

The City of New York  
Executive Budget  
Fiscal Year 2010

Michael R. Bloomberg, Mayor

Office of Management and Budget  
Mark Page, Director

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# Message of the Mayor

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Mark Page, Director  
May 1, 2009

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**Message of  
the Mayor**



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

May 1, 2009

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

My Fellow New Yorkers,

Although we are facing difficult economic times right now, we continue to provide the City services that New Yorkers demand and deserve.

Crime continues to decline, falling by 13% year-to-date this year. High school graduation rates are up by 22% and major crime in the schools is down more than 30%. Public school students have made double digit gains in reading and math, and the longstanding achievement gap between black and Hispanic students and their white peers is narrowing.

But our current fiscal circumstances are difficult and we are required to keep government spending within our means. Our local economy continues to struggle along with the national and world economies. Occupancy rates and room rates in our hotels have been falling since the summer. Real estate transactions in the City have declined as well. Our economic forecast expects that the City will lose 328,000 jobs during this recession, an increase of 34,000 job losses since our last forecast in January. This includes 47,000 job losses in the securities sector, which is a significant wealth-generating component of the local economy. In response to the slowing economy, we are implementing a nine-point plan to retain and create as many jobs as possible now and 400,000 jobs by 2015 in all five boroughs.

The slowing economy has led to a significant drop in the City's revenues. Our economically sensitive tax revenues have fallen by \$7.4 billion between FY 2008 and FY 2010. Because we did not squander the resources generated during the boom years, we are able to support the FY 2010 budget with over \$5 billion of prior year resources. We rolled these resources forward because we knew that the good times would not last forever.

We have been working on budget balance for FY 2010 since the first signs of trouble appeared. Since January 2008, City agencies have taken \$3.4 billion of actions to help close the budget gap in FY 2010. With these actions, our controllable expenses grow by only 1.7% between FY 2009 and FY 2010.

We are also working to bring our non-controllable and debt service costs down. Our costs for these expenses, such as pensions, health benefits, and Medicaid, are growing at 5.2% between FY 2009 and FY 2010. To help reduce our pension costs, we continue to ask Albany (with the cooperation of the City's labor unions) to approve a new pension tier for new hires, which would save us \$200 million in FY 2010. Our Medicaid costs have declined due to the increase in the federal share of Medicaid included in the Federal Stimulus package. Over the next ten years we have reduced the growth in debt service costs to the rate of growth in the City's revenues through a 27% reduction in City-funded capital commitments.

Our plan for balance in FY 2010 requires the assistance of the City's Labor unions and the State. We are relying on \$1.4 billion of assistance from our partners in organized labor and Albany, including \$400 million in savings from a new pension tier and health care cost containment, and over \$900 million of additional sales tax revenue.

Our budget for FY 2009, the current fiscal year, is in balance. Our plan for FY 2010 is also in balance.

While the economy is struggling today, I know that as New Yorkers, we will all work together toward our bright future.

Very truly yours,

A handwritten signature in black ink, appearing to read "Michael R. Bloomberg". The signature is fluid and cursive, with a large, sweeping flourish at the end that extends downwards and to the right.

Michael R. Bloomberg  
Mayor

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# Contents

<b>BUDGET AND FINANCIAL PLAN SUMMARY</b>	
Budget and Financial Plan Overview .....	3
Contract Budget .....	9
Borough Presidents' Proposed Reallocations .....	10
Community Board Participation in the Budget Process .....	11
Economic Outlook .....	12
Tax Revenue .....	23
Miscellaneous Receipts .....	47
Capital Budget .....	52
Financing Program .....	71
<b>ANALYSIS OF AGENCY BUDGETS</b>	
Department of Education .....	85
Administration of Justice .....	92
Police Department .....	96
Department of Correction .....	102
Department of Social Services .....	108
Administration for Children's Services .....	117
Department of Youth and Community Development .....	123
Department of Homeless Services .....	128
Department for the Aging .....	134
Department of Health and Mental Hygiene .....	138
Fire Department .....	146
Department of Sanitation .....	151
Department of Parks and Recreation .....	157
Department of Environmental Protection .....	163
Department of Transportation .....	171
Housing Preservation and Development .....	179
Department of Citywide Administrative Services .....	185
Department of Information Technology and Telecommunications .....	192
Economic Development .....	197
Libraries .....	205
Department of Cultural Affairs .....	212
City University of New York.....	217
Pensions and Other Fringe Benefits .....	223
Judgments and Claims .....	226
<b>COVERED ORGANIZATIONS</b>	
Health and Hospitals Corporation .....	229
New York City Transit .....	233
<b>APPENDIX</b>	
Exhibit 1: Expenditure Assumptions Fiscal Years 2010-2013 .....	239
Exhibit 2: Fiscal Year 2010 Executive Budget & Projections, FY 2011-2013 .....	244
Exhibit 3: Actual Revenue: Fiscal Years 2005-2008 .....	246
Exhibit 4: Revenue Estimates: Fiscal Years 2009-2013 .....	247
Exhibit 5: Full-Time and Full-Time Equivalent Employees .....	249
Exhibit 6: Fiscal Year 2010 City Gap Closing Program.....	250
Exhibit 7: Federal Stimulus Funding in the Executive Budget .....	253

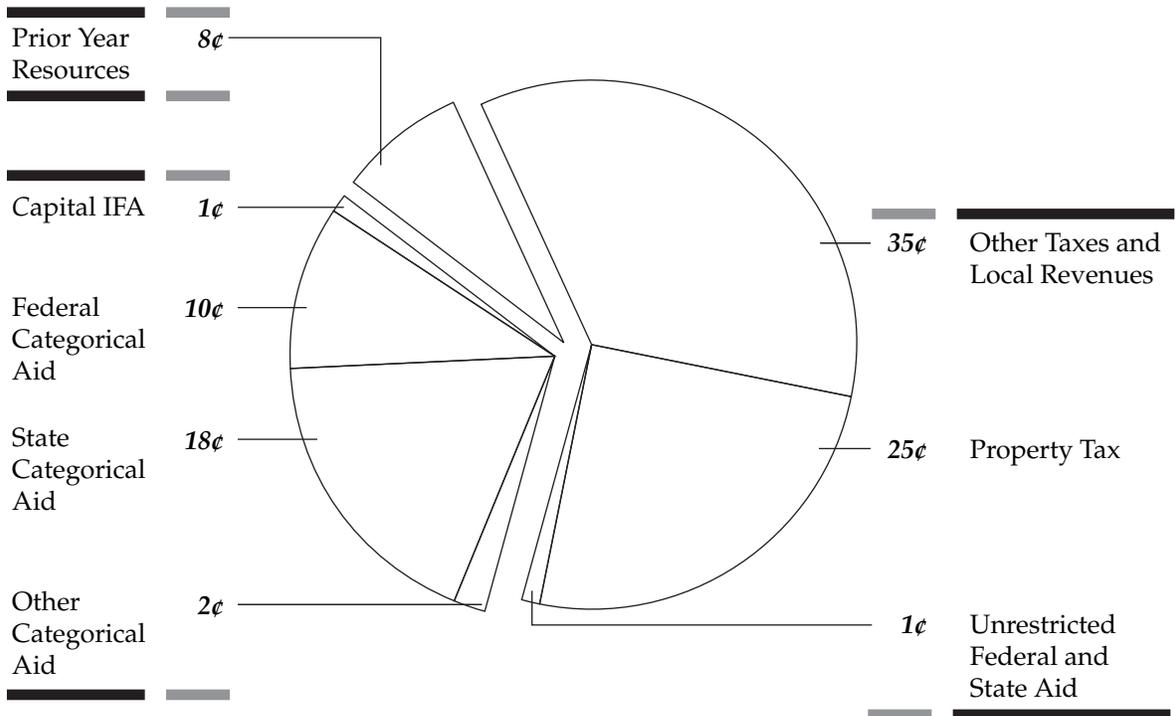


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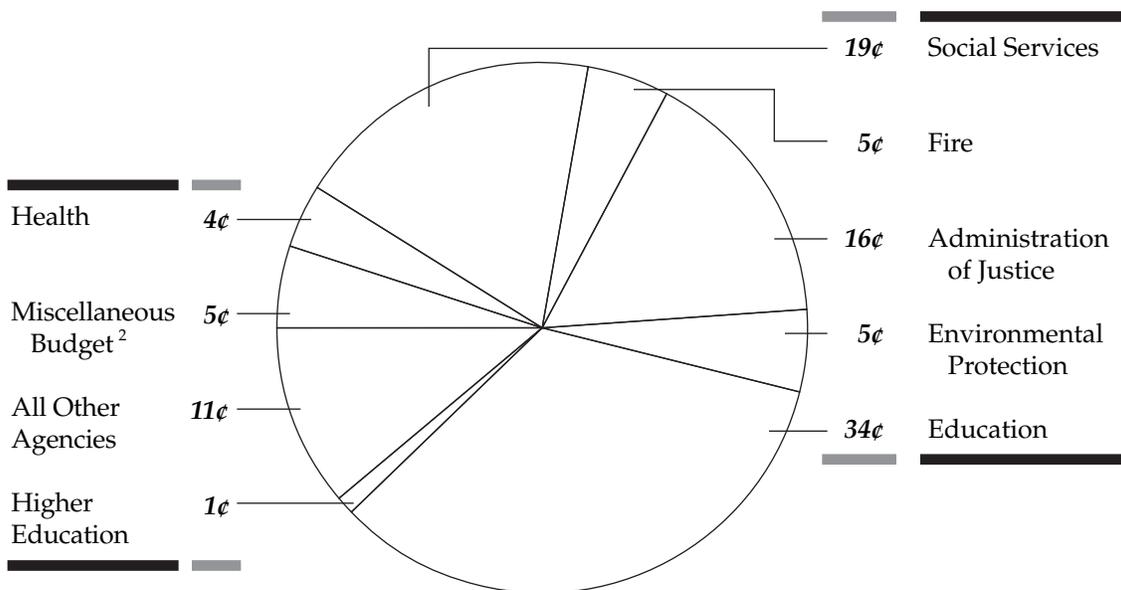
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# Budget and Financial Plan Summary

# Where the 2010 Dollar Comes From



# Where the 2010 Dollar Goes To<sup>1</sup>



<sup>1</sup> Reflects the allocation of Fringe Benefits, Pensions, Debt Service, Judgments and Claims, and Legal Services to the agencies. Excludes the impact of prepayments and debt defeasances.

<sup>2</sup> Includes Labor Reserve, General Reserve, MTA Subsidies, and Indigent Defense Services.

## **BUDGET AND FINANCIAL PLAN OVERVIEW**

The 2010 Executive Expense Budget is \$59.4 billion. This is the thirtieth consecutive budget which is balanced under generally accepted accounting principles.

Major highlights of the Executive Budget and Financial Plan are:

- Forecast revenues have decreased between fiscal years 2009 and 2010. Baseline tax revenue is projected to decrease by \$2.2 billion while all other City revenue decreases by \$170 million.
- Controllable Agency Expenses increase by \$355 million or 1.7% from fiscal years 2009 to 2010 after implementation of an Agency Program totaling \$2.9 billion. Included in this program is a reduction in planned headcount for 2010 of 13,541 full time and full time equivalent positions.
- Federal Stimulus funding has enabled the City to avoid the teacher layoffs associated with the reduction in State funding by providing \$952 million of new funding in fiscal year 2010.
- Debt Service increases by \$617 million or 17.3% between fiscal years 2009 and 2010 while Non-Controllable Expenses increase by \$936 million or 5% over this period. The increase in Non-Controllable Expenses has been reduced by \$850 million in fiscal year 2010 Federal Stimulus funding for Medicaid (FMAP).
- The above actions would leave the City with an Operating Deficit of \$6.6 billion in fiscal year 2010 without further actions. Fiscal year 2010 is balanced using \$5.2 billion of surplus funds from prior years and \$1.4 billion of actions requiring the approval of the State and the City's labor unions.
- After defeasing \$530 million of debt that was due to mature in fiscal year 2011 and anticipating the State and labor actions of \$1.9 billion, the gap for fiscal year 2011 is \$4.6 billion. The gaps for fiscal years 2012 and 2013, after the State and labor actions, are \$5.2 billion and \$5.4 billion.

## Financial Summary—2004-2010

(\$ in Millions)

	FY 2004*	FY 2005*	FY 2006*	FY 2007*	FY 2008*	FY 2009**	FY 2010***
<i>Revenues</i>							
<i>Taxes:</i>							
General Property Tax . . . . .	\$11,445	\$11,464	\$12,471	\$12,958	\$13,062	\$14,408	\$16,127
Other Taxes . . . . .	15,520	18,402	20,018	23,786	23,586	20,162	16,606
Discretionary Transfers . . . . .	624	400	947	—	546	546	546
Debt Defeasances . . . . .	—	—	—	13	391	362	382
Tax Audit Revenues . . . . .	576	600	775	1,085	1,016	980	596
Subtotal Taxes without Anticipated State Actions ..	\$28,165	\$30,866	\$34,211	\$37,842	\$38,601	\$36,458	\$34,257
<i>Miscellaneous Revenues without</i>							
Anticipated State Actions . . . . .	4,583	6,353	5,258	5,630	6,521	6,131	5,874
Anticipated State Actions . . . . .	—	—	—	—	—	88	1,046
Unrestricted Intergovernmental Aid	963	603	494	35	242	340	340
Less: Intra-City Revenue . . . . .	(1,213)	(1,279)	(1,396)	(1,387)	(1,477)	(1,689)	(1,601)
Disallowances . . . . .	(27)	(87)	(542)	(103)	(114)	(15)	(15)
Subtotal City Funds . . . . .	\$32,471	\$36,456	\$38,025	\$42,017	\$43,773	\$41,313	\$39,901
Other Categorical Grants . . . . .	956	862	1,150	1,037	1,089	1,113	1,028
Inter-Fund Revenues . . . . .	328	346	365	421	455	472	475
Total City, Capital IFA & Oth. Cat. Funds . . . . .	\$33,755	\$37,664	\$39,540	\$43,475	\$45,317	\$42,898	\$41,404
Federal Categorical Grants . . . . .	5,415	6,654	5,243	5,471	5,692	6,198	6,422
State Categorical Grants . . . . .	8,455	8,823	9,586	10,186	11,421	12,083	11,617
Total Revenues . . . . .	<u>\$47,625</u>	<u>\$53,141</u>	<u>\$54,369</u>	<u>\$59,132</u>	<u>\$62,430</u>	<u>\$61,179</u>	<u>\$59,443</u>
<i>Expenditures</i>							
<i>Personal Service without</i>							
Anticipated Labor Actions . . . . .	\$24,410	\$26,885	\$29,136	\$31,762	\$32,643	\$35,153	\$36,491
Anticipated Labor Actions . . . . .	—	—	—	—	—	—	(400)
Other Than Personal Service . . . . .	19,874	22,285	21,927	22,978	25,019	25,366	24,603
Debt Service . . . . .	2,917	3,128	3,168	3,661	3,697	3,650	4,313
MAC Debt Service Funding . . . . .	502	111	10	10	3	—	—
General Obligations and TFA Debt Defeasances (Net) . . .	—	—	350	1,254	1,959	252	(2,313)
<i>Net Impact of Discretionary Transfers</i>							
Debt Service . . . . .	563	894	1,341	137	(286)	(1,733)	(1,396)
Other . . . . .	567	1,112	(172)	712	867	140	(554)
	<u>1,130</u>	<u>2,006</u>	<u>1,169</u>	<u>849</u>	<u>581</u>	<u>(1,593)</u>	<u>(1,950)</u>
General Reserve . . . . .	—	—	—	—	—	40	300
	<u>\$48,833</u>	<u>\$54,415</u>	<u>\$55,760</u>	<u>\$60,514</u>	<u>\$63,902</u>	<u>\$62,868</u>	<u>\$61,044</u>
Less: Intra-City Expenditures . . . . .	(1,213)	(1,279)	(1,396)	(1,387)	(1,477)	(1,689)	(1,601)
Total Expenditures . . . . .	<u>\$47,620</u>	<u>\$53,136</u>	<u>\$54,364</u>	<u>\$59,127</u>	<u>\$62,425</u>	<u>\$61,179</u>	<u>\$59,443</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

The City's Executive Budget Financial Plan sets forth projected revenues and expenditures on a GAAP basis for the 2010 through 2013 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)

	FY 2010	FY 2011	FY 2012	FY 2013
<i>Revenues</i>				
Taxes:				
General Property Tax .....	\$16,127	\$17,173	\$17,762	\$18,150
Other Taxes .....	16,606	18,194	19,565	20,925
Discretionary Transfers <sup>1</sup> .....	546	—	—	—
Debt Defeasances <sup>2</sup> .....	382	530	—	—
Tax Audit Revenue .....	596	596	595	594
Subtotal - Taxes without Anticipated State Actions .....	\$34,257	\$36,493	\$37,922	\$39,669
Miscellaneous Revenues without Anticipated State Actions .....	5,874	5,653	5,685	5,723
Anticipated State Actions .....	1,046	1,141	1,187	1,248
Unrestricted Intergovernmental Aid .....	340	340	340	340
Less: Intra-City Revenues .....	(1,601)	(1,525)	(1,524)	(1,524)
Disallowances Against Categorical Grants .....	(15)	(15)	(15)	(15)
Subtotal City Funds .....	\$39,901	\$42,087	\$43,595	\$45,441
Other Categorical Grants .....	1,028	1,029	1,033	1,031
Inter-Fund Revenues .....	475	449	439	439
Total City, Capital IFA & Oth. Cat. Funds .....	\$41,404	\$43,565	\$45,067	\$46,911
Federal Categorical Grants .....	6,422	6,327	5,360	5,349
State Categorical Grants .....	11,617	12,015	12,359	13,010
Total Revenues .....	<u>\$59,443</u>	<u>\$61,907</u>	<u>\$62,786</u>	<u>\$65,270</u>
<i>Expenditures</i>				
Personal Service				
Salaries and Wages .....	\$22,590	\$23,563	\$23,109	\$23,677
Pensions without Anticipated Labor Actions	6,700	7,234	7,558	7,831
Fringe Benefits without Anticipated Labor Actions .....	7,201	7,370	7,450	8,432
Anticipated Labor Actions .....	(400)	(757)	(786)	(818)
Subtotal – PS .....	\$36,091	\$37,410	\$37,331	\$39,122
Other Than Personal Service				
Medical Assistance .....	\$4,907	\$5,621	\$6,090	\$6,271
Public Assistance .....	1,299	1,299	1,299	1,299
All Other <sup>1</sup> .....	18,397	18,713	19,357	19,846
Subtotal – OTPS .....	\$24,603	\$25,633	\$26,746	\$27,416
Debt Service <sup>1,2</sup> .....	4,313	4,667	5,095	5,373
General Obligation and TFA Debt Defeasances (Net) <sup>2</sup> .....	(2,313)	—	—	—
FY 2009 Budget Stabilization & Discretionary Transfers <sup>1</sup> .....	(1,950)	—	—	—
General Reserve .....	300	300	300	300
	\$61,044	\$68,010	\$69,472	\$72,211
Less: Intra-City Expenses .....	(1,601)	(1,525)	(1,524)	(1,524)
Total Expenditures .....	<u>\$59,443</u>	<u>\$66,485</u>	<u>\$67,948</u>	<u>\$70,687</u>
<b>Gap To Be Closed .....</b>	<b>\$—</b>	<b>(\$4,578)</b>	<b>(\$5,162)</b>	<b>(\$5,417)</b>

1. Fiscal Year 2009 Budget Stabilization and Discretionary Transfers total \$2.496 billion, including Budget Stabilization of \$1.286 billion, lease debt service of \$110 million, subsidies of \$554 million and a TFA Grant which increases FY 2010 revenues by \$546 million.
2. FY 2007 GO debt defeasance of \$536 million reduced debt service by \$27 million, \$279 million and \$277 million in FY 2008 through FY 2010, respectively. FY 2008 GO debt defeasance of \$1.986 billion reduced debt service by \$2.036 billion in FY 2010. FY 2007 TFA Debt Defeasance of \$718 million increases revenues by \$33 million, \$362 million and \$382 million in FY 2008 through FY 2010 respectively. FY 2009 TFA debt defeasance increases revenues by \$530 million in FY 2011.

When the 2009 budget was adopted in June 2008, budget gaps of \$2.3 billion, \$5.2 billion and \$5.1 billion were projected for 2010, 2011 and 2012 respectively. The following table details how expenses and revenues have changed from last year's Adopted through the 2010 Executive Budget Plan.

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

	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
<b>Gap to be Closed - June 2008 Plan</b> .....	\$—	<b>(\$2,344)</b>	<b>(\$5,158)</b>	<b>(\$5,108)</b>	<b>(\$5,108)</b>
<b>Revenue Changes</b>					
Tax Revenue Forecast .....	(\$448)	(\$4,121)	(\$3,812)	(\$4,099)	(\$2,350)
State Budget Revenue Impact .....	—	17	13	13	13
Non-Tax Revenue .....	84	111	(49)	(7)	30
DA Restitution .....	125	—	—	—	—
<b>Total Revenue Changes</b> .....	<b>(\$239)</b>	<b>(\$3,993)</b>	<b>(\$3,848)</b>	<b>(\$4,093)</b>	<b>(\$2,307)</b>
<b>Expense Changes</b>					
Pensions .....	(\$96)	\$110	(\$348)	(\$615)	(\$888)
Retiree Health Benefit Trust Fund .....	—	82	395	672	—
State Budget Expense Impact .....	(44)	(162)	(112)	(116)	(121)
Energy .....	94	134	63	13	(36)
Reduce General Reserve .....	260	—	—	—	—
Re-estimate of Prior Year Expenses .....	500	—	—	—	—
Debt Service .....	188	47	130	232	(47)
Surplus Rolls .....	104	(104)	—	—	—
Other Expense Changes .....	(171)	(381)	(249)	(255)	(1,133)
<b>Total Expense Changes</b> .....	<b>\$835</b>	<b>(\$274)</b>	<b>(\$121)</b>	<b>(\$69)</b>	<b>(\$2,225)</b>
<b>Total Changes Since June 2008 Plan</b> .....	<b>\$596</b>	<b>(\$4,267)</b>	<b>(\$3,969)</b>	<b>(\$4,162)</b>	<b>(\$4,532)</b>
<b>Remaining Surplus / (Gap)</b> .....	<b>\$596</b>	<b>(\$6,611)</b>	<b>(\$9,127)</b>	<b>(\$9,270)</b>	<b>(\$9,640)</b>
<b>Gap Closing Program</b>					
Agency Programs .....	\$507	\$2,225	\$2,120	\$2,079	\$2,101
Mid-Year Property Tax Increase and End Rebate .....	576	256	256	256	256
Federal Matching Percent for Medicaid ..	447	850	295	—	—
Anticipated Labor Actions (Health Benefits Savings and New Pension Tier) .....	—	200	557	586	618
Anticipated State Actions (Sales Tax and Consumer Plastic Bag Use Fee) .....	88	1,046	1,141	1,187	1,248
<b>Total Gap Closing Program</b> .....	<b>\$1,618</b>	<b>\$4,577</b>	<b>\$4,369</b>	<b>\$4,108</b>	<b>\$4,223</b>
<b>Remaining Gap</b> .....	<b>\$2,214</b>	<b>(\$2,034)</b>	<b>(\$4,758)</b>	<b>(\$5,162)</b>	<b>(\$5,417)</b>
<b>Net Impact of Prepayments and Debt Defeasances</b> .....					
	<b>(\$2,214)</b>	<b>\$2,034</b>	<b>\$180</b>	<b>\$—</b>	<b>\$—</b>
<b>Gap to be Closed - May 2009 Plan</b> .....	<b>\$—</b>	<b>\$—</b>	<b>(\$4,578)</b>	<b>(\$5,162)</b>	<b>(\$5,417)</b>

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

**City Revenue and Expense  
(\$ in Millions)**

	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
<b>Revenues <sup>1</sup></b>	<b>\$40,405</b>	<b>\$38,973</b>	<b>\$41,557</b>	<b>\$43,595</b>	<b>\$45,441</b>
Year-to-Year Change		(\$1,432)	\$2,584	\$2,038	\$1,846
Year-to-Year Change		-3.5%	6.6%	4.9%	4.2%
<b>Expenditures <sup>1</sup></b>					
Controllable Agency Expenses	\$20,558	\$20,913	\$21,861	\$22,466	\$22,751
Year-to-Year Change		\$355	\$948	\$605	\$285
Year-to-Year Change		1.7%	4.5%	2.8%	1.3%
Non-Controllable Expenses <sup>2</sup>	\$22,097	\$23,251	\$24,804	\$26,291	\$28,107
Year-to-Year Change		\$1,154	\$1,553	\$1,487	\$1,816
Year-to-Year Change		5.2%	6.7%	6.0%	6.9%
<b>Total Expenditures</b>	<b>\$42,655</b>	<b>\$44,164</b>	<b>\$46,665</b>	<b>\$48,757</b>	<b>\$50,858</b>
Year-to-Year Change		\$1,509	\$2,501	\$2,092	\$2,101
Year-to-Year Change		3.5%	5.7%	4.5%	4.3%
<b>Operating Results- Surplus/(Deficit)</b>	<b>(\$2,250)</b>	<b>(\$5,191)</b>	<b>(\$5,108)</b>	<b>(\$5,162)</b>	<b>(\$5,417)</b>
Current Year Roll (Cost)	(\$2,496)	\$—	\$—	\$—	\$—
Prior Year Roll - Benefit	\$4,635	\$2,496	\$—	\$—	\$—
<b>Net Impact of Surplus Roll</b>	<b>\$2,139</b>	<b>\$2,496</b>	<b>\$—</b>	<b>\$—</b>	<b>\$—</b>
<b>Net Impact of Debt Defeasance</b>	<b>\$111</b>	<b>\$2,695</b>	<b>\$530</b>	<b>\$—</b>	<b>\$—</b>
<b>Gap to be Closed</b>	<b>\$—</b>	<b>\$—</b>	<b>(\$4,578)</b>	<b>(\$5,162)</b>	<b>(\$5,417)</b>

<sup>1</sup> Excludes the impact of prepayment and debt defeasances.

<sup>2</sup> 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 MTA and public assistance.

## CONTRACT BUDGET

The Contract Budget is presented as part of the 2010 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 2010 Executive Contract Budget contains an estimated 17,585 contracts totaling over \$9.25 billion. Approximately 78 percent of the total contract budget dollars will be entered into by the Department of Social Services, the Administration for Children's Services, the Department of Homeless Services, the Department of Health and Mental Hygiene and the Department of Education. The Administration for Children's Services has over \$1.49 billion in contracts, over 75 percent of which represents contracts allocated for Children's Charitable Institutions (\$522 million) and Day Care (\$609 million). Of the over \$3.38 billion in Department of Education contracts, over 31 percent is allocated for pupil transportation contracts (\$1.05 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 2009 Modified Budget condition for these contract object codes.

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

	Est # of Contracts	Dollars (Millions)	% Total Dollars
Social Service Related and Health Services . . . . .	4,528	\$3,987	43.1%
• 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 . . . . .	1,387	2,576	27.8%
• (including Transportation of Pupils and Payments to Contract Schools)			
Other Services . . . . .	3,175	\$1,050	11.4%
• Custodial, Security Services, Secretarial, Cultural Related, Employee Related, Economic Development, Transportation, Municipal Waste Exporting, etc.			
Professional Services/Consultant . . . . .	4,679	1,175	12.7%
• Accounting, Auditing, Actuarial, Education, Investment Analysis, Legal Engineering & Architectural, System Development & Management Analysis, etc.			
Maintenance & Operation of Infrastructure . . . . .	1,650	244	2.6%
• Lighting, Street Repair, Buildings, Parks, Water Supply, Sewage and Waste Disposal, etc.			
Maintenance of Equipment . . . . .	2,166	221	2.4%
• Data Processing, Office Equipment, Telecommunications & Motorized Equipment, etc.			
<b>TOTAL</b> . . . . .	<u>17,585</u>	<u>\$9,253</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 Borough President submitted proposals.

The Queens Borough President proposed allocation changes of \$1,024 million including elimination of targeted reductions and proposed spending increases. Of this, \$691 million consists of proposed funding reductions to the Department of Education and proposed \$129 million reductions to the Police Department in the November and January plans. The Queen Borough President recommends funding be restored for direct school services and full funding be provided for uniformed officers. Other suggested increases are \$9.6 million to the Queens Public Library, \$16.8 million to Cultural Affairs, \$46 million for youth programs, \$27.5 million for seniors, \$34.8 million for the City University of New York, \$21 million for Parks, \$7 million for housing programs, \$39 million for health and mental health programs, \$1.4 million for the Borough President's office and \$1.3 million for the community boards.

The proposed funding sources come 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 extending the general corporation tax to insurance company business income.

The Queens Borough President did not propose 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 2010 the uniform base budget for each community board is \$169,709. 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 2010.

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 2010 community boards submitted 1,609 capital requests to 28 agencies and 1,284 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 2010 community boards ranked 85 programs within 24 agencies. The top five programs are services to the elderly, parks maintenance, after school/summer school, youth programs and tied for 5th, classroom instruction and emergency medical services. 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 2010 budget.

**Register of Community Board Budget Requests for the Executive Budget, Fiscal Year 2010** – 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 2010** – details the expense budgets of fourteen agencies that deliver local services by borough and service district. Includes 2010 Executive Budget information as well as 2009 current modified budget and budgeted headcount data.

**Executive Capital Budget for Fiscal Year 2010** – 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 2010 Executive Budget Commitment Plan** – presents information on capital appropriations and commitments by community board, including implementation schedules for each month of 2009 and the succeeding four years for all active project identifications by budget line.

## ECONOMIC OUTLOOK

### Overview

The recession triggered by the housing bust and exacerbated by the meltdown of world financial markets is developing into the worst economic contraction since the Great Depression. National employment has already declined by 5.1 million, with total peak-to-trough job losses expected to reach 7.3 million by the second quarter of 2010. Real GDP is projected to contract by a total of 4.4 percent before tentative growth returns in the fourth quarter of 2009. While the Obama administration, Congress and the Federal Reserve are mounting an aggressive fiscal and monetary response to the downturn, strong headwinds threaten to stall the recovery. Lethargic consumption spending will persist as households attempt to recover from the burden of high debt loads and the loss of \$13 trillion in net worth due to the bursting of the housing bubble and the abrupt decline in equity markets. Investment spending will likewise suffer as firms work off surplus inventory and construction spending stagnates.

Along with the stabilization of housing markets, a crucial part of the rebound will be the recuperation of financial markets. The U.S. Treasury and the Fed have orchestrated an unprecedented rescue effort to bail out troubled banks and to re-establish flows in credit markets. The Treasury Department is hoping that the Public-Private Investment Program will help remove non-performing assets from bank balance sheets and establish prices for illiquid securities. Simultaneously, the Fed has been aggressively intervening in a wide array of troubled credit markets, including commercial paper, money markets, agency debt, long-term Treasury debt, and now asset-backed securities through the Term Asset-Backed Securities Loan Facility. Interest rates and risk spreads have declined significantly from last year. However, one consequence of the Fed's pervasive intervention is the ballooning of its balance sheet, which has more than doubled over the course of the crisis. Without careful management, this may lead to a burst of intractable inflation as the economy recovers.

The New York City economy followed the country into recession with a lag. While the national slowdown began in December 2007, the local economy did not start contracting until the third quarter of 2008, as measured by the Federal Reserve's New York City coincident economic index. The local labor market started to decline in September 2008, and has shed 105,000 jobs through the end of the first quarter 2009 — about a third of projected losses. To date, the rate of decline has been faster than any recent recession. Due to the lingering effects of the financial crisis and housing bust, job growth is not expected to return until the end of 2010.

Following the unprecedented loss of \$43 billion in 2008, Wall Street is expected to lose another \$14 billion in 2009 due to further deterioration in asset holdings, tight credit markets and a slowdown in underwriting activity. As a result, industry headcounts and wages will continue to fall. It is difficult to predict the future structure of the national financial system because it will ultimately depend on the outcome of the ongoing debate on regulatory reform. However, since the odds of tighter restrictions are high, it is likely that growth of this industry will be restrained in the future.

Sectors closely related to Wall Street such as professional & business services have also suffered large cuts. As a matter of course, this contraction in office-using employment has impaired the commercial real estate market, which is suffering from rising vacancies and ebbing asking rates. The credit crunch has likewise virtually shuttered the investment market, which is not expected to recover until after 2010. The residential real estate market is also seeing a sizeable fall off in transaction volume, with sales of single family homes, co-ops, and condos suffering substantial declines from a year ago. Even tourism, a traditional New York City strength, is softening. The only bright spots are the non-cyclical health and education sectors, which are expected to grow modestly over the next two years.

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

## The U.S. Economy

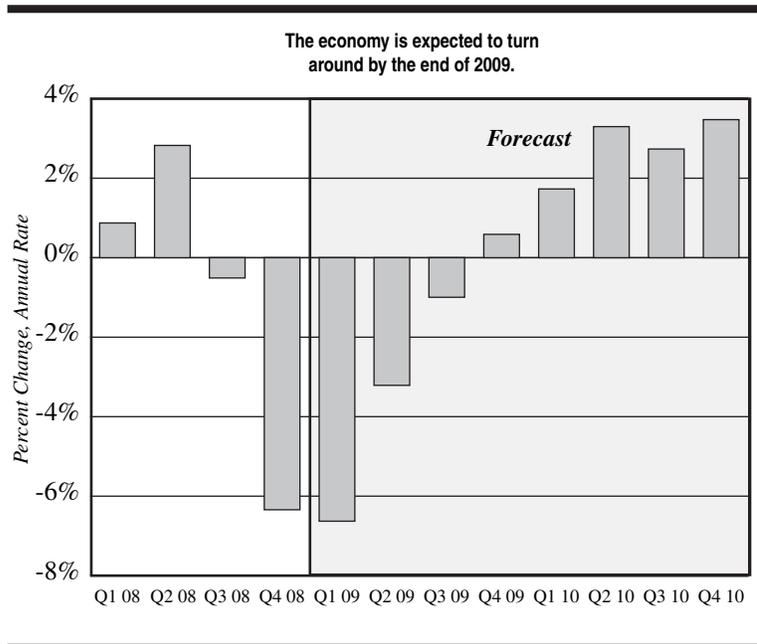
The U.S. is in the midst of the most severe recession since World War II. The contraction in the first half of 2009 is expected to pull down real GDP growth to negative 3.5 percent for the year. From peak to trough, the economy is expected to shrink by 4.4 percent and shed 7.3 million jobs. The recovery will be lethargic, with real GDP rising only 1.4 percent in 2010, gradually accelerating to 3.6 percent on average in the out-years. It is slight comfort that the economy appears to have now passed the worst phase of the down-cycle. The aggressive fiscal and monetary response should result in a turnaround by the end of the year. In addition, numerous policy actions have already restored some semblance of order to chaotic financial markets.

Although the recession was officially declared to have started in December 2007, it was not until the third quarter of 2008 that the nature of the decline became apparent. At that point, real consumption expenditures plummeted at an annualized rate of 3.8 percent. Almost every category of spending showed deep retrenchment. As consumption expenditures continued to fall at an accelerated pace in the fourth quarter, capital spending also joined the slide. As a result, overall real GDP plunged 6.3 percent in the quarter.

The first quarter of 2009 saw a decline in output estimated to be at least as steep as the previous quarter. The economy is forecast to contract through the third quarter, making it the longest post-war recession on record.

