipment.

Vehicles (total commitment, \$52.1 million)

- life cycle replacement of Department helicopters (\$20.0 million).
- purchase of various trucks, marine launches, and other Department vehicles (\$32.1 million).

Furthermore, the City is undertaking significant upgrade and enhancements to its 911 Emergency Dispatch System. The majority of the capital funding for this initiative, known as the Emergency Communications Transformation Program (ECTP), is contained within the capital budget of the Department of Information Technology and Telecommunications (DoITT). In conjunction with the FDNY and DoITT, NYPD is working to develop an integrated 911 dispatch system that will bolster the City’s critical emergency response capabilities. This project includes the development of a consolidated dispatch system, an upgraded telecommunications infrastructure, and redundant call-taking and dispatch centers. In 2008, the first phase of the integrated NYPD and FDNY Public Safety Answering Center (PSAC I) will be completed, and the City will begin the design of a back-up Public Safety Answering Center (PSAC II).

The table below shows capital plan commitments by program area over the 2008-2011 period.

Capital Commitments
(\$000’s)

	2006 Actual		2007 Plan		2008 Plan		2009 Plan		2010 Plan		2011 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	\$40,435	\$40,435	\$68,991	\$68,991	\$181,773	\$181,773	\$956,847	\$956,847	\$45,425	\$45,425	\$23,803	\$23,803
Computer Equipment	19,863	19,863	45,415	45,415	47,841	47,841	8,475	8,475	10,750	10,750	17,797	17,797
Communications	11,289	11,289	18,354	18,354	50,415	50,415	21,891	21,891	25,970	25,970	27,212	27,212
Equipment	2,111	2,111	4,512	4,512	10,205	10,205	2,946	2,946	1,648	1,648	3,906	3,906
Vehicles	2,350	2,350	12,519	12,519	21,344	21,344	15,002	15,002	6,501	6,501	9,256	9,256
Total	\$76,048	\$76,048	\$149,791	\$149,791	\$311,578	\$311,578	\$1,005,161	\$1,005,161	\$90,294	\$90,294	\$81,974	\$81,974

DEPARTMENT OF CORRECTION

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

Financial Review

The Department of Correction's 2008 Executive Budget provides for operating expenses of \$930.8 million, a decrease of \$30.2 million from the amount forecast in 2007. This decrease is in part due to staffing efficiencies made possible by increased headcount in Mental Health and Intensive Treatment Units. Capital commitments of \$109.8 million are also provided in 2008.

Revenue Forecast

The Department of Correction collects revenue from prison commissary operations, vending machines and surcharges on inmate telephone calls. In 2008, the Department expects to collect approximately \$17.1 million from all revenue sources.

Expense Budget Highlights

Budgetary Priorities: Providing Core Services

- the Department is expanding discharge planning to reduce recidivism of inmates by committing additional Correction Officers to the Discharge Planning unit, thus ensuring that inmates are able to make appointments with service providers and increasing the opportunities for inmates to meet with providers.
- through an initiative identified by the Mayor's Commission on Economic Opportunities, 1,400 additional inmates ages 18-21 will have the opportunity to attend school while in jail, improving their literacy skills and employment opportunities when they are discharged.
- with roughly 46 percent of officers eligible for retirement within the next three to five years, investment in recruitment is important. The Department will create a recruitment team made up of three professional recruiters and trained Correction Officers.

Security

- safety in the jails continues to be a top priority for the Department. The 50 bed expansion of the Mental Health Assessment Unit for Infracted Inmates promotes a safer environment for inmates with mental health issues and the Correction Officers that protect them.
- The Department will deploy an additional 75 Correction Officers to strengthen security in special wards such as the Intensive Treatment Unit and the Closed Custody program, both of which house inmates with a high risk of being recipients of violence or have exhibited violent behavior.

Streamlining

- by contracting out commissary services at Rikers Island, the Department will conserve valuable personnel resources and create efficiencies in ordering, storing, and delivering commissary supplies.

- population remains low relative to historical highs, averaging 13,474 inmates per day, in 2006 enabling the Department to save the City millions of dollars through the continuation of facility closures and bed consolidations.

Summary of Agency Financial Data

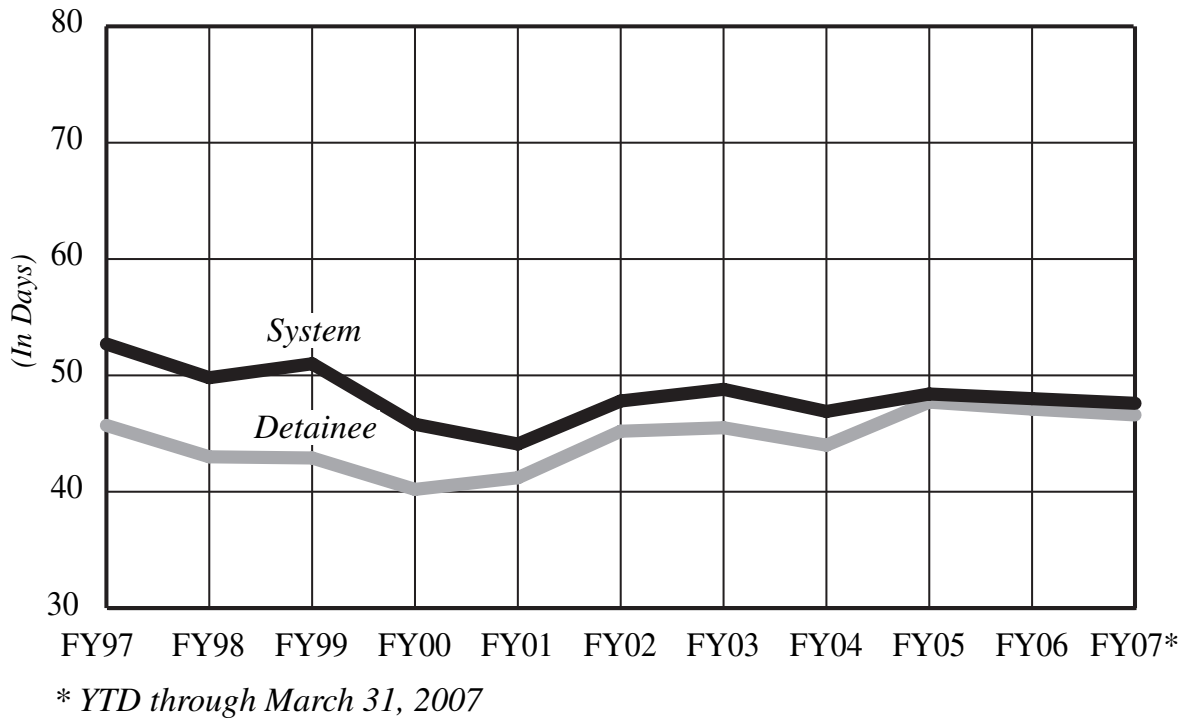
The following table compares the 2008 Executive Budget with the 2008 Preliminary Budget, the 2007 forecast and actual expenditures for 2006, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services and debt service.

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

	2006 Actual	2007 Forecast	2008		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2007 Forecast	2008 Preliminary Budget
Expenditures						
Salary and Wages	\$769,547	\$815,516	\$782,155	\$793,772	(\$21,744)	\$11,617
Fringe Benefits	15,106	19,923	16,013	19,850	(73)	3,837
OTPS	115,408	125,602	113,447	117,219	(8,383)	3,772
Total	<u>\$900,061</u>	<u>\$961,041</u>	<u>\$911,615</u>	<u>\$930,841</u>	<u>(\$30,200)</u>	<u>\$19,226</u>
Funding						
City	\$859,822	\$920,497	\$873,728	\$892,954	(\$27,543)	\$19,226
Other Categorical Grants	1,181	1,794	—	—	(1,794)	—
IFA	—	—	—	—	—	—
State	16,222	20,606	19,847	19,847	(759)	—
Federal CD	—	—	—	—	—	—
Federal Other	22,564	17,428	17,324	17,324	(104)	—
Intra-City Other	271	716	716	716	—	—
Total	<u>\$900,061</u>	<u>\$961,041</u>	<u>\$911,615</u>	<u>\$930,841</u>	<u>(\$30,200)</u>	<u>\$19,226</u>
Additional Costs Centrally Funded						
Personal Services (PS) . .						
Fringe Benefits	\$300,626	\$314,107	\$314,453	\$311,059	(\$3,048)	(\$3,394)
Pensions	167,810	214,419	257,245	253,000	38,581	(4,245)
Other Than Personal Service (OTPS)						
Legal Services	7,291	7,486	6,812	7,062	(424)	250
Judgments and Claims . .	15,759	12,224	13,489	13,489	1,265	—
Debt Service	137,337	183,146	165,902	158,170	(24,976)	(7,732)
Total Additional Costs . .	<u>\$628,823</u>	<u>\$731,382</u>	<u>\$757,901</u>	<u>\$742,780</u>	<u>\$11,398</u>	<u>(\$15,121)</u>
Funding						
City	614,507	724,715	750,219	735,230	10,515	(14,989)
Non-City	14,316	6,667	7,682	7,550	883	(132)
Full Agency Costs (including Central Accounts)						
Salary and Wages	\$769,547	\$815,516	\$782,155	\$793,772	(\$21,744)	\$11,617
Fringe Benefits	315,732	334,030	330,466	330,909	(3,121)	443
Pensions	167,810	214,419	257,245	253,000	38,581	(4,245)
Total PS	<u>\$1,253,089</u>	<u>\$1,363,965</u>	<u>\$1,369,866</u>	<u>\$1,377,681</u>	<u>\$13,716</u>	<u>\$7,815</u>
OTPS	\$115,408	\$125,602	\$113,447	\$117,219	(\$8,383)	\$3,772
Legal Services	7,291	7,486	6,812	7,062	(424)	250
Judgments and Claims . .	15,759	12,224	13,489	13,489	1,265	—
Debt Service	137,337	183,146	165,902	158,170	(24,976)	(7,732)
Total OTPS	<u>\$275,795</u>	<u>\$328,458</u>	<u>\$299,650</u>	<u>\$295,940</u>	<u>(\$32,518)</u>	<u>(\$3,170)</u>
Total Agency Costs	\$1,528,884	\$1,692,423	\$1,669,516	\$1,673,621	(\$18,802)	\$4,105
Less Intra-City	\$271	\$716	\$716	\$716	\$0	—
Net Agency Cost	<u>\$1,528,613</u>	<u>\$1,691,707</u>	<u>\$1,668,800</u>	<u>\$1,672,905</u>	<u>(\$18,802)</u>	<u>\$4,105</u>
Funding						
City	1,474,329	1,645,212	1,623,947	1,628,184	(17,028)	4,237
Non-City	54,284	46,495	44,853	44,721	(1,774)	(132)
Personnel (includes FTEs at fiscal year-end)						
City	9,744	10,168	10,253	10,387	219	134
Non-City	872	856	851	804	(52)	(47)
Total	<u>10,616</u>	<u>11,024</u>	<u>11,104</u>	<u>11,191</u>	<u>167</u>	<u>87</u>

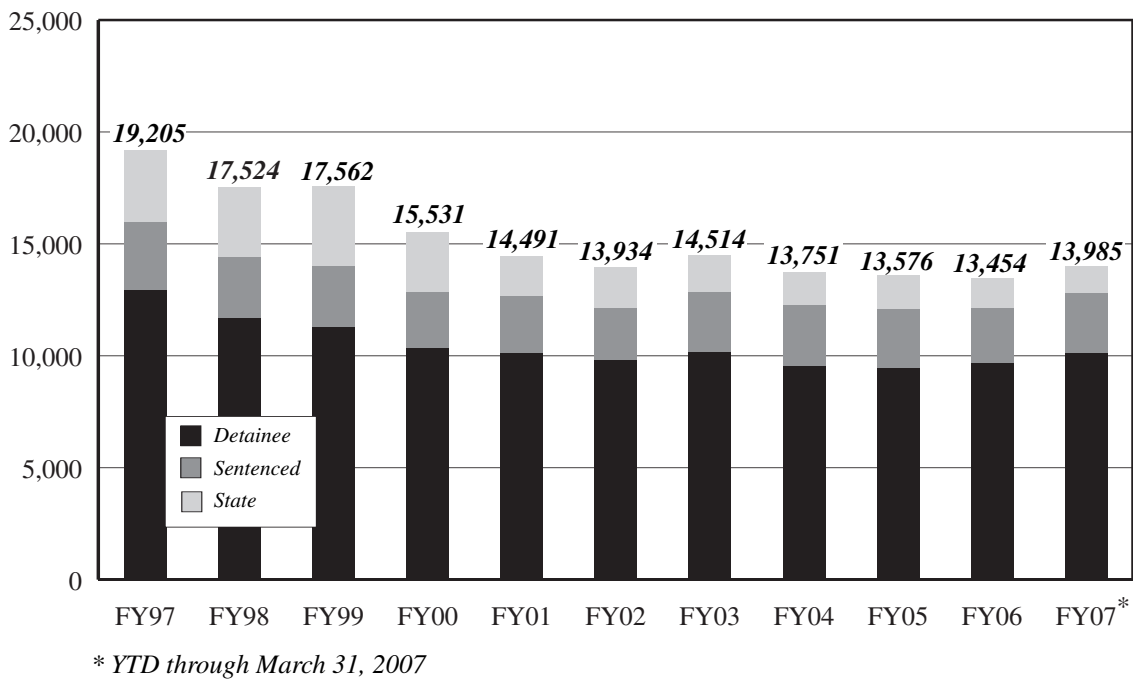
Programmatic Review

AVERAGE LENGTH OF STAY (By Fiscal Year)



AVERAGE DAILY INMATE POPULATION

By Fiscal Year



The average daily population through March 2007 was 14,030, which is four percent higher than 2006. Misdemeanor arrests continue to make up the highest volume of overall arrests. System admissions have increased by six percent and overall system length of stay has decreased only slightly (by .5 percent) causing the increase in average daily population.

Capital Review

The Department's 2008-2017 Ten-Year Strategy totals \$1.8 billion for capital improvements and equipment purchases. The Four-Year Capital Plan totals \$1 billion. The Four-Year Plan includes \$847 million for capacity replacement, \$7 million for construction of support space, \$114 million for major overhaul of building systems and infrastructure, and \$33 million for acquisition of new equipment.

The table below shows capital plan commitments by program area over the 2008-2011 period:

Capital Commitments

(\$000's)

	2006 Actual		2007 Plan		2008 Plan		2009 Plan		2010 Plan		2011 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	\$70,646	\$70,646	\$814	\$814	\$59,855	\$59,855	\$50,639	\$50,639	\$159,000	\$159,000	\$577,981	\$577,981
Support Space	167	167	-6,520	-6,520	-102	-102	2,000	2,000	2,000	2,000	2,750	2,750
Building Systems and Infrastructure	16,314	16,314	49,394	49,394	39,250	39,250	22,027	25,827	19,950	19,950	29,017	29,017
Equipment	4,600	4,600	26,821	26,821	10,748	10,748	5,140	5,140	5,925	5,925	11,239	11,239
Total	<u>\$91,727</u>	<u>\$91,727</u>	<u>\$70,509</u>	<u>\$70,509</u>	<u>\$109,751</u>	<u>\$109,751</u>	<u>\$79,806</u>	<u>\$83,606</u>	<u>\$186,875</u>	<u>\$186,875</u>	<u>\$620,987</u>	<u>\$620,987</u>

Capacity Replacement

The Department's capital program funds the replacement of aging structures originally designed as temporary housing with a new facility in the Bronx, two additions to permanent structures, and the renovation of jail space on Rikers Island. The capacity replacement program will decrease the overall bed capacity of the jails by 1,784 beds while at the same time reducing reliance on Rikers Island and completing the takedown of the temporary modular structures. The new capacity will improve the operations, security and environmental health of the jails.

The 2008 Ten-Year Strategy provides \$1.1 billion for the capacity replacement program. Commitments during the first four years total \$847 million and include:

- design of a new 2,040 jail at Oak Point in the Bronx which is scheduled to begin in 2008 with major construction to follow in 2011 and 2012 (\$520 million).
- design of the 730 bed addition at the Brooklyn Detention Center which is scheduled to begin in 2008 with major construction in 2010 and 2011 (\$240 million).
- balance of construction of the 800 bed addition to the Rose M. Singer Center (RMSC) on Rikers Island to be completed in 2008 (\$1.5 million).
- renovation of the 1,194 beds at the James A. Thomas Center (JATC) on Rikers Island which is scheduled to start in 2008 and run through 2011 (\$90 million).

Building Systems, Infrastructure and Support Space

The Department will undertake improvements to building systems, infrastructure, and support space. The Ten-Year Strategy includes \$683 million. Commitments during the first four years total \$121 million and include:

- improvements at the George R. Vierno Center (GRVC) and the Rose M. Singer Center (RMSC) on Rikers Island (\$5 million).
- improvements to Rikers Island perimeter security and fencing (\$14.5 million).
- window replacements and roof reconstruction at various facilities (\$12.7 million).
- replacement of the Rikers Island showers and facades (\$10.5 million).
- continuation of fire life safety upgrades at Rikers Island facilities (\$24 million).

Equipment

The Ten-Year Strategy provides \$67 million for upgrades and/or replacements of vehicles, computers, security equipment, and communication systems. Commitments during the first four years total \$33 million and include:

- technology upgrades in the Department's three strategic areas: network and server infrastructure, the Inmate Information System, and inmate telephone systems (\$11 million).
- replacement of vehicles for inmate transport (\$11 million).
- purchase of drug detection equipment, inmate housing security devices, and non-security equipment (\$8.6 million).

DEPARTMENT OF SOCIAL SERVICES

The Department of Social Services (DSS) administers a range of services and programs to assist individuals and families to achieve self-sufficiency. Eligible clients receive employment and support services, Public Assistance, Medical Assistance, and food stamps. DSS also provides financial and supportive services to victims of domestic violence, people with AIDS and HIV-illness, and frail, elderly and disabled individuals. Outreach and access to public and private health insurance options for New Yorkers is also provided through the Office of Citywide Health Insurance Access.

Financial Review

The Department's 2008 Executive Budget provides for operating expenses of \$8.6 billion, of which \$6.6 billion are City funds. Capital commitments of \$29.1 million, of which \$22.9 million are City funds, are also provided.

Expense Budget Highlights

Budgetary Priorities: Providing Core Services

- in 2008, \$210,000 in total funds will support three staff in the Customized Assistance Services (CAS) unit to manage applications for the New York / New York III supportive housing program, an initiative that will create 9,000 units for chronically homeless adults and families.
- in 2008, an additional \$4.3 million in City funds will support an increase in Job Training Programs operated through the collaborative efforts of DSS and the New York City Parks and Sanitation Departments.
- an additional \$2.6 million in total funds will support 49 staff in the Office of Child Support Enforcement (OCSE). The new staff will enhance efforts to increase child support collections and support orders and to update systems and procedures. This will decrease errors and ensure that accounts are processed and maintained accurately.
- in 2008, an additional \$7.8 million, of which \$3.9 million are City funds, will cover the growing caseload in Adult Protective Services (APS). This funding will add 37 staff to provide eviction prevention, assessment, undercare and preventive services for clients who require support to maintain their independence. Funds will also support an expansion of contracted services.
- in 2008, an additional \$1.9 million and 56 new staff will be added to the Medical Insurance and Community Services Administration (MICSA) in the Office of Mail Renewal, Helpline, and Fair Hearings due to increases in the Medical Assistance caseload.
- an additional \$3.2 million in 2007 and \$4.2 million in 2008 will support 55 staff for the Office of Medicaid Provider Audits, which is a part of New York State's Medicaid Fraud, Waste and Abuse Demonstration Project. The office will investigate Medicaid provider fraud to insure that Medicaid dollars are appropriately spent on patient care.

Budgetary Priorities: Center for Economic Opportunity

- in 2008, \$4.6 million in City funds will support six staff and consultant services to evaluate initiatives funded through the Center for Economic Opportunity (CEO) and to develop more in-depth indices to measure poverty in New York City.
- an additional \$2.2 million in total funds will allow the Office of Child Support Enforcement (OCSE) to provide employment and training to non-custodial parents under an innovative CEO program designed to increase compliance with child support requirements.

- an additional \$222,000 in City funds will support an initiative to increase linkages of Public Assistance recipients with public and private employment opportunities.

Restructuring and Streamlining

- in 2008, an additional 73 staff will provide more efficient information technology and construction services. The Department will achieve cost savings of \$2.2 million by directly overseeing technology and construction projects that had been funded through contracts.

Summary of Agency Financial Data

The following table compares the 2008 Executive Budget with the 2008 Preliminary Budget, the 2007 forecast and actual expenditures for 2007, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services and debt service.

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

	2006 Actual	2007 Forecast	2008		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2007 Forecast	2008 Preliminary Budget
Expenditures						
Salary and Wages	\$631,284	\$681,709	\$712,486	\$715,758	\$34,049	\$3,272
Fringe Benefits	523	913	913	913	—	—
Medical Assistance	3,869,401	4,611,592	5,379,529	5,714,029	1,102,437	334,500
Public Assistance	2,114,674	1,203,408	1,200,381	1,186,976	(16,432)	(13,405)
Other OTPS	320,031	986,087	930,856	948,361	(37,726)	17,505
Total	<u>\$6,935,913</u>	<u>\$7,483,709</u>	<u>\$8,224,165</u>	<u>\$8,566,037</u>	<u>\$1,082,328</u>	<u>\$341,872</u>
Funding						
City	\$4,839,573	\$5,509,571	\$6,318,188	\$6,640,462	\$1,130,891	\$322,274
Other Categorical Grants	—	—	—	—	—	—
IFA	—	—	—	—	—	—
State	1,113,874	946,787	915,824	997,333	50,546	81,509
Federal CD	3,257	2,938	2,938	2,938	—	—
Federal Other	964,863	1,015,543	978,345	916,434	(99,109)	(61,911)
Intra-City Other	14,346	8,870	8,870	8,870	—	—
Total	<u>\$6,935,913</u>	<u>\$7,483,709</u>	<u>\$8,224,165</u>	<u>\$8,566,037</u>	<u>\$1,082,328</u>	<u>\$341,872</u>
Additional Costs Centrally Funded						
Personal Services (PS) ..						
Fringe Benefits	\$279,043	\$289,944	\$306,083	\$295,942	\$5,998	(\$10,141)
Pensions	59,549	79,262	100,006	100,870	21,608	864
Other Than Personal Service (OTPS)						
Legal Services	4,508	4,119	3,906	3,985	(134)	79
Judgments and Claims ..	257	6,310	6,963	6,963	653	—
Debt Service	57,977	95,733	89,619	82,697	(13,036)	(6,922)
Total Additional Costs ..	<u>\$401,334</u>	<u>\$475,368</u>	<u>\$506,577</u>	<u>\$490,457</u>	<u>\$15,089</u>	<u>(\$16,120)</u>
Funding						
City	332,604	406,843	437,309	421,377	14,534	(15,932)
Non-City	68,730	68,525	69,268	69,080	555	(188)
Full Agency Costs (including Central Accounts)						
Salary and Wages	\$631,284	\$681,709	\$712,486	\$715,758	\$34,049	\$3,272
Fringe Benefits	279,566	290,857	306,996	296,855	5,998	(10,141)
Pensions	59,549	79,262	100,006	100,870	21,608	864
Total PS	<u>\$970,399</u>	<u>\$1,051,828</u>	<u>\$1,119,488</u>	<u>\$1,113,483</u>	<u>\$61,655</u>	<u>(\$6,005)</u>
Medical Assistance	\$3,869,401	\$4,611,592	\$5,379,529	\$5,714,029	\$1,102,437	\$334,500
Public Assistance	2,114,674	1,203,408	1,200,381	1,186,976	(16,432)	(13,405)
Other OTPS	320,031	986,087	930,856	948,361	(37,726)	17,505
Legal Services	4,508	4,119	3,906	3,985	(134)	79
Judgments and Claims ..	257	6,310	6,963	6,963	653	—
Debt Service	57,977	95,733	89,619	82,697	(13,036)	(6,922)
Total OTPS	<u>\$6,366,848</u>	<u>\$6,907,249</u>	<u>\$7,611,254</u>	<u>\$7,943,011</u>	<u>\$1,035,762</u>	<u>\$331,757</u>
Total Agency Costs	<u>\$7,337,247</u>	<u>\$7,959,077</u>	<u>\$8,730,742</u>	<u>\$9,056,494</u>	<u>\$1,097,417</u>	<u>\$325,752</u>
Less Intra-City	\$14,346	\$8,870	\$8,870	\$8,870	\$—	\$—
Net Agency Cost	<u>\$7,322,901</u>	<u>\$7,950,207</u>	<u>\$8,721,872</u>	<u>\$9,047,624</u>	<u>\$1,097,417</u>	<u>\$325,752</u>
Funding						
City	5,172,177	5,916,414	6,755,497	7,061,839	1,145,425	306,342
Non-City	2,150,724	2,033,793	1,966,375	1,985,785	(48,008)	19,410
Personnel (includes FTEs at fiscal year-end)						
City	10,982	11,477	11,816	11,941	464	125
Non-City	3,284	4,011	3,886	3,901	(110)	15
Total	<u>14,266</u>	<u>15,488</u>	<u>15,702</u>	<u>15,842</u>	<u>354</u>	<u>140</u>

Programmatic Review

Family Independence Administration (FIA)

The Family Independence Administration (FIA) administers Public Assistance and employment programs, including Family Assistance (FA), Safety Net Assistance (SNA), and food stamps. FIA assists individuals to obtain employment and provides specialized services to assist clients with barriers to work. FIA also ensures that childcare and support services are available to help clients achieve self-sufficiency.

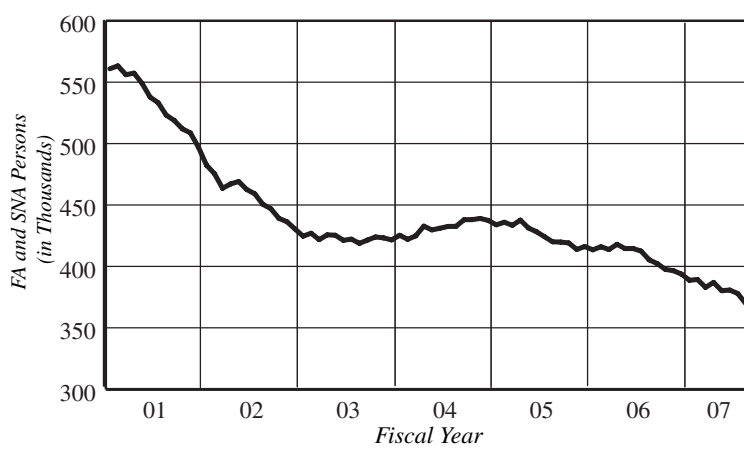
Public Assistance

The Department expects to spend \$1.2 billion, of which \$446.6 million are City funds, on Public Assistance benefits in 2008. The FA program, which is partially funded with Federal Temporary Assistance for Needy Families (TANF) and State funds, assisted 159,904 adults and children in March 2007. FA expenditures in 2008 are projected to be \$485.8 million, of which \$113.7 million are City funds. As of March 2007, 84,700 recipients have reached the five-year time limit for TANF-funded assistance and have been converted to the State and City-funded SNA program. The Department projects spending \$179.7 million, of which \$89.9 million are City funds, for these families in 2008. In addition, there were 123,481 persons receiving SNA in March 2007. An estimated \$528.5 million, of which \$243.1 million are City funds, will be spent on these recipients in the SNA program in 2008.

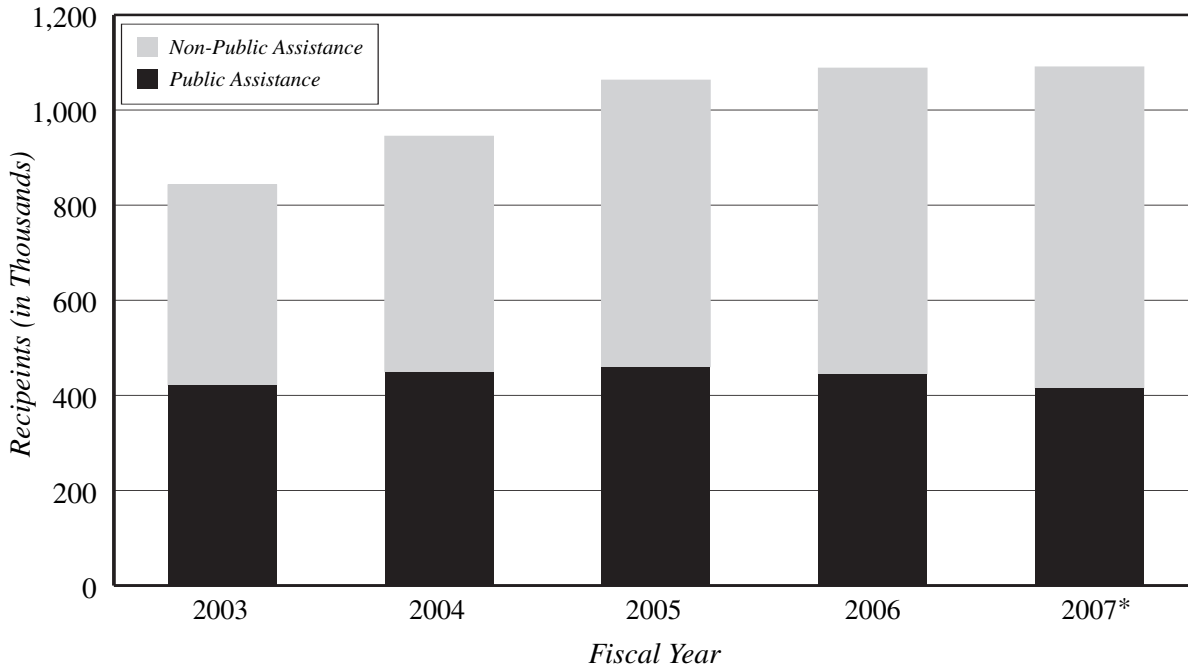
Food Stamps

FIA manages the food stamp program, which, except for administrative costs, is entirely funded by the Federal government. Over \$1.4 billion in food stamp benefits will be provided to New York City residents in 2008. In January 2003, the Department issued \$78.9 million in food stamp benefits to 830,828 recipients. By March 2007, monthly benefit issuances increased to \$116 million for 1,100,381 people.

PUBLIC ASSISTANCE CASELOAD 2001-2007



AVERAGE FOOD STAMP RECIPIENTS 2003-2007



* Projected

Employment Services

FIA offers a wide array of programs and services to help families and individuals achieve self-sufficiency, including job search for applicants; basic education, job training, placement, work experience and retention services, and supported work opportunities for recipients; as well as targeted services for individuals with barriers to employment. At the end of March 2007, 63,504 participants were engaged in employment, training, or other work related activities. In calendar year 2006, 87 percent of clients who had been placed in jobs retained them for at least three months or did not return to Public Assistance and 80 percent retained employment or did not return to Public Assistance for at least six months.

In 2008 the Department will continue with the operation of a comprehensive employment contract portfolio, including programs for employable clients that provide a continuum of services from assessment to job placement and retention. Job Training Participants are placed in paid employment and are provided opportunities for job search, training and placement through programs at the Department of Parks and Recreation and the Department of Sanitation. The BEGIN literacy program and training vouchers help clients improve literacy and employment-related skills in order to increase employability and self-sufficiency. The COPE program helps Public Assistance recipients pursue higher education to increase their employment opportunities.

Specialized Job Centers

DSS operates special needs programs for clients with barriers to self-sufficiency. Services include comprehensive case management, substance abuse treatment, employment and vocational rehabilitation, disability benefits advocacy and case monitoring. Specialized programs include: a Veterans Job Center, two Refugee/Immigrant Job Centers, job centers that serve homeless families and single adults, the Perfect Opportunity for Individual Skills and Educational Development (POISED) program which serves pregnant women and women

with children three years of age or under, and the Substance Abuse Service Center (SASC) which serves participants in outpatient substance abuse treatment centers. Additional programs include the Residential Treatment Service Center (RTSC) and the SENIORWORKS Center.

Medical Insurance and Community Services Administration (MICSA)

MICSA is comprised of Adult Protective Services (APS), the HIV/AIDS Services Administration (HASA), the Medical Assistance Program (MAP), the Home Care Services Program (HCSP) and the Non-Public Assistance Food Stamp (NPA/FS) Program serving the disabled population.

Medical Assistance Program

MICSA funds health care services through Medicaid for over 2.7 million New York City residents. Medicaid consumers receive a wide range of services including primary care, hospital inpatient, emergency room, physician, pharmacy, clinic, nursing home, personal care, dental, rehabilitation, transportation, vision care, laboratory services and x-rays.

MICSA is responsible for enrollment and recertification of Medicaid clients. Participation in Medical Assistance Programs has increased by 49 percent from 2.2 million in January 2002 to 2.7 million in December 2006. A key factor in this increase is the growth of Family Health Plus, which provided health care coverage to 370,342 City residents as of December 2006. There have also been increases in Medicaid enrollment independent of Public Assistance and Supplemental Security Income (SSI) clients. Between January 2002 and December 2006, Medicaid-only enrollments increased by 162,741, comprising 52 percent of the total Medicaid caseload.

Beginning in January of 2003, the Mail Renewal initiative was implemented to streamline and facilitate the Medicaid re-certification process. Since implementation, the renewal response rate has increased from 50 percent in 2003 to 67 percent in 2007. This increased rate means that Medicaid consumers are more likely to retain their health coverage and makes the recertification process more cost-effective by reducing “churning,” the cycle of losing and re-applying for coverage.

Home Care Services Program

The Home Care Services Program assists frail, elderly and disabled residents to remain safely in their homes through non-institutional alternatives to nursing home care. In December 2006, the Home Care Services Program was responsible for approximately 64,249 beneficiaries of home health services and long-term home health care.

Adult Protective Services (APS)

APS provides case management, guardianship, financial management and eviction prevention services to adults who are unable to care for themselves or protect themselves from abuse, neglect, or exploitation. In calendar year 2006, APS received 15,890 referrals and assisted an average of 6,075 clients each month. Over 90 percent of the cases found eligible have a psychiatric diagnosis and nearly 65 percent have physical impairments. Over a third of APS referrals are the result of a person being threatened with eviction. APS administers contracts with not-for-profit providers for 900 protective services cases and 1,115 community guardian cases.

HIV/AIDS Services Administration (HASA)

HASA provides a range of services to individuals and families with AIDS or with advanced HIV-illness. As of February 2007, the HASA caseload was 30,237. HASA provides emergency housing placements in supportive transitional facilities and single room occupancy (SRO) units for homeless clients. As of February 2007, the SRO occupancy was 830, a reduction of 51 percent from 1,687 in February 2005. HASA also provides supportive permanent housing in contracted congregate facilities and scattered site apartments operated by community-based

organizations that provide case management and support services. In 2008 HASA will support 2,147 units in its emergency housing portfolio and 4,482 units in its permanent housing stock. In addition, over 24,214 households receive rental assistance subsidies so that they may remain in private market apartments. HASA clients also receive case management, homemaking, employment and vocational programs, disability benefits advocacy, and referrals to community based mental health, substance abuse and medical service providers.

Customized Assistance Services (CAS)

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

The Visiting Psychiatric Service Program provides home-based psychiatric assessments and crisis intervention services to clients referred by other areas of the Department. In 2006, 7,058 home visits and court appearances were made.

The Wellness, Comprehensive Assessment, Rehabilitation and Employment (WeCARE) program works with the growing proportion of the Public Assistance population with medical and/or mental health conditions that pose barriers to employability. WeCARE provides integrated services that include assessment, diagnosis, comprehensive service planning, linkages to treatment, case management, vocational rehabilitation, training and education, job placement, and disability benefits assistance through two performance-based contracts. Since 2005, 3,704 WeCARE clients have obtained jobs and 2,636 were approved for Federal disability benefits.

Office of Citywide Health Insurance Access (OCHIA)

Pursuant to Mayoral Executive Order No. 88, OCHIA is charged with expanding access to public and private health insurance for all New Yorkers. OCHIA administers the City's HealthStat initiative that makes public health insurance enrollment opportunities available throughout the five boroughs. HealthStat engages 14 City agencies, 16 managed care plans and a wide array of community and faith based organizations to provide outreach and facilitate enrollment for children and families in the community. In 2006, 97,000 enrollments were facilitated through HealthStat.

OCHIA develops collaborative outreach and education efforts with the Department of Small Business Services and the New York State Department of Insurance to increase enrollment in the Healthy NY program, designed to provide affordable health insurance to small businesses and individuals. New York City enrollment in Healthy NY increased from 23,000 in 2005 to 31,000 in 2006, a 35 percent increase over the previous year's enrollment level.

Office of Domestic Violence and Emergency Intervention Services (ODVEIS)

ODVEIS is composed of the Office of Domestic Violence Services (ODV), which provides emergency shelter and social services to victims of domestic violence, and the Office of Emergency Intervention Services (OEIS). OEIS includes the Crisis and Disaster Services unit that responds to citywide disasters, the federally-funded Home Energy Assistance Program (HEAP), and the Office of Food Programs and Policy Coordination. The Office of Food Programs and Policy Coordination administers the Emergency Food Assistance Program as well as the Food Stamp Outreach and Nutrition Program.

ODV administers 39 State-licensed emergency domestic violence shelters, including one directly operated by the Department. ODV also contracts with Tier II shelters to provide 240 units of transitional housing to victims of domestic violence who no longer require emergency shelter. Domestic violence victims are provided with a safe environment and a range of support services including counseling, advocacy and referrals in both settings. Non-residential domestic violence programs provide telephone hotlines, counseling, advocacy, legal services and referrals to supportive services. Each month these programs serve an average of 2,884 domestic violence victims.

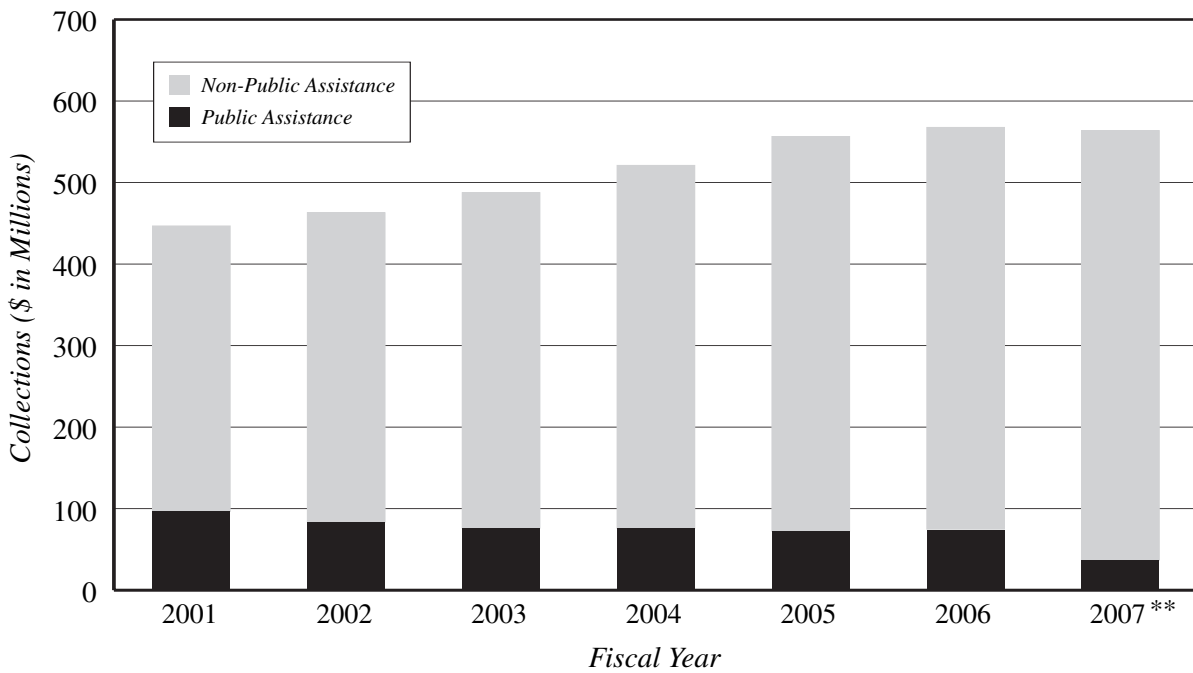
The HEAP program assists low-income homeowners and renters to pay for energy costs and heating equipment repair bills. From October 2006 to March 2007, the City issued 384,731 regular heating and emergency grants totaling \$26,762,468.

The Emergency Food Assistance Program (EFAP) administers programs to improve the nutritional status of low-income New Yorkers. EFAP provides nutrition education and food stamp outreach and funds the distribution of more than 14 million pounds of food to over 550 food pantries and soup kitchens.

Office of Child Support Enforcement (OCSE)

The mission of OCSE is to ensure that non-custodial parents provide financial support for their children. As of January 2007, there were 38,435 Public Assistance cases and 254,248 non-Public Assistance cases with established court orders. Collections totaled \$588.3 million in 2006 and OCSE expects to collect \$591.5 million in 2007 through increased investigative enforcement efforts and service enhancements.

CHILD SUPPORT COLLECTIONS 2001-2007*



* Includes support collected from New York City residents on behalf of other states.

** 2007 collections estimated using actuals through February 2007 for PA and NPA.

Capital Review

The Department's Ten-Year Capital Strategy totals \$195.2 million which includes \$92.5 million in the 2008 - 2011 Four-Year Plan. The Four-Year Capital Plan includes \$46.8 million for technology to streamline Department operations, \$32.5 million for facilities maintenance, equipment and improvement, \$12.5 million for the installation of telecommunications equipment and \$0.7 million for vehicles.

Capital Commitments

(\$000's)

	2006 Actual		2007 Plan		2008 Plan		2009 Plan		2010 Plan		2011 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	\$956	\$1,555	\$25,587	\$27,064	\$14,935	\$16,037	\$1,166	\$1,166	\$1,290	\$1,290	\$9,320	\$10,969
Computers	1,040	1,703	17,498	29,166	5,736	9,560	4,124	6,872	6,772	11,285	11,549	19,249
Telecommunications	658	1,097	6,695	11,159	701	1,168	1,020	1,700	2,240	3,734	3,169	5,282
Equipment	351	585	6,592	8,561	1,384	2,228	0	0	0	0	755	1,258
Vehicles	0	0	405	505	127	127	128	213	121	202	102	170
Total	\$3,005	\$4,940	\$56,777	\$76,455	\$22,883	\$29,120	\$6,438	\$9,951	\$10,423	\$16,511	\$24,895	\$36,928

Highlights of the Four-Year Capital Plan

- maintenance and upgrade of computer equipment, development of software for caseload tracking and reporting as well as intra/inter-Department communications (\$46.8 million).
- maintenance of the structural integrity of the Department's facilities through upgrade of HVAC, masonry, roofing, electrical and plumbing systems and building renovations (\$32.5 million).
- rollout of the Voice Over Internet Protocol, Wide Area Network, and an Interactive Voice Response System that allows caseworkers to document client calls and supports a more mobile workforce (\$12.5 million).
- replacement of aging cars, vans and trucks used to carry out vital program operations (\$0.7 million).

ADMINISTRATION FOR CHILDREN'S SERVICES

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

After the tragic death of Nixzmary Brown in January 2006, ACS embarked on a comprehensive action plan to reinforce its commitment to strengthening child protection. The agency has added new accountability measures through the implementation of ChildStat, a management reporting and learning tool that strengthens case practice. ACS has also enhanced child protective investigatory practice through the addition of more front line protective staff and the expansion of preventive services by over 1,500 intensive services slots. In 2008, ACS will continue to ensure that all components of the child welfare system, from child protection to family support to foster care are focused foremost on ensuring child safety.

Financial Review

The Department's 2008 Executive Budget provides for operating expenses of \$2.7 billion, \$865.9 million of which are City funds. Capital commitments of \$36.1 million, of which \$34.8 million are City funds, are also provided.

Expense Budget Highlights

Budgetary Priorities: Enhancing Child Protection

- an additional \$30 million in total funds, of which \$13.5 million are City funds, will support 592 new staff in the Division of Child Protection. The Department will maintain a total of 1,353 Child Protective Specialists to investigate allegations of child abuse and neglect.
- an additional \$1.5 million in total funds will support the expansion of the "Take Good Care of Your Baby" public service campaign. This effort places targeted ads on subways to highlight child safety issues, including reporting child abuse through the 311 system, and to recruit adoptive and foster parents.
- an additional \$1.5 million in total funds in 2007 and \$4.6 million in 2008, of which \$2.1 million are City funds, will support 65 attorneys to reduce caseloads and improve case practice in the Family Court.
- an additional \$6.8 million in total funds in 2008, of which \$2.4 million are City funds, will support 1,000 slots for preventive services. This initiative will ensure that services are available for the increasing numbers of families and children that require counseling and support. It is anticipated that the agency will generate savings from reducing foster care placements as a result of this investment which will fund these additional slots on an ongoing basis.

Budgetary Priorities: Providing Core Services

- an increase in total funds of \$51.1 million, of which \$26.8 million are City funds, in 2007 and \$60.4 million, of which \$35.4 million are City funds, in 2008 will support an increase in the foster care census to 16,843 by June 2007.
- an additional \$7.7 million in total funds in 2007 and \$10.2 million in 2008 will support increases in adoption stipends for 34,000 children in adoptive homes.

Budgetary Priorities: Providing Child Care Services

- an increase in City funds of \$39.1 million in 2007 and \$52.2 million in 2008 to support increased costs in both the voucher and contracted child care programs. The increase in 2008 will also support approximately 1,400 slots previously funded on an annual basis beginning in 2005 for family child care slots in areas of high demand.
- an additional \$10 million in City funds in 2008 and \$14 million in City funds in 2009 will provide Out-of-School Time (OST) services for school age children in programs operated by the Department of Youth and Community Development.

Summary of Agency Financial Data

The following table compares the 2008 Executive Budget with the 2008 Preliminary Budget, the 2007 forecast and actual expenditures for 2006, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services and debt service.