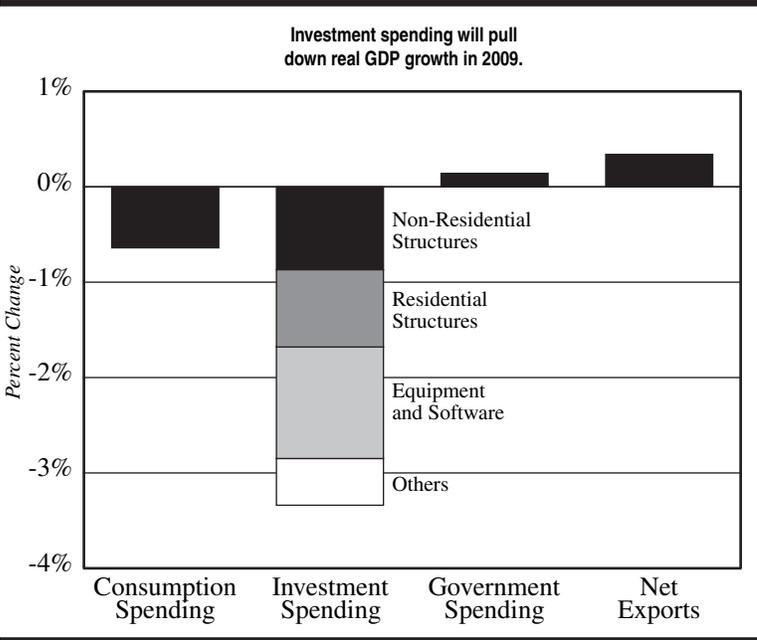
In the middle of the year, the fiscal stimulus, enacted by the Obama administration, is expected to boost consumption spending. Reduced individual tax withholding rates, the seniors' rebate, increased food stamps and unemployment benefits, and state fiscal support are front-loaded and should provide an immediate impact. Of the \$787 billion in the package, the forecast assumes that at least 70 percent will be injected by the end of 2010, augmenting real GDP by 0.8 percentage point in 2009 and an additional 1.3 percentage points in 2010.

### GDP GROWTH



The stimulus package has little immediate benefit for businesses, which will cut capital spending further. Declines in equipment and software expenditures and in non-residential structures will erase two percentage points from real GDP in 2009. Operationally, businesses will need to further curtail production to line up with the sagging sales, since economy wide inventory-to-sales ratios remain high. While businesses struggle this year with cost cutting, the other large investment category, residential construction, is still facing a large inventory overhang and will not contribute to growth until the end of the year. Residential fixed investment erases 0.8 percentage point from real GDP growth in 2009. Moreover, net exports are projected to add only 0.3 percentage point to GDP due to the global slowdown.

**CONTRIBUTION TO 2009 REAL GDP GROWTH**



Businesses have responded aggressively to the slowdown in demand and have already shed 5.1 million jobs since the start of the recession. Further losses, albeit at a diminishing pace, will persist until the middle of 2010. The job market is expected to turn around rather sluggishly during that year. Employment growth rebounds to a respectable two percent in the out-years.

One of the most important factors influencing the pace of recovery is housing. Based on S&P/Case-Shiller data, national home prices have dropped 31 percent between July 2006 and February 2009. This precipitous decline, over only two and half years, has mirrored the price appreciation over a period of equal length, wiping out much of the home price bubble. Home prices are projected to depreciate at least through 2010 since inventory levels remain near record highs. Although housing starts are now running at historically low levels, sales remain weak and foreclosures are adding to inventory. However, the combination of diminished home prices and lower mortgage rates has brought remarkable improvement to housing affordability in some areas of the country. Affordability is one reason why a turnaround in demand is plausible by 2010.

While pent up demand, price declines and dwindling inventories typically help end recessions, the recovery from the current downturn faces daunting headwinds. Through the end of 2008, the depreciation in the value of real estate and financial assets has erased \$13 trillion of household net worth. The personal savings rate averaged only 0.6 percent during 2005-2007, coinciding with \$11 trillion of accumulated net worth. In addition, total household debt as a percent of disposable income soared from 95 percent in 2000 to 134 percent in 2007. With rapid asset deflation accompanying income and job losses, households are now seriously over-leveraged. It is assumed that the savings rate must increase to at least four percent and remain there for 3-4 years for households to rebuild their balance sheets.

The recovery will also require substantial improvement in financial markets, which continue to suffer. There is a risk that the recovery drags out into a Japanese-style lost decade. The historical lesson from that episode of financial stagnation was that recovery depends on the ability of the banking sector to purge illiquid assets that are

clogging balance sheets. Despite overwhelming turmoil and complexity, the administration and Fed have forged ahead with programs to cut the Gordian knot that has kept credit markets tied up for the last year.

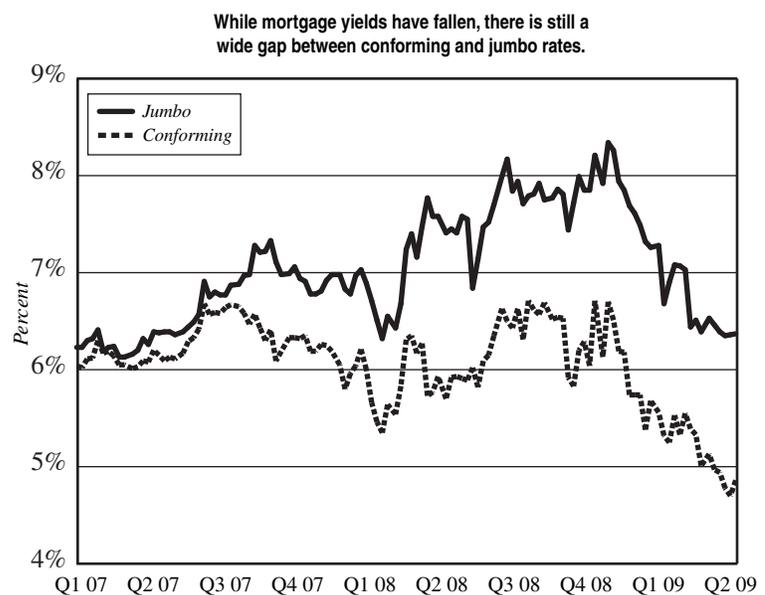
In mid-February Treasury Secretary Geithner announced his Financial Stability Plan, aimed at bolstering the ailing financial system. The main features included a stress test of the 19 largest banks, the establishment of the Capital Assistance Program (CAP) for recapitalizing weak institutions identified by the stress test, and a Public-Private Investment Program (PPIP) to assist the sale of “legacy” assets from bank balance sheets. These programs are designed to work together. The goal of the stress tests is to identify weaker institutions and thereby compel them to either raise additional private capital or to accept CAP resources. It is hoped that the results would also motivate banks to sell off illiquid assets via the PPIP. The PPIP returned to the original purpose of the Troubled Asset Relief Program (TARP) — buying troubled loans and securities from banks. The PPIP will utilize private investment groups that will combine their own capital with a matching Treasury equity contribution and FDIC loans to purchase bank assets.

While well received by financial markets, there are many obstacles to the success of the PPIP. The thorniest question is whether or not the banks will participate. It is likely that the bids banks receive for their assets will be lower than their own optimistic pricing assumptions. Thus, they will face the decision between selling and realizing immediate losses or allowing the portfolio to suffer losses over several years with the possibility — however remote — of an upside surprise. The recent accounting changes that relax the mark-to-market rules only complicate this hurdle. On the buyer side, the political heat generated by the AIG bonus frenzy and the resulting restrictions on compensation have surely dampened enthusiasm for involvement with government programs. Nevertheless, even modest asset sales will help establish useful price information.

The other major initiative aimed at unfreezing credit markets is the Fed’s Term Asset-Backed Securities Loan Facility (TALF) program, which finally started making loans at the end of March, four months after it was announced. The program’s objective is to free up lending capacity through purchases of asset-backed securities collateralized by student, auto, and credit card loans, and assets guaranteed by the Small Business Administration. In the two monthly funding cycles to date, approximately \$6 billion of loans have been disbursed against auto and credit card-backed securities. With a potential capacity of \$1 trillion, it is too early to tell if TALF will have a substantial impact in credit markets. However, it adds to the growing list of financial markets targeted by the Fed, which is already intervening in markets for commercial paper, money markets, agency debt, and long-term Treasuries.

Although the situation at the end of 2008 appeared dire, indicators of credit market conditions have improved substantially over the first quarter of 2009. The benchmark 3-month LIBOR, which peaked at 4.8 percent in October last year, declined to 1.1 percent in April 2009. The spread between LIBOR and the 3-month U.S. Treasury rate has likewise fallen steadily from 450 basis points (bps) to below 100 bps over the same period. There is still room for

## MORTGAGE RATES



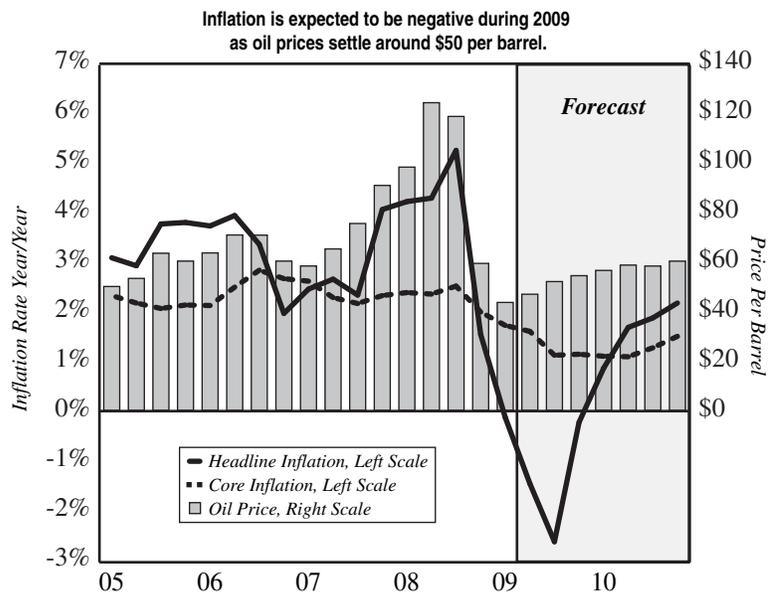
improvement, however, as pre-crisis spreads averaged less than 50 bps. The overall decline in interest rates has brought down mortgage rates, which have fallen steadily since the end of the year. At the beginning of April, conforming 30-year fixed mortgages hit 4.7 percent, the lowest value since Freddie Mac began surveying mortgage rates in 1971. This has caused a boom in refinancing as existing homeowners seek to lock in lower rates; the Mortgage Bankers Association refinancing index jumped 79 percent in March over the same month a year ago. However, jumbo mortgage rates are still historically high, reflecting the lack of securitization activity outside of Fannie Mae and Freddie Mac. Jumbo spreads are averaging 150 bps compared to 20 bps prior to the crisis.

After dropping to 12-year lows in early March, equity markets began seeing “green shoots” as both the Dow and S&P500 soared 25 percent by early April. Short-term volatility aside, the first quarter of 2009 saw the Dow and S&P500 lose 13 and 12 percent, respectively. At the end of March, both were down over 40 percent from their highs set in October 2007. If earnings are any indication, equity market trends will continue to be erratic. Standard & Poors estimates that first quarter earnings per share for S&P500 firms will be above \$7, only half of the first quarter 2008 earnings. The corporate bond default rate has been increasing and Moody’s estimates that it will climb to over 14 percent by the fourth quarter of 2009, up from four percent at the end of 2008. Hence, the prospects for a quick recovery of the corporate sector appear limited. Nevertheless, early first quarter earnings reports from the financial sector including Goldman Sachs, JPMorgan Chase, Bank of America, and Citigroup were all generally positive.

With substantial slack in the economy and moderation of oil and other commodity prices, the Federal Reserve is facing an unusual situation of potential deflation. The Fed’s strategy in this environment is to use its balance sheet to aggressively introduce liquidity to targeted areas, a policy coined “credit easing.” The result has been a rapid expansion of the Fed’s balance sheet from about \$900 billion before the crisis to over \$2 trillion currently. The Fed, in essence, has printed money to exchange for a multiplicity of assets, including long-duration Treasury securities. Much of this new money is being held by banks as reserve deposits at the Fed.

While inflation hawks are worried about the implications of the Fed’s expansive actions, one of Chairman Bernanke’s current goals is to credibly commit to an inflationary policy in order to set public expectations against deflation. At the same time, in public appearances he has taken great pains to highlight the ways the Fed can shrink its balance sheet in a timely fashion and quickly tighten monetary policy during a recovery. In particular, the interest rate that the Fed now pays on bank reserves is a new tool to help soak up excess reserves. A blunter method of accomplishing the same outcome would be raising the required reserve ratio imposed on banks. In addition, about a third of the Fed’s assets are in short-term lending facilities such as the Term Auction Facility and the Commercial Paper Funding Facility. Since these assets have maturities less than 90 days, simply shutting down these lending channels would result in a rapid decline of its asset holdings.

### QUARTERLY INFLATION



Headline CPI inflation has been weak. On a year-over-year basis, inflation in December 2008 actually fell — the first negative reading since 1955. In the first quarter of 2009, inflation was negative in two out of three months. However, the less volatile core CPI inflation measure has remained at 1.7 percent or higher over the past year. The Fed's preferred inflation measure, the core personal consumption expenditure index, has been declining since the third quarter of 2008, but is still above 1.8 percent, comfortably within the Fed's informal one-to-two percent target band. Looking forward, slack economic conditions, diminished household consumption, and tight credit markets will suppress aggregate demand and thus inflationary pressures in the near term. Likewise, the global recession will result in weak demand for energy, keeping oil prices around \$50 bbl in 2009, rising modestly thereafter. As a result, headline inflation is forecast to be negative in 2009 and less than two percent in 2010.

## The New York City Economy

It is likely that New York City's current recession will be severe as the worst financial crisis in fifty years persists and the national economy continues to contract. Since August 2008, New York City employment has declined by 105,000, nearly a third of the projected 328,000 job losses. The downturn in employment has adversely affected the City's commercial and residential markets. Tourism activity has also slowed from the feverish pace of the last few years.

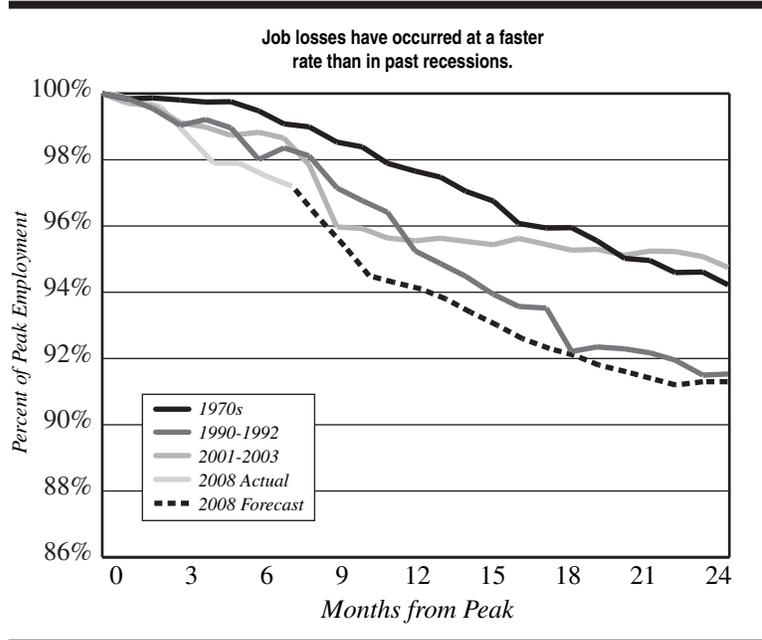
While the nation entered a recession in December 2007, the local economy continued to grow moderately. However, the implosion of the financial industry in fall 2008 knocked New York City's economy off its path. According to the Federal Reserve Bank's New York Coincident Economic Index, the local economy began to recede in the third quarter of 2008. Since then, the contraction has been quite rapid compared to previous recessions.

Asymmetries in the housing bust, the behavior of financial firms, and the general composition of the economy, help explain the delayed start of the local recession relative to the nation. The housing market bubble formed earlier and grew larger in many other areas of the country. The bubble was most pronounced in California, Arizona, Nevada and Florida. Consequently, the housing crisis in those markets struck faster and had a devastating effect on their economies.

In the second half of 2007, cracks appeared in financial markets, beginning with the failure of a pair of Bear Stearns asset-backed securities funds. However, even with signs of an imminent financial crisis, firms rewarded themselves handsomely in the first quarter of 2008. In fact, the securities industry still generated an estimated \$72 billion in wage earnings in 2008; only \$1 billion shy of the previous year's record. These payments supported the City's economy for much of 2008. Furthermore, severance periods lengthened the time between financial sector layoff announcements and actual employment level drops. Evidence of employment downsizing has also been delayed by several mergers, which are complex transactions given the enormity of these firms.<sup>1</sup> As personnel represent much of the productivity within the firm, the acquiring firm must first determine the revenue generators and try to retain them, before cutting thousands of employees. While New York is dependent on Wall Street, it is less exposed to construction and manufacturing, two sectors that have incurred heavy job losses nationally. Moreover, robust tourist activity in New York City, particularly international visitors, provided a cushion unavailable to most other regions. It is estimated that more tourists visited the City in 2008 than ever before.

Unfortunately, the trends that bolstered the City's economy in 2008 weakened by the end of the year. New York Stock Exchange member firms finally buckled under the weight of the housing crash and credit crisis, and posted a record loss of \$43 billion in 2008. It is likely that firms will post losses in 2009 as the condition of marginal assets accumulated during the credit boom is exacerbated by the ongoing recession.<sup>2</sup> While credit conditions have improved from fall 2008, they are far from normal. Thus, the pace of underwriting activity is

### NYC EMPLOYMENT



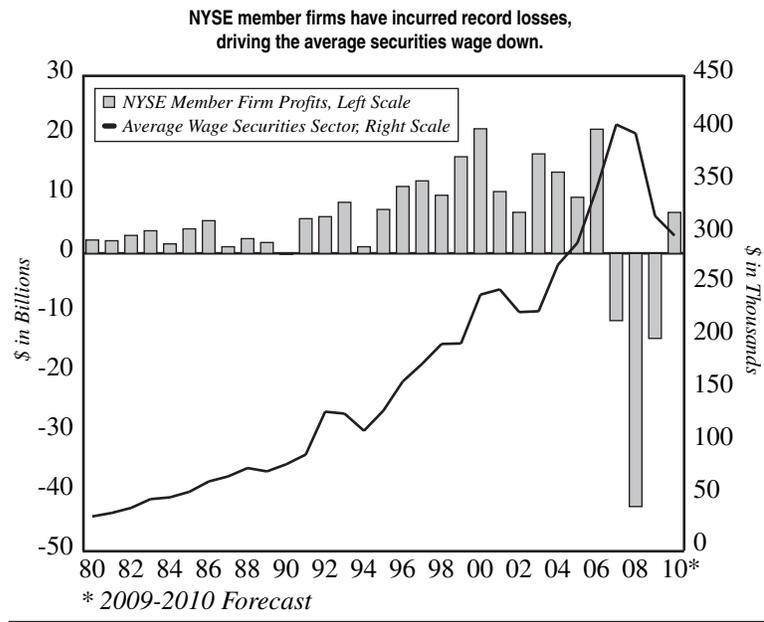
1. JPMorgan Chase and Bear Stearns; Barclays and Lehman Brothers; Bank of America and Merrill Lynch

2. Given the plethora of policy actions taken by the federal government, it is difficult to estimate the quantity of non-performing assets and the manner in which these assets will be dealt.

down considerably from the peak years. The lack of credit has stalled much of the mergers and acquisitions business. On a positive note, record low interest rates have kept expenses down and created a good environment for firms to profit off larger spreads on their proprietary trading and basic lending activity.

With further write-offs and only gradual improvements in business activity, it is assumed that the financial sector will post a \$14 billion loss in 2009, before returning to profitability in 2010. As a result, firms are expected to continue cutting employment and reducing wages. Since November 2007, securities employment has been trimmed by 18,000 locally, almost 40 percent of the 47,000 job losses anticipated in this recession.<sup>3</sup> The average wage in the securities industry is forecast to drop by 20 percent in 2009 and by an additional six percent in 2010. Wage earnings in the industry are expected to shrink by nearly \$30 billion from 2008 to 2010.

## NYSE PROFITS AND SECURITIES WAGES



It is difficult to accurately evaluate how federal government actions will affect the structure of the financial industry in the long run. Firms will most likely confront a more stringent regulatory regime and remain much less leveraged than in the previous cycle. To reflect the likelihood of tighter regulations and more risk aversion, profits are forecast to be contained to an average of \$9.5 billion per year from 2011 to 2013, with average wages in the industry growing at a modest five percent.

The demand for professional and business services has eroded due to the crisis on Wall Street and the severe national recession. Accounting and employment services have reduced headcount significantly. Since July 2008, the professional & business services sector has cut 26,000 jobs and is projected to lose 72,000 jobs by 2011. Employment in the information sector has contracted as well, due to both the restructuring of the industry and overall recessionary forces. This sector is forecast to cut 19,000 jobs in the next two years.

The severe contraction in office-using employment has wreaked havoc on the commercial real estate market. Over the past decade, many of the leading financial firms have relocated to Midtown from Downtown. As a result, the Midtown market has been disproportionately impacted by the financial meltdown. The vacancy rate across Midtown has doubled from 5.1 percent in the first quarter of 2007 to 10.9 percent in the first quarter of 2009. Increased vacancy has forced landlords to lower their asking rents by nearly 15 percent over the past six months.<sup>4</sup> Downtown, with a vacancy rate of 7.3 percent in the first quarter of 2009, has fared relatively well compared to Midtown, but it will probably weaken in the coming year. Goldman Sachs will return upwards of a million square feet to the Downtown market as it consolidates into its new headquarters. At the same time, Bank of America appears to be clearing out its Merrill Lynch space in the World Financial Center. As office-using employment continues to descend through 2010, vacancy rates are expected to rise to about 14 percent in Midtown and Downtown. In turn, primary asking rents are projected to decline by 25 percent by 2011 to just over \$62 per square foot.

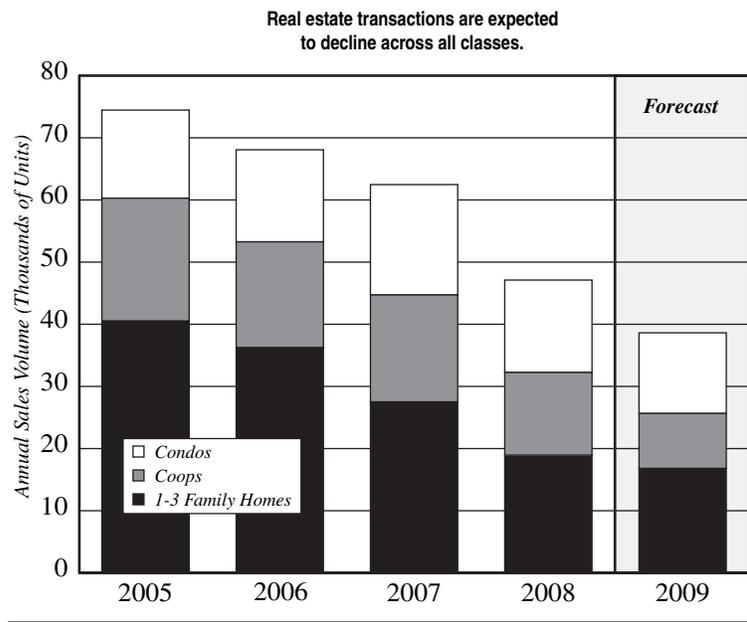
3. The finance industry in aggregate is expected to lose a total of 75,000 jobs peak-to-trough.

4. In the current downturn, average asking rents do not fully reflect the effective rents being offered. Landlords are particularly sensitive about lowering nominal asking rents, and prefer instead to offer concessions, like free rent and more generous construction work letters.

Another casualty of the credit turmoil is the New York City commercial property investment market, which has seen only a handful of distressed sales recently. It is likely that a number of buildings purchased in 2006 and 2007 on unrealistic market expectations and loose credit will face default risk in the coming year. Risk aversion and uncertainty in the credit markets has shut down securitization of loans, making refinancing very difficult. Therefore, with the exception of distressed sales, the investment market is expected to remain frozen into early 2010.

The deflating real estate bubble has impacted the residential real estate market as well. From a record high level of transactions in the third quarter of 2005, sales volume of 1-3 family homes is projected to drop by 64 percent through 2009 before leveling off. Prices for these houses are expected to decline 34 percent by 2011 from their peak in late 2007.

## RESIDENTIAL REAL ESTATE



Likewise, transaction activity in the co-op market slackened substantially. Co-op sales have shrunk 33 percent in 2008 compared to 2005, while the average price for these units has so far retreated 23 percent from its all-time high.<sup>5</sup> Co-op sales volume is projected to recede by an additional 30 percent through 2009 before leveling off in the out-years. Condo sales soared in recent years due to the combination of a booming financial sector, easy credit, and an enormous bout of new construction activity. New condos made up roughly half of all condo transactions. Volume was bolstered by sales of newly constructed units as they were completed. However, as the local economy entered the recession and credit standards tightened, condo sales skidded by 16 percent in 2008. Conditions in the condo market will worsen, as existing inventory and “shadow” inventory of new units soon coming on line will compete fiercely, while the recession trudges on.<sup>6</sup> Condo transactions are therefore projected to slump through 2012, while prices are expected to slide 44 percent peak-to-trough.

As the residential real estate market weakened, construction activity followed suit. The total number of permits issued in 2008 was 35 percent below the previous year, and permit activity slowed even further in 2009.<sup>7</sup> Year-to-date, the number of building permits issued in March was down 44 percent from the same period last year. As a result, construction employment has decreased by 14,000 from its peak level in February 2008. The inability to secure credit for large-scale projects, along with the falling price of residential real estate and the inability of many potential buyers to obtain credit, will cause permit activity to plummet through 2010. As the pace of new residential and commercial projects slows, it is expected that the construction industry will cut 30,000 jobs over the next two years.

Tourism has remained a bright spot in the City’s economy. International travelers were attracted by the City’s cultural charms and the weakness of the dollar. The number of international visitors arriving at local area airports was a record high 34.7 million in 2008.<sup>8</sup> Broadway enjoyed its best calendar year in history, with grosses totaling \$947 million and attendance reaching 12.3 million.<sup>9</sup> With the wave of activity, hotel occupancy rates reached 90 percent in August 2008 and room rates reached an all-time high of \$335 per night in September 2008.<sup>10</sup>

5. NYC Department of Finance

6. Shadow inventory is defined as units soon to be completed that have not yet been listed for sale.

7. NYC Department of Buildings

8. Port Authority of New York & New Jersey

9. The Broadway League

10. PKF Consulting, seasonally adjusted by OMB

As the financial crisis and recession took hold, tourism activity fell off previous record highs. Domestic air passengers to local airports started to wane in April 2008, while international passengers tailed off later in the year. This year started even more slowly, as domestic and international air passengers retreated 12.4 percent and 11.2 percent, respectively, on a year-over-year basis in February. Broadway box office grosses and attendance showed significant year-over-year declines in the first quarter of 2009.<sup>11</sup> The weakness carried into the hotel sector, where the occupancy and room rates have been reduced. As of February 2009, the average room rate fell below \$260 per night for the first time since April 2006, while the occupancy rate settled at 73 percent. Activity in the tourism sector is expected to attenuate in tandem with the ongoing recession, as the room rate will stay below \$300 through 2013 and the occupancy rate will remain around 75 percent. The slowdown in tourist activity has led to 10,000 job cuts in the leisure & hospitality industry since September 2008. Over the next three years, employment in this sector is forecast to contract by 29,000. The retrenchment in foreign and domestic spending will cause retailers to further trim their staff. Retail trade employment will decline by 17,000 in 2009 and 14,000 in 2010.

The population-driven non-cyclical sectors should continue their path of modest growth. Health care & social assistance is expected to add about 7,000 jobs each year in the forecast period. Employment in educational services will increase about 2,000 jobs a year on average.

New York City added a modest 47,000 jobs in 2008. The City's labor market will contract by 172,000 in 2009 and 129,000 in 2010. Finally, after a stagnant 2011, moderate growth is projected in 2012 and 2013. With average wages declining seven percent, due to a 21 percent plunge in finance wages and flat non-finance wages, total wage earnings are estimated to diminish by nearly 11 percent in 2009. In 2010, average wages will drop by two percent and wage earnings will sag by five percent. It is anticipated that over the next year the various federal stimulus programs will help mitigate some of the wage erosion through transfer payments, however, not by enough to keep personal income from falling by over three percent in 2009.

Although credit conditions eased in late 2008, the path of the City's pivotal financial sector is uncertain. Government intervention will certainly affect the industry, but the extent of regulation and the sector's response will not be evident for years. As a result, there is much uncertainty underlying this forecast. There is further risk that the fiscal stimulus and monetary policy actions will not be sufficient to lift the national economy and therefore will delay an economic recovery in New York City, and that increased regulation and restructuring of the financial sector will slow or diminish its recovery.

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*11. Grosses declined 9.9 percent year-over-year in the first quarter of 2009. Attendance recorded a 14.8 percent drop.*

**Forecasts of Selected Economic Indicators for the United States and New York City**  
Calendar Year 2008-2013

	2008	2009	2010	2011	2012	2013	1977-2007*
<b>NATIONAL ECONOMY</b>							
<b>Real GDP</b>							
Billions of 2000 Dollars .....	11,652	11,247	11,403	11,799	12,271	12,676	
Percent Change.....	1.1	-3.5	1.4	3.5	4.0	3.3	3.0%
<b>Non-Agricultural Employment</b>							
Millions of Jobs.....	137.0	132.1	131.0	132.9	136.2	139.2	
Level Change .....	-0.6	-5.0	-1.0	1.9	3.2	3.0	
Percent Change.....	-0.4	-3.6	-0.8	1.5	2.4	2.2	1.7%
<b>Consumer Price Index</b>							
All Urban (1982-84=100) .....	215.2	212.8	216.3	220.7	225.5	230.8	
Percent Change.....	3.8	-1.1	1.6	2.1	2.2	2.3	4.2%
<b>Wage Rate</b>							
Dollars Per Year.....	47,795	49,166	50,218	51,322	52,554	54,087	
Percent Change.....	3.4	2.9	2.1	2.2	2.4	2.9	4.6%
<b>Personal Income</b>							
Billions of Dollars.....	12,103	12,120	12,340	12,821	13,488	14,227	
Percent Change.....	3.8	0.1	1.8	3.9	5.2	5.5	6.8%
<b>Before-Tax Corporate Profits</b>							
Billions of Dollars.....	1,597	1,334	1,595	1,829	1,884	1,899	
Percent Change.....	-15.3	-16.5	19.5	14.6	3.0	0.8	7.6%
<b>Unemployment Rate</b>							
Percent.....	5.8	9.1	10.2	9.6	8.5	7.7	6.1% avg
<b>10-Year Treasury Note</b>							
Percent.....	3.7	2.8	2.9	3.8	4.5	4.8	7.6% avg
<b>Federal Funds Rate</b>							
Percent.....	1.9	0.1	0.2	1.7	3.3	3.6	6.6% avg
<b>NEW YORK CITY ECONOMY</b>							
<b>Real Gross City Product**</b>							
Billions of 2000 Dollars .....	486.2	427.8	419.8	433.0	447.6	457.7	
Percent Change.....	-4.5	-12.0	-1.9	3.2	3.4	2.2	3.1%
<b>Non-Agricultural Employment</b>							
Thousands of Jobs.....	3,790	3,619	3,490	3,499	3,539	3,580	
Level Change .....	47	-172	-129	9	39	42	
Percent Change.....	1.2	-4.5	-3.6	0.3	1.1	1.2	0.5%
<b>Consumer Price Index</b>							
All Urban (1982-84=100) .....	235.8	235.1	238.9	244.3	250.1	256.2	
Percent Change.....	3.9	-0.3	1.6	2.2	2.4	2.4	3.8%
<b>Wage Rate</b>							
Dollars Per Year.....	80,433	74,781	73,548	75,694	78,138	80,887	
Percent Change.....	0.5	-7.0	-1.6	2.9	3.2	3.5	6.2%
<b>Personal Income</b>							
Billions of Dollars.....	420.8	406.1	406.1	419.4	437.1	456.6	
Percent Change.....	3.5	-3.5	0.0	3.3	4.2	4.4	6.4%
<b>NEW YORK CITY REAL ESTATE MARKET</b>							
<b>Manhattan Primary Office Market</b>							
<b>Asking Rental Rate***</b>							
Dollars per Square Feet.....	82.78	70.61	63.00	62.72	62.07	61.87	
Percent Change.....	15.2	-14.7	-10.8	-0.4	-1.0	-0.3	3.3%
<b>Vacancy Rate***</b>							
Percent.....	7.2	11.7	13.9	12.5	11.5	11.4	10.9% avg

\* Compound annual growth rates for 1977-2007. Compound growth rate for Real Gross City Product covers the period 1980-2007; Personal Income 1976-2006.

\*\* GCP estimated by OMB. The GCP figures have been revised due to a methodological change.

\*\*\* Office market statistics are based on 1987-2007 data published by Cushman & Wakefield.

## TAX REVENUE

### Overview

Total tax revenue\*, excluding audits, is forecast to decline 5.6 percent in 2009 and to further decline 7.9 percent in 2010.

### Forecast Summary for 2009

Non-property tax revenues are forecast to decline 11.1 percent in 2009, reflecting the financial crisis, which erupted last fall and the severe national and local recessions. This follows four years of double-digit non-property tax revenue growth and growth of 3.2 percent in 2008. Two consecutive years of record Wall Street losses coupled with the severe national economic downturn resulted in a steep drop in bonuses paid out on calendar year 2008 earnings and employment declines topping 100,000 since August of calendar year 2008. In 2009, personal income tax revenues decline 15.7 percent, attributable to a wage earnings decline, a steep drop in bonuses paid out from the prior year level and increased job losses. Also contributing to the decline in personal income tax revenues is a drop in capital gains realizations of over 50 percent, reducing tax payments on nonwage income. Additionally, income at hedge funds fell at many City-based firms in calendar year 2008, a large decline from the record earnings levels seen the prior year, severely reducing final settlement payments on calendar year 2008.

General corporation tax collections are expected to finish the fiscal year with a decline of 14.6 percent from the 2008 level, attributable to a double-digit decline in finance sector payments, a moderate decline in non-finance sector payments and high levels of refunds paid out. Banking corporation tax collections are forecast to grow 35.8 percent in 2009, following a decline of 49.2 percent in 2008, reflecting surprising payment strength in March 2009, despite large write-downs at major City banking corporations. Unincorporated business tax collections are forecast to decline 1.8 percent, reflecting the market downturn and from steep declines in profitability at hedge funds and private equity firms. Sales tax collections are forecast to decline 5.5 percent due to the impact of the national recession, a collapse in consumer confidence and a declining number of tourists, all of which drag down taxable consumption in the City.

Real property transfer tax collections are forecast to decline by 44.6 percent in 2009 (after declining 18.4 percent last year) resulting from the combined impact of frozen credit markets on high-value commercial transactions and a deteriorating residential market. Mortgage recording tax collections are forecast to decline 50.4 percent in 2009 (compared to last year's decline of 27.6 percent), steeper than the declines seen in the real property transfer taxes as credit market conditions have led to a lower loan-to-value ratios in the residential market and the lack of funding for high-value commercial transactions.

Property tax revenue is forecast to increase 6.5 percent in 2009, based upon 6.8 percent growth in billable assessed value. The commercial rent tax revenue is forecast to grow 3.6 percent.

### Forecast Summary for 2010

Non-property tax revenues are forecast to decline another 15.3 percent in 2010, paralleling continued losses expected from Wall Street firms and continued local job losses. Personal income tax revenue is expected to decline 18.0 percent from further City job losses and another drop in the bonus payout. Payments from business taxes are forecast to decline 17.8 percent, reflecting further asset write-downs expected at large finance firms, another year of losses on Wall Street and the continuation of the local recession through the end of calendar year 2009. Businesses are expected to adjust their payment streams downward and large refund payouts will suppress business tax payments. Sales tax revenue is forecast to decline 11.1 percent, due to a wage earnings decline as well as a large decline in visitor spending.

Residential collections from the real property transfer and mortgage recording taxes are forecast to decline 23.1 percent and 16.0 percent, respectively, in 2010. This reflects the continued slowdown in transaction activity

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\* The tax revenue in this section is reported on a common rate and base, except for the table at the end of the section. The September 2008 report, "Tax Revenue Forecasting Documentation, Financial Plan, Fiscal Years 2008-2012" discusses the tax forecasting techniques used in this Executive Budget.

as well as acceleration in price declines. Commercial collections from the real property transfer and mortgage recording taxes are forecast to decline 19.0 percent and 16.5 percent, respectively, in 2010.

In 2010, property tax collections are forecast to grow 5.4 percent based upon 6.2 percent growth in billable assessed value. The commercial rent tax is forecast to decline by 2.8 percent in 2010 due to falling rents and higher vacancy rates for commercial office space in Manhattan resulting from employment losses in New York City.

**2009 and 2010 Tax Revenue Forecast**  
(\$ in Millions)

Tax	2009 Forecast	2010 Executive Budget	Increase/(Decrease) From 2009 to 2010	
			Amount	Percent Change
Real Property	\$14,408	\$16,127	\$1,719	11.9%
Commercial Rent	569	543	(26)	(4.6%)
Real Property Transfer	779	613	(166)	(21.3%)
Mortgage Recording	567	475	(92)	(16.2%)
Personal Income †	7,016	5,783	(1,233)	(17.6%)
General Corporation	2,374	2,024	(350)	(14.7%)
Banking Corporation	834	478	(356)	(42.7%)
Unincorporated Business	1,804	1,455	(349)	(19.3%)
Sales and Use	4,593	4,069	(524)	(11.4%)
Utility	417	391	(26)	(6.2%)
Cigarette	101	96	(5)	(5.0%)
Hotel	361	329	(32)	(8.9%)
All Other	467	401	(66)	(14.1%)
<b>Subtotal</b>	<b>\$34,290</b>	<b>\$32,784</b>	<b>(\$1,506)</b>	<b>(4.4%)</b>
STAR Aid	1,188	877	(311)	(26.2%)
Tax Audit Revenue	980	596	(384)	(39.2%)
Tax Initiatives	88	946	858	—
<b>Total**</b>	<b>\$36,546</b>	<b>\$35,203</b>	<b>(\$1,343)</b>	<b>(3.7%)</b>

† After TFA retention of \$170 million in 2009 and \$110 million in 2010.

†† Totals may not add due to rounding.

## TAX PROGRAM

***Raise the City Sales Tax Rate by One-half Percent:*** This proposal would increase the City sales tax rate by 0.5 percentage points, from 4.0 percent to 4.5 percent, effective June 1, 2009. This action will raise sales tax revenues by approximately \$52 million, \$552 million, \$572 million, \$608 million and \$646 million in fiscal years 2009 through 2013, respectively.

***Repeal the Sales Tax Exemption on Clothing and Footwear:*** This proposal would repeal the sales tax exemption on all clothing and footwear and replace the exemption with two sales tax-free weeks for clothing and footwear purchases costing under \$500, effective June 1, 2009. These actions, taken together, will raise sales tax revenues by approximately \$36 million, \$394 million, \$409 million, \$439 million and \$462 million in fiscal years 2009 through 2013, respectively.

## REAL PROPERTY TAX

The real property tax is projected to account for 47.1 percent of total tax revenue in 2010 or \$16,127 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 1,004,000 parcels in the City, 69.7 percent of which are Class 1, the largest among the four tax classes. Classes 2, 3, and 4 account for 21.7 percent, 0.03 percent, and 8.6 percent of total parcels, respectively.

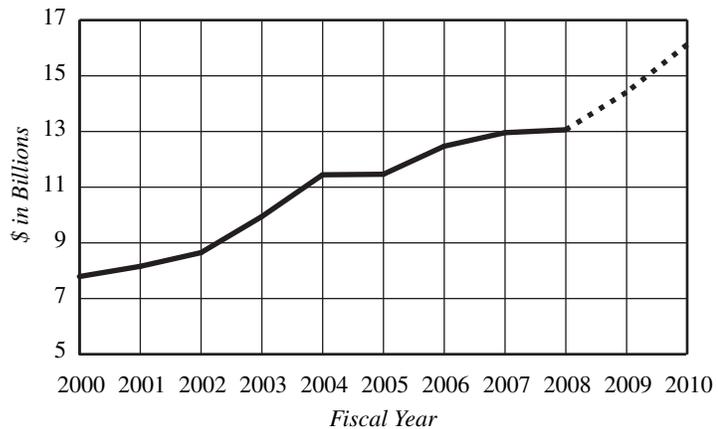
State law also requires that all properties in each class are assessed at the same percentage of full market value, known as the assessment ratio. The tax levy for a property is determined by multiplying the full market value by the assessment ratio applicable for that class of property and then multiplying 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 each class tax rate 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 levy. The tax levy less the reserve for uncollected taxes yields the annual property tax revenue.

Further tax detail and legislative history can be found in the OMB publication "Tax Revenue Forecasting Documentation, Financial Plan, Fiscal Years 2008-2012."

**2009 Forecast:** The real property tax revenue (including lien sale proceeds) is forecast at \$14,408 million in 2009, growth of 10.3 percent over the prior year. The 2009 revenue growth is based on the billable assessed value growth of 6.8 percent seen on the 2009 final roll and the half-year impact of the repeal of 7.0 percent rate cut in the average tax rate, effective January 1, 2009.

Property tax revenue forecast for 2009 reflects an increase of \$51 million over the January plan. The change is primarily from a lower refund forecast of \$50 million, a decrease in the reserve for uncollectible taxes of \$14 million, and an increase in collections from prior year delinquencies of \$20 million, offset by a decrease in the lien sale proceeds of \$33 million from the delayed 2009 lien sale, which is now expected to close in early 2010 and be recognized as 2010 revenue.

## REAL PROPERTY TAX 2000-2010



### Distribution of Property Parcels by Class

	Parcels *	Percentage Share
Class 1	699,809	69.70%
Class 2	217,633	21.68%
Class 3	318	0.03%
Class 4	86,208	8.59%
Citywide	1,003,968	100.00%

\* FY 2009 final roll

**2010 Forecast:** In 2010, the levy is expected to increase by \$1,609 million to \$17,513 million, growth of 10.1 percent over 2009. The 2010 property tax levy forecast is based on the tentative roll, released by DOF on January 15, 2009. The final roll, to be released in May, is currently estimated to be about \$2,485 million lower than the tentative roll as a result of Tax Commission actions, Department of Finance changes-by-notice and completion of exemption processing. With the estimated tentative-to-final roll reduction, billable assessed value growth (before accounting for the veterans and STAR exemptions) is expected to be 6.2 percent, despite the decline of 1.2 percent in aggregate market value on the 2010 tentative roll — the first market value decline since 1995. The continuation of growth seen in the total billable assessed value, even in a declining market, is due to the provisions in the Real Property Tax Law that allow the Class 2 and Class 4 properties to defer assessment values from the prior years' market value growth and phase them in over the subsequent years. In addition, the year-over-year property tax revenue growth also reflects the full year impact of the repeal of the 7.0 percent cut in the average tax rate, which was originally enacted on June 15, 2007.

In 2010, property tax revenue (including the lien sale proceeds) is forecast at \$16,127 million, growth of 11.9 percent over 2009, and a decrease of \$119 million from the January plan. The revenue change results from a lower levy forecast of \$100 million, due to larger than forecast tentative-to-final roll reduction estimated at the January plan, an increase in the reserve of uncollectible taxes of \$33 million, and an increase in the refund forecast of \$50 million. These reductions are offset by an increase in collections from prior year delinquencies of \$20 million and an increase in the lien sale proceeds of \$44 million from the delayed 2009 lien sale of \$33 million and other changes that raise the baseline sale proceeds by \$11 million.

Property tax collections are expected to grow at an annual average rate of 4.0 percent from 2011 through 2013, consistent with the levy growth forecast of 3.7 percent during the same period.

## COMMERCIAL RENT TAX

The commercial rent tax is projected to account for 1.6 percent of total tax revenue in 2010 or \$543 million.

This tax is imposed on tenants on 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 the tax liability. This tax is administered by the New York City Department of Finance (DOF).

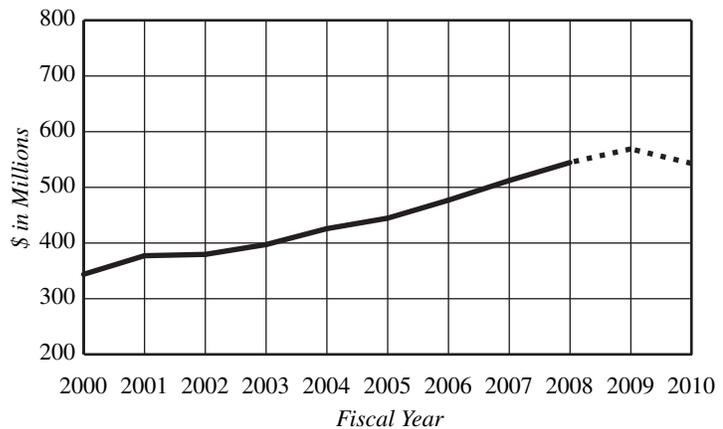
Further tax detail and legislative history can be found in the OMB publication “Tax Revenue Forecasting Documentation, Financial Plan, Fiscal Years 2008-2012.”

**2009 Forecast:** Commercial rent tax revenue for 2009 is forecast at \$569 million, 4.5 percent growth over the prior year. While the City’s economy in general and the commercial office market in particular have weakened recently, tax collections continue to grow this year, but at a slower pace than seen in the prior three years. Office-using employment losses, which started to accelerate halfway through this year, are expected to affect the tax revenue starting in 2010.

**2010 Forecast:** For 2010, commercial rent tax revenue is forecast at \$543 million, a decline of 4.6 percent from the prior year. This decline in tax revenue reflects the deep national and local recession, with a sharp contraction in employment by the office-using sectors, resulting in significant job losses by the end of 2010. The primary office market is expected to soften as the demand for office space contracts further. The ongoing decline in office-using employment is forecast to cause the primary office vacancy rates to rise and dampen the asking rent.

Commercial rent tax collections are forecast to remain flat from 2011 through 2013.

## COMMERCIAL RENT TAX 2000-2010



## REAL PROPERTY TRANSFER TAX

The real property transfer tax is projected to account for 1.8 percent of total tax revenue in 2010, or \$613 million.

The real property transfer tax (RPTT) is imposed upon the conveyance of real property (at closing) but the tax is typically not collected until the deed is registered with the New York City Register. 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 a building as a whole).

Further tax detail and legislative history can be found in the OMB publication “Tax Revenue Forecasting Documentation, Financial Plan, Fiscal Years 2008-2012.”

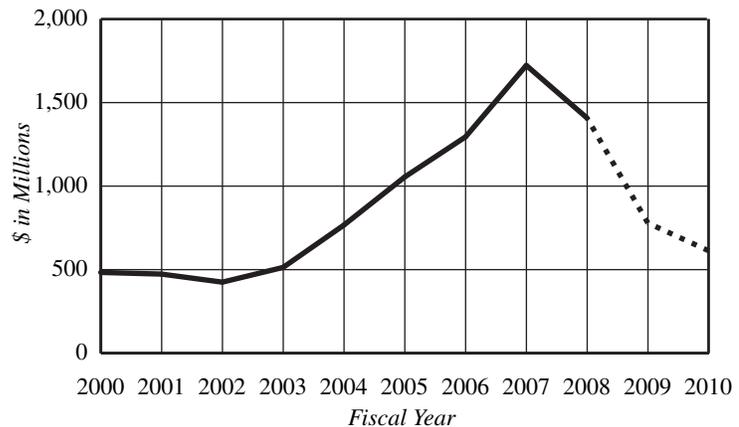
**2009 Forecast:** The real property transfer tax in 2009 is forecast at \$779 million, a 44.7 percent decline from the prior year.

With the end of the real estate boom, the real property transfer tax collections have dropped significantly from the peak in 2007, as the City continues to see declines in residential transactions as well as a severe drop in the sale of high-value (greater than \$500 million) commercial office buildings. Tax collections year-to-date through March are down 43.2 percent from the prior year, reflecting a 30.5 percent decline in revenue from residential transactions and a 53.1 percent decline in revenue from commercial transactions.

Revenue from residential transactions in 2009 is forecast at \$427 million, a decline of 33.8 percent from the prior year. As the regional housing market slowed along with the rest of the nation, the pace of decline in residential transaction activity has accelerated markedly in 2009. The sales volume of one-to-three family homes citywide declined 25.7 percent in the first six months of the year. During the same period, the number of transactions for condominium and cooperative apartments in Manhattan declined by 12.0 percent and 32.3 percent respectively. In the other boroughs, the number of transactions for condominium and cooperative apartments combined declined 25.2 percent. Total residential transactions, which peaked in the first quarter of 2005, are expected to reach the bottom in the first quarter of 2010, at a level 55.8 percent below the peak. Typically, in housing market downturns, sales price declines lag the declines seen in transaction activities. Average sales price, which peaked in the third quarter of 2008, is expected to decline 43.1 percent from its peak by the end of the second quarter of 2012. The forecast decline in transaction volume and average sales price of the residential market translate into revenue declines of 33.8 percent in 2009, 23.1 percent in 2010, and 11.1 percent in 2011, before collections start to rebound in 2012.

Revenue from commercial transactions in 2009 is forecast at \$352 million, a decline of 53.8 percent as turmoil in the credit market pushes commercial real estate transactions into a second year of decline. Aside from a few distressed sales of highly discounted, formerly high-value properties, commercial transactions appear to have been frozen by the credit market turmoil. In fact, there have been only three high-value transactions so far in 2009, all of which occurred prior to September 2008. This is a significant decline from the 2007 (22 high-value

## REAL PROPERTY TRANSFER TAX 2000-2010



transactions) and 2008 (14 high-value transactions) peaks. Revenue collections from commercial transactions with a sale price above \$25 million are projected to decline by 61.6 percent in 2009 after falling 33.3 percent in 2008. Revenue collections from commercial transactions with a sale price over \$500 million are forecast to decline 82.9 percent after falling 45.3 percent in 2008.

**2010 Forecast:** For 2010, the real property transfer tax is forecast at \$613 million, a decline of 21.3 percent from 2009. Collections from residential transactions are forecast to decline 23.1 percent, reflecting a further decline in the number of transactions as well as sharper drop in average sales price. Collections from commercial transactions are forecast to continue the downward trajectory, falling by 19.0 percent due to lack of securitization and tighter credit requirements from banks. Real property transfer tax collections are projected to return to positive growth in 2011.

## MORTGAGE RECORDING TAX

The mortgage recording tax is projected to account for 1.4 percent of total tax revenue in 2010, or \$475 million.

The mortgage recording tax (MRT) is imposed on all mortgages on real property recorded with the New York City 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 the 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. Mortgages on 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 2008-2012.”

**2009 Forecast:** The mortgage recording tax for 2009 is forecast at \$567 million, a decline of 50.2 percent from the prior year.

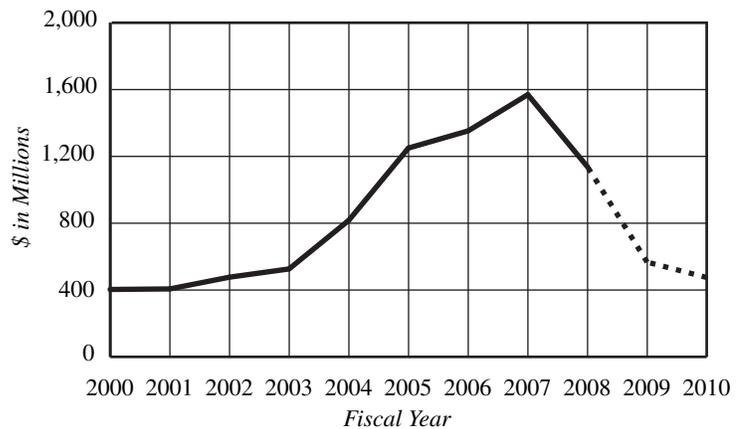
Tax collections year-to-date through March are down 53.8 percent from the prior year, reflecting a 47.0 percent decline in revenue from residential mortgages (both for purchases and refinancings) and a 59.3 percent decline in revenue from commercial mortgages.

Revenue from residential mortgage recordings in 2009 is forecast at \$312 million, a decline of 39.4 percent from the prior year. Mortgage recording tax collections from residential transactions are expected to parallel the residential transaction tax forecast. However, in the last quarter of 2009, the residential mortgage refinancing activity is forecast to increase due to lower mortgage interest rates, paralleling the Mortgage Bankers Association forecast of an increased activity in refinancing.

Revenue from commercial mortgage recordings in 2009 is forecast at \$255 million, a decline of 59.1 percent from the prior year. The steeper decline in 2009 reflects a much slower market for high-value commercial mortgages as well as tighter credit standards requiring substantial purchaser equity.

**2010 Forecast:** Mortgage recording tax for 2010 is forecast at \$475 million, a decline of 16.2 percent from 2009, paralleling the decline in the real property transfer tax. Residential collections from the mortgage recording tax are forecast to decline 16.0 percent in 2010 and 5.3 percent in 2011, before collections start to grow again in 2012. Collections from commercial mortgage recordings are expected to decline 16.5 percent in 2010, as lenders maintain tighter lending standards and continue to demand larger down payments from borrowers. Mortgage recording tax collections are forecast to have a strong recovery and positive growth returns in 2011, as the current credit market turmoil works its way through the excesses of the recent past.

## MORTGAGE RECORDING TAX 2000-2010



## PERSONAL INCOME TAX

The personal income tax is projected to account for 16.9 percent of tax revenue in 2010, or \$5,783 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 State 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 2009 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 its brackets. Current rates are extended every two years.

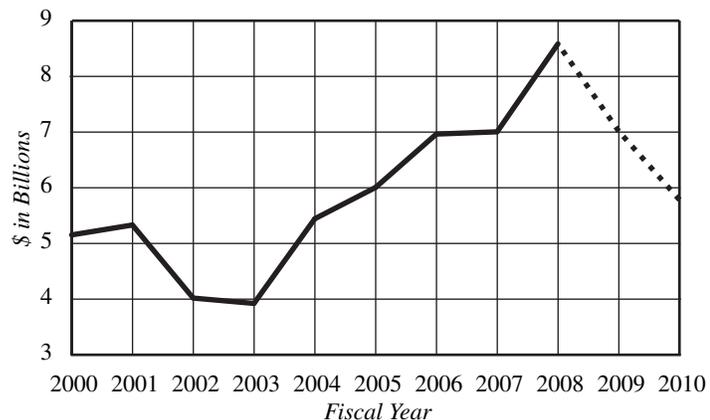
Beginning in 1998, the personal income tax cash flow to the City changed with the introduction of the Transitional Finance Authority (TFA). The TFA gives the City an additional financing vehicle to meet capital commitments beyond the constitutional debt limit. The TFA reserves the first claim on personal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

New York State and New York City laws effective for tax year 2009 that affect the City personal income tax are as follows: (1) eliminate the Middle Class school tax relief (STAR) credit, which brought down the credit to its original levels of \$125 for married couples filing joint returns and surviving spouses and to \$62.50 for single individuals, heads of households and married individuals filing separately; (2) limit itemized deduction other than charitable giving for taxpayers with an adjusted gross income of over \$1 million; and, (3) amend the definition of "resident individual" for determining residency. These tax law changes are part of the New York State 2009-2010 budget agreement.

Further tax detail and legislative history can be found in the OMB publication entitled "Tax Revenue Forecasting Documentation, Financial Plan, Fiscal Years 2008-2012."

**2009 Forecast:** Personal income tax revenue is forecast at \$7,016 million in 2009, after TFA retention, a decline of 18.3 percent from the prior year. This double-digit decline stems from employment losses taking hold in the first half of the fiscal year and accelerating in the second half of the fiscal year, a steep decline in the bonus payout in the first quarter of the calendar year 2009, and a falloff in nonwage income, as calendar year 2008 capital gains realizations are forecast to drop over 50 percent. After adjusting for tax law changes and TFA retention, the personal income tax is forecast to decline 15.7 percent in 2009. In 2010, the personal income tax revenue is forecast at \$5,783 million, after TFA retention, a decline of 17.6 percent from the previous year. Continued employment losses combined with another double-digit decline in the bonus payouts, and further weakness in nonwage income lead to this forecast decline of personal income tax revenue for the year. After adjusting for tax law changes and TFA retention, the personal income tax revenue is forecast to drop 18.0 percent in 2010. Personal income tax revenues for both 2009 and 2010 reflect impacts from the American Recovery and Reinvestment Act of 2009.

## PERSONAL INCOME TAX 2000-2010



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

After five uninterrupted years of strong growth, 2009 personal income tax revenue is forecast at \$7,186 million, before TFA retention, a decline of 17.9 percent from the prior year. Steep employment declines, a drop in bonus payouts by Wall Street firms, and a falloff in settlement payments bring down personal income tax revenue in 2009. On a common rate and base, collections decline 5.7 percent in 2009, after four years of growth averaging 16.5 percent.

Personal income tax withholding in 2009 is forecast to decline 5.3 percent, following growth of 7.5 percent in 2008. In July through November, withholding collections grew 4.6 percent. This growth is due to two factors. First, layoffs at finance firms often include substantial severance payments, which artificially supported withholding collections. Second, the steep job losses did not begin until November. In December through March, withholding collections declined 12.4 percent. In this period, private sector jobs contracted, especially in the very high-paying securities sector and in the high-paying professional services and information sectors. In addition, bonus payouts by Wall Street firms in the first quarter of calendar year 2009 declined from the previous year, erasing the withholding collections gains from earlier in the fiscal year. More employment losses and continued weakness in the wage rate are forecast to persist, continuing the decline during the final quarter of the fiscal year.

Installment payments on liability year 2008 are forecast to decline 11.3 percent, following a 20.5 percent growth in liability year 2007. This weakness in installment payments stems from the decline across a variety of nonwage income sources. Capital gains realizations are estimated to decline over 50 percent in calendar year 2008 based on the falloff in equity markets in calendar year 2008 and weaknesses in both the local residential and commercial real estate markets. The Standard & Poor's 500 index ended calendar year 2008 with a 38.5 percent decline, fourth quarter-over-fourth quarter. Although the average price had increased slightly, the volumes of sales of condos as well as co-ops across the City had fallen in calendar year 2008. This weakness in real estate markets deprived realtors of their commission income, further reducing nonwage income.

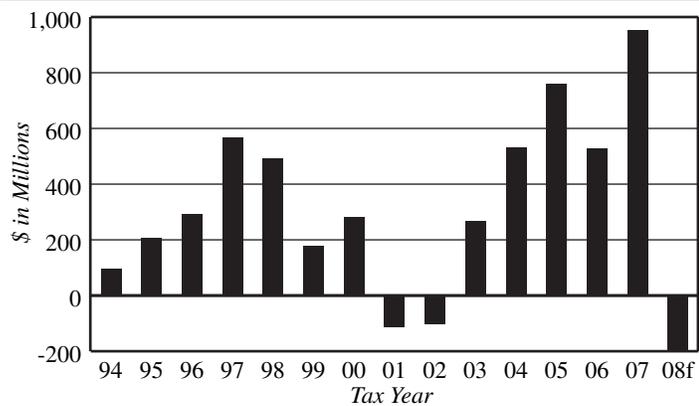
Settlement payments (final returns, extension, State/City offsets, and refunds) on calendar year 2008 are forecast to decline from the prior year record level by about \$1 billion. Hedge fund managers' extraordinary investment and fee income, which played a major role in the prior year's unprecedented level of settlement payments, have come to an end. Total liability on tax year 2008 is forecast to decline 11.6 percent.

**2010 Forecast:** Personal income tax revenue in 2010, before TFA retention, is forecast at \$5,893 million, or a decline of 18.0 percent from 2009, due to the deepening of the national recession reverberating through the local economy

and the impact of the continued financial market turmoil on Wall Street profitability. Bonus payouts by Wall Street firms on calendar year 2009 earnings/loss are expected to decline for the third year in a row, as NYSE member firms are forecast to post another loss in calendar year 2009. More private sector employment declines are also forecast, and capital gains realizations are expected to fall for the second consecutive year. After adjusting for tax law changes and TFA retention, personal income tax revenue is forecast to decline 18.0 percent in 2010.

Personal income tax withholding in 2010 is forecast to decline 9.6 percent, the result of another steep decline in bonus payouts and further losses in private sector employment. Bonus payouts by Wall Street firms on calendar year 2009 earnings/loss are forecast to decline further from the prior year, the result of finance sector job cuts and the third consecutive year of sharp declines in finance firm profitability resulting from the very challenging earning environment. Also, the national recession and the multiplier effects of Wall Street job cuts lead to

#### SETTLEMENT PAYMENTS



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

employment declines in the non-finance sectors of the City economy in calendar year 2009, exacerbating the withholding collections decline in 2010.

Installment payments in 2010 are forecast to decline 29.2 percent. This is due to the continued weakness in forecast capital gains realizations in calendar year 2009, despite the forecast spin-up stemming from the expected Federal tax increase in the treatment of long-term capital gains realizations, starting in calendar year 2010. Continued weakness in the local real estate markets, as well as a forecast decline in equity appreciation also plays a significant role in pulling down installment payments growth in 2010.

Settlement payments (final returns, extension, State/City offsets, and refunds) in liability year 2009 are forecast to surpass the prior year's level by almost \$150 million. The complete elimination of the Middle Class STAR credit estimated at \$359 million decreases refund payments and conversely increases settlement payments, diluting the impacts of the national and local recessions. Total liability on tax year 2009 is forecast to decline 14.2 percent.

Personal income tax revenue, on a common rate and base, is forecast to grow 12.6 percent in 2011, reflecting an expected recovery of wage and nonwage income. Although private sector employment losses are expected to continue in calendar year 2010, job losses are forecast to moderate, especially in the second half of the calendar year. Furthermore, bonus payouts by Wall Street firms in the first quarter of 2011 on calendar year 2010 earnings are expected to exceed the prior year's levels, supporting tax collections growth for the year. Recovery in both residential and commercial real estate markets in calendar year 2010 are expected to lift nonwage income. Personal income tax revenue growth, on a common rate and base, is forecast to average growth of 6.1 percent in 2012 and 2013, as the local economy rebounds and trend growth is forecast for the national and local economics.

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

	2007	2008	2009 <sup>f</sup>	2010 <sup>f</sup>
Withholding	\$5,568	\$5,985	\$5,669	\$5,123
Estimated Payments <sup>1</sup>	2,191	3,129	2,051	1,495
Final Returns	522	459	402	278
Other <sup>2</sup>	623	568	580	280
<b>Gross Collections</b>	<b>\$8,904</b>	<b>\$10,141</b>	<b>\$8,702</b>	<b>\$7,176</b>
Refunds	(1214)	(1,393)	(1,516)	(1,283)
<b>Net Collections</b>	<b>\$7,690</b>	<b>\$8,748</b>	<b>\$7,186</b>	<b>\$5,893</b>
Less TFA Retention	(685)	(164)	(170)	(110)
<b>Total</b>	<b>\$7,005</b>	<b>\$8,584</b>	<b>\$7,016</b>	<b>\$5,783</b>

1. Includes extension payments.

2. Offsets, charges, assessments less City audits.

<sup>f</sup> = Forecast.

Totals may not add due to rounding.

## GENERAL CORPORATION TAX

The general corporation tax is projected to account for 5.9 percent of tax revenue in 2010, or \$2,024 million.

The tax was first enacted in 1966 and is imposed on all corporations, both foreign and domestic, 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.

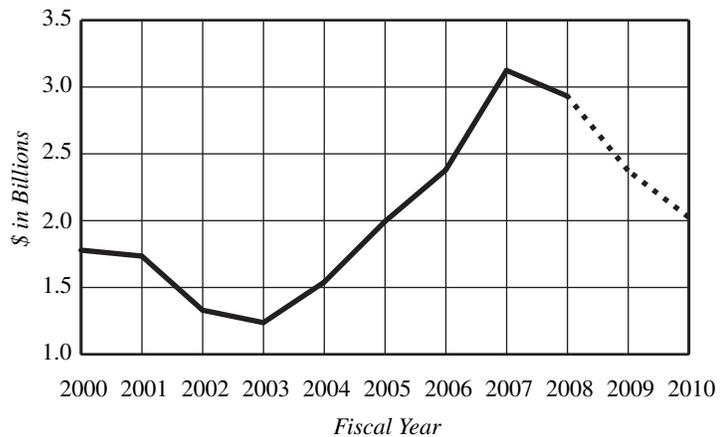
Tax detail and legislative history with updates can be found in the OMB publication "Tax Revenue Forecasting Documentation, Financial Plan, Fiscal Years 2008-2012."

**2009 Forecast:** General corporation tax revenue is forecast to decline 19.0 percent in 2009 from the prior year. This marks the second year of decline for corporate tax revenues after average annual growth of 26.1 percent from 2004 through 2007. In 2010, general corporation tax revenue is forecast to decline 14.7 percent from the prior year. Tax revenues for both 2009 and 2010 reflect impacts from the American Recovery and Reinvestment Act of 2009.

Year-to-date through March, general corporation tax collections have declined 24.6 percent from the prior year, which stems from a decline in gross collections of 15.5 percent and a surge in refund payouts year-to-date through March of 103.1 percent. These declines result from the impact of the financial crisis on the City's finance sector and a national recession that has become deeper and broader in scope, impacting both the finance and non-finance sectors.

Tax payments from the finance sector were severely impacted by the financial market crisis sparked last September by the failure of Lehman Brothers, Inc., the bailout of AIG and the distressed sale of Merrill Lynch. The combined impact of these events, coupled with the severe national recession, is expected to suppress tax payments from the finance sector for some time. Employment in the finance sector is also expected to weaken as firms cut costs to preserve capital and rebuild their balance sheets after multi-billion dollar write-downs of legacy assets. Finance sector tax payments are forecast to decline 30.9 percent in 2009. From published earnings reports, OMB estimates that the largest financial firms with operations in the City had combined write-downs of legacy assets through the fourth quarter of calendar year 2008 of \$755 billion, up \$284 billion from the prior quarter. New York Stock Exchange (NYSE) member firms also posted a record loss in calendar year 2008. The loss dwarfs the previous record loss posted in 2007. These results are in sharp contrast to the near record profits posted by NYSE member firms in 2006. However, many corporate taxpayers typically take two years to complete

## GENERAL CORPORATION TAX 2000-2010



a final estimate of their tax liability and consequently, corporations utilize “safe harbor” rules by paying estimates of current year liability based on prior year liability. As a result, tax payments in 2009 from many finance firms have not declined as precipitously as their calendar year profits have. Their tax payments are expected to converge with their estimated liability over the next two years, suppressing current- and future-year tax payments.

Meanwhile, non-finance sector firms are facing a severe national recession as well as a sharp contraction in the demand for services from the City’s troubled finance sector. Employment losses in the non-finance sector have accelerated since last September and are expected to continue declining throughout 2009. The losses in employment are affecting a broad range of labor market categories, as the national recession increasingly affects the local economy. Earnings in the non-finance sector are not expected to rebound until a recovery in the national economy, expected in the latter half of calendar year 2009. Non-finance sector tax payments in 2009 are expected to decline 3.0 percent.

Refund payouts on prior year tax liabilities are also expected to reduce gross tax collections from both the finance and non-finance sectors. Refund payouts continue to remain at historically high levels throughout 2009.

**2010 Forecast:** In 2010, general corporation tax revenue is forecast to decline 14.7 percent, or \$350 million from the prior year, and reflects impacts from the American Recovery and Reinvestment Act of 2009. Tax payments made in 2010 will reflect calendar year 2009 earnings, which are forecast to be down as large write-offs of legacy assets continue at financial firms, while non-financial firms continue to be impacted by the severe national and local recessions.

In calendar year 2010, after three years of losses, NYSE member-firm profits are forecast to rebound mildly. Finance sector payments are forecast to make a gradual recovery in 2010. Non-finance sector tax payments in 2010 are expected to continue to decline as the impact of the severe national recession deepens locally during calendar year 2009. However, general corporation tax revenue growth is forecast to rebound 15.5 percent in 2011, reflecting a recovering national economy in calendar year 2010 and the continued recovery expected for the financial industry. General corporation tax collections are expected to average growth of 12.3 percent in 2012 and 2013, reflecting a return to trend growth in the national economy.

## BANKING CORPORATION TAX

The banking corporation tax is projected to account for 1.4 percent of tax revenue in 2010, or \$478 million.

The tax was first enacted in 1966 and is imposed on banking corporations 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 are exempt as they are subject to the general corporation tax. 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 laws, 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 2008-2012."

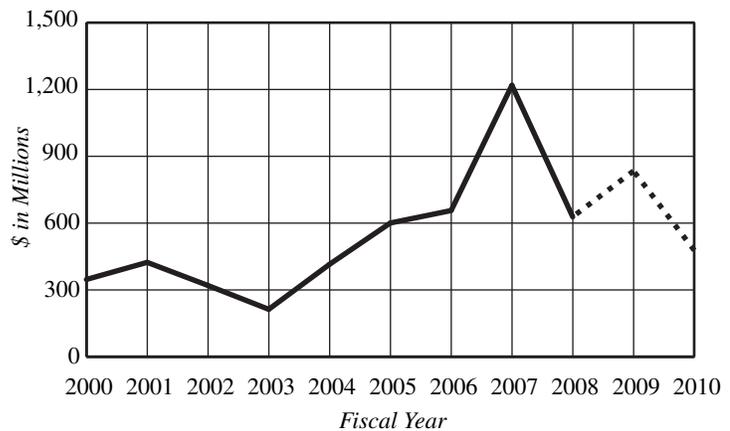
**2009 Forecast:** Banking corporation tax collections are forecast to grow 32.7 percent in 2009, to \$834 million. This rebound follows a 48.4 percent decline in 2008 from the highest-ever level seen in 2007. During the boom years, from 2004 through 2007, net tax collections averaged growth of 54.7 percent. Banking corporation tax revenue is forecast at \$478 million in 2010, a decline of 42.7 percent from the 2009 level. Tax revenues for both 2009 and 2010 reflect tax impacts from the American Recovery and Reinvestment Act of 2009.

Year-to-date collections through March are down only 5.5 percent from the prior year, the result of unexpectedly strong tax payments in March, offset by strong refund payouts seen throughout the year. Prior to March, year-to-date collections through February were down 38.1 percent from the prior year. The source of the March payment strength is not yet clear. With the extreme market stress facing most of the City's large banks, the continued large asset write-offs, improved but still weak credit markets and the deepening national recession, all combine to reduce bank profitability. Bank tax refund payouts are forecast to remain well above trend levels in 2009, after the extraordinary 347 percent growth seen in 2008. Net collections from banking corporations are forecast to increase 32.7 percent in 2009 over the prior year, following a 48.4 percent decline in 2008 from the 2007 collections peak.

**2010 Forecast:** Banking corporation tax collections are forecast to decline 42.7 percent in 2010, to \$478 million, and reflect tax impacts from the American Recovery and Reinvestment Act of 2009. The decline results from continued write-offs of legacy assets expected in calendar year 2009, as well as weakened credit markets continuing to dampen bank profitability, despite the small upside stemming from banks' attempts to reduce costs and profit from wider margins. Refund payouts are forecast to remain above historic trend levels.

Banking corporation tax collections are expected to rebound 35.8 percent in 2011, a result of a forecast recovery in the national and local economies in calendar year 2010. Banking corporation tax revenue is forecast to average growth of 7.1 percent in 2012 and 2013.