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

	2006 Actual	2007 Forecast	2008		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2007 Forecast	2008 Preliminary Budget
Expenditures						
Salary and Wages	\$349,651	\$385,909	\$425,444	\$425,630	\$39,721	\$186
Fringe Benefits	32	55	51	—	(55)	(51)
Medical Assistance	—	—	—	—	—	—
Public Assistance	—	—	—	—	—	—
Other OTPS	1,976,811	2,412,417	2,206,474	2,309,316	(103,101)	102,842
Total	<u>\$2,326,494</u>	<u>\$2,798,381</u>	<u>\$2,631,969</u>	<u>\$2,734,946</u>	<u>(\$63,435)</u>	<u>\$102,977</u>
Funding						
City	\$684,494	\$826,351	\$826,897	\$865,876	\$39,525	\$38,979
Other Categorical Grants	—	42	—	—	(42)	—
IFA	—	—	—	—	—	—
State	580,482	653,176	644,097	663,521	10,345	19,424
Federal CD	23,923	3,731	3,495	3,495	(236)	—
Federal Other	1,031,821	1,314,689	1,157,088	1,201,662	(113,027)	44,574
Intra-City Other	5,774	392	392	392	—	—
Total	<u>\$2,326,494</u>	<u>\$2,798,381</u>	<u>\$2,631,969</u>	<u>\$2,734,946</u>	<u>(\$63,435)</u>	<u>\$102,977</u>
Additional Costs Centrally Funded						
Personal Services (PS) . .						
Fringe Benefits	\$103,291	\$111,090	\$123,344	\$119,759	\$8,669	(\$3,585)
Pensions	24,613	36,855	46,818	49,979	13,124	3,161
Other Than Personal Service (OTPS)						
Legal Services	2,195	1,887	1,704	1,770	(117)	66
Judgments and Claims .	364	1,802	1,988	1,988	186	—
Debt Service	—	—	—	—	—	—
Total Additional Costs . .	<u>\$130,463</u>	<u>\$151,634</u>	<u>\$173,854</u>	<u>\$173,496</u>	<u>\$21,862</u>	<u>(\$358)</u>
Funding						
City	108,245	128,974	151,293	150,905	21,931	(388)
Non-City	22,218	22,660	22,561	22,591	(69)	30
Full Agency Costs (including Central Accounts)						
Salary and Wages	\$349,651	\$385,909	\$425,444	\$425,630	\$39,721	\$186
Fringe Benefits	103,323	111,145	123,395	119,759	8,614	(3,636)
Pensions	24,613	36,855	46,818	49,979	13,124	3,161
Total PS	<u>\$477,587</u>	<u>\$533,909</u>	<u>\$595,657</u>	<u>\$595,368</u>	<u>\$61,459</u>	<u>(\$289)</u>
Medical Assistance	\$—	\$—	\$—	\$—	\$—	\$—
Public Assistance	—	—	—	—	—	—
Other OTPS	1,976,811	2,412,417	2,206,474	2,309,316	(103,101)	102,842
Legal Services	2,195	1,887	1,704	1,770	(117)	66
Judgments and Claims .	364	1,802	1,988	1,988	186	—
Debt Service	—	—	—	—	—	—
Total OTPS	<u>\$1,979,370</u>	<u>\$2,416,106</u>	<u>\$2,210,166</u>	<u>\$2,313,074</u>	<u>(\$103,032)</u>	<u>\$102,908</u>
Total Agency Costs	\$2,456,957	\$2,950,015	\$2,805,823	\$2,908,442	(\$41,573)	\$102,619
Less Intra-City	\$5,774	\$392	\$392	\$392	\$—	\$—
Net Agency Cost	<u>\$2,451,183</u>	<u>\$2,949,623</u>	<u>\$2,805,431</u>	<u>\$2,908,050</u>	<u>(\$41,573)</u>	<u>\$102,619</u>
Funding						
City	792,739	955,325	978,190	1,016,781	61,456	38,591
Non-City	1,658,444	1,994,298	1,827,241	1,891,269	(103,029)	64,028
Personnel (includes FTEs at fiscal year-end)						
City	6,319	7,390	7,605	7,385	(5)	(220)
Non-City	363	217	213	258	41	45
Total	<u>6,682</u>	<u>7,607</u>	<u>7,818</u>	<u>7,643</u>	<u>36</u>	<u>(175)</u>

Programmatic Review

Division for Child Protection (DCP)

DCP investigates allegations of child abuse and neglect and is responsible for monitoring children and families until it is determined whether children may remain safely in their homes or must be placed in foster care. To achieve optimal outcomes for children and families, Protective Services also conducts case conferences to bring caseworkers, parents, relatives and service providers together. These conferences ensure that service and placement decisions are based on all available information and perspectives. Expenditures for protective services in 2008 are projected to be \$255 million.

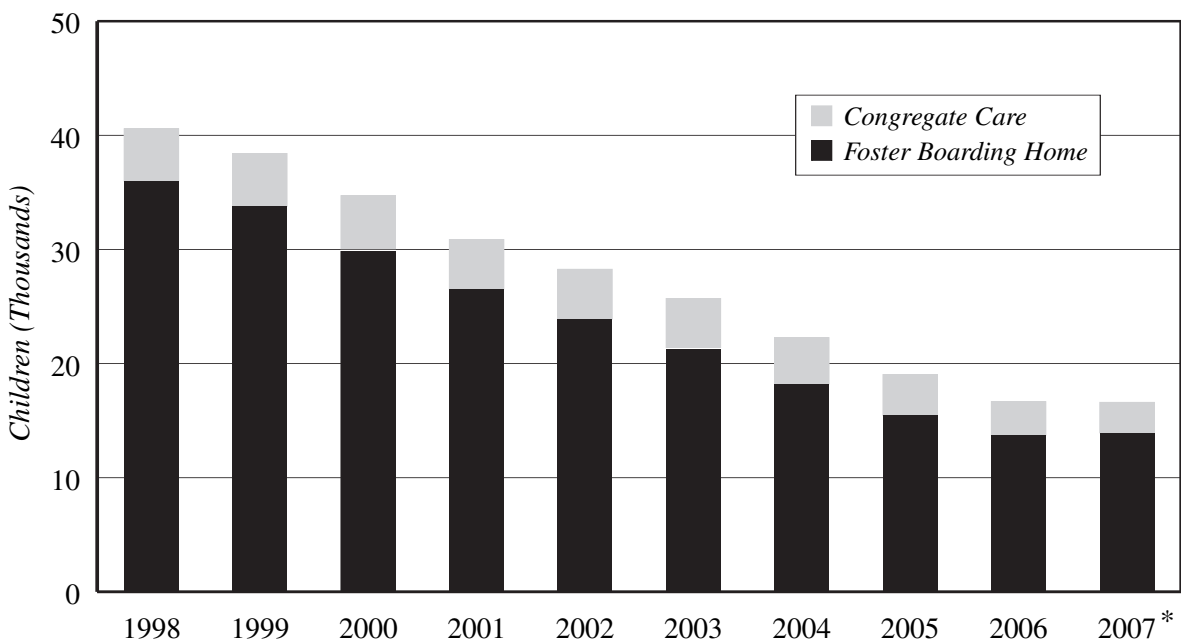
Preventive Services for Children and Families

The Department provides both direct and contracted preventive services designed to prevent foster care placement or reduce the time that children spend in foster care. The Department provides intensive services through its direct Family Preservation Program to a monthly average of 245 families in 2007. In addition, the 2008 budget will support over 15,000 contracted preventive slots for children and their families, including general preventive services, specialized programs for adolescents, the Family Rehabilitation Program (FRP) that provides intensive services for families with substance abuse issues, and programs for families with special needs. In 2008, \$228 million is budgeted for preventive services and related support.

Foster Care

Placements in foster boarding homes, congregate settings or specialized residential care facilities are provided on a temporary basis until children can be reunified with their families. If reunification is not an option, children receive services that will lead to adoption or development of independent living skills. In December 2006, 16,673 children were living in out-of-home placements, a three percent increase since December 2005. In 2008, foster care and related expenditures are projected to be \$782 million.

AVERAGE FOSTER CARE CASELOAD: 1998-2007



* Projected

Adoption Services

Adoption provides a stable and permanent home for children who cannot return to their birth parents. In 2007, there are more than 34,000 children living in adoptive homes. The Department's efforts to recruit adoptive parents, including the adoption hotline and the award winning "Wednesday's Child" television segment, have contributed to continued placement of children in adoptive homes. Despite the decline in foster care, the proportion of children freed for adoption has remained stable. In 2008, ACS projects the cost of adoption subsidies to be \$377 million.

Division of Child Care and Head Start

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

ACS provides access to child care through contracts with not-for-profit organizations and through vouchers issued to parents. Contracted care is provided in group child care centers that are licensed by the Department of Health and Mental Hygiene (DOHMH) or in the homes of child care providers that are registered by DOHMH. Vouchers that may be used by parents to purchase care in any legal child care setting are issued to eligible families. Head Start, a federally funded program that provides comprehensive early childhood care for pre-school aged children, is provided through 76 delegate agencies at 244 sites.

As of March 2007, more than 125,000 children were enrolled in child care programs Citywide, including nearly 19,000 in Head Start programs.

Center for Economic Opportunity (CEO)

Funding provided through the Center for Economic Opportunity (CEO) will provide for a staff member to coordinate early childhood services on a Citywide basis. CEO will also support Individual Development Accounts for teenage foster children. Savings are matched with City and private dollars and, upon leaving foster care, may be used for expenses such as education and housing.

Capital Review

The 2008-2017 Ten-Year Capital Strategy totals \$164.5 million, which includes \$87.0 million in the 2008-2011 Four-Year Plan. The Ten-Year Capital Strategy includes \$12.8 million for child welfare facilities, \$22.6 million for child care facilities, \$36.8 million for administrative offices, and \$92.3 million for information systems.

Capital Commitments

(\$000's)

	2006 Actual		2007 Plan		2008 Plan		2009 Plan		2010 Plan		2011 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	\$282	\$285	\$13,469	\$13,469	\$7,737	\$7,737	\$1,940	\$1,940	\$0	\$0	\$3,127	\$3,127
Child Care	201	201	26,050	26,050	5,297	5,297	547	547	533	533	8,219	8,219
Buildings	53	53	18,626	19,796	12,788	13,054	500	500	3,188	4,036	4,728	5,658
MIS	693	693	21,447	26,470	9,017	10,014	5,984	7,143	4,459	5,523	12,591	13,655
Total	<u>\$1,229</u>	<u>\$1,232</u>	<u>\$79,592</u>	<u>\$85,785</u>	<u>\$34,839</u>	<u>\$36,102</u>	<u>\$8,971</u>	<u>\$10,130</u>	<u>\$8,180</u>	<u>\$10,092</u>	<u>\$28,665</u>	<u>\$30,659</u>

Highlights of the Four-Year Capital Plan

- repairs and structural improvements for child protective field offices citywide (\$1.0 million).
- development of a new child care information system (ACCIS) to track and monitor the City's early childhood educational services including child care, Head Start, Universal Pre-K, and Out-of-School Time (\$9.7 million).
- development of CHILDDSTAT, a system to enable ACS to monitor performance data and track outcomes related to child protection and casework services (\$7.8 million).
- upgrade of the Legal Tracking System (LTS) to enhance information sharing with the New York State Family Court (\$1.1 million).
- implementation of a network integration project that will create a single uniform system to eliminate a network that is split between the State and City (\$2.9 million).
- renovations of various childcare centers to correct code violations and to provide for handicapped accessibility (\$9.1 million).

DEPARTMENT OF YOUTH AND COMMUNITY DEVELOPMENT

The Department of Youth and Community Development (DYCD) administers programs for youth and adults, through community-based organizations in neighborhoods throughout the five boroughs. These organizations provide services including after-school, summer jobs, youth workforce development, and essential services for runaway and homeless teens. DYCD is committed to improving communities by developing innovative and creative approaches to support positive development of youth, families and neighborhoods.

DYCD is also the designated Community Action Agency for New York City, which is the local grantee for the Federal Community Services Block Grant (CSBG). CSBG funding supports a wide variety of programs that address conditions of poverty.

In 2008, DYCD will expand the Out-of-School Time (OST) program, refocus Beacon Community Centers on services for middle school youth, introduce two new youth programs as part of the Mayor's Center for Economic Opportunity initiative, and ensure the continued delivery of quality services in core programs such as Fatherhood and Immigrant Services.

Financial Review

The Department's 2008 Executive Budget provides for operating expenses of \$323 million, of which \$201.9 million are City funds.

Expense Budget Highlights

Budgetary Priorities: Providing Core Services

- an increase of \$32 million in City funds in 2008 and \$44 million in 2009 will allow the Out-of-School Time program (OST) to enroll 75,000 school-age children and youth in 2008 and 79,000 in 2009 in programs that provide high-quality after-school services.
- \$3.8 million in 2008 and \$5.3 million in 2009 will support an effort to increase coordination among providers of adult literacy programs throughout the City and will fund expansion of services.
- an additional \$5.5 million in City funds will allow DYCD to fund an increase in the New York State minimum wage and maintain over 38,500 summer youth employment slots in 2008.

Budgetary Priorities: Center for Economic Opportunity (CEO)

- in 2008, \$9.4 million in City funds will support the Young Adult Internship program, which will provide internships for approximately 1,440 youth who are not in school and not employed.
- in 2008, \$5.7 million in City funds will support the Service Learning program, which will serve approximately 4,500 youth who are attending school.

Summary of Agency Financial Data

The following table compares the 2008 Executive Budget with the 2008 Preliminary Budget, the 2007 forecast and actual expenditures for 2006, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services and debt service.

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

	2006 Actual	2007 Forecast	2008		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2007 Forecast	2008 Preliminary Budget
Expenditures						
Salary and Wages	\$21,511	\$22,568	\$23,086	\$25,146	\$2,578	\$2,060
Fringe Benefits	—	—	—	—	—	—
OTPS	281,528	305,666	268,544	297,865	(7,801)	29,321
Total	<u>\$303,039</u>	<u>\$328,234</u>	<u>\$291,630</u>	<u>\$323,011</u>	<u>(\$5,223)</u>	<u>\$31,381</u>
Funding						
City	\$180,392	\$214,185	\$190,740	\$201,851	(\$12,334)	\$11,111
Other Categorical Grants	591	408	—	—	(408)	—
IFA	—	—	—	—	—	—
State	14,527	13,082	12,924	12,924	(158)	—
Federal CD	6,447	11,675	11,300	11,351	(324)	51
Federal Other	91,687	63,134	58,963	79,182	16,048	20,219
Intra-City Other	9,396	25,750	17,703	17,703	(8,047)	—
Total	<u>\$303,039</u>	<u>\$328,234</u>	<u>\$291,630</u>	<u>\$323,011</u>	<u>(\$5,223)</u>	<u>\$31,381</u>
Additional Costs Centrally Funded						
Personal Services (PS) . .						
Fringe Benefits	\$6,340	\$6,769	\$7,149	\$7,237	\$468	\$88
Pensions	1,514	2,055	2,556	2,712	657	156
Other Than Personal Service (OTPS)						
Legal Services	35	34	31	32	(2)	1
Judgments and Claims .	64	24	26	26	2	—
Debt Service	—	—	—	—	—	—
Total Additional Costs . .	<u>\$7,953</u>	<u>\$8,882</u>	<u>\$9,762</u>	<u>\$10,007</u>	<u>\$1,125</u>	<u>\$245</u>
Funding						
City	7,932	8,838	9,716	9,941	1,103	225
Non-City	21	44	46	66	22	20
Full Agency Costs (including Central Accounts)						
Salary and Wages	\$21,511	\$22,568	\$23,086	\$25,146	\$2,578	\$2,060
Fringe Benefits	6,340	6,769	7,149	7,237	468	88
Pensions	1,514	2,055	2,556	2,712	657	156
Total PS	<u>\$29,365</u>	<u>\$31,392</u>	<u>\$32,791</u>	<u>\$35,095</u>	<u>\$3,703</u>	<u>\$2,304</u>
OTPS	\$281,528	\$305,666	\$268,544	\$297,865	(\$7,801)	\$29,321
Legal Services	35	34	31	32	(2)	1
Judgments and Claims .	64	24	26	26	2	—
Debt Service	—	—	—	—	—	—
Total OTPS	<u>\$281,627</u>	<u>\$305,724</u>	<u>\$268,601</u>	<u>\$297,923</u>	<u>(\$7,801)</u>	<u>\$29,322</u>
Total Agency Costs	\$310,992	\$337,116	\$301,392	\$333,018	(\$4,098)	\$31,626
Less Intra-City	\$9,396	\$25,750	\$17,703	\$17,703	(\$8,047)	\$—
Net Agency Cost	<u>\$301,596</u>	<u>\$311,366</u>	<u>\$283,689</u>	<u>\$315,315</u>	<u>\$3,949</u>	<u>\$31,626</u>
Funding						
City	188,324	223,023	200,456	211,792	(11,231)	11,336
Non-City	113,272	88,343	83,233	103,523	15,180	20,290
Personnel (includes FTEs at fiscal year-end)						
City	182	249	221	231	(18)	10
Non-City	241	209	201	202	(7)	1
Total	<u>423</u>	<u>458</u>	<u>422</u>	<u>433</u>	<u>(25)</u>	<u>11</u>

Programmatic Review

Out-of-School Time (OST)

In September 2005, DYCD launched the City's Out-of-School Time (OST) Programs, the largest municipally funded after-school initiative in the nation. OST provides a mix of academic, recreational and cultural activities for young people after school, during holidays and in the summer. The OST system consists of over 550 programs in every neighborhood across the City. The programs, which are operated by 200 community-based organizations, are located in schools, community centers, settlement houses, religious centers, cultural organizations, libraries, public housing and Parks Department facilities.

OST programs served more than 65,000 elementary, middle and high school students during the 2006-2007 school year, and will grow to serve another 10,000 young people in the 2007-2008 school year. The OST budget in 2008 is projected to be \$108 million in total funds.

Beacon Community Centers

These collaborative, school-based community centers were pioneered in the early 1990's. The Beacon model combines a youth development framework with a strong community focus and is recognized nationally as a flagship for positive youth development. Together, these programs serve approximately 170,000 participants annually in 80 schools throughout the City.

Immigrant Services

DYCD supports a holistic, integrated family approach to assist immigrants. DYCD supports programs that address legal issues, domestic violence, and general services to immigrant families.

Since lawful immigration status is critical to achieving economic and social stability, DYCD will continue its Legal Assistance Program and supplement it with legal assistance to special youth populations in 2008. DYCD will build on its experience providing legal assistance to undocumented youth in foster care and will now also provide legal services to unaccompanied immigrant youth.

Immigrants are also in need of basic services in areas such as housing, health, employment, and education. DYCD will continue to address the unique needs of immigrant women through the Domestic Violence Program, thereby strengthening immigrant families. Services for Immigrant Families will support programs that offer assistance in obtaining a wide range of benefits and services for all immigrants.

Fatherhood Programs

The goals and objectives of the Fatherhood program are to promote positive involvement of fathers in the lives of their child/children, and to facilitate providing economic support for their child/children.

Fatherhood services include individual, family and group counseling; father-to-father mentoring; parent and child rearing classes; visitation arrangements; and mediation and conflict resolution training. Support activities include independent living skills training; college preparation classes; adult basic educational and English instruction for speakers of other languages, and sexuality awareness. DYCD also encourages program providers to form linkages with other organizations to address the comprehensive needs of fathers, such as job training and placement, health care, mental health, child care, and housing.

Literacy Services

DYCD is committed to ensuring that the City's diverse communities have a broad range of reading, writing, English-language and high school equivalency programs. Literacy programs are designed to assist adults in obtaining the knowledge and skills necessary for employment, self-sufficiency and the pursuit of further education. Adult Basic Education (ABE) programs provide instruction in reading, writing and mathematics to native English speakers. English for Speakers of Other Language (ESOL) programs provide instruction to increase English language communication skills.

DEPARTMENT OF HOMELESS SERVICES

The Department of Homeless Services (DHS) provides programs for homeless families and single adults, including transitional housing, outreach and drop-in services, homeless prevention programs, and permanent housing placements.

The Department of Homeless Services continues to focus on an array of innovative strategies to achieve outcomes detailed in its five year plan to end chronic homelessness. The plan as outlined in the 2004 “Uniting for Solutions Beyond Shelter” charged the Department, in coordination with other public agencies, not-for-profit and private sector partners, to reduce the street and shelter homeless populations by two-thirds within five years. DHS and its partners work to prevent homelessness before it occurs, reduce street homelessness and to move homeless individuals and families out of shelters and into appropriate permanent housing.

In 2008, new strategies will be employed to bring unsheltered homeless individuals, many of whom have significant mental health and substance abuse issues, off the City’s streets. The Department will continue efforts to reduce the average length of shelter stay, with a particular focus on helping those who have been in shelter for extended periods to make a successful transition to permanent housing.

Financial Review

The Department’s 2008 Executive Budget provides for operating expenses of \$677.7 million, of which \$310 million are City funds. Capital commitments of \$93.7 million are also provided.

Expense Budget Highlights

Budgetary Priorities: Providing Core Service

- an increase of \$1.9 million in City funds will provide funding for consultant services to support the Department’s information technology infrastructure.
- two million in City funds for Adult Stabilization beds and \$3.6 million in City funds for Safe Haven beds will be added in 2008. These two programs are being created to bring unsheltered homeless individuals off the streets and into transitional shelter.
- in 2008, \$1.7 million in City funds will support a new transitional shelter for veterans. This program will leverage additional Federal funding to provide specialized services to meet the needs of this population.
- in 2008, \$219,000 will support four staff to manage the New York/New York III supportive housing program, an initiative that will create 9,000 units for chronically homeless adults and families.

Restructuring and Streamlining

- the agency will realize savings of \$16 million in City funds each year resulting from the closure of Camp LaGuardia due to the decrease in the adult shelter population. An additional \$8.5 million savings in City funds will be realized in 2007 for the sale of the associated property.

Summary of Agency Financial Data

The following table compares the 2008 Executive Budget with the 2008 Preliminary Budget, the 2007 forecast and actual expenditures for 2006, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services and debt service.

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

	2006 Actual	2007 Forecast	2008		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2007 Forecast	2008 Preliminary Budget
Expenditures						
Salary and Wages	\$114,286	\$109,206	\$111,857	\$112,934	\$3,728	\$1,077
Fringe Benefits	1,308	1,185	1,160	1,116	(69)	(44)
Medical Assistance	—	—	—	—	—	—
Public Assistance	309,762	—	—	—	—	—
Other OTPS	300,020	622,225	571,581	563,603	(58,622)	(7,978)
Total	<u>\$725,376</u>	<u>\$732,616</u>	<u>\$684,598</u>	<u>\$677,653</u>	<u>(\$54,963)</u>	<u>(\$6,945)</u>
Funding						
City	\$346,842	\$330,745	\$317,472	\$310,037	(\$20,708)	(\$7,435)
Other Categorical Grants	2	—	—	—	—	—
IFA	—	—	—	—	—	—
State	208,527	204,795	214,512	215,062	10,267	550
Federal CD	4,940	5,680	4,060	4,000	(1,680)	(60)
Federal Other	143,001	160,275	117,433	117,433	(42,842)	—
Intra-City Other	22,064	31,121	31,121	31,121	—	—
Total	<u>\$725,376</u>	<u>\$732,616</u>	<u>\$684,598</u>	<u>\$677,653</u>	<u>(\$54,963)</u>	<u>(\$6,945)</u>
Additional Costs Centrally Funded						
Personal Services (PS) . .						
Fringe Benefits	\$36,641	\$36,382	\$39,188	\$37,895	\$1,513	(\$1,293)
Pensions	8,136	10,246	13,331	13,140	2,894	(191)
Other Than Personal Service (OTPS)						
Legal Services	435	718	584	673	(45)	89
Judgments and Claims .	168	322	356	356	34	—
Debt Service	—	—	—	—	—	—
Total Additional Costs .	<u>\$45,380</u>	<u>\$47,668</u>	<u>\$53,459</u>	<u>\$52,064</u>	<u>\$4,396</u>	<u>(\$1,395)</u>
Funding						
City	33,703	35,983	41,809	40,442	4,459	(1,367)
Non-City	11,677	11,685	11,650	11,622	(63)	(28)
Full Agency Costs (including Central Accounts)						
Salary and Wages	\$114,286	\$109,206	\$111,857	\$112,934	\$3,728	\$1,077
Fringe Benefits	37,949	37,567	40,348	39,011	1,444	(1,337)
Pensions	8,136	10,246	13,331	13,140	2,894	(191)
Total PS	<u>\$160,371</u>	<u>\$157,019</u>	<u>\$165,536</u>	<u>\$165,085</u>	<u>\$8,066</u>	<u>(\$451)</u>
Medical Assistance	\$—	\$—	\$—	\$—	\$—	\$—
Public Assistance	309,762	—	—	—	—	—
Other OTPS	300,020	622,225	571,581	563,603	(58,622)	(7,978)
Legal Services	435	718	584	673	(45)	89
Judgments and Claims .	168	322	356	356	34	—
Debt Service	—	—	—	—	—	—
Total OTPS	<u>\$610,385</u>	<u>\$623,265</u>	<u>\$572,521</u>	<u>\$564,632</u>	<u>(\$58,633)</u>	<u>(\$7,889)</u>
Total Agency Costs	<u>\$770,756</u>	<u>\$780,284</u>	<u>\$738,057</u>	<u>\$729,717</u>	<u>(\$50,567)</u>	<u>(\$8,340)</u>
Less Intra-City	\$22,064	\$31,121	\$31,121	\$31,121	\$—	\$—
Net Agency Cost	<u>\$748,692</u>	<u>\$749,163</u>	<u>\$706,936</u>	<u>\$698,596</u>	<u>(\$50,567)</u>	<u>(\$8,340)</u>
Funding						
City	380,545	366,728	359,281	350,479	(16,249)	(8,802)
Non-City	368,147	382,435	347,655	348,117	(34,318)	462
Personnel (includes FTEs at fiscal year-end)						
City	2,194	2,347	2,286	2,302	(45)	16
Non-City	36	23	1	—	(23)	(1)
Total	<u>2,230</u>	<u>2,370</u>	<u>2,287</u>	<u>2,302</u>	<u>(68)</u>	<u>15</u>

Programmatic Review

Single Adult Services

The Department provides a variety of services for homeless single adults, including street outreach and drop-in centers for the hardest to serve, general and specialized transitional facilities, and assistance with securing permanent supportive housing. In February 2007, the average daily census in shelter was 7,265, which was the lowest average daily census for February since 2002 and a decline of 10.2 percent from February 2006, when the average daily census was 8,095.

In February 2006, the Department undertook its fourth annual Homeless Outreach Population Estimate (HOPE) in order to measure its progress in efforts to reduce street homelessness. HOPE 2006 was the second year the survey covered all five boroughs. HOPE 2006 results estimated that 3,843 individuals were sleeping on the streets of NYC; this represented a 13 percent decrease over the 2005 estimate.

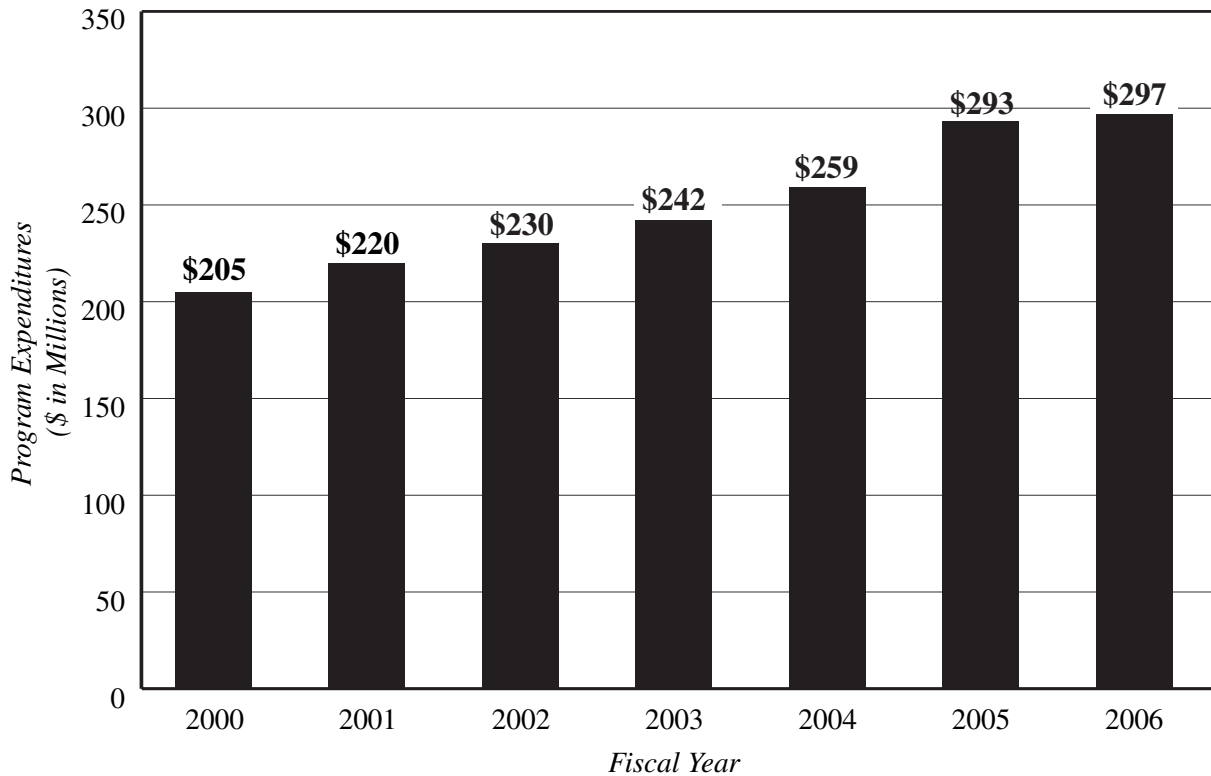
In 2008, DHS and the Department of Health and Mental Hygiene (DOHMH) will collaborate on an outreach program to improve services and create more accountability for outcomes. Not-for-profit providers, operating under performance-based contracts, will focus on reducing the street homeless census in New York City. Additionally, ten drop-in centers overseen by the Department will continue to provide services to an average of 1,380 individuals each day. These services include counseling, crisis intervention, meals, clothing and referrals to support services.

The Encampments Initiative, which was initiated in September 2006, concluded in March 2007. Thirteen State and City agencies participated in helping to clear the 70 encampments identified throughout New York City. A total of 320 homeless individuals were identified at these locations, of which 68 individuals were placed in transitional or permanent housing. The work of addressing homeless encampments and finding better solutions for individuals living on the streets will continue as this effort becomes a systemic partnership across multiple agencies.

The Department has been working to create low-threshold/low-demand housing placement options that street homeless clients will see as acceptable alternatives to shelter. Safe Havens are a housing option for clients who are not willing to enter the traditional shelter system, but who desire a safe place to stay and are willing to come indoors. The Department worked with a not-for-profit provider to develop the first transitional Safe Haven that exclusively targets chronically street homeless clients, a 19 bed facility that opened in November, 2006. Since opening, the Safe Haven has served 30 clients, who have each averaged approximately 11 years on the streets. In 2008, DHS will expand this program to 250 Safe Haven beds. Additionally the Department is creating a new service model, Stabilization Beds, which provides immediately accessible housing for street homeless clients from which clients can work on moving to permanent housing. In 2008 the Department will develop 200 Stabilization beds.

In December 2006, an historic task force was created through an agreement between the City and the United States Department of Veterans Affairs. The "Operation Home" Task Force was charged with creating a new system for veterans to prevent and alleviate homelessness. In 2008, the Department and the task force will implement several new initiatives, including a specialized shelter for veterans which will provide them with services tailored to their specific needs.

HOMELESS INDIVIDUALS - PROGRAM EXPENDITURES: 2000-2006



Family Services

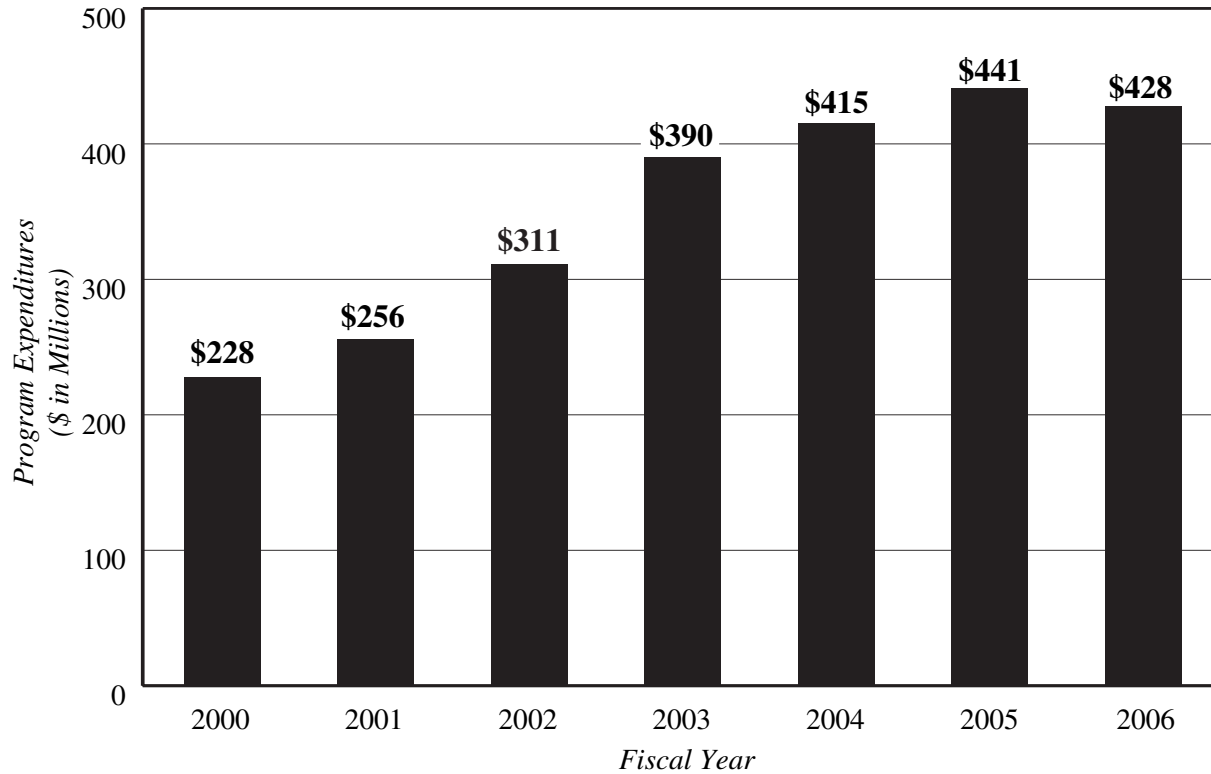
The Department serves homeless families through a network of transitional housing facilities that provide families with stable living situations and supportive social services designed to lead to self-sufficiency. The Department continues efforts to minimize the disruptions associated with homelessness for shelter residents as well as to maximize family health and stability. In March 2007, there was an average of 9,302 homeless families in DHS transitional housing.

Housing Stability Plus (HSP), a five year rental assistance supplement designed to promote self-sufficiency, was approved by New York State in December 2004. As of March 2007, 10,522 households living in shelter have signed leases for housing through HSP. Of the total HSP leases signed 9,656 were for families with children, 547 were for single adults and 319 were for adult families.

In July 2006, the Agency implemented its "Housing Initiative Plus Program," targeted to families with minor children ineligible for HSP because they were not eligible for Public Assistance. Families were able to receive up to four months advance rent, one month security, one month broker's fee, a furniture allowance, and moving expenses. This initiative resulted in a total of 238 permanent housing placements.

Homebase, the homeless prevention program that was piloted in six community districts beginning in 2004, will be expanded to a Citywide program in 2008. Contracts will be performance-based and will emphasize diverting clients who have already initiated an application for shelter.

HOMELESS FAMILIES - PROGRAM EXPENDITURES: 2000-2006



Capital Review

The Department's Ten-Year Capital Strategy totals \$291.3 million which includes \$151.3 million in the 2008-2011 Four-Year Plan. Projects for homeless families total \$145.7 million, projects for single adults total \$125.6 million, and \$19 million is allocated for computer systems and equipment purchases.

Capital Commitments

(\$000's)

	2006 Actual		2007 Plan		2008 Plan		2009 Plan		2010 Plan		2011 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	\$3,136	\$3,136	\$23,069	\$23,069	\$67,086	\$67,086	\$3,914	\$3,914	\$9,500	\$9,500	\$17,302	\$17,302
Homeless Individuals	9,058	9,058	12,156	12,156	18,516	18,516	7,489	7,489	3,932	3,932	10,798	10,798
Equipment and Vehicles . .	0	0	1,362	1,362	250	250	0	0	0	0	0	0
Information Technology . .	2,083	2,083	6,009	6,009	7,809	7,809	2,500	2,500	1,500	1,500	750	750
Total	\$14,277	\$14,277	\$42,596	\$42,596	\$93,661	\$93,661	\$13,903	\$13,903	\$14,932	\$14,932	\$28,850	\$28,850

Highlights of the Four-Year Capital Plan

- in the four-year plan, \$57.3 million for construction and related technology funding for a new Family Intake Center to replace the Bronx Emergency Assistance Unit (EAU).
- in 2008, \$1.6 million for the renovation and division of the Ward Island Men's Shelter into three individual shelters.
- exterior and interior building upgrades at facilities for homeless adults including the Bedford - Atlantic Armory, Charles Gay - Keener, Park Avenue Women's Shelter, Kingsboro, Willow Avenue, and Barbara Kleiman (\$6.5 million).
- exterior and interior building upgrades at facilities for homeless families including Auburn, Nelson Avenue, Rose McCarthy, Springfield, and Linden Family Residence (\$4.7 million).
- continued upgrade and expansion of the Department's computer network linking directly operated and contracted sites; development of the new Client Tracking System and implementation of a digital telephone system (\$10.6 million).

DEPARTMENT FOR THE AGING

The Department for the Aging (DFTA) administers a wide range of programs for the City's elderly population to enhance independence and quality of life. The Department's services include the operation of senior centers, provision of home-delivered and congregate meals, case management, social and legal services, home care, caregiver services, transportation, and information and referral services.

Financial Review

The Department's 2008 Executive Budget provides for operating expenses of \$248.4 million, of which \$112.9 million are City funds. Capital commitments of \$19.9 million are also provided.

Expense Budget Highlights

Budgetary Priorities: Providing Core Services

- an additional \$2.9 million in total funds in 2008 and \$5.8 million in total funds in 2009 will provide enhanced case management services to seniors throughout New York City.
- in 2008, \$1.0 million will support expansion of a pilot program that provides legal counsel and social work support to seniors involved in housing court proceedings.
- in 2008, \$1.5 million in City funds will continue to support enhancements to the Naturally Occurring Retirement Community (NORC) program. NORCs are residential buildings or communities where seniors receive services through a network of housing entities, social service and healthcare providers.

Summary of Agency Financial Data

The following table compares the 2008 Executive Budget with the 2008 Preliminary Budget, the 2007 forecast and actual expenditures for 2006, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services and debt service.

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

	2006 Actual	2007 Forecast	2008		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2007 Forecast	2008 Preliminary Budget
Expenditures						
Salary and Wages	\$24,632	\$26,333	\$16,752	\$16,752	(\$9,581)	\$—
Fringe Benefits	—	558	1,517	1,517	959	—
OTPS	239,849	252,714	211,974	230,177	(22,537)	18,203
Total	<u>\$268,241</u>	<u>\$279,605</u>	<u>\$230,243</u>	<u>\$248,446</u>	<u>(\$31,159)</u>	<u>\$18,203</u>
Funding						
City	\$132,764	\$133,486	\$100,292	\$112,872	(\$20,614)	\$12,580
Other Categorical Grants	10	6	—	—	(6)	—
IFA	—	—	—	—	—	—
State	28,482	33,768	25,581	28,504	(5,264)	2,923
Federal CD	3,195	3,240	2,485	2,485	(755)	—
Federal Other	103,302	108,521	101,413	104,113	(4,408)	2,700
Intra-City Other	487	584	472	472	(112)	—
Total	<u>\$268,241</u>	<u>\$279,605</u>	<u>\$230,243</u>	<u>\$248,446</u>	<u>(\$31,159)</u>	<u>\$18,203</u>
Additional Costs Centrally Funded						
Personal Services (PS) . .						
Fringe Benefits	\$7,134	\$6,709	\$6,692	\$6,362	(\$347)	(\$330)
Pensions	1,734	1,762	1,909	1,968	206	59
Other Than Personal Service (OTPS)						
Legal Services	85	87	76	81	(6)	5
Judgments and Claims .	—	9	10	10	1	—
Debt Service	—	—	—	—	—	—
Total Additional Costs . .	<u>\$8,953</u>	<u>\$8,567</u>	<u>\$8,687</u>	<u>\$8,421</u>	<u>(\$146)</u>	<u>(\$266)</u>
Funding						
City	8,892	8,483	8,608	8,342	(141)	(266)
Non-City	61	84	79	79	(5)	—
Full Agency Costs (including Central Accounts)						
Salary and Wages	\$24,632	\$26,333	\$16,752	\$16,752	(\$9,581)	\$—
Fringe Benefits	7,134	7,267	8,209	7,879	612	(330)
Pensions	1,734	1,762	1,909	1,968	206	59
Total PS	<u>\$33,500</u>	<u>\$35,362</u>	<u>\$26,870</u>	<u>\$26,599</u>	<u>(\$8,763)</u>	<u>(\$271)</u>
OTPS	\$239,849	\$252,714	\$211,974	\$230,177	(\$22,537)	\$18,203
Legal Services	85	87	76	81	(6)	5
Judgments and Claims .	—	9	10	10	1	—
Debt Service	—	—	—	—	—	—
Total OTPS	<u>\$239,934</u>	<u>\$252,810</u>	<u>\$212,060</u>	<u>\$230,268</u>	<u>(\$22,542)</u>	<u>\$18,208</u>
Total Agency Costs	\$273,434	\$288,172	\$238,930	\$256,867	(\$31,305)	\$17,937
Less Intra-City	\$487	\$584	\$472	\$472	(\$112)	\$—
Net Agency Cost	<u>\$272,947</u>	<u>\$287,588</u>	<u>\$238,458</u>	<u>\$256,395</u>	<u>(\$31,193)</u>	<u>\$17,937</u>
Funding						
City	141,656	141,969	108,900	121,214	(20,755)	12,314
Non-City	131,291	145,619	129,558	135,181	(10,438)	5,623
Personnel (includes FTEs at fiscal year-end)						
City	114	114	37	64	(50)	27
Non-City	738	813	746	729	(84)	(17)
Total	<u>852</u>	<u>927</u>	<u>783</u>	<u>793</u>	<u>(134)</u>	<u>10</u>

Programmatic Review

In 2008, DFTA will provide critical services through a network of 328 senior centers in the five boroughs. Services provided by senior centers include congregate meals, home-delivered meals, educational and recreational activities, social services and volunteer opportunities. DFTA plans to serve over 12.4 million congregate and home-delivered meals in 2008.

Home Care Services

The Department provides home care services to over 4,200 elderly residents throughout the City. The program allows low-income frail elderly, who are above the Medicaid eligibility threshold, to safely remain in their homes by providing assistance with daily chores and personal care.

Case Management Services

DFTA contracts with case management agencies throughout the City that provide assessment services and link homebound seniors with services that they need including home-delivered meals, home care attendants, information and referrals and other supportive services. Seniors access case management services through referrals from senior centers, home-delivered meal providers, hospitals and other community-based social service and health care agencies. In 2008, DFTA will enhance case management services by strengthening the infrastructure of case management agencies.

Naturally Occurring Retirement Communities

Naturally Occurring Retirement Communities (NORCs) are on-site collaborations among housing entities, social service providers, and healthcare networks that assist seniors to remain in their own homes by providing critical support and assistance. Approximately 8,500 elderly residents receive core services (case management/assistance and healthcare management/ assistance). The Department supports 27 NORCs in the Bronx, Brooklyn, Manhattan and Queens. The NORC program model has gained national recognition, putting New York City in the forefront of adapting programs to meet the changing needs of the elderly population. In 2008, DFTA will support a research and demonstration initiative with the goals of analyzing data on current services and assessing the effectiveness of current services.

New York City Caregiver Program

New York City's Caregiver program provides approximately 6,000 caregivers of the elderly throughout the City with critical support services including training, assistance in accessing benefits and resources, counseling and respite services. The Department provides these services in partnership with 15 community-based organizations.

Capital Review

The Department's 2008-2017 Ten-Year Capital Strategy totals \$47.2 million, which includes \$28.9 million in the 2008-2011 Four -Year Plan. Capital projects include the rehabilitation of senior centers throughout the City and technology projects to improve operations. The table below reflects capital commitments by program area over the FY2008-2011 period.

Capital Commitments (\$ in 000's)

	2006 Actual		2007 Plan		2008 Plan		2009 Plan		2010 Plan		2011 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	\$466	\$466	\$8,554	\$8,554	\$3,775	\$3,775	\$700	\$700	\$1,200	\$1,200	\$3,479	\$3,479
Building Renovations and Vehicles	2,415	2,415	26,239	26,239	16,110	16,110	1,375	1,375	790	790	1,506	1,506
Total	<u>\$2,881</u>	<u>\$2,881</u>	<u>\$34,793</u>	<u>\$34,793</u>	<u>\$19,885</u>	<u>\$19,885</u>	<u>\$2,075</u>	<u>\$2,075</u>	<u>\$1,990</u>	<u>\$1,990</u>	<u>\$4,985</u>	<u>\$4,985</u>

Highlights of the Four-Year Capital Plan

- establishment of new facilities and renovation of existing senior centers in neighborhoods with growing senior populations (\$3.5 million).
- development of a computerized network to assist applicants in accessing services and entitlement programs, purchase computers for senior centers and migration of applications to a web-based platform (\$6.7 million).

DEPARTMENT OF HEALTH AND MENTAL HYGIENE

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

The Department's mission is achieved through monitoring, prevention, and control activities for individuals, families, and communities. The Department prevents epidemics and the spread of diseases such as HIV/AIDS, sexually transmitted diseases (STDs), and tuberculosis (TB); 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.

The Office of the Chief Medical Examiner is responsible for determining the cause and manner of deaths occurring in the City, operating the county mortuaries and the accredited Forensic Biology Laboratory.

In 2008, the Department will continue its focus on reducing the incidence of preventable and treatable conditions; intensifying efforts to improve HIV prevention, and the care, housing, and treatment individuals with HIV/AIDS; providing higher quality care for people with poorly controlled diabetes; and improving the health of school children. The Department's public health activities are targeted to those communities that bear a disproportionate share of physical and mental illness and premature death.

Financial Review

The Department's 2008 Executive Budget provides for operating expenses of \$1.5 billion, of which \$560 million are City funds. Additional funding of approximately \$64.1 million will be added to the budget during the fiscal year when Federal and State award notifications are received. Capital commitments of \$85.8 million are also provided to fund agency initiatives.

Revenue Forecast

The Department of Health and Mental Hygiene generates revenue from licenses, permits, inspection and service fees, and fines for violations of the New York City Health Code. In 2008, the Department will generate \$54.1 million from these sources, approximately \$10 million less than 2007.

Expense Budget Highlights

Budgetary Priorities: Providing Core Services

- the Department will begin deployment of the first electronic medical record system to be designed for ambulatory care settings with the main purpose of improving primary and preventative care.
- as part of the City's continuing response to the attacks of September 11, 2001, on the World Trade Center, the Department will expand its surveillance and evaluation of health conditions and services related to this event, and ensure ongoing coverage for mental health services for New Yorkers who were most directly affected.
- as part of the historic City/State New-York New York III agreement, the Department will initiate contracts for supportive housing for the chronically homeless or those at risk of becoming homeless.
- the Department will expand education, screening and treatment in high schools, in order to reduce sexually-transmitted diseases, and will launch five new school-based health and reproductive health centers as a new initiative that is part of the Mayor's Commission on Economic Opportunity (CEO).

- the Department will improve surveillance, investigation and outreach and education regarding antimicrobial-resistant infections, to identify key risk factors and reduce transmission via targeted interventions.
- the Healthy Bodegas program will be expanded. The program seeks to improve availability of and increase demand for healthier food choices in targeted communities. The initiative is part of the Commission on Economic Opportunity.
- funding is provided to expand access to primary care clinics in medically underserved areas. The Department will improve existing clinic's infrastructure and support the development of new facilities where access is the least available.
- expand the Nurse-Family Partnership (NFP) program, a national home visitation model that seeks to improve the health, well-being and self-sufficiency of low-income, first-time mothers and their children through regular home visits.
- the Department will strengthen its health and mental health services to inmates. The Department's 2008 budget also addresses pharmaceutical cost increases and collective bargaining costs for correctional health services provided by HHC.

Summary of Agency Financial Data

The following compares the 2008 Executive Budget with the 2008 Preliminary Budget, the 2007 forecast and actual expenditures for 2006, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services and debt services.

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

	2006 Actual	2007 Forecast	2008		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2007 Forecast	2008 Preliminary Budget
Expenditures						
Salary and Wages	\$299,271	\$335,440	\$366,650	\$378,576	\$43,136	\$11,926
Fringe Benefits	964	1,574	579	579	(995)	—
Medical Assistance	—	—	—	—	—	—
Public Assistance	142,746	—	—	—	—	—
Other OTPS	1,066,543	1,318,451	1,194,307	1,122,904	(195,547)	(71,403)
Total	<u>\$1,509,524</u>	<u>\$1,655,465</u>	<u>\$1,561,536</u>	<u>\$1,502,059</u>	<u>(\$153,406)</u>	<u>(\$59,477)</u>
Funding						
City	\$587,107	\$602,439	\$607,409	\$560,422	(\$42,017)	(\$46,987)
Other Categorical Grants	219,868	265,957	271,528	247,006	(18,951)	(24,522)
IFA	—	—	—	—	—	—
State	415,649	454,971	433,642	432,279	(22,692)	(1,363)
Federal CD	553	553	553	553	—	—
Federal Other	279,848	321,243	246,296	251,903	(69,340)	5,607
Intra-City Other	6,501	10,302	2,108	9,896	(406)	7,788
Total	<u>\$1,509,524</u>	<u>\$1,655,465</u>	<u>\$1,561,536</u>	<u>\$1,502,059</u>	<u>(\$153,406)</u>	<u>(\$59,477)</u>
Additional Costs Centrally Funded						
Personal Services (PS) . .						
Fringe Benefits	\$90,184	\$96,231	\$103,766	\$107,558	\$11,327	\$3,792
Pensions	21,132	32,122	43,317	43,072	10,950	(245)
Other Than Personal Service (OTPS)						
Legal Services	1,312	1,168	1,172	1,096	(72)	(76)
Judgments and Claims .	810	3,033	3,347	3,347	314	—
Debt Service	19,100	25,773	26,758	22,258	(3,515)	(4,500)
Total Additional Costs . .	<u>\$158,327</u>	<u>\$158,327</u>	<u>\$178,360</u>	<u>\$177,331</u>	<u>\$19,004</u>	<u>(\$1,029)</u>
Funding						
City	125,757	155,456	175,197	174,297	18,841	(900)
Non-City	6,781	2,871	3,163	3,034	163	(129)
Full Agency Costs (including Central Accounts)						
Salary and Wages	\$299,271	\$335,440	\$366,650	\$378,576	\$43,136	\$11,926
Fringe Benefits	91,148	97,805	104,345	108,137	10,332	3,792
Pensions	21,132	32,122	43,317	43,072	10,950	(245)
Total PS	<u>\$411,551</u>	<u>\$465,367</u>	<u>\$514,312</u>	<u>\$529,785</u>	<u>\$64,418</u>	<u>\$15,473</u>
Medical Assistance	\$—	\$—	\$—	\$—	\$—	\$—
Public Assistance	142,746	—	—	—	—	—
Other OTPS	1,066,543	1,318,451	1,194,307	1,122,904	(195,547)	(71,403)
Legal Services	1,312	1,168	1,172	1,096	(72)	(76)
Judgments and Claims .	810	3,033	3,347	3,347	314	—
Debt Service	19,100	25,773	26,758	22,258	(3,515)	(4,500)
Total OTPS	<u>\$1,230,511</u>	<u>\$1,348,425</u>	<u>\$1,225,584</u>	<u>\$1,149,605</u>	<u>(\$198,820)</u>	<u>(\$75,979)</u>
Total Agency Costs	\$1,642,062	\$1,813,792	\$1,739,896	\$1,679,390	(\$134,402)	(\$60,506)
Less Intra-City	\$6,501	\$10,302	\$2,108	\$9,896	(\$406)	\$7,788
Net Agency Cost	<u>\$1,635,561</u>	<u>\$1,803,490</u>	<u>\$1,737,788</u>	<u>\$1,669,494</u>	<u>(\$133,996)</u>	<u>(\$68,294)</u>
Funding						
City	712,864	757,895	782,606	734,719	(23,176)	(47,887)
Non-City	922,697	1,045,595	955,182	934,775	(110,820)	(20,407)
Personnel (includes FTEs at fiscal year-end)						
City	4,516	4,645	5,083	5,579	934	496
Non-City	1,369	1,576	946	1,008	(568)	62
Total	<u>5,885</u>	<u>6,221</u>	<u>6,029</u>	<u>6,587</u>	<u>366</u>	<u>558</u>

Programmatic Review

Agency-wide Initiatives

Launched in March 2004, the Take Care New York (TCNY) outreach campaign identifies 10 steps that individuals can take to live longer and healthier lives. Program successes are evidenced by recent survey results showing that 290,000 additional New Yorkers report having a doctor; there are 13 percent fewer smokers; and 13 percent more New Yorkers over 50 years of age who have been screened for colon cancer. In 2008, the Department will continue to work closely with its partners to further implement core TCNY program and policy initiatives.

The Department will play a key role in the City's augmented response to the health and mental health needs of New Yorkers in relation to the World Trade Center attacks. The Department will increase its surveillance of WTC-related health and mental health conditions; develop and disseminate research findings and clinical guidelines regarding WTC-related conditions; and ensure that persons affected by the WTC attacks have access to mental health and substance abuse services. The Department will also hire a WTC coordinator and support staff to oversee cross-agency WTC health-related activities; expand a website for WTC health information which will be accessible by care providers and the public alike; and develop and implement environmental health and safety protocols.

Mental Hygiene Services

Through the Division of Mental Hygiene (DMH), the Department provides planning, funding, and oversight for the provision of mental health, mental retardation, developmental disabilities, chemical dependency and early intervention services. Over 450,000 mental hygiene consumers are served annually through contracts and agreements with nonprofit provider agencies, HHC facilities, other City agencies and voluntary hospitals.

In comparison to the 2007 forecast, the 2008 Executive Budget indicates a greater percentage decrease in City funds for the Department's mental health, mental retardation and alcoholism services units of appropriation, than for public health services. This disparity is attributable to decreases in funding required for the Early Intervention program which is budgeted in the mental retardation unit of appropriation. Excluding the Early Intervention services budget from the mental retardation unit of appropriation, the allocation for the Mental Hygiene division of the agency reflects an increase of seven percent. No decreases in access or reductions to services are associated with the proposed budget for mental health, mental retardation and alcoholism services.

Mental Health

Mental Health services provide treatment and rehabilitation to adults and children with mental illness and/or functional impairments. DMH contracts with or oversees providers offering the following services: clinic programs, assertive community treatment (ACT), clubhouses, advocacy, supported housing, case management, assisted employment, information and referral, on-site school services, and home-based and mobile crisis intervention. The Department is also critically involved in the detection and treatment of depression.

Mental Retardation and Developmental Disabilities (MRDD)

The Department provides a range of day and support services for individuals with developmental disabilities and their families. These disabilities include mental retardation, cerebral palsy, autism, epilepsy and a variety of neurological impairments. MRDD services include supported employment and education services, evaluation, family support, counseling, recreation, and respite care.

Chemical Dependency

Services to assist individuals in need of chemical dependency treatment include detoxification services, supportive living services, and prevention and education. DMH oversees crisis services to manage withdrawal from alcohol and other substances, and outpatient services for individuals who suffer from alcohol and substance

abuse. The Department will continue its buprenorphine initiative for individuals seeking treatment for opiate addiction, and its Managed Addiction Treatment Services (MATS) initiative, which provides case management and wraparound services for high cost Medicaid-eligible recipients of chemical dependence services.

Early Intervention Services

The Early Intervention program identifies and treats children up to age three, who are at risk for or diagnosed with developmental delays or disabilities. Services are designed to reduce or eliminate delays, and enable families to manage their children's needs and support their development. A network of over 140 contract agencies provides services to more than 37,000 children and their families annually.

Supportive Housing - New York - New York III

The Department is a critical partner in the New York/New York III agreement to develop 9,000 congregate and scatter-site supportive housing units over the next 10 years for individuals who are homeless and have a severe and persistent mental illness, chemical dependency, HIV/AIDS or other type of supportive housing need. New York/New York III will be jointly administered with the Departments of Homeless Services (DHS) and Human Resource Administration (HRA). New funding will be used for contracts with community groups to develop and operate supportive housing programs, as well as for staff at the Department to oversee the expansion of the New York-New York III initiative over time. The Department will enter into contracts with these groups and begin bringing new scatter-site and congregate supportive housing units on-line during 2008.

Public Health Services

Disease Control

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

The Bureau of Tuberculosis Control provides direct patient care, education, surveillance, and outreach to reduce the incidence of tuberculosis (TB). In calendar year 2006, new cases of TB reached an historic low of 984 cases, an overall decline of approximately 75 percent since the peak of the epidemic in 1992. TB continues to disproportionately affect the foreign-born, who represented 70 percent of the cases reported in 2006. The Department is increasing services for high-risk immigrant communities and working to improve completion rates for treatment of latent TB infections.

The Bureau of STD Control will continue outreach activities and targeted screening efforts to address primary and secondary syphilis cases, which have fallen from 646 cases in 2005 to 586 in 2006. During calendar 2006, HIV testing in STD clinics increased 17 percent from 2005, exceeding 55,000 HIV tests in total. New funding will be provided in 2008 to educate, test, treat, and counsel New York City high school students about chlamydia and gonorrhea on a voluntary basis.

The Bureau of HIV/AIDS Prevention and Control will continue to perform core functions of HIV/AIDS surveillance, with enhanced focus on utilizing data for program planning. The Bureau has been funded with numerous sources of Federal and City funds for 2008, however, reductions are expected in the Federal Ryan White grant funding during 2008.

In order to reduce the emerging public health threat of community-based antimicrobial resistance, the Department has received funding in 2008 to improve surveillance, investigation, outreach and education to the medical community and general public; uncover risk factors and exposures; and design targeted interventions to reduce transmission. These activities will include increasing laboratory reporting of antimicrobial resistance.

Epidemiology

The Epidemiology Division provides timely, systematic, and ongoing collection, analysis and dissemination of data to monitor health trends and assist in the development of appropriate interventions. The Department also registers, processes, certifies, and issues reports of births, deaths, and spontaneous and induced terminations of pregnancy. All public health training and education initiatives for agency staff and for health professionals throughout NYC are coordinated through this division.

Health Promotion and Disease Prevention

In 2008, the Department will continue its focus on non-communicable diseases, which comprise nearly 80 percent of the New York City disease burden, and conditions related to maternal, child and adolescent health. Strategies include targeted policy efforts, program implementation, and dissemination of health information. By directing its most intensive efforts to communities with the greatest needs, the Department also seeks to reduce health disparities among communities.

Several recent Health Code amendments promote healthy eating and increase physical activity, which will reduce the occurrence of many chronic diseases. The amendments create physical activity and nutritional standards for Group Day Care facilities, phase out use of artificial trans fats in all City restaurants, and require calorie labeling in restaurants that already make calorie information publicly available. To support these efforts, the Bureau of Chronic Disease Prevention and Control has partnered with the City University of New York and other culinary experts in a newly established Trans Fat Help Center, which will offer nutritional information to restaurants seeking licensure.

DOHMH provides training in a proven physical activity program for pre-school aged children. Training has been provided intensively in DPHO communities and was expanded citywide in 2007 to cover other areas of the City, particularly those with a high prevalence of childhood obesity, including Washington Heights, Jamaica, and Staten Island. The program has reached over two-thirds of school-based pre-kindergarten programs and almost 40 percent of group day care centers and Head Starts citywide. DOHMH hopes to expand to all pre-kindergarten and 90 percent of group day care programs citywide in 2008. Additional Bureau activities will improve diabetes care; increase colon cancer screening; enhance the prevention and control of heart disease; and address nutritional issues through initiatives such as the Health Bodegas program.

Tobacco use is the single largest cause of preventable death. The Bureau of Tobacco Control will continue to educate the public with a hard hitting television awareness campaign. To make it easier to quit, free distribution of nicotine replacement patches will continue. Nearly 200,000 patches have been distributed to New Yorkers since 2003.

The Bureau of School Health provides health services in public and non-public elementary schools, and public intermediate and high schools. Services include comprehensive reviews of children's medical conditions and immunization status, provision of prescription medication and management of chronic illnesses, and follow-up on conditions requiring referral. These activities are supported by the Automated School Health Record, a DOHMH-created electronic medical record system. Expanding physical education in schools continues to be a priority joint initiative with the Department of Education (DOE). As of March 2007 in the current school year, 375,000 FITNESSGRAM reports have been delivered to schools, allowing students and their parents to assess and understand these students' fitness levels.

In 2008, the Department will continue efforts to reduce infant mortality in high-risk neighborhoods. In 2005, the citywide infant mortality rate was 6.1 per 1,000 live births, close to its historic low of 6.0 in 2000. However, some neighborhoods continue to experience double digit infant mortality rates. To address these disparities, the Bureau of Maternal, Infant and Reproductive Health and the District Public Health Offices are expanding two programs targeting mothers and their infants in specific NYC neighborhoods: the Nurse Family Partnership (NFP) and the Newborn Home Visiting Program.

Nurse Family Partnership (NFP) is an evidence-based home visiting program for low-income first-time mothers. Nurses visit mothers during pregnancy and maintain ongoing visits until the child is two years old. The

program consists of activities to improve pregnancy outcomes; child health and development; and maternal life course development. NFP has been implemented in the City's District Public Health Offices communities and Jamaica, Queens. Additionally, a targeted citywide initiative serves pregnant teens and women in foster care, homeless shelters, and at Rikers Island detention centers.

The Department's District Public Health Offices also provide support to new mothers through the Newborn Home Visiting Program. Home visits are offered to first-time mothers and are performed within six weeks of delivery. DOHMH staff educates new mothers about breastfeeding, SIDS risk reduction, bonding and attachment, smoking cessation, and health insurance access. Visits also address home environmental hazards such as peeling paint and lack of window guards. Mothers may be referred to a specialized provider or agency based on the assessment outcomes.

Environmental Health

The Department continues in providing oversight of day care services and food service establishments, as well as surveillance and outreach in areas of pest control, veterinary services, lead poisoning, water quality, and other environmental health concerns.

The number of lead-poisoned children requiring environmental intervention continues to decrease, reflecting the continued success of lead poisoning prevention activities. In the first four months of fiscal year 2007, 318 children required environmental intervention for elevated blood lead levels, as compared to 379 in 2006 and 422 in 2005 for the same period. With the implementation of handheld data collection devices and improved procedures, the number of initial day care inspections increased; in the first four months of fiscal year 2007, 5,742 initial day care inspections were made, as compared to 3,749 in 2006 for the same period.

The Division continues to look toward improving its oversight. In 2008, the Division plans to implement a pilot program of rodent indexing in the Bronx. It is anticipated that this strategy will improve the allocation of resources in addressing problematic areas of rodent infestation.

Health Care Access and Improvement

The Department develops, implements, and monitors programs to expand the availability of health services for all New Yorkers. As of December 2006, 1.5 million New Yorkers were enrolled in Medicaid managed care programs. The Department also oversees Medicaid Managed Care Plans designed to meet the needs of special populations. Over 84,000 Supplemental Security Income recipients were enrolled as of December 2006; in addition, 2,400 persons with HIV/AIDS have voluntarily enrolled in three special needs plans. The Department will continue to collaborate with managed care plans to address public health priorities through improved health care management and effective prevention activities.

One of the Department's highest priority projects for 2008 is the expansion of the Primary Care Information Project (PCIP), which will provide physicians with electronic health records systems to improve primary and preventive care in community-based ambulatory care settings. Through a combination of capital and expense funds, the Department will develop an electronic health record system that include clinical decision support and data collection tools to ensure critical public health concerns are addressed in primary care settings, and report population-level data on health conditions and health service delivery. Hundreds of ambulatory care entities (community-based Federally Qualified Health Centers, ambulatory medicine groups, hospital-based and free-standing clinics) with more than 1,000 medical providers have already expressed interest in the project.

The Bureau of Correctional Health Services provides health services to approximately 100,000 inmates who pass through the City's correctional facilities each year. In 2007, the Department continued to expand the use of electronic systems to monitor inmate health, through an electronic intake system, and an electronic case management and discharge planning system. Additional funding in 2008 will strengthen health, mental health and substance abuse services in a variety of inmate settings; address ongoing increases in pharmaceutical costs; and cover increased personnel costs due to collective bargaining for services provided by HHC.

Office of Chief Medical Examiner

The independent Office of Chief Medical Examiner (OCME) is responsible for the investigation of persons who die within New York City from criminal violence; by casualty or by suicide; suddenly, when in apparent good health; when unattended by a physician; or in a correctional facility or in any suspicious or unusual manner.

In the spring of 2007, OCME completed construction of the fifteen-story DNA Forensic Biology Laboratory. This structure consolidates existing DNA laboratories into a custom-built facility for forensic DNA analysis. Not only will the capacity of existing laboratories expand, but the new building will facilitate the development of new laboratories. Labs to expand include a high-volume, high-throughput laboratory to perform DNA profiling, and a genetics laboratory that will use DNA and biochemical testing to perform molecular autopsies. In the past, the DNA laboratories analyzed evidence from homicides and sex crimes; evidence from other types of crimes was tested only under special circumstances. In April of 2007, the laboratory began accepting all property crime cases with biological evidence, adding an estimated 5,300 cases to our current workloads. Furthermore, with the expansion of the lab, the OCME will have the capacity to process 4,000 assault cases annually.

As the reconstruction of lower Manhattan and the World Trade Center began last year, excavation revealed areas containing possible human remains. The Mayor convened a multi-agency task force to devise and implement a strategy to recover all human remains in the area. The Office of Chief Medical Examiner is the designated lead City agency for this unprecedented task of forensic excavation and recovery. With the full support of City agencies, contractors and utilities the OCME has designed and built a screening and recovery system that to date, has excavated over 6,000 cubic yards of material from the World Trade Center site, and anticipates an additional 7,000 cubic yards material to be examined. The OCME remains committed to identifying as many World Trade Center victims as science will allow.

The OCME continues to make major strides in planning for management of mass fatality incidents. Working closely with the NYPD, DOHMH, OEM, DEP, and FDNY, the Office has developed interagency teams and protocols to respond to and mitigate the effects of a disaster, whether natural, accidental, or a terrorist attack. Planning over the past year included continued development of the Unified Victim Identification System with the NYPD Missing Persons Unit, OEM and DoITT.

Capital Review

The 2008 - 2017 Ten-Year Capital Strategy totals \$284 million for facilities, new construction, renovation and equipment. The table below reflects planned capital expenditures over the 2008 - 2017 period.

Capital Commitments

(\$000's)

	2006		2007		2008		2009		2010		2011	
	Actual		Plan		Plan		Plan		Plan		Plan	
	City	All	City	All	City	All	City	All	City	All	City	All
	Funds	Funds	Funds	Funds	Funds	Funds	Funds	Funds	Funds	Funds	Funds	Funds
Administration	\$1,050	\$1,050	\$1,062	\$1,062	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Animal Care	\$226	\$226	\$2,687	\$2,687	\$4,303	\$4,303	\$0	\$0	\$0	\$0	\$10,947	\$10,947
Information Technology ..	\$6,270	\$6,270	\$31,313	\$31,313	\$20,100	\$20,100	\$5,545	\$5,545	\$1,300	\$1,300	\$5,096	\$5,096
Laboratories	\$18,692	\$18,692	\$9,670	\$9,670	\$2,157	\$2,157	\$187	\$187	\$0	\$0	\$25,849	\$25,849
OCME	\$6,317	\$6,317	\$6,326	\$6,326	\$18,182	\$18,182	\$9,262	\$9,262	\$1,575	\$1,575	\$4,333	\$4,333
Equipment	\$6,959	\$6,959	\$51,681	\$51,681	\$5,811	\$5,811	\$100	\$100	\$85	\$85	\$2,815	\$2,815
Renovation	24,299	24,299	80,444	80,444	35,234	35,234	20,029	20,029	6,263	6,263	10,656	10,656
Total	\$63,813	\$63,813	\$183,183	\$183,183	\$85,787	\$85,787	\$35,123	\$35,123	\$9,223	\$9,223	\$59,696	\$59,696

Highlights of the Ten-Year Capital Strategy

- design and renovation of clinics, including rehabilitation of the Riverside and Richmond Health Centers (\$113.6 million).
- information and technology improvements throughout the agency (\$69.4 million).
- equipment and construction of a new Bronx facility for the Office of Chief Medical Examiner (\$46.3 million).
- generator replacement and air balancing equipment at the Public Health Laboratory (\$28.2 million).
- funding for new Animal Care and Control centers in the Bronx and Queens (\$15.3 million).
- medical and laboratory equipment (\$39.8 million).

FIRE DEPARTMENT

The Fire Department is responsible for protecting the lives and the property of the citizens of New York City while responding to fire, medical and other emergencies, and investigating building hazards. The Fire Department extinguishes fires, promotes fire prevention awareness, investigates suspicious fires, provides ambulance and emergency medical services, and inspects for building safety. The Department currently has 356 fire units that provide fire and rescue and emergency medical services, while public outreach and enforcement of New York City's fire codes promote fire prevention. The Department's Fire Marshals investigate fires 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 pre-hospital emergency medical care and ambulance transport, where required.

Financial Review

The Fire Department's 2008 Executive Budget provides for operating expenses of \$1.5 billion, a decrease of \$13.4 million from the amount forecasted for 2007. This decrease is primarily due to funding reductions in expenses supported by Federal grant funding in 2008. While additional funding is anticipated, such funding decisions have not as yet been finalized at this point in the Federal review process.

Capital commitments of \$205.4 million are also provided in 2008. This represents a decrease of \$34.7 million, a 14.4 percent change, from the amount forecasted for 2007, primarily due to the advancement of equipment purchases funded with Federal grants in 2007.

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 2008, the revenue estimate for the Fire Department is \$63.4 million.

The Department also collects revenue from Emergency Medical Services (EMS) ambulance transports. In 2008, revenue from Medicaid and non-Medicaid sources is projected at \$135.3 million, which is \$0.1 million less than 2007. This EMS revenue projection is associated primarily with recently improved collections from commercial health insurers along with an increased number of hospital transports, offset slightly by reduced Medicaid reimbursement.

Expense Budget Highlights

Budgetary Priorities: Providing Core Services

- establish a new Citywide North Fire Marshal Command with 32 positions, at a cost of \$1.4 million.
- fund tentative collective bargaining agreement for Firefighters reached in 2007, entailing measures that improve productivity of the uniformed workforce, at a cost of \$59.3 million.
- expand academy training for new Firefighters from 13 weeks to 23 weeks, at a cost of \$12.4 million.
- provide more on-site emergency medical care and ambulance transport services citywide, with 8 additional municipal ambulance tours in response to call volume increases in Queens, at a cost of \$2.0 million.
- fund training for Emergency Medical Technicians and Paramedics to better recognize the signs of child abuse, at a cost of \$50,000.
- fund price increases for medical supplies and pharmaceuticals, at a cost of \$1.2 million.

Restructuring and Streamlining

- hire 22 Emergency Medical Technicians and Paramedics to replace the 6 voluntary tours discontinued by Kingsbrook Jewish and Wyckoff Hospitals, at a cost of \$861,094.
- hire 19 personnel to reduce the current backlog of facility repair work orders, improve maintenance of Departmental facilities, and reduce overtime spending at a cost of \$2.7 million.
- continue improved management of uniformed light-duty assignments, resulting in a savings of \$12.0 million.

The following table compares the 2008 Executive Budget with the 2008 Preliminary Budget, the 2007 forecast and actual expenditures for 2006, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services and debt service.

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

	2006 Actual	2007 Forecast	2008		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2007 Forecast	2008 Preliminary Budget
Expenditures						
Salary and Wages	\$1,258,698	\$1,286,828	\$1,257,956	\$1,312,404	\$25,576	\$54,448
Fringe Benefits	20,095	24,803	25,001	22,763	(2,040)	(2,238)
OTPS	133,532	173,494	132,298	136,571	(36,923)	4,273
Total	<u>\$1,412,325</u>	<u>\$1,485,125</u>	<u>\$1,415,255</u>	<u>\$1,471,738</u>	<u>(\$13,387)</u>	<u>\$56,483</u>
Funding						
City	\$1,246,048	\$1,275,862	\$1,250,447	\$1,302,570	\$26,708	\$52,123
Other Categorical Grants	130,835	133,031	130,581	134,941	1,910	4,360
IFA	—	—	—	—	—	—
State	1,901	1,846	1,846	1,846	—	—
Federal CD	—	—	—	—	—	—
Federal Other	28,527	65,218	22,038	22,038	(43,180)	—
Intra-City Other	5,014	9,168	10,343	10,343	1,175	—
Total	<u>\$1,412,325</u>	<u>\$1,485,125</u>	<u>\$1,415,255</u>	<u>\$1,471,738</u>	<u>(\$13,387)</u>	<u>\$56,483</u>
Additional Costs Centrally Funded						
Personal Services (PS) . .						
Fringe Benefits	\$523,307	\$537,787	\$521,808	\$515,810	(\$21,977)	(\$5,998)
Pensions	654,539	736,405	808,959	842,479	106,074	33,520
Other Than Personal Service (OTPS)						
Legal Services	5,007	5,218	5,297	5,254	36	(43)
Judgments and Claims . .	22,480	21,677	23,920	23,920	2,243	—
Debt Service	46,120	73,784	61,182	63,878	(9,906)	2,696
Total Additional Costs . .	<u>\$1,251,453</u>	<u>\$1,374,871</u>	<u>\$1,421,166</u>	<u>\$1,451,341</u>	<u>\$76,470</u>	<u>\$30,175</u>
Funding						
City	1,219,419	1,342,587	1,387,671	1,417,702	75,115	30,031
Non-City	32,034	32,284	33,495	33,639	1,355	144
Full Agency Costs (including Central Accounts)						
Salary and Wages	\$1,258,698	\$1,286,828	\$1,257,956	\$1,312,404	\$25,576	\$54,448
Fringe Benefits	543,402	562,590	546,809	538,573	(24,017)	(8,236)
Pensions	654,539	736,405	808,959	842,479	106,074	33,520
Total PS	<u>\$2,456,639</u>	<u>\$2,585,823</u>	<u>\$2,613,724</u>	<u>\$2,693,456</u>	<u>\$107,633</u>	<u>\$79,732</u>
OTPS	\$133,532	\$173,494	\$132,298	\$136,571	(\$36,923)	\$4,273
Legal Services	5,007	5,218	5,297	5,254	36	(43)
Judgments and Claims . .	22,480	21,677	23,920	23,920	2,243	—
Debt Service	46,120	73,784	61,182	63,878	(9,906)	2,696
Total OTPS	<u>\$207,139</u>	<u>\$274,173</u>	<u>\$222,697</u>	<u>\$229,623</u>	<u>(\$44,550)</u>	<u>\$6,926</u>
Total Agency Costs	\$2,663,778	\$2,859,996	\$2,836,421	\$2,923,079	\$63,083	\$86,658
Less Intra-City	\$5,014	\$9,168	\$10,343	\$10,343	\$1,175	\$—
Net Agency Cost	<u>\$2,658,764</u>	<u>\$2,850,828</u>	<u>\$2,826,078</u>	<u>\$2,912,736</u>	<u>\$61,908</u>	<u>\$86,658</u>
Funding						
City	2,465,467	2,618,449	2,638,118	2,720,272	101,823	82,154
Non-City	193,297	232,379	187,960	192,464	(39,915)	4,504
Personnel (includes FTEs at fiscal year-end)						
City	16,117	15,863	15,951	16,061	198	110
Non-City	23	49	31	31	(18)	—
Total	<u>16,140</u>	<u>15,912</u>	<u>15,982</u>	<u>16,092</u>	<u>180</u>	<u>110</u>

Programmatic Review

In 2007, the Department expects that well over one-half of the responses by fire companies will be 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 in 2008. The Department anticipates that its ambulances will respond to over one million medical incidents in 2008.

Fire Extinguishment

The Fire Department provides fire and rescue operations via 198 Engine Companies, 143 Ladder Companies, seven Squads, five Rescue Units, three Marine Companies, and one Hazardous Materials Unit.

Emergency Medical Services

The Department provides pre-hospital medical care through the deployment of on average 543 daily ambulance tours. 8 new EMS tours will be added as noted above. Engine Companies' personnel have received CFR-D training, and re-certification continues for those whose initial certification will expire.

Fire Prevention

The Bureau of Fire Prevention is responsible for enforcing the City's fire code through the inspection of public and private properties. The Bureau will be expanded to focus on fire alarm inspections and public building inspections. The Bureau is also working with the Legal Division on the fire code revision project.

Fire Investigation

The Bureau of Fire Investigation is responsible for investigating and determining the cause and origin of all suspicious fires, and for the apprehension of arsonists. The Department will deploy 110 Fire Marshals to field duty in 2008, including 32 new positions for the Citywide North Command.

Capital Review

The 2008-2017 Ten Year-Year Capital Strategy totals \$1,023.8 million. This funding will be used for the purchase of fire-fighting apparatus, support vehicles, fire suppression and emergency medical equipment, the renovation and modernization of firehouses and other facilities, and the upgrade and replacement of computer and communications systems.

The City is undertaking significant upgrade and enhancements to its 911 Emergency Dispatch System. The majority of the capital funding for this initiative, known as the Emergency Communications Transformation Program (ECTP), is contained within the capital budget of the Department of Information Technology and Telecommunications (DoITT). In conjunction with the NYPD and DoITT, FDNY is working to develop an integrated 911 dispatch system that will bolster the City's critical emergency response capabilities. This project includes the development of a consolidated dispatch system, an upgraded telecommunications infrastructure, and redundant call-taking and dispatch centers. In 2008, the first phase of the integrated NYPD and FDNY Public Safety Answering Center (PSAC I) will be completed, and the City will begin the design of a back-up Public Safety Answering Center (PSAC II).

Capital Commitments

(\$000's)

	2006 Actual		2007 Plan		2008 Plan		2009 Plan		2010 Plan		2011 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 Communication	\$17,049	\$17,049	\$20,917	\$23,418	\$2,011	\$2,011	\$1,616	\$1,616	\$1,655	\$1,655	\$6,429	\$6,429
Electronic Data Processing	7,310	7,310	31,341	37,474	3,335	3,335	3,842	3,842	1,872	1,872	300	300
Reconstruction/Modernization of Facilities	77,328	84,921	108,906	110,454	141,325	141,325	56,291	56,291	46,859	46,859	120,578	120,578
Vehicles and Equipment	5,381	5,381	48,384	68,766	58,778	58,778	42,892	42,892	35,528	35,528	83,800	83,800
Total	<u>\$107,068</u>	<u>\$114,661</u>	<u>\$209,548</u>	<u>\$240,112</u>	<u>\$205,449</u>	<u>\$205,449</u>	<u>\$104,641</u>	<u>\$104,641</u>	<u>\$85,914</u>	<u>\$85,914</u>	<u>\$211,107</u>	<u>\$211,107</u>

Highlights of the 2008-2017 Ten-Year Capital Strategy and 2008-2011 Four-Year Plan

- the replacement of front-line fire-fighting apparatus according to mandated replacement cycles as well as support vehicles and equipment (\$442.5 million, including \$210.0 million in 2008-2011).
- the renovation of firehouse components such as boilers, electrical upgrades, kitchens, roofs, bathrooms, waterproofing, apparatus doors, floors, and windows (\$251.6 million, including \$112.5 million in 2008-2011).
- the design and construction of six new EMS Stations, including the replacement or relocation of three existing stations (\$72.9 million).
- the reconstruction of the existing Fleet Maintenance building, and replacement of the Ambulance Maintenance facility (\$141.9 million).
- the upgrade of emergency communications systems and radio equipment (\$19.3 million).
- professional services for the upgrade and integration of the communication systems for emergency response and dispatch (\$14.9 million).
- information technology systems improvements and equipment replacement (\$11.6 million).

The 2008 Plan for the Department totals \$205.4 million and highlights include:

- the replacement of front-line fire-fighting apparatus, support vehicles, fireboats, and equipment (\$58.8 million).
- the renovation of firehouse components such as boilers, electrical upgrades, kitchens, roofs, bathrooms, waterproofing, apparatus doors, floors, and windows (\$35.8 million).
- the rehabilitation of Rescue Company Two firehouse in Brooklyn (\$10.0 million).
- the rehabilitation of Engine Company 293 in Queens (\$5.6 million).
- the construction of a new Chaffer Training Course (\$4.3 million) and a security fence (\$1.3 million) for the Randall's Island Fire Academy.

- the construction of a storage facility on Staten Island for Disaster Response Equipment and Apparatus (\$4.0 million).
- the construction of a new EMS Station to replace the existing station located at Queens General Hospital (\$13.5 million).
- the construction of a new EMS Station in Greenpoint, Brooklyn (\$6.0 million).
- the design and acquisition for the replacement of the ambulance maintenance facility (\$20 million).
- the upgrading and replacement of computer and communications systems (\$3.3 million).

DEPARTMENT OF SANITATION

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

Financial Review

The Department of Sanitation's 2008 Executive Budget provides for operating expenses of \$1.2 billion, an increase of \$57.3 million from the 2007 forecast. This increase is primarily due to rising personnel costs, as well as higher waste disposal costs including waste export and landfill closure contracts.

Capital commitments of \$401.5 million are also provided in 2008, an increase of \$204.5 million from the 2007 Plan amount. This increase is primarily due to planned commitments for site acquisitions, as well as the upgrade and expansion of the Department's Sanitation Control and Analysis Network (SCAN) information system.

Revenue Forecast

The Department of Sanitation generates revenue from contracts for the removal of abandoned vehicles from City streets and property, from concession fees on methane gas extracted from the Fresh Kills landfill, from the sale of recycled paper and metal to private processors, and from an assortment of miscellaneous fees and minor sales. The Department's 2008 revenue estimate is \$18.5 million from these sources, compared to \$32.2 million in 2007. The 2007 revenue estimate includes the final payment of a revenue sharing fee from the previous methane gas extraction concessionaire.

Expense Budget Highlights

Budgetary Priorities: Providing Core Services

- ongoing programs to promote recycling and waste prevention in the City will be funded at approximately \$8.5 million. The Golden Apple Awards Program to reward innovation and commitment to recycling and waste prevention in City schools will expand to twice its current size, awarding almost \$300,000 in prizes. The newly established, SWMP-mandated Office of Outreach and Education (OROE) (funded at \$1.1 million in 2008) will work in tandem with the Department's own efforts to promote recycling in the City. A compost facility and new technology siting task force will study the feasibility of finding new sites in the City for alternative waste disposal facilities.
- increased costs for core Department waste disposal related activities necessitate \$15 million additional funding in 2008. This funding will address higher prices for both landfill closure and waste export contracts.
- a collective bargaining agreement for Sanitation Officers improves productivity while reducing overtime spending. Funding the agreement required \$15.7 million in FY07, with lower amounts thereafter.
- the Department's snow removal budget has been decreased by \$1.3 million, based on the previous five-year spending average.

Restructuring and Streamlining

- after a successful trial in the Bronx this year, the Department will expand use of cleaner burning biodiesel fuel to all its collection vehicles Citywide in 2008, at an increase of \$500,000 for annual fuel expenditures.
- the Department will begin a workforce development program for Job Training Participants (JTPs) in 2008. Referred through the City's Human Resources Administration (HRA), the JTPs will gain custodial and

clerical work experience at Sanitation garages while receiving job skills training and assistance finding permanent employment.

- through aggressive hiring, the Department is able to maintain its budgeted headcount for uniformed workers and foresees doing so in the coming years. This has resulted in lower than expected overtime costs, saving \$7.8 million in overtime and associated differentials in 2008.

Summary of Agency Financial Data

The following table compares the 2008 Executive Budget with the 2008 Preliminary Budget, the 2007 forecast and actual expenditures for 2006, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services and debt service.

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

	2006 Actual	2007 Forecast	2008		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2007 Forecast	2008 Preliminary Budget
Expenditures						
Salary and Wages	\$649,674	\$685,798	\$712,471	\$702,424	\$16,626	(\$10,047)
Fringe Benefits	19,972	20,593	20,472	20,472	(121)	—
OTPS	425,248	479,240	516,787	520,071	40,831	3,284
Total	<u>\$1,094,894</u>	<u>\$1,185,631</u>	<u>\$1,249,730</u>	<u>\$1,242,967</u>	<u>\$57,336</u>	<u>(\$6,763)</u>
Funding						
City	\$1,049,104	\$1,156,113	\$1,223,036	\$1,211,570	\$55,457	(\$11,466)
Other Categorical Grants	2,092	2,269	1,100	1,100	(1,169)	—
IFA	9,584	11,378	11,432	11,818	440	386
State	20,842	160	—	2,401	2,241	2,401
Federal CD	11,976	13,640	13,186	13,582	(58)	396
Federal Other	2	590	—	—	(590)	—
Intra-City Other	1,294	1,481	976	2,496	1,015	1,520
Total	<u>\$1,094,894</u>	<u>\$1,185,631</u>	<u>\$1,249,730</u>	<u>\$1,242,967</u>	<u>\$57,336</u>	<u>(\$6,763)</u>
Additional Costs Centrally Funded						
Personal Services (PS) . .						
Fringe Benefits	\$308,312	\$328,396	\$316,588	\$313,475	(\$14,921)	(\$3,113)
Pensions	96,292	139,140	177,773	177,808	38,668	35
Other Than Personal Service (OTPS)						
Legal Services	5,426	6,905	6,703	6,479	(426)	(224)
Judgments and Claims . .	20,527	25,193	27,800	27,800	2,607	—
Debt Service	149,538	238,344	203,128	205,840	(32,504)	2,712
Total Additional Costs . .	<u>\$580,095</u>	<u>\$737,978</u>	<u>\$731,992</u>	<u>\$731,402</u>	<u>(\$6,576)</u>	<u>(\$590)</u>
Funding						
City	561,491	725,823	718,856	717,943	(7,880)	(913)
Non-City	18,604	12,155	13,136	13,459	1,304	323
Full Agency Costs (including Central Accounts)						
Salary and Wages	\$649,674	\$685,798	\$712,471	\$702,424	\$16,626	(\$10,047)
Fringe Benefits	328,284	348,989	337,060	333,947	(15,042)	(3,113)
Pensions	96,292	139,140	177,773	177,808	38,668	35
Total PS	<u>\$1,074,250</u>	<u>\$1,173,927</u>	<u>\$1,227,304</u>	<u>\$1,214,179</u>	<u>\$40,252</u>	<u>(\$13,125)</u>
OTPS	\$425,248	\$479,240	\$516,787	\$520,071	\$40,831	\$3,284
Legal Services	5,426	6,905	6,703	6,479	(426)	(224)
Judgments and Claims . .	20,527	25,193	27,800	27,800	2,607	—
Debt Service	149,538	238,344	203,128	205,840	(32,504)	2,712
Total OTPS	<u>\$600,739</u>	<u>\$749,682</u>	<u>\$754,418</u>	<u>\$760,190</u>	<u>\$10,508</u>	<u>\$5,772</u>
Total Agency Costs	\$1,674,989	\$1,923,609	\$1,981,722	\$1,974,369	\$50,760	(\$7,353)
Less Intra-City	\$1,294	\$1,481	\$976	\$2,496	\$1,015	\$1,520
Net Agency Cost	<u>\$1,673,695</u>	<u>\$1,922,128</u>	<u>\$1,980,746</u>	<u>\$1,971,873</u>	<u>\$49,745</u>	<u>(\$8,873)</u>
Funding						
City	1,610,595	1,881,936	1,941,892	1,929,513	47,577	(12,379)
Non-City	63,100	40,192	38,854	42,360	2,168	3,506
Personnel (includes FTEs at fiscal year-end)						
City	9,417	9,693	9,695	9,746	53	51
Non-City	341	389	389	387	(2)	(2)
Total	<u>9,758</u>	<u>10,082</u>	<u>10,084</u>	<u>10,133</u>	<u>51</u>	<u>49</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.

Long Term Solid Waste Management

In July 2002, the Mayor asked the Department of Sanitation to develop a new City waste export infrastructure to replace the existing contracts, limit truck-based export and maximize the export of containerized waste by barge or rail. The Mayor directed the Department to focus on the conversion of existing Marine Transfer Stations for barge export from four Boroughs and to build a facility to export Staten Island waste by rail. The resulting Solid Waste Management Plan (SWMP) was approved by the City Council in July 2006 and by the State Department of Environmental Conservation in October 2006.

In accordance with the SWMP, the Department has designed new containerization facilities to be built at four Marine Transfer Station sites for the Department-managed waste. Through procurement solicitations, the Department also obtained proposals from vendors interested in providing long-term waste services at the Marine Transfer Stations, as well as private vendor proposals that offer alternatives to the conversion of certain Marine Transfer Stations.

For Staten Island waste, the Department has begun operation of a facility at a site at the closed Fresh Kills landfill that containerizes waste for rail transport via a recently opened rail link connecting Staten Island to the national rail freight network.

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

The 2008-2017 Ten-Year Capital Strategy provides \$544.7 million for the implementation of the City's Solid Waste Management Plan. This includes \$452.7 million allocated in the 2008-2011 Four-Year Plan.

Bureau of Waste Prevention, Re-use, and Recycling

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

In accordance with the recently approved SWMP, the Department is conducting two pilot recycling programs in 2007. A public recycling pilot testing the feasibility of recycling bins in transportation hubs, parks, and commercial districts began on April 2. A spring yard waste collection pilot is scheduled for May 2007 in Staten Island districts.

In 2007, the paper recycling program has generated an average of \$8.89 of revenue per ton from various vendors or \$3.4 million per year while the City is paying \$57.00 per ton for metal, glass and plastic (MGP) processing.

Bureau of Cleaning and Collection

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

Currently, BCC provides refuse collection services two to three times a week depending on the population density of the community. During 2007, the Department's curbside collection program has averaged 10.3 tons per truck year-to-date.

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.

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

Support Bureaus

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

The Bureau of Building Maintenance continues to provide facility management services. BBM provides maintenance and emergency repair work for the Department's 204 facilities. BBM is also working in conjunction with the New York Power Authority to reduce the Department's overall electrical consumption, particularly peak loads during high temperature summer days.

Capital Review

The Department's 2008-2017 Ten-Year Capital Strategy totals \$2.9 billion. The Ten-Year Capital Strategy provides the Department with funding to construct, rehabilitate, purchase, and develop the necessary infrastructure and assets to support refuse collection, recycling, cleaning, waste disposal, and support operations. The Department's Ten-Year Capital Strategy consists of three major components - garage construction and rehabilitation, transfer station renovation and construction, and vehicle purchases. These three major programs represent 95.1 percent of the total 2008-2017 Ten-Year Capital Strategy.

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

Capital Commitments

(\$ in 000's)

	2006 Actual		2007 Plan		2008 Plan		2009 Plan		2010 Plan		2011 Plan	
	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds
Waste Disposal	-\$4,472	-\$4,472	-\$7,174	-\$7,174	\$14,650	\$14,650	\$0	\$0	\$0	\$0	\$17,500	\$17,500
Solid Waste Management	14,385	14,385	44,397	44,397	40,275	44,875	346,556	346,556	0	0	61,234	61,234
Garages	11,445	11,445	41,006	41,006	170,585	170,585	228,096	228,096	146,976	146,976	137,415	137,415
Equipment	55,416	55,416	118,717	118,717	169,184	171,368	125,953	125,953	119,787	119,787	139,907	139,907
Total	<u>\$76,774</u>	<u>\$76,774</u>	<u>\$196,946</u>	<u>\$196,946</u>	<u>\$394,694</u>	<u>\$401,478</u>	<u>\$700,605</u>	<u>\$700,605</u>	<u>\$266,763</u>	<u>\$266,763</u>	<u>\$356,056</u>	<u>\$356,056</u>

Highlights of the 2008-2017 Ten-Year Capital Strategy and 2008-2011 Four-Year Plan

- construction and rehabilitation of garages (\$1,018.3 million): including Manhattan 1/2/5 Garage (\$166.7 million); Manhattan 6/8/8A Garage (\$165.9 million); Staten Island 3 Garage and Borough Shop (\$66.3 million); Brooklyn 13/15 Garage (\$48.2 million); Brooklyn 3/3A Garage (\$72.3 million); and Staten Island 1 Garage (\$43.5 million).
- construction and renovation of transfer stations in accordance with the City's Long Term Solid Waste Management Plan (\$496.3 million).
- replacement of vehicles (\$1,257.9 million), which includes \$503.7 million in the 2008-2011 Four-Year Plan.
- upgrading and expansion of the Sanitation Control and Analysis Network (SCAN), the information system for staffing, equipment, and other operational activities (\$27.6 million).
- purchase and placement of clean soils at the former Fresh Kills Landfill for future park use (\$28.0 million).