## BANKING CORPORATION TAX 2000-2010

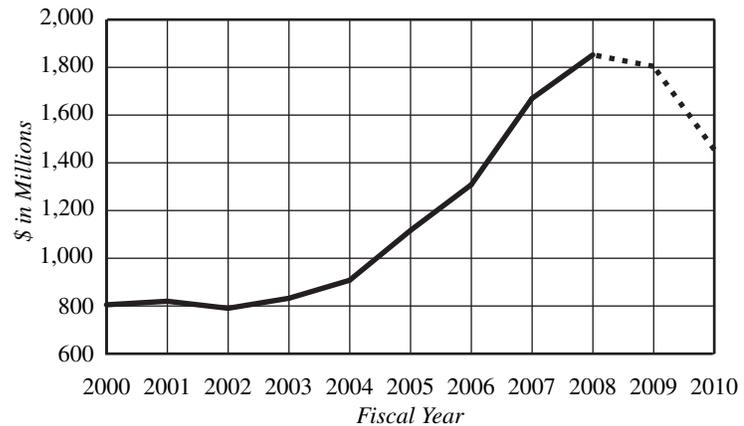


## UNINCORPORATED BUSINESS TAX

The unincorporated business tax is projected to account for 4.2 percent of tax revenue in 2010, or \$1,455 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.

## UNINCORPORATED BUSINESS TAX 2000-2010



Tax detail and legislative history with updates can be found in the OMB publication “Tax Revenue Forecasting Documentation, Financial Plan, Fiscal Years 2008-2012.”

**2009 Forecast:** The unincorporated business tax revenue is forecast to decline 2.6 percent in 2009, after average growth of 17.4 percent from 2004 through 2008. In 2010, the unincorporated business tax revenue is forecast to decline 19.3 percent from the prior year. Tax revenues for both 2009 and 2010 reflect minimal impacts from the American Recovery and Reinvestment Act of 2009.

Year-to-date through March, unincorporated business tax revenue grew 6.7 percent over the prior year. The strength in year-to-date collections, despite the turmoil seen in credit markets and the decline in equity values seen in calendar year 2008, reflect a common practice where taxpayers make payments on “safe harbor” rules reflecting the taxes owed in the prior year. In the fourth quarter, collections are expected to decline from the level seen in 2008, as tax payments converge with the declining liability estimates made in the April final return.

Finance sector tax payments in fiscal year 2009 are forecast to decline 7.1 percent from the prior year, reflecting a steep drop in the finance wage rate and the large losses posted by the finance sector generally. The unincorporated business tax decline is relatively mild; as many filers for this tax are smaller firms and less have engaged in the complicated securitization programs which generated the very large losses at some of the largest finance firms in the City. Non-finance sector tax payments in fiscal year 2009 are forecast to grow 3.3 percent, as the severe national recession only started pulling down City employment in the latter months of calendar year 2008.

**2010 Forecast:** In 2010, the unincorporated business tax is forecast to decline 19.3 percent, or \$349 million, and reflects minimal impact from the American Recovery and Reinvestment Act of 2009.

A large drop in finance sector tax payments is expected and reflects further wage declines and job losses and another year of declines on Wall Street. In addition, tax payments from finance firms are expected to be lower reflecting revisions to calendar year 2008 liability; “safe harbor” rule payments will be made off a lower level than payments made in 2009. Unincorporated tax payments from non-finance sector firms are expected to post a mild decline in 2010, reflecting non-finance sector employment losses and flat non-finance wage rate growth in calendar year 2009. The unincorporated business tax revenue is forecast to decline 19.3 percent, and reflects a steep decline in gross collections offset by a decrease in the refunds paid out from fiscal year 2009 levels.

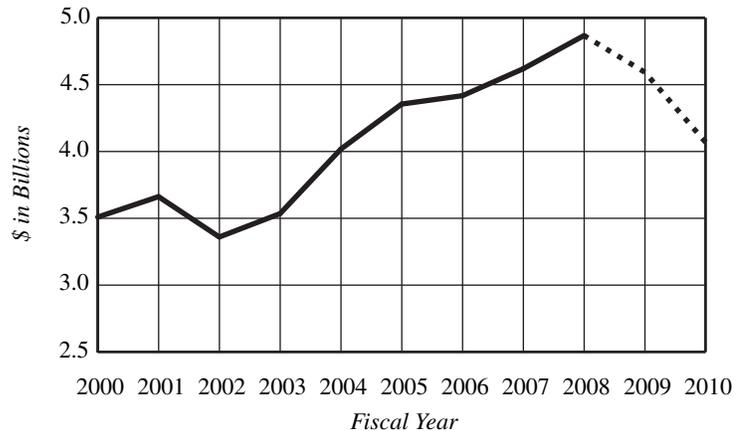
In 2011, unincorporated business tax revenue growth is expected to be flat over the prior year, the result of continued employment declines in both finance and non-finance sectors offsetting moderate wage rate growth in calendar year 2010. In 2012 and 2013, unincorporated business tax revenue is forecast to rebound averaging growth of 7.5 percent.

## SALES AND USE TAX

The sales and use tax is projected to account for 11.9 percent of total tax revenue in 2010, or \$4,069 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 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, and public transportation.

## SALES TAX 2000-2010



New York State in its 2009 - 2010 budget agreement enacted three measures expanding the sales tax base: (1) ended the sales tax avoidance schemes that enabled the non-resident and/or out-of-state third-party purchase of motor vehicles, aircraft (including but not limited to corporate jets) or vessels (including but not limited to yachts) for instate use; (2) expanded the definition of “affiliate nexus of Internet sales” that prevents a company from avoiding charging sales and use tax on Internet purchases when instate companies establish independent but affiliated out-of-state entities to perform Internet sales; and, (3) include transportation-related consumer purchases in the sales tax base (i.e. taxis, buses and chartered flights).

Further tax detail and legislative history with updates can be found in the OMB publication “Tax Revenue Forecasting Documentation, Financial Plan, Fiscal Year 2008-2012.”

**2009 Forecast:** Sales tax revenue is forecast at \$4,593 million in 2009, a 5.6 percent decline from the prior year. Sales tax revenue is forecast at \$4,069 in 2010, a decline of 11.4 percent from 2009. Adjusted for tax law changes, including the sales tax base broadeners enacted in the New York State 2009 - 2010 budget agreement, sales tax revenue is forecast to decline 5.5 percent in 2009 and 11.1 percent in 2010, respectively.

Sales tax collections throughout the year have mirrored the spread of the national recession to the local economy. Sales tax collections grew 6.0 percent in the first quarter of 2009, declined 5.1 percent in the second quarter, as consumers began reigning in spending in October with the onset of the financial crisis, and declined 8.1 percent in the third quarter. Job losses, declines in valuation of financial and real estate assets have fueled these consumption declines. Additionally, a decline in the numbers of visitors to the City’s hotels starting in the second quarter has further reduced sales tax revenue. Occupancy rates in the City have not been this low since the mid-90s. Due to this confluence of factors, sales tax revenue in 2009 is forecast to decline 5.6 percent.

**2010 Forecast:** Sales tax revenue is forecast at \$4,069 million, a decline of 11.4 percent from the 2009 level, despite the tax law changes enacted in the New York State budget agreement that will raise revenue by \$42 million. The decline in sales tax revenue is the result of further job losses forecast in 2010 and the continued declines in visitors to the City. The combined effect of finance sector job losses and rising overall employment losses in other sectors has suppressed wage earnings growth. Consequently, wage earnings will decline for a second year in a row. Lower wage earnings indicate less disposable income and taxable consumption, reducing sales tax revenue. Furthermore, the tourism and travel industry continues to decline from its 2008 peak due to the national recession and the global economic downturn.

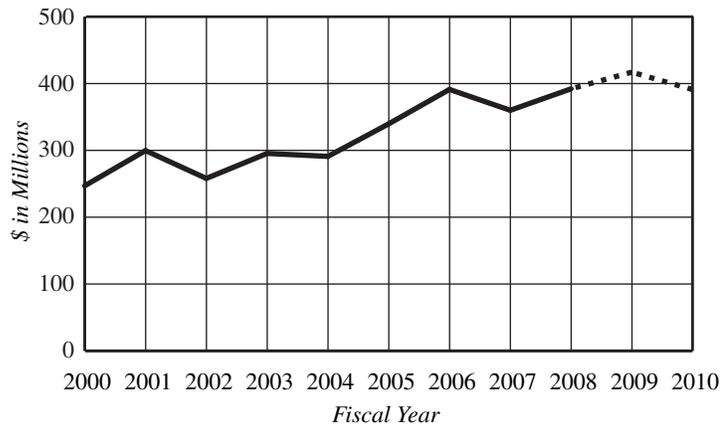
Sales tax revenue is forecast to have average growth of 5.4 percent in 2011 through 2013, reflecting the forecast growth of wage income over the period. This growth reflects the slow recovery of the City economy and the gradual increase in City employment.

## UTILITY TAX

The utility tax is projected to account for 1.1 percent of total tax revenue in 2010, or \$391 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 telecommunication firms whose services include wireless, fiber optic and other types of transmissions. Further tax detail and legislative history with updates can be found in the OMB publication "Tax Revenue Forecasting Documentation, Financial Plan, Fiscal Years 2008-2012."

## UTILITY TAX 2000-2010



**2009 Forecast:** Utility tax revenue is forecast at \$417 million in 2009, an increase of 6.3 percent over the prior year. In 2010, utility tax revenue is forecast at \$391 million, a decline of 6.2 percent from the prior year.

Year-to-date through March, utility tax collections are up 25.0 percent over the prior year. A large part of this increase is attributed to a delay in March cash payments in 2008 (which were shifted to early April) and a Con Edison electric delivery rate increase of 4.7 (effective April 1, 2008 and was therefore not in effect in the first three quarters of 2008). Adjusting for this payment shift and the Con Edison electric delivery rate increase, year-to-date collections grew 9.4 percent over the prior year. The strong year-to-date collections growth results from a rise in electricity prices and natural gas prices over the prior year and by colder winter temperatures than the prior year, which increased demand.

**2010 Forecast:** The 2010 utility tax revenue is forecast at \$391 million, a 6.2 percent decline from the prior year. The decline stems from the expectation of a decline in energy demand due to a fall in employment levels and the forecast decline in electricity and natural gas prices. As employment stabilizes, the utility tax collections are forecast to average growth of 3.9 percent for 2011 through 2013.

## CIGARETTE TAX

The cigarette tax is projected to account for 0.3 percent of total tax revenue in 2010, or \$96 million.

The sale of cigarettes in New York City is regulated by State and local law and administrated 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.

Further tax detail and legislative history can be found in the OMB publication "Tax Revenue Forecasting Documentation, Financial Plan, Fiscal Years 2008-2012."

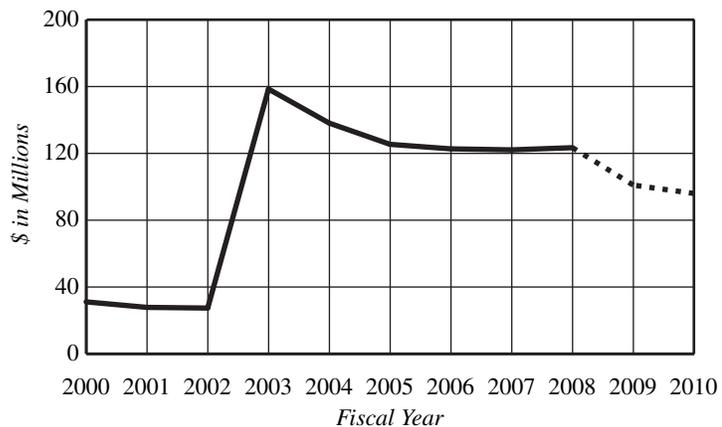
**2009 Forecast:** Cigarette tax revenue for 2009 is forecast at \$101 million, 18.2 percent decline from the prior year. The steep decline in cigarette tax collections for 2009 reflects the forecast drop in demand due to recent tax increases by the State and Federal governments. These increases raised the combined Federal/State/City cigarette taxes paid in the City from \$3.39 per pack to \$5.26 per pack, an increase of \$1.87.

The New York State cigarette tax increase of \$1.25 per pack became effective on June 3, 2008, which increased the State cigarette tax from \$1.50 per pack to \$2.75 per pack. The Federal cigarette tax increase became effective on April 1, 2009 and increased the Federal cigarette tax from \$0.39 per pack to \$1.01 per pack. The resulting increases in the retail price of a pack of cigarettes are expected to result in a decline in the number of packs sold in the City, from both smoking cessation and the diversion of purchases to jurisdictions with a lower cigarette tax rate.

**2010 Forecast:** Revenue for 2010 is forecast at \$96 million after taking account of the full year impact of the recent Federal cigarette tax increase, coupled with the projected annual decline in the demand of cigarette consumption.

From 2011 through 2013 cigarette tax collections are projected to continue falling, an average of 2.1 percent, reflecting the long-term historical trend decline in the number of packs sold.

## CIGARETTE TAX 2000-2010



## HOTEL TAX

The hotel tax is projected to account for 1.0 percent of tax revenue in 2010, or \$329 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. A local law enacted by the City Council will raise the hotel tax 0.875 percent effective March 1, 2009. The City also charges a flat fee for rooms over \$40.00 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 and 14.25 percent from March 1, 2009.

Tax detail and legislative history with updates can be found in the OMB publication “Tax Revenue Forecasting Documentation, Financial Plan, Fiscal Years 2008-2012.”

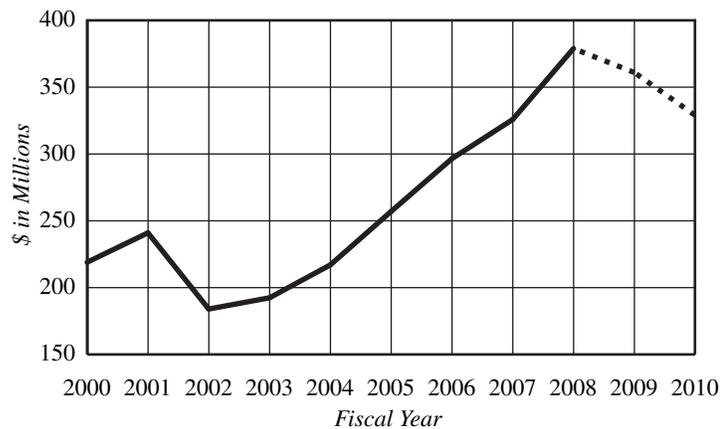
**2009 Forecast:** Hotel tax revenue is forecast at \$361 million in 2009 and \$329 million in 2010, decline of 4.7 percent and 8.9 percent, respectively. Adjusted for tax programs, hotel tax revenue is forecast to decline 8.7 percent in 2009 and 22.8 percent in 2010.

Hotel tax revenue in 2009 reflects the sharp response of business and leisure travelers to the financial crisis that erupted last October and the national and global economic downturn. Collections year-to-date through March, adjusted for a March 2008 payment that slipped into April 2008, declined 5.6 percent. Since October, the hotel room and occupancy rates have seen accelerating declines. As a result, third quarter hotel tax revenue (adjusted for the slipped payment last March) declined 22.4 percent. Hotel tax revenue in the fourth quarter, before taking into account the positive impact of the 0.875 percent tax increase effective March 1, is expected to decline 17.5 percent.

**2010 Forecast:** In 2010, hotel tax revenue is forecast to drop 8.9 percent to \$329 million. The revenue forecast decline results from the national and global economic downturn reducing demand for overnight stays in the City. For 2010, the occupancy rate will average about 72.0 percent, down from the historic highs of about 87 percent seen in 2007 and 2008. The decrease in demand puts downward pressure on hoteliers’ ability to set high room rates, keeping the room rate forecast well below \$300 a night. Without the 0.875 percent tax increase adding \$62 million in 2010, hotel tax revenue would decrease 22.8 percent.

Looking forward, hotel tax revenue is forecast to decline an average of 3.6 percent from 2011 through 2013. On a common rate and base, hotel tax revenue is forecast to grow an average of 3.4 percent, reflecting the slow rebound in business and leisure travel as the national and global economies recover.

## HOTEL TAX 2000-2010



## OTHER TAXES

All other taxes are projected to account for 1.2 percent of total City tax revenue in 2010, or \$401.2 million.

### 2009–2010 Other Taxes Forecast Excluding Tax Audit Revenue (\$000s)

Tax	2009 Forecast	2010 Executive Budget	Increase/(Decrease) From 2009 to 2010 Amount	Percent Change
<b>Auto Related Taxes</b>				
Auto Use .....	\$28,000	\$28,000	—	—
Commercial Motor Vehicle .....	46,000	46,000	—	—
Taxi Medallions Transfer.....	8,500	7,000	(1,500)	(17.6%)
<b>Excise Taxes</b>				
Beer and Liquor.....	23,000	23,000	—	—
Liquor License Surcharge.....	4,800	5,000	200	4.2%
Horse Race Admissions.....	35	35	—	—
Off-Track Betting Surtax.....	3,400	4,250	850	25.0%
<b>Miscellaneous</b>				
Other Refunds.....	(24,000)	(24,000)	—	—
Payment in Lieu of Taxes (PILOTs).....	220,897	174,990	(45,907)	(20.8%)
Section 1127 (Waiver) .....	116,500	96,900	(19,600)	(16.8%)
<b>Penalty and Interest Real Estate</b>				
(Current Year).....	13,000	13,000	—	—
<b>Penalty and Interest Real Estate</b>				
(Prior Year) .....	30,000	30,000	—	—
Penalty and Interest - Other Refunds.....	<u>(3,000)</u>	<u>(3,000)</u>	—	—
<b>Total .....</b>	<b>\$467,132</b>	<b>\$401,175</b>	<b>(\$65,957)</b>	<b>(14.1%)</b>

## **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 expected to generate \$28 million in 2009 and 2010.

**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 expected to generate \$46 million in 2009 and 2010.

**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 \$8.5 million in 2009 and \$7 million in 2010.

## **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 2009 and 2010.

**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 expected to generate \$4.8 million in 2009 and \$5 million in 2010.

**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 2009 and 2010.

**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 \$3.4 million in 2009 and \$4.3 million in 2010.

## MISCELLANEOUS

**Other Refunds:** These refunds are primarily paid out on the commercial rent tax and Section 1127 (waiver) and are projected to be \$24 million in 2009 and 2010.

**PILOTs:** Payments in lieu of taxes (PILOTs) are contractual agreements between public agencies and private property owners 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 property 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 \$220.9 million in 2009 and \$175 million in 2010.

**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 \$116.5 million in 2009 and \$96.9 million in 2010.

**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 properties with an assessed value of less than \$250,000 or not a vacant land and 18 percent for all other taxpayers. Penalties and interest received against current year delinquencies are expected to be \$13 million in 2009 and 2010, while penalty and interest collections from prior year delinquencies are expected to be \$30 million in 2009 and 2010.

**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 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 \$3 million in 2009 and 2010.

## TAX ENFORCEMENT REVENUE

As part of the City's program to reduce the projected budget gap, the Department of Finance targets delinquent taxpayers through agency audit activities, selected use of collection agencies and computer matches. Audit revenue is forecast at \$980.1 million in 2009, an increase of \$300 million from the January Plan. The audit revenue target for 2010 is \$596 million.

## MISCELLANEOUS RECEIPTS

### Forecast of Miscellaneous Receipts

The non-tax revenue portion of City Funds is referred to as miscellaneous revenues. The 2010 Executive Budget includes eleven classes of miscellaneous revenues which are discussed below.

#### Miscellaneous Revenues (\$ in Millions)

	2009 Forecast	2010 Executive Budget	Forecast to Executive Budget Increase (Decrease)
Licenses .....	\$49	\$53	4
Permits .....	148	138	(10)
Franchises and Privileges .....	283	290	7
Interest Income .....	113	30	(83)
Tuition and Charges for Services .....	642	762	120
Water and Sewer Revenues .....	1,300	1,368	68
Rental Income .....	248	220	(28)
Fines and Forfeitures .....	792	894	102
Miscellaneous .....	867	618	(249)
<b>Total Miscellaneous Revenues .....</b>	<b><u>\$4,442</u></b>	<b><u>\$4,373</u></b>	<b><u>(69)</u></b>

Miscellaneous revenues are estimated at \$4,373 million in 2010, a decrease of \$69 million from 2009, 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 446,000 licenses. About 68,000 are non-recurring, 118,000 are renewed annually, 223,000 biennially, and 37,000 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 2010 forecast for license revenue is \$53 million, \$4 million more than 2009. Increased fees for special promotional events and private carter licenses account for this change.

*Permits*

Permits are issued to 1,035,600 individuals or entities for the use of facilities, premises or equipment. Approximately 333,600 permits are renewable on an annual, biennial or triennial basis. Seasonal or single occurrence permits, such as tennis and building permits, account for 702,000 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 2010 forecast for permit revenue is \$138 million, \$10 million less than 2009. The decrease is due to a decline in receipts for construction-related permits issued by the Department of Buildings and the Department of Transportation.

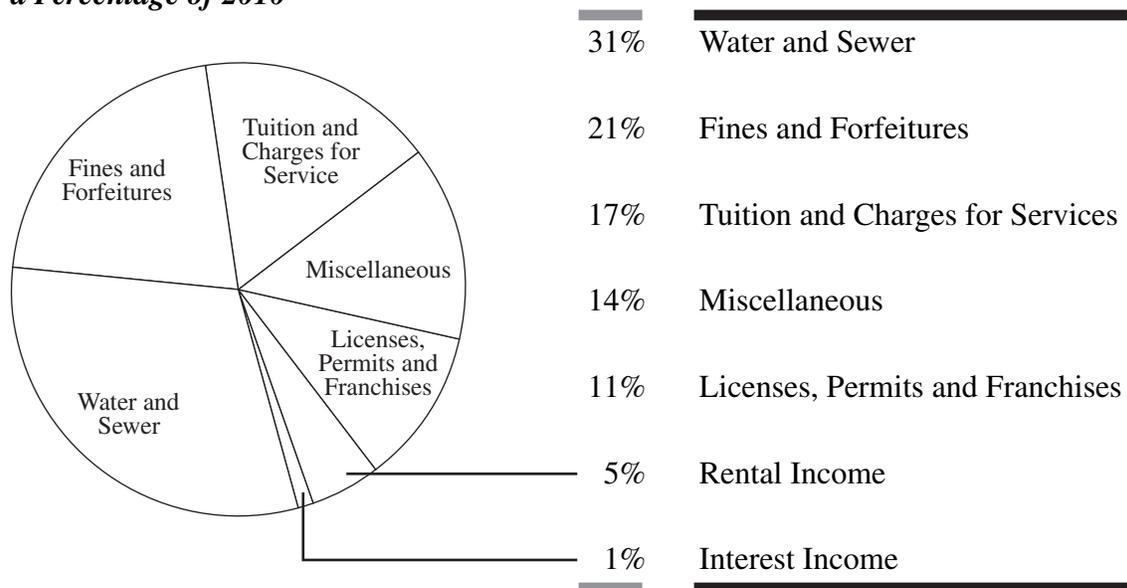
*Tuition and Charges for Services*

The City collects tuition from students enrolled at community colleges. In addition, the City collects money from charges to the public and other governmental agencies for services rendered. There are over 100 different service fees in this category, including fees for parking, towing, provision of school lunches, copies of reports, processing applications, searches, and performing fire and building inspections. The 2010 forecast for tuition and charges for services is \$762 million, \$120 million more than 2009. The increase is attributable to an increase in Citywide parking meter rates, the proposed 5-cent charge for disposable plastic bags and the proposed increase in the tax on out-of-state insurance companies for locally generated fire insurance premiums. This increase is partially offset by non-recurring revenue from the processing of 421-a tax exemption applications, and the Department of Correction’s plan to issue a concession for commissary operations.

**COMPONENTS OF MISCELLANEOUS REVENUES**

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*As a Percentage of 2010*



### *Water and Sewer Revenues*

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

The Water Board has proposed a 14.0 percent rate increase for 2010. The forecast for Water Board revenue is \$2.8 billion, including a City payment of \$66 million for municipal water and sewer charges and \$53 million for interest on funds held by the New York City Municipal Water Finance Authority. The Water Board will pay \$1.131 billion for Water Board and Authority expenses and debt service. The City will receive \$1.174 billion for services rendered in the delivery of water and the collection, treatment, and disposal of waste water, and \$194 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 2010 forecast for interest earnings is \$30 million, a decrease of \$83 million from 2009. Cash balances are forecast to return to historical levels and interest rates have declined below one percent and are projected to remain low for 2010.

### *Franchises and Privileges*

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

The 2010 forecast for franchise revenue is \$290 million, an increase of \$7 million from 2009. The increase is due to a contractual escalation for the street furniture concession in the Department of Transportation and increased payment from cable television franchisees.

*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 2,400 properties are rented from the City. Approximately 730 are *in rem* or condemnation sites, 170 are covered by long term agreements, and nearly 1,500 are schools that are rented on a per event basis after school hours.

The 2010 forecast for rental income is \$220 million, \$28 million less than in 2009. The decrease is due to non-recurring receipts from stadium rents.

*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 2010 forecast for forfeitures is \$3 million, \$1 million less than 2009. One-time bail bond forfeitures account for this change. The revenue expected from fines in 2009 and 2010 is listed below:

**Fine Revenue**

SOURCE (\$ in 000's)	2009 FORECAST	2010 EXECUTIVE BUDGET
Parking Violations .....	\$596,384	\$686,182
Environmental Control Board .....	77,081	76,391
Department of Health .....	29,958	38,357
Collection Initiative .....	5,000	25,000
Traffic Violations .....	16,000	20,567
Department of Buildings .....	24,000	11,250
State Court Fines .....	8,000	7,085
Taxi and Limousine Commission .....	5,000	6,500
Department of Consumer Affairs .....	5,960	5,760
Other Sources .....	20,522	14,132
<b>Total .....</b>	<b><u>\$787,905</u></b>	<b><u>\$891,224</u></b>

The Parking Violation division of the Department of Finance is forecasted to collect \$686 million in parking fines in 2010, \$90 million more than 2009. In 2009, the Police Department expanded the citywide initiative to enforce block the box violations. This initiative will enhance traffic mobility in congested areas of the City through the strategic deployment of teams of traffic agents and supervisors to pre-determined locations.

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. The Department of Transportation will add 20 cameras in the opposite direction at existing monitoring locations. Recently passed State legislation allows the City to install cameras in 50 additional locations. This initiative increases the total number of cameras to 170 at 150 locations. All of the cameras will be installed in 2010.

The Environmental Control Board (ECB) adjudicates approximately 680,000 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 \$76 million in 2010.

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. In 2010 the Department will inspect restaurants with persistent unsanitary conditions more frequently.

The City is working with a consulting firm to develop an Enterprise Billing, Payment and Collection strategy that aims to leverage leading practices to improve customer service and enhance the efficiency of government operations as related to billing, payment and collections.

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 2010 forecast for miscellaneous revenue is \$618 million, \$249 million less than in 2009. The decrease is related to one-time receipts from the settlement of FICA refund claims, the sale of taxi medallions and the collection of fines from criminal prosecutions and settlement revenue from deferred prosecutions in 2009.

#### **Private Grants**

The Executive Budget includes \$1.028 billion in private grants in 2010, \$85 million less than 2009. 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 2010 expected reimbursements will be \$475 million.

## CAPITAL BUDGET

### The Executive Capital Budget and Four-Year Plan, 2010-2013

The 2010 Executive Capital Budget includes new appropriations of \$9.5 billion, of which \$7.5 billion are to be funded from City sources. These appropriations, together with available balances from prior years, authorize total commitments of \$11.3 billion for 2010, of which \$8.9 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, and bonds for capital investment in education supported by federally authorized tax credits in lieu of the City's obligation to pay current interest ("QSCB" and "QZAB" bonds). As indicated in the following table, the targeted level for City-funded commitments is \$8.7 billion in 2010. Reductions reflected in the Preliminary Capital Plan have been scheduled in the Executive Capital Commitment Plan. The aggregate agency-by-agency authorized commitments of \$8.9 billion exceed the 2010 financial plan by \$0.2 billion. Excess authorizations in this proportion have proven necessary to achieve commitment spending targets by accommodating such factors as project scope changes and delays.

#### *Four-Year Plan Highlights*

The 2010-2013 Capital Plan totals \$30.6 million 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.

The Capital Plan provides \$8.5 billion for new school construction and expansion, as well as the modernization, rehabilitation and improvements to existing school buildings, including \$1.7 billion financed by "QSCB" and "QZAB" bonds. 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. An investment of \$1.4 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 approximately \$308.0 million to modernize and renovate the facilities of the Health and Hospitals Corporation. Key projects in design and construction include Harlem Hospital Center, Gouverneur Skilled Nursing Facility and Diagnostic and Treatment Center, and Jacobi Medical Center. The City will invest \$343.2 million in the redevelopment of Willets Point, another \$49.0 million for various improvements at the Brooklyn Navy Yard, \$26.2 million for the Coney Island Steeplechase Plaza and \$25.2 million for the redevelopment of Governors Island.

**FY 2009 - 2013 Commitment Plan**  
**(\$ in millions)**

	2009		2010		2011		2012		2013	
	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds
<b>Environmental Protection</b>										
• Equipment .....	\$396	\$501	\$67	\$67	\$73	\$73	\$35	\$35	\$46	\$56
• Sewers.....	201	201	213	213	183	183	235	235	160	160
• Water Mains, Sources & Treatment.....	848	848	473	473	819	819	578	578	382	382
• Water Pollution Control.....	1,608	1,637	799	870	293	293	325	325	466	466
• Water Supply .....	289	289	104	104	184	184	134	134	259	259
Subtotal .....	<b>\$3,342</b>	<b>\$3,476</b>	<b>\$1,656</b>	<b>\$1,727</b>	<b>\$1,553</b>	<b>\$1,553</b>	<b>\$1,307</b>	<b>\$1,307</b>	<b>\$1,313</b>	<b>\$1,323</b>
<b>Transportation</b>										
• Mass Transit .....	\$139	\$203	\$62	\$62	\$52	\$52	\$49	\$49	\$66	\$66
• Bridges.....	257	457	774	1,455	149	512	98	176	385	\$547
• Highways .....	313	502	483	703	279	366	225	225	253	\$255
Subtotal .....	<b>\$709</b>	<b>\$1,162</b>	<b>\$1,319</b>	<b>\$2,221</b>	<b>\$480</b>	<b>\$930</b>	<b>\$372</b>	<b>\$451</b>	<b>\$704</b>	<b>\$868</b>
<b>Education</b>										
• Education.....	\$1,123	\$2,791	\$1,147	\$2,280	\$1,026	\$2,052	\$1,061	\$2,122	\$1,045	\$2,072
• Higher Education.....	380	394	11	13	2	2	0	0	49	64
Subtotal .....	<b>\$1,503</b>	<b>\$3,185</b>	<b>\$1,158</b>	<b>\$2,293</b>	<b>\$1,028</b>	<b>\$2,054</b>	<b>\$1,061</b>	<b>\$2,122</b>	<b>\$1,094</b>	<b>\$2,136</b>
<b>Housing &amp; Economic Development</b>										
• Economic Development .....	\$1,104	\$1,423	\$357	\$361	\$105	\$105	\$91	\$91	\$263	\$263
• Housing .....	557	746	258	387	200	310	182	280	271	374
Subtotal .....	<b>\$1,661</b>	<b>\$2,169</b>	<b>\$615</b>	<b>\$749</b>	<b>\$305</b>	<b>\$415</b>	<b>\$273</b>	<b>\$371</b>	<b>\$534</b>	<b>\$637</b>
<b>Administration of Justice</b>										
• Corrections .....	\$145	\$149	\$191	\$191	\$167	\$167	\$157	\$157	\$432	\$432
• Courts .....	306	306	87	87	66	66	14	14	93	93
• Police .....	332	332	883	883	55	55	40	40	79	79
Subtotal .....	<b>\$784</b>	<b>\$787</b>	<b>\$1,161</b>	<b>\$1,161</b>	<b>\$288</b>	<b>\$288</b>	<b>\$211</b>	<b>\$211</b>	<b>\$604</b>	<b>\$604</b>
<b>City Operations &amp; Facilities</b>										
• Cultural Institutions.....	\$772	\$821	\$114	\$130	\$68	\$68	\$14	\$14	\$154	\$154
• Fire.....	184	206	97	105	123	123	73	73	84	84
• Health & Hospitals.....	661	661	94	94	164	164	94	94	180	180
• Parks .....	1,106	1,330	451	456	149	158	75	75	301	301
• Public Buildings .....	362	363	199	199	55	55	40	40	138	138
• Sanitation .....	348	354	694	695	274	274	56	56	193	193
• Technology & Equipment.....	1,155	1,171	1,098	1,098	392	392	323	323	360	360
• Other.....	729	860	270	400	149	305	72	117	171	224
Subtotal .....	<b>\$5,317</b>	<b>\$5,766</b>	<b>\$3,019</b>	<b>\$3,177</b>	<b>\$1,374</b>	<b>\$1,538</b>	<b>\$747</b>	<b>\$792</b>	<b>\$1,583</b>	<b>\$1,636</b>
<b>Total Commitments .....</b>	<b>\$13,315</b>	<b>\$16,545</b>	<b>\$8,928</b>	<b>\$11,328</b>	<b>\$5,028</b>	<b>\$6,778</b>	<b>\$3,971</b>	<b>\$5,254</b>	<b>\$5,833</b>	<b>\$7,204</b>
<b>Reserve for Unattained Commitments.....</b>										
	<b>(\$3,563)</b>	<b>(\$3,563)</b>	<b>(\$229)</b>	<b>(\$229)</b>	<b>\$705</b>	<b>\$705</b>	<b>\$617</b>	<b>\$617</b>	<b>(\$436)</b>	<b>(\$436)</b>
<b>Commitment Plan .....</b>	<b>\$9,752</b>	<b>\$12,982</b>	<b>\$8,699</b>	<b>\$11,099</b>	<b>\$5,733</b>	<b>\$7,483</b>	<b>\$4,588</b>	<b>\$5,871</b>	<b>\$5,397</b>	<b>\$6,768</b>
<b>Total Expenditures .....</b>	<b>\$7,008</b>	<b>\$10,152</b>	<b>\$8,720</b>	<b>\$9,620</b>	<b>\$8,028</b>	<b>\$9,839</b>	<b>\$7,181</b>	<b>\$9,001</b>	<b>\$6,379</b>	<b>\$8,130</b>

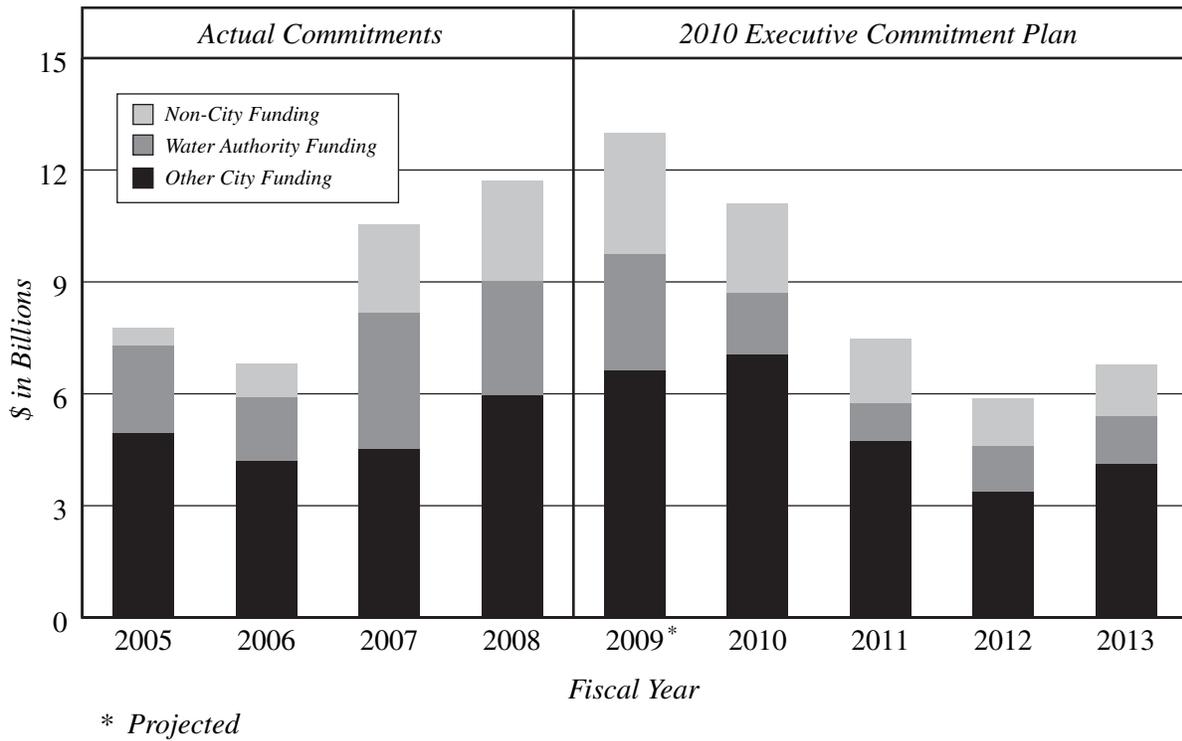
\*Note: Individual items may not add to totals due to rounding

*Non-City Funding Sources*

Non-City capital funding sources include \$2.4 billion in the 2010 plan and \$6.8 billion over the 2010-2013 four-year plan period. The majority of non-City funding supports Education, Transportation, Housing, Environmental Protection, and Children’s Services programs.