The 2008 Capital Plan provides \$401.5 million in 2008 including:

- marine dredging, pier work, and site preparation for a recycling facility to be built at the South Brooklyn Marine Terminal (\$33.8 million).
- construction and equipment purchase for the City's four composting facilities (\$5.5 million).
- replacement of mechanical brooms, collection trucks, salt spreaders and other vehicles (\$127.1 million), including \$2.2 million in Federal grant funding for vehicles using compressed natural gas and hybrid technology.
- design of the Staten Island 1 Garage (\$1.7 million) and the Brooklyn 13/15 Garage (\$2.3 million); citywide component rehabilitation (\$23.7 million); site acquisition for Manhattan 1/2/5 Garage (\$24.0 million); completion and initial outfitting of Brooklyn 1/4 Garage (\$1.5 million).
- construction and renovation of salt sheds, citywide (\$14.7 million).
- phase I of a new program testing AVL/GPS (Automated Vehicle Locator/Global Positioning System) technology in collection vehicles for advanced reporting and monitoring of collection operations (\$3.4 million).

DEPARTMENT OF PARKS AND RECREATION

The Department of Parks and Recreation maintains one of the oldest and most extensive municipal park systems in the country. The Department is responsible for more than 29,000 acres of developed, natural, and undeveloped parkland, which constitutes 14 percent of the City's landmass. The municipal park system includes 990 playgrounds, 800 athletic fields, over 600 comfort stations, 550 tennis courts, 14 miles of beaches, 63 swimming pools, 30 recreation centers, seven community centers, 13 field houses, 17 nature centers, 13 golf courses, six ice rinks, five stadia, and three zoos. The Department is also responsible for the care of 1,200 monuments, 22 historic house museums and the cultivation of 2.5 million park and street trees.

Financial Review

The 2008 Executive Budget for the Department provides for operating expenses of \$355.5 million, which represents a net increase of \$13.9 million from the amount forecasted in 2007. This increase is primarily due to additional funding provided for parks maintenance, tree pruning, and project management for PlaNYC 2030 initiatives, offset by a projected decrease in expenses supported with grant funding.

Capital commitments for 2008 of \$784.5 million are also provided, an increase of \$39.9 million from the 2007 capital plan of \$744.6 million. This increase is due primarily to the expected 2008 commitments for PlaNYC 2030 tree planting and park, playground, and field designs.

Revenue Forecast

The Department of Parks and Recreation issues recreational permits, collects revenue from stadium rentals, and receives revenue generated by concessions operated on Parks property. The Department will collect \$82.7 million from these sources in 2008, compared to \$78 million in 2007. The 2008 increase reflects a contribution from the Triborough Bridge and Tunnel Authority.

Expense Budget Highlights

Budgetary Priorities: Providing Core Services

- maintaining the City's parks, playgrounds, infrastructure, and safety equipment, while maintaining the level of acceptable ratings for the cleanliness and overall condition of parks. The budget re-classifies 192 per diems to full-time status and adds 309 full-time positions for the maintenance of new and existing playgrounds and parks. In addition, funding for 359 positions is baselined for seasonal, gardener and Parks Enforcement Patrol officer positions.
- sustaining parks through workforce transformation programs. Parks maintenance funding is also provided by the City's Human Resources Administration for the Parks Opportunity Program. This program provides a workforce to the Parks Department to maintain and operate its parks, while helping to train and employ public assistance recipients. The 2008 budget includes funding for an additional 132 participants.
- operating pools and beaches, and employing lifeguards at beaches. The 2008 budget includes the continuation of a \$6 million allocation to provide the necessary staff for the operation and maintenance of swimming pools and other recreation facilities during the summer months.
- maintaining street trees, park flora and fauna. The 2008 budget includes \$8.1 million and 70 new positions for tree pruning, dead tree removal, reforestation, contract inspection, and administration supporting a variety of forestry initiatives, including increasing the City's street tree inventory by 23,000 trees annually as part of the City's PlaNYC 2030. In addition, the 2008 budget includes over \$5 million for the removal of wood waste in areas affected by the Asian Longhorned Beetle infestation throughout the New York City area, preventing further infestation and damage to the City's trees.

- designing and supervising park construction. The 2008 budget includes an increase of 83 full time positions for the Capital Projects Division that is responsible for redesigning and rebuilding the agency's more than 1,700 sites throughout the city. Of the new positions, 23 are provided for the continued project management of dozens of parks projects in the Bronx mitigating the impact of the Croton Filtration Plant construction in Van Cortlandt Park. The other 60 positions are provided for the design and supervision of the construction of parks, playgrounds, and fields, as well as tree planting related to PlaNYC 2030.
- the 2008 budget also includes \$9.9 million to subsidize the Wildlife Conservation Society for the operation of the Central Park Zoo, the Prospect Park Zoo and the Queens Wildlife Center. This represents an increase of \$1.0 million from the 2007 subsidy of \$8.9 million due to an increase in labor costs.

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

	2006 Actual	2007 Forecast	2008		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2007 Forecast	2008 Preliminary Budget
Expenditures						
Salary and Wages	\$233,347	\$253,013	\$254,957	\$267,282	\$14,269	\$12,325
Fringe Benefits	1,289	2,292	1,341	1,341	(951)	—
OTPS	73,567	86,313	77,772	86,845	532	9,073
Total	<u>\$308,203</u>	<u>\$341,618</u>	<u>\$334,070</u>	<u>\$355,468</u>	<u>\$13,850</u>	<u>\$21,398</u>
Funding						
City	\$221,867	\$250,989	\$252,337	\$269,136	\$18,147	\$16,799
Other Categorical Grants	14,448	10,551	4,242	4,242	(6,309)	—
IFA	19,834	25,727	26,057	29,929	4,202	3,872
State	602	2,095	—	—	(2,095)	—
Federal CD	6,519	2,703	2,465	2,465	(238)	—
Federal Other	1,137	1,411	—	—	(1,411)	—
Intra-City Other	43,794	48,142	48,969	49,696	1,554	727
Total	<u>\$308,203</u>	<u>\$341,618</u>	<u>\$334,070</u>	<u>\$355,468</u>	<u>\$13,850</u>	<u>\$21,398</u>
Additional Costs Centrally Funded						
Personal Services (PS) . .						
Fringe Benefits	\$77,441	\$85,211	\$92,246	\$93,329	\$8,118	\$1,083
Pensions	16,515	23,378	27,644	29,951	6,573	2,307
Other Than Personal Service (OTPS)						
Legal Services	5,124	6,469	7,292	6,069	(400)	(1,223)
Judgments and Claims .	8,153	16,620	18,340	18,340	1,720	—
Debt Service	118,743	197,965	177,155	170,968	(26,997)	(6,187)
Total Additional Costs . .	<u>\$225,976</u>	<u>\$329,643</u>	<u>\$322,677</u>	<u>\$318,657</u>	<u>(\$10,986)</u>	<u>(\$4,020)</u>
Funding						
City	211,962	322,300	314,076	310,156	(12,144)	(3,920)
Non-City	14,014	7,343	8,601	8,501	1,158	(100)
Full Agency Costs (including Central Accounts)						
Salary and Wages	\$233,347	\$253,013	\$254,957	\$267,282	\$14,269	\$12,325
Fringe Benefits	78,730	87,503	93,587	94,670	7,167	1,083
Pensions	16,515	23,378	27,644	29,951	6,573	2,307
Total PS	<u>\$328,592</u>	<u>\$363,894</u>	<u>\$376,188</u>	<u>\$391,903</u>	<u>\$28,009</u>	<u>\$15,715</u>
OTPS	\$73,567	\$86,313	\$77,772	\$86,845	\$532	\$9,073
Legal Services	5,124	6,469	7,292	6,069	(400)	(1,223)
Judgments and Claims . .	8,153	16,620	18,340	18,340	1,720	—
Debt Service	118,743	197,965	177,155	170,968	(26,997)	(6,187)
Total OTPS	<u>\$205,587</u>	<u>\$307,367</u>	<u>\$280,559</u>	<u>\$282,222</u>	<u>(\$25,145)</u>	<u>\$1,663</u>
Total Agency Costs	\$534,179	\$671,261	\$656,747	\$674,125	\$2,864	\$17,378
Less Intra-City	\$43,794	\$48,142	\$48,969	\$49,696	\$1,554	\$727
Net Agency Cost	<u>\$490,385</u>	<u>\$623,119</u>	<u>\$607,778</u>	<u>\$624,429</u>	<u>\$1,310</u>	<u>\$16,651</u>
Funding						
City	433,829	573,289	566,413	579,292	6,003	12,879
Non-City	56,556	49,830	41,365	45,137	(4,693)	3,772
Personnel (includes FTEs at fiscal year-end)						
City	6,968	6,392	6,482	6,731	339	249
Non-City	439	552	496	556	4	60
Total	<u>7,407</u>	<u>6,944</u>	<u>6,978</u>	<u>7,287</u>	<u>343</u>	<u>309</u>

Programmatic Review

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

Maintaining Parks

The Department of Parks and Recreation will continue to optimize its full-time and seasonal staffing resources in order to maintain cleanliness in all parks and playgrounds citywide.

In addition, the Department continues to reconstruct asphalt or barren athletic fields, converting them to fields carpeted with synthetic turf. This initiative maximizes recreational use of the fields, which can then sustain year-round play. Furthermore, the program reduces maintenance costs by eliminating the need to irrigate, mow, weed, fertilize or seed and requires no chemical fertilizers, pesticides, herbicides or fungicides (as grass fields require). This allows the Department to shift resources to heavily utilized natural turf fields.

Expanding Public-Private Partnerships

The Department of Parks and Recreation continues to explore a variety of opportunities to increase resources for specific programmatic allocation. In the past, the Department has received support for capital projects, maintenance, programming and special events from non-profit partners like the Central Park Conservancy, the Prospect Park Alliance, and the Greenbelt Conservancy. The Department will expand its support from private partnerships as it constructs the new High Line Park, with support from Friends of the High Line, and as it builds parks and greenways along the Bronx River with the help of the Bronx River Alliance.

The Neighborhood Parks Initiative (NPI), a program that assigns 30 assistant gardeners to 30 neighborhood parks across the city, continues in its third year with the support of the Central Park Conservancy and City Parks Foundation. As the City adds more gardeners to take care of additional neighborhood parks, the Central Park Conservancy is continuing its role in training the staff.

In 2006, the Department completed Trees Count! and the 2005-2006 Street Tree Census. Over 1,000 volunteers learned about 30-plus species of street trees in New York City, and how to identify them and then walked block by block counting and identifying the species. Trees Count! tabulated almost 600,000 trees and generated significant data on the species, condition, and size of the trees as well as documented empty tree pits that will be filled over the coming years as part of the PlaNYC 2030 initiative.

Recreational Services

In an effort to support improvements to its recreation centers (including the Greenbelt Recreation Center in Staten Island that opened on April 16, 2007, and the Fowler Center in Queens that will open later this year), the 2008 Budget calls for the Department to collect revenue from membership sales and programs at its centers. In an effort to promote cultural, recreational, and academic enrichment, the Department offers free after-school programs in its recreation centers citywide. The Department continues to make children a priority through programs such as Shape Up New York, Teens at Parks and Parks Afterschool, which encourage physical and mental health as well as developing leadership, teambuilding and creative skills throughout the City during the entire school year.

Capital Review

The 2008-2017 Ten-Year Capital Strategy totals \$2.7 billion, including \$162.9 million of non-city funding. The first four years total \$2.1 billion, including \$162.9 million of non-city funding. The table below shows capital commitments by program area over the 2006-2011 period.

Capital Commitments

(\$000's)

Ten Year Plan Category	2006 Actual		2007 Plan		2008 Plan		2009 Plan		2010 Plan		2011 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	\$2,887	\$3,062	\$3,946	\$3,946	\$1,822	\$2,822	\$1,798	\$4,998	\$2,200	\$2,200	\$1,000	\$1,000
Land Acquisition and Tree Planting	28,693	29,724	52,209	52,579	56,595	57,152	56,134	56,882	47,486	47,486	47,609	47,609
Major Recreation Facilities	46,517	46,967	251,086	253,910	84,080	84,510	70,272	70,297	26,032	26,032	14,689	14,689
Neighborhood Parks and Playgrounds	59,169	69,402	113,554	130,096	93,322	125,171	201,291	206,413	14,100	14,100	21,000	21,000
Vehicles, Equipment and Facility Reconstruction	14,375	14,375	23,014	23,284	7,354	7,354	6,835	6,835	6,831	6,831	9,102	9,102
Large, Major and Regional Park Reconstruction	106,768	112,148	234,633	273,273	398,193	497,521	234,761	252,180	477,768	481,016	23,067	23,067
Zoos	3,338	3,338	7,463	7,463	9,924	9,924	595	595	590	590	790	790
Total	\$261,747	\$279,016	\$685,905	\$744,551	\$651,290	\$784,454	\$571,686	\$598,200	\$575,007	\$578,255	\$117,257	\$117,257

Highlights of the 2008-2017 Ten Year Capital Strategy and 2008-2011 Four-Year Plan

- development of eight regional parks throughout the City as part of PlaNYC 2030, including construction of soccer complexes in Soundview Park in the Bronx (\$36.3 million) and in Dreier-Offerman Park in Brooklyn (\$40.0 million), rehabilitation of Arverne/Rockaway Beach in Queens (\$40.0 million), construction of soccer and volleyball areas in Ft. Washington Park in Manhattan (\$40.0 million), re-opening of McCarren Park and Pool in Brooklyn (\$50.1 million), construction of a new cricket complex at Highland Park in Queens (\$60.0 million), construction of athletic fields at Ocean Breeze Park in Staten Island (\$70.0 million), and the restoration of the historic High Bridge over the Harlem River (\$60.0 million).
- planting of trees as part of PlaNYC 2030, including the planting of approximately 15,500 new street trees annually (\$245.9 million), the restocking of parks with saplings (\$118.8 million), and the construction of 80 greenstreets per year between 2008 and 2012 (\$15.0 million).
- reconstruction of school playgrounds to make them accessible to the public during non-school hours as part of PlaNYC 2030 (\$96.4 million).
- construction of a new park at Fresh Kills in Staten Island, including fields, pathways, roadways, and other park features (\$171.8 million, including \$125.0 million in 2008-2011).
- construction of replacement parkland in the Bronx necessitated by the construction of the new Yankee Stadium (\$155.0 million).
- development of open space along the Greenpoint and Williamsburg waterfronts (\$130.9 million).

- continued design and construction for the new High Line Park in Manhattan (\$114.3 million, including \$37.0 million in non-city funds).
- construction of sports fields and underground infrastructure at Randall's Island (\$91.3 million, including \$17.9 million in DEP funding).
- construction of the new Brooklyn Bridge Park in Brooklyn (\$37.8 million).
- construction of Hudson River Park in Manhattan (\$38.9 million).
- construction of the new Elmhurst Keyspan Park (\$9.2 million) and Fort Totten Park in Queens (\$8.7 million).
- improvements to Central Park in Manhattan (\$21.4 million).
- construction of Ferry Point Park in the Bronx (\$45.2 million).
- development of dozens of Bronx parks as mitigation for the Croton Filtration Plant construction in Van Cortlandt Park (\$133.4 million, of which \$123.2 million is DEP funding).
- reconstruction and replacement of safety surfaces, play equipment and paths in neighborhood parks and playgrounds citywide (\$185.4 million).

The 2008 Plan for the Department totals \$784.4 million (including \$133.2 million in non-city funding) and highlights include:

- replacement of a pedestrian bridge in the Bronx connecting Yankee Stadium to a new Metro-North railroad station and a new waterfront park (\$6.5 million in 2008, following \$38 million in 2007).
- development of riverfront parkland along the Bronx River (\$36.3 million, including \$7.7 million in non-city funding, \$8.1 million in EDC funding, \$19.8 million in DEP Croton funding).
- restoration of grassland in Marine Park White Island in Brooklyn (\$13.7 million).
- construction of the Prospect Park Skating Rink in Brooklyn (\$21.9 million).
- acquisition of Goodhue Woods Park in Staten Island (\$8.9 million).
- construction of College Point Sports Park in Queens (\$6.5 million).
- reconstruction of Cooper Square/Astor Place in Manhattan to make it a pedestrian plaza (\$2.0 million).
- phase II of reconstruction of Baisley Pond Park in Queens (\$2.1 million in non-city funds).
- acquisition and reconstruction of Delury Square in Manhattan (\$4.9 million in non-city funds).
- renovation of Washington Square Park (\$8.5 million) in Manhattan.
- reconstruction in Flushing Meadows Corona Park in Queens (\$5.4 million, including \$1.1 million in non-city funding).
- creation of a new Amur Leopard exhibit at the Prospect Park Zoo in Brooklyn (\$3.3 million) and a new Snow Leopard exhibit at the Central Park Zoo in Manhattan (\$6.1 million).

DEPARTMENT OF ENVIRONMENTAL PROTECTION

The primary mission of the Department of Environmental Protection (DEP) is to protect the environmental health, welfare and natural resources of New York City and its residents. To this end, DEP is responsible for 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 construction, reconstruction and upgrading 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. The Department's capital program is financed through the New York City Municipal Water Finance Authority (the "Water Authority").

Financial Review

The Department of Environmental Protection's 2008 Executive Budget provides \$955.6 million in operating expenses, an increase of \$65.8 million from the amount forecast for 2007. It also provides capital commitments of \$3.4 billion in Water Finance Authority Funds, \$43.6 million in City General Obligation Funds, and \$111.0 million in non-City funds.

Revenue Forecast

The Department collects revenue from environmental quality permits, the sale of hydro-energy to upstate power utilities, property rentals, summonses adjudicated before the Environmental Control Board (ECB), and other fees. The revenue estimate for 2008 is \$80.2 million. The Bureau of Environmental Compliance regulates air, noise and hazardous materials, performs inspections, issues licenses and permits, and reviews technical plans related to asbestos control, air quality, and noise abatement laws. The Bureau will collect \$11.0 million from these sources in 2008. The Environmental Control Board will collect \$63.3 million in 2008.

In addition, DEP also gathers the data used to generate bills for customers of, and collects water and sewer fees for, the New York City Water Board. DEP projects approximately \$2.3 billion in water and sewer revenue for 2008.

Expense Budget Highlights

Budgetary Priorities: Providing Core Services

- DEP supplies approximately 1.3 billion gallons per day of drinking water to eight million City residents and one million upstate residents, and maintains the City's water main and sewer infrastructure. Approximately 2,400 personnel and \$390.0 million are dedicated to this function.
- DEP treats approximately 1.3 billion gallons of dry-weather sewage per day at the City's 14 Water Pollution Control Plants (WPCPs). Approximately 2,000 personnel and \$360.0 million are dedicated to this function.
- the Department will add \$20.6 million in funding to improve operations at the City's 14 WPCP's, including \$7.0 million to reduce nitrogen levels in the Long Island Sound.
- the Department will continue to address health and safety concerns for DEP employees with an increase of \$4.1 million and 44 positions to enhance this function within the Bureau of Water Supply.
- the Department's police force protects the upstate watershed and is comprised of 216 positions including 188 environmental police officers (\$11.3 million).

- the Department enforces the City’s air and noise codes, responds to hazardous materials emergencies and adjudicates environmental violations through the Environmental Control Board, with 320 personnel and \$30.8 million dedicated to this function.
- the Department will expand the Brownfields Office within the Office of Environmental Coordination by adding 25 positions and \$1.0 million in funding.
- the Department will provide an additional 11 positions and \$3.4 million in funding to address health and safety concerns for employees within the Bureau of Water and Sewer Operations.
- the Department will contract out for sewer dragging services to alleviate the accumulation of debris and silt (\$0.3 million in 2008 and \$3.9 million in 2009). The sewers to be cleaned are located beneath Shell Road and Williamsburg Street in Brooklyn, as well as Pugsley Avenue and Zerega Avenue in the Bronx.

Restructuring and Streamlining

- DEP will continue to improve revenue collection with an additional \$3.3 million provided to the Bureau of Customer Services. This includes a supplemental “Hard-to-Access” meter reading contract designed to target locations where actual water meter reads have been difficult to obtain.

Summary of Agency Financial Data

The following table compares the 2008 Executive Budget with the 2008 Preliminary Budget, the 2007 forecast and actual expenditures for 2006, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services and debt service.

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

	2006 Actual	2007 Forecast	2008		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2007 Forecast	2008 Preliminary Budget
Expenditures						
Salary and Wages	\$364,691	\$383,508	\$383,983	\$392,008	\$8,500	\$8,025
Fringe Benefits	2,493	3,064	2,269	2,269	(795)	—
OTPS	437,208	503,209	497,546	561,299	58,090	63,753
Total	<u>\$804,392</u>	<u>\$889,781</u>	<u>\$883,798</u>	<u>\$955,576</u>	<u>\$65,795</u>	<u>\$71,778</u>
Funding						
City	\$757,796	\$827,863	\$828,840	\$900,480	\$72,617	\$71,640
Other Categorical Grants	—	—	—	—	—	—
IFA	45,010	52,851	53,929	53,929	1,078	—
State	425	1,413	—	—	(1,413)	—
Federal CD	—	—	—	—	—	—
Federal Other	151	6,625	—	—	(6,625)	—
Intra-City Other	1,010	1,029	1,029	1,167	138	138
Total	<u>\$804,392</u>	<u>\$889,781</u>	<u>\$883,798</u>	<u>\$955,576</u>	<u>\$65,795</u>	<u>\$71,778</u>
Additional Costs Centrally Funded						
Personal Services (PS) . .						
Fringe Benefits	\$122,181	\$126,679	\$133,877	\$132,723	\$6,044	(\$1,154)
Pensions	25,845	35,563	45,815	45,108	9,545	(707)
Other Than Personal Service (OTPS)						
Legal Services	7,648	7,204	6,137	6,924	(280)	787
Judgments and Claims . .	22,753	18,677	20,609	20,609	1,932	—
Debt Service	67,737	120,990	94,251	104,490	(16,500)	10,239
Total Additional Costs . .	<u>\$246,164</u>	<u>\$309,113</u>	<u>\$300,689</u>	<u>\$309,854</u>	<u>\$741</u>	<u>\$9,165</u>
Funding						
City	238,532	304,452	295,907	304,582	130	8,675
Non-City	7,632	4,661	4,782	5,272	611	490
Full Agency Costs (including Central Accounts)						
Salary and Wages	\$364,691	\$383,508	\$383,983	\$392,008	\$8,500	\$8,025
Fringe Benefits	124,674	129,743	136,146	134,992	5,249	(1,154)
Pensions	25,845	35,563	45,815	45,108	9,545	(707)
Total PS	<u>\$515,210</u>	<u>\$548,814</u>	<u>\$565,944</u>	<u>\$572,108</u>	<u>\$23,294</u>	<u>\$6,164</u>
OTPS	\$437,208	\$503,209	\$497,546	\$561,299	\$58,090	\$63,753
Legal Services	7,648	7,204	6,137	6,924	(280)	787
Judgments and Claims . .	22,753	18,677	20,609	20,609	1,932	—
Debt Service	67,737	120,990	94,251	104,490	(16,500)	10,239
Total OTPS	<u>\$535,346</u>	<u>\$650,080</u>	<u>\$618,543</u>	<u>\$693,322</u>	<u>\$43,242</u>	<u>\$74,779</u>
Total Agency Costs	\$1,050,556	\$1,198,894	\$1,184,487	\$1,265,430	\$66,536	\$80,943
Less Intra-City	\$1,010	\$1,029	\$1,029	\$1,167	\$138	\$138
Net Agency Cost	<u>\$1,049,546</u>	<u>\$1,197,865</u>	<u>\$1,183,458</u>	<u>\$1,264,263</u>	<u>\$66,398</u>	<u>\$80,805</u>
Funding						
City	996,328	1,132,315	1,124,747	1,205,062	72,747	80,315
Non-City	53,218	65,550	58,711	59,201	(6,349)	490
Personnel (includes FTEs at fiscal year-end)						
City	442	445	464	479	34	15
Non-City	5,600	6,044	6,001	6,116	72	115
Total	<u>6,042</u>	<u>6,489</u>	<u>6,465</u>	<u>6,595</u>	<u>106</u>	<u>130</u>

Programmatic Review

Water Supply Strategies

The New York City Water System consists of 19 collecting reservoirs and three controlled lakes located within the 2,000 square miles of the Croton, Catskill and Delaware watersheds. The Croton Watershed provides 10 percent of the City's water supply and is located north of the City in Westchester, Putnam and Dutchess Counties. The Catskill Watershed provides 40 percent of the City's water supply and is located 100 miles north of the City in the central and eastern portions of the Catskill Mountains. The Delaware Watershed provides 50 percent of the City's Water Supply and is located approximately 125 miles northwest of the City along the branches of the Delaware River.

The Department will continue the implementation of programs related to the Filtration Avoidance Determination (FAD) for the City's Catskill and Delaware water supplies. The newest FAD, which is an administrative determination by the Federal Environmental Protection Agency (EPA), is expected to take effect in mid-2007 and will provide the City with a waiver from filtering the Catskill and Delaware water supplies through 2017. The new FAD will be based on DEP's ongoing long-term watershed protection program. DEP will regularly prepare reports for the EPA with FAD program status updates and water quality assessments that will link program achievements to improvements in water quality. Additionally, the FAD will require DEP to build an ultraviolet light disinfection facility to further purify water from the Catskill and Delaware watersheds and to continue its land acquisition program.

Wastewater Treatment Initiatives

The New York City Wastewater Treatment System is comprised of a vast, elaborate and comprehensive network of sewers, water pollution control plants, pump stations and laboratories. Each day, the City's 14 water pollution control plants clean and treat approximately 1.3 billion gallons of captured sewage to standards established by State and Federal Law before releasing the effluent into receiving waters. Ongoing DEP initiatives to better capture and cleanse wastewater have significantly improved the condition of New York City waterways, as evidenced through water quality ratings that have reached improved levels not experienced since the early 1900s.

According to recent Harbor Surveys issued by the Department, water quality in the harbor and surrounding waters continues to improve. Coliform bacterial counts, which are indicators of sewage pollution, continue to decline at unprecedented levels. Improvements have also been realized in the measure of dissolved oxygen, as concentration levels in most Harbor areas have been notably higher in recent years. These advancements are attributed to the following DEP initiatives: continued reconstruction and upgrades of City water pollution control plants; the abatement of illegal discharges; improved sewer maintenance; decreased water consumption and increased capture of wet weather flows.

The Department's Bureau of Wastewater Treatment has augmented and strengthened its Environmental Health and Safety policies and initiatives. To this end, the Bureau provides extensive and continuous training of its employees to ensure compliance with Federal, State and Local environmental health and safety regulations. In addition, a more aggressive preventative maintenance and corrective repair program has been put in place.

Customer Services Programs

As required by the New York State Department of Environmental Conservation and the NYC Water Board, the Department is progressing towards its goal of universally metering all properties. The major objectives of universal metering include water conservation, improved water supply system management and rate equity. DEP services approximately 828,000 water and sewer customer accounts-801,000 metered and 27,000 un-metered. Of the metered accounts, DEP bills 770,000 for water and sewer services based upon actual consumption and the remaining 31,000 are billed using an annual flat-rate system. Under this billing method, customers are charged flat rates during a transition period which allows owners to install water saving devices and conduct water leak

audits. Owners of 10,400 properties that have not taken steps to have meters installed receive surcharges to their annual flat rate bills. The remaining accounts are pending meter installation by DEP.

The Department's outreach efforts offer communities the opportunity to learn about billing policies and water conservation programs. DEP has scheduled a series of community outreach meetings throughout the City hosted in conjunction with elected officials. These outreaches are scheduled throughout the months of April, May and June of 2007.

DEP will initiate a new "Hard-to Access" meter reading contract designed to target specific accounts. The current contract has been unable to get "reads" for properties that have been difficult to access. These inaccessible accounts are expensive for the Agency because they lead to inquiries, complaints, and estimated bills which may lead to significant adjustments to the bills covering the estimated bills and non-payments. This supplemental contract will address this particular population of meters and seek to obtain actual reads.

Environmental Compliance

The Bureau of Environmental Compliance responds to hazardous material emergencies; monitors emissions and environmental impacts from alternative fuel vehicles; maintains a database of facilities known to contain hazardous materials; reviews and inspects asbestos abatement projects; investigates air quality and noise complaints; maintains four air monitoring stations on Staten Island and assists environmental economic development.

The Bureau's Asbestos Control Program certifies asbestos handlers; provides telephone response service to contractors and the public; conducts laboratory analysis of asbestos materials and inspects asbestos remediation projects.

The City's revised noise code takes effect July 1, 2007. The new legislation establishes a flexible, yet enforceable noise code that responds to the need for peace and quiet while maintaining New York's reputation as the "City that never sleeps". The new construction rules promulgated under the revised code establish a unique noise mitigation plan for each construction site, offering alternatives for contractors to continue construction while having less noise impact on the surrounding environment. The comprehensive nature of the new law requires getting out a simplified message so that particular industries and the general public are aware of the new direction the City is taking with noise policy and enforcement.

Capital Review

Overview

In total, the Ten-Year Capital Plan provides \$19.5 billion from the following sources: \$19.3 billion in Water Finance Authority Funds; \$43.6 million in City funds; and \$114.0 million in non-City funds.

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

- construction of an ultraviolet light water disinfection plant for water from the Catskill and Delaware Watersheds (\$1.1 billion) beginning in 2008. This facility along with other elements of the FAD will enable DEP to avoid having to construct a conventional filtration plant estimated to cost between \$6.0 and \$8.0 billion.
- reconstruction of upstate dams, roads and bridges (\$827.0 million), including \$355.1 million for the reconstruction of the Gilboa Dam in the Catskill Watershed.
- replacing and extending approximately 178 miles of trunk and distribution water mains and ancillary work (\$1.9 billion). This includes \$523.4 million to connect City Water Tunnel No. 3 to in-city water mains throughout New York City.

- continuing the construction of the Croton Water Filtration Plant and related projects, including Parks Department projects in the Bronx (\$504.6 million).
- advancing various Filtration Avoidance Determination (FAD) measures in the upstate watershed totaling (\$644.9 million) including \$309.4 million for land acquisition.
- commencing water supply dependability projects to make drinking water available to the City during the shutdown and repair of the Delaware Aqueduct leak (\$667.7 million).
- continuing construction of Stage Two of City Water Tunnel Number 3 (\$383.6 million). Work on this stage of tunnel construction will be primarily in Manhattan.
- extending and reconstructing 233 miles of sewers (\$2.6 billion).
- continuing the upgrade of the Newtown Creek WPCP to achieve secondary treatment, citywide effluent limits and step-denitrification treatment levels (\$1.8 billion).
- ensuring compliance with mandated permit requirements by stabilizing in-City WPCPs, including: Bowery Bay (\$236.2 million), Coney Island (\$150.0 million), Hunts Point (\$201.0 million), Jamaica (\$197.6 million), North River (\$127.4 million), Owls Head (\$150.0 million), Red Hook (\$150.0 million), Rockaway (\$131.5 million), Port Richmond & Oakwood Beach (\$230.0 million), Tallman Island (\$240.0 million), Ward's Island (\$319.4 million) and 26th Ward (\$609.7 million).
- implementing initiatives addressing water quality problems attributed to combined sewer overflow (CSO) discharges into the City's surrounding waterways during rainstorms (\$1.2 billion).
- reconstructing select pumping stations citywide (\$612.5 million).
- continuing water conservation programs including the installation of water meters (\$153.6 million) and the toilet rebate program (\$34.0 million), and the implementation of an Automatic Meter Reading system (\$200.5 million).
- remediation of the Brookfield Landfill located in Staten Island (\$141.3 million).

Major projects scheduled for 2008 include:

- construction of an ultraviolet light water disinfection plant for water from the Catskill and Delaware Watersheds (\$816.2 million).
- continued construction of the Croton Water Filtration Plant (\$188.1 million).
- continued in-City water main construction and ancillary work (\$139.8 million).
- reconstruction of the Gilboa Dam in the Catskill Watershed. (\$40.1 million).
- continued upgrading portions of the Newtown Creek WPCP (\$1.1 billion).
- continued refurbishing of pumping stations citywide (\$105.9 million).
- reconstruction and augmentation of the City's sewer system (\$186.9 million).
- remediation of the Brookfield Avenue Landfill in Staten Island (\$141.3 million).
- implementation of an Automatic Meter Reading system for the City's water meters (\$100.5 million).

The table below shows the capital commitments by program area over the 2008-2017 period.

Capital Commitments

(\$000's)

	2006 Actual		2007 Plan		2008 Plan		2009 Plan		2010 Plan		2011 Plan	
	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds
Water Pollution	843,053	848,466	1,182,612	1,217,354	1,485,944	1,485,944	1,346,670	1,346,670	1,013,157	1,013,157	1,160,310	1,160,310
Water Mains	567,570	567,570	2,136,901	2,140,010	1,411,936	1,411,936	914,220	914,220	633,494	633,494	681,192	681,192
Sewers	191,498	191,927	237,982	238,234	186,944	186,966	291,123	291,123	283,134	283,134	287,179	287,179
Water Supply	26,341	26,341	65,518	65,518	18,036	18,036	264,358	264,358	107,280	107,280	349,112	349,112
Equipment	73,338	106,876	110,765	117,728	321,770	432,725	266,898	269,898	83,156	83,156	110,649	110,649
Total	<u>1,701,800</u>	<u>1,741,180</u>	<u>3,733,778</u>	<u>3,778,844</u>	<u>3,424,630</u>	<u>3,535,607</u>	<u>3,083,269</u>	<u>3,086,269</u>	<u>2,120,221</u>	<u>2,120,221</u>	<u>2,588,442</u>	<u>2,588,442</u>

The 2008-2017 Capital Plan provides \$19.5 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 the City and many upstate communities by maintaining 19 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, 106,312 hydrants, 94,358 valves and 6,794 miles of water mains are or will be used to convey water from upstate to the City and several upstate communities.

The Ten-Year Plan includes approximately \$7.3 billion for the protection and upkeep of the City's water source, supply and distribution systems, with \$4.4 billion in the first four years. The highlights include the construction of the Catskill/Delaware Ultraviolet Light Disinfection Facility, various improvements to the water supply system upstate, connecting the City Water Tunnel No. 3 to in-city water mains throughout New York City, and the replacement and construction of City distribution and trunk water mains.

The Department forecasts \$3.2 billion within this Ten-Year Plan for improvements to the City's upstate watershed, with \$2.3 billion in the first four years. This includes the continuation of various Filtration Avoidance measures totaling \$644.9 million; the reconstructions of upstate dams, roads and bridges totaling \$827.0 million; and the construction of an Ultraviolet Light Water Disinfection Facility for the Catskill and Delaware watersheds totaling \$1.1 billion.

The Ten-Year Plan provides \$504.6 million for the continued construction of the Croton Filtration Plant and related projects. The City is required under a Federal court consent decree to design and construct a filtration plant for its Croton water supply. In September 2004, a notice to proceed was issued for the first phase of construction of the plant at the preferred site for the facility; the Mosholu Golf Course located at Van Cortlandt Park in the Bronx. Site preparation will be completed in late 2007.

The Ten-Year Plan also includes \$667.7 million for Water Conveyance Measures, with \$131.3 million in the first four years. This program will allow the City to turn off major components of the water supply system for inspection and repair without affecting the quantity or quality of water delivered to DEP customers. The conveyance program includes \$189.0 million for the construction of a groundwater treatment facility for the well system located in Southeast Queens.

The Ten-Year Plan forecasts \$383.6 million for the completion of Stage Two of City Tunnel Number 3, with \$362.3 million in the first four years. The bulk of this amount will be committed to the activation of the Manhattan portion of the tunnel.

The Ten-Year Plan also provides \$1.9 billion to replace and extend in-City distribution water mains, with \$795.1 million in the first four years. This includes \$523.4 million for connecting the City Water Tunnel No. 3 to in-city water mains throughout New York City.

Sewers

The Department operates and maintains over 6,400 miles of sanitary, storm and combined sewers which carry storm and wastewater to the City's 14 WPCPs. The sewage collection system, designed to prevent flooding and sewer backups, is divided into 14 drainage areas, 131,243 catch basins and approximately 5,000 seepage basins. The Ten-Year Capital Plan allocates \$2.6 billion for the replacement, construction and expansion of the City's sewer system, with \$1.0 billion in the first four years.

The Ten-Year Plan provides \$1.2 billion for the replacement and augmentation of sewers to enhance capacity for areas experiencing population increases and economic development projects, with \$364.6 million in the first four years. This includes \$225.3 million over the next ten years for the acquisition of land and construction as part of the Staten Island Bluebelt program. This project sets aside streams, ponds and other wetland areas for the conveyance and storage of stormwater in lieu of more costly conventional trunk storm sewers.

Over \$763.8 million is allocated for the replacement of chronically malfunctioning sewers that may cause flooding or potential health hazards, with \$320.1 million in the first four years. The Department plans to commit \$566.7 million to extend the sewer system into areas currently underserved, primarily in Queens and Staten Island, with \$311.8 million in the first four years.

Wastewater Treatment

DEP's Bureau of Wastewater Treatment operates 14 WPCPs, one storm-overflow retention facility, 89 wastewater pumping stations, nine laboratories, eight sludge dewatering facilities and three inner-harbor sludge transport vessels. On average, these facilities treat approximately 1.3 billion gallons of dry-weather sewage and handle 1,200 wet-tons of sludge each day. The Ten-Year Plan for Wastewater Treatment projects totals \$8.2 billion, with \$5.0 billion in the first four years.

DEP will allocate \$1.8 billion during the Ten-Year Plan to continue the multi-phase upgrade of the Newtown Creek WPCP, which is designed to improve process effectiveness and treatment facility reliability. This project is mandated by the New York State Department of Environmental Conservation, which requires an effluent enhancement program to achieve citywide effluent limits, and secondary treatment levels.

The Ten-Year Plan allocates \$2.0 billion for equipment purchases and the reconstruction of wastewater pumping stations, plant components, regulators, tide gates and force mains, with \$1.2 billion in the first four years. The System's 89 pumping stations are used to convey wastewater over long distances, to drain low-lying areas and to lift flows to WPCPs.

The Ten-Year Plan has scheduled \$2.7 billion for the stabilization of in-City WPCPs that are in need of reconstruction to ensure continued compliance with mandated permit requirements. Of this amount, \$1.3 billion will be allocated over the next four years.

During some wet-weather events the City's combined sewers, which carry both sanitary waste and stormwater drainage, may overflow and result in untreated discharges of sewage into local waterways. Portions of the City's water bodies have been negatively impacted by these combined sewer overflow (CSO) discharges. The Ten-Year Plan provides \$1.2 billion for the study, design and implementation of CSO abatement projects for Flushing Bay,

Alley Creek and Jamaica Bay in Queens; Newtown Creek, Paerdegat Basin and the Gowanus Canal in Brooklyn; and Hunts Point in the Bronx. Of this amount, \$554.8 million will be allocated over the next four years.

Equipment

The Ten-Year Plan totals \$1.4 billion for this category, funded as follows: \$1.3 billion from the Water Authority, \$106.7 million in State funds and \$43.6 million in City General Obligation bonds. The majority of this funding is allocated for the relocation of gas and electric utility lines for sewer and water main projects at a cost of \$403.5 million over the next ten years, with \$147.7 million over the first four years. The plan also includes the remediation of closed landfills, water meter installation, automatic meter reading implementation, facility reconstruction, and the purchase of vehicles and computer equipment.

DEP will continue upgrading and consolidating its facilities over the Ten-Year Plan at a cost of \$215.9 million. Of this total, there is \$154.8 million in the first four years. This includes the reconstruction of the Maspeth Water and Sewer Operation facility in Queens for \$61.1 million and the construction of the Clove Road Consolidated Maintenance facility for Water and Sewer Operations in Staten Island for \$48.4 million.

The Ten-Year Plan provides funding for water conservation efforts at a cost of \$390.3 million, with \$318.3 million in the first four years. This includes \$200.5 million for an Automatic Meter Reading program, \$34.0 million for the plumbing retrofit program, and \$153.6 for water meter purchases and replacements.

DEP will continue to remediate select landfills previously operated by the Department of Sanitation. These landfills have been placed on the State's list of inactive hazardous waste sites due to past illegal dumping activities. DEP will continue the remediation of Brookfield Avenue Landfill in Staten Island. Remediation, scheduled for 2008, will cost \$141.3 million, of which \$34.5 million will be funded by City General Obligation (G. O.) bonds and \$106.8 million funded by State funds. The remediation of the Pennsylvania/Fountain Avenue Landfill in Brooklyn will continue in 2008 with the final commitment of \$9.1 million of City G. O. funds.

DEPARTMENT OF TRANSPORTATION

The Department of Transportation (DOT) maintains, operates and reconstructs City bridges, maintains and resurfaces streets and arterial highways within the five boroughs, plans and funds street reconstruction, operates the Staten Island Ferry, 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, and manages street use franchises.

Financial Review

The Department's 2008 Executive Budget provides for operating expenses of \$620.8 million, a decrease of \$25.0 million from the amount forecast for 2007. The 2008 Budget includes an increase of \$35.3 million for PlaNYC 2030 Initiatives, which is offset by a decrease in Federal and State grant funding included in 2007 that has not yet been allocated to the Department's 2008 operating budget. Capital commitments of approximately \$2.3 billion are also provided in 2008, including \$614.6 million in Federal and State funding.

Revenue Forecast

The Department of Transportation collects revenue from parking meters and parking garages, franchises, concessions, and street opening permits. In 2008, the Department will collect \$212.6 million in revenue.

Expense Budget Highlights

Budgetary Priorities: Providing Core Services

- an allocation of \$112.9 million for the resurfacing of 950 lane miles of streets and the repair of approximately 230,000 street defects (potholes). This includes an increase of \$19.8 million and 69 positions to resurface an additional 50 lane miles of streets and arterial highways in 2008, ramping up to 100 lane miles per year starting in 2009, as part of the PlaNYC 2030 initiative.
- funding of \$113.4 million for streetlights and traffic signals, including \$61.3 million to energize all streetlights and traffic signals throughout the City, and \$52.1 million for the maintenance of approximately 11,800 traffic signalized intersections and over 334,000 streetlights City-wide.
- funding of \$87.7 million for the operation of the Staten Island Ferry and overseeing private ferry service.
- approximately \$11.5 million in 2008 for the maintenance and cleaning of arterial highways located throughout the five boroughs.
- an allocation of \$15.2 million for the preventive maintenance, cleaning and painting of City bridges in addition to federal funding for the maintenance of East River Bridges not yet allocated to the Department's 2008 operating budget.
- an increase of \$5.4 million for additional security measures at the Staten Island Ferry Terminals as required by the U. S. Coast Guard due to the continuing heightened maritime security level.

Restructuring and Streamlining

- an allocation of \$0.8 million and 14 positions in 2008 for enhanced inspection of street utility cuts in Lower Manhattan.

- an additional \$0.4 million and 7 positions for the continued expansion of the Commercial Parking Program to improve traffic flow, resulting in an increase of \$0.5 million in revenue for 2007 and \$1.0 million for subsequent years.

Summary of Agency Financial Data

The following table compares the 2008 Executive Budget with the 2008 Preliminary Budget, the 2007 forecast and actual expenditures for 2006, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services and debt service.

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

	2006 Actual	2007 Forecast	2008		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2007 Forecast	2008 Preliminary Budget
Expenditures						
Salary and Wages	\$277,441	\$299,993	\$279,826	\$288,086	(\$11,907)	\$8,260
Fringe Benefits	3,441	9,120	3,515	3,515	(5,605)	—
OTPS	342,342	336,725	281,670	329,214	(7,511)	47,544
Total	<u>\$623,224</u>	<u>\$645,838</u>	<u>\$565,011</u>	<u>\$620,815</u>	<u>(\$25,023)</u>	<u>\$55,804</u>
Funding						
City	\$332,856	\$386,606	\$391,832	\$408,468	\$21,862	\$16,636
Other Categorical Grants	893	1,673	—	20,180	18,507	20,180
IFA	116,803	131,987	125,820	131,271	(716)	5,451
State	63,430	74,420	32,189	45,726	(28,694)	13,537
Federal CD	53	201	—	—	(201)	—
Federal Other	35,350	49,325	13,747	13,747	(35,578)	—
Intra-City Other	73,838	1,626	1,423	1,423	(203)	—
Total	<u>\$623,224</u>	<u>\$645,838</u>	<u>\$565,011</u>	<u>\$620,815</u>	<u>(\$25,023)</u>	<u>\$55,804</u>
Additional Costs Centrally Funded						
Personal Services (PS) . .						
Fringe Benefits	\$101,380	\$106,318	\$109,164	\$107,930	\$1,612	(\$1,234)
Pensions	19,770	27,795	32,725	32,872	5,077	147
Other Than Personal Service (OTPS)						
Legal Services	21,247	21,723	19,692	20,459	(1,264)	767
Judgments and Claims .	106,829	121,749	134,344	134,344	12,595	—
Debt Service	322,482	559,812	522,082	483,468	(76,344)	(38,614)
Total Additional Costs . .	<u>\$571,708</u>	<u>\$837,397</u>	<u>\$818,007</u>	<u>\$779,073</u>	<u>(\$58,324)</u>	<u>(\$38,934)</u>
Funding						
City	534,177	820,048	796,793	758,860	(61,188)	(37,933)
Non-City	37,531	17,349	21,214	20,213	2,864	(1,001)
Full Agency Costs (including Central Accounts)						
Salary and Wages	\$277,441	\$299,993	\$279,826	\$288,086	(\$11,907)	\$8,260
Fringe Benefits	104,821	115,438	112,679	111,445	(3,993)	(1,234)
Pensions	19,770	27,795	32,725	32,872	5,077	147
Total PS	<u>\$402,032</u>	<u>\$443,226</u>	<u>\$425,230</u>	<u>\$432,403</u>	<u>(\$10,823)</u>	<u>\$7,173</u>
OTPS	\$342,342	\$336,725	\$281,670	\$329,214	(\$7,511)	\$47,544
Legal Services	21,247	21,723	19,692	20,459	(1,264)	767
Judgments and Claims .	106,829	121,749	134,344	134,344	12,595	—
Debt Service	322,482	559,812	522,082	483,468	(76,344)	(38,614)
Total OTPS	<u>\$792,900</u>	<u>\$1,040,009</u>	<u>\$957,788</u>	<u>\$967,485</u>	<u>(\$72,524)</u>	<u>\$9,697</u>
Total Agency Costs	\$1,194,932	\$1,483,235	\$1,383,018	\$1,399,888	(\$83,347)	\$16,870
Less Intra-City	\$73,838	\$1,626	\$1,423	\$1,423	(\$203)	\$—
Net Agency Cost	<u>\$1,121,094</u>	<u>\$1,481,609</u>	<u>\$1,381,595</u>	<u>\$1,398,465</u>	<u>(\$83,144)</u>	<u>\$16,870</u>
Funding						
City	867,033	1,206,654	1,188,625	1,167,328	(39,326)	(21,297)
Non-City	254,061	274,955	192,970	231,137	(43,818)	38,167
Personnel (includes FTEs at fiscal year-end)						
City	2,218	2,354	2,392	2,355	1	(37)
Non-City	2,353	2,711	2,020	2,122	(589)	102
Total	<u>4,571</u>	<u>5,065</u>	<u>4,412</u>	<u>4,477</u>	<u>(588)</u>	<u>65</u>

Programmatic Review

Bridges

The Bureau of Bridges is responsible for the reconstruction, repair, maintenance and operation of approximately 800 bridge and tunnel structures. In 2008, the Bureau of Bridges will be staffed with 795 positions and have an operating budget of \$66.8 million, a decrease of \$8.9 million from the amount forecast for 2007. This reduction is primarily due to Federal and State grants expiring at the end of 2007. A number of these grants are expected to be renewed during 2008.

The Bridge program in the 2008 Executive Budget continues the City's commitment to preserve and maintain its infrastructure, including \$36.8 million for preventive maintenance and repair.

The Bridge "Flag" and Correction Repair program corrects mostly structural ("red" and "yellow" flags, in descending order of priority) and safety deficiencies on bridges by using both in-house and contract forces. The Executive Budget provides 170 positions in 2008 for the "Flag" Repair program. Of the \$21.6 million budgeted, approximately \$3.9 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. Flag Repair is also performed by the Department's capital budget contractors doing large-scale reconstruction work on the East River Bridges and other bridges. As a result of these combined strategies, more serious flags are treated expeditiously.

Furthermore, the Preventive Maintenance program will have a workforce of 202 positions and funding of \$15.2 million for the oiling, sweeping, cleaning, washing, electrical maintenance and spot and salt splash zone painting of the City's bridges. Operating in conjunction with these expense-funded programs, the Capital Budget also funds large-scale bridge protective coating programs.

To complement the City's commitment to the Bridges program, the Federal government will extend grants for preventive maintenance on the Manhattan, Williamsburg, Queensboro and Brooklyn Bridges.

This continuing commitment to the City's Bridges program, in conjunction with a Ten-Year Capital Plan of approximately \$5.8 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 Roadway Repair and Maintenance Division is responsible for maintaining approximately 5,700 linear miles of streets and arterial highways within the five boroughs. The Permits Management and Construction Control programs are responsible for regulating the excavation and various other uses of City streets and sidewalks. In 2008, Highway Operations will be staffed by approximately 1,078 full-time and approximately 220 seasonal positions with a budget totaling \$161.2 million, an increase of \$5.2 million over the 2007 agency forecast. This increase is primarily the result of PlaNYC 2030 initiatives to ramp up the resurfacing program by 100 lane miles to an annual total of 1,000 lane miles by 2009.

The City's base program already includes significant resources to its in-house resurfacing program, with 274 linear miles (900 lane miles) to be resurfaced in 2008. PlanNYC 2030 will add another 50 miles in 2008. The City will repair approximately 230,000 small street defects (potholes) in 2008, in addition to other street defects addressed in the resurfacing program. Currently, 70 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. This program enables sponsors to adopt up to 362 miles of highway and contribute funding for the cleaning and maintenance of the roadside. Additionally, the Department utilizes available State aid to perform both road maintenance and repair activities. Currently, the

Department annually cleans and maintains 1,175 lane miles of arterial highway and 2,525 acres of landscaped areas and shoulders with a staff of approximately 239.

Traffic Operations

The Bureau of Traffic Operations maintains and collects revenue from approximately 80,100 metered spaces and operates 48 municipal parking facilities. It also installs and maintains an estimated 1.3 million traffic signs, approximately 11,800 signalized intersections and over 334,000 streetlights. The 2008 Executive Budget for the Bureau of Traffic provides for 1,117 positions and \$241.2 million, a decrease of \$16.3 million from the amount forecast for 2007. This reduction is primarily due to Federal and State grants expiring at the end of 2007. A number of these grants are expected to be renewed during 2008. The 2008 Executive Budget includes \$52.1 million for the continued maintenance of streetlights and traffic signals.

The Red Light Camera program is designed to promote safe, responsible driving by photographing and fining vehicles “running” red lights. Last year, the New York State Legislature approved the expansion of the Red Light Camera Program from 50 to 100 cameras. All additional cameras have been installed as of December 2006.

Under the Safe Routes to School program, the Bureau has completed collecting traffic safety data on the City’s 1,359 elementary and middle schools and has identified the 135 priority schools. In 2008, long-term improvement projects will continue at 32 of these schools.

The Bureau is expanding the successful Commercial Parking Program in the central business core of Manhattan. The initial program has alleviated traffic congestion in midtown by creating expanded traffic corridors, reducing double parking, improving timely parking space turnover and expediting cross-town traffic flow. The current program includes 59th Street to 23rd Street from 2nd Avenue to 9th Avenue. In 2008, the Commercial Parking Program will expand to include streets from 14th Street to 23rd Street and from 2nd Avenue to 9th Avenue.

In addition to these programs, in 2008 \$15.1 million is included to fund three PlaNYC 2030 initiatives, including \$8.6 million for Bike Network Development, \$1.3 million for Bus Initiatives and \$4.8 million for Intelligent Transportation Systems. These initiatives also have capital improvement components totaling \$58 million.

Transit Operations

DOT operates and maintains the Staten Island Ferry and its terminals, regulates private ferry operations, and oversees subsidies to the MTA Bus Company (MTABC) and Atlantic Express. The 2008 Executive Budget provides for 701 positions and an operating budget of \$87.7 million, a decrease of \$7.5 million from the amount forecast for 2007. This decrease is primarily the result of Federal and State grants expiring at the end of 2007. A number of these grants are expected to be renewed during 2008. DOT also oversees operating subsidies to the MTABC. These bus subsidies are paid from the City’s Miscellaneous Budget.

The Staten Island Ferry is expected to carry approximately 20 million passengers and the Department anticipates that the Ferry program will achieve an on-time performance rate of 91 percent. On-time performance in 2007 dropped from 2006 due to continued heightened Maritime Security levels. DOT currently estimates that annual ridership on privately operated commuter ferries is approximately 10 million passengers. Prior to September 11, 2001, only about eight million passengers per year were transported on privately operated commuter ferries. Ridership peaked at approximately 15 million passengers per year in 2002 and 2003, before the restoration of the WTC PATH service in November 2003.

In 2006, the City finalized the transition of service formerly provided by private franchise bus companies to the MTABC. The program had provided subsidized private local and express service in areas generally not covered by New York City Transit’s bus network in The Bronx, Brooklyn and Queens. This system carried approximately 100 million passengers annually. DOT had also provided financial management and administration support for the capital program for the subsidized franchise bus program. The MTABC, an MTA subsidiary, now operates in

the areas served by all of the seven former private bus companies. In addition, the City continues to manage and monitor selected private express bus service to southern Staten Island.

The City currently owns three bus depots dedicated to MTABC operations, located in Yonkers, Southeast Brooklyn, and College Point, Queens, two of which are equipped to fuel and maintain Compressed Natural Gas (CNG) buses. Currently, 353 of approximately 1,200 buses are fueled by CNG. Since beginning operations, MTABC has acquired 488 new buses, and 448 more buses are in the process of being purchased, to be used for both local and express service. These new buses are expected to improve the average life of the fleet from over 12 years to less than 6 years. In addition, the City leases five other facilities from private owners. All of these facilities are provided to the MTABC for their operations. The MTABC has also made other service improvements, and the City expects this trend to continue to bring the operation of these lines up to the MTA's service standard.

Capital Review

The Department's 2008-2017 Ten-Year Capital Commitment Plan totals \$11.1 billion for the reconstruction of transportation infrastructure, of which approximately 78 percent is City-funded. The table below shows commitments by program area over the 2008-2017 period.

Capital Commitments

(\$000's)

	2006 Actual		2007 Plan		2008 Plan		2009 Plan		2010 Plan		2011 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	\$197,462	\$208,581	\$456,183	\$511,139	\$441,074	\$562,335	\$347,382	\$471,632	\$354,133	\$381,894	\$389,132	\$402,897
Highway Bridges	204,496	201,677	157,267	162,126	666,894	733,609	642,306	954,794	179,379	310,023	117,432	167,984
Waterway Bridges	-9,528	-28,234	96,915	124,844	399,413	715,910	217,114	390,132	0	0	0	0
Traffic	29,818	45,475	71,804	132,371	93,019	179,810	84,633	133,023	89,524	107,351	51,809	69,079
Vehicles/Equipment	3,374	3,884	19,437	19,437	44,153	52,516	11,623	14,623	4,334	4,334	4,334	4,334
Ferries	13,467	28,724	59,214	85,524	55,219	70,167	32,250	33,600	5,500	5,500	15,650	15,650
Total	<u>\$439,088</u>	<u>\$460,107</u>	<u>\$860,820</u>	<u>\$1,035,441</u>	<u>\$1,699,772</u>	<u>\$2,314,347</u>	<u>\$1,335,308</u>	<u>\$1,997,804</u>	<u>\$632,870</u>	<u>\$809,102</u>	<u>\$578,357</u>	<u>\$659,944</u>

The highlights of the Ten-Year Capital Commitment Plan include:

- the continued reconstruction/rehabilitation of the four East River Bridges (\$595.9 million) and the complete reconstruction/rehabilitation of 68 other bridge structures, including 5 bridges currently rated "poor" (\$323.3 million) and 63 bridges rated "fair" (\$3.1 billion). The Plan 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 (\$5.8 billion, including \$3.3 billion in 2008-2011).
- the reconstruction and/or resurfacing of approximately 3,286 linear miles (10,778 lane miles) of City streets to maintain and improve their condition. This includes 950 lane miles of street resurfaced under a PlaNYC 2030 initiative. In addition, it provides for the installation of pedestrian ramps at approximately 30,000 corners to increase accessibility for the disabled, the reconstruction of 45.1 million square feet of sidewalk to reduce defects, and the reconstruction of approximately nine retaining walls. (\$4.04 billion, including \$1.8 billion in 2008-2011).
- the modernization and expansion of the City's computerized traffic signal network to improve traffic flow, the upgrading of the streetlighting system, the installation of pavement markings, and the reconstruction of municipal parking facilities (\$950.2 million including \$489.3 million in 2008-2011).
- the reconstruction and improvement of various ferry vessels and facilities, including the reconstruction of Pier 7 at St. George in Staten Island and Americans with Disabilities Act (ADA) improvements to various

private ferry landings (\$189.5 million, including \$75.8 million in 2008-2011).

- the replacement of vehicles for field forces and the upgrading of computer equipment (\$102.6 million, including \$75.8 million in 2008-2011).

Bridges

The Ten-Year Plan for the Bureau of Bridges totals \$5.8 billion, of which 70 percent is City-funded. The Plan includes \$595.9 million for the continuing reconstruction of the East River Bridges, including \$335.2 million for the reconstruction of the Brooklyn Bridge, \$158.9 million for the Manhattan Bridge, \$45.5 million for the Williamsburg Bridge and \$56.3 million for the Queensboro Bridge. The Plan also includes \$309.3 million for PlaNYC 2030 initiatives involving Bridge Reconstruction and Capital Maintenance.

The Four-Year Plan for the Bureau of Bridges totals \$3.3 billion, of which 68 percent is City-funded. The Plan includes \$462.3 million for the continuing reconstruction of the East River Bridges, including \$284.2 million for the reconstruction of the Brooklyn Bridge, \$116.5 million for the Manhattan Bridge, \$45.5 million for the Williamsburg Bridge and \$16.5 million for the Queensboro Bridge. The Four-Year Plan will complete the commitment for major reconstruction of all four East River Bridges.

In addition to the East River Bridge funding, \$2.3 billion is provided in the Four-Year Plan to reconstruct four “poor” bridge structures, 51 “fair” bridge structures, including the Willis Avenue Bridge over the Harlem River, and six Belt Parkway bridges, including the reconstruction of Belt Parkway Bridge over Gerritsen Inlet. The Bridge Life Extension program, designed to address the capital needs of bridges before total capital reconstruction becomes necessary, will rehabilitate 13 bridge structures at a total cost of \$444.9 million. All bridge structures currently rated “poor” will be committed for reconstruction by 2010. In addition, \$82.7 million is provided to apply protective coating treatments to various highway and waterway bridges to preserve and enhance their condition. The Plan also includes \$122.5 million for PlaNYC 2030 initiatives involving Bridge Reconstruction and Capital Maintenance.

The 2008 Capital Plan for Bridges totals \$1.5 billion, including \$631.4 million for the reconstruction of the Willis Avenue Bridge over the Harlem River and \$103.2 million for the construction of the new East 153rd Street Bridge over Metro-North Railroad. Additionally, the Plan includes \$700 million for the reconstruction of 8 “fair” rated bridge structures, including the Woodside Avenue Bridge over the Long Island Rail Road. The Plan also includes \$32.1 million for PlaNYC 2030 initiatives involving Bridge Reconstruction and Capital Maintenance.

Highways

The Ten-Year Plan for Highways totals \$4.0 billion and is 91 percent City funded. The Plan provides \$2.2 billion for street reconstruction of 252 linear miles (828 lane miles), and \$1.3 billion for street and arterial resurfacing of 3,034 linear miles (9,950 lane miles). The Plan also provides \$83.1 million for the installation of pedestrian ramps at 30,000 corners. Another \$312.5 million is allocated for the replacement of 45.1 million square feet of sidewalk, Citywide. The Plan provides \$266.3 million for PlaNYC 2030 initiatives, including the street and arterial resurfacing of 950 lane miles (289.7 linear miles), and programs to increase open space for pedestrians and to improve pedestrian safety.

The Four-Year Plan for Highways totals \$1.8 billion and is 84 percent City funded. The Plan provides \$957.0 million for street reconstruction of 114 linear miles (389 lane miles), and \$538.5 million for street and arterial resurfacing of 1,204 linear miles (3,950 lane miles). The Plan also provides \$55.1 million for the reconstruction of approximately nine retaining walls throughout the City and \$70.6 million for the installation of pedestrian ramps at 26,389 corners. Another \$143.9 million is allocated for the replacement of 20.7 million square feet of sidewalk City-wide. The Plan provides \$104.4 million for PlaNYC 2030 initiatives, including the resurfacing of 350 lane miles (106.7 linear miles) of streets and arterials, and programs to increase open space for pedestrians and to improve pedestrian safety.

The 2008 Capital Plan for Highways totals \$562.3 million and includes \$446.0 million for the reconstruction or resurfacing of 310 linear miles (1,026 lane miles) of streets and \$55.1 million for the reconstruction of retaining walls City-wide. Planned reconstruction projects include 28th Avenue and Linden Place in Queens, Havemeyer Avenue in The Bronx, 86th Street in Brooklyn, improvements to Hylan Boulevard in Staten Island, and Beekman Street in Manhattan. The Plan provides \$21.6 million for PlaNYC 2030 initiatives, including the resurfacing of street and arterials and programs to increase open space for pedestrians and to improve pedestrian safety.

Traffic

The Ten-Year Plan for Traffic totals \$950.2 million, of which 67 percent is City-funded. The Plan provides \$222.3 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 \$194.6 million for the upgrade and replacement of lampposts and luminaires for lighting and safety, \$132.2 million for signal and streetlight work associated with the highway and bridge reconstruction programs, \$47.3 million for the installation of approximately 80 million linear feet of thermoplastic markings for traffic control, and \$50.7 million for the replacement of 800,000 linear feet of electrical distribution systems along the City's streets. In addition, the Plan includes \$26.7 million for the rehabilitation of municipal parking garages and parking lots and the purchase of muni-meters. In addition, \$276.4 million is planned for PlaNYC 2030 initiatives involving Bike Network Development, Bus Initiatives, Intelligent Transportation Systems and Congested Corridors.

The Four-Year Plan for Traffic totals \$489.3 million, of which 65 percent is City-funded. The Plan provides \$121 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 \$99.4 million for the upgrade and replacement of lampposts and luminaires for lighting and safety, \$60 million for signal and streetlight work associated with the highway and bridge reconstruction programs, \$16.7 million for the installation of approximately 32 million linear feet of thermoplastic markings for traffic control, and \$19.7 million for the replacement of 400,000 linear feet of electrical distribution systems along the City's streets. In addition, the Plan includes \$25.4 million for the rehabilitation of municipal parking garages and parking lots and the purchase of muni-meters. In addition, \$147 million is planned for PlaNYC 2030 initiatives involving Bike Network Development, Bus Initiatives, Intelligent Transportation Systems, and Congested Corridors.

The 2008 Capital Plan for Traffic totals \$179.8 million. This includes \$14 million for the replacement of incandescent light bulbs in city streetlights with more energy-efficient bulbs and reflectors which will result in an annual energy cost savings to the City. The Plan also includes \$14.8 million in PlaNYC initiatives, including Bike Network Development, Bus Initiatives, Intelligent Transportation Systems, and Congested Corridors.

Transit

The Ten-Year Capital Plan for Transit totals \$189.5 million for Ferries, which is 91 percent City-funded. The plan includes \$109.2 million for the reconstruction and replacement of ferry boats including \$10 million for preliminary design work on two next-generation Barberi Class boats and \$22.0 million for the replacement of various floating equipment, including derricks and oil barges. The Plan also includes \$74.9 million for ferry terminal and facility improvements, including \$16 million for the reconstruction of Pier 7 at St. George in Staten Island and \$14 million for ADA improvements at the East River ferry landings.

The Four-Year Plan for Transit totals \$124.9 million for Ferries, which is 87 percent City-funded. The Plan includes \$56.8 million for the reconstruction of ferry boats and \$62.7 million for ferry terminal and facility improvements.

The 2008 Capital Plan for Ferries totals \$70.2 million, including \$9.7 million in operations, security, and safety enhancements recommended by the Global Maritime and Transportation School (GMATS) and the US

Coast Guard for the Staten Island Ferry Program. An additional \$23.4 million is included in 2007 for security enhancements at the St. George Ferry Terminal. The 2008 Plan also includes \$30.0 million for reconstruction and rehabilitation of ferry landings, piers, and slips, \$6.5 million for dry-docking and maintenance of the Staten Island Ferry fleet, and \$11.8 million for the replacement and repair of barges and derricks.

HOUSING PRESERVATION AND DEVELOPMENT

The Department of Housing Preservation and Development (HPD) is responsible for the preservation, rehabilitation and expansion of New York City's housing stock. HPD serves as a catalyst for private investment in communities with the greatest need. The preservation of New York City's existing housing stock is assured through targeted anti-abandonment and preservation activities in communities throughout the five boroughs. Spurring new construction of affordable housing will necessitate inventive strategies as the stock of City-owned land decreases. With the remaining *in rem* stock slated for disposition and the City shifting away from direct ownership, the agency continues to promote private investment and pursue public-private partnerships to generate new affordable housing. The agency will continue to focus on creative and innovative strategies to leverage City resources to spur private investment in affordable housing, including varied rezoning initiatives and strategies throughout the five boroughs.

Collaboration between HPD, the Comptroller and the Battery Park City Authority resulted in the creation of a new \$130 million New York City Housing Trust Fund. These funds target housing production for hard-to-reach income groups, the rehabilitation of at-risk properties, and provide funding for land acquisition for development. HPD estimates that these funds will support the creation of an additional 4,300 affordable units under the New Housing Marketplace Plan.

Additionally, HPD, the City Council and various private developers convened as part of a 26-member task force to examine and recommend changes to the 421-a Tax Incentive program. This led to a groundbreaking reform of the program, including the establishment of an Affordable Housing Fund of up to \$400 million that will be utilized primarily to finance the development and rehabilitation of affordable housing in the 15 poorest neighborhoods in New York City.

As reflected in the 2008 Executive Budget, the agency will work towards the preservation and development of affordable housing using a variety of financial assistance tools. The budget supports implementation of the New Housing Marketplace Plan, a ten year, \$7.5 billion initiative that includes a number of new initiatives as well as an expansion of existing affordable housing development programs. The goal of this initiative is to create or preserve more than 165,000 homes and apartments citywide from 2004 to 2013.

Financial Review

The Department of Housing Preservation and Development's 2008 Executive Budget provides for operating expenses of \$504 million. The budgeted headcount of 2,935, including full-time and full-time equivalent positions, is funded at \$151 million, \$45 million of which is City funds. Funding for other than personal services amounts to \$354 million, \$27 million of which is City funds. HPD also provides for capital commitments of \$492 million in 2008, an increase of \$20 million over the amount planned for 2008 during the FY07 Executive Plan.

Revenue Forecast

HPD collects fees for processing tax abatement and exemption applications, multiple dwelling registrations, document searches, and administrative fees. HPD also collects revenue from residential and commercial tenants occupying *in rem* buildings and from the sale of *in rem* buildings to the private sector. The Department will generate \$27.5 million in 2008, \$14.5 million less than the amount for 2007. The 2008 decrease is primarily attributable to non-recurring revenue from negotiated land sales and the one-time collection of application fees in 2007.

Expense Budget Highlights

New Initiatives

With the passage of pending legislation, HPD's newly proposed Alternative Enforcement Program will identify repeat violators of the City's Housing Maintenance Code and the New York State Multiple Dwelling Law and

instigate thorough inspection and remediation of these housing developments. Over the course of five years, HPD will target approximately 1,000 of the most troubled buildings throughout the five boroughs, thereby ensuring public health and safety.

Providing Core Services

The agency will maintain its core services in 2008 including the reduction of lead hazards, enforcement of the housing maintenance code, development of new affordable housing, preservation of privately-owned housing, and the management of *in rem* property.

- HPD will continue implementation of Local Law 1 of 2004 to reduce lead hazards within the City's housing stock and within the private housing market.
- Community Development Block Grant (CDBG) funding is maintained for HPD's Code Enforcement Program to allow for prompt inspection of perceived violations of the Housing Maintenance Code.
- Community Development Block Grant (CDBG) funding is maintained for HPD's Emergency Repair Program (ERP) to remove hazardous conditions in private buildings where landlords have been negligent in correcting violations detrimental to life, health and safety.
- HPD administers a portion of New York City's allotment of Federal Section 8 subsidies to eligible New Yorkers. Over \$257 million worth of subsidy payments, serving over 29,000 households, are planned in 2008.
- HPD continues to maintain services for the City's stock of occupied *in rem* dwelling units, including repairs, fuel, utilities, and handypersons.

Summary of Agency Financial Data

The following table compares the 2008 Executive Budget with the 2008 Preliminary Budget, the 2007 forecast and actual expenditures for 2006, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services and debt service.

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

	2006 Actual	2007 Forecast	2008		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2007 Forecast	2008 Preliminary Budget
Expenditures						
Salary and Wages	\$132,801	\$147,814	\$146,921	\$150,536	\$2,722	\$3,615
Fringe Benefits	40	—	—	—	—	—
OTPS	410,399	496,280	344,815	353,943	(142,337)	9,128
Total	<u>\$543,240</u>	<u>\$644,094</u>	<u>\$491,736</u>	<u>\$504,479</u>	<u>(\$139,615)</u>	<u>\$12,743</u>
Funding						
City	\$68,516	\$76,910	\$72,327	\$71,317	(\$5,593)	(\$1,010)
Other Categorical Grants	—	43,860	410	410	(43,450)	—
IFA	13,960	15,247	15,550	15,550	303	—
State	—	2,251	2,093	2,093	(158)	—
Federal CD	133,669	152,668	144,483	157,155	4,487	12,672
Federal Other	318,399	351,255	255,857	256,962	(94,293)	1,105
Intra-City Other	8,697	1,903	1,016	992	(911)	(24)
Total	<u>\$543,240</u>	<u>\$644,094</u>	<u>\$491,736</u>	<u>\$504,479</u>	<u>(\$139,615)</u>	<u>\$12,743</u>
Additional Costs Centrally Funded						
Personal Services (PS) . .						
Fringe Benefits	\$51,059	\$53,256	\$55,998	\$55,134	\$1,878	(\$864)
Pensions	9,350	13,538	17,306	17,259	3,721	(47)
Other Than Personal Service (OTPS)						
Legal Services	5,213	5,347	5,296	5,016	(331)	(280)
Judgments and Claims . .	11,169	19,743	21,786	21,786	2,043	—
Debt Service	361,431	402,151	429,009	347,439	(54,712)	(81,570)
Total Additional Costs . .	<u>\$438,222</u>	<u>\$494,035</u>	<u>\$529,395</u>	<u>\$446,634</u>	<u>(\$47,401)</u>	<u>(\$82,761)</u>
Funding						
City	379,149	450,876	482,874	400,838	(50,038)	(82,036)
Non-City	59,073	43,159	46,521	45,796	2,637	(725)
Full Agency Costs (including Central Accounts)						
Salary and Wages	\$132,801	\$147,814	\$146,921	\$150,536	\$2,722	\$3,615
Fringe Benefits	51,099	53,256	55,998	55,134	1,878	(864)
Pensions	9,350	13,538	17,306	17,259	3,721	(47)
Total PS	<u>\$193,250</u>	<u>\$214,608</u>	<u>\$220,225</u>	<u>\$222,929</u>	<u>\$8,321</u>	<u>\$2,704</u>
OTPS	\$410,399	\$496,280	\$344,815	\$353,943	(\$142,337)	\$9,128
Legal Services	5,213	5,347	5,296	5,016	(331)	(280)
Judgments and Claims . .	11,169	19,743	21,786	21,786	2,043	—
Debt Service	361,431	402,151	429,009	347,439	(54,712)	(81,570)
Total OTPS	<u>\$788,212</u>	<u>\$923,521</u>	<u>\$800,906</u>	<u>\$728,184</u>	<u>(\$195,337)</u>	<u>(\$72,722)</u>
Total Agency Costs	\$981,462	\$1,138,129	\$1,021,131	\$951,113	(\$187,016)	(\$70,018)
Less Intra-City	\$8,697	\$1,903	\$1,016	\$992	(\$911)	(\$24)
Net Agency Cost	<u>\$972,765</u>	<u>\$1,136,226</u>	<u>\$1,020,115</u>	<u>\$950,121</u>	<u>(\$186,105)</u>	<u>(\$69,994)</u>
Funding						
City	447,665	527,786	555,201	472,155	(55,631)	(83,046)
Non-City	525,100	608,440	464,914	477,966	(130,474)	13,052
Personnel (includes FTEs at fiscal year-end)						
City	651	793	795	795	2	—
Non-City	2,014	2,127	2,098	2,140	13	42
Total	<u>2,665</u>	<u>2,920</u>	<u>2,893</u>	<u>2,935</u>	<u>15</u>	<u>42</u>

Programmatic Review

Preservation Services

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

The Division of Neighborhood Preservation (DNP) conducts building site assessments each year through four borough offices in an effort to determine whether buildings are at risk of abandonment. When a building is identified as at-risk, this Division develops individual treatment plans to address building deficiencies and coordinates the implementation of treatment plans. Activities include encouraging owners to pay their taxes and referring owners to existing education, support, and rehabilitation programs. In addition, DNP coordinates stages of the Third Party Transfer Process, which will convey approximately 4,300 distressed tax delinquent buildings to new responsible owners between 2008 and 2017.

Development

The Office of Development leads the implementation of the City's Ten-Year Housing Plan to create or preserve 165,000 units by 2013 in close collaboration with other offices of HPD, the New York City Housing Development Corporation (HDC), and other City and State agencies. The Office includes divisions of New Construction, (including Planning, Housing Production, and New Construction Finance), Special Needs Housing, Preservation Finance, and Housing Incentives.

The Office of Development is responsible for building a pipeline for affordable housing development by identifying privately-owned sites and assemblages for housing development, collaborating with other land holding agencies, and financing a variety of new construction and rehabilitation programs. Through its loan programs, the agency pursues its long-term goal of preserving and stimulating construction of affordable housing.

Housing Operations

The Division of Alternative Management Programs (DAMP) promotes the rehabilitation, management and ownership of occupied City-owned and private buildings by tenant, not-for-profit, and for-profit housing organizations. Existing City-owned homes are renovated through the HomeWorks and StoreWorks programs. DAMP also administers the Article 7A Program, which manages and funds necessary repairs for privately-owned buildings that have been abandoned. Through its disposition loan programs, vacant City-owned buildings are rehabilitated and returned to the private housing market, while loans to private owners preserve both the quality and quantity of affordable housing.

The Division of Tenant Resources develops and coordinates programs designed to enhance the economic self-sufficiency of tenants of City-owned and City-assisted housing. This Division also provides permanent housing assistance to households that have been displaced by fires or emergency vacate orders. The Rent Subsidies unit provides approximately 29,000 low-income households with housing made affordable through the use of Federal Section 8 funding that subsidizes monthly rental payments.

The Division of Property Management manages City-owned (*in rem*) residential and commercial properties until they can be returned to responsible private ownership. In 2008, the Division will maintain an average of approximately 500 *in rem* residential units in occupied multiple dwellings and one- and two-family homes.

The Division of Architecture, Construction and Engineering (DACE) provides design and construction support services to HPD housing and development projects. DACE provides the architectural design for publicly owned property and reviews the designs of private architects to ensure conformance to project standards including zoning and building codes. DACE also monitors new construction and rehabilitation projects to ensure conformity to contract documents, construction techniques and codes.

Capital Review

The 2008-2017 Ten-Year Capital Plan for HPD totals \$4.2 billion, including \$3.6 billion in City funding and \$629 million in other Federal funds. This includes \$1.7 billion in the 2008 - 2011 Four-Year Plan. 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 table below reflects capital commitments by program area over the FY 2008 - 2011 period.

Capital Commitments

(\$ in 000's)

	2006 Actual		2007 Plan		2008 Plan		2009 Plan		2010 Plan		2011 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
Occupied <i>In-Rem</i> Rehab/ Privatization	\$56,840	\$106,593	\$110,664	\$132,257	\$71,000	\$71,000	\$73,500	\$73,500	\$76,000	\$76,000	\$64,188	\$64,188
Vacant <i>In-Rem</i> Rehab	918	918	3,705	3,713	0	0	0	0	0	0	0	0
New Construction	28,127	76,976	48,320	92,293	129,206	202,718	89,169	133,624	8,300	56,948	19,576	61,892
Neighborhood Based Housing investments	19,350	19,350	43,454	43,454	5,115	5,115	7,899	7,899	13,072	13,072	7,000	7,000
Assistance to Private Owners	98,526	118,162	118,548	175,792	91,128	157,360	117,717	174,121	135,882	188,093	171,862	225,362
Low-Income Housing Production	12,990	12,990	57,153	62,053	5,155	5,155	3,750	3,750	3,750	3,750	0	0
Middle-Income Housing Production	-415	-424	140,000	140,000	40,000	40,000	10,000	10,000	20,000	20,000	60,000	60,000
Other housing Support Investment	21,884	21,884	80,460	107,436	10,656	10,656	35,281	35,281	24,850	24,850	9,100	9,100
Total	<u>\$238,220</u>	<u>\$356,449</u>	<u>\$602,304</u>	<u>\$756,998</u>	<u>\$352,260</u>	<u>\$492,004</u>	<u>\$337,316</u>	<u>\$438,175</u>	<u>\$281,854</u>	<u>\$382,713</u>	<u>\$331,726</u>	<u>\$427,542</u>

New Initiatives

As part of the New Housing Marketplace Plan, HPD will undertake new initiatives to expand housing opportunities for hard-to-serve households. Through the leveraging of public and private subsidies and creative partnerships, the City will expand housing opportunities for a wide array of households. HPD will spend a total of \$518 million on these new initiatives (\$507 million in City funds) during the Ten-Year Capital Plan, including \$358 million during the 2008 - 2011 Four-Year Plan, contributing both to the new construction and to the rehabilitation of affordable housing units, Citywide.

- The Workforce Housing Program will promote the creation of over 11,000 units of middle-income housing in diverse neighborhoods throughout the City.
- Partnerships with the Department of Housing & Urban Development (HUD) and the New York City Housing Authority (NYCHA) will spur the rehabilitation and development of over 6,600 units throughout the five boroughs.
- Leveraging varied City assets will promote new construction of over 4,500 housing units affordable to families earning 80% of area median income throughout the five boroughs.

Ongoing Programs

Under the Ten-Year Capital Strategy, the City will invest a total of \$1.3 billion (\$1.2 billion in City funds) to preserve affordable housing through targeted financial assistance to private owners to prevent abandonment and forestall their entry into City ownership. HPD's Ten-Year Capital Strategy also provides a total of \$1.3 billion (\$1.1 billion in City funds) in funds for new construction projects that create rental and homeownership opportunities for families at various income levels. Additionally, HPD will allocate a total of \$557 million (\$281 million in City funds), including \$264 million in the Four-Year Plan, to new initiatives to end chronic homelessness, including execution of a new New York/New York III agreement with the State. Finally, between 2008 and 2017 the City will nearly complete both the rehabilitation and disposition of its remaining *in rem* residential stock, returning buildings to responsible private owners including tenant cooperatives, not-for-profit organizations, and local entrepreneurs. The Ten-Year Capital Strategy allocates a total of \$402 million (all City funds) to fund these tasks.

- Utilizing a variety of preservation financing programs, including the Article 8A, Participation Loan, Small Buildings Loan and Senior Citizens' Home Improvement Program, HPD will preserve more than 35,000 units over the course of the Ten-Year Capital Strategy.
- Through various new construction initiatives, HPD will produce approximately 33,000 units in a broad array of housing options targeting various tiers of affordability. Initiatives include large-scale developments throughout the five boroughs as well as funding for the Mixed Income Rental Program, which produces rental units for families earning up to 60% of the Area Median income, with a targeted set-aside for formerly homeless individuals and families.
- HPD will fund over 4,000 supportive housing units to benefit low income households with special needs between 2008 and 2017. This includes an expansion of community-based homelessness prevention programs and expansion of permanent and transitional housing.
- HPD will rehabilitate and complete disposition of approximately 4,000 units through the Tenant Interim Lease (TIL), Neighborhood Redevelopment (NRP), Neighborhood Entrepreneur (NEP), Storeworks and Neighborhood Homes programs during the Ten-Year Capital Strategy. Approximately 500 units remain in the *in rem* portfolio.

In addition to these programs, HPD works in close collaboration with the Housing Development Corporation (HDC) to meet the goals of the New Housing Marketplace Plan. HDC is a public benefit corporation created to provide both taxable and tax-exempt financing for affordable housing. Through the issuance of bonds, HDC will invest in the development of over 42,000 units towards the New Housing Marketplace goal. Low cost financing and, in some cases, direct subsidies will provide for construction of multifamily rental and cooperative housing for low and moderate income households. In addition, HDC will contribute to substantial rehabilitation, conversion, and preservation of Mitchell-Lama and other affordable housing assets.

DEPARTMENT OF CITYWIDE ADMINISTRATIVE SERVICES

The Department of Citywide Administrative Services (DCAS) is the principal administrative support agency for the City of New York providing City agencies with various services, including personnel, real estate, municipal supply, and facilities management. Services are provided by seven programmatic divisions: the Executive Division, which includes the Office of Citywide Equal Employment Opportunity (OCEEO); the Division of Citywide Personnel Services (DCPS); the Division of Real Estate Services (DRES); the Division of Facilities Management and Construction (DFMC); the Division of Municipal Supply Services (DMSS); the Division of Fiscal Management and Operations (DFMO); and the Division of Administration and Security (DAS).

Financial Review

The 2008 Executive Budget for the Department of Citywide Administrative Services provides \$1.03 billion, an increase of \$78.1 million over the amount forecasted for 2007. This increase is primarily attributable to increases and adjustments in intra-city sales. The \$370.1 million DCAS Capital Commitment Plan for 2008 includes \$362.6 million for Public Buildings and \$7.5 million for Real Property.

Revenue Forecast

In 2008, DCAS will collect \$58.9 million in revenue, approximately \$23.2 million less than the amount forecasted for 2007. The decrease is mainly attributable to one-time revenue collected from property sales, commercial rents and early mortgage satisfactions in 2007. The Division of Real Estate Services (DRES), the largest revenue generating component of DCAS, will collect \$42.2 million from land sales and rents from commercial properties.

Expense Budget Highlights

Budgetary Priorities: Providing Core Services

- the 2008 Executive Budget provides total funds of \$1.03 billion for the Department, of which \$693.7 million is for goods and services that agencies purchase from DCAS through intra-city agreements including the following: utilities (\$620.0 million), leases (\$45.8 million), storehouse supplies (\$20.4 million), maintenance and repair of facilities and vehicles (\$4.5 million), personnel training (\$0.8 million), and other services (\$2.1 million).
- the 2008 Executive Budget provides a total of \$881.1 million for the Division of Facilities Management and Construction (DFMC). DFMC manages and operates 54 public buildings, including court facilities. Included in the \$881.1 million are intra-city agreements for utilities (\$620.0 million), leases (\$45.6 million), and building maintenance (\$2.5 million). Also included in the \$881.1 million is \$29.9 million in State funding to provide cleaning services for court facilities.
- the 2008 Executive Budget provides a total of \$16.0 million for the Division of Real Estate Services (DRES).
- the 2008 Executive Budget provides a total of \$12.4 million for security services in DCAS-managed buildings.
- DCAS will continue to work with the Office of Emergency Management to implement the City's Coastal Storm Plan (CSP). The Division of Municipal Supply Services within DCAS will play an important role in ensuring that critical supplies are procured and available for support of the CSP in the event of a hurricane requiring opening of shelters. The 2008 Executive Budget provides \$7.6 million to procure supplies in preparation for a coastal storm surge or Category 1 hurricane; an additional \$13.0 million is provided to purchase supplies in the event of a larger storm.

Restructuring and Streamlining

- the 2008 Executive Budget provides a total of \$2.4 million to establish a building manager and EAP (Emergency Action Plan) director program in DCAS-managed facilities. Managers will inspect buildings, prioritize work requests, monitor contractors and provide a single point-of-contact for agency and other tenants. Building managers will also foster the sustainability goals outlined by the Mayor's Office of Long Term Planning and Sustainability by identifying ways to improve the energy efficiency of building systems and infrastructure. EAP directors will prepare building occupants for fire and non-fire emergencies, including terrorism and natural disasters. EAP staff will work in the Department's 26 Class E buildings, as required under Local Law 26.
- the Department is finishing construction of a Computerized Testing Center in Manhattan, which will allow DCAS to streamline the development, administration, and rating of competitive civil service examinations. The automation of the exam process will provide additional registration options, user-friendly interfaces, and unofficial results at the conclusion of the exam. The Manhattan Computerized Testing Center is scheduled to commence operations in 2008. The Department also plans to expand the Computerized Testing Center model to Brooklyn in 2008.
- to streamline the civil service examination process, DCAS has developed the Online Application System (OASys). This will allow the public to select, apply and pay for civil service examinations online. OASys offers a comprehensive list of open examinations and allows the applicant to pay the filing fee with a credit card or debit card or receive a waiver, if eligible. OASys also offers applicants instruction on filing via mail and the ability to download all the required forms. DCAS is scheduled to launch OASys to the public in June.

Summary of Agency Financial Data

The following table compares the 2008 Executive Budget with the 2008 Preliminary Budget, the 2007 forecast and actual expenditures for 2006, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services and debt service.

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

	2006 Actual	2007 Forecast	2008		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2007 Forecast	2008 Preliminary Budget
Expenditures						
Salary and Wages	\$106,743	\$113,973	\$116,814	\$119,657	\$5,684	\$2,843
Fringe Benefits	1,451	1,431	1,431	1,431	—	—
OTPS	747,635	836,336	861,149	908,760	72,424	47,611
Total	<u>\$855,829</u>	<u>\$951,740</u>	<u>\$979,394</u>	<u>\$1,029,848</u>	<u>\$78,108</u>	<u>\$50,454</u>
Funding						
City	\$153,614	\$182,235	\$173,424	\$199,879	\$17,644	\$26,455
Other Categorical Grants	77,424	83,337	91,408	93,511	10,174	2,103
IFA	7,844	10,493	10,862	10,862	369	—
State	39,141	40,598	30,316	29,936	(10,662)	(380)
Federal CD	20	200	—	—	(200)	—
Federal Other	1,267	2,000	2,000	2,000	—	—
Intra-City Other	576,518	632,877	671,384	693,660	60,783	22,276
Total	<u>\$855,829</u>	<u>\$951,740</u>	<u>\$979,394</u>	<u>\$1,029,848</u>	<u>\$78,108</u>	<u>\$50,454</u>
Additional Costs Centrally Funded						
Personal Services (PS) . .						
Fringe Benefits	\$37,999	\$39,719	\$40,722	\$40,634	\$915	(\$88)
Pensions	7,615	10,718	13,534	13,723	3,005	189
Other Than Personal Service (OTPS)						
Legal Services	2,251	2,303	2,247	2,020	(283)	(227)
Judgments and Claims .	185	2,431	2,683	2,683	252	—
Debt Service	225,364	466,921	394,260	432,191	(34,730)	37,931
Total Additional Costs . .	<u>\$273,414</u>	<u>\$522,092</u>	<u>\$453,446</u>	<u>\$491,251</u>	<u>(\$30,841)</u>	<u>\$37,805</u>
Funding						
City	248,540	493,164	423,188	459,297	(33,867)	36,109
Non-City	24,874	28,928	30,258	31,954	3,026	1,696
Full Agency Costs (including Central Accounts)						
Salary and Wages	\$106,743	\$113,973	\$116,814	\$119,657	\$5,684	\$2,843
Fringe Benefits	39,450	41,150	42,153	42,065	915	(88)
Pensions	7,615	10,718	13,534	13,723	3,005	189
Total PS	<u>\$153,808</u>	<u>\$165,841</u>	<u>\$172,501</u>	<u>\$175,445</u>	<u>\$9,604</u>	<u>\$2,944</u>
OTPS	\$747,635	\$836,336	\$861,149	\$908,760	\$72,424	\$47,611
Legal Services	2,251	2,303	2,247	2,020	(283)	(227)
Judgments and Claims .	185	2,431	2,683	2,683	252	—
Debt Service	225,364	466,921	394,260	432,191	(34,730)	37,931
Total OTPS	<u>\$975,435</u>	<u>\$1,307,991</u>	<u>\$1,260,339</u>	<u>\$1,345,654</u>	<u>\$37,663</u>	<u>\$85,315</u>
Total Agency Costs	\$1,129,243	\$1,473,832	\$1,432,840	\$1,521,099	\$47,267	\$88,259
Less Intra-City	\$576,518	\$632,877	\$671,384	\$693,660	\$60,783	\$22,276
Net Agency Cost	<u>\$552,725</u>	<u>\$840,955</u>	<u>\$761,456</u>	<u>\$827,439</u>	<u>(\$13,516)</u>	<u>\$65,983</u>
Funding						
City	402,154	675,399	596,612	659,176	(16,223)	62,564
Non-City	150,571	165,556	164,844	168,263	2,707	3,419
Personnel (includes FTEs at fiscal year-end)						
City	1,277	1,404	1,405	1,452	48	47
Non-City	699	766	766	766	—	—
Total	<u>1,976</u>	<u>2,170</u>	<u>2,171</u>	<u>2,218</u>	<u>48</u>	<u>47</u>

Programmatic Review

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

Executive Division

The Executive Division includes the Office of the Commissioner, General Counsel, Public Affairs, Special Events, Management Information Systems, Citywide Occupational Safety and Health (COSH), and the Office of Citywide Equal Employment Opportunity (OCEEO). The Commissioner oversees all agency functions and serves on the boards of the Management Benefits Fund, Deferred Compensation, and the Citywide Blood Donation Program. The Office of the General Counsel provides legal support in areas such as real estate (leasing, acquisitions, and disposals), civil service and employment law, and procurement. COSH is responsible for the oversight of Citywide occupational safety and health issues, and provides related training in conjunction with City agency safety officers.

The Executive Division is also charged with the production and printing of official City publications such as the City Record, the Green Book, and their online counterparts. The City Record Online allows agencies to post electronic versions of their solicitations on the internet which can then be downloaded by interested vendors. In addition, vendors may elect to receive e-mail notification of new solicitations.

Within the Executive Division, the Office of Citywide Equal Employment Opportunity (OCEEO) monitors compliance with 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 policy compliance. OCEEO carries out its monitoring function through training initiatives, agency site visits, and personnel interviews.

Division of Citywide Personnel Services

The Division of Citywide Personnel Services (DCPS) is responsible for civil service administration including the classification of positions and salaries, administering examinations, personnel development and training, Citywide redeployment, and other special programs such as the Employee Blood Donation Program, the Urban Fellows Program, Public Service Corps, and the Leadership Institute.

In order to simplify civil service job titles and streamline exam administration, DCPS is continuing to consolidate and reclassify titles with overlapping functions as well as eliminate vacant job titles that are no longer needed. The Division also continues its efforts to consolidate annual civil service examinations for titles that require similar knowledge and skills. Examinations are administered by DCPS for City agencies and other organizations such as the Metropolitan Transportation Authority and the New York City Housing Authority. The Division anticipates administering 137 civil service and 63 license examinations in 2007, and expects to administer a similar number of examinations in 2008. In 2008, DCAS will administer several police officer and correction officer exams, as well as the firefighter and sanitation worker physical exams.

Division of Real Estate Services

The Division of Real Estate Services (DRES) oversees the commercial real estate portfolio for the City, which includes leasing or purchasing privately-owned properties for government use; managing properties surrendered by other City agencies as surplus; long and short-term leasing of City-owned properties for revenue; and disposition of real estate by means of sales and lease auctions. The Division administers approximately 36 leases for City agencies in private buildings. The Division also audits leases to ensure proper lease billing, identifying savings of \$2.3 million in rent credits through March 2007.

Division of Facilities Management and Construction

The Division of Facilities Management and Construction (DFMC) is responsible for managing and operating 54 City-owned public buildings. This Division provides technical engineering along with architectural and construction management services to manage and operate its facilities. DFMC also coordinates with the State Office of Court Administration to ensure proper maintenance of court facilities within the City.

Division of Municipal Supply Services

The Division of Municipal Supply Services (DMSS) is the City's chief procurement entity. DMSS procures, warehouses, and distributes goods and 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 2,000 different items. 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. This Division is also responsible for the salvaging of surplus goods and vehicles through redistribution to other City agencies and auction.