Education programs anticipate receiving \$4.2 billion in State funding over the 2010-2013 period. Transportation programs are projected to receive non-City funding of \$1.9 billion over the 2010-2013 period, with \$1.6 billion from the Federal government, \$214.8 million from the State, and private funds of \$82.1 million. Housing programs anticipate Federal funding of \$441.3 million over the 2010-2013 period. Environmental Protection programs anticipate receiving \$81.1 million in non-City funding over the 2010-2013 period, consisting of \$81.0 million in Federal funds and \$124.0 thousand in private funds. Children’s Services programs are projected to receive \$23.4 million over the 2010-2013 period, with \$16.7 million from the State and \$6.7 million from the Federal government.

**FY 2005-2013 CAPITAL COMMITMENTS BY FUNDING SOURCE**



## The Capital Program since 2005

The table below illustrates the changes in the size of the City's capital program over the 2005-2008 period.

### FY 2005 - 2008 Commitments (\$ in millions)

	2005		2006		2007		2008	
	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds
<b>Environmental Protection</b>								
• Equipment .....	\$68	\$69	\$73	\$107	\$92	\$93	\$149	\$150
• Sewers.....	186	187	191	192	177	177	200	200
• Water Mains, Sources and Treatment.....	499	498	568	568	2,253	2,253	1,839	1,838
• Water Pollution Control.....	838	839	843	848	1,071	1,102	843	842
• Water Supply .....	746	746	26	26	64	64	20	20
Subtotal .....	<b>\$2,337</b>	<b>\$2,338</b>	<b>\$1,702</b>	<b>\$1,741</b>	<b>\$3,657</b>	<b>\$3,690</b>	<b>\$3,051</b>	<b>\$3,051</b>
<b>Transportation</b>								
• Mass Transit .....	\$180	\$180	\$83	\$83	\$43	\$43	\$40	\$40
• Bridges.....	94	266	259	281	254	262	443	783
• Highways .....	224	246	200	215	319	345	325	360
Subtotal .....	<b>\$498</b>	<b>\$692</b>	<b>\$541</b>	<b>\$578</b>	<b>\$616</b>	<b>\$650</b>	<b>\$808</b>	<b>\$1,184</b>
<b>Education</b>								
• Education.....	\$2,188	\$2,188	\$1,411	\$1,990	\$1,143	\$3,216	\$1,127	\$3,205
• Higher Education.....	20	20	39	40	22	22	129	132
Subtotal .....	<b>\$2,208</b>	<b>\$2,208</b>	<b>\$1,449</b>	<b>\$2,029</b>	<b>\$1,165</b>	<b>\$3,238</b>	<b>\$1,255</b>	<b>\$3,337</b>
<b>Housing &amp; Economic Development</b>								
• Economic Development .....	\$207	\$215	\$154	\$168	\$134	\$175	\$380	\$398
• Housing .....	275	423	238	356	218	299	351	453
Subtotal .....	<b>\$481</b>	<b>\$638</b>	<b>\$393</b>	<b>\$524</b>	<b>\$353</b>	<b>\$475</b>	<b>\$731</b>	<b>\$851</b>
<b>Administration of Justice</b>								
• Correction.....	\$50	\$50	\$92	\$92	\$44	\$44	\$6	\$6
• Courts .....	129	132	142	142	159	159	540	540
• Police .....	43	43	76	76	87	87	101	101
Subtotal .....	<b>\$222</b>	<b>\$225</b>	<b>\$310</b>	<b>\$310</b>	<b>\$290</b>	<b>\$290</b>	<b>\$646</b>	<b>\$646</b>
<b>City Operations &amp; Facilities</b>								
• Cultural Institutions.....	\$140	\$140	\$143	\$151	\$97	\$102	\$211	\$212
• Fire.....	93	93	108	121	116	119	121	153
• Health & Hospitals.....	451	451	307	307	230	230	231	231
• Parks .....	211	225	262	279	464	476	507	545
• Public Buildings .....	78	78	108	110	95	95	165	165
• Sanitation.....	137	137	77	77	189	189	172	173
• Technology & Equipment.....	297	297	379	410	681	706	864	864
• Other.....	135	247	133	177	219	286	246	294
Subtotal .....	<b>\$1,542</b>	<b>\$1,668</b>	<b>\$1,516</b>	<b>\$1,631</b>	<b>\$2,090</b>	<b>\$2,203</b>	<b>\$2,517</b>	<b>\$2,638</b>
<b>Total Commitments .....</b>	<b>\$7,288</b>	<b>\$7,769</b>	<b>\$5,911</b>	<b>\$6,814</b>	<b>\$8,171</b>	<b>\$10,546</b>	<b>\$9,008</b>	<b>\$11,707</b>
<b>Total Expenditures .....</b>	<b>\$5,274</b>	<b>\$6,655</b>	<b>\$6,211</b>	<b>\$6,595</b>	<b>\$5,098</b>	<b>\$7,496</b>	<b>\$6,310</b>	<b>\$9,005</b>

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

*Comprehensive Planning Process*

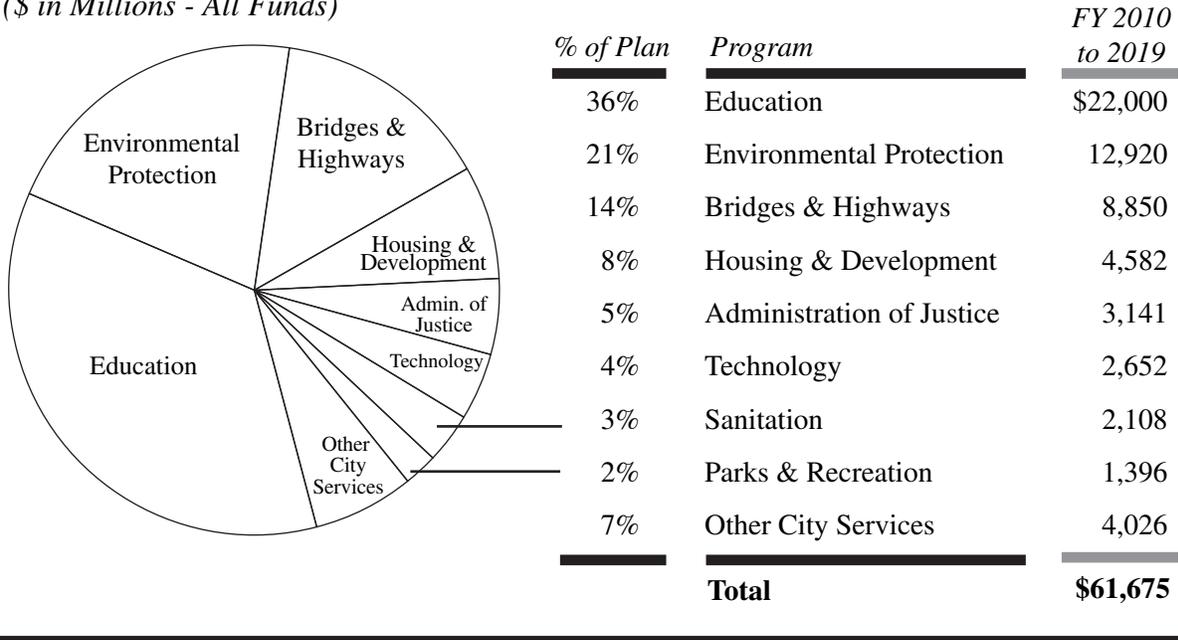
Developing a long-term capital investment strategy to improve, expand and sustain the City’s physical plant requires comprehensive planning. The Ten-Year Capital Strategy, updated by OMB and the Department of City Planning every two years through consultation with City agencies, establishes overall programmatic 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 2010-2019**  
**(\$ in thousands)**

	City Funds	Non-City Funds	Total Funds
<b><i>Environmental Protection</i></b>			
• Sewers .....	\$1,910,682	\$124	\$1,910,806
• Water Mains, Sources and Treatment .....	3,160,999	0	3,160,999
• Water Pollution Control .....	3,778,695	71,000	3,849,695
• Water Supply .....	3,561,428	0	3,561,428
• DEP Equipment .....	427,050	10,000	437,050
Subtotal Environmental Protection.....	\$12,838,854	\$81,124	\$12,919,978
<b><i>Education</i></b>			
• Education .....	\$10,955,599	\$10,922,119	\$21,877,718
• CUNY .....	84,188	38,102	122,290
Subtotal Education.....	\$11,039,787	\$10,960,221	\$22,000,008
<b><i>Transportation</i></b>			
• Mass Transit .....	\$601,234	\$0	\$601,234
• Highways & Transit Operations.....	3,306,628	899,754	4,206,382
• Bridges .....	2,837,488	1,805,953	4,643,441
Subtotal Transportation.....	\$6,745,350	\$2,705,707	\$9,451,057
<b><i>Housing &amp; Economic Development</i></b>			
• Housing .....	\$2,568,241	\$806,923	\$3,375,164
• Housing Authority.....	135,397	0	135,397
• Economic Development.....	1,066,770	4,300	1,071,070
Subtotal Housing & Economic Development .....	\$377,408	\$811,223	\$4,581,631
<b><i>Administration of Justice</i></b>			
• Correction .....	\$1,372,872	\$0	\$1,372,872
• Police.....	1,449,695	0	1,449,695
• Courts.....	302,507	0	302,507
• Juvenile Justice .....	16,273	0	16,273
Subtotal Administration of Justice .....	\$3,141,347	\$0	\$3,141,347
<b><i>Health &amp; Social Services</i></b>			
• Health .....	\$277,881	\$0	\$277,881
• Hospitals.....	546,952	0	546,952
• Homeless Services .....	143,046	0	143,046
• Human Resources .....	89,391	42,875	132,266
• Children’s Services.....	140,984	32,060	173,044
• Aging.....	27,830	0	27,830
Subtotal Health & Social Services .....	\$1,226,084	\$74,935	\$1,301,019
<b><i>Other City Services</i></b>			
• Sanitation .....	\$2,107,853	\$84	\$2,107,937
• Public Buildings.....	916,097	0	916,097
• Fire .....	638,880	8,000	646,880
• Parks & Recreation .....	1,381,727	13,948	1,395,675
• Cultural Institutions & Libraries.....	545,781	15,551	561,332
• Technology & Equipment .....	2,651,853	0	2,651,853
Subtotal Other City Services .....	\$8,242,191	\$37,583	\$8,279,774
Total .....	\$47,004,021	\$14,670,793	\$61,674,814

# TEN-YEAR CAPITAL STRATEGY FOR 2010-2019

(\$ in Millions - All Funds)



## 2010 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 (\$1.4 billion), including \$143.4 million in FY 2009 funds; development of an enterprise-wide workforce management and automated timekeeping system (CityTime) (\$158.1 million); upgrade of the City’s Financial Management System (FMS), including its integration with the Department of Education (\$125.5 million); and development and implementation of a Citywide Human Services case management system (HHS-Connect) and the implementation of the e311/human services call-taking capacity at the City’s 311 Call Center (\$39.3 million).

### *Environmental Protection and Sanitation*

- Sewers: reconstruction and extension of the City’s sewer system (\$1.9 billion).
- Water Mains, Sources and Treatment: ongoing construction of an ultraviolet light water disinfection plant for the Catskill and Delaware Watersheds (\$401.9 million); continued construction of in-City water mains and ancillary work (\$1.2 billion), including \$26.8 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 (\$718.7 million); and ongoing construction of the Croton Water Filtration Plant and related projects (\$187.4 million); and continuation of various Filtration Avoidance Determination (FAD) measures in the upstate watershed totaling (\$318.0 million), including \$214.9 million for land acquisition.

- Wastewater Treatment: continued upgrading of the Newtown Creek Water Pollution Control Plant (WPCP) (\$737.7 million); ensuring compliance with mandated operating permit requirements by stabilizing in-City WPCPs (\$84.3 million), combined sewer overflow projects (\$1.0 billion); and continued reconstruction of select pumping stations citywide (\$221.2 million).
- Water Supply: Water Supply Dependability projects to make drinking water available to the City during the repair of the Delaware Aqueduct leak (\$1.9 billion); and continued construction of Stage Two of City Water Tunnel No. 3 (\$347.5 million).
- Equipment: continued water conservation programs including the installation of water meters (\$30.4 million); and the plumbing retrofit program (\$5.6 million).
- Sanitation: purchase of vehicles and other equipment (\$1.1 billion); construction and reconstruction of sanitation garages and other facilities, citywide (\$465.4 million); and construction of solid waste management facilities (\$510.7 million).

### *Transportation*

- Bridges: the continued reconstruction/rehabilitation of the four East River Bridges (\$794.6 million); the reconstruction of eight bridge structures rated “poor” (\$450.3 million) and 115 bridge structures rated “fair” (\$3.4 billion). The total Bridge Program for 2010-2019 is \$4.6 billion.
- Highways: the reconstruction and/or resurfacing of 2,282 linear miles (7,534 lane miles) of streets (\$2.7 billion); the reconstruction of sidewalks, retaining walls, and installation of pedestrian ramps (\$403.0 million); and facility reconstruction (\$81.1 million). The total Highway Program for 2010-2019 is \$3.2 billion.
- Traffic: the modernization and expansion of the City’s computerized traffic signal network to improve traffic flow (\$257.1 million); installation of signals, streetlights, and lane markings associated with the Highway Reconstruction Program (\$247.8 million); and the upgrading of the street lighting system (\$197.3 million). The total Traffic Program for 2010-2019 is \$453.4 million.
- Ferries: the reconstruction and improvement of various ferry vessels (\$105.3 million), and ferry terminals (\$20.3 million); and general construction work at the ferry maintenance facilities (\$14.1 million). The total Ferries Program for 2010-2019 is \$139.7 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. The Transit Program for 2010-2019 totals \$601.3 million.

### *Education, Health and Social Services*

- Education: capital improvements that enhance educational programs (\$2.9 billion); rehabilitate, replace and upgrade building components (\$5.2 billion); construct new schools (\$5.1 billion); modernize school buildings (\$20.0 million); cover emergency projects, research and development, and prior plan completion costs (\$3.8 billion); expand facilities through leases, building additions, modular classrooms and new athletic fields and playgrounds (\$4.4 billion); and address the need for security systems, emergency lighting and code compliance (\$350.0 million). The total Education Program for 2010-2019 is \$21.9 billion.
- Higher Education: reconstruction and renovations to existing facilities (\$109.0 million); purchase of computer, laboratory and other equipment (\$7.3 million); HVAC upgrades (\$3.0 million); and renovations to athletic fields and gymnasiums (\$2.0 million). The total Higher Education Program for 2010-2019 is \$122.3 million.

- Health: various DOHMH facility renovations and rehabilitation (\$51.6 million); Animal Care and Control upgrades to existing facilities (\$10.9 million); automation and technology infrastructure improvements (\$31.3 million); laboratories and equipment (\$164.2 million); technology upgrades for the Office of the Chief Medical Examiner and construction of a new Bronx Mortuary (\$19.9 million); hospital improvements including Labor Law 11 compliance and upgrading existing power systems (\$6.0 million); other routine reconstruction projects (\$38.3 million); major medical equipment purchases (\$1.2 million); major hospital reconstruction projects that include Harlem Hospital and Gouverneur Nursing facility and Diagnostic and Treatment Center (\$292.2 million); miscellaneous equipment purchases (\$93.2 million); and ambulance purchases (\$116.1 million).
- Aging: rehabilitation of senior centers, with a primary focus on improvements to fire suppression systems, heat and hot water systems, and renovations for handicapped accessibility (\$13.5 million); and information technology upgrades to enhance the ability of older New Yorkers to access services and benefits electronically (\$6.7 million).
- Administration for Children's Services: renovation and code compliance at various child care centers (\$21.1 million); continued development of ACCIS (\$6.1 million); development and expansion of the agency's automated systems, including planned computer replacements and software licenses, upgrading of telecommunications networks, and maintenance of systems that are critical for meeting mandated program management reporting requirements (\$105.2 million); and renovation and furniture purchases for the agency central office at 150 William Street and various field offices (\$23.9 million).
- Homeless Services: building renovations, building envelope stabilization and restorations, code compliance, fire safety and security upgrades to adult facilities (\$51.1 million) and family facilities (\$57.3 million); completion of a new family intake center (\$10.0 million); and upgrade and development of the Department's computer network, including the development of the HOPES case management and client tracking system (\$33.5 million).
- Human Resources: renovations to facilities and equipment purchases (\$39.1 million), including construction of model offices to provide a more client-friendly environment (\$10.3 million); data processing and information technology projects (\$63.8 million); telecommunications projects (\$25.9 million); and miscellaneous vehicle purchases (\$1.7 million).

### *Housing and Development*

- Housing: development of approximately 33,000 new rental and homeownership dwelling units through varied scattered site, large-scale, and multifamily initiatives (\$1.1 billion); provision of low-interest loans to finance the rehabilitation and preservation of approximately 26,000 units in privately-owned buildings under the Low Income Housing Tax Credit Year 15 Preservation, Article 7A, Article 8A, Participation Loan, Senior Citizens Home Assistance, and other housing preservation programs (\$1.1 billion); disposition and rehabilitation of approximately 2,000 *In Rem* dwelling units through various privatization initiatives (\$430.7 million); and production and rehabilitation of approximately 6,000 units for low-income and formerly homeless individuals, including those with special needs, through the Supportive Housing Loan Program (\$678.8 million).
- Housing Authority: building systems, including security, elevators, and instantaneous hot water heaters (\$71.0 million); interior renovations, including bathrooms and kitchens (\$38.1 million); exterior renovations, including brickwork, entrances and roofing (\$17.4 million); community, daycare, and senior center upgrades, both interior and exterior (\$2.0 million); and grounds improvements (\$1.5 million).
- Economic Development: Willets Point site acquisition and offsite infrastructure development (\$343.3 million); various development and infrastructure improvement projects at the Brooklyn Navy Yard (\$49.1 million); Jamaica Center transportation and economic development projects (\$35.5 million); Governors

Island redevelopment (\$25.2 million); public investment to support the Brooklyn Academy of Music and surrounding neighborhood (\$10.5 million); implementation of various elements of the Coney Island Strategic Plan (\$26.2 million); Downtown Brooklyn redevelopment projects (\$4.0 million); pedestrian improvements in Downtown Flushing, Queens (\$12.0 million); the West 125th Street neighborhood improvement plan in Manhattan (\$5.2 million); and Cruise Ship development in Manhattan and Brooklyn (\$15.0 million).

#### *Administration of Justice and Public Safety*

- Correction: replacement of deteriorating housing facilities with new facilities (\$833.6 million); improvements to building systems, infrastructure and support space (\$474.9 million); and lifecycle replacement of equipment (\$64.3 million).
- Courts: HVAC upgrade work at the Supreme Court building in Manhattan and the Family/Criminal Court building in the Bronx (\$57.4 million); electrical upgrade work at the Supreme Court building and the Family/Criminal Court building in the Bronx (\$31.8 million); fire/life safety upgrade work at various court facilities (\$17.1 million); renovation and expansion of the Midtown Community Court in Manhattan (\$20.0 million); and interior reconstruction/renovation work at the Supreme Court building in Staten Island (\$11.9 million).
- Police: lifecycle replacement of communications equipment, computer equipment, vehicles and miscellaneous equipment (\$480.1 million); construction of five new police precincts, 40th Precinct (\$29.4 million), 66th Precinct (\$30.0 million), 70th Precinct (\$30.0 million), 110th Precinct (\$30.0 million), and 121st Precinct (\$48.6 million); design and construction of a new Police Academy (\$668.3 million); and relocation, rehabilitation or maintenance of facilities citywide (\$133.2 million).
- Fire: replacement of front-line fire-fighting apparatus, support vehicles and equipment (\$436.3 million); renovation of firehouse components including boilers, electrical upgrades, kitchens, roofs, bathrooms, waterproofing, apparatus doors, floors and windows (\$97.1 million); construction of the new Marine 9 firehouse in Homeport, Staten Island (\$10.0 million); construction of two new EMS stations (\$23.3 million); renovations to fire training facilities (\$6.0 million); purchase and upgrade of computer equipment to support agency operations (\$4.2 million); and professional services for the integration of building information systems (\$18.4 million).

#### *Recreation and Cultural*

- Parks: improvements to the park perimeter and a new amphitheater, playground, and comfort station in Soundview Park in the Bronx (\$17.4 million); construction of soccer fields and wetland restoration in Calvert Vaux Park in Brooklyn (\$18.9 million); rehabilitation of Rockaway Beach in Queens (\$24.2 million); increased access to the waterfront in Ft. Washington Park in Manhattan (\$22.0 million); re-opening of McCarren Park Pool in Brooklyn (\$45.2 million); improved lighting and safety at Highland Park in Queens (\$17.8 million); construction of a state-of-the-art track and field facility at Ocean Breeze Park in Staten Island (\$53.3 million); restoration of the historic High Bridge over the Harlem River (\$40.8 million); planting of trees, including the planting of new street trees (\$223.6 million), the restocking of parks with saplings (\$31.5 million), and the construction of greenstreets (\$3.7 million); construction of a new park at Fresh Kills in Staten Island, including roads and other park features (\$78.1 million); construction of replacement parkland in the Bronx in the area around the new Yankee Stadium (\$54.6 million); acquisition and development of open space and a sports field along the Greenpoint and Williamsburg waterfronts (\$51.9 million); construction of a new Lakeside Ice Skating Center in Prospect Park in Brooklyn (\$27.4 million); continued design and construction for the new High Line Park in Manhattan (\$19.5 million); construction of the new Brooklyn Bridge Park in Brooklyn (\$38.3 million); continued construction of Hudson River Park in Manhattan (\$29.0 million); reconstruction of Fort Totten Park in Queens (\$3.7 million); and reconstruction and replacement of safety surfaces, play equipment and paths in neighborhood parks and playgrounds citywide (\$123.8 million).

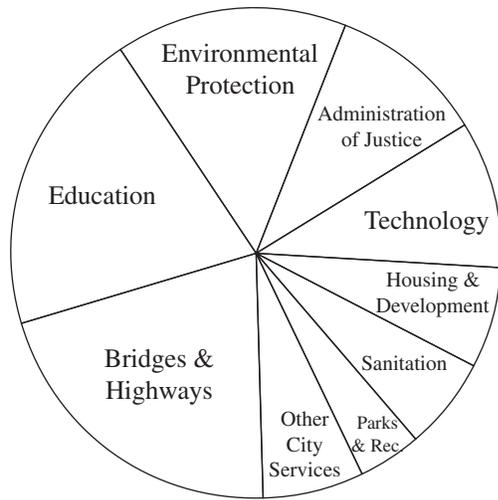
- **Public Libraries:** upgrades to the mechanical penthouse at the Humanities and Social Sciences Library in Manhattan (\$2.6 million); site acquisition and new branch construction of the Rossville branch library in Staten Island (\$7.8 million); HVAC and boiler replacement and a new technology system at the Red Hook branch library in Brooklyn (\$1.2 million); rehabilitation of the Ryder branch library in Brooklyn (\$1.1 million); new Children's Library Discovery Center at the Queens Central Library (\$7.7 million, in addition to \$14.7 million in 2009); and the replacement facility for the Far Rockaway branch library in Queens (\$4.7 million, added to \$14.6 million in 2009).
- **Department of Cultural Affairs:** funding for the Master Plan redevelopment projects at Lincoln Center for the Performing Arts in Manhattan (\$75.2 million); renovation and expansion of the Whitney Museum of Art in Manhattan (\$51.5 million); renovation of the shark exhibit and other improvements at the New York Aquarium/Wildlife Conservation Society in Brooklyn (\$41.4 million); reconstruction of non-performance spaces at Carnegie Hall in Manhattan (\$35.0 million); interior reconstruction and archival storage at the Staten Island Museum (\$15.2 million); expansion of the Queens Museum of Art (\$15.0 million); renovation of the old Salvation Army site and rehabilitation of the Harvey Theater at the Brooklyn Academy of Music (\$12.5 million); construction of a new water garden at the Brooklyn Botanic Garden (\$8.0 million); various reconstruction and stabilization projects at the New York Hall of Science in Queens, including the replacement of air-handling units (\$2.0 million) and the reconstruction of interior systems in the Great Hall (\$5.3 million); renovation of the Children's Farmstead at the Staten Island Zoo (\$7.1 million); various reconstruction projects at the Snug Harbor Cultural Center in Staten Island, including the exterior reconstruction of Building E, implementation of a site-wide circulation plan of pedestrian walkways, installation of air conditioning in Building D, a site wide fire alarm upgrade (\$6.8 million added to \$9.4 million in 2009); renovation of the Bronx River Art Center (\$6.4 million); ADA compliance work at Wave Hill in the Bronx (\$5.7 million); construction of the Visitor's Center at the Louis Armstrong House in Queens (\$5.0 million in addition to \$2.5 million in 2009); and the purchase of digital sound equipment for the Ghetto Film School in the Bronx (\$750,000).

*Department of Citywide Administrative Services*

- **Public Buildings:** rehabilitation of City-owned space (\$427.7 million) including renovations to the Brooklyn Municipal Building (\$32.2 million) and the Manhattan Municipal Building (\$21.5 million); compliance with legal mandates (\$202.8 million) including fire safety improvements (\$84.3 million) and façade repairs (\$80.0 million); the renovation of leased space (\$128.7 million), including the relocation and consolidation of the Queens District Attorney's Office (\$24.3 million) and the renovation of leased space for nine City agencies at 40 Rector Street in Manhattan (\$15.0 million); modernization of the Board of Elections (\$62.6 million), including the purchase of electronic voting machines as required by the Help America Vote Act (HAVA) (\$50.0 million); purchase of equipment (\$48.2 million); miscellaneous construction in other facilities (\$14.9 million); and reconstruction of waterfront and non-waterfront properties (\$31.2 million).
- **Energy Efficiency and Sustainability:** energy efficiency measures and building retrofits (\$832.1 million), including energy retrofit projects in City buildings (\$499.1 million).

## 2010 AUTHORIZED CAPITAL COMMITMENTS, BY PROGRAM

(\$ in Millions - All Funds)



<i>% of Plan</i>	<i>Program</i>	<i>2010 Plan</i>
21%	Bridges & Highways	\$2,372
20%	Education	2,293
15%	Environmental Protection	1,727
10%	Administration of Justice	1,169
10%	Technology	1,098
7%	Housing & Development	767
6%	Sanitation	695
4%	Parks & Recreation	456
7%	Other City Services	751
	<b>Total</b>	<b>\$11,328</b>

### 2010 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 (\$724.6 million); Citywide Timekeeping and Workforce Management System (CityTime) (\$98.1 million); upgrade of the City's Financial Management System (FMS), including its integration with the Department of Education (\$57.9 million); and development and implementation of a Citywide Human Services case management system and the implementation of the e311/human services call-taking capacity at the City's 311 Call Center (HHS-Connect/e311) (\$17.3 million).

#### *Environmental Protection and Sanitation*

- Sewers: reconstruction and augmentation of the City's sewer system (\$212.8 million).
- Water Mains, Sources and Treatment: continued construction of an ultraviolet light water disinfection plant for water from the Catskill and Delaware Watersheds (\$25.3 million); ongoing construction of the Croton Water Filtration Plant (\$99.0 million); and continued construction of in-City water mains and ancillary work (\$169.5 million).
- Wastewater Treatment: continued reconstruction of the Newtown Creek Wastewater Treatment Plant (WWTP) (\$573.3 million); continued refurbishing of pumping stations citywide (\$6.2 million); and implementation of initiatives addressing water quality problems attributed to combined sewer overflow (CSO) discharges into the City's surrounding waterways during rainstorms (\$54.3 million).
- Water Supply: continued construction of the Third Water Tunnel, Stage Two (\$31.8 million).

- Equipment: continued water conservation programs including the installation of water meters (\$17.0 million).
- Sanitation: purchase of vehicles and other equipment (\$124.7 million); construction and reconstruction of sanitation garages and other facilities, citywide (\$435.0 million); and construction of solid waste management facilities (\$134.7 million).

#### *Transportation*

- Bridges: the continued reconstruction/rehabilitation of the four East River Bridges (\$640.0 million); the reconstruction of five bridge structures rated “poor” (\$199.2 million) and 11 bridge structures rated “fair” (\$616.2 million). The total Bridge Program for 2010 is \$1.5 billion.
- Highways: the reconstruction and/or resurfacing of 231 linear miles (780 lane miles) of streets (\$552.5 million); the reconstruction of retaining walls, sidewalks and the installation of pedestrian ramps (\$111.6 million); and facility reconstruction (\$39.1 million). The total Highway Program for 2010 is \$703.2 million.
- Traffic: the modernization and expansion of the City’s computerized traffic signal network to improve traffic flow (\$68.7 million); installation of signals, streetlights, and lane markings associated with the Highway Reconstruction Program (\$27.6 million); and the upgrade of the street lighting system (\$31.1 million). The total Traffic Program for 2010 is \$153.7 million.
- Ferries: the reconstruction and improvement of various ferry vessels (\$25.2 million), and terminals (\$10.3 million); and general construction work at the ferry maintenance facilities (\$1.6 million). The total Ferries Program for 2010 is \$37.1 million.
- Transit: contribution to the MTA’s capital program, including subway and bus fleet enhancements, infrastructure improvements, in-house track rehabilitation and reconstruction of bus and subway lines for New York City Transit. The Transit Program for 2010 totals \$61.9 million.

#### *Education, Health and Social Services*

- Education: capital improvements that enhance educational programs (\$264.5 million); rehabilitate, replace and upgrade building components (\$467.3 million); construct new schools (\$440.1 million); modernize school buildings (\$0.4 million); cover emergency projects, research and development, and prior plan completion costs (\$617.7 million); expand facilities through leases, building additions, modular classrooms and new athletic fields and playgrounds (\$455.7 million); and address the need for security systems, emergency lighting and code compliance (\$34.1 million). The total Education Program for 2010 is \$2.3 billion.
- Higher Education: reconstruction and renovations to existing facilities (\$11.3 million); purchase of computer, laboratory and other equipment (\$1.5 million); construction relating to access, health and safety mandated programs (\$0.3 million); continued construction of the new Fiterman Hall at the Borough of Manhattan Community College (\$129.0 million in 2009), the North Instructional Building at the Bronx Community College (\$14.8 million in 2009) and Academic Building I at Medgar Evers College (\$31.0 million in 2009). The total Higher Education Program for 2010 is \$13.2 million.
- Health: technology upgrades for the Office of the Chief Medical Examiner and construction of a new Bronx Mortuary (\$0.9 million); Public Health Laboratory and upgrade (\$13.5 million); various DOHMH facility rehabilitation, renovations and emergency upgrades (\$15.6 million); automation and technology infrastructure improvements (\$2.3 million) and equipment and vehicles purchases (\$5.3 million); hospital improvements including Labor Law 11 compliance and upgrading existing power systems (\$1.4 million); major hospital reconstruction projects that include Harlem Hospital and Gouverneur Nursing facility and

Diagnostic and Treatment Center (\$38.2 million); other routine reconstruction projects (\$10.5 million), miscellaneous construction projects and equipment purchase (\$1.2 million); and ambulance purchases (\$5.6 million).

- Aging: rehabilitation of senior centers, with a primary focus on improvements to fire suppression systems, heat and hot water systems, and renovations for handicapped accessibility (\$0.7 million); and information technology upgrades to enhance the ability of older New Yorkers to access services and benefits electronically (\$0.5 million).
- Administration for Children's Services: renovation and code compliance at various child care centers (\$0.4 million); continued development of ACCIS (\$6.1 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 (\$33.6 million); and renovation and furniture purchases for the agency central office at 150 William Street and various field offices (\$7.0 million).
- Homeless Services: computer network upgrade and equipment purchase, including the development of the HOPES case management and client tracking system (\$17.6 million); renovation and upgrade of adult shelters (\$14.0 million); renovation and upgrade of family shelters (\$27.6 million); and completion of a new family intake center (\$10.0 million).
- Human Resources: renovation of model offices (\$3.0 million); completion of the \$19.2 million secondary data center (\$5.2 million in 2010) and expansion of agency wide Voice Over Internet Protocol (\$1.8 million).

#### *Housing and Development*

- Housing: development of over 5,000 new rental and homeownership dwelling units through varied scattered site, large-scale, and multifamily initiatives (\$163.3 million); provision of low-interest loans to finance the rehabilitation and preservation of over 4,000 units in privately-owned buildings under the Low Income Housing Tax Credit Year 15 Preservation, Article 7A, Article 8A, Participation Loan, Senior Citizens Home Assistance, and other housing preservation programs (\$94.8 million); disposition and rehabilitation of approximately 250 *In Rem* dwelling units through various privatization initiatives (\$48.5 million); and production and rehabilitation of approximately 800 units for low-income and formerly homeless individuals, including those with special needs, through the Supportive Housing Loan Program (\$75.5 million).
- Housing Authority: building system upgrades and replacements, including instantaneous hot water heaters and elevators (\$18.8 million).
- Economic Development: Willets Point site acquisition and offsite infrastructure development (\$197.2 million); various development and infrastructure improvement projects at the Brooklyn Navy Yard (\$12.2 million); Jamaica Center transportation and economic development projects (\$29.3 million); Governors Island redevelopment (\$4.9 million); public investment to support growth of the Brooklyn Academy of Music (\$5.1 million); pedestrian improvements in Downtown Flushing in Queens (\$12.0 million); the West 125th Street neighborhood improvement plan in Manhattan (\$5.2 million); and implementation of various elements of the Coney Island Strategic Plan (\$8.0 million).

#### *Administration of Justice and Public Safety*

- Correction: replacement of deteriorating housing facilities with new facilities (\$24.3 million); improvements to building systems, infrastructure and support space (\$155.0 million); and lifecycle replacement of equipment (\$11.7 million).

- Courts: renovation and expansion of the Midtown Community Court in Manhattan (\$20.0 million); electrical upgrade work at the Supreme Court building in the Bronx, the Criminal Court building in Brooklyn, and the Supreme Court building in Staten Island (\$28.0 million); HVAC upgrade work at the Family/Criminal Court building in the Bronx, the Supreme Court building in Brooklyn, the Criminal Court building in Brooklyn, the Criminal Court building in Manhattan, and the Harlem Courthouse building in Manhattan (\$16.8 million); and reconstruction/renovation work at ten courthouse buildings (\$22.7 million).
- Police: design and construction of a new Police Academy (\$668.3 million); construction of the 121st Precinct (\$48.6 million); relocation, maintenance and rehabilitation of facilities citywide (\$53.3 million); and lifecycle replacement of Mobile Data Computers (\$10.0 million); replacement and upgrade of critical data management systems (\$16.8 million); and lifecycle replacement of vehicles (\$16.6 million).
- Fire: replacement of front-line fire-fighting apparatus, support vehicles and equipment (\$32.8 million); renovation of firehouse components including boilers, electrical upgrades, kitchens, roofs, bathrooms, waterproofing, apparatus doors, floors and windows (\$16.8 million); construction of a new EMS Station in Greenpoint, Brooklyn (\$9.1 million); and professional services for the integration of building information systems (\$9.4 million).