Division of Fiscal Management and Operations

The Division of Fiscal Management and Operations (DFMO) is responsible for providing the Department with the fiscal management and coordination needed to carry out its mandate. This Division includes the Office of Operations and Strategic Planning, the Capital Budget Office, and the Office of Financial Services, which includes budget control, audits and accounts, and State Court reimbursement. The Office of Energy Conservation (OEC), within DFMO, is the City's primary energy management entity. This office develops and reports on the City's annual energy budget and pays energy bills for City accounts, as the utility account holder of record. OEC also reviews energy billing with agencies and oversees energy conservation programs. The Office provides each agency's energy liaison with monthly agency level and account level reports on energy cost and usage, and oversees an average of 20 energy-efficiency facility upgrades a year.

The Division is responsible for the operation of the official store of the City of New York, the CityStore. The CityStore operates a retail location in the North Plaza of the Manhattan Municipal Building, and an on-line store, www.nyc.gov/CityStore.

Division of Administration and Security

The Division of Administration and Security (DAS) is responsible for internal administrative support for DCAS including human resources, payroll and timekeeping, training, disciplinary proceedings, labor relations, printing services, communication services, and records management. DAS also coordinates security within the Department for 18 DCAS-managed facilities and for some leased facilities. Security responsibilities include risk assessment, security analysis, implementation, and continued evaluation of DCAS facilities.

Capital Review

The 2008-2017 Ten-Year Capital Commitment Plan for the Department is \$1.34 billion, with \$370.1 million provided in 2008.

The Department is responsible for capital improvements to all DCAS-managed and client agencies' buildings including office space, warehouses, and courts; oversight and improvements to City-leased properties; and the sale, lease, and acquisition of City-owned non-residential waterfront and non-waterfront properties. The capital program includes compliance work for public safety and legal mandates, renovation, rehabilitation, construction, design, and outfitting of various sites, including the purchase of furniture. The Department also purchases vehicles and various communications and technological equipment.

The table below shows capital commitments by program area over the 2006-2011 period.

Capital Commitments

(\$000's)

	2006 Actual		2007 Plan		2008 Plan		2009 Plan		2010 Plan		2011 Plan	
	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds
Rehabilitation of City- Owned Facilities	\$44,951	\$44,951	\$70,108	\$70,208	\$113,022	\$113,022	\$81,520	\$81,520	\$31,432	\$31,432	\$31,637	\$31,637
Renovation of Other City-Owned Facilities	16,901	18,871	18,507	18,507	25,984	25,984	0	0	0	0	0	0
Rehabilitation of Court Facility System	82	82	66	110	0	0	0	0	0	0	0	0
Legal Mandates and Correction of Unsafe Conditions	19,092	19,092	14,734	14,734	38,120	38,120	21,526	21,526	7,960	7,960	24,360	24,360
Renovation of Leased Space ...	206	206	25,740	27,240	40,779	40,779	0	0	24,292	24,292	0	0
Equipment and Interagency Services	9,401	9,401	19,911	19,911	13,005	13,005	0	0	1,250	1,250	3,050	3,050
Communications Equipment ..	-11	-11	95	95	145	145	0	0	0	0	600	600
Board of Elections	8,809	8,809	7,005	7,005	59,718	59,718	0	0	0	0	0	0
Miscellaneous Construction ...	12,111	12,111	79,052	79,152	71,809	71,809	18,000	18,000	0	0	0	0
Acquisition of Real Property ...	0	0	0	0	0	0	0	0	0	0	0	0
Rehabilitation of Waterfront & Non-Waterfront Properties ...	4,221	4,221	2,310	2,310	7,507	7,507	3,444	3,444	3,992	3,992	5,748	5,748
Total	<u>\$115,763</u>	<u>\$117,734</u>	<u>\$237,528</u>	<u>\$239,272</u>	<u>\$370,089</u>	<u>\$370,089</u>	<u>\$124,490</u>	<u>\$124,490</u>	<u>\$68,926</u>	<u>\$68,926</u>	<u>\$65,395</u>	<u>\$65,395</u>

The Ten-Year Capital Commitment Plan provides a total of \$1.34 billion, including \$1.28 billion for the renovation, reconstruction, and outfitting of Public Buildings and \$56.0 million for Real Property.

Highlights of the Ten-Year Plan include:

- reconstruction and rehabilitation of public buildings and City-owned facilities with the focus on the replacement of mechanical, electrical, plumbing and structural systems (\$561.1 million), including the central administration of select energy efficiency projects Citywide (\$55.2 million), renovations of the Queens Borough Hall (\$31.6 million) and the Manhattan Municipal Building (\$20.7 million), as well as interior and exterior renovations of the Brooklyn Municipal Building (\$18.0 million).
- legal mandates (\$354.0 million), including fire safety improvements (\$140.8 million), Local Law 11 of 1998 façade repairs (\$125.8 million) and the replacement of petroleum underground storage tanks (\$16.0 million).
- renovation of leased space (\$137.9 million), including the relocation and consolidation of the Queens District Attorney's Office (\$24.3 million) and the move of the Department of Records and Information Services warehouse (\$5.0 million).
- equipment and interagency services (\$54.5 million), including management information systems equipment.
- modernization of the Board of Elections (\$59.7 million), including the purchase of electronic voting machines as required by the Help America Vote Act (HAVA) (\$50.0 million), and the consolidation and renovation of warehouse and office facilities for the Board of Elections (\$9.7 million).
- reconstruction of waterfront properties (\$55.2 million) including various pier improvements.
- reconstruction of non-waterfront properties (\$0.8 million).

The 2008 Plan provides \$370.1 million and includes:

- reconstruction of public buildings and City-owned facilities (\$113.0 million), including renovation of the Queens Borough Hall (\$22.4 million), central administration of select energy efficiency projects Citywide (\$10.2 million), renovations of the Manhattan Municipal Building (\$9.9 million), interior and exterior renovations of the Brooklyn Municipal Building (\$7.7 million), as well as renovations of the Bronx Family Justice Center (\$2.5 million).
- legal mandates (\$38.1 million), including the replacement of petroleum underground storage tanks (\$16.0 million).
- renovation of leased space (\$40.8 million), including Queens DCAS Storehouse renovations (\$12.2 million) and the move of the Department of Records and Information Services warehouse (\$5.0 million).
- equipment and interagency services (\$13.0 million), including the purchase of management information systems equipment.
- modernization of the Board of Elections (\$59.7 million), including the purchase of electronic voting machines as required by the Help America Vote Act (HAVA) (\$50.0 million) as well as the consolidation and renovation of warehouse and office facilities for the Board of Elections (\$9.7 million).
- reconstruction of waterfront properties (\$6.7 million), and non-waterfront properties (\$0.8 million).

DEPARTMENT OF INFORMATION TECHNOLOGY AND TELECOMMUNICATIONS

The Department of Information Technology and Telecommunications (DoITT) provides Citywide coordination and technical expertise in the development and use of data, voice, and video technologies in City services and operations. DoITT's Commissioner directs the development of information technology (IT) strategies as the City's Chief Information Officer. DoITT also provides infrastructure support for data processing and communications services to numerous City agencies, researches and manages IT projects, manages the 3-1-1 Customer Service Center, maintains *NYC.gov* (the City's official website), manages the City's broadcast/cable television and radio stations via the NYC Media Group, and administers the City's cable television, public pay telephone, and mobile and high capacity telecommunications franchises.

Financial Review

DoITT's 2008 Executive Budget provides for an operating budget of \$346.3 million, an increase of \$64.1 million over the amount forecasted for 2007. The change is primarily attributable to additional funds allocated to further the Department's ability to provide centralized IT support as well as additional resources to support the 3-1-1 Citizen Service Center and Enhanced 3-1-1.

Revenue Forecast

The Department collects revenue from cable television and high capacity telecommunications franchises, public pay telephone franchises, recovery of overpayments of City telephone billings, and international programming fees for use of the City's NYC TV cable television network. The Department will generate \$108.7 million in revenue for 2008.

Expense Budget Highlights

Budgetary Priorities: Providing Core Services

- the Department's 2008 Executive Budget includes \$106.8 million for services that DoITT purchases on behalf of client agencies, including telecommunications, data and consultant services.
- the Department's 2008 Executive Budget provides \$56.6 million for the Information Utility Division. This Division is responsible for the Data Center operations and fiber optic network that provide data processing and networking services to over 60 City agencies, 24 hours a day, seven days a week.
- the Department's 2008 Executive Budget provides \$7.9 million for the administration of the City's five cable channels, a broadcast station, and a radio station on the NYC TV Media Group network. The City produces programming designed to inform the public on City affairs.

Restructuring and Streamlining

- the Department's 2008 Executive Budget provides \$56.3 million for the 3-1-1 Citizen Service Center. This includes funds for the Enhanced 3-1-1 initiative, designed to provide callers with health and human service-related information and referrals to non-profits and community-based organizations. The Service Center provides the public with access to non-emergency City services through one phone number, 24 hours a day, seven days a week.

Summary of Agency Financial Data

The following table compares the 2008 Executive Budget with the 2008 Preliminary Budget, the 2007 forecast and actual expenditures for 2006, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services and debt service.

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

	2006 Actual	2007 Forecast	2008		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2007 Forecast	2008 Preliminary Budget
Expenditures						
Salary and Wages	\$58,250	\$74,979	\$71,841	\$86,141	\$11,162	\$14,300
Fringe Benefits	—	—	—	—	—	—
OTPS	178,974	207,198	236,425	260,150	52,952	23,725
Total	<u>\$237,224</u>	<u>\$282,177</u>	<u>\$308,266</u>	<u>\$346,291</u>	<u>\$64,114</u>	<u>\$38,025</u>
Funding						
City	\$107,866	\$154,401	\$192,585	\$225,276	\$70,875	\$32,691
Other Categorical Grants	3,559	3,252	1,356	1,356	(1,896)	—
IFA	6,710	11,811	5,712	11,417	(394)	5,705
State	26	29	—	—	(29)	—
Federal CD	1,366	1,426	1,451	1,451	25	—
Federal Other	163	—	—	—	—	—
Intra-City Other	117,533	111,258	107,162	106,791	(4,467)	(371)
Total	<u>\$237,224</u>	<u>\$282,177</u>	<u>\$308,266</u>	<u>\$346,291</u>	<u>\$64,114</u>	<u>\$38,025</u>
Additional Costs Centrally Funded						
Personal Services (PS) . .						
Fringe Benefits	\$13,656	\$16,182	\$16,672	\$20,047	\$3,865	\$3,375
Pensions	4,100	6,927	8,233	8,439	1,512	206
Other Than Personal Service (OTPS)						
Legal Services	5,720	3,331	3,632	3,125	(206)	(507)
Judgments and Claims .	95	21	23	23	2	—
Debt Service	—	—	—	—	—	—
Total Additional Costs . .	<u>\$23,571</u>	<u>\$26,461</u>	<u>\$28,560</u>	<u>\$31,634</u>	<u>\$5,173</u>	<u>\$3,074</u>
Funding						
City	21,889	24,789	26,849	29,978	5,189	3,129
Non-City	1,682	1,672	1,711	1,656	(16)	(55)
Full Agency Costs (including Central Accounts)						
Salary and Wages	\$58,250	\$74,979	\$71,841	\$86,141	\$11,162	\$14,300
Fringe Benefits	13,656	16,182	16,672	20,047	3,865	3,375
Pensions	4,100	6,927	8,233	8,439	1,512	206
Total PS	<u>\$76,006</u>	<u>\$98,088</u>	<u>\$96,746</u>	<u>\$114,627</u>	<u>\$16,539</u>	<u>\$17,881</u>
OTPS	\$178,974	\$207,198	\$236,425	\$260,150	\$52,952	\$23,725
Legal Services	5,720	3,331	3,632	3,125	(206)	(507)
Judgments and Claims .	95	21	23	23	2	—
Debt Service	—	—	—	—	—	—
Total OTPS	<u>\$184,789</u>	<u>\$210,550</u>	<u>\$240,080</u>	<u>\$263,298</u>	<u>\$52,748</u>	<u>\$23,218</u>
Total Agency Costs	\$260,795	\$308,638	\$336,826	\$377,925	\$69,287	\$41,099
Less Intra-City	\$117,533	\$111,258	\$107,162	\$106,791	(\$4,467)	(\$371)
Net Agency Cost	<u>\$143,262</u>	<u>\$197,380</u>	<u>\$229,664</u>	<u>\$271,134</u>	<u>\$73,754</u>	<u>\$41,470</u>
Funding						
City	129,755	179,190	219,434	255,254	76,064	35,820
Non-City	13,507	18,190	10,230	15,880	(2,310)	5,650
Personnel (includes FTEs at fiscal year-end)						
City	866	1,050	1,055	1,185	135	130
Non-City	123	176	91	179	3	88
Total	<u>989</u>	<u>1,226</u>	<u>1,146</u>	<u>1,364</u>	<u>138</u>	<u>218</u>

Programmatic Review

DoITT is the technology services agency that oversees the City's use of existing and emerging technologies in government operations, and its delivery of services to the public. The Department works with City agencies to align, leverage, and optimize the use of technology to meet agency and Citywide business needs. To achieve this, DoITT manages and operates the 3-1-1 Customer Service Center, ACCESS NYC, the Emergency Communications Transformation Program (ECTP), the New York City Wireless Network (NYCWiN), the Channel 16 Radio Network, *NYC.gov*, the NYC Media Group, the Citywide Geographic Information Systems Unit, and various initiatives to help streamline agency operations.

Citywide IT Strategy Development and Agency Re-Organization

In 2007, the Department undertook development of a Citywide IT Strategy, aimed at optimizing the delivery of government services by leveraging best practices and technologies across the five boroughs in order to improve transparency, accountability and accessibility for the City's residents, businesses, visitors and employees.

To successfully implement the new Citywide IT Strategy and better support the Department's mission, DoITT was reorganized into three distinct areas: Planning, Policy and Standards; Public Information Services; and Technology Services. The goal of this restructuring was to bring similar agency functions together and to establish clear organizational lines, as appropriate, between policy, operations, and applications development.

3-1-1 Customer Service Center

The 3-1-1 Customer Service Center is the City's premier means of access to government information and non-emergency services. Trained Call Center Representatives are available 24 hours a day, seven days a week, and offer services in over 170 languages. DoITT continues to leverage applications at 3-1-1, including the newly-launched Siebel Analytics business intelligence tool, to enhance the functionality of 3-1-1 and improve the service delivery of City agencies. DoITT will continue to enhance the capability of 3-1-1 through a phased roll-out of the Enhanced 3-1-1 initiative, designed to provide callers with health and human service-related information and referrals to non-profits and community-based organizations.

Emergency Communications Transformation Program

The City is undertaking significant upgrade and enhancements to its 911 Emergency Dispatch System. The majority of the capital funding for this initiative, known as the Emergency Communications Transformation Program (ECTP), is contained within DoITT's budget. In conjunction with the NYPD and FDNY, DoITT is working to develop an integrated 911 dispatch system that will bolster the City's critical emergency response capabilities. This project includes the development of a consolidated dispatch system, an upgraded telecommunications infrastructure, and redundant call-taking and dispatch centers. In 2008, the first phase of the integrated NYPD and FDNY Public Safety Answering Center (PSAC I) will be completed, and the City will begin the design of a back-up Public Safety Answering Center (PSAC II).

New York City Wireless Network (NYCWiN)

Announced last September, the Citywide mobile wireless network will provide for broadband transmission of video feeds, large graphics files, wireless call box alarms, traffic control signals, and automatic vehicle location (AVL) data. Access to this network will provide resources to public safety agency personnel that will greatly improve their execution of specific job functions. NYCWiN will also support and enhance a host of other public service applications used by agencies across the City. This network is now operational throughout lower Manhattan south of Canal Street, river-to-river, with the testing of multiple agency applications underway. NYCWiN will be built out Citywide by the end of 2008.

Channel 16 Radio Network

The Channel 16 Radio Project will support FDNY and EMS dispatch communications as well as the day-to-day and emergency-related communications of multiple City agencies and will replace current agency legacy radio systems. Implementation of Channel 16 began in 2006 and will continue in 2008. Once fully executed, this project will meet the Citywide mission critical communication needs of public safety agencies and enhance Citywide interoperability.

ACCESS NYC

Last September, DoITT launched ACCESS NYC, an online resource that provides City residents with greater access to City, State, and Federal benefit programs. A cross-agency initiative, ACCESS NYC provides residents with a single point of entry for human service benefit programs, allows them to anonymously pre-screen for more than 20 programs, and is available in seven different languages, including Spanish, Haitian-Creole, Korean, Chinese, Russian, Arabic and English. City, State, and Federal programs will continue to be added to the screening tool, and the agency plans to integrate ACCESS NYC with 3-1-1.

NYC.gov

NYC.gov, the City's official website, provides New Yorkers with an easy-to-use source of government services and information. In 2008, DoITT will enhance a number of applications available on *NYC.gov*, including Business Express. Business Express is a joint project with the Department of Small Business Services intended to provide new and existing businesses with the tools required to open and expand in the New York City area. The project is intended to provide businesses with the ability to manage all of their business transactions with the City in one location on the web.

NYC Media Group

DoITT is the managing agency of the NYC Media Group, which includes a broadcast television station, reaching approximately 7.3 million households in New York, New Jersey and Connecticut; five New York City cable television stations; and one FM radio station (WNYE 91.5 FM). In 2008, NYC TV will continue to produce New York City-themed original programming designed to showcase the City's neighborhoods, arts, culture, history, and diverse communities. In addition, with grant awards from the Corporation for Public Broadcasting, NYC Media Group will also make upgrades to its digital transmitter, transmission line, antenna and related equipment at its transmission facility, which serves the entire New York metropolitan area.

Geographic Information Systems

DoITT's Citywide Geographic Information Systems (GIS) Unit develops and maintains a repository of current, accurate spatial data and applications for the City of New York. This includes *NYCityMap*, a physical base map and planimetrics of the City derived from aerial photography. The unit also develops GIS tools and applications for use by all City agencies. The GIS internet hosting environment provides the public with an expanding array of geographic-based information on *NYC.gov*. A major focus for 2008 and beyond is the Citywide Street Centerline project. The objective of this project is to upgrade and extend Citywide street centerline and related geographic layers to meet public safety dispatching requirements, and, by extension, to meet the needs of all City agencies.

Streamlining Agency Operations

DoITT will continue to leverage its data center, fiber optic network, and other resources in order to provide cost savings to City agencies in need of internet access, data center hosting and management, e-mail, security and firewall solutions, disaster recovery sites, wireless solutions, and remote access. The DoITT Capital Plan for 2008-2012 includes \$352.0 million for infrastructure improvements associated with these Citywide initiatives.

ECONOMIC DEVELOPMENT

Since 1992, two organizations, the Department of Small Business Services (SBS) and the Economic Development Corporation (EDC), have administered the City's economic development programs. SBS also administers the City's adult workforce development programs as a result of its merger with the Department of Employment in 2004.

SBS provides services primarily to small businesses in New York City by overseeing the City's business improvement districts, providing technical assistance in procurement, contracting and local commercial development, and increasing opportunities for minority- and women-owned businesses. SBS also assists small businesses in their interactions with other City agencies to facilitate the delivery of City services and utilities. Within the Workforce Development Division, SBS provides job training and placement services to jobseekers and businesses through its one-stop centers and contracted service providers.

EDC serves as the City's corporate attraction and retention arm. In addition, EDC undertakes financing initiatives and generates commercial and industrial projects in conjunction with private developers. Waterfront, maritime, and inter-modal transportation development are also under EDC's purview.

Financial Review

The 2008 Executive Budget for Economic Development provides \$112.7 million in operating dollars for SBS and \$57.0 million in operating dollars for EDC, with Federal funds of \$63.3 million and City funds of \$103.7 million. This represents an overall increase of \$35.6 million for SBS above the 2007 forecast. The SBS operating budget includes allocations for NYC & Company, the New York Empowerment Zone, the Mayor's Office of Film, Theatre and Broadcasting, and other SBS programs such as the commercial revitalization program and the Vendor/Micro-Enterprise Division. EDC funds the majority of its operating budget through income earned from the management of its real estate portfolio.

City funded capital commitments of \$899.5 million are forecast in the 2008-2011 capital plan. Of this amount, \$861.6 million reflect Mayoral commitments. The remaining \$37.9 million reflect other elected officials commitments. The amount of total City funded capital commitments for the 2008-2011 plan represents a decrease of \$471 million over the amount of commitments forecast in the 2007-2010 plan.

Revenue Forecast

The Department of Small Business Services collects revenue from the rental and sale of commercial, industrial, maritime, and market properties administered by EDC, and other miscellaneous fees. The 2008 revenue estimate is \$21.4 million.

Expense Budget Highlights

- the Workforce Development Division runs the City's one-stop centers in all five boroughs. In addition, the City's Business Solutions Centers, some of which are co-located in the one-stop centers, provide businesses with access to skilled labor through the Customized Training Program. The 2008 budget includes \$48.3 million in Federal funds for all adult and dislocated worker job training programs.
- the Division of Economic and Financial Opportunity focuses on outreach and technological assistance to certify minority- and women-owned businesses for government contracts. The Executive Budget for 2008 provides \$2.5 million in City and Federal funds to run this program with a staff of 30 people.
- through a contract with SBS, NYC & Company will receive \$20.6 million in City funding in 2008 for its work to promote the City as the country's premier tourist destination and convention center.

- in 1995, portions of Upper Manhattan and the South Bronx were designated an Empowerment Zone (EZ), 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 the Federal investment. These funds facilitate economic development initiatives by local businesses and community-based organizations. In 2002, program funding was extended from 2005 to 2009.

Summary of Agency Financial Data

The following table compares the 2008 Executive Budget with the 2008 Preliminary Budget, the 2007 forecast and actual expenditures for 2006, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services and debt service.

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

	2006 Actual	2007 Forecast	2008		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2007 Forecast	2008 Preliminary Budget
Expenditures						
Salary and Wages	\$15,502	\$18,483	\$19,822	\$20,855	\$2,372	\$1,033
Fringe Benefits	—	—	—	—	—	—
OTPS	109,793	121,309	115,997	150,638	29,329	34,641
Total	<u>\$125,295</u>	<u>\$139,792</u>	<u>\$135,819</u>	<u>\$171,493</u>	<u>\$31,701</u>	<u>\$35,674</u>
Funding						
City	\$38,273	\$65,169	\$69,975	\$105,527	\$40,358	\$35,552
Other Categorical Grants	898	2,568	2,523	2,523	(45)	—
IFA	—	—	—	—	—	—
State	673	297	—	—	(297)	—
Federal CD	6,393	8,414	6,149	6,149	(2,265)	—
Federal Other	73,446	61,744	57,121	57,243	(4,501)	122
Intra-City Other	5,613	1,600	51	51	(1,549)	—
Total	<u>\$125,295</u>	<u>\$139,792</u>	<u>\$135,819</u>	<u>\$171,493</u>	<u>\$31,701</u>	<u>\$35,674</u>
Additional Costs Centrally Funded						
Personal Services (PS) . .						
Fringe Benefits	\$4,945	\$5,373	\$5,911	\$5,547	\$174	(\$364)
Pensions	1,091	1,750	2,161	2,329	579	168
Other Than Personal Service (OTPS)						
Legal Services	7,154	4,760	3,946	4,466	(294)	520
Judgments and Claims .	21	15	16	16	1	—
Debt Service	58,683	89,306	190,368	108,479	19,173	(81,889)
Total Additional Costs . .	<u>\$71,894</u>	<u>\$101,204</u>	<u>\$202,402</u>	<u>\$120,837</u>	<u>\$19,633</u>	<u>(\$81,565)</u>
Funding						
City	65,688	95,714	196,545	114,952	19,238	(81,593)
Non-City	6,206	5,490	5,857	5,885	395	28
Full Agency Costs (including Central Accounts)						
Salary and Wages	\$15,502	\$18,483	\$19,822	\$20,855	\$2,372	\$1,033
Fringe Benefits	4,945	5,373	5,911	5,547	174	(364)
Pensions	1,091	1,750	2,161	2,329	579	168
Total PS	<u>\$21,538</u>	<u>\$25,606</u>	<u>\$27,894</u>	<u>\$28,731</u>	<u>\$3,125</u>	<u>\$837</u>
OTPS	\$109,793	\$121,309	\$115,997	\$150,638	\$29,329	\$34,641
Legal Services	7,154	4,760	3,946	4,466	(294)	520
Judgments and Claims .	21	15	16	16	1	—
Debt Service	58,683	89,306	190,368	108,479	19,173	(81,889)
Total OTPS	<u>\$175,651</u>	<u>\$215,390</u>	<u>\$310,327</u>	<u>\$263,599</u>	<u>\$48,209</u>	<u>(\$46,728)</u>
Total Agency Costs	\$197,189	\$240,996	\$338,221	\$292,330	\$51,334	(\$45,891)
Less Intra-City	\$5,613	\$1,600	\$51	\$51	(\$1,549)	\$—
Net Agency Cost	<u>\$191,576</u>	<u>\$239,396</u>	<u>\$338,170</u>	<u>\$292,279</u>	<u>\$52,883</u>	<u>(\$45,891)</u>
Funding						
City	103,961	160,883	266,520	220,479	59,596	(46,041)
Non-City	87,615	78,513	71,650	71,800	(6,713)	150
Personnel (includes FTEs at fiscal year-end)						
City	109	153	161	164	11	3
Non-City	159	176	152	152	(24)	—
Total	<u>268</u>	<u>329</u>	<u>313</u>	<u>316</u>	<u>(13)</u>	<u>3</u>

Programmatic Review

Department of Small Business Services

The Department of Small Business Services makes it easier for companies to form, do business and grow by providing direct assistance to business owners, fostering neighborhood development in commercial districts, promoting financial and economic opportunity among minority- and women-owned businesses, preparing New Yorkers for jobs, and linking employers to a skilled and qualified workforce.

Business Development

- this division assists business communities in establishing and operating business improvement districts (BIDs) and by issuing commercial revitalization (CR) grants to local development corporations (LDCs) and other neighborhood organizations. In 2007, one new BID formed, bringing the citywide total to 55. Collectively, the network of BIDs provides \$82 million in supplemental services to more than 70,000 neighborhood businesses to clean, maintain, and enhance commercial corridors. The Avenue NYC program contracted over \$7 million in CR grants to over 90 LDCs throughout the five boroughs in six major project categories: neighborhood development planning, business attraction, district marketing, commercial real estate development, streetscape/storefront improvement, and BID formation.

NYC Business Solutions

- NYC Business Solutions is the direct business assistance component of SBS, which reaches business owners and entrepreneurs through its centers, now open in the South Bronx, Upper Manhattan, Queens, Downtown Brooklyn, Lower Manhattan, and Staten Island. In 2007, NYC Business Solutions assisted 10,760 businesses and responded to more than 18,000 service requests in the categories of start-up, financing, regulations, incentives, workforce, real estate, procurement, marketing, and others.
- through outreach and technical assistance services, the NYC Business Solutions Outreach Team, formerly known as the City Business Assistance Program and Emergency Response Unit, helps businesses interact with other City agencies and resolve obstacles to conducting business efficiently. Outreach team staff advise businesses about local stoop-line, sanitation, and vending regulations. The unit coordinates graffiti removal projects and helps merchants conform to the zero-visibility rule, which prohibits sidewalk merchandise display. Additionally, the outreach team works with the Mayor's Office of Emergency Management to assist businesses affected by disasters. It provides updates on building re-openings, facilitates the resolution of matters affecting day-to-day business operations, and compiles evidence to support business claims for assistance. In 2007 the outreach team responded to over 140 emergencies and helped 983 businesses impacted by them. It also provided emergency assistance to businesses affected by the July 2006 power outage.
- the Business Incentives Unit coordinates the Lower Manhattan Energy Program (LMEP), which offers reduced regulated electricity costs for up to 12 years. To date, 53 office towers with approximately 1,400 commercial tenants have received LMEP benefits. The Energy Cost Savings Program, which helps businesses lower their energy costs in targeted areas around the City, approved 77 projects affecting 4,532 jobs and more than \$1.5 million in annual savings in 2007.
- the Vendor/Micro-Enterprise Unit conducted courses attended by 1,824 individuals in 2007. Classes are given in five locations around the City and offered in business basics, computer applications, and technical assistance.

Economic and Financial Opportunity

- the Division of Economic and Financial Opportunity (DEFO) enables small, minority- and women-owned businesses to grow and actively participate in the City's procurement process. The division provides personal outreach, registration, and technological assistance to connect businesses with new opportunities. DEFO has certified a total of 1,114 firms as minority- and women-owned enterprises, including 299 new registrations and 302 re-certifications in 2007. The division conducted 1,528 individual assistance sessions in 2007, allowing certified firms that received assistance to win 2,107 contracts valued at \$54.7 million.

Workforce Development

- the Workforce Development Division provides employment services to the City's adult private-sector workforce. Funds for these programs are provided through the Federal Workforce Investment Act (WIA). Through partnerships with private employers, SBS provides NYC Business Solutions Training Grants to upgrade the skill sets of employees in growth industries; employers cover 50 percent of the cost of these training programs. As of March 2007, SBS has awarded 15 grants totaling \$1.2 million which were matched by employer contributions and which will provide training to 839 workers.
- the Workforce1 system is the centerpiece of the adult workforce system. In 2007, SBS managed five Workforce1 Career Centers and two additional centers operated by the City University of New York at LaGuardia Community College in western Queens and CUNY on the Concourse in the Bronx. These centers provide job search, training, and placement opportunities for all New Yorkers. They also provide universal access to Individual Training Accounts (ITAs), which customers can use to pay for training at occupational schools throughout the City. In 2007, approximately 13,000 individuals were placed in jobs with over 3,000 businesses and through March 2007, 69,802 customers have used Workforce 1 services.

Mayor's Office of Industrial and Manufacturing Businesses

- created in January 2005, the Mayor's Office of Industrial and Manufacturing Businesses (IMB) coordinates a series of initiatives designed to help retain and grow New York City's industrial job base. The office marshals the resources of key City agencies to address the main concerns of the industrial and manufacturing sector: protecting industrial space, lowering costs, and creating a friendlier business environment. IMB oversees 16 Industrial Business Zones (IBZs) and 11 Empire Zones throughout the City to provide business assistance services, particularly through Industrial Business Solutions providers, to support and protect the industrial and manufacturing sector.

New York City Economic Development Corporation

EDC works with the private and public sectors to revitalize businesses, create jobs, and generate revenue for the City. EDC also manages and develops City-owned commercial, industrial, and waterfront properties, including marine terminals, public markets, rail yards, and industrial parks.

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

- in the first quarter of 2007, EDC (through IDA) financed over \$156 million to secure business commitments representing 1,497 jobs committed.
- in December 2006, IDA approved financing assistance for eight projects in Brooklyn, Manhattan, and Queens. These projects will commit 2,720 jobs and encourage \$366 million in private investment.

- in calendar year 2006, the New York City Capital Resource Corporation (CRC), a local development corporation administered by EDC, financed over \$38.2 million to secure business commitments representing 5,030 jobs committed. Established in January 2006, CRC expands the pool of organizations that can benefit from tax-exempt financing, especially arts and social service organizations and cultural, healthcare, and educational institutions.

Under its contract with SBS, EDC acts as a managing agent for City-sponsored projects 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, to bolster the City's tax base, and to maintain city-owned facilities in a state of good repair. The 2008-2011 Four Year Plan totals \$0.89 billion.

The following chart shows Capital plan commitments by major function over the 2007-2011 period. Actual commitments are provided for 2006.

Capital Commitments (\$ in 000's)

	2006 Actual		2007 Plan		2008 Plan		2009 Plan		2010 Plan		2011 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 . . .	29,966	31,231	669,704	883,449	167,717	175,217	81,433	81,433	37,250	37,250	36,788	36,788
Industrial Development	2,480	2,480	120,065	120,065	54,544	54,544	23,400	23,400	0	0	40,536	40,536
Market Development	5,271	5,271	24,770	24,770	8,490	8,490	7,400	7,400	2,000	2,000	13,350	13,350
Neighborhood Revitaliz'n . . .	12,653	13,545	46,311	63,767	44,523	44,523	26,878	26,878	0	0	11,170	11,170
Port Development	67,380	71,740	115,177	125,936	98,461	98,461	23,790	23,790	30,350	30,350	40,978	40,978
Rail Development	17,631	17,967	7,744	25,811	0	0	0	0	0	0	0	0
Waterfront Development	10,327	15,950	53,507	60,945	15,475	15,475	45,520	45,520	6,600	6,600	14,680	14,680
Cultural Development	2,219	2,219	57,219	58,040	44,640	44,640	10,000	10,000	0	0	0	0
Community Development	800	1,800	28,640	31,005	0	0	0	0	0	0	0	0
Miscellaneous	5,766	5,798	8,088	34,588	4,675	4,675	1,070	1,070	200	200	0	0
Total	154,493	168,001	1,131,225	1,428,376	438,525	446,025	219,491	219,491	76,400	76,400	157,502	157,502

Highlights of the 2008-2011 Four Year Capital Plan (including uncommitted 2007 funds) are:

- expansion of the Javits Center (\$350.0 million).
- development and infrastructure improvements at the Brooklyn Navy Yard (\$168.6 million).
- rehabilitation and expansion of the City's cruise ship terminals (\$152.41 million).
- development of site infrastructure at Coney Island as part of the Coney Island Strategic Plan (\$111.9 million).
- pre-development infrastructure at Governor's Island (\$106.19 million).
- redevelopment of the Atlantic Yards (\$100.0 million).

- redevelopment of Downtown Brooklyn (\$96.1 million).
- development of the Brooklyn Academy of Music Cultural District (\$74.9 million).
- infrastructure improvements at Staten Island Homeport (\$64.3 million).
- improvement of intermodal transportation and neighborhood connections at Jamaica Center (\$23.6 million).

LIBRARIES

The City of New York funds three independently operated public library systems, each administered by a distinct and separate board of trustees. The Brooklyn Public Library oversees the operation of 58 branches, a Business Library and a Central Library. The New York Public Library manages a three-borough library system: the Bronx with 35 branches, Manhattan with 38 branches and Staten Island with 12 branches. It also oversees four Research Libraries: the Humanities and Social Sciences 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 Queens Borough Public Library is comprised of 62 community libraries and a Central Library.

Financial Review

The 2008 Executive Budget for Libraries provides total operating funds of \$44.6 million. This is a decrease of \$233.7 million from the 2007 forecast of \$278.3 million, due to the prepayment of \$224.8 million to all three library systems in 2007 for 2008. Adjusting for this prepayment, and the prepayment of \$224.8 million to all three library systems in 2006 for 2007, the 2008 Executive Budget of \$269.4 million will be \$8.9 million less than the 2007 forecast. The Executive Budget also provides for City funded capital commitments of \$61.6 million in 2008.

Expense Budget Highlights

Budgetary Priorities: Providing Core Services

The partial prepayment of the 2007 subsidy in 2006 to all three library systems increased the 2006 budget by \$224.8 million and decreased the 2007 budget by a commensurate \$224.8 million. Similarly, the partial prepayment of the 2008 subsidy in 2007 to all three library systems increased the 2007 budget by \$224.8 million and decreased the 2008 budget by a commensurate \$224.8 million. The prepayments accelerated the receipt of 2007 subsidies in 2006 and 2008 subsidies in 2007. The prepayment did not affect library service in 2007, and will not affect library service in 2008.

In 2008, there will be an operating subsidy totaling \$44.6 million: \$10.8 million to the Brooklyn Public Library; \$17.3 million to the New York Public Library; \$5.1 million to the New York Research Libraries and \$11.4 million to the Queens Borough Public Library. Factoring in the prepayment impacting 2008, the City's programmatic subsidies for 2008 total \$269.4 million: \$74.9 million to the Brooklyn Public Library; \$102.0 million to the New York Public Library; \$19.3 million to the New York Research Libraries and \$73.2 million to the Queens Borough Public Library. Accounting for both the 2007 and 2008 prepayments, the 2007 forecast of \$278.3 million includes \$77.8 million to the Brooklyn Public Library; \$105.0 million to the New York Public Library; \$19.9 million to the New York Research Libraries; and \$75.6 million for the Queens Borough Public Library.

- days and hours of branch service remain a priority for the three Library systems: each branch currently provides at least 5 days of service per week.
- adjusting for both the 2007 and 2008 prepayments, the City's 2008 subsidy of \$74.9 million to the Brooklyn Public Library will be \$2.9 million less than the 2007 forecast of \$77.8 million.
- adjusting for both the 2007 and 2008 prepayments, the City's 2008 subsidy of \$102.0 million to the New York Public Library will be \$3.0 million less than the 2007 forecast of \$105.0 million.
- adjusting for both the 2007 and 2008 prepayments, the City's 2008 subsidy of \$19.3 million to the New York Research Libraries will be \$0.6 million less than the 2007 forecast of \$19.9 million.
- adjusting for both the 2007 and 2008 prepayments, the City's 2008 subsidy of \$73.2 million to the Queens Borough Public Library will be \$2.4 million less than the 2007 forecast of \$75.6 million.

Summary of Agency Financial Data

The following table compares the 2008 Executive Budget with the 2008 Preliminary Budget, the 2007 forecast and actual expenditures for 2006, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services and debt service.

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

	2006 Actual	2007 Forecast	2008		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2007 Forecast	2008 Preliminary Budget
Expenditures						
Salary and Wages	\$—	\$—	\$—	\$—	\$—	\$—
Fringe Benefits	—	—	—	—	—	—
OTPS	261,141	278,361	53,624	44,601	(233,760)	(9,023)
Total	<u>\$261,141</u>	<u>\$278,361</u>	<u>\$53,624</u>	<u>\$44,601</u>	<u>(\$233,760)</u>	<u>(\$9,023)</u>
Funding						
City	\$261,141	\$278,361	\$53,624	\$44,601	(\$233,760)	(\$9,023)
Other Categorical Grants	—	—	—	—	—	—
IFA	—	—	—	—	—	—
State	—	—	—	—	—	—
Federal CD	—	—	—	—	—	—
Federal Other	—	—	—	—	—	—
Intra-City Other	—	—	—	—	—	—
Total	<u>\$261,141</u>	<u>\$278,361</u>	<u>\$53,624</u>	<u>\$44,601</u>	<u>(\$233,760)</u>	<u>(\$9,023)</u>
Additional Costs Centrally Funded						
Other Than Personal Service (OTPS)						
Fringe Benefits	\$1,295	\$1,494	\$1,647	\$1,627	\$133	(\$20)
Pensions	17,752	17,617	16,408	16,408	(1,209)	—
Legal Services	60	46	56	43	(3)	(13)
Judgments and Claims .	—	24	27	27	3	—
Debt Service	23,493	33,607	31,957	29,024	(4,583)	(2,933)
Total Additional Costs .	<u>\$42,600</u>	<u>\$52,788</u>	<u>\$50,095</u>	<u>\$47,129</u>	<u>(\$5,659)</u>	<u>(\$2,966)</u>
Funding						
City	40,325	51,843	48,886	45,994	(5,849)	(2,892)
Non-City	2,275	945	1,209	1,135	190	(74)
Full Agency Costs (including Central Accounts)						
Fringe Benefits	\$1,295	\$1,494	\$1,647	\$1,627	\$133	(\$20)
OTPS	261,141	278,361	53,624	44,601	(233,760)	(9,023)
Pensions	17,752	17,617	16,408	16,408	(1,209)	—
Legal Services	60	46	56	43	(3)	(13)
Judgments and Claims .	—	24	27	27	3	—
Debt Service	23,493	33,607	31,957	29,024	(4,583)	(2,933)
Total OTPS	<u>\$303,741</u>	<u>\$331,149</u>	<u>\$103,719</u>	<u>\$91,730</u>	<u>(\$239,419)</u>	<u>(\$11,989)</u>
Total Agency Costs	\$303,741	\$331,149	\$103,719	\$91,730	(\$239,419)	(\$11,989)
Less Intra-City	\$—	\$—	\$—	\$—	\$—	\$—
Net Agency Cost	<u>\$303,741</u>	<u>\$331,149</u>	<u>\$103,719</u>	<u>\$91,730</u>	<u>(\$239,419)</u>	<u>(\$11,989)</u>
Funding						
City	301,466	330,204	102,510	90,595	(239,609)	(11,915)
Non-City	2,275	945	1,209	1,135	190	(74)
Personnel (includes FTEs at fiscal year-end)						
City	—	—	—	—	—	—
Non-City	—	—	—	—	—	—
Total	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

* The 2008 Executive Budget provides an estimated 4,338 full-time and full-time equivalent positions, which are funded with City subsidies. The 2008 Executive Plan headcount estimates for New York Research Libraries and New York Public Library include hourly positions that were not previously reported in the Full-Time Equivalent (FTE) number.

Programmatic Review

The three library systems will continue to provide services throughout the five boroughs at existing branches and at the following recently reopened or rehabilitated libraries:

- the new Morris Park Branch Library in the Bronx opened in July 2006.
- the Clason's Point Branch Library in the Bronx re-opened in March 2007, following an extensive renovation.
- the Central Library in Brooklyn completed an expansion of its second floor mezzanine in October 2006 thereby increasing public access spaces for its "Brooklyn Collection."
- the Highlawn Branch Library in Brooklyn re-opened in November 2006, following an interior renovation including improvements to HVAC and electrical systems.
- the Schomburg Center for Research in Black Culture in Manhattan is scheduled to be unveiled in May 2007 following a complete interior renovation and the construction of a new Scholar's Center for long-term research.
- the new Cambria Heights Community Library opened in September 2006 and the new Long Island City Community Library is scheduled to open at the end of June 2007, both in Queens.

The three library systems will continue to provide a variety of community programming:

- in 2007, Brooklyn Public Library built upon its successful Adult Summer Reading pilot and implemented the program system-wide. As a result, participation by both children and adults in the Summer Reading program reached record numbers. Traditionally, Summer Reading targeted children and teens, but because parents and caregivers make wonderful reading models for their charges, Brooklyn Public Library made Summer Reading a family affair. Adults attended author visits, participated in book discussion groups, and received incentives. Additionally, adults were able to submit book reviews and recommend their favorite books and movies. The Library anticipates continued success and growth of this program.
- New York Public Library has increased teenagers' use of neighborhood libraries by developing Teen Advisory Groups, made up of middle and high school students, who meet regularly to suggest additions to the collection and to develop programs they know will be of interest to their peers. Services to immigrant groups have been enhanced through ESOL classes, bilingual computer training sessions, refocused collections in native languages, and programming that incorporates cultural themes. Enhanced electronic search tools are making the Library's many databases easier to use, and downloadable books, audio books, music, and videos, all accessible through the Library's website, are increasingly popular with library users.
- New York Research Libraries have increased access to the Research collections through expanded class visits, exhibition tours, and teacher professional development programs for the K-12 community. The "Learning at the Library" program assists students and teachers to meet New York State learning standards and work with primary sources in history, literature, and the arts.
- Queens Borough Public Library has targeted teens, especially in communities with low reading scores, to draw them into the library. Chess clubs, open mic nights, basketball clinics, college-bound clubs, and the access to computers engage teens in positive activities in a supportive environment to encourage academic performance. Family Literacy initiatives are helping immigrant parents improve their English while preparing their children to succeed in school. Free computer workshops in English and Spanish help New Yorkers take advantage of new technology, while polishing their job-related skills.

- all three library systems have well-developed computer systems that provide the public with free of charge Internet access and basic PC software applications. Wireless internet access is available in many library locations. The libraries have also implemented interactive reference services that allow patrons to search the reference database and send reference inquiries to professional librarians.
- the three library systems continue to increase their Out of School Time library services for children in the City, with increased access to homework help, fun reading programs, and enhanced library collections designed to support children in their learning. A jointly developed website, homeworkNYC.org, has homework assistance resources, including ask-a-librarian and one-on-one tutoring, that are available to all students through high school. The three systems also work together to promote a common Summer Reading program, aimed at keeping children reading so that their skills are not lost during vacation time from school.

Capital Review

The 2008-2017 Ten-Year Capital Strategy totals \$111.2 million, of which 98.4 percent is City funded. The Ten-Year Plan provides \$30.3 million for the Brooklyn Public Library, \$31.3 million for the New York Public Library, \$7.7 million for the New York Research Libraries and \$41.9 million for the Queens Borough Public Library. The table below reflects capital commitments by system over the 2008-2011 period which total \$89.7 million, of which 98.1 percent is City funded.

Capital Commitments

(\$ in 000's)

	2006 Actual		2007 Plan		2008 Plan		2009 Plan		2010 Plan		2011 Plan	
	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds
Brooklyn Public Library	\$9,571	\$13,418	\$38,849	\$39,902	\$13,642	\$13,642	\$626	\$626	\$726	\$726	\$8,887	\$8,887
New York Public library	9,864	9,864	53,224	53,224	17,473	17,473	3,486	3,486	950	950	998	998
New York Research library ...	6,124	6,224	31,364	33,014	5,880	7,005	0	600	0	0	63	63
Queens Public Library	5,036	5,036	54,542	54,711	24,572	24,572	657	657	842	842	9,197	9,197
Total	<u>\$30,595</u>	<u>\$34,542</u>	<u>\$177,979</u>	<u>\$180,851</u>	<u>\$61,567</u>	<u>\$62,692</u>	<u>\$4,769</u>	<u>\$5,369</u>	<u>\$2,518</u>	<u>\$2,518</u>	<u>\$19,145</u>	<u>\$19,145</u>

Several major renovations took place in 2007. Other major projects will be undertaken in 2008. Highlights of the 2008-2017 Ten-Year Capital Strategy include:

Brooklyn Public Library:

- design and construction of the new Kensington Branch Library (\$11.4 million in 2008, in addition to \$479,000 in 2007).
- various systemwide infrastructure and technology projects including construction, rehabilitation and renovation, site acquisitions, and HVAC upgrades (\$9.1 million, in addition to \$2.0 million in 2007).
- funding for the new Visual and Performing Arts Library (\$5.0 million in 2011, in addition to \$3.0 million in 2007).
- emergency and safety system upgrades at the Central Library (\$2.4 million in 2011).
- rehabilitation of the Ryder Branch Library (\$1.1 million in 2011).