#### *Recreation and Cultural*

- Parks: planting new street and park trees and the construction of greenstreets citywide (\$35.2 million); site improvements at Independence Park in Staten Island (\$1.2 million); renovation of Washington Square Park in Manhattan (\$7.8 million); restoration of eroded areas at Orchard Beach in the Bronx (\$3.7 million); infrastructure work at Randall's Island in Manhattan (\$12.6 million); installation of field lighting at Dyker Beach and Sunset Parks in Brooklyn (\$1.2 million); and reconstruction of the Vic Hanson Recreation Center (\$1.0 million) and the Alley Pond Environmental Center (\$1.0 million) in Queens.
- Public Libraries: new NYPL Library Services Center which will centralize operating functions for the NYPL branch and research libraries in the Bronx, Manhattan and Staten Island (\$4.0 million, added to \$30.0 million in 2009); boiler replacement and elevator upgrades at the St. George branch library in Staten Island (\$700,000); improvements and modifications to the Brooklyn Central Library (\$4.5 million, in addition to \$11.5 million in 2009); interior modifications and expansion of the Sunset Park branch library in Brooklyn (\$1.2 million); new parking lot for the Langston Hughes community library in Queens (\$2.0 million); and the Elmhurst community library replacement facility in Queens (\$1.0 million added to \$23.7 million in 2009).
- Department of Cultural Affairs: funding for the Master Plan redevelopment projects at Lincoln Center for the Performing Arts in Manhattan (\$26.7 million); interior reconstruction and archival storage at the Staten Island Museum (\$15.2 million); expansion of the Queens Museum of Art (\$15.0 million); renovation and reconstruction of the New York State Theater in Manhattan (\$10.0 million); renovation of the old Salvation Army site and rehabilitation of the Harvey Theater at the Brooklyn Academy of Music (\$8.5 million); renovation of the Bronx River Art Center (\$6.4 million); theater renovation and new Kids Gallery at the New York Historical Society in Manhattan (\$5.0 million); renovation of the shark exhibit and other improvements at the New York Aquarium/Wildlife Conservation Society in Brooklyn (\$3.0 million); permanent exhibition space at the Brooklyn Historical Society (\$1.8 million); capital improvements at the St. George Theater in Staten Island (\$1.3 million); expansion of the Museum of the Moving Image in Queens (\$1.0 added to \$16.3 million in 2009); systems reconstruction of the Great Hall at the New York Hall of Science in Queens (\$1.0 million); the purchase of digital sound equipment for the Ghetto Film School in the Bronx (\$750,000); renovation and expansion of Mind Builders Creative Arts Center in the Bronx (\$482,000 added to \$4.4 million in 2009); and systems upgrade and the purchase of a trolley at the Snug Harbor Cultural Center in Staten Island (\$204,000 added to \$9.4 million in 2009).

*Department of Citywide Administrative Services*

- **Public Buildings:** rehabilitation of City-owned space (\$76.8 million), including renovations to Queens Borough Hall (\$22.9 million), the Manhattan Municipal Building (\$8.3 million), the Brooklyn Municipal Building (\$7.8 million), and Staten Island Borough Hall (\$4.8 million); miscellaneous construction in other facilities (\$3.0 million); legal mandates (\$16.4 million), including reconstruction and replacement of petroleum underground storage tanks (\$8.8 million) and environmental remediation projects (\$7.6 million); modernization of the Board of Elections (\$62.6 million), including the purchase of electronic voting machines as required by the Help America Vote Act (HAVA) (\$50.0 million) and renovation of warehouse and office facilities (\$12.6 million); renovation of leased space (\$20.3 million), including the Queens DCAS Storehouse renovations (\$3.4 million), the DYCD Office Renewal and Expansion at 156 William Street in Manhattan (\$3.1 million) and the Child Advocacy Center in the Bronx (\$1.5 million); equipment and interagency services (\$19.9 million), including the purchase of an inventory management system (\$13.8 million) and a municipal land use database (\$2.0 million); and reconstruction of waterfront properties and non-waterfront properties (\$3.1 million).
- **Energy Efficiency and Sustainability:** energy efficiency measures and building retrofits (\$113.9 million), including energy retrofit projects in City buildings (\$49.1 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 2010-2013 Borough Presidents' Allocations\*  
(City Funded Appropriations \$ in thousands)**

	2010	2011	2012	2013
<b>Bronx Program</b>				
Children's Services .....	\$750	—	—	\$1,750
Cultural Affairs .....	1,462	—	—	—
Education.....	4,130	—	—	250
Housing .....	4,718	1,000	—	600
Housing Authority .....	—	—	—	500
Juvenile Justice.....	175	—	—	—
Parks .....	2,800	—	—	—
GRAND TOTAL: BRONX .....	\$14,035	\$1,000	\$0	\$3,100
<b>Brooklyn Program</b>				
Aging.....	\$35	—	—	—
Brooklyn Public Library.....	500	—	—	—
Cultural Affairs .....	3,250	2,000	—	500
Economic Development .....	3,100	370	—	—
Education.....	3,675	—	—	—
General Services - Equipment .....	6	—	—	—
Health .....	220	—	—	—
Highways.....	200	—	—	—
Housing .....	3,100	1,000	—	—
Parks .....	3,188	373	—	—
Traffic .....	50	—	—	—
GRAND TOTAL: BROOKLYN.....	\$17,324	\$3,743	\$0	\$500
<b>Manhattan Program</b>				
Cultural Affairs .....	\$2,300	—	—	—
Education .....	2,869	—	—	—
Highways .....	175	—	—	—
Housing .....	1,500	—	—	—
Parks .....	1,125	—	—	—
GRAND TOTAL: MANHATTAN .....	\$7,969	\$0	\$0	\$0

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

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

**FY 2010-2013 Borough Presidents' Allocations\***  
**(City Funded Appropriations \$ in thousands)**

	2010	2011	2012	2013
<b>Queens Program</b>				
Aging .....	\$500	—	—	—
Children's Services .....	200	—	—	—
Cultural Affairs.....	4,771	—	—	—
Education.....	1,000	—	—	—
Health .....	500	—	—	—
Higher Education.....	5,480	—	—	—
Parks .....	5,570	—	—	—
Public Buildings .....	1,500	—	—	—
Queens Public Library .....	2,600	—	—	—
GRAND TOTAL: QUEENS .....	\$22,121	\$0	\$0	\$0
<b>Staten Island Program</b>				
Cultural Affairs .....	\$726	—	—	—
Education .....	165	—	—	—
Environmental Protection - Equipment.....	50	—	—	—
Health .....	2,952	—	—	—
Higher Education.....	451	—	—	—
Highways .....	250	750	—	—
New York Public Library.....	700	—	—	—
Parks .....	1,701	—	—	22
Public Buildings .....	5	—	—	—
Sanitation.....	127	—	—	—
Sewers.....	100	—	—	—
Transit.....	1,000	—	—	—
GRAND TOTAL: STATEN ISLAND .....	\$8,227	\$750	\$0	\$22

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

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

## **Management Initiatives**

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

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

### *Capital Program Management*

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

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

### *Capital Project Scope Development and Cost Estimation*

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

In Fiscal Year 2010, \$20.0 million will be allocated to comprehensive scope development and cost estimation by qualified outside architectural, construction management, or engineering firms. This will allow the City to conduct approximately 30 to 40 scope assessments which will guide approximately two billion dollars of new construction. Projects selected will be those that are determined to contain elements associated with cost overruns. In addition, projects may be selected that can serve as standards for later projects.

Requirements contracts have been solicited to allow for the timely selection of pre-qualified firms who will develop scopes and cost estimates, and the procurement is expected to be concluded in the fall of 2009. The firms will subcontract for special expertise when required. The completed scopes will be approved by the Office of Management and Budget prior to advancing the projects in the City's Capital Commitment Plan.

### *Capital Asset Inventory and Maintenance Program*

The Charter requires an annual assessment of the City's major assets including buildings, piers, bulkheads, marinas, bridges, streets and highways, and the preparation of maintenance schedules for these assets. This assessment report (AIMS), based on field surveys by technical professionals, details state-of-good-repair needs

and is used by agencies for capital planning purposes. A separate volume, published as a reconciliation, reports on the amounts recommended in the annual condition surveys with amounts funded in budget. To incorporate current technology and standards into the Maintenance Program, the City conducts ongoing reviews of the methodologies used in surveying and estimating the cost of maintaining its fixed assets in a state of good repair.

AIMS will be upgraded and expanded to allow for more comprehensive inspections and reporting to improve the City's management of its facilities. An expanded Facility Condition Assessment Program (FCA) will be developed in order to improve the City's ability to prevent the escalation of capital project costs which are a result of deferred capital investment or maintenance. In addition, the upgraded system will improve the ability of agencies to define and prioritize state of good repair funding requirements. By reducing the deferred maintenance backlog, and by maintaining life-cycle replacement requirements, the City will be able to realize cost savings through the reduced downtime and costs associated with emergency repairs and breakdowns.

The project will evaluate the market of facility condition assessment systems providers, software, and inspectional services, and the potential integration of facility assessment systems resident at City agencies in order to develop an acquisition plan and management strategy for the City. This multiyear project will begin by piloting the new system in a small group of agencies prior to citywide implementation. New standardized reports will be developed that will allow for improved management of maintenance needs across the agency's portfolio of assets.

### *Value Engineering*

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

Value Engineering is a collaborative effort between all concerned city agencies with budgetary and operational jurisdiction over a project, and outside consultants with expertise on critical project components. The City has utilized VE effectively in the last 27 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. Studies scheduled for upcoming VE reviews include environmental projects, dams, bridges, park infrastructure, and a water quality project.

## FINANCING PROGRAM

The City's financing program projects \$38.5 billion of long-term borrowing for the period 2009 through 2013 to support the City's current capital program. Unless bonding capacity of the New York City Transitional Finance Authority (TFA) is increased, all but a very small portion 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 state funded financing for education capital purposes through the TFA Building Aid Revenue Bonds (BARBs):

### Financing Program (\$ in Millions)

	2009	2010	2011	2012	2013	Total
City General Obligation Bonds <sup>1</sup> . . . . .	\$5,291	\$6,450	\$6,000	\$5,300	\$4,720	\$27,761
TFA Bonds <sup>2</sup> . . . . .	0	0	0	0	0	0
Water Authority Bonds <sup>3</sup> . . . . .	2,772	2,373	2,055	1,861	1,656	10,718
<b>Total</b> . . . . .	<b>\$8,063</b>	<b>\$8,823</b>	<b>\$8,055</b>	<b>\$7,161</b>	<b>\$6,376</b>	<b>\$38,479</b>

- <sup>1</sup> GO Bonds include school tax credit bonds authorized under the federal stimulus bill. Bonds will be issued for education purposes in the amounts of \$1.049 billion, \$350 million, and \$295 million in fiscal years 2010, 2011, and 2012, respectively.
- <sup>2</sup> TFA Bonds do not include state funded financing for education capital purposes as TFA Building Aid Revenue Bonds (BARBs). TFA expects to issue \$2.5 billion, \$250 million, \$800 million, \$700 million and \$750 million of BARBs in fiscal years 2009 through 2013, respectively.
- <sup>3</sup> 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)**

	2009	2010	2011	2012	2013
City General Obligation Bonds	\$39,882	\$44,683	\$48,646	\$51,755	\$54,210
TFA Bonds <sup>1</sup>	12,630	12,486	11,994	11,403	10,776
TSASC Bonds	1,274	1,264	1,254	1,243	1,231
Conduit Debt	1,738	1,676	1,610	1,541	1,469
<b>Total</b>	<b>\$55,524</b>	<b>\$60,109</b>	<b>\$63,504</b>	<b>\$65,942</b>	<b>\$67,687</b>
Water Authority Bonds <sup>2</sup>	\$21,365	\$23,468	\$25,174	\$26,663	\$27,945

<sup>1</sup> Figures above do not include BARBs.

<sup>2</sup> Net of economically defeased debt.

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

	2009	2010	2011	2012	2013
City General Obligation Bonds <sup>1</sup>	\$3,522	\$4,066	\$4,416	\$4,848	\$5,127
TFA Bonds <sup>2</sup>	1,079	1,137	1,153	1,157	1,158
TSASC Bonds	89	74	74	74	74
Conduit Debt <sup>3</sup>	129	247	251	246	245
<b>Total Debt Service</b>	<b>\$4,818</b>	<b>\$5,524</b>	<b>\$5,894</b>	<b>\$6,326</b>	<b>\$6,605</b>
Water Authority Bonds <sup>4</sup>	\$1,037	\$1,293	\$1,488	\$1,616	\$1,703

<sup>1</sup> Includes interest on short-term obligations (RANs). Excludes impact of debt redemption and defeasances.

<sup>2</sup> Figures above do not include BARBs.

<sup>3</sup> 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.

<sup>4</sup> 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**

	2009	2010	2011	2012	2013
Total Debt Service (NYC GO, Lease & TFA) as % of:					
a. Total Revenue <sup>1</sup>	7.6%	9.0%	9.2%	9.8%	9.8%
b. Total Taxes <sup>2</sup>	12.5%	15.0%	15.1%	15.6%	15.6%
c. Total NYC Personal Income	1.1%	1.4%	1.4%	1.5%	1.5%
Total Debt Outstanding (NYC GO, Lease & TFA) as % of:					
a. Total NYC Personal Income	12.1%	14.2%	14.7%	14.7%	14.5%

<sup>1</sup> Total revenue includes amounts required to pay debt service on TFA bonds backed by the City's personal income tax (PIT Bonds) and TFA operating expenses.

<sup>2</sup> Total taxes includes amounts required to pay debt service on PIT Bonds and TFA operating expenses.

Since the bankruptcy of Lehman Brothers on September 15, 2008, the City has compensated for the more limited ability of issuers to access the credit markets for large borrowings by increasing the frequency of bond issues, while decreasing their size. This strategy has been largely effective to date in raising the amount of capital projected in the Capital Program and Financial Plan. Borrowing costs have increased during this period, but not to an extent that exceeds amounts provided for in the City's debt service budget. Since the beginning of calendar 2009, the capital markets have stabilized and the City and its financing authorities have been able to resume borrowing in larger amounts.

TFA has exhausted its statutory bonding capacity for general capital purposes of \$13.5 billion (excluding refunding bonds and Recovery Bonds to pay costs related to the September 11th terrorist attacks Bonds and BARBs). TFA has been a cost-effective source of financing for the City. It has been an important source of diversification as a financing vehicle in the marketplace as well. Legislative approval is required to increase TFA's borrowing cap. If the TFA cap is not increased, the City will issue approximately \$27.7 billion of GO bonds during the plan period, which will equal 72 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 \$2.1 billion. The aggregate NYW financing during the plan period will account for approximately 28 percent of the total financing program.

### **Federal Stimulus Bill Bonds**

The federal American Recovery and Reinvestment Act (Stimulus Bill) includes a new program of Qualified School Construction Bonds (QSCBs) which are tax credit bonds designed to be sold at 0% interest by the issuer. The City is relying on the budget benefit of this new program, combined, if necessary, with newly reauthorized Qualified Zone Academy Bonds (QZABs) to maintain the full scope of the proposed five year capital plan for education. The financing program assumes that each of these federal programs will be reauthorized in calendar 2010.

QSCBs will have a maturity of up to 14 years and, in lieu of interest payments by the issuer, the federal government will provide tax credits to investors. In contrast to previous federal tax credit bond programs, the tax credits can benefit individual as well as corporate taxpayers. However, the tax credits will increase the taxable income of the benefitting investor. Other new features of the program include the ability to strip the bonds, making it possible to sell the principal payments and the tax credits to different investors.

The federal government has authorized \$11 billion per year of QSCBs in each of calendar years 2009 and 2010. Of this, The City of New York has received an allocation of \$699 million of QSCBs for each of these two years. Federal Treasury officials have stated that if the program is successful, the Obama administration is likely to propose a reauthorization after the initial two year period. Maintenance of the proposed level of the education five year capital plan depends on reauthorization and market acceptance of QSCBs.

In addition to the \$699 million per year of QSCBs allocated to NYC, the State of New York has been allocated tax credit bonds under the reauthorized Qualified Zone Academy Bonds (QZABs) program for education purposes in an amount of \$25.78 million for calendar 2008 and \$90 million for calendar 2009. The QZAB program has been reauthorized every two years in the ten years of the program's existence and is also designed to include a 100 percent subsidy of interest by the federal government.

The City is also examining closely the other new bonding programs included in the Stimulus Bill including the Build America Bond (BABs) program. BABs allow states and localities to issue higher cost taxable debt and receive reimbursements from the federal government for 35 percent of the annual interest on the bonds.

### **Bond Insurance, Bank Facilities and Floating Rate Debt**

In light of bond insurers' and commercial banks' exposure to risky investments, credit rating agencies and investors have dramatically altered their views of credit and liquidity support. Investors have become less willing

to hold debt supported by certain insurers and banks. In response, the City and its related entities have taken actions to address investor concerns. These actions include replacing credit and liquidity providers with more desirable providers. Despite the market events of last year, floating rate debt continues to provide lower interest costs than fixed rate debt, as discussed more fully later.

### New York City General Obligation Bonds

Since July 1, 2008, the City has issued \$250 million in refunding bonds and approximately \$4.7 billion in bonds for capital purposes, totaling approximately \$4.9 billion. The dates, principal amounts, and the true interest costs of the tax-exempt, fixed rate portion of these issues are as follows:

<b>NYC GO Issuances</b>						
<b>(\$ in Millions)</b>						
<u>Series</u>	<u>New\$/ Refunding</u>	<u>Issue Date</u>	<u>Tax Exempt Amount</u>	<u>Taxable Amount</u>	<u>TIC<sup>1</sup></u>	<u>Total Par Amount</u>
2009A	N	8/20/08	800	165	4.922%	965
2009B	N	9/30/08	800	90	4.487%*	890
2009CD	R	9/30/08	250	0	3.660%	250
2009E	N	10/23/08	500	50	6.181%	550
2009F	N	11/26/08	400	25	5.361%	425
2009G	N	12/18/08	300	8	6.059%	308
2009H	N	3/5/09	600	120	5.127%	720
2009I	N	4/16/09	800	33	5.305%	833
<b>Total</b>			<b>\$4,450</b>	<b>\$491</b>		<b>\$4,941</b>

<sup>1</sup> The TIC represents the interest cost for only the fixed rate portions of these transactions

\* A portion of the Series 2009B transaction consists of floating-rate bonds.

The refunding transaction the City has completed to date in fiscal year 2009 generated approximately \$20 million of debt service savings during the financial plan period.

In addition to the financings described above, the City plans to issue \$600 million of GO bonds for capital purposes in the remainder of 2009 and \$6.4 billion, \$6 billion, \$5.3 billion and \$4.7 billion in 2010, 2011, 2012 and 2013, respectively, assuming that TFA's statutory bonding cap is not increased. A portion of the City's GO Bonds are expected to be in the form of QSCBs. The City plans to issue \$699 million of these bonds, or QZABs if necessary, in calendar 2009 as well as another \$699 million in calendar 2010 and a final \$295 million later in the financial plan.

Currently the debt service for the City and its related financing entities (TFA (excluding BARBs), TSASC, and conduit debt, excluding the effect of pre-payments) is 7.6 percent of the City's total budgeted revenues in 2009. That ratio is projected rise to 9.8 percent in 2013. As a percentage of tax revenues, the debt service ratio is 12.5 percent in 2009 and is projected to increase to 15.6 percent in 2013.

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 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 2009, short-term interest rates relating to the \$6.8 billion of floating rate debt (including synthetic floating-rate debt, auction rate bonds and variable-rate demand bonds) issued by the City have been 0.52% percent on average for tax-exempt and 2.34% percent for taxable floating rate debt. As mentioned earlier, these rates have provided attractive financing costs relative to fixed rate debt despite the recent market turmoil. Tax exempt floating rate debt has traded recently at rates that are at least 500 basis points lower than those for the City's long term fixed-rate debt, resulting in an annual savings of over \$300 million.

In 2009, the City did not require a note issuance to satisfy cash flow needs. The City's financing program assumes the issuance of \$2.4 billion of notes annually through the remainder of the financial plan.

### **New York City Related Issuers - Variable Rate Debt**

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 bonds, TSASC bonds and conduit debt. The City and its related entities have over \$9.6 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.

The City has not entered into any new interest rate swaps to date in fiscal year 2009. The total notional amount of swaps outstanding as of March 31, 2009 was \$2.9 billion, on which the termination value was negative \$275 million. This is the theoretical amount which the City would pay if all of the swaps terminated under market conditions as of March 31, 2009 and no replacement swaps were entered into.

The following table shows the City's and its related issuers' floating rate exposure. Floating rate exposure is of note because certain events can cause unexpected increased costs. Those events include rising interest rates, a change in the tax code (in the case of tax-exempt debt), and the deterioration of the City's credit. Additionally, the deterioration of the credit of a related credit or liquidity provider can also have an impact on interest cost. By contrast, the cost of outstanding fixed rate debt does not increase if any of the previously mentioned events takes place. On the other hand, fixed rate borrowing locks in a higher borrowing cost if interest rates do not change materially or if they decline. Overall, floating rate exposure benefits the City because it reduces the cost of financing. In short, interest costs on short term debt are almost always lower than long term debt. The City has assumed floating rate exposure using a variety of instruments, including tax exempt floating rate debt, taxable floating rate debt, 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<sup>1</sup>**  
**(\$ in Millions)**

	<u>GO</u>	<u>TFA</u>	<u>Lease</u>	<u>TSASC</u>	<u>Total</u>
VRDB & Auction Rate Bonds . . . . .	\$5,863	\$2,722	\$30	\$0	\$8,615
Synthetic Fixed . . . . .	201	0	31	0	233
Taxable Basis Swap . . . . .	154	0	0	0	154
Total Return Swap . . . . .	500	0	0	0	500
Enhanced Basis Swap . . . . .	125	0	0	0	125
Total Floating-Rate . . . . .	<u>\$6,844</u>	<u>\$2,722</u>	<u>\$61</u>	<u>\$0</u>	<u>\$9,627</u>
Total Debt Outstanding . . . . .	\$39,882	\$12,630	\$1,738	\$1,274	\$55,524
					17.3%
% of Floating-Rate / Total Debt Outstanding . . . . .					
Total Floating-Rate Less \$3.6 Billion Average Balance in General					
Fund (Floating-Rate Assets) . . . . .					5,988
% of Net Floating Rate / Total Debt Outstanding . . . . .					10.8%

<sup>1</sup> Debt Outstanding as of the Executive 2010 Budget, excluding NYW, HYIC, and TFA BARBs

The 17.3 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 \$3.6 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 10.8 percent of its outstanding debt. 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 \$37.8 billion in bonds. These bond issuances included a combination of general (first) resolution, second general resolution and subordinated special resolution crossover refunding water and sewer system revenue bonds. Of this aggregate bond par amount, \$21.4 billion is outstanding, \$12.5 billion was refinanced with lower cost debt, \$777 million was defeased with Authority funds prior to maturity, and \$3.1 billion was retired with revenues as it matured.

In addition to this long-term debt, NYW uses tax-exempt commercial paper as a source of flexible short-term financing. In September 2008, NYW expanded its commercial paper program to \$1 billion through the issuance of \$200 million of unenhanced extendible municipal commercial paper (EMCP) notes, increasing the total amount of EMCP notes to \$400 million. In addition to EMCP notes, NYW’s commercial paper program includes \$600 million of notes backed by lines of credit from six banks.

NYW maintains strong credit ratings from all three rating agencies. In July 2008, Standard & Poor’s upgraded ratings on NYW’s first resolution debt to AAA from AA+ and upgraded ratings on its second resolution debt to AA+ from AA.

**NYW Ratings**

<b>Resolution</b>	<b>Fitch</b>	<b>Moody’s</b>	<b>Standards and Poor’s</b>
First Resolution	AA	Aa2	AAA
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 source of long-term below-market interest rate borrowing, which is subsidized from interest earnings on federal capitalization grants and state matching funds held by EFC.

### **EFC Ratings**

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

On July 23, 2008, NYW issued \$334.1 million of Second General Resolution Revenue Bonds, Fiscal 2009 Series AA to refund \$352.2 million of its remaining auction rate bonds. In addition, during the summer of 2008, NYW closed two new money bond series, including Second General Resolution Revenue Bonds, Fiscal 2009 Series BB offered as variable rate demand bonds in two sub-subseries of \$100.4 million each, and backed by standby bond purchase agreements. Additionally, NYW issued \$150.1 million of fixed-rate Second Resolution General Revenue Bonds, Fiscal 2009 Series CC consisting of term bonds maturing in 2029, 2030 and 2034.

On October 29, 2008, NYW closed \$536.0 million of new money fixed rate first resolution revenue bonds, Fiscal 2009 Series A. This bond issue included serial bonds maturing from 2017 to 2024 and a term bond maturing in 2040.

On December 11, 2008, NYW closed \$325.6 million of new money fixed rate second resolution revenue bonds, Fiscal 2009 Series DD. This bond issue included serial bonds maturing from 2023 through 2028 and a term bond maturing in 2040.

On January 29, 2009, NYW closed \$645.5 million of fixed rate second resolution revenue bonds, Fiscal 2009 Series EE. This bond issue included \$460 million of new money and \$185 million for the refunding of Fiscal Series 2003 C-1 and C-2 first resolution variable rate bonds. Fiscal 2009 Series EE included serial bonds maturing from 2014 through 2018 and term bonds maturing in 2039 and 2040.

On February 26, 2009, NYW closed \$362.8 million of fixed rate second resolution revenue bonds, Fiscal 2009 Series FF. The bond issue included \$270 million in new money and \$92.8 million for the refunding of Fiscal Series 2003 C-3 variable rate bonds. Fiscal 2009 Series FF included serial bonds maturing from 2014 through 2018 and a term bond maturing in 2040.

On April 2, 2009, NYW issued \$448.4 million in new money fixed rate second resolution bonds to the New York State Environmental Facilities Corporation. The Fiscal 2009 Series 1 & Series 2 bonds included serial maturities from 2010 to 2038.

The eight bond series that have been closed to date in Fiscal Year 2009 are summarized in the following table. The proceeds of new money bonds were used to refinance commercial paper previously issued by NYW, to pay principal and interest on certain of the Authority's outstanding debt, to pay costs of improvements to the water and sewer system and to pay the costs of issuance. First resolution bond proceeds were also used to fund a portion of the debt service reserve fund.

## NYW Issuance

Series	(N)ew Money /(R)ef.	Issue Date	Par Amount	True Interest Cost (TIC)	Longest Maturity
2009 Series AA	R	7/23/08	\$334,075,000	4.27%	2022
2009 Series BB	N	8/7/08	\$200,870,000	1.16%*	2039
2009 Series CC	N	8/7/08	\$150,100,000	4.97%	2034
2009 Series A	N	10/29/08	\$536,030,000	5.88%	2040
2009 Series DD	N	12/11/09	\$325,580,000	5.94%	2040
2009 Series EE	N/R	1/29/09	\$645,455,000	5.16%	2040
2009 Series FF	N/R	2/26/09	\$362,830,000	4.96%	2040
2009 Series 1 & 2	N	4/2/09	\$448,435,268	3.07%	2038

\* Bonds issued as variable rate demand bonds; rate shown is an average from the issue date through April 14, 2009.

NYW expects to issue approximately \$200 million of new money bonds over the remainder of Fiscal 2009.

During the period from 2010 to 2013, NYW expects to sell an average of approximately \$2.0 billion of new money 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. All new debt in 2010 is expected to be issued as fixed rate debt; however the issuance of floating rate debt will be considered based on market conditions. After 2010, approximately 80 percent of new debt per year is expected to be issued as fixed rate debt with the remainder issued as floating rate debt, subject to market conditions.

### The New York City Transitional Finance Authority

The TFA is a corporate governmental agency constituting a public benefit corporation and instrumentality of the State of New York created by Chapter 16 of the Laws of 1997 in March 1997. The TFA was created to issue debt, primarily secured with the City's personal income tax (PIT), to fund a portion of the capital program of the City. The TFA was originally authorized to issue up to \$7.5 billion of bonds and notes. 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).

On April 2, 2009, the TFA issued \$219 million of PIT refunding bonds. This transaction generated over \$11 million of budgetary savings in 2010. The present value savings was approximately 4.8%.

In April 2006, the State enacted legislation authorizing issuance by the TFA of an additional \$9.4 billion of bonds to be used to fund capital costs for the Department of Education. This legislation also provided for the assignment to TFA of State building aid that had previously been paid directly to the City. Since the inception of this financing program, the TFA has issued \$3.67 billion of BARBs to fund the capital program of the Department of Education. The financial plan now reflects \$2.5 billion, \$250 million, \$800 million, \$700 million, and \$750 million of issuance in fiscal years 2009 through 2013, respectively.

## **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 (PILOT) on the commercial development and various developer payments. To the extent these revenues are not sufficient to cover interest payments, the City has agreed to make interest support payments to HYIC subject to appropriation. Since the initial issuance of HYIC bonds, the City has not needed to make interest support payments because revenues and earnings on bond proceeds have been sufficient to cover interest payments. In addition, HYIC expects a second and final issuance of \$1 billion of bonds in 2011.

In November 2007, the board of the MTA approved the initial tunneling contract for the No. 7 line extension for a cost of \$1.14 billion. The shafts for the two subway tunnels have been under construction since February of 2008. The components of the Tunnel Boring Machine that construct the tunnels were delivered to the site in the first quarter of calendar year 2009, with construction expected to begin on the two tunnels during the second quarter.

On May 19, 2008, single-purpose entities created by The Related Companies were conditionally designated to develop a 12 million square foot mixed-use project over the Eastern and Western sections of the MTA's West Side Rail Yard, including the construction of platforms over both Rail Yards. MTA estimated the present value of the lease payments to be made to the MTA to be \$1 billion. In addition, these entities will pay PILOT to HYIC.

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# 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 2010

(\$ 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			
<b>Uniform Agencies</b>													
Police Department	\$4,015	\$1,440	\$2,017	\$7,472	\$263	\$—	\$42	\$131	\$84	\$520	\$7,992	\$7,764	\$7,651
Fire Department	1,450	511	910	2,871	129	—	7	25	82	243	3,114	3,103	2,901
Department of Correction	845	326	261	1,432	125	—	7	21	172	325	1,757	1,757	1,724
Department of Sanitation	742	315	201	1,258	527	—	6	33	232	798	2,056	2,054	2,015
<b>Subtotal</b>	<b>\$7,052</b>	<b>\$2,592</b>	<b>\$3,389</b>	<b>\$13,033</b>	<b>\$1,044</b>	<b>\$—</b>	<b>\$62</b>	<b>\$210</b>	<b>\$570</b>	<b>\$1,886</b>	<b>\$14,919</b>	<b>\$14,678</b>	<b>\$14,291</b>
<b>Health and Welfare</b>													
Administration for Children's Services	\$371	\$116	\$39	\$526	\$2,245	\$—	\$3	\$2	\$—	\$2,250	\$2,776	\$2,770	\$812
Department of Social Services	721	280	109	1,110	960	6,206	6	5	67	7,244	8,354	8,349	6,175
Department of Homeless Services	113	38	15	166	659	—	1	1	-	661	827	719	347
Department of Health and Mental Hygiene	406	112	49	567	1,192	—	1	3	35	1,231	1,798	1,795	787
Health and Hospitals Corporation <sup>1</sup>	—	25	-	25	174	—	5	190	143	512	537	457	230
<b>Subtotal</b>	<b>\$1,611</b>	<b>\$571</b>	<b>\$212</b>	<b>\$2,394</b>	<b>\$5,230</b>	<b>\$6,206</b>	<b>\$16</b>	<b>\$201</b>	<b>\$245</b>	<b>\$11,898</b>	<b>\$14,292</b>	<b>\$14,090</b>	<b>\$8,351</b>
<b>Education</b>													
Department of Education	\$10,011	\$2,967	\$2,480	\$15,458	\$5,364	\$—	\$19	\$40	\$1,024	\$6,447	\$21,905	\$21,773	\$10,810
City University	373	84	50	507	189	—	—	1	52	242	749	736	521
<b>Subtotal</b>	<b>\$10,384</b>	<b>\$3,051</b>	<b>\$2,530</b>	<b>\$15,965</b>	<b>\$5,553</b>	<b>\$—</b>	<b>\$19</b>	<b>\$41</b>	<b>\$1,076</b>	<b>\$6,689</b>	<b>\$22,654</b>	<b>\$22,509</b>	<b>\$11,331</b>
Other Agencies	\$2,154	\$679	\$310	\$3,143	\$4,070	\$—	\$73	\$210	\$1,847	\$6,200	\$9,343	\$8,332	\$6,764
Elected Officials	420	108	59	587	88	—	5	1	—	94	681	679	635
Miscellaneous Budget	969	—	—	969	—	1,873 <sup>2</sup>	—	—	386	2,259	3,228	3,228	2,636
Debt Service Costs (Unallocated)	—	—	—	—	—	—	—	—	189	189	189	189	155
Re-estimate of Prior Years' Expenses	—	—	—	—	—	—	—	—	—	—	—	—	—
<b>Total<sup>3</sup></b>	<b>\$22,590</b>	<b>\$7,001</b>	<b>\$6,500</b>	<b>\$36,091</b>	<b>\$15,985</b>	<b>\$8,079</b>	<b>\$175</b>	<b>\$663</b>	<b>\$4,313</b>	<b>\$29,215</b>	<b>\$65,306</b>	<b>\$63,705</b>	<b>\$44,163</b>
<b>City Funds</b>	<b>\$12,787</b>	<b>\$5,708</b>	<b>\$6,335</b>	<b>\$24,830</b>	<b>\$7,962</b>	<b>\$6,556</b>	<b>\$168</b>	<b>\$473</b>	<b>\$4,174</b>	<b>\$19,333</b>	<b>\$44,163</b>		
Less: Prepayments Total	\$—	\$—	\$—	\$—	\$278	\$275	\$—	\$—	\$3,709	\$4,262	\$4,262	\$4,262	\$4,262
After Prepayments	\$22,590	\$7,001	\$6,500	\$36,091	\$15,707	\$7,804	\$175	\$663	\$604	\$24,953	\$61,044	\$59,443	\$39,901

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

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

(3) Excludes the impact of prepayments and debt defeasances.

## 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 education and instruction for English language learners and career and technical training. Support services include free and subsidized transportation, breakfast and lunch services, and the operation and maintenance of over 1,450 schools.

### Financial Review

The Department of Education's 2010 operating budget is \$18,313.3 million, an increase of \$653.8 million over the 2009 forecast of \$17,659.4 million. In addition, education-related pension and debt service costs of \$3,971.1 million are budgeted in separate agencies. These additional costs include a pension increase of \$167.7 million from 2009 and a debt service increase of \$274.4 million. City funds including pensions and debt service support \$11,001.6 million of the Department of Education's expense budget in 2010, an increase of \$420.4 million, or 4.0 percent. State funds support \$8,519.2 million, a decrease of \$252.8 million. The balance of the education budget is supported by a record \$2,691.8 million in Federal aid stemming from the economic stimulus package (an increase of \$951.6 million from the 2009 forecast), \$8.8 million in intra-city funds and \$63.0 million in other categorical funds. Including those funds budgeted centrally, total funds budgeted on behalf of the Department of Education increase from \$21,176.5 million in the 2009 forecast to \$22,275.6 million in the 2010 Executive Budget.