New York Public Library, which includes projects in the Bronx (\$1.4 million), Manhattan (\$7.6 million), and Staten Island (\$11.5 million), as well as funding for projects in the three boroughs (\$10.8 million):

- various systemwide infrastructure and technology upgrade projects including public computer replacement and a new online public access catalog (\$10.9 million, in addition to \$8.8 million in 2007).
- construction of a new branch at Macomb's Bridge in Manhattan (\$6.4 million in 2008-2009, in addition to \$1.1 million in 2007).
- site acquisition and expansion of the Stapleton Branch Library in Staten Island (\$5.6 million in 2008-2009, in addition to \$3.3 million in 2007).
- site acquisition and construction of a new branch library at Mariner's Harbor in Staten Island (\$5.3 million in 2008-2009, in addition to \$4.0 million in 2007).
- second-floor renovation work at the Woodstock Branch Library in the Bronx (\$597,000, in addition to \$5.6 million in 2007).

New York Research Libraries:

- façade stabilization and restoration of the Humanities and Social Sciences Library in Manhattan (\$7.7 million in 2008-2011, in addition to \$31.1 million in 2007).

Queens Borough Public Library:

- construction of the new Children's Library and Discovery Center at the Central Library in Jamaica, which encompasses a two-story, 14,000 square foot library for children, and includes planned interactive science exhibits and programs to develop information literacy skills (\$16.7 million in 2008-2011, in addition to \$11.7 million for 2007).
- replacement of the Glen Oaks Community Library (\$9.6 million in 2008, in addition to \$317,000 in 2007).
- expansion of the Elmhurst Community Library (\$5.3 million in 2008, in addition to \$15.6 million in 2007).
- systemwide HVAC upgrades (\$4.8 million from 2008-2017, in addition to \$288,000 in 2007).

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 providing financial or technical support to over 1,000 museums, performing arts institutions, gardens, zoos and other cultural organizations, while also providing legal, construction, and managerial support services.

The City supports operations at 34 City-owned cultural institutions, which include world-renowned organizations such as the Metropolitan Museum of Art, the Wildlife Conservation Society, the American Museum of Natural History, the Brooklyn Academy of Music, Carnegie Hall, Lincoln Center for the Performing Arts, the Brooklyn Museum of Art, and the New York Botanical Garden. The Cultural Institutions Group (CIG) also includes a number of outstanding smaller and mid-sized institutions such as Studio Museum of Harlem, New York State Theater, Flushing Town Hall, Brooklyn Botanic Garden, Staten Island Children's Museum, Queens Theater in the Park, and Bronx Museum of Art. DCA supports capital construction and improvement projects at other distinguished cultural institutions, such as New Museum, Weeksville Heritage Center, SculptureCenter, and Pregones Theater.

DCA provides program grants and support services to more than 750 arts-related organizations citywide, with recipients as diverse as 651 Arts, Batoto Yeto, Brave New World Repertory Theater, the Center for Book Arts, Creative Time, Harlem Stage, Location One, Musical Chairs Chamber Ensemble, New York Festival of Song, Queens County Farmhouse, ReelWorks and the Signature Theater.

Financial Review

The Department of Cultural Affairs' 2008 Executive Budget provides for operating expenses of \$155.0 million, which is a \$4.3 million increase from the 2007 forecast. It also provides for City funded capital commitments of \$201.6 million in 2008.

Expense Budget Highlights

Restructuring and Streamlining

- in the January Preliminary Budget for 2008, the Mayor and the City Council announced major changes to the City's allocation of funding to the cultural community. Most significantly, the Cultural Development Fund, DCA's merit-based, peer-panel review process, was expanded so that, for the first time, everyone in the City's cultural community will have increased opportunities to apply for public funds. In addition, operating support for the Cultural Institutions Group (CIG) was baselined to allow for a new level of stability, and "CultureStat", a metric by which DCA and the CIGs can more effectively monitor and foster best management practices, was introduced. A "New Needs" fund was also created to allow DCA, in consultation with the City Council, to respond to the CIGs' evolving needs.

Budgetary Priorities: Providing Core Services

- the City's 34 Cultural Institutions will receive operating support of \$119.0 million, including \$41.9 million in energy subsidies. The decrease of \$2.0 million from the 2007 forecast of \$121.0 million is the net change between a \$27.7 million decrease, due to subsidy reductions, loss of one time adds and non-city funding, and a \$25.7 million increase, comprised of a \$5.0 million increase to the energy subsidy and a \$20.7 million increase that baselined operating support and established the "New Needs" fund.
- various cultural organizations citywide will receive program grants totaling \$31.2 million, an increase of \$6.3 million from the 2007 forecast of \$24.9 million. This increase is the net change between a \$14.9 million decrease due to subsidy reductions and the loss of one time adds and non-city funding, and a \$21.2 million increase to the Cultural Development Fund.

- the Executive Budget contains \$4.8 million in operating funds for the Department of Cultural Affairs' staff, rent, supplies and equipment.

Summary of Agency Financial Data

The following table compares the 2008 Executive Budget with the 2008 Preliminary Budget, the 2007 forecast and actual expenditures for 2006, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services and debt service.

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

	2006 Actual	2007 Forecast	2008		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2007 Forecast	2008 Preliminary Budget
Expenditures						
Salary and Wages	\$2,874	\$3,559	\$3,926	\$3,926	\$367	\$—
Fringe Benefits	—	27	—	—	(27)	—
OTPS	133,429	147,126	155,824	151,084	3,958	(4,740)
Total	<u>\$136,303</u>	<u>\$150,712</u>	<u>\$159,750</u>	<u>\$155,010</u>	<u>\$4,298</u>	<u>(\$4,740)</u>
Funding						
City	\$134,266	\$148,021	\$159,228	\$154,371	\$6,350	(\$4,857)
Other Categorical Grants	117	123	—	—	(123)	—
IFA	62	70	70	70	—	—
State	88	—	—	—	—	—
Federal CD	221	872	258	258	(614)	—
Federal Other	—	—	—	—	—	—
Intra-City Other	1,550	1,626	194	311	(1,315)	117
Total	<u>\$136,303</u>	<u>\$150,712</u>	<u>\$159,750</u>	<u>\$155,010</u>	<u>\$4,298</u>	<u>(\$4,740)</u>
Additional Costs Centrally Funded						
Personal Services (PS) . .						
Fringe Benefits	\$694	\$786	\$809	\$921	\$135	\$112
Pensions	6,307	7,285	8,369	8,423	1,138	54
Other Than Personal Service (OTPS)						
Legal Services	73	32	31	30	(2)	(1)
Judgments and Claims .	21	21	23	23	2	—
Debt Service	42,771	73,427	69,349	63,414	(10,013)	(5,935)
Total Additional Costs . .	<u>\$49,866</u>	<u>\$81,551</u>	<u>\$78,581</u>	<u>\$72,811</u>	<u>(\$8,740)</u>	<u>(\$5,770)</u>
Funding						
City	45,697	79,443	75,913	70,286	(9,157)	(5,627)
Non-City	4,169	2,108	2,668	2,525	417	(143)
Full Agency Costs (including Central Accounts)						
Salary and Wages	\$2,874	\$3,559	\$3,926	\$3,926	\$367	\$—
Fringe Benefits	694	813	809	921	108	112
Pensions	6,307	7,285	8,369	8,423	1,138	54
Total PS	<u>\$9,875</u>	<u>\$11,657</u>	<u>\$13,104</u>	<u>\$13,270</u>	<u>\$1,613</u>	<u>\$166</u>
OTPS	\$133,429	\$147,126	\$155,824	\$151,084	\$3,958	(\$4,740)
Legal Services	73	32	31	30	(2)	(1)
Judgments and Claims .	21	21	23	23	2	—
Debt Service	42,771	73,427	69,349	63,414	(10,013)	(5,935)
Total OTPS	<u>\$176,294</u>	<u>\$220,606</u>	<u>\$225,227</u>	<u>\$214,551</u>	<u>(\$6,055)</u>	<u>(\$10,676)</u>
Total Agency Costs	\$186,169	\$232,263	\$238,331	\$227,821	(\$4,442)	(\$10,510)
Less Intra-City	\$1,550	\$1,626	\$194	\$311	(\$1,315)	\$117
Net Agency Cost	<u>\$184,619</u>	<u>\$230,637</u>	<u>\$238,137</u>	<u>\$227,510</u>	<u>(\$3,127)</u>	<u>(\$10,627)</u>
Funding						
City	179,963	227,464	235,141	224,657	(2,807)	(10,484)
Non-City	4,656	3,173	2,996	2,853	(320)	(143)
Personnel (includes FTEs at fiscal year-end)						
City	48	55	55	58	3	3
Non-City	5	3	3	3	—	—
Total	<u>53</u>	<u>58</u>	<u>58</u>	<u>61</u>	<u>3</u>	<u>3</u>

* The 2008 Executive Budget provides an estimated 1,585 full-time and full-time equivalent positions, which are funded with City subsidies.

Programmatic Review

- DCA remains committed to strengthening non-profit cultural organizations and increasing the visibility of the cultural field as a whole. In response to the expansion of the Cultural Development Fund, the agency has nearly doubled the number of workshops informing groups about the application process. DCA also continues to provide a number of highly popular seminars aimed at helping cultural groups improve management, plan for capital projects, and develop marketing strategies.
- the Cultural Development Fund (CDF) witnessed a 7.6 percent increase in applications in 2007. In total, 640 applicants were reviewed and 81 percent, or 521 groups, received awards averaging \$7,300. The number of applications for 2008 has already surpassed DCA's initial estimates.
- DCA's Materials for the Arts (MFTA) continues to work toward improving services and expanding programming. So far in 2007, 491 tons of materials valued at \$3 million have been distributed to more than 1,300 groups throughout the City, including arts organizations, social service organizations, and public schools.
- the Community Arts Development Program awards federal grants to arts groups serving low- and moderate-income neighborhoods. In 2008, more than \$257,000 will be available in Federal funding.
- DCA's Percent for Art program continues to thrive. There are currently 44 projects underway, including a wall drawing by Sol LeWitt for the renovation of the Passenger Ship terminal at Pier 88 and eleven new school projects in all five boroughs.

Capital Review

The 2008-2017 Capital Commitment Plan for the Department of Cultural Affairs totals \$535.5 million, of which 91 percent is City-funded, for 183 different cultural organizations in all five boroughs. The table below reflects capital commitments over the 2008-2011 period totaling \$370.3 million, 87 percent of which is City-funded.

Capital Commitments (\$ in 000's)

	2006 Actual		2007 Plan		2008 Plan		2009 Plan		2010 Plan		2011 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	\$142,876	\$151,049	\$541,395	\$547,358	\$201,622	\$250,257	\$22,494	\$22,494	\$7,357	\$7,357	\$90,197	\$90,197
Total	<u>\$142,876</u>	<u>\$151,049</u>	<u>\$541,395</u>	<u>\$547,358</u>	<u>\$201,622</u>	<u>\$250,257</u>	<u>\$22,494</u>	<u>\$22,494</u>	<u>\$7,357</u>	<u>\$7,357</u>	<u>\$90,197</u>	<u>\$90,197</u>

Highlights of the 2008-2017 Ten-Year Capital Strategy include:

- funding for the Master Plan redevelopment projects at Lincoln Center for the Performing Arts in Manhattan (\$197.6 million, in addition to \$49.2 million in 2007).
- various reconstruction projects at the Snug Harbor Cultural Center in Staten Island including the renovation of the Music Hall and Building E, implementation of a site-wide circulation plan of pedestrian walkways, and infrastructure and interior upgrades to Buildings F and H (\$19.2 million, in addition to \$3.8 million in 2007).

- expansion of the Queens Museum of Art (\$18.6 million, in addition to \$16.9 million in 2007).
- reconstruction of the 122 Community Center in Manhattan (\$17.3 million in 2008-2009).
- various reconstruction and improvement projects at the Bronx Zoo/Wildlife Conservation Society, including a new Wildlife Health Center and the restoration of the Italian Fountain (\$16.8 million, in addition to \$20.0 million in 2007).
- restoration of the Weeksville Heritage Center Hunterfly Road Houses in Brooklyn (\$16.6 million in 2008, in addition to \$7.0 million in 2007).
- renovation of the shark exhibit and other improvements at the New York Aquarium/Wildlife Conservation Society (\$12.7 million, in addition to \$30.4 million in 2007).
- various reconstruction and stabilization projects at the New York Hall of Science in Queens including the reconstruction of the rotunda entrance and the interior systems in the Great Hall (\$11.8 million, in addition to \$6.6 million in 2007).
- various improvements at the City Center Theater in Manhattan including theater renovation, exterior water-proofing and roof repair (\$10.6 million, in addition to \$6.7 million in 2007).
- construction relating to the Brooklyn Children's Museum Master Plan project (\$10.3 million, in addition to \$10.2 million in 2007).
- various enhancement projects at the New York Botanical Garden including improvements to way lighting, parking areas and roads (\$9.9 million, in addition to \$23.9 million in 2007).
- rehabilitation and initial outfitting of Clinton Green (\$7.0 million in 2008-2011, in addition to \$6.5 million in 2007).
- funding for climate control projects at the Brooklyn Museum of Art (\$6.7 million, added to \$21.8 million in 2007).
- reconstruction of Buildings A and B for the Staten Island Institute for Arts and Sciences (\$6.6 million, in addition to \$932,000 in 2007).
- ADA compliance work and parking lot reconstruction at Wave Hill in the Bronx (\$6.0 million).
- Funding for a new visitors kiosk and HVAC replacement at PS 1 in Queens (\$5.9 million, in addition to \$1.5 million in 2007).
- various improvements at the Metropolitan Museum of Art (\$5.7 million, added to \$20.0 million in 2007).
- renovation of the Isamu Noguchi Museum in Queens (\$5.6 million in 2008-2011, in addition to \$2.7 million in 2007).
- various improvements at the Staten Island Historical Society (\$5.0 million, in addition to \$1.6 million in 2007).
- funding for a new Visitor's Center at the Cherry Esplanade, the renovation of the Bonsai House and a new Water Garden at the Brooklyn Botanic Garden (\$4.8 million, in addition to \$24.9 million in 2007).

- various improvements at the Jamaica Center for Arts and Learning (\$4.1 million, in addition to \$7.7 million in 2007).
- construction relating to the Staten Island Zoo Master Plan project (\$3.4 million, in addition to \$10.0 million in 2007).
- various improvements at the Staten Island Botanical Garden (\$2.4 million, in addition to \$1.6 million in 2007).
- renovation of the Bronx County Historical Society (\$1.3 million, added to \$1.0 million in 2007).
- reconstruction of the Bronx River Art Center (\$1.2 million in 2008, in addition to \$1.6 million in 2007).

CITY UNIVERSITY OF NEW YORK

The City University of New York (CUNY) includes eleven senior colleges, six community colleges, the School of Professional Studies, the Graduate Center, the Graduate School of Journalism, the Macaulay Honors College, a law school, and an affiliated medical school. CUNY also sponsors Hunter Campus Schools. The CUNY colleges, some of which date back to the nineteenth century, were federated in 1961. The University is governed by a 17-member Board of Trustees. Ten members are appointed by the Governor with the advice and consent of the New York State Senate, five are appointed by the Mayor, and two (the chairpersons of the Faculty and Student Senates) serve as ex-officio members.

CUNY is the largest municipal university system in the United States and ranks third in number of students among the public university systems in the nation. In 2007 CUNY will serve approximately 226,000 students in degree programs with approximately 152,000 in the senior colleges and 74,000 in the community colleges. In addition, CUNY will serve approximately 247,000 non-degree students. Similar levels of enrollment are anticipated in 2008.

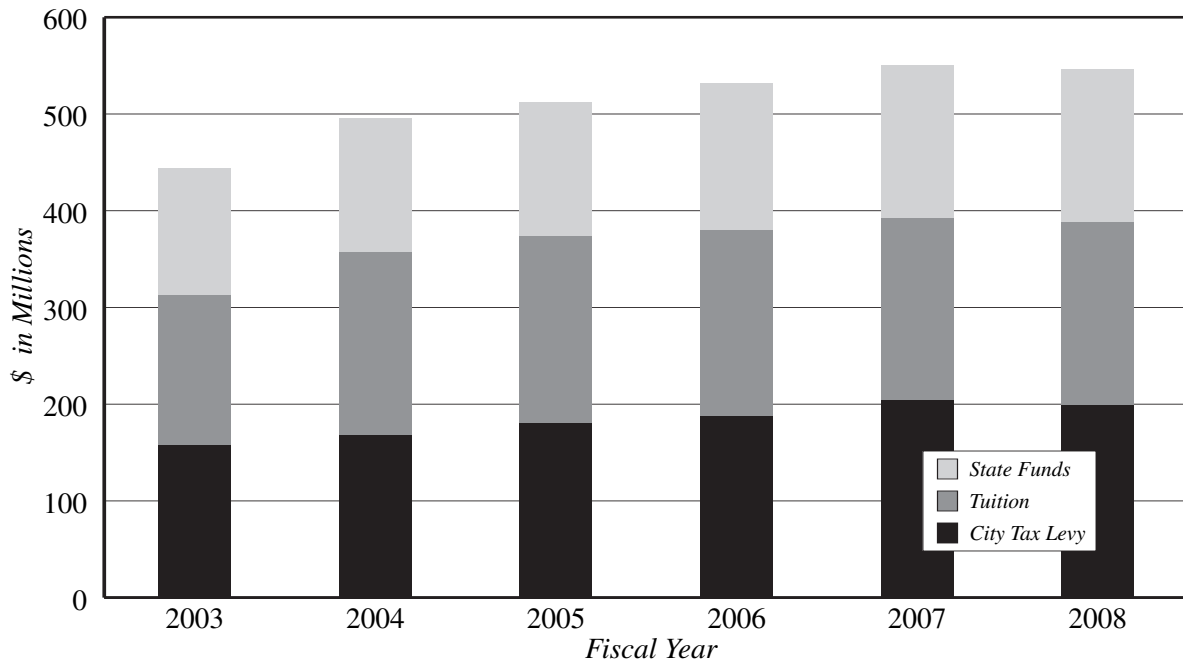
Financial Review

The City University of New York's 2008 Executive Budget is \$584.2 million, a net decrease of \$65.6 million from the 2007 forecast of \$649.8 million. This decrease reflects a decline in two major funding sources: a decline in City Funds of \$27.2 million from \$401.1 million to \$373.9 million and a decline of \$38.4 million in Intra-City funds from \$51.2 million to \$12.8 million. State aid in 2008 is unchanged from its 2007 level of \$194.6 million pending adjustments for the State adopted budget. The changes of \$65.6 million were mostly in the community college budget which decreased \$54.5 million, from \$590.4 million in 2007 to \$535.9 million in 2008. Funding for Hunter Campus Schools remained unchanged at \$13.2 million. Funding for the Senior and Community College Merit Scholarship Program as well as some other funded initiatives in 2007 adopted budget have not been base lined in 2008. These along with other initiatives account for the balance reduction of \$11.1 million.

Revenue Forecast

There are four major sources of revenue that fund the CUNY expense budget: State aid; tuition, fees and miscellaneous income; City tax levy funds; and other categorical grants. The 2008 Executive Budget appropriates for CUNY \$194.6 million in State aid and \$185.8 million in tuition, fees and miscellaneous income. Both major sources of income are at the same funding level as the 2007 forecast. However, State aid will be subject to adjustments due to the finalization of the State adopted budget and tuition income may be subject to enrollment changes. The 2008 Executive Budget, including pension and Medicare part B contributions budgeted separately, provides \$229.3 million of City tax levy funds. This is \$25 million less than the 2007 Forecast of \$254.3 million. Other Categorical funds, which consist of non-governmental grants, is \$2.8 million in 2008 and is the same as forecast for 2007. These funds were previously included in City funds along with tuition and miscellaneous fees. Intra-City funding is \$12.8 million in 2008 a decrease of \$38.4 million from the \$51.2 million in 2007.

COMMUNITY COLLEGE FUNDING 2003-2008



* Funding which supports senior college and Hunter Campus Schools activities is not included here. City tax levy includes pension contributions which are budgeted in the Pension Agency and Collective Bargaining, Medicare Part B and Stabilization Fund contributions which are budgeted in the Miscellaneous Agency. Tuition includes Tuition and Fees, Miscellaneous Revenues, Adult Continuing Education fees and Other Categorical funds. The 2007 amounts are as per the Executive forecast.

Expense Budget Highlights

Budgetary Priorities: Providing Core Services

- an increase of \$12.1 million in tax levy for the Commission on Economic Opportunities (CEO) initiatives.
- an increase of \$3.9 million in tax levy for anticipated additional collective bargaining needs.
- an increase of approximately \$417,000 for health related cost increases.

Restructuring and Streamlining

- a decrease of \$3.6 million associated with the restructuring of services within the all six community colleges, Hunter Campus Schools and their administration.

Summary of Agency Financial Data

The following table compares the 2008 Executive Budget with the 2008 Preliminary Budget, the 2007 forecast and actual expenditures for 2006, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services and debt service.

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

	2006 Actual	2007 Forecast	2008		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2007 Forecast	2008 Preliminary Budget
Expenditures						
Salary and Wages	\$321,037	\$334,163	\$336,957	\$316,016	(\$18,147)	(\$20,941)
Fringe Benefits	71,975	62,936	47,654	66,856	3,920	19,202
OTPS	212,265	252,652	192,853	201,288	(51,364)	8,435
Total	<u>\$605,277</u>	<u>\$649,751</u>	<u>\$577,464</u>	<u>\$584,160</u>	<u>(\$65,591)</u>	<u>\$6,696</u>
Funding						
City	\$394,116	\$401,082	\$378,155	\$373,894	(\$27,188)	(\$4,261)
Other Categorical Grants	2,799	2,839	2,839	2,839	—	—
IFA	—	—	—	—	—	—
State	153,208	194,630	188,200	194,630	—	6,430
Federal CD	—	—	—	—	—	—
Federal Other	307	20	—	—	(20)	—
Intra-City Other	54,848	51,180	8,270	12,797	(38,383)	4,527
Total	<u>\$605,277</u>	<u>\$649,751</u>	<u>\$577,464</u>	<u>\$584,160</u>	<u>(\$65,591)</u>	<u>\$6,696</u>
Additional Costs Centrally Funded						
Personal Services (PS) . .						
Fringe Benefits	\$22,442	\$22,760	\$12,479	\$12,537	(\$10,223)	\$58
Pensions	29,814	37,115	38,479	39,145	2,030	666
Other Than Personal Service (OTPS)						
Legal Services	512	403	401	378	(25)	(23)
Judgments and Claims .	681	1,000	1,000	1,000	—	—
Debt Service	43,132	46,150	47,365	48,149	1,999	784
Total Additional Costs . .	<u>\$96,581</u>	<u>\$107,428</u>	<u>\$99,724</u>	<u>\$101,209</u>	<u>(\$6,219)</u>	<u>\$1,485</u>
Funding						
City	95,832	107,103	99,379	100,820	(6,283)	1,441
Non-City	749	323	345	383	60	38
Full Agency Costs (including Central Accounts)						
Salary and Wages	\$321,037	\$334,163	\$336,957	\$316,016	(\$18,147)	(\$20,941)
Fringe Benefits	94,417	85,696	60,133	79,393	(6,303)	19,260
Pensions	29,814	37,115	38,479	39,145	2,030	666
Total PS	<u>\$445,268</u>	<u>\$456,974</u>	<u>\$435,569</u>	<u>\$434,554</u>	<u>(\$22,420)</u>	<u>(\$1,015)</u>
OTPS	\$212,265	\$252,652	\$192,853	\$201,288	(\$51,364)	\$8,435
Legal Services	512	403	401	378	(25)	(23)
Judgments and Claims .	681	1,000	1,000	1,000	—	—
Debt Service	43,132	46,150	47,365	48,149	1,999	784
Total OTPS	<u>\$256,590</u>	<u>\$300,205</u>	<u>\$241,619</u>	<u>\$250,815</u>	<u>(\$49,390)</u>	<u>\$9,196</u>
Total Agency Costs	\$701,858	\$757,179	\$677,188	\$685,369	(\$71,810)	\$8,181
Less Intra-City	\$54,848	\$51,180	\$8,270	\$12,797	(\$38,383)	\$4,527
Net Agency Cost	<u>\$647,010</u>	<u>\$705,999</u>	<u>\$668,918</u>	<u>\$672,572</u>	<u>(\$33,427)</u>	<u>\$3,654</u>
Funding						
City	489,948	508,187	477,534	474,721	(33,466)	(2,813)
Non-City	157,062	197,812	191,384	197,851	39	6,467
Personnel (includes FTEs at fiscal year-end)						
City	6,436	6,581	6,726	6,606	25	(120)
Non-City	8	—	—	—	—	—
Total	<u>6,444</u>	<u>6,581</u>	<u>6,726</u>	<u>6,606</u>	<u>25</u>	<u>(120)</u>

Programmatic Review

The Executive Budget continues City support for CUNY's efforts to raise and maintain high standards and to create a flagship academic environment. Assisted by revenues, generated through enrollment, State aid for the community colleges as well as continuous efforts to promote efficiency from within, CUNY will continue to recruit more full-time faculty to improve disciplinary strength and increase the ratio of full-time to adjunct faculty in its schools. Also, CUNY will continue to improve its facilities and incorporate advanced technology and communications to support its curriculum. In the 2006 Executive budget the City matched all State capital appropriations affording CUNY an unprecedented opportunity to enhance its facilities. The uncompleted components of this effort will be rolled over at the end of 2007 into 2008. Included in this effort are funds to rebuild Fiterman Hall at the Borough of Manhattan Community College, funds for the Academic Building I at Medgar Evers College, funds for the North Instructional Building at the Bronx Community College, funds to renovate, rehabilitate and preserve CUNY facilities including Health and Safety projects, a CUNY Business Incubator Network, the upgrade of electrical and mechanical equipment as well as the purchase of new computer and laboratory equipment.

CUNY continues its initiative to attract the City's brightest high school graduates for their college education through its CUNY-wide Macaulay Honors College. This program seeks to attract students with a record of academic achievement and high SAT test scores. Selected students receive free tuition, a laptop computer and up to a \$7,500 academic spending account. These students work with CUNY's most distinguished faculty and receive special attention and academic support throughout their college careers.

The mayoral efforts to enhance economic opportunities as expressed through the Commission on Economic Opportunities (CEO) initiatives were also incorporated by the City into the CUNY agenda. Three programs: CUNY Prep, CUNY Pathways to Success and Civic Justice Corps are products of the CEO initiatives. They will serve diverse populations and offer educational and training opportunities through CUNY's educational process.

Program Highlights

CUNY is expected to engage in numerous independent and collaborative programs, including:

- CUNY/Department of Education Partnerships – CUNY maintains a number of successful collaborative programs with the New York City Department of Education. The College Now/College Tomorrow program expects to register over 52,000 students in approximately 40,000 separate activities (including college credit courses, skill development courses and workshops and various enrichment activities). This program operates in all seventeen undergraduate colleges and instructs students at high schools and in the colleges, helping ninth through twelfth graders acquire skills necessary to graduate, pass Regents and college entrance examinations, and ultimately succeed in college. In addition, the University's campuses are home to the Early College Initiative, which operates ten affiliated high schools at Brooklyn, City, Lehman, Queens, Hunter, York colleges, and Hostos, LaGuardia, and Kingsborough community colleges. New York City public school students enter into CUNY's early college schools in the 6th and 9th grade. They study with a mix of high school and college faculty. Upon graduation, they earn both a high school diploma and an associated degree (or two years of transferable credit).
- Language Immersion Program – This program provides up to 900 hours of classroom work over three or four annual cycles to immigrant students who require better knowledge of English to be more effective students. The program serves over 21,000 immigrants at nine locations.
- Workforce Development Initiative (WDI) – This program promotes and supports small businesses by retraining and upgrading employee skills, meeting qualified teacher shortages, preparing undergraduates for skill-shortage occupations, creating jobs, providing for economic development, and performing labor market research, planning and coordination.

- Adult Literacy Program – This program is budgeted at \$3.0 million in 2008. It will help approximately 10,000 students meet program and employment requirements in the labor market, including English-as-a-Second-Language education.
- Child Care – This program provides child care in 17 centers throughout CUNY. The program serves approximately 2,400 children and provides early child care, infant/toddler care, training for families and early childhood education.

Capital Review

The City University of New York's 2008-2017 Ten-Year Capital Strategy totals \$232.1 million to upgrade and maintain the community college physical plant (\$189.8 million in City funds and \$42.3 million in Non-City funds). This is a decrease of \$119.9 million over the previous Ten-Year Capital Strategy of \$352.0 million. The City provided higher than usual funding during the last Ten-Year Capital Plan in order to fully match State appropriations for the community college thus allowing CUNY an unprecedented opportunity to enhance its facilities. The majority of this funding, which is not reflected in the current Ten-Year Plan, was put in FY 2006 but was not spent resulting in over \$200 million being rolled into FY 2007 and it is expected that this amount will again be rolled over into FY 2008. The 2008-2011 Four-Year Capital Plan totals \$172.7 million (\$159.1 million in City funds and \$13.6 million in Non-City funds) and is an increase of \$7.4 million over the previous Four-Year Capital Plan of \$165.3 million.

All community college capital projects approved by the City are eligible for an equal amount of State matching funds. The State provides its 50 percent share for such projects either through its annual State budget appropriation or the sale of bonds by the New York State Dormitory Authority. State matching funds from annual budget appropriations are reflected in the City's capital plan, however, any State match provided through the independent sale of DASNY bonds is not represented in the City's capital plan.

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

- design and construction of new buildings (\$82.7 million); including North Instructional Building at Bronx Community College (\$29.7 million), Fiterman Hall at Borough of Manhattan Community College (\$20.8 million), Academic Building I at Medgar Evers College (\$20.6 million), and Instructional Building at Queensborough Community College (\$8.3 million).
- emergency first response program at Borough of Manhattan Community College (\$10.7 million).
- renovation and rehabilitation of Center III at LaGuardia Community College (\$10.6 million).
- CUNY Small Business Incubator Network (\$7.5 million).

The table below shows capital commitments by program area over the 2006-2011 period. In addition to the 2008-2011 Four-Year Capital Plan program listed above, this table includes significant projects funded in 2007. These projects total \$229.4 million and include the following: \$54.2 million for the replacement of Fiterman Hall at Borough of Manhattan Community College, \$34.1 million for the Academic Building I at Medgar Evers College, and \$19.6 million for the Center III renovations at LaGuardia Community College.

Capital Commitments

(\$ in 000's)

	2006 Actual		2007 Plan		2008 Plan		2009 Plan		2010 Plan		2011 Plan	
	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds
New School Construction . . .	\$16,362	\$16,600	\$96,653	\$98,455	\$27,053	\$27,053	\$11,195	\$11,425	\$119	\$238	\$43,961	\$43,961
Renovation/Rehabilitation of Roofs, Classrooms, etc.	14,545	15,252	81,069	86,199	14,134	14,591	19,231	19,380	132	264	17,779	28,431
Purchase & Installation of EDP and Other Equipment . . .	6,977	7,225	34,736	35,164	3,455	3,455	853	853	1,401	1,401	10,602	10,602
Electrical, Mechanical & HVAC	676	676	3,689	4,260	1,406	1,812	2,076	2,115	0	0	1,015	2,030
Other Projects	33	40	4,870	5,373	1,893	2,271	980	980	1,812	1,812	42	42
Total	\$38,593	\$39,793	\$221,017	\$229,451	\$47,941	\$49,182	\$34,335	\$34,753	\$3,464	\$3,715	\$73,399	\$85,066

PENSIONS AND OTHER FRINGE BENEFITS

Pension Overview

The Executive Budget for 2008 provides for \$5,728 million in City pension contributions, an increase of \$866 million from the amount forecast for 2007. As listed on the table below, of the total amount for 2008, \$5,624 million represents contributions to the City's five actuarial retirement systems, \$59 million represents contributions to pension systems covering certain non-City employees of the City University, the library system, day care centers, and certain cultural institutions, and \$45 million represents, primarily, supplemental payments to widows and widowers of uniformed employees who were killed in the line of duty.

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

	2006 Actual	2007 Forecast	2008		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2007 Forecast	Preliminary Budget
<i>Expenditures</i>						
Personal Service						
• City Actuarial	\$3,919,169	\$4,757,410	\$5,471,529	\$5,623,672	\$866,262	\$152,143
• Non-City Systems . .	56,900	60,597	59,313	59,313	(1,284)	—
• Non-Actuarial	38,886	43,096	44,553	44,553	1,457	—
Total	<u>\$4,014,955</u>	<u>\$4,861,103</u>	<u>\$5,575,395</u>	<u>\$5,727,538</u>	<u>\$866,435</u>	<u>\$152,143</u>
<i>Funding</i>						
City	\$3,837,753	\$4,692,369	\$5,393,465	\$5,557,348	\$864,979	\$163,883
State	38,672	41,944	43,400	43,400	1,456	—
Federal	2,525	2,525	2,525	2,525	—	—
Intra-City Other	136,005	124,265	136,005	124,265	—	(11,740)
Total	<u>\$4,014,955</u>	<u>\$4,861,103</u>	<u>\$5,575,395</u>	<u>\$5,727,538</u>	<u>\$866,435</u>	<u>\$152,143</u>

The City's five actuarial retirement systems are the New York City Employees' Retirement System, the New York City Teachers' Retirement System, the New York City Police Pension Fund, the New York City Fire Pension Fund, and the Board of Education Retirement System. As of June 2006 these systems covered approximately 642,000 employees, retirees and beneficiaries of the City, the Department of Education, and certain independent agencies. Each system is governed by a board of trustees and functions in accordance with applicable state and local laws. Required contributions are made on a statutory basis based on actuarial valuations of liabilities and assets. The funding assumptions have been approved by the trustees as recommended by the City Actuary, and the statutory interest rate assumption for all five systems is eight percent.

These systems provide defined retirement benefits (as well as death and disability benefits) to members based on, or defined by, final pay times years of service. Benefit formulas vary by system and by entry date of pension membership, better known as tiers. Benefit payments are financed with employee and employer contributions, as well as pension asset investment income. In defined benefit plans, employer contributions make up for shortfalls in investment income, while excess investment returns reduce employer contributions.

Starting in the mid 1970s the State legislature instituted new tiers that were expected to provide less costly benefits than provided for under Tier 1. A notable feature of Tier 1 is that it provides civilian employees at age

55 having 25 years of service, a retirement benefit of 55 percent of final pay. Commencing in 1973 with Tier 2, benefits were reduced for new members. Tier 2 members could still retire at age 55, but their benefits would be subject to statutory reductions. Following Tier 2 was Tier 3 in 1976. However, in 1983, Tier 4 virtually replaced Tier 3. Tier 4 provided unreduced pensions which would only begin at age 62, as opposed to the earlier age 55 under Tier 1. Reforms also came to uniformed police and fire pensions under Tier 2 which provided for, among other things, a 20 year service, half-pay pension based on a final three year average pay, as opposed to the Tier 1 final year salary basis.

Throughout the 1980s, the 1990s and up to the present, there have been numerous and significant benefit improvements enacted through state legislation. For example, in 1998, the vesting period for civilians was reduced from 10 years to 5 years (Chapter 389), and the service fraction was raised to two percent at 20 years of service as opposed to waiting until 25 years of service (Chapter 266). In 2000, associated with ratified labor settlements, civilian Tier 1 and 2 members receive an additional two years of service credit (Chapter 126), and employee contributions were completely removed for basic Tier 3 and 4 members having 10 years of membership service. Also, in 2000, Tier 4 members were enabled to retire prior to age 62, but not before age 55, provided they have met the minimum service requirements. Their benefits, like in Tier 2, would be subject to statutory reductions (Chapter 553). Tier 1 police and fire members will receive additional Increased Take Home Pay (Chapter 373), while Tier 2 police and fire members will have their pensions based on a final one year average salary; an improvement from a final three year average (Chapter 372).

In addition to a number of other ad-hoc legislative efforts to increase certain retirees' benefits to be more in line with inflation, in 2000, under Chapter 125, significant upward cost of living adjustments (COLAs) were granted to the pensions of existing retirees. Also the legislation built in permanent annual automatic COLAs to be based on actual future inflation.

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 to their members. Annual contributions conform to collective bargaining and labor agreements.

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

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

Retiree Health Benefits Trust Fund (RHBT)

The RHBT was established in fiscal 2006 for the exclusive purpose of paying the costs of retiree health insurance and supplemental welfare benefits. Deposits into the RHBT are irrevocable and all amounts on deposit

in the trust must be used only to pay the costs of retiree benefits. The RHBT was initially funded last year with a City deposit of \$1 billion. Additional deposits of \$1.5 billion are included in the financial plan: \$1 billion in the current year as reflected in the 2007 Adopted Budget, and \$500 million for next year as reflected in the 2008 Executive Budget.

Beginning in fiscal 2007, the payments of current year retiree health and welfare benefits are being made directly from the RHBT. In addition to the deposits noted above, the annual pay-as-you-go funding for these benefits, currently valued at approximately \$1.4 billion, is also budgeted to be deposited by the City into the RHBT during fiscal 2007 and subsequent fiscal years. Combined over three years, the City will have contributed a sum of \$2.5 billion above the pay-as-you-go cost to the RHBT.

The following table sets forth the fringe benefit amounts carried in the Miscellaneous Budget for 2007 and 2008.

Fringe Benefits
(\$ in 000's)

	2007 Forecast	2008 Executive	Increase/ (Decrease)
Workers' Compensation	\$116,896	\$132,796	\$15,900
Health Insurance Plans	1,886,499	2,148,610	262,111
Social Security Contributions	759,643	816,917	57,274
Unemployment Insurance Benefits	24,000	24,500	500
Supplementary Employee Welfare Benefits	540,461	516,458	(24,003)
Workers' Compensation - Other	45,150	48,100	2,950
Subtotal	<u>\$3,372,649</u>	<u>\$3,687,381</u>	<u>\$314,732</u>
Retiree Health Benefits Trust Fund	1,000,000	500,000	(500,000)
Total	<u>\$4,372,649</u>	<u>\$4,187,381</u>	<u>\$(185,268)</u>
Funding			
City	\$4,186,273	\$3,999,030	\$(187,243)
Other Categorical	36,752	38,454	1,702
State	42,021	42,021	—
Interfund Agreements	2,450	2,450	—
Federal	105,153	105,426	273
• CD	35,200	35,500	300
• Other	69,953	69,926	(27)
Total	<u>\$4,372,649</u>	<u>\$4,187,381</u>	<u>\$(185,268)</u>

JUDGMENTS AND CLAIMS

The Executive Budget for 2008 provides an appropriation of \$635 million for Judgments and Claims. These expenditures represent the City's costs for tort and contract liability and are projected to reach \$795 million by 2011. Tort expenditures cover both personal injury and property damage claims, and account for approximately 98 percent of total costs. These projections incorporate a substantial amount of claims cost attributed to the Health and Hospitals Corporation for which the Corporation will reimburse the City. These amounts are estimated at \$190 million in 2008 through 2011.

The Office of Management and Budget (OMB) employs various statistical methods and financial models to estimate claims costs. In addition, OMB consults the Law Department to provide cost estimates for cases that are expected to settle for \$1 million or greater. These are mainly serious personal injury cases that have been in litigation or on appeal for a considerable period of time. These cases represent a significant portion of total tort costs, but their relatively small volumes do not lend themselves to statistical analysis. Historical claim data contained on the Comptroller's Omnibus Automated Image Storage and Information System (OASIS) are analyzed to determine annual settlement volumes and average cost per claim. Total costs are the product of the volume and average cost projections.

Analysis of Agency Budgets: Covered Organizations

NEW YORK CITY HEALTH AND HOSPITALS CORPORATION

The New York City Health and Hospitals Corporation (HHC) provides comprehensive medical, mental health, and substance abuse services to New York City residents, regardless of their ability to pay. Through its seven regional health care networks, HHC operates eleven acute care hospitals, four long-term care facilities, six diagnostic and treatment centers, a certified home health program, and more than 80 community-based health clinics throughout the five boroughs. In addition, MetroPlus, the wholly-owned HHC health maintenance organization, provides care to more than 250,000 New Yorkers. HHC also provides emergency and inpatient services to New York City's correctional facilities' inmate population and conducts mental health evaluations for the family courts in the Bronx, Brooklyn, Queens, and Manhattan.

HHC is the nation's largest public hospital system operating 4,576 inpatient beds and 2,831 nursing facility beds. In 2006, at HHC facilities, there were more than 218,300 patient discharges, 4,922,000 clinic visits and more than 852,000 emergency room visits. In 2006, HHC facilities served more than 1.3 million people, of which more than 396,000 lacked any form of health insurance.

Financial Review

The 2006 combined operating and capital ending cash balance was \$365 million as reported in the New York City Financial Plan; a \$1.2 billion combined operating and capital ending cash balance is projected for 2007. The closing cash balance includes HHC's receipt of \$1.6 billion in 2007 of City and Federally funded Upper Payment Limit and Disproportionate Share payments. HHC, as a public hospital and by providing care to a significant number of uninsured patients, was able to receive this funding. Total expenses in the 2008 Executive Budget are projected at \$5.6 billion, and total revenue is projected at \$5.5 billion. The Corporation has cost containment and revenue enhancement initiatives of \$180 million that will reduce the operating deficit. Revenue derived from third party payors is projected to be \$5.0 billion. City support for HHC in 2008, excluding the City portion of Medicaid, is anticipated to be \$114 million. This funding provides for the treatment of prisoners and uniformed services personnel at HHC facilities, care for the uninsured and all payments associated with intra-city agreements with City agencies. The City will make capped payments of approximately \$600 million for the local share of HHC's Medicaid collections and bad debt and charity care pool payments.

Expense Budget Highlights

World Trade Center Health Center

HHC formally opened the new WTC Environmental Health Center at Bellevue Hospital Center this past year. The new center is funded by the City and expands on a joint Bellevue and New York University program established shortly after the events of 9/11. The center will:

- evaluate and treat any New Yorker who suffers symptoms associated with exposure to the WTC disaster or its aftermath.
- build on the collaborative work that Bellevue has done with the Beyond Ground Zero Coalition and other community-based organizations.
- continue to treat uninsured lower Manhattan residents and immigrant day laborers who suffer health consequences from exposure to dust or fumes from the WTC site and who are ineligible to receive services from existing WTC-related evaluation and treatment programs funded by the Federal government.

Medical Initiatives and Quality Reviews

HHC continues to focus on providing high quality medical care, improving patient outcomes through the development of effective treatment protocols, and improving the health outcomes of communities through public health awareness initiatives. These initiatives demonstrate HHC's commitment to providing the highest level of medical care possible. HHC has increased public awareness about the availability of critical health screenings and disease prevention services.

- smoking cessation clinics have enrolled over 70,000 patients in the past four years, significantly reducing their risk of cancer, heart disease and stroke.
- HHC has undertaken an intensive campaign to enhance colon cancer screening efforts. As a result, HHC has increased the number of screening colonoscopies from 908 in 2002 to 11,836 in 2005.
- in 2006, HHC performed more than 80,000 mammograms and more than 150,000 cervical cancer screenings.
- HHC has also begun to administer the new HPV vaccine to adolescent girls and young women to lower their risk of cervical cancer.
- the Corporation continues to combat AIDS and HIV infections by expanding access to testing. In 2006, HHC tested more than 100,000 patients, a 65 percent increase over the previous year. More than 1,500 patients were identified as HIV positive. Testing efforts will be expanded in the upcoming year to reach at least 150,000 patients.

Managing Chronic Disease

HHC continues to focus on the twin epidemics of asthma and diabetes with promising results through the use of clinical information systems to improve the care of asthmatic and diabetic patients.

- asthma-related pediatric emergency visits declined by 24 percent and hospital admissions dropped by 30 percent during the past two years at HHC facilities.
- the Corporation's electronic patient registry tracks the health status of nearly 50,000 adult diabetics. A patient registry is a key element of modern chronic illness management. It provides timely data support to patient care teams responsible for the health outcomes of patients. In addition, the registry's management tools allow facilities to review thousands of medical files to identify individuals in need of clinical interventions.
- HHC aims to double the number of diabetic patients registered into the electronic disease registry by the end of 2008.
- HHC is using its electronic medical record (EMR) system to address depression - another chronic disease. Embedded in the EMR is an evidence-based screening tool to help identify undiagnosed depression in primary care settings. More than 20,000 patients were screened in the past year.

Patient Safety

Patient safety is one of the highest priorities at HHC. The Corporation's goal is to become one of the safest hospital systems in the nation by 2010.

- incidences of hospital-acquired infection have decreased significantly. Woodhull Hospital has had only one instance of hospital-acquired pneumonia in 18 months and Bellevue Hospital has not had an

instance in the past 12 months. In addition, Bellevue has gone 9 months without a case of central line blood stream infection.

- HHC continues to outperform national and state average scores for adherence to Federal quality indicators related to the prevention of surgical site infection.

Access to Care

The Corporation continues to make significant progress towards increasing patients' timely access to affordable care, while simultaneously improving hospital operations.

- HHC, in collaboration with dozens of stakeholders, provided financial and staff support to open the Community Health Center of Richmond on Staten Island in July 2006. HHC is currently financing the expansion of its physical space to increase capacity and range of services delivered. HHC is working with the Health Center's Board of Directors and Executive Director to receive designation as a federally-qualified health center (FQHC).
- in addition, a search is underway for space to expand the Health Center to a second site.
- the Corporation continues to support and fund a temporary means of providing additional affordable primary care capacity for uninsured low-income residents on Staten Island through the Staten Island Health Access (SIHA) program. More than 2,900 Staten Island residents participating in SIHA receive HHC-subsidized care from community-based physicians located on Staten Island's North Shore.
- HHC's ambulatory care redesign teams have dramatically reduced the time required for patients to complete a visit in a primary care clinic from a previous average of nearly two and one-half hours to a January 2007 average cycle time of 58 minutes.
- in a related effort, HHC is re-engineering its primary care appointment scheduling processes to offer each patient more timely appointments while simultaneously keeping the patient linked to his or her own primary care provider.
- for individuals not eligible for public health insurance, HHC developed HHC Options, a financial assistance program. HHC Options fee-scales patient charges to a level commensurate with a patient's ability to pay.

Capital Projects

The City funded 2008-2017 Ten-Year Capital Strategy totals \$973 million. During the past year, HHC achieved several milestones in its campaign to modernize its infrastructure. New and renovated facilities ensure patient care is provided in an optimally therapeutic environment and that HHC remains competitive in the marketplace.

Major modernization projects in progress include an ambulatory care pavilion at Jacobi Medical Center; the modernization of Harlem Hospital Center; and continued campus-wide modernization of Kings County Hospital. In addition, a new ambulatory care pavilion was opened at Queens Hospital Center this year.

HHC's capital program features other important initiatives, including:

- construction of new MRI centers. All 11 of HHC's acute-care hospitals now have this diagnostic tool.