### Total Department of Education Expenses 2002-2010 (\$ in Millions)

	2002	2003	2004	2005	2006	2007	2008	Forecast 2009	Executive Change Budget 2010	Change 2009 to 2010	Change 2002 to 2010
<b>Department Of Education</b>											
<b>Operating Budget</b>											
City .....	\$4,785	\$5,103	\$5,464	\$5,605	\$6,306	\$6,780	\$6,998	\$7,264	\$7,349	\$85	\$2,564
Other Categorical .....	51	107	88	84	62	72	101	83	63	(20)	12
State .....	5,648	5,864	5,809	6,238	6,715	7,179	8,064	8,560	8,201	(359)	2,553
Federal .....	1,393	1,697	1,781	1,930	1,862	1,841	1,797	1,740	2,692	952	1,298
Intra-City .....	6	9	7	14	14	13	16	12	9	(3)	3
<b>Total Operating Expenditures</b>	<b>\$11,883</b>	<b>\$12,780</b>	<b>\$13,149</b>	<b>\$13,871</b>	<b>\$14,959</b>	<b>\$15,885</b>	<b>\$16,977</b>	<b>\$17,659</b>	<b>\$18,313</b>	<b>\$654</b>	<b>\$6,430</b>
<b>Other City Funds Supporting Education</b>											
Pensions .....	\$452	\$572	\$848	\$1,163	\$1,245	\$1,573	\$1,894	\$2,188	\$2,356	\$168	\$1,904
State Aid for Pensions .....	0	0	0	0	0	0	0	0	(5)	(5)	(5)
G.O. Bond Debt Service .....	473	383	518	595	796	770	804	852	1,024	172	551
State Aid for Debt Service .....	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	0	1
TFA Debt Service .....	144	161	215	227	260	304	496	488	591	102	446
State Aid for TFA Debt Service .....	0	0	0	0	0	(62)	(224)	(209)	(310)	(101)	(310)
<b>Total Additional City Funds</b>	<b>\$1,066</b>	<b>\$1,113</b>	<b>\$1,578</b>	<b>\$1,982</b>	<b>\$2,298</b>	<b>\$2,582</b>	<b>\$2,968</b>	<b>\$3,317</b>	<b>\$3,653</b>	<b>\$336</b>	<b>\$2,587</b>
<b>TOTAL CITY FUNDS</b>											
<b>FOR EDUCATION</b> .....	<b>\$5,850</b>	<b>\$6,216</b>	<b>\$7,043</b>	<b>\$7,587</b>	<b>\$8,604</b>	<b>\$9,362</b>	<b>\$9,966</b>	<b>\$10,581</b>	<b>\$11,002</b>	<b>\$420</b>	<b>\$5,151</b>
<b>TOTAL STATE FUNDS</b>											
<b>FOR EDUCATION</b> .....	<b>\$5,651</b>	<b>\$5,867</b>	<b>\$5,812</b>	<b>\$6,241</b>	<b>\$6,716</b>	<b>\$7,243</b>	<b>\$8,290</b>	<b>\$8,772</b>	<b>\$8,519</b>	<b>(\$253)</b>	<b>\$2,868</b>

The amounts shown for 2002 through 2008 represent actual expenditures including pensions and debt service funds budgeted in other agencies. The 2009 amounts represent the latest forecast as per the 2010 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**

Through added Title I funding, added IDEA funding and the Fiscal Stabilization Fund, the American Recovery and Reinvestment Act will provide the Department of Education with an additional \$951.6 million in 2010 and \$960.7 million in 2011. This added federal funding will prevent the proposed layoff of 14,000 teachers. In 2012, these resources are not available.

Between 2009 and 2010, expenditures, largely driven by increases in mandated education costs, will grow significantly. This will translate into a decline in discretionary funds available to principals in the schools. This reduction is likely to require personnel reductions in the schools but will not require layoffs of teachers. The Department of Education will avoid teacher layoffs as teachers redistribute from schools where teaching positions are eliminated to schools with vacancies created by attrition.

The \$7,348.8 million City funds budget for 2010 provides the Department of Education with \$84.8 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.

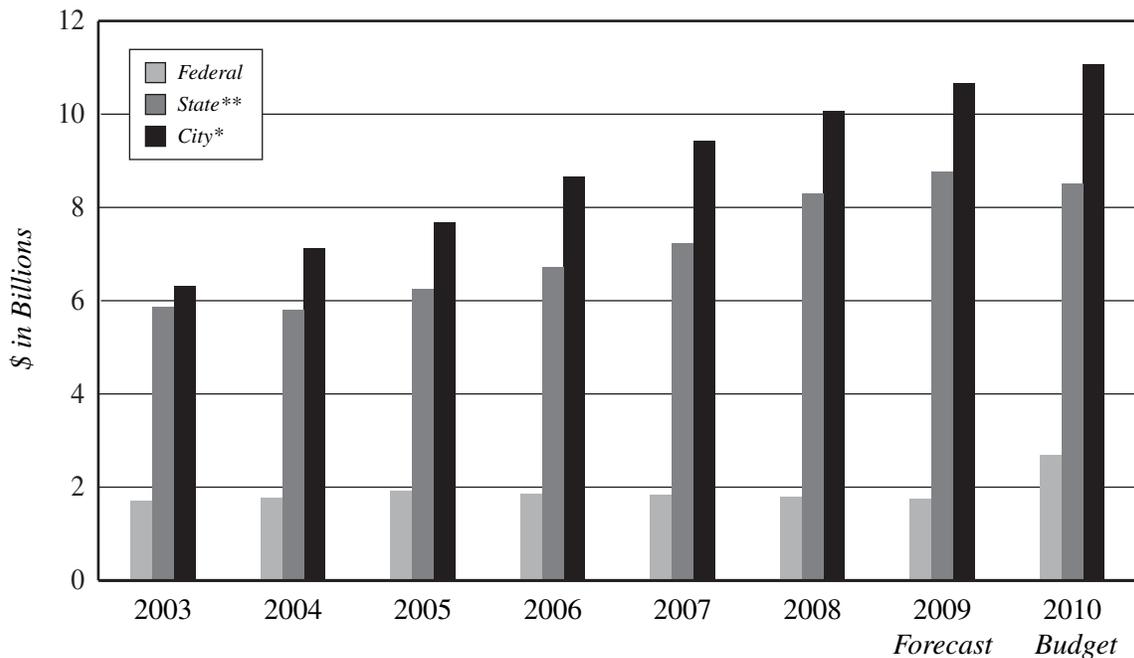
## **Summary of Agency Financial Data**

The following table compares the 2010 Executive Budget with the 2010 Preliminary Budget, the 2009 forecast and actual expenditures for 2008, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services and debt service.

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

	2008 Actual	2009 Forecast	2010		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2009 Forecast	2010 Preliminary Budget
<b>Expenditures</b>						
Salary and Wages . . . . .	\$9,348,581	\$9,707,687	\$9,225,385	\$10,010,960	\$303,273	\$785,575
Fringe Benefits . . . . .	2,525,524	2,703,284	2,810,307	2,938,118	234,834	127,811
OTPS . . . . .	5,102,928	5,248,448	5,279,737	5,364,190	115,742	84,453
Total . . . . .	<u>\$16,977,033</u>	<u>\$17,659,419</u>	<u>\$17,315,429</u>	<u>\$18,313,268</u>	<u>\$653,849</u>	<u>\$997,839</u>
<b>Funding</b>						
City . . . . .	\$6,997,793	\$7,263,998	\$7,252,307	\$7,348,825	\$84,827	\$96,518
Other Categorical Grants	101,308	83,171	51,434	62,971	(20,200)	11,537
IFA . . . . .	—	—	—	—	—	—
State . . . . .	8,064,338	8,560,200	8,223,635	8,200,904	(359,296)	(22,731)
Federal CD . . . . .	10,000	5,027	5,000	10,000	4,973	5,000
Federal Other . . . . .	1,787,343	1,735,166	1,774,269	2,681,784	946,618	907,515
Intra-City Other . . . . .	16,252	11,857	8,784	8,784	(3,073)	—
Total . . . . .	<u>\$16,977,033</u>	<u>\$17,659,419</u>	<u>\$17,315,429</u>	<u>\$18,313,268</u>	<u>\$653,849</u>	<u>\$997,839</u>
<b>Additional Costs Centrally Funded</b>						
Personal Services (PS) . . . . .						
Fringe Benefits . . . . .	\$90,542	\$99,938	(\$114,268)	\$29,366	(\$70,572)	\$143,634
Pensions . . . . .	2,018,534	2,312,671	2,480,371	2,480,371	167,700	—
Other Than Personal Service (OTPS)						
Legal Services . . . . .	16,690	21,176	17,441	19,164	(2,012)	1,723
Judgments and Claims . . . . .	72,369	39,000	40,000	40,000	1,000	—
Debt Service . . . . .	804,349	852,048	997,648	1,024,373	172,325	26,725
Total Additional Costs . . . . .	<u>\$3,002,484</u>	<u>\$3,324,833</u>	<u>\$3,421,192</u>	<u>\$3,593,274</u>	<u>\$268,441</u>	<u>\$172,082</u>
<b>Funding</b>						
City . . . . .	2,875,221	3,197,503	3,288,625	3,460,681	263,178	172,057
Non-City . . . . .	2,998	3,065	8,302	8,327	5,262	25
Intra-City Pensions . . . . .	124,265	124,265	124,265	124,265	—	—
<b>Full Agency Costs (including Central Accounts)</b>						
Salary and Wages . . . . .	\$9,348,581	\$9,707,687	\$9,225,385	\$10,010,960	\$303,273	\$785,575
Fringe Benefits . . . . .	2,616,066	2,803,222	2,696,039	2,967,484	164,262	271,445
Pensions . . . . .	2,018,534	2,312,671	2,480,371	2,480,371	167,700	—
Total PS . . . . .	<u>\$13,983,181</u>	<u>\$14,823,580</u>	<u>\$14,401,795</u>	<u>\$15,458,815</u>	<u>\$635,235</u>	<u>\$1,057,020</u>
OTPS . . . . .	\$5,102,928	\$5,248,448	\$5,279,737	\$5,364,190	\$115,742	\$84,453
Legal Services . . . . .	16,690	21,176	17,441	19,164	(2,012)	1,723
Judgments and Claims . . . . .	72,369	39,000	40,000	40,000	1,000	—
Debt Service . . . . .	804,349	852,048	997,648	1,024,373	172,325	26,725
Total OTPS . . . . .	<u>\$5,996,336</u>	<u>\$6,160,672</u>	<u>\$6,334,826</u>	<u>\$6,447,727</u>	<u>\$287,055</u>	<u>\$112,901</u>
Total Agency Costs . . . . .	\$19,979,518	\$20,984,252	\$20,736,621	\$21,906,542	\$922,290	\$1,169,921
Less Intra-City . . . . .	\$16,252	\$11,857	\$8,784	\$8,784	(\$3,073)	\$—
Intra-City Pensions . . . . .	124,265	124,265	124,265	124,265	—	—
Net Agency Cost . . . . .	<u>\$19,839,001</u>	<u>\$20,848,130</u>	<u>\$20,603,573</u>	<u>\$21,773,493</u>	<u>\$925,363</u>	<u>\$1,169,921</u>
<b>Funding</b>						
City . . . . .	9,873,013	10,461,501	10,540,933	10,809,507	348,006	268,575
Non-City . . . . .	9,965,988	10,386,629	10,062,640	10,963,986	577,357	901,346
<b>Personnel (includes FTEs at fiscal year-end)</b>						
City . . . . .	121,083	119,743	104,717	104,376	(15,367)	(341)
Non-City . . . . .	19,185	19,371	19,458	33,989	14,618	14,531
Total . . . . .	<u>140,268</u>	<u>139,114</u>	<u>124,175</u>	<u>138,365</u>	<u>(749)</u>	<u>14,190</u>

## FUNDING SOURCES 2003-2010



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

\*\* State funds include debt service and pensions.

### New York City Public School Enrollment School Year 2006-2010

	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Projection
<b>DOE Facilities Enrollment</b>					
General Education*	906,517	889,217	874,993	865,385	854,126
Special Education**	86,050	89,762	95,811	99,308	107,549
Pre-Kindergarten	29,612	21,031	22,351	21,768	21,981
<b>Subtotal</b>	<b>1,022,179</b>	<b>1,000,010</b>	<b>993,155</b>	<b>986,461</b>	<b>983,656</b>
<b>Non-DOE Facilities Enrollment</b>					
Charter Schools	11,187	15,576	18,085	23,507	30,542
Contract Schools	6,960	7,679	7,649	7,622	7,881
Pre-Kindergarten at CBOs	15,722	27,396	32,610	32,650	32,969
Special Ed Pre-Kindergarten	22,824	29,309	30,332	30,547	32,456
<b>Subtotal</b>	<b>56,693</b>	<b>79,960</b>	<b>88,676</b>	<b>94,326</b>	<b>103,848</b>
<b>TOTAL</b>	<b>1,078,872</b>	<b>1,079,970</b>	<b>1,081,831</b>	<b>1,080,787</b>	<b>1,087,504</b>

\* 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.

## Programmatic Review

### *The Student Population*

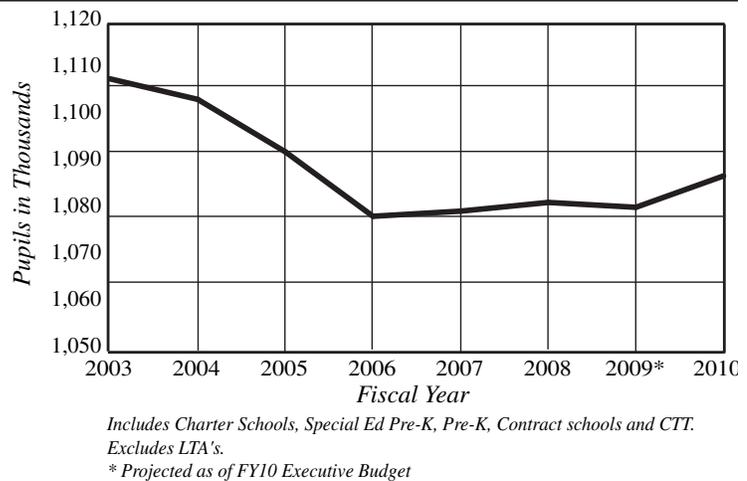
Total enrollment supported by the Department's budget, including pre-kindergarten, charter school and contract school students, will increase 6,717 from 1,080,787 in 2009 to a projected 1,087,504 in 2010. In the coming fiscal year, the City projects that general education public school enrollment for kindergarten through twelfth grade will be 884,668, or 4,224 less than in 2009. Of these students, 854,126 are expected to attend schools run by the Department of Education, and 30,542 are expected to attend charter schools. Pre-Kindergarten enrollment is expected to be flat or increase slightly.

In 2010, the City projects that 115,430 school-age students will be enrolled in full-time special education programs. This projected enrollment level is 8,500 students higher than the 2009 full-time special education population of 106,930. Of these students, 107,549 are expected to attend Department of Education facilities, and 7,881 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 32,000 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.

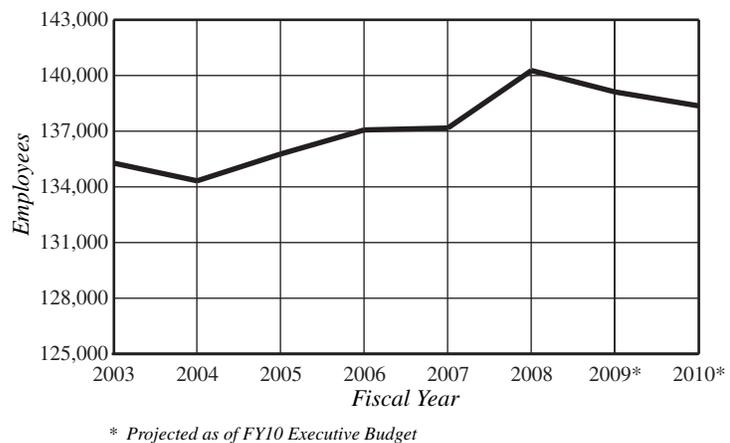
### *Staffing Levels*

In 2010 the City projects that the Department's staffing level will be 138,365. Of this count, 121,395 are full-time and 16,970 are Full Time Equivalents (FTEs). Pedagogical employees (which include teachers, superintendents, principals, assistant principals, guidance counselors, school secretaries, educational paraprofessionals and other school support staff) make up 112,036 of the full-time employees and 1,317 of the FTEs. Non-

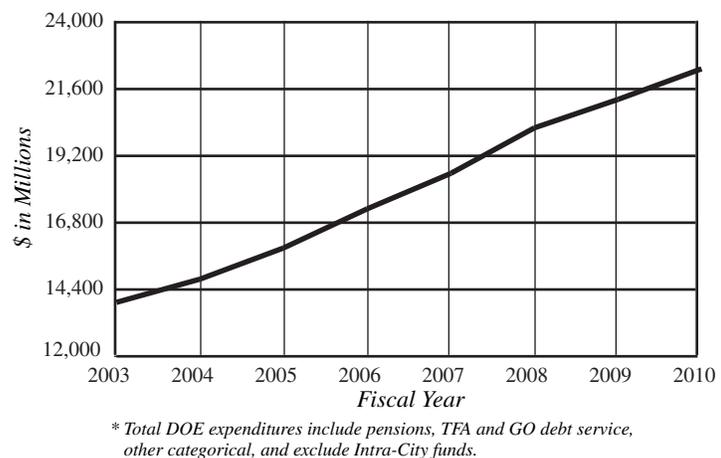
## NYC PUBLIC SCHOOL ENROLLMENT 2003-2010



## FULL TIME AND FULL TIME EQUIVALENT DEPARTMENT OF EDUCATION EMPLOYEES 2003-2010



## TOTAL DEPARTMENT OF EDUCATION EXPENDITURES 2003-2010 \*



pedagogical employees represent 9,359 of the full-time employees and 15,653 of the FTEs. The number of actual employees will diverge from these projections as each principal determines the allocation of their school's funding, including the number of teaching and non-teaching positions they add to or eliminate from the school's budget. Teaching headcount changes will be managed through attrition.

## Capital Review

The City's Four-Year Plan for 2010-2013 anticipates spending \$8.5 billion on school construction projects and is consistent with the first four years of the Department of Education's (DOE's) \$11.3 billion Five-Year Plan for 2010-2014. With the passage of the American Recovery and Reinvestment Act (ARRA), the new DOE Five-Year Plan was spared from citywide budget cuts. The next Five-Year Plan for education capital investment will utilize Federal stimulus bonds to maintain the level of City investment as proposed in the preliminary plan last fall. Stimulus bonds are currently authorized in two forms, Qualified School Construction Bonds (QSCBs) and Qualified Zone Academy Bonds (QZABs), both of which are available for educational purposes. These bonds replace the borrower's obligation to pay current interest with Federally authorized tax credits of equivalent value. Current authorizations in those programs will require renewal in 2012 to maintain the currently expected size of the Five-Year Plan. Projects financed with these bonds are eligible for State building aid.

The table below shows actual and planned capital commitments by program area over the 2008-2013 period.

### Capital Commitments (\$ in 000's)

	2008 Actual		2009 Plan		2010 Plan		2011 Plan		2012 Plan		2013 Plan	
	City Funds	All Funds										
System Expansion												
New Schools	199,867	364,296	216,072	625,603	220,049	440,098	178,891	357,782	180,846	361,692	155,361	310,722
System Expansion												
Other	305,091	581,565	204,284	591,475	227,829	455,658	218,536	437,072	257,357	514,714	275,911	551,822
School Modernizations	1,364	1,531	5,571	16,130	181	362	2,254	4,508	2,265	4,530	190	380
Rehabilitation of School												
Components	180,351	1,481,346	207,461	492,315	233,627	467,254	215,605	431,210	267,314	534,628	288,104	568,863
Educational												
Enhancements	238,412	436,204	210,470	609,384	132,253	264,506	153,120	306,240	153,961	307,922	154,631	309,262
Emergency, Unspecified												
And Miscellaneous	163,011	261,580	248,114	366,381	316,232	617,657	240,482	480,964	182,196	364,392	152,984	294,640
Safety and Security	24,249	41,846	31,119	90,100	17,036	34,072	17,112	34,224	17,261	34,522	18,073	36,146
Total	<u>1,112,345</u>	<u>3,168,368</u>	<u>1,123,091</u>	<u>2,791,388</u>	<u>1,147,207</u>	<u>2,279,607</u>	<u>1,026,000</u>	<u>2,052,000</u>	<u>1,061,200</u>	<u>2,122,400</u>	<u>1,045,254</u>	<u>2,071,835</u>

## Capital Highlights - The Fifth Five-Year Plan

The Department of Education's new Fifth Five-Year Capital Plan will provide the following:

- over \$3.7 billion for new capacity, adding more than 25,000 new seats in an estimated 42 buildings (7,183 in Brooklyn, 3,337 in the Bronx, 3,296 in Manhattan, 10,130 in Queens, 1,248 in Staten Island) and 9,000 replacement seats, which will help the Department respond to ongoing demographic growth in targeted neighborhoods, while continuing to alleviate school overcrowding, reduce class size, and strategically reduce our reliance on temporary facilities.

- about \$1.3 billion for the Facility Replacement Program, which provides funding for replacing some facilities whose leases will expire during this Plan.
- an amount of \$210 million for charter and partnership schools. The interest generated by the Charter and Partnership program in the 2005 - 2009 Plan demonstrates the desire of private partners to establish relationships with the DOE to meet the demand for new school facility development and high quality educational options.
- about \$2.2 billion for the Capital Improvement Program, which includes exterior and interior building upgrades and other necessary capital repairs to the school buildings
- approximately \$1.7 billion for Children First Initiatives designed to enhance the educational opportunities for our children. This category includes funding to support realignment of existing facilities to better suit instructional needs, large campus restructuring, physical fitness projects, science labs, accessibility and other necessary enhancements.
- about \$2.2 billion for mandated programs such as remediation and building code compliance projects, insurance, and emergencies.

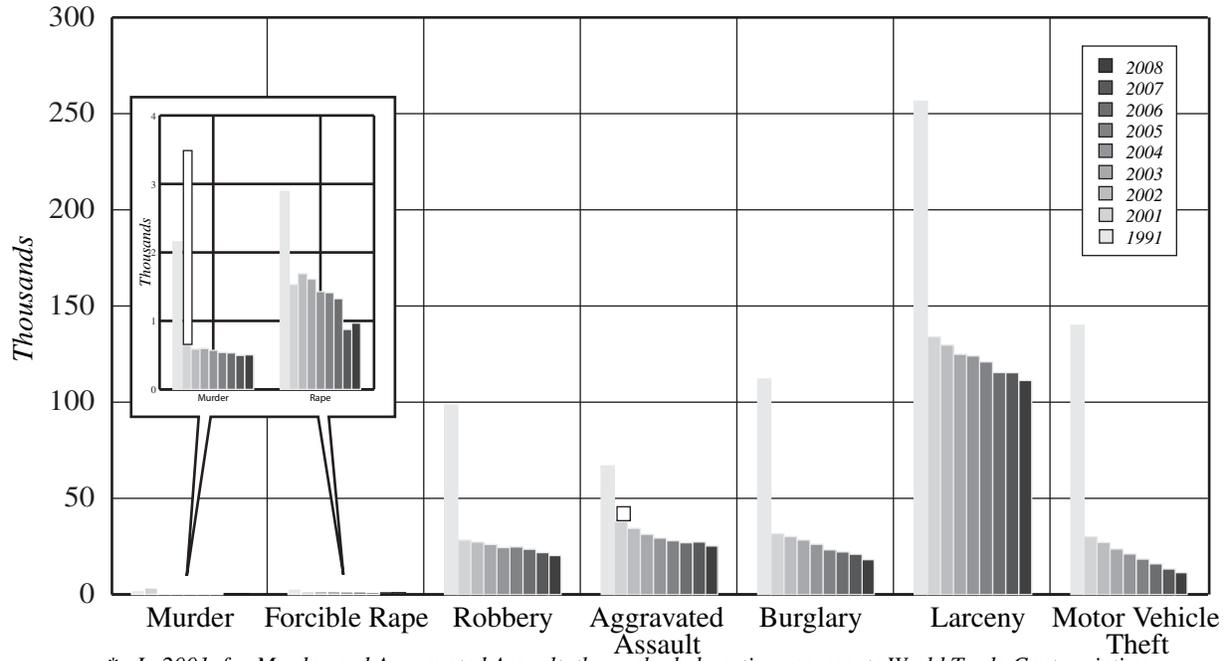
## ADMINISTRATION OF JUSTICE

### Overview

As measured by the FBI crime index, crime in New York City continues to decrease to record low levels. Since 2001, the number of FBI Index Crimes has fallen 24 percent. The FBI crime index figures from 2008 show a six percent decrease over 2007. According to these figures, Motor Vehicle Theft experienced the largest decrease (14.7 percent), followed by Burglary (13.5 percent) Aggravated Assault (7.6 percent), Robbery (6.3 percent) and Grand Larceny (3.5 percent). The year to date figures for 2009 continue this trend, showing an overall decrease in criminal complaints in comparison to 2008.

### NEW YORK CITY FBI INDEX CRIMES

Calendar Years 1991-2008\*\*



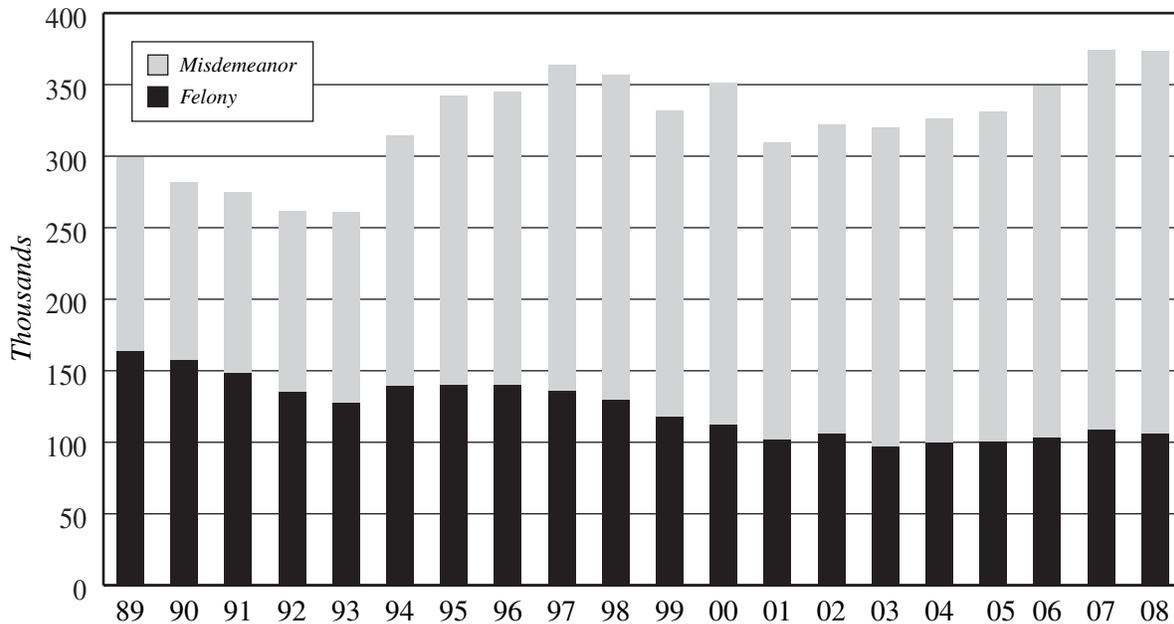
\* In 2001, for Murder and Aggravated Assault, the unshaded portion represents World Trade Center victims.

\*\* Preliminary estimates based on data for six months through June 2008.

Arrests totaled 398,315 in calendar year 2008, remaining relatively flat from 2007. The distribution of felony and misdemeanor arrests also remained at 2007 levels with 26 percent felonies, 67 percent misdemeanors and 7 percent violations.

## NEW YORK CITY FELONY & MISDEMEANOR ARRESTS

Calendar Years 1989-2008



In 2008, while overall arrest levels remained consistent with 2007, felony arrests decreased 2.5 percent; misdemeanor arrests increased 0.9 percent and violations increased 3.7 percent. In the criminal courts, the overall number of filings between 2007 and 2008 increased by eight percent. However, the Department of Correction’s population has decreased slightly. Through March 2009, the average daily population was 13,406 as compared to 13,962 in 2008. The decrease in population is primarily due to a decrease in the overall incarceration rate from 23.1 percent through March of 2008 to 22.4 percent through March of 2009.

### POLICE DEPARTMENT

In 2009, NYPD is implementing a new Property and Evidence Tracking System (PETS) which will electronically identify, locate, track and route property and evidence. PETS will be a central repository of information for all property in the custody of the Department and will streamline the collection and cataloguing of evidence. PETS will allow other criminal justice agencies as well as the Office of the Chief Medical Examiner (OCME) enhanced digital access to property and evidence vital to case processing.

In 2010, design will be completed on the new Police Academy located in College Point, Queens and construction will begin on Phase 1 of the Police Academy. Additionally, the Department will begin construction on the new 121st Precinct in Graniteville, Staten Island. This will create a fourth precinct on Staten Island, which has three of the five largest precincts in terms of geographic area covered.

### DEPARTMENT OF CORRECTION

With the average daily population remaining below 15,000 for the eighth 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 and often temporary structures.

The Department is renovating one facility on Rikers Island, expanding the Brooklyn Detention Center and designing 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 cost.

## **OTHER CRIMINAL JUSTICE PROGRAMS**

In 2008, the Mayor targeted the problem of illegal guns by utilizing a unique four pronged strategy which includes:

- **Coordinated Enforcement:** The NYPD's elite Firearms Suppression Division continued to coordinate Department initiatives such as the successful expansion of the gun buy back program.
- **Legislation:** The Mayor successfully lobbied Albany to pass a bill that will allow state agencies to share data with the FBI to enforce the federal laws that prohibit people with histories of serious mental illness from having guns. In 2009, the City will renew its campaign for state legislation to require new pistols to be equipped with micro stamping, a state-of-the-art technology that can help police connect crime scenes to firearms and ultimately to the criminals who used those firearms in crimes. It will also fight to close loopholes in the state's background checking system for handguns.
- **Innovative Litigation:** The City filed lawsuits against 27 out-of-state dealers, among the top sources of firearms used in connection with crimes committed in the City. Almost all the dealers have settled and accepted court monitoring of their business practices. A Johns Hopkins University study of seven dealers that settled with the City showed a 75 percent decrease in the number of firearms originating from those dealers' that ended up in New York City after being sold.
- **Nationwide Coalition-Building:** In less than two years, Mayors Against Illegal Guns has grown from 15 mayors to over 320 mayors of cities collectively representing over 55 million people. In the coming year, the coalition will press for the removal of remaining restrictions that hinder law enforcement and seek new legislation to close loopholes in the federal system of background checks on gun purchasers.

In 2009, the City will continue to invest in juvenile justice reform, specifically, the expansion of weekend arraignments for juveniles. Last May, the City, in partnership with the New York State Office of Court Administration (OCA) began holding weekend arraignments for detained juveniles. Between May 31, 2008 and April 21, 2009, 791 juveniles were admitted to detention on weekend and holidays. The vast majority of them were released that day to the community; only 35 percent of them remained in detention. So far, this project has saved 879 days of detention — not only a substantial cost savings for the City, but also a major improvement in the processing of juveniles who might otherwise be detained.

The City is working to improve experiences for domestic violence and human trafficking victims and their families with Family Justice Centers. The next Family Justice Center is scheduled to open in December 2009 in the Bronx. The Bronx Family Justice Center joins the two currently operating centers in Brooklyn and Queens. Since July 2005, the Brooklyn Center has served 12,557 individuals seeking domestic violence services. In its first three months of operation, the Queens location served 768 new clients.

City criminal justice partners have identified cost saving opportunities in the criminal justice system. Two focus areas include time spent by convicted offenders in City jails before prison sentences are imposed, and the repeated and often unnecessary transport of prisoners to court. In addition, the five District Attorneys' offices, the Office of the Special Narcotics Prosecutor, the state Office of Court Administration (OCA), the City's Department of Correction (DOC), and indigent defense providers are working together to reduce the conviction to sentence average time, currently 38 days, to a new standard of 14 days.

Criminal justice partners will expand the use of video conferencing for court appearances. Currently videoconferencing capacity is not maximized. All intermediary appearances such as decisions by a judge on motions and control dates will be done by video teleconference, unless the defendant objects, which will bring down the number of times DOC has to transport an individual to court and back.

Finally, capital spending on the administration of justice supports the City's criminal justice improvement goals. The new Staten Island Courthouse will consist of a 180,000 square foot courthouse, a 770-car garage for court personnel and the public, and a public open space. All of these components are to be constructed on what is currently a municipal parking lot in the St. George neighborhood of Staten Island. The courthouse will house the Staten Island Supreme Court, Criminal Court and other court-related agencies currently located elsewhere in the borough of Staten Island.

## 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 2010 Executive Budget provides for an operating budget of \$4.4 billion, a decrease of \$217 million from the \$4.6 billion forecast for 2009. This decrease is primarily due to annual State, Federal, and private grant funding not yet recognized. Capital commitments of \$882.8 million are also provided in 2010.

### Revenue Forecast

The Police Department collects revenue from fees charged for pistol licenses, rifle permits, fingerprint fees, accident report records, tow fees, and unclaimed cash and property that is abandoned or confiscated as a consequence of the commission of a crime. The City also collects an E-911 surcharge imposed on all New York City cellular telephones and land line telephones. In 2010, the revenue estimate for the Police Department is \$101.1 million.

### Expense Budget Highlights

#### *Budgetary Priorities: Providing Core Services*

- the state passed legislation allowing New York City to treat "Obstructing Traffic at an Intersection" as a parking violation. As a result, the Department is hiring 234 additional Traffic Enforcement Agents to enforce this violation as part of the Block the Box initiative. These agents will be assigned to intersections citywide routinely plagued by gridlock in an effort to ease congestion and restore traffic flow.
- the federal government appropriation for United Nations security will increase by \$8 million to \$15 million. The Department will use this additional funding to partially offset the substantial costs associated with providing security to the UN as well as embassies and consulates located in New York City.

#### *Streamlining and Restructuring*

- the Department will reduce its non-emergency response fleet by 366 vehicles. This 4.6 percent reduction of the Department's expense vehicle fleet is achieved through a combination of vehicle relinquishment and lifecycle non-replacement.
- the Department will save \$45 million in FY 2010 by reducing 1,154 civilian positions. This will be accomplished with a combination of non-replacement of civilian vacancies and the elimination of 395 civilian positions by layoffs.
- the Department's Criminal Justice Bureau will accomplish \$2 million in citywide court efficiencies resulting from the implementation of a computerized arraignment paperwork system called E-Arraignment.
- the Department will save \$150 million in FY 2010 through uniformed attrition, smaller recruit classes and reducing its authorized uniform peak headcount by 2,067 heads in FY 2010.

### Summary of Agency Financial Data

The following table compares the 2010 Executive Budget with the 2010 Preliminary Budget, the 2009 forecast and actual expenditures for 2008, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services and debt service.