- new or expanded cardiac catheterization centers have been constructed at five facilities: Bellevue Hospital, Coney Island Hospital, Elmhurst Hospital, Harlem Hospital and Jacobi Medical Center. In addition, \$4 million has been committed for a new cardiac catheterization center at Kings County Hospital Center.
- a cancer care center was recently completed at Bellevue Hospital Center and another is under development at Kings County Hospital Center.
- as part of HHC's corporate-wide initiative to improve family planning and other services for women, Bellevue Hospital completed renovation of its Women's Options Center in February. In addition, \$6 million was allocated for Women's Options Centers at Elmhurst Hospital Center, Lincoln Medical & Mental Health Center and Jacobi Medical Center.

NEW YORK CITY TRANSIT

New York City Transit (NYCT) operates the most extensive public transportation system in the nation, which served approximately 2.2 billion subway and bus passengers in calendar year 2006 with over 1.4 billion passengers riding the subway system. NYCT has been a component of the Metropolitan Transportation Authority (MTA) since the Authority's inception in 1968. The MTA is a New York State public authority responsible for coordinating and implementing a mass transportation program for New York City and the seven adjacent counties. The MTA Board also oversees the development of NYCT's operating budget and coordinates its capital expenditures. Other components of MTA serving New York City are the Staten Island Railway (SIR), the MTA Bus Company (MTABC) which was created in 2005 to operate in areas previously served by New York City's Franchise Bus System and the Long Island Railroad and the Metro North Railroad.

The NYCT's subway system operates 24 hours a day, 7 days a week, on 685 miles of track extending over 238 directional route-miles, serving 468 stations throughout the Bronx, Brooklyn, Manhattan, and Queens. The NYCT bus system consists of a fleet of over 4,700 buses on 207 local and 36 express routes in all five boroughs. System expansions currently planned by NYCT include the long-awaited Second Avenue Subway and the westward extension of the #7 train to the Jacob Javits Convention Center. If completed, these would be the most significant system expansions since the completion of the IND subway lines in the mid-1940s.

SIR operates a 14-mile rapid transit line which links 23 communities on Staten Island and provides a vital and convenient connection to the Staten Island Ferry. SIR serves approximately 3.5 million passengers per year.

The MTABC operates an extensive public bus transportation system throughout New York City, primarily in The Bronx, Brooklyn, and Queens. Over 100 million passengers are carried annually on local and express routes. The MTABC was created in 2005 as a subsidiary of the Metropolitan Transportation Authority to provide a more unified and uniform mass transportation system. The MTABC provides service in areas previously provided by seven private bus companies franchised by New York City Department of Transportation. The MTABC assumed responsibility over routes from Liberty Lines, Queens Surface Corporation and New York Bus Tours in 2005 and from Command Bus Company, Green Bus Lines, Jamaica Bus Lines, and Triboro Coach Corporation in 2006. The transfer of Triboro Coach Corporation routes in February 2006 completed the transition of the routes from all former franchised bus companies to the MTABC. The MTABC is primarily funded through farebox revenues and City subsidies.

The MTABC currently operates approximately 1,200 buses owned by the City, of which 353 are fueled by Compressed Natural Gas (CNG). Service on over 80 routes is available 24 hours a day, 7 days a week. Since beginning operations, the MTABC has acquired 488 new buses, and 448 more buses are in the process of being purchased, to be used for both local and express service. These new buses are expected to improve the average life of the fleet from over 12 years to less than 6 years. The MTABC has also made other service improvements since assuming control of the system, and the City expects the MTABC to continue making improvements to all facets of its operations, bringing service levels up to MTA's standards.

Financial Review

The City's financial plan includes \$273.6 million for NYCT in fiscal year 2008. As NYCT operates on a calendar year (CY) basis, the financial plan below is presented in that format. The plan for CY 2007 incorporates the following key elements:

- CY 2007 fare revenue is projected to be \$2.8 billion, a 1 percent increase over the CY 2006 total.
- tax revenues dedicated for NYCT's use are projected to total \$2 billion; \$974.5 million from the regional Metropolitan Mass Transportation Operating Assistance Account (MMTOA), \$510.3 million from the State "Lock Box" Petroleum Business Tax, \$494.7 million from the Urban Mass Transportation Operating Assistance Account (Urban Account), and \$46.1 million from Mortgage Recording Tax transfers (MRT).

- the City's contribution to NYCT's operating budget for CY 2007 totals \$264 million, including \$158.2 million in operating assistance, \$45.0 million for student fare discounts, \$42.7 million for the Paratransit program, \$13.8 million for elderly and disabled fare discounts and \$4.3 million for Transit Police.

Based on recent financial reports, NYCT closed CY 2006 with a cash surplus of \$274.4 million. Despite this, NYCT has projected substantial budget shortfalls over the next four years, which are expected to be offset by gap-closing actions.

New York City Transit Financial Plan
(\$ in millions)

	Calendar Years [1]				
	2006A	2007E	2008E	2009E	2010E
REVENUES					
Subway / Bus Fare Revenue	\$2,722.0	\$2,746.7	\$2,779.0	\$2,791.0	\$2,801.8
Other Operating Revenue	180.3	161.6	175.2	182.5	189.5
Transit Tax Revenue	2,095.0	2,025.6	1,997.6	2,058.3	2,126.6
City Subsidies	256.7	264.0	272.5	282.9	295.2
State Subsidies	203.2	203.2	203.2	203.2	203.2
TBTA Surplus Transfer	171.0	121.9	116.7	96.6	68.4
Capital Reimbursement	791.6	810.4	793.5	784.1	796.7
TOTAL REVENUES	\$6,419.8	\$6,333.4	\$6,337.7	\$6,398.7	\$6,481.4
EXPENSES					
Salaries & Wages	\$2,758.2	\$2,832.5	\$2,951.0	\$3,039.4	\$3,114.0
Fringes	1,002.0	1,248.2	1,375.7	1,458.7	1,541.6
OTPS	915.3	1,062.2	1,073.9	1,136.3	1,146.3
Paratransit Expenses	183.6	229.5	267.3	306.3	356.7
Transit Police	4.3	4.3	4.3	4.4	4.4
Capital Expenses	791.6	810.4	793.5	784.1	796.7
Debt Service	743.0	628.8	712.0	805.3	904.1
Depreciation [2]	1,012.1	1,085.5	1,151.7	1,221.7	1,291.7
TOTAL EXPENSES	\$7,410.1	\$7,901.3	\$8,329.3	\$8,756.2	\$9,155.6
OTHER ACTIONS					
Balance before Adjustments	(\$990.3)	(\$1,567.9)	(\$1,991.6)	(\$2,357.5)	(\$2,674.1)
Gap-Closing Actions [3]	13.6	166.8	798.8	1,094.7	1,341.2
Cash Flow Adjustments [4]	(193.8)	41.2	41.2	41.2	41.2
Depreciation Adjustment	1,012.1	1,085.5	1,151.7	1,221.7	1,291.7
Net Cash from Prior Year	432.8	274.4	0.0	0.0	0.0
SURPLUS/(DEFICIT)	\$274.4	\$0.0	\$0.0	\$0.0	\$0.0

[1] All Financial Plan figures were provided by NYCT in February 2007 and April 2007. Because the MTA operates on a Calendar Year basis (January-December) that is not directly comparable to the City's Fiscal year (July-June), this table shows CY 2006 Actuals and CY 2007-2010 estimates (E).

[2] As of February 2004, NYCT now includes Depreciation in its Financial Plan.

[3] Gap-closing actions include items available to offset out-year expense gaps, including use of cash reserves, expense reductions, fare increases and increased subsidies.

[4] Cash flow adjustments include operating, Subsidy and Debt Service Cash Flow adjustments.

City Subsidies

The City's contribution to New York City Transit's operating budget for CY 2007 will total \$264.0 million. The City continues to provide \$45.0 million to subsidize the transport of school children. The City also subsidizes the elderly and disabled reduced-fare program (\$13.8 million) and the paratransit program (\$42.7 million). In addition, the City match of State "18b" operating assistance, in the amount of \$158.2 million, supports a portion of NYCT's overall operating costs and another \$4.3 million is used to fund costs associated with the Transit Police. In CY 2007, the City is also providing approximately \$77 million directly to the MTA to maintain Long Island Railroad and Metro-North Commuter Railroad stations in the five boroughs and for operating assistance for the commuter railroads as part of the local match of State "18b" aid.

The following chart summarizes the City's subsidies to NYCT for CY 2007:

City Subsidies to NYCT, CY 2007
(\$ in millions)

• Elderly and Disabled Subsidy	\$13.8
• School Fare Subsidy	45.0
• Operating Assistance	158.2
• Police Reimbursement	4.3
• Paratransit	42.7
	<hr/> <hr/>
TOTAL	\$264.0
	<hr/> <hr/>

Capital Review

The City's ten-year Capital Plan totals \$766.9 million, including \$760.8 million for NYCT, \$5 million for Staten Island Railway and \$1.1 million for MTA Bus Company. These funds will be used to support NYCT's most essential work: bringing the entire mass transit system to a state of good repair, maintaining that level on a normal replacement cycle, and helping expand the transit system. City capital funds are used in conjunction with other sources (Federal, State, and Private) towards NYCT's Capital Program.

The City's four-year Plan for NYCT and SIR includes the following key elements:

- funds to help provide for various NYCT infrastructure improvements, system enhancements, and bus and subway car upgrades, \$360.8 million.
- funds for NYCT trackwork, \$350 million.
- funds for the NYCT rapid and surface transit revolving funds, \$50 million.
- funds for SIR's track replacement and infrastructure programs, including improvements at the St. George Station and Ferry Terminal, \$5 million.
- funds for MTABC's bus purchases and other improvements, \$1.1 million.

The table below outlines the City's Capital Commitments to NYCT and SIR for the 2008-2017 period:

Capital Commitments

(\$ in 000's)

	2006 Actual		2007 Plan		2008 Plan		2009 Plan		2010 Plan		2011 Plan	
	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds
Infrastructure	\$42,244	\$42,244	-\$1,941	\$30,230	\$39,560	\$39,560	\$48,558	\$48,558	\$49,500	\$49,500	\$34,289	\$34,289
Trackwork	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000
Revolving Fund	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
SIRTOA	505	505	1,697	1,697	440	440	442	442	500	500	500	500
Miscellaneous	0	0	0	0	0	0	0	0	0	0	0	0
No. 7 Line Extension	0	0	0	0	0	0	0	0	0	0	0	0
MTABC	0	0	20,155	36,841	1,073	1,073	0	0	0	0	0	0
Total	<u>\$82,749</u>	<u>\$82,749</u>	<u>\$59,911</u>	<u>\$108,768</u>	<u>\$81,073</u>	<u>\$81,073</u>	<u>\$89,000</u>	<u>\$89,000</u>	<u>\$90,000</u>	<u>\$90,000</u>	<u>\$74,789</u>	<u>\$74,789</u>

Appendix

**EXHIBIT 1
EXPENDITURE ASSUMPTIONS**

Personal Service

The expenditures for personal services in the Executive Budget for 2008 and the three-year projections are as follows:

(\$ in millions)

	2008	2009	2010	2011
Salaries and Wages	\$20,142	\$20,620	\$21,513	\$22,263
Pensions	5,728	6,390	6,461	6,461
Other Fringe Benefits*	6,928	6,716	6,997	7,316
Reserve for Collective Bargaining				
Department of Education	164	408	408	408
Other	715	1,032	1,542	1,915
Reserve Subtotal	<u>879</u>	<u>1,440</u>	<u>1,950</u>	<u>2,323</u>
Total	<u>\$33,677</u>	<u>\$35,166</u>	<u>\$36,921</u>	<u>\$38,363</u>

* Includes \$500 million in fiscal year 2008 for contributions into a Trust Fund for Retiree Health Benefits.

Salaries and Wages

The baseline projections for salaries and wages reflect all personnel costs associated with current and projected headcount levels. Excluded from these projections is the cost of collective bargaining for unsettled unions which is contained in the Reserve for Collective Bargaining.

Pensions and Other Fringe Benefits

Pension expenses for 2008 through 2011 are based on actuarial valuation projections prepared by the Office of the Actuary and are reflective of certain revised funding techniques introduced last year: a one year lag, a lengthened asset smoothing period, and full recognition of retiree cost of living adjustment (“COLA”) costs, which previously were being phased-in over a 10-year period.

In addition, commencing in 2009, the financial plan contains a reserve of \$200 million per year to address the potential costs associated with a recently released pension audit performed by the Segal Company.

Total pension expenses for the four years are as follows:

(\$ in millions)

	2008	2009	2010	2011
City Actuarial Systems	\$5,624	\$6,283	\$6,353	\$6,353
Non-City Systems	59	61	62	62
Non-Actuarial	45	46	46	46
Total	<u>\$5,728</u>	<u>\$6,390</u>	<u>\$6,461</u>	<u>\$6,461</u>

Social Security cost estimates reflect the projected tax rates and wage ceilings issued by the Social Security Administration as well as planned payroll adjustments. Unemployment Insurance costs are consistent with the statutory maximum weekly benefit levels and planned payroll adjustments. Workers' Compensation costs are consistent with the compensation rate schedule mandated by State law and the projected growth in medical costs. Health Insurance estimates reflect current levels of coverage based on the latest population and premium data available from the City health insurance providers. Out-year projections reflect anticipated increases in hospital and medical trends.

Reserve for Collective Bargaining

The Reserve for Collective Bargaining contains funding for the cost of collective bargaining for the 2000-2008 time period for those employees represented by unions who have not reached collective bargaining settlements with the City, as well as the City's estimate of collective bargaining costs beyond that time period. For each unsettled group, funding is contained in the labor reserve to pay the cost associated with that group's unsettled portion of the pattern settlement(s). The patterns for uniformed groups are: 1) 5 percent and 5 percent (offset by productivity of 4.24 percent); 2) 3 percent and 3.15 percent; and 3) 4 percent, 4 percent, and 1.6 percent (in items other than across the board wage increases). For civilians the patterns are: 1) 3.15 percent; and 2) 2 percent and 4 percent.

The present status of the groups covered by the uniformed pattern is as follows. Only the Captains Endowment Association remains unsettled for the round of 5 percent and 5 percent. The Patrolman's Benevolent Association, the Sergeants Benevolent Association, and the Captains Endowment Association are the only unsettled uniformed groups unsettled through the round of 3 percent and 3.15 percent. The only uniformed group that has settled for the 4 percent and 4 percent round is the Uniformed Firefighters Association.

The reserve also contains City funds for a 1.25 percent increase for employees in the years beyond the current (2000-2008) round(s) of bargaining.

Other Than Personal Service

(\$ in millions)

	2008	2009	2010	2011
Administrative OTPS	\$14,493	\$14,719	\$15,095	\$15,237
Public Assistance	1,187	1,187	1,187	1,187
Medical Assistance	5,714	5,603	5,756	6,076
Health & Hospital Corporation*	205	164	168	168
Covered Agency Support & Other Subsidies*	2,883	2,469	2,551	2,660
City and MAC Debt Service*	3,773	3,896	4,244	5,053
Pay-As-You-Go Capital	200	200	200	200
General Reserve	300	300	300	300
Prepayments	(2,025)	(2,010)	(350)	0
Total	\$26,730	\$26,528	\$29,151	\$30,881

* Numbers adjusted for prepayments.

Administrative OTPS

Administrative OTPS costs in each agency's baseline four-year financial plan include the ongoing cost of existing programs, planned increases or decreases from PEG initiatives and other adjustments. For 2009 through 2011, the financial plan includes a Citywide appropriation to provide for an increase in OTPS costs resulting from inflation. The inflation adjustment represents a yearly 2.5 percent increase from 2009 through 2011.

Energy

The financial plan includes a Citywide appropriation to provide for the changing cost of energy for 2009 through 2011. Energy costs in each agency, with the exception of HPD, are held constant for 2008 through 2011. Price and usage changes for HPD's *In-REM/DAMP* Programs are budgeted in HPD's four-year plan.

As reflected in the following table, energy costs have decreased in 2007 due to lower heating usage and a drop in natural gas prices attributable to the warmer winter. Costs are expected to increase through 2009 as the result of a normal heating season and an increase in NYPA's production charges.

**Energy Cost Comparison
(\$ in millions)**

Estimate as of:	2007	2008	2009	2010
2007 Adopted Budget	\$916	\$926	\$912	\$913
2008 Executive Budget	826	920	938	936
Difference	<u>(\$90)</u>	<u>(\$6)</u>	<u>\$26</u>	<u>\$23</u>

The cost of gasoline and fuel oil is expected to increase in 2008, then decrease through 2010. The cost of heat, light and power is expected to increase through 2011. The annual cost projections are as follows:

**Energy Costs
(\$ in millions)**

	2007	2008	2009	2010	2011
Gasoline	\$73	\$76	\$74	\$74	\$75
Fuel Oil	65	77	72	71	71
HPD- <i>In Rem/DAMP</i>	11	8	7	6	5
HPD-Energy Repair	2	3	3	3	3
Heat, Light and Power	675	756	782	782	786
Total	<u>\$826</u>	<u>\$920</u>	<u>\$938</u>	<u>\$936</u>	<u>\$940</u>

Leases

In each agency the cost of leases is budgeted at a constant level from 2008 through 2011. A citywide adjustment for 2009 through 2011 provides for the increasing cost of leases based on a three percent annual inflator and the annualization of 2008 adjustments, as well as known future leases, where applicable.

In total the four-year plan includes \$667 million for leases in 2008, \$687 million in 2009, \$708 million in 2010 and \$729 million in 2011. Of these amounts the citywide adjustment is \$20 million, \$41 million, and \$62 million respectively in 2009 through 2011.

Public Assistance

In 2008, 368,892 persons are projected to receive public assistance each month, a decrease of 9,005 from the projected 2007 average.

Medical Assistance

The financial plan for Medical Assistance assumes growth of 3 percent annually consistent with New York State Cap Legislation effective January 1, 2006. This growth excludes City share of Disproportionate Share and Upper Payment Limit payments which fall outside of the Medicaid cap.

Health and Hospitals Corporation

Revenue and expenditure projections for 2008 through 2011 include assumptions related to actual collections experience, the impact of rates by third party payors, and collections performance through a variety of revenue enhancement efforts. Included in the Corporation's baseline revenue assumption is the continued receipt of the Disproportionate Share and Upper Payment Limit transactions. Corporation revenue increases are reliant on Medicaid receipts, which continue to grow steadily. Expenditure increases are driven by growth in pension and health insurance costs.

Covered Agency Support and Other Subsidies

Included in this category are the contributions made by the City to the Transit Authority, Housing Authority, Libraries, and various Cultural Institutions. Also included in this category are the estimated projections for the cost of Judgments and Claims.

General Reserve

The general reserve is projected at \$300 million for 2008 through 2011 to provide for uncontrollable increases in expenditures as well as shortfalls in revenues. To allow for any further uncertainties which may occur in the future, the general reserve has been increased above the mandated amount of \$100 million.

Debt Service

Debt Service projections cover payments of debt service on currently outstanding City and Conduit debt as well as future issuances in accordance with the 2007-2011 financing program (See Financing Program). Actual debt service payments in these years will be affected by the timing of bond sales and by market conditions. Estimates of City debt service costs on debt to be issued are based on estimates of the periods of probable usefulness of the capital assets for which the debt will be issued.

A Budget Stabilization Account has been established for the prepayment of future years' debt service costs. Funding of \$3.3 billion in 2007, \$2.4 billion in 2008 and \$350 million in 2009 has been provided for this purpose.

Below are the detailed estimates for debt service for 2007-2011 after prepayments:

(\$ in millions)

	Long Term	Short Term	Lease Purchase	Budget Stabilization*	Total City	MAC	Prepayment Adjustment	Total City and MAC
2007.....	\$890	\$—	\$149	\$3,313	\$4,352	\$10	(\$35)	\$4,327
2008.....	223	—	227	2,360	2,810	10	953	3,773
2009.....	1,142	75	319	350	1,886	—	2,010	3,896
2010.....	3,505	75	314	—	3,894	—	350	4,244
2011.....	4,661	75	317	—	5,053	—	—	5,053

* Amounts in the Budget Stabilization Account are used to prepay the succeeding year's debt service.

EXHIBIT 2

FISCAL YEAR 2008 EXECUTIVE BUDGET AND PROJECTIONS, FISCAL YEAR 2009 THROUGH FISCAL YEAR 2011

(\$ in thousands)

Dept. No.	Agency	FY 2006 Actual Expenditures	Fiscal Year 2007		FY 2008 Executive Budget	FY 2009 Estimate	FY 2010 Estimate	FY 2011 Estimate	
			Executive Budget	8 Month Actuals July-Feb.					Forecast
002	Mayorality	\$79,102	\$82,376	\$52,876	\$91,312	\$88,113	\$87,163	\$86,813	\$86,828
003	Board of Elections	63,296	80,119	59,808	83,254	100,719	82,769	75,719	75,719
004	Campaign Finance Board	38,692	13,889	5,499	10,691	9,536	8,394	8,394	8,394
008	Office of the Actuary	4,944	5,323	3,354	5,410	6,001	5,901	5,901	5,901
010	President, Borough of Manhattan	4,318	3,657	2,837	5,310	4,663	3,483	3,483	3,483
011	President, Borough of the Bronx	5,613	5,332	3,945	6,811	6,377	4,961	4,961	4,961
012	President, Borough of Brooklyn	5,436	4,961	3,466	6,195	6,843	4,371	4,371	4,371
013	President, Borough of Queens	4,947	4,567	3,180	5,630	6,201	3,988	3,988	3,988
014	President, Borough of S.I.	4,018	3,497	2,399	4,364	4,185	3,465	3,465	3,465
015	Office of the Comptroller	61,335	62,239	37,693	65,412	76,341	75,865	74,540	74,540
017	Dept. of Emergency Management	12,273	7,892	8,640	28,380	11,261	8,954	8,954	8,954
021	Tax Commission	2,366	2,543	1,579	2,616	2,584	2,584	2,584	2,584
025	Law Department	125,134	120,491	80,449	127,104	123,977	122,024	121,845	121,845
030	Department of City Planning	22,073	24,808	13,833	32,625	25,141	23,669	23,669	23,669
032	Department of Investigation	21,130	21,421	14,440	24,035	22,053	22,053	22,054	21,944
035	NY Public Library - Research	19,034	16,193	3,636	19,904	5,106	19,263	19,263	19,263
037	New York Public Library	96,464	84,048	11,449	105,044	17,267	102,024	102,024	102,024
038	Brooklyn Public Library	73,841	62,363	1,481	77,789	10,821	74,860	74,860	74,860
039	Queens Borough Public Library	71,802	60,392	1,182	75,624	11,407	73,254	73,254	73,254
040	Department of Education	14,959,317	15,322,334	8,950,294	15,842,886	16,873,421	17,993,981	19,219,972	20,144,285
042	City University	605,277	541,718	385,119	649,751	584,160	569,931	569,984	570,027
054	Civilian Complaint Review Bd.	10,142	9,192	7,323	10,871	11,953	11,890	11,890	11,890
056	Police Department	3,794,183	3,798,869	2,483,427	3,946,645	3,871,008	3,862,806	3,868,689	3,862,183
057	Fire Department	1,412,325	1,349,813	915,573	1,485,125	1,471,738	1,460,331	1,454,389	1,455,470
068	Admin. for Children Services	2,326,494	2,444,991	2,105,785	2,798,381	2,734,946	2,720,910	2,720,910	2,720,910
069	Department of Social Services	6,935,913	7,008,716	4,695,481	7,483,709	8,566,037	8,424,571	8,578,425	8,737,603
071	Dept. of Homeless Services	725,376	695,798	602,916	732,616	677,653	668,717	667,936	667,936
072	Department of Correction	900,061	868,646	601,603	961,041	930,841	911,950	914,756	914,165
073	Board of Correction	861	868	567	950	925	925	925	925
095	Citywide Pension Contributions	4,014,955	4,890,621	3,235,350	4,861,103	5,727,537	6,389,582	6,460,893	6,460,510
098	Miscellaneous	6,270,142	6,656,185	2,168,663	7,559,672	6,607,717	7,033,330	7,891,536	8,691,188
099	Debt Service	4,509,856	650,094	168,696	4,352,395	2,809,326	1,885,964	3,893,580	5,052,652
100	M.A.C. Debt Service	10,000	10,000	5,000	10,000	10,000	—	—	—
101	Public Advocate	2,903	1,833	1,691	3,080	2,191	2,191	2,191	2,191
102	City Council	49,001	50,799	32,757	51,357	54,608	54,608	54,608	54,608
103	City Clerk	3,116	3,677	2,152	3,887	3,934	3,934	3,934	3,934
125	Department for the Aging	268,241	236,231	247,275	279,605	248,446	242,765	242,765	241,765
126	Department of Cultural Affairs	136,304	114,853	119,545	150,712	155,010	148,082	148,082	148,082
127	Financial Info. Serv. Agency	44,908	53,840	36,499	54,350	59,153	53,351	47,357	47,357
130	Department of Juvenile Justice	104,291	106,791	50,355	130,664	125,848	124,320	124,320	124,320
131	Office of Payroll Admin.	9,286	12,231	7,486	12,156	14,608	13,030	11,581	11,581
132	Independent Budget Office	2,659	3,005	1,879	3,085	3,161	3,151	3,121	3,121
133	Equal Employment Practices Com	729	737	536	853	773	773	773	773
134	Civil Service Commission	465	569	298	577	611	636	636	636
136	Landmarks Preservation Comm.	3,680	3,769	2,797	4,937	4,321	4,321	4,321	4,321

EXHIBIT 2

FISCAL YEAR 2008 EXECUTIVE BUDGET AND PROJECTIONS, FISCAL YEAR 2009 THROUGH FISCAL YEAR 2011

(\$ in thousands)

Dept. No.	Agency	FY 2006 Actual Expenditures	Fiscal Year 2007			FY 2008 Executive Budget	FY 2009 Estimate	FY 2010 Estimate	FY 2011 Estimate
			Executive Budget	8 Month Actuals July-Feb.	Forecast				
156	Taxi & Limousine Commission	25,999	28,382	17,472	28,008	31,197	28,487	28,487	28,487
226	Commission on Human Rights	6,526	6,917	4,646	7,269	7,180	7,180	7,180	7,180
260	Youth & Community Development	303,039	233,942	250,028	328,234	323,011	296,903	296,903	296,903
312	Conflicts of Interest Board	1,435	1,764	1,014	1,852	1,917	1,912	1,912	1,912
313	Office of Collective Barg.	1,703	1,749	1,268	1,823	1,862	1,862	1,862	1,862
499	Community Boards (All)	13,028	13,222	8,390	14,046	14,285	14,280	14,282	14,284
781	Department of Probation	79,770	79,871	53,361	83,908	84,468	84,468	84,468	84,468
801	Dept. Small Business Services	125,294	114,646	77,846	139,792	171,493	112,484	107,993	107,384
806	Housing Preservation & Dev.	543,241	489,690	442,821	644,094	504,479	507,703	491,777	488,442
810	Department of Buildings	81,526	82,921	50,222	90,627	90,748	83,723	83,619	83,366
816	Dept Health & Mental Hygiene	1,509,525	1,492,381	1,288,698	1,655,465	1,502,059	1,558,733	1,575,664	1,584,631
819	Health and Hospitals Corp.	1,418,635	935,930	527,411	884,856	113,902	164,065	167,756	168,486
826	Dept of Environmental Prot.	804,393	881,696	608,186	889,781	955,576	933,925	913,908	912,134
827	Department of Sanitation	1,094,893	1,194,853	904,822	1,185,631	1,242,967	1,276,421	1,301,916	1,356,723
829	Business Integrity Commission	4,957	5,370	3,658	5,577	5,774	5,774	5,630	5,630
836	Department of Finance	200,526	203,795	139,809	209,663	216,998	214,921	213,890	213,890
841	Department of Transportation	623,223	537,009	430,082	645,838	620,815	598,267	596,357	596,286
846	Dept of Parks and Recreation	308,202	284,495	218,575	341,618	355,468	353,162	352,698	350,056
850	Dept. of Design & Construction	87,866	100,413	67,625	106,499	105,870	95,870	95,870	95,870
856	Dept of Citywide Admin Srvces	855,829	952,870	844,419	951,740	1,029,848	1,003,646	1,003,646	1,003,646
858	D.O.I.T.T.	237,223	301,441	196,172	282,177	346,291	346,376	345,268	345,394
860	Dept of Records & Info Serv.	4,592	4,716	3,374	4,906	6,789	4,883	4,883	4,883
866	Department of Consumer Affairs	15,561	15,825	10,881	18,480	19,449	16,969	16,852	16,637
901	District Attorney - N.Y.	81,147	71,392	54,880	89,246	77,327	77,327	77,327	77,327
902	District Attorney - Bronx	45,804	42,190	29,430	47,752	46,106	46,106	46,106	46,106
903	District Attorney - Kings	76,018	70,703	49,482	79,927	75,613	75,613	75,613	75,613
904	District Attorney - Queens	41,788	37,306	28,575	44,889	41,060	45,157	45,157	45,157
905	District Attorney - Richmond	6,964	6,607	4,371	7,546	7,479	7,479	7,479	7,479
906	Off. of Prosec. & Spec. Narc.	16,081	14,692	10,493	16,976	16,139	16,139	16,139	16,139
941	Public Administrator - N.Y.	1,086	1,107	852	1,186	1,185	1,185	1,185	1,185
942	Public Administrator - Bronx	318	345	275	461	439	427	427	427
943	Public Administrator- Brooklyn	455	473	309	552	528	528	528	528
944	Public Administrator - Queens	414	371	267	445	402	402	402	402
945	Public Administrator -Richmond	339	292	215	357	313	313	313	313
	Prior Payable Adjustment	(673,254)	—	—	(400,000)	—	—	—	—
	General Reserve	—	300,000	—	84,874	300,000	300,000	300,000	300,000
	Energy Adjustment	—	—	—	—	—	20,470	19,448	23,528
	Lease Adjustment	—	—	—	—	—	20,010	40,620	61,848
	OTPS Inflation Adjustment	—	—	—	—	—	55,519	111,038	166,557
	TOTAL EXPENDITURES	\$55,760,449	\$54,011,667	\$33,470,742	\$60,664,013	\$60,407,559	\$61,693,784	\$66,072,319	\$69,243,643
	LESS: INTRA-CITY EXPENDITURES	1,396,497	1,307,254	500,562	1,400,988	1,369,409	1,363,669	1,364,766	1,364,610
	NET TOTAL EXPENDITURES	\$54,363,952	\$52,704,413	\$32,970,180	\$59,263,025	\$59,038,150	\$60,330,115	\$64,707,553	\$67,879,033

EXHIBIT 3
ACTUAL REVENUE
(\$ in Millions)

	Fiscal Year 2003	Fiscal Year 2004	Fiscal Year 2005	Fiscal Year 2006
Taxes:				
Real Property	\$10,063	\$11,582	\$11,616	\$12,636
Personal Income	4,463	5,984	6,638	7,657
General Corporation	1,237	1,540	1,994	2,379
Banking Corporation	213	415	601	656
Unincorporated Business	832	908	1,116	1,308
Sales and Use	3,535	4,018	4,355	4,418
Commercial Rent	397	426	445	477
Real Property Transfer	513	767	1,055	1,295
Mortgage Recording	526	817	1,250	1,353
Utility	295	291	340	391
Cigarette	158	138	125	123
Hotel	192	216	257	296
All Other	365	487	474	447
Tax Audit Revenue	571	576	600	775
Total Taxes	23,360	28,165	30,866	34,211
Miscellaneous Revenues:				
Licenses, Franchises, Etc.	357	374	395	418
Interest Income	43	30	149	362
Charges for Services	501	592	614	606
Water and Sewer Charges	846	885	899	990
Rental Income	109	108	944	209
Fines and Forfeitures	548	697	745	724
Miscellaneous	2,244	684	1,328	553
Intra-City Revenue	1,110	1,213	1,279	1,396
Total Miscellaneous	5,758	4,583	6,353	5,258
Unrestricted Intergovernmental Aid:				
Federal Revenue Sharing	—	—	—	—
N.Y. State Per Capita Aid	400	327	327	327
Other Federal and State Aid	1,043	636	276	167
Total Unrestricted Intergovernmental Aid	1,443	963	603	494
Provision for Disallowance of Categorical Grants	(47)	(27)	(87)	(542)
Less Intra-City Revenue	(1,110)	(1,213)	(1,279)	(1,396)
Sub Total City Funds	29,404	32,471	36,456	38,025
Other Categorical Grants	1,006	956	862	1,150
Transfers from Capital Fund:				
Inter Fund Agreements	300	328	346	365
Total City Funds & Inter-Fund Revenues	30,710	33,755	37,664	39,540
Federal Categorical Grants:				
Community Development	226	240	268	261
Social Services	2,550	2,448	2,405	2,181
Education	1,595	1,770	1,909	1,693
Other	1,247	957	2,072	1,108
Total Federal Grants	5,618	5,415	6,654	5,243
State Categorical Grants:				
Social Services	1,576	1,724	1,741	1,906
Education	5,834	5,873	6,177	6,702
Higher Education	133	139	140	153
Department of Health and Mental Hygiene	416	377	393	415
Other	358	342	372	410
Total State Grants	8,317	8,455	8,823	9,586
Total Revenues	\$44,645	\$47,625	\$53,141	\$54,369

EXHIBIT 4
REVENUE ESTIMATES
(\$ in Millions)

	Fiscal Year 2007 8 Months Actuals	Fiscal Year 2007 Forecast	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011
Taxes:						
Real Property	\$12,091	\$12,976	\$14,220	\$15,363	\$16,485	\$17,431
Personal Income	4,662	6,842	7,477	6,932	7,246	7,403
General Corporation	1,441	3,306	3,163	3,111	3,204	3,380
Banking Corporation	466	1,189	813	658	693	729
Unincorporated Business ..	809	1,610	1,586	1,573	1,606	1,693
Sale and Use	2,955	4,522	4,644	4,765	4,995	5,247
Commercial Rent	249	507	550	566	583	601
Real Property Transfer ...	1,101	1,692	1,381	1,163	1,178	1,207
Mortgage Recording	1,047	1,487	1,249	1,118	1,132	1,159
Utility	197	340	355	370	385	401
Cigarette	74	120	117	113	111	109
Hotel	171	332	337	353	367	381
All Other	163	458	380	388	396	395
Tax Audit Revenue	804	959	559	559	560	560
Tax Program	—	—	(1,331)	(1,607)	(1,735)	(1,846)
State Tax Relief Program ..	861	1,093	1,148	1,121	1,144	1,177
Total Taxes	27,091	37,433	36,648	36,546	38,350	40,027
Miscellaneous Revenue:						
Licenses, Franchises, Etc. .	304	452	419	420	423	427
Interest Income	268	454	387	137	144	144
Charges for Services	344	584	562	549	547	548
Water and Sewer Charges ..	726	1,097	1,183	1,183	1,186	1,214
Rental Income	130	205	194	193	192	192
Fines and Forfeitures	475	724	725	723	724	724
Miscellaneous	392	609	1,073	502	506	507
Intra-City Revenue	408	1,401	1,369	1,364	1,365	1,365
Total Miscellaneous ...	3,047	5,526	5,912	5,071	5,087	5,121
Unrestricted Intergovernmental Aid:						
N.Y. State Per Capita Aid .	—	20	327	327	327	327
Other Federal and State Aid	1	13	13	13	13	13
Total Unrestricted Intergovernmental Aid:	1	33	340	340	340	340
Reserve for Disallowance of						
Categorical Grants	—	(15)	(15)	(15)	(15)	(15)
Less: Intra-City Revenue	(408)	(1,401)	(1,369)	(1,364)	(1,365)	(1,365)
Sub Total City Funds ..	29,731	41,576	41,516	40,578	42,397	44,108
Other Categorical Grants	388	1,104	1,002	1,003	1,012	1,014
Inter Fund Agreements	73	418	428	404	396	391
Total City Funds & Inter-Fund Revenues ..	\$30,192	\$43,098	\$42,946	\$41,985	\$43,805	\$45,513

REVENUE ESTIMATES

(\$ in Millions)

	Fiscal Year 2007 8 Months Actuals	Fiscal Year 2007 Forecast	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011
Federal Categorical Grants:						
Community Development	\$135	\$274	\$269	\$277	\$262	\$259
Social Services	894	2,545	2,290	2,400	2,393	2,392
Education	592	1,833	1,851	1,898	1,899	1,900
Other	458	1,254	892	809	815	811
Total Federal Grants	2,079	5,906	5,302	5,384	5,369	5,362
State Categorical Grants:						
Social Services	815	1,847	1,918	1,803	1,803	1,803
Education	3,609	7,179	7,872	8,628	9,494	9,932
Higher Education	46	195	195	195	195	195
Department of Health and Mental Hygiene	149	455	432	428	427	433
Other	153	583	373	354	353	352
Total State Grants	4,772	10,259	10,790	11,408	12,272	12,715
TOTAL REVENUE	\$37,043	\$59,263	\$59,038	\$58,777	\$61,446	\$63,590

EXHIBIT 5
FULL-TIME and PART-TIME POSITIONS (FTEs)

	2/28/07 Actual		6/30/08 Executive Budget	
	Total	City	Total	City
MAYORAL AGENCIES:				
<i>Uniformed Forces:</i>				
Police -Uniform [1]	36,391	36,391	35,624	35,624
-Civilian	16,197	16,102	16,279	16,136
Fire -Uniform	11,467	11,457	11,275	11,264
-Civilian	4,664	4,644	4,817	4,797
Sanitation -Uniform	7,857	7,709	7,775	7,622
-Civilian	2,079	1,888	2,358	2,124
Correction -Uniform	9,285	8,548	9,605	8,869
-Civilian	1,426	1,291	1,586	1,518
<i>Subtotal</i>	<i>89,366</i>	<i>88,030</i>	<i>89,319</i>	<i>87,954</i>
<i>Health and Welfare:</i>				
Social Services	13,997	10,617	15,842	11,941
Admin. for Children's Services	6,847	6,488	7,643	7,385
Homeless Services	2,062	2,026	2,302	2,302
Health & Mental Hygiene	5,977	4,620	6,587	5,579
<i>Subtotal</i>	<i>28,883</i>	<i>23,751</i>	<i>32,374</i>	<i>27,207</i>
<i>Other Mayoral:</i>				
Housing Preservation and Development	2,700	649	2,935	795
Environmental Protection	6,062	418	6,595	479
Finance	2,159	2,159	2,354	2,342
Transportation	4,328	2,165	4,477	2,355
Parks	5,298	4,878	7,287	6,731
Citywide Administrative Services	2,034	1,272	2,218	1,452
All Other Mayoral	17,855	13,921	18,970	14,864
<i>Subtotal</i>	<i>40,436</i>	<i>25,462</i>	<i>44,836</i>	<i>29,018</i>
EDUCATION:				
Dept. of Education - Pedagogical	111,861	90,578	110,400	90,815
-Non-Pedagogical	25,912	23,263	26,086	23,752
City University -Pedagogical	4,654	4,647	4,150	4,150
-Non-Pedagogical	2,409	2,408	2,456	2,456
<i>Subtotal</i>	<i>144,836</i>	<i>120,896</i>	<i>143,092</i>	<i>121,173</i>
Total	<u>303,521</u>	<u>258,139</u>	<u>309,621</u>	<u>265,352</u>
COVERED ORGANIZATION AND NON-CITY EMPLOYEES SUBSTANTIALLY BY CITY SUBSIDIES [2]:				
Health and Hospital Corp.	39,266	39,266	39,500	39,500
Housing Authority	12,630	—	12,563	—
Libraries	4,233	4,233	4,338	4,338
Cultural Institutions[3]	1,999	1,999	1,585	1,585
School Construction Authority	508	508	699	699
New York City Employees Retirement System	376	376	398	398
Economic Development Corporation	396	396	388	388
Teachers Retirement System	373	373	395	395
Police Pension Fund	131	131	134	134
All Other	188	183	205	200
<i>Subtotal</i>	<i>60,100</i>	<i>47,465</i>	<i>60,205</i>	<i>47,637</i>
Total	<u>363,621</u>	<u>305,604</u>	<u>369,826</u>	<u>312,989</u>

[1] Police Department uniform headcount will be at 37,838 with the swearing in of attrition replacement recruit classes July 1, 2007 and January 1, 2008.

[2] Includes non-city employees substantially paid by city subsidies.

[3] Includes only those employees of the Cultural Institutions Group paid by city fund subsidies.

EXHIBIT 6
FY 2008 EXECUTIVE BUDGET
CITY GAP CLOSING PROGRAM - 5 YEAR VALUE
(City \$ in 000's)

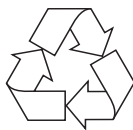
	2007	2008	2009	2010	2011
MAYORAL AGENCIES:					
<i>Uniformed Forces:</i>					
Police	\$55,172	\$100,184	\$31,184	\$1,184	\$1,184
Fire	25,368	21,470	4,278	4,233	4,273
Correction	1,936	8,764	7,773	3	3
Sanitation	36,409	25,025	13,174	13,174	12,474
<i>Health and Welfare:</i>					
Admin. for Children's Services	11,315	33,076	33,076	33,076	33,076
Social Services	11,257	22,578	22,985	15,389	15,389
Homeless Services	9,721	7,834	12,699	12,699	12,699
Health & Mental Hygiene	5,140	12,039	13,300	13,931	13,367
Youth & Community Dev.	3,251	—	—	—	—
<i>Other Mayoral:</i>					
Housing Preservation & Dev.	2,043	2,643	2,643	2,643	2,643
Finance	3,079	8,438	8,438	8,438	8,438
Transportation	6,700	12,295	2,132	2,141	2,144
Parks & Recreation	3,957	10,452	3,910	6,332	6,332
Citywide Admin. Services	2,907	6,940	6,940	6,940	6,940
Other	26,184	36,566	34,586	34,988	34,803
MAJOR ORGANIZATIONS:					
Department of Education	—	75,000	75,000	75,000	75,000
Health and Hospitals Corp.	1,232	—	4,664	4,664	4,664
CUNY	2,770	6,405	6,405	6,405	6,405
OTHER:					
Miscellaneous	48,808	28,515	8,453	8,387	8,316
Procurement Savings	—	54,165	54,165	54,165	54,165
Total Agency Programs	\$257,249	\$472,389	\$345,805	\$303,792	\$302,315

EXHIBIT 6A
FY 2008 EXECUTIVE BUDGET
CITY GAP CLOSING PROGRAM - 5 YEAR VALUE
(City \$ in 000's)

	2007	2008	2009	2010	2011
OTHER:					
Mayoralty	\$1,006	\$4,300	\$4,300	\$4,300	\$4,300
Campaign Finance Board	3,353	—	—	—	—
Office of the Actuary	150	—	—	—	—
Emergency Management	40	—	—	—	—
Tax Commission	40	25	25	25	25
Law Department	1,795	1,000	1,000	1,000	1,000
City Planning	—	975	975	975	975
Investigation	272	743	500	500	500
New York Research Library	306	802	802	802	802
New York Public Library	1,598	4,228	4,228	4,228	4,228
Brooklyn Public Library	1,173	3,097	3,097	3,097	3,097
Queens Borough Public Library	1,139	3,009	3,009	3,009	3,009
Civilian Complaint Review Board	—	14	28	28	28
Department for the Aging	2,016	—	—	—	—
Cultural Affairs	2,371	6,369	6,369	6,369	6,369
FISA	2,125	597	—	—	—
Juvenile Justice	282	232	—	—	—
Payroll Administration	1,800	348	—	—	—
Equal Employment Practices	13	—	—	—	—
Civil Service Commission	9	25	—	—	—
Human Rights	43	115	115	115	115
Conflicts of Interest	28	—	—	—	—
Probation	1,522	—	—	—	—
Small Business Services	962	1,459	1,152	1,412	1,369
Environmental Protection	1,200	1,200	1,200	1,200	1,200
Business Integrity Commission	83	225	83	225	83
DOITT	2,789	7,703	7,703	7,703	7,703
DORIS	69	100	—	—	—
Subtotal	<u>\$26,184</u>	<u>\$36,566</u>	<u>\$34,586</u>	<u>\$34,988</u>	<u>\$34,803</u>
OTHER ELECTED:					
B.P. of Manhattan	—	—	—	—	—
B.P. of Bronx	—	—	—	—	—
B.P. of Brooklyn	—	—	—	—	—
B.P. of Queens	—	—	—	—	—
B.P. of Staten Island	—	—	—	—	—
Comptroller	—	—	—	—	—
Public Advocate	—	—	—	—	—
DA - Manhattan	—	—	—	—	—
DA - Bronx	—	—	—	—	—
DA - Brooklyn	—	—	—	—	—
DA - Queens	—	—	—	—	—
DA - Staten Island	—	—	—	—	—
Prosec. & Spec. Narc.	—	—	—	—	—
Subtotal	<u>\$—</u>	<u>\$—</u>	<u>\$—</u>	<u>\$—</u>	<u>\$—</u>
Total Other	<u>\$26,184</u>	<u>\$36,566</u>	<u>\$34,586</u>	<u>\$34,988</u>	<u>\$34,803</u>

EXHIBIT 6B
FY 2008 EXECUTIVE BUDGET
CITY GAP CLOSING PROGRAM - BY EXPENSE AND REVENUE
(City \$ in 000's)

	Expense	Revenue	Total
MAYORAL AGENCIES:			
<i>Uniformed Forces:</i>			
Police Department	\$99,000	\$1,184	\$100,184
Fire Department	18,862	2,608	21,470
Department of Correction	8,761	3	8,764
Department of Sanitation	15,275	9,750	25,025
<i>Health & Welfare:</i>			
Admin. For Children's Services	33,076	—	33,076
Department of Social Services	22,578	—	22,578
Department of Homeless Services	7,834	—	7,834
Department of Health and Mental Hygiene	9,198	2,841	12,039
Department of Youth and Community Development ..	—	—	—
<i>Other Mayoral:</i>			
Housing Preservation and Development	2,477	166	2,643
Department of Finance	—	8,438	8,438
Department of Transportation	8,260	4,035	12,295
Department of Parks and Recreation	—	10,452	10,452
Department of Citywide Administrative Services	—	6,940	6,940
Other	20,452	16,114	36,566
MAJOR ORGANIZATIONS:			
Department of Education	75,000	—	75,000
Health and Hospitals Corporation	—	—	—
City University	6,405	—	6,405
OTHER:			
Miscellaneous	28,515	—	28,515
Procurement Savings	54,165	—	54,165
Total Agency Programs	\$409,858	\$62,531	\$472,389



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