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

	2008 Actual	2009 Forecast	2010		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2009 Forecast	2010 Preliminary Budget
<b>Expenditures</b>						
Salary and Wages . . . . .	\$3,732,564	\$4,032,742	\$4,015,187	\$4,014,563	(\$18,179)	(\$624)
Fringe Benefits . . . . .	71,525	82,167	77,041	77,041	(5,126)	—
OTPS . . . . .	344,572	456,340	274,172	262,565	(193,775)	(11,607)
Total . . . . .	<u>\$4,148,661</u>	<u>\$4,571,249</u>	<u>\$4,366,400</u>	<u>\$4,354,169</u>	<u>(\$217,080)</u>	<u>(\$12,231)</u>
<b>Funding</b>						
City . . . . .	\$3,734,724	\$4,026,676	\$4,054,198	\$4,032,729	\$6,053	(\$21,469)
Other Categorical Grants	98,911	106,105	69,082	69,082	(37,023)	—
IFA . . . . .	1,797	1,797	1,797	1,797	—	—
State . . . . .	20,208	25,849	4,932	4,932	(20,917)	—
Federal CD . . . . .	—	—	—	—	—	—
Federal Other . . . . .	88,520	184,676	18,254	18,254	(166,422)	—
Intra-City Other . . . . .	204,501	226,146	218,137	227,375	1,229	9,238
Total . . . . .	<u>\$4,148,661</u>	<u>\$4,571,249</u>	<u>\$4,366,400</u>	<u>\$4,354,169</u>	<u>(\$217,080)</u>	<u>(\$12,231)</u>
<b>Additional Costs Centrally Funded</b>						
Personal Services (PS) . .						
Fringe Benefits . . . . .	\$1,241,564	\$1,353,507	\$1,274,354	\$1,362,881	\$9,374	\$88,527
Pensions . . . . .	1,937,543	2,057,983	2,017,309	2,016,776	(41,207)	(533)
Other Than Personal Service (OTPS)						
Legal Services . . . . .	42,318	43,363	41,500	42,203	(1,160)	703
Judgments and Claims .	115,337	124,123	136,145	131,474	7,351	(4,671)
Debt Service . . . . .	65,861	66,602	77,705	83,693	17,091	5,988
Total Additional Costs . .	<u>\$3,402,623</u>	<u>\$3,645,578</u>	<u>\$3,547,013</u>	<u>\$3,637,027</u>	<u>(\$8,551)</u>	<u>\$90,014</u>
<b>Funding</b>						
City . . . . .	3,380,929	3,624,265	3,524,220	3,618,217	(6,048)	93,997
Non-City . . . . .	21,694	21,313	22,793	18,810	(2,503)	(3,983)
<b>Full Agency Costs (including Central Accounts)</b>						
Salary and Wages . . . . .	\$3,732,564	\$4,032,742	\$4,015,187	\$4,014,563	(\$18,179)	(\$624)
Fringe Benefits . . . . .	1,313,089	1,435,674	1,351,395	1,439,922	4,248	88,527
Pensions . . . . .	1,937,543	2,057,983	2,017,309	2,016,776	(41,207)	(533)
Total PS . . . . .	<u>\$6,983,196</u>	<u>\$7,526,399</u>	<u>\$7,383,891</u>	<u>\$7,471,261</u>	<u>(\$55,138)</u>	<u>\$87,370</u>
OTPS . . . . .	\$344,572	\$456,340	\$274,172	\$262,565	(\$193,775)	(\$11,607)
Legal Services . . . . .	42,318	43,363	41,500	42,203	(1,160)	703
Judgments and Claims .	115,337	124,123	136,145	131,474	7,351	(4,671)
Debt Service . . . . .	65,861	66,602	77,705	83,693	17,091	5,988
Total OTPS . . . . .	<u>\$568,088</u>	<u>\$690,428</u>	<u>\$529,522</u>	<u>\$519,935</u>	<u>(\$170,493)</u>	<u>(\$9,587)</u>
Total Agency Costs . . . .	\$7,551,284	\$8,216,827	\$7,913,413	\$7,991,196	(\$225,631)	\$77,783
Less Intra-City . . . . .	\$204,501	\$226,146	\$218,137	\$227,375	\$1,229	\$9,238
Net Agency Cost . . . . .	<u>\$7,346,783</u>	<u>\$7,990,681</u>	<u>\$7,695,276</u>	<u>\$7,763,821</u>	<u>(\$226,860)</u>	<u>\$68,545</u>
<b>Funding</b>						
City . . . . .	7,115,653	7,650,941	7,578,418	7,650,946	5	72,528
Non-City . . . . .	231,130	339,740	116,858	112,875	(226,865)	(3,983)
<b>Personnel (includes FTEs at fiscal year-end)</b>						
City . . . . .	51,872	51,569	49,149	48,629	(2,940)	(520)
Non-City . . . . .	105	169	143	143	(26)	—
Total . . . . .	<u>51,977</u>	<u>51,738</u>	<u>49,292</u>	<u>48,772</u>	<u>(2,966)</u>	<u>(520)</u>

## **Programmatic Review**

New York remains the safest big City in the United States. Based on data from the Federal Bureau of Investigation's most recent Uniform Crime Report, which covers the first six months of 2008, New York ranked 25th out of the 25 largest cities for the rate of index crime per 100,000 people. Major felony crime in New York City continued to decline in 2008, with a decrease of more than three percent in major felony crime as compared to 2007 and a drop of 28 percent as compared to 2001. So far in 2009, the trend has continued, with a decline of 13 percent compared to the same period in 2008. Each of the seven major crime categories has decreased, including murder, which has decreased 26 percent as compared to the same time period last year.

Operation Impact, which is now entering its seventh year of operation, has continued to help reduce violent crime. This strategy of deploying large numbers of police officers to particular areas around the City that are experiencing a disproportionate amount of crime and violence has been extremely effective. The reduction in crime within Operation Impact zones continues to be a major driver of the overall reduction in crime throughout New York City. During the last six months of 2008, there was a 16 percent drop in major felony crime within Operation Impact zones. During this time period, officers assigned to Operation Impact made over 4,000 felony and 18,000 misdemeanor arrests, issued approximately 66,000 summonses for quality of life offenses, arrested over 4,000 individuals who were wanted on active arrest warrants and seized a total of 76 firearms.

Removing illegal firearms from the streets of New York City continues to be a major priority for the Police Department. Efforts to apprehend individuals who illegally carry weapons led to 6,387 gun arrests in 2008. The Police Department has also expanded its efforts to recover firearms from the public before a crime can occur. While a gun buy-back program has been in operation for the last several years, a new program that utilizes an innovative strategy began last year: in partnership with the City's district attorneys and members of faith based community, the Police Department has run a series of gun buy-back programs that take place inside houses of worship throughout the City. Since it was launched in July 2008, the program has yielded 3,351 firearms.

The application of technology to policing continues, such as in fighting crimes related to domestic violence. In 2008, Police Department personnel responded to nearly 215,000 radio runs involving incidents of domestic violence, affected over 28,000 domestic violence-related arrests and made over 72,000 follow-up visits to homes where incidents of domestic violence have previously been reported. The Police Department recently began a pilot program that uses an automated system to prepare risk assessments for domestic violence victims and offenders. This system is able to provide precinct domestic violence officers with a computerized score that helps evaluate potential risk for future domestic incidents involving specific individuals. Overall, these efforts have contributed to a 33 percent reduction in domestic violence related major felony crime in 2008.

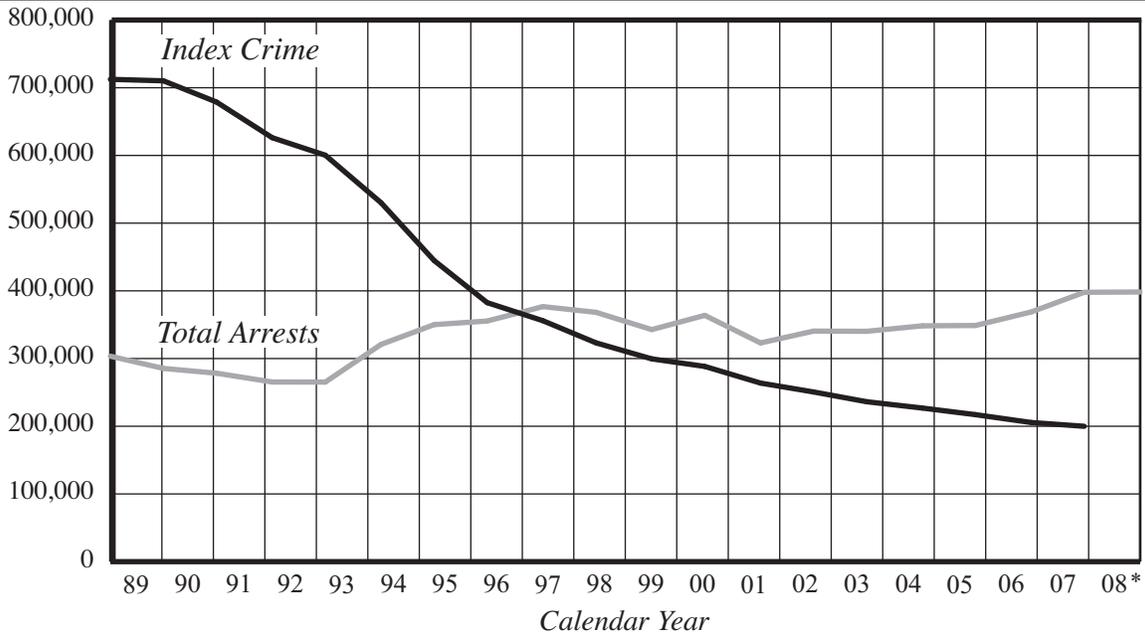
The Department remains committed to fulfilling its counterterrorism mission. Significant progress has been achieved in securing Lower Manhattan through the Lower Manhattan Security Initiative (LMSI). This program integrates Police Department resources with the private sector and other governmental agencies to create an extensive network of cameras, license plate recognition readers and other types of advanced monitoring technology. The data collected from this network is fed into the new Lower Manhattan Coordination Center, which became operational last fall.

The concept of the LMSI is being expanded to other areas of the City. Federal funding has been requested to advance the first phase of the Midtown Manhattan Security Initiative, which will create a monitoring network similar to the one utilized in Lower Manhattan. When completed, there will be an extensive network of monitoring technology in place throughout this area, including video analytics software and a network of radiation and bioterrorism detectors.

The City is undertaking significant upgrades 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 FDNY and DoITT, the Police Department 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 2010, the City will complete the consolidation of Police, Fire and EMS call taking and dispatch operations into a Public Safety Answering Center (PSAC). In addition, design of the full redundant backup call center (PSAC2) will continue in 2010.

## ARRESTS VERSUS CRIME

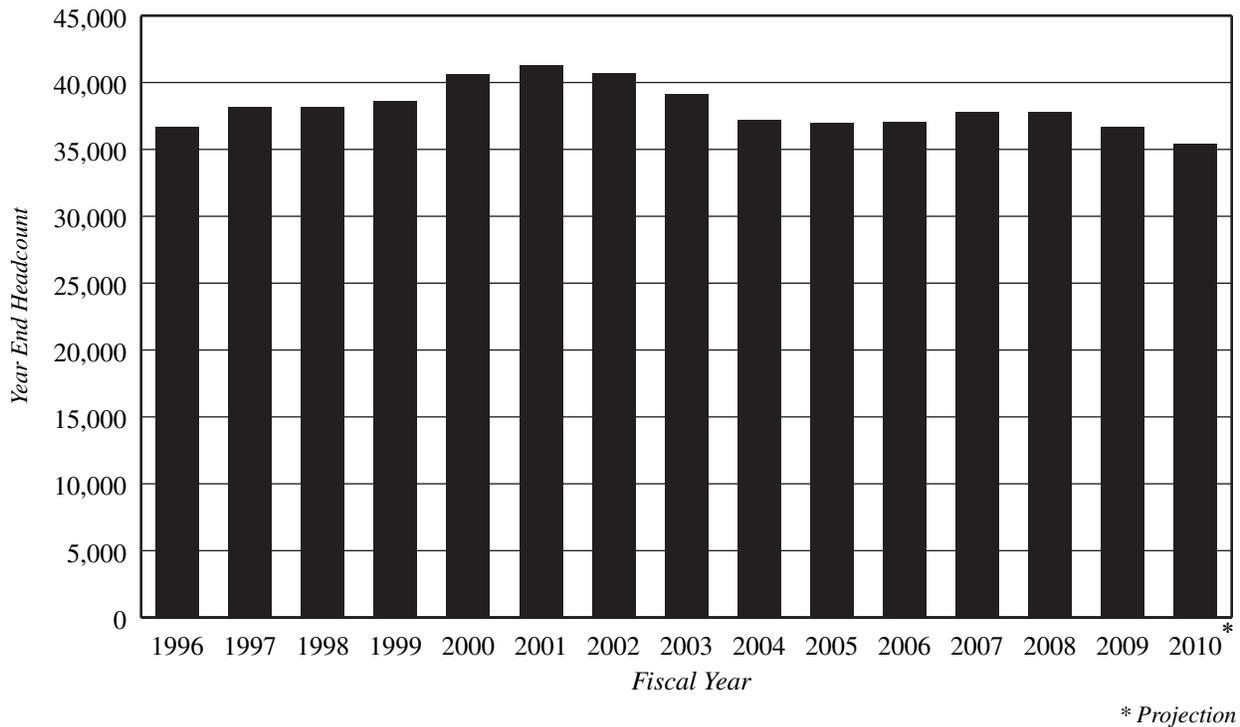


\* *Index Complaints from FBI preliminary data for six months through June 2008 reports a total of 93,925 index crime complaint. Arrests Totals include Felonies, Misdemeanors, Violations and Infractions.*

### Uniformed Headcount

The Department hired 1,281 recruits in July 2008 and 275 recruits in January 2009. In Fiscal Year 2010, the Department's authorized peak headcount is 35,435. The Department expects to reach this headcount in July 2009.

## TOTAL CITY, TRANSIT AND HOUSING POLICE FORCE



### Capital Review

The Ten-Year Capital Strategy for the Police Department in total provides the Department with \$1.45 billion for the replacement, reconstruction, and maintenance of facilities citywide; replacement and upgrade of computer and communications equipment; and the replacement of transportation equipment. Almost 73 percent, \$1.06 billion is allocated in the Four-Year Plan FY10-FY13.

The Four-Year Program includes the following major items:

*Police Facilities (total commitment, \$844.0 million)*

- design and construction of Phase 1 of a new Police Academy (\$711.3 million in FY 2009 and 2010).
- construction of a new Staten Island Precinct (\$53.2 million in FY 2009 and 2010).
- site acquisition and design of a new 40th Precinct in the Bronx and New 66th and 70th Precincts in Brooklyn and 110th Precinct in Queens (\$52.0 million).
- relocation of various Department facilities citywide (\$28.0 million).
- facility maintenance and rehabilitations Department wide (\$47.2 million).

*Communications and Computer Equipment (total commitment, \$155.3 million)*

- enhancement of the MTA underground radio communication system (\$31.9 million).
- lifecycle replacement of Department’s radio system (\$48.4 million including FY 2009), portable radios (\$24.3 million) and mobile radios (\$10.0 million).
- replacement and upgrade of Mobile Data Computers (\$10 million).
- replacement and upgrade of Department technologies and equipment (\$53.2 million).

*Miscellaneous Equipment (total commitment, \$10.9 million)*

- purchase and upgrade of miscellaneous equipment such as forensic lab equipment and diesel marine engines (\$10.9 million).

*Vehicles (total commitment, \$45.6 million)*

- purchase of high capacity emergency response vehicles (\$4.3 million).
- purchase of marine launches and lifecycle replacement of other Department vehicles (\$41.4 million).

The table below shows capital plan commitments by program area over the 2010-2013 time period.

**Capital Commitments  
(\$ in 000’s)**

	2008 Actual		2009 Plan		2010 Plan		2011 Plan		2012 Plan		2013 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 .....	\$84,000	\$84,000	\$144,547	\$144,547	\$770,250	\$770,250	\$7,712	\$7,712	\$7,713	\$7,713	\$58,332	\$58,332
Computer Equipment .....	293	293	107,041	107,041	23,288	23,288	16,981	16,981	6,190	6,190	2,800	2,800
Communications .....	13,762	13,762	44,636	44,636	69,888	69,888	16,192	16,192	13,401	13,401	6,541	6,541
Equipment .....	1,805	1,805	9,816	9,816	2,698	2,698	3,776	3,776	3,031	3,031	1,439	1,439
Vehicles .....	1,027	1,027	26,260	26,260	16,637	16,637	9,886	9,886	9,448	9,448	9,675	9,675
<b>Total .....</b>	<b>\$100,887</b>	<b>\$100,887</b>	<b>\$332,300</b>	<b>\$332,300</b>	<b>\$882,761</b>	<b>\$882,761</b>	<b>\$54,547</b>	<b>\$54,547</b>	<b>\$39,783</b>	<b>\$39,783</b>	<b>\$78,787</b>	<b>\$78,787</b>

## 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 2010 Executive Budget provides for operating expenses of \$993 million, an decrease of \$32.3 million from the amount forecast in 2009. This decrease is due mainly to staffing efficiencies and jail population management initiatives scheduled to begin in 2010. Capital commitments of \$191.3 million are also provided in 2010.

### Revenue Forecast

The Department of Correction collects revenue from jail commissary operations, vending machines and surcharges on inmate telephone calls. In 2010, the Department expects to collect approximately \$9.5 million from all revenue sources.

### Expense Budget Highlights

#### *Budgetary Priorities: Providing Core Services*

- increasing court capacity in the Bronx has created the need for expansion of the Department's presence in Bronx Courthouses. The Department will staff additional pre-arraignment holding cells in the Bronx Criminal Court and provide additional court escorts in the Bronx Hall of Justice. These actions will facilitate the arrest to arraignment time in the borough as well as improve overall case processing.
- the New York State FY 09/10 Adopted Budget eliminated funding for reimbursement of State Ready Inmates and Parole Violators. In order to maintain core functions, the Department's fiscal year 2010 budget has been adjusted accordingly. However, the City will lobby to have these critical funding streams reinstated in the next State budget.
- the Department will continue to provide monetary incentives for school attendance for 16-21 year olds while detained on Rikers Island. This initiative is part of the Mayor's Commission on Economic Opportunities (CEO). Another CEO program that provides educational opportunities to 16-24 year olds released from custody to help the transition to education and jobs in the community will also continue but a portion of its funding will be moved to the Department of Education's budget.

#### *Streamlining and Restructuring*

- the Department will eliminate 148 positions as a result of a reorganization of top level management functions, as well as 72 vacant civilian positions.
- by compressing the recreation schedule for adult inmates from 7 to 5 days a week, consistent with New York State Commission of Correction Standards, the Department will achieve staffing efficiencies.
- the Department will achieve additional staffing efficiencies by compressing the visitation schedule from five to four days a week. This change will not impact the number of visits a person can make or receive.

- by developing a program to release qualified low risk pre-trial detainees to the Department of Probation, the Department will reduce its inmate population and generate savings via the elimination of 37 positions.
- the Department will partner with the State Department of Correctional Services to maximize City jail and State prison capacity thereby generating operational savings for DOC via the elimination of 266 positions.

### **Summary of Agency Financial Data**

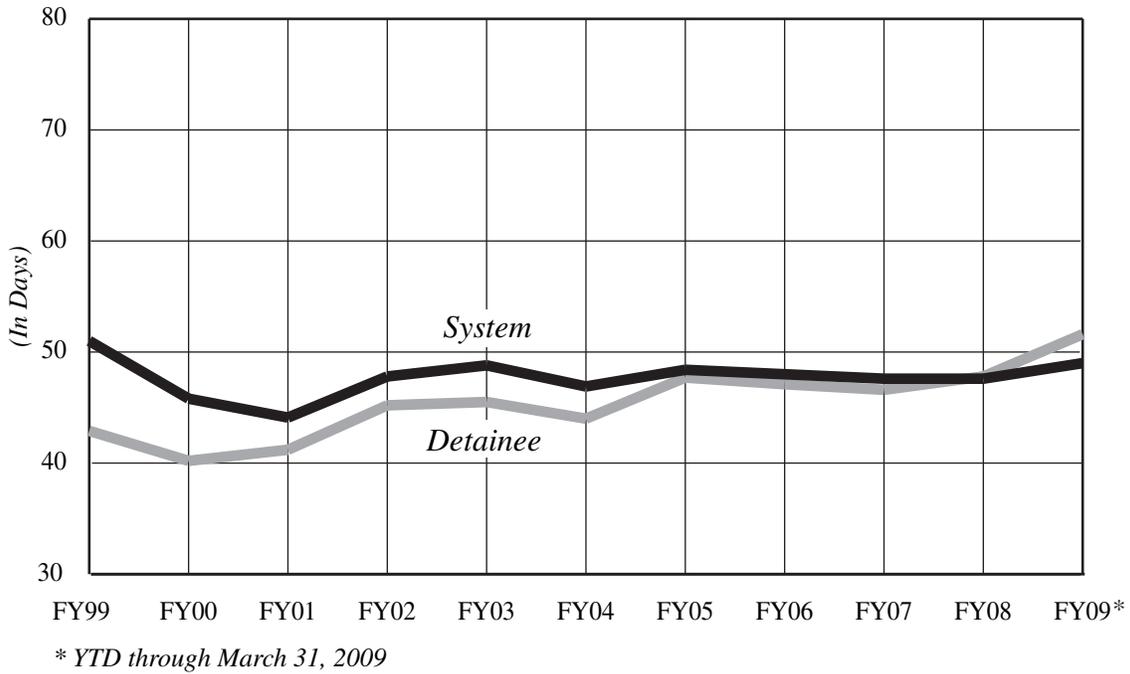
The following table compares the 2009 Executive Budget with the 2010 Preliminary Budget, the 2009 forecast and actual expenditures for 2008, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services and debt service.

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

	2008 Actual	2009 Forecast	2010		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2009 Forecast	2010 Preliminary Budget
<b>Expenditures</b>						
Salary and Wages . . . . .	\$821,667	\$867,634	\$816,016	\$844,855	(\$22,779)	\$28,839
Fringe Benefits . . . . .	19,938	23,487	23,759	23,759	272	—
OTPS . . . . .	124,053	134,272	143,571	124,431	(9,841)	(19,140)
Total . . . . .	<u>\$965,658</u>	<u>\$1,025,393</u>	<u>\$983,346</u>	<u>\$993,045</u>	<u>(\$32,348)</u>	<u>\$9,699</u>
<b>Funding</b>						
City . . . . .	\$926,553	\$989,458	\$949,163	\$967,296	(\$22,162)	\$18,133
Other Categorical Grants	4,540	3,756	—	—	(3,756)	—
IFA . . . . .	—	—	—	—	—	—
State . . . . .	12,629	9,497	12,159	3,871	(5,626)	(8,288)
Federal CD . . . . .	—	—	—	—	—	—
Federal Other . . . . .	21,495	22,342	21,538	21,538	(804)	—
Intra-City Other . . . . .	441	340	486	340	—	(146)
Total . . . . .	<u>\$965,658</u>	<u>\$1,025,393</u>	<u>\$983,346</u>	<u>\$993,045</u>	<u>(\$32,348)</u>	<u>\$9,699</u>
<b>Additional Costs Centrally Funded</b>						
Personal Services (PS) . .						
Fringe Benefits . . . . .	\$269,077	\$299,737	\$274,270	\$302,257	\$2,520	\$27,987
Pensions . . . . .	252,071	278,442	261,983	261,299	(17,143)	(684)
Other Than Personal Service (OTPS)						
Legal Services . . . . .	9,296	7,205	6,349	7,110	(95)	761
Judgments and Claims . .	23,761	19,625	21,525	20,787	1,162	(738)
Debt Service . . . . .	156,022	148,197	184,080	172,374	24,177	(11,706)
Total Additional Costs . .	<u>\$710,227</u>	<u>\$753,206</u>	<u>\$748,207</u>	<u>\$763,827</u>	<u>\$10,621</u>	<u>\$15,620</u>
<b>Funding</b>						
City . . . . .	704,461	748,077	741,047	756,983	8,906	15,936
Non-City . . . . .	5,766	5,129	7,160	6,844	1,715	(316)
<b>Full Agency Costs (including Central Accounts)</b>						
Salary and Wages . . . . .	\$821,667	\$867,634	\$816,016	\$844,855	(\$22,779)	\$28,839
Fringe Benefits . . . . .	289,015	323,224	298,029	326,016	2,792	27,987
Pensions . . . . .	252,071	278,442	261,983	261,299	(17,143)	(684)
Total PS . . . . .	<u>\$1,362,753</u>	<u>\$1,469,300</u>	<u>\$1,376,028</u>	<u>\$1,432,170</u>	<u>(\$37,130)</u>	<u>\$56,142</u>
OTPS . . . . .	\$124,053	\$134,272	\$143,571	\$124,431	(\$9,841)	(\$19,140)
Legal Services . . . . .	9,296	7,205	6,349	7,110	(95)	761
Judgments and Claims . .	23,761	19,625	21,525	20,787	1,162	(738)
Debt Service . . . . .	156,022	148,197	184,080	172,374	24,177	(11,706)
Total OTPS . . . . .	<u>\$313,132</u>	<u>\$309,299</u>	<u>\$355,525</u>	<u>\$324,702</u>	<u>\$15,403</u>	<u>(\$30,823)</u>
Total Agency Costs . . . .	\$1,675,885	\$1,778,599	\$1,731,553	\$1,756,872	(\$21,727)	\$25,319
Less Intra-City . . . . .	\$441	\$340	\$486	\$340	\$—	(\$146)
Net Agency Cost . . . . .	<u>\$1,675,444</u>	<u>\$1,778,259</u>	<u>\$1,731,067</u>	<u>\$1,756,532</u>	<u>(\$21,727)</u>	<u>\$25,465</u>
<b>Funding</b>						
City . . . . .	1,631,014	1,737,535	1,690,210	1,724,279	(13,256)	34,069
Non-City . . . . .	44,430	40,724	40,857	32,253	(8,471)	(8,604)
<b>Personnel (includes FTEs at fiscal year-end)</b>						
City . . . . .	9,824	10,135	9,303	9,632	(503)	329
Non-City . . . . .	809	799	804	769	(30)	(35)
Total . . . . .	<u>10,633</u>	<u>10,934</u>	<u>10,107</u>	<u>10,401</u>	<u>(533)</u>	<u>294</u>

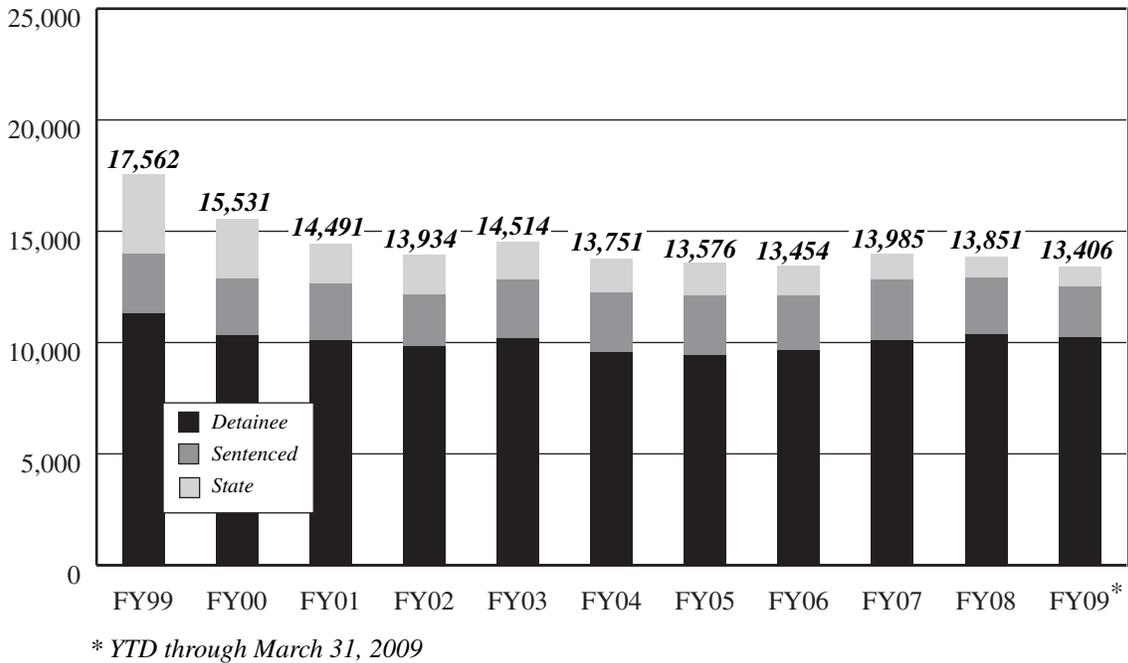
Programmatic Review

**AVERAGE LENGTH OF STAY (By Fiscal Year)**



**AVERAGE DAILY INMATE POPULATION**

By Fiscal Year



The average daily population through March 2009 was 13,406, which is 3.2 percent lower than 2008. Misdemeanor arrests continue to make up the highest volume of overall arrests. System admissions are down 8.5 percent and overall system length of stay is up 3.2 percent over this period.

## Capital Review

The Department of Correction's 2010-2019 Ten-Year Capital Strategy totals \$1.37 billion. The Ten-Year Plan includes \$834 million for capacity replacement, \$80 million for construction of support space, \$395 million for major overhaul of building systems and infrastructure, and \$64 million for acquisition of new equipment.

The table below shows capital plan commitments by program area over the 2010-2019 period:

### Capital Commitments

(\$000's)

	2008 Actual		2009 Plan		2010 Plan		2011 Plan		2012 Plan		2013 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 . . . . .	-\$45,616	-\$45,616	\$24,668	\$24,668	\$24,384	\$24,384	\$35,000	\$35,000	\$148,000	\$148,000	\$420,095	\$420,095
Support Space . . . . .	3,178	3,178	2,927	2,927	75,929	75,929	2,000	2,000	0	0	0	0
Building Systems and Infrastructure . . . . .	39,402	39,402	93,579	97,329	79,238	79,238	124,588	124,588	6,044	6,044	7,750	7,750
Equipment . . . . .	8,754	8,754	23,749	23,749	11,759	11,759	5,853	5,853	2,750	2,750	3,750	3,750
Total . . . . .	<u>\$5,718</u>	<u>\$5,718</u>	<u>\$144,923</u>	<u>\$148,673</u>	<u>\$191,310</u>	<u>\$191,310</u>	<u>\$167,441</u>	<u>\$167,441</u>	<u>\$156,794</u>	<u>\$156,794</u>	<u>\$431,595</u>	<u>\$431,595</u>

#### Capacity Replacement

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

The 2010 Four-Year Strategy provides \$627 million for the capacity replacement program. Scheduled commitments during this period include:

- design of the 720 bed addition at the Brooklyn Detention Center which is scheduled for completion in 2012 (\$408.6 million).
- construction of the 1,194 beds at the James A. Thomas Center (JATC) on Rikers Island is set to begin in 2010 (\$83 million).

#### Building Systems, Infrastructure and Support Space

The Department will undertake \$295 million in improvements to building systems, infrastructure, and support space in the Four-Year Strategy. Projects include:

- construction of a Rikers Island Co-generation Power Plant (\$67 million).
- improvements to Rikers Island perimeter security and fencing (\$6.4 million).

- window replacements and roof reconstruction at various facilities (\$26 million).
- replacement of the Rikers Island showers and facades (\$10.8 million).
- continuation of fire life safety upgrades at Rikers Island facilities (\$43 million).
- installation and maintenance of ventilation systems at various facilities (\$31.4 million).

#### *Equipment*

The Four-Year Strategy provides \$24 million for upgrades and/or replacements of vehicles, computers, security equipment, and communication systems. Commitments include:

- technology upgrades in the Department's three strategic areas: network and server infrastructure, the Inmate Information System, and inmate telephone systems (\$9 million).
- replacement of vehicles for inmate transport (\$9.5 million).

## DEPARTMENT OF SOCIAL SERVICES

The Human Resources Administration/Department of Social Services (HRA/DSS) administers a range of services and programs to assist individuals and families in achieving self-sufficiency. Eligible clients receive employment and support services, cash assistance, food stamps, and Medical Assistance. HRA/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 2010 Executive Budget provides for operating expenses of \$7.9 billion, of which \$5.8 billion are City funds. Capital commitments of \$24.4 million, of which \$15.6 million are City funds, are also provided.

### Expense Budget Highlights

#### *Budgetary Priorities: Providing Core Services*

- in 2010, HRA/DSS will begin a temporary subsidized jobs program at Agency locations. The program will be modeled on the successful programs at the Parks and Sanitation Departments and will provide cash assistance recipients with work experience, job search and training to help them move to unsubsidized employment.
- \$3.0 million in City funds in 2009 and \$5.6 million in City funds in 2010 will provide for new units of supportive housing for chronically homeless HIV/AIDS clients under the City and State New York/New York III Agreement. Four hundred scattered site units are expected to come on line by the end of 2009 and 300 congregate units are expected to come on line in 2010.

#### *Restructuring and Streamlining*

- in 2010, HRA/DSS will eliminate 424 City-funded positions agency wide. The Department will implement efficiencies in administrative and programmatic areas to maintain operations and services to its clients.
- the Department will save \$7.6 million in City funds from administrative efficiencies, including savings in telecommunications costs related to implementation of Voice Over Internet Protocol, lengthening the replacement cycle for computer equipment and reductions in temporary services contracts.
- in 2010, HRA/DSS will reorganize case management contracts in supportive housing programs for people with HIV/AIDS. Clients in congregate and scattered site housing programs will continue to access case management services through contract vendors and the Department's HIV/AIDS Services Administration (HASA) offices throughout the City.
- HRA/DSS implemented an initiative in 2009 to allow selected food stamp recipients to recertify through an Integrated Voice Response System (IVRS). Approximately 80,000 households that have no changes to report and where all adults are elderly or disabled and/or where children are under 15 are able to use the IVRS system to recertify by responding to voice prompts on a touch tone telephone.

### Summary of Agency Financial Data

The following table compares the 2010 Executive Budget with the 2010 Preliminary Budget, and the 2009 forecast with actual expenditures for 2008, which include costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services and debt service.

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

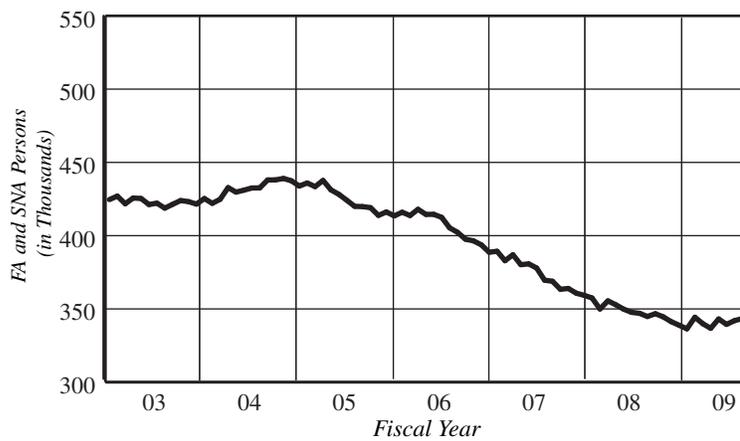
	2008 Actual	2009 Forecast	2010		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2009 Forecast	2010 Preliminary Budget
<b>Expenditures</b>						
Salary and Wages .....	\$678,406	\$717,064	\$712,671	\$720,548	\$3,484	\$7,877
Fringe Benefits .....	720	913	913	913	—	—
Medical Assistance .....	5,776,854	5,190,701	4,756,248	4,906,684	(284,017)	150,436
Public Assistance .....	1,258,503	1,312,764	1,299,373	1,299,373	(13,391)	—
Other OTPS .....	967,402	1,051,441	953,033	959,619	(91,822)	6,586
<b>Total .....</b>	<b>\$8,681,885</b>	<b>\$8,272,883</b>	<b>\$7,722,238</b>	<b>\$7,887,137</b>	<b>(\$385,746)</b>	<b>\$164,899</b>
<b>Funding</b>						
City .....	\$6,525,557	\$6,070,070	\$5,647,828	\$5,849,953	(\$220,117)	\$202,125
Other Categorical Grants	—	—	—	—	—	—
IFA .....	—	—	—	—	—	—
State .....	1,059,922	1,117,359	1,072,567	1,049,267	(68,092)	(23,300)
Federal CD .....	2,855	2,938	—	1,170	(1,768)	1,170
Federal Other .....	1,081,740	1,077,663	1,000,754	985,658	(92,005)	(15,096)
Intra-City Other .....	11,810	4,853	1,089	1,089	(3,764)	—
<b>Total .....</b>	<b>\$8,681,885</b>	<b>\$8,272,883</b>	<b>\$7,722,238</b>	<b>\$7,887,137</b>	<b>(\$385,746)</b>	<b>\$164,899</b>
<b>Additional Costs Centrally Funded</b>						
Personal Services (PS) ..						
Fringe Benefits .....	\$246,936	\$269,312	\$262,705	\$279,484	\$10,172	\$16,779
Pensions .....	85,202	105,502	108,999	108,883	3,381	(116)
Other Than Personal Service (OTPS)						
Legal Services .....	3,976	6,074	4,398	5,867	(207)	1,469
Judgments and Claims .	—	4,343	4,764	4,600	257	(164)
Debt Service .....	81,576	58,915	96,221	66,768	7,853	(29,453)
<b>Total Additional Costs .</b>	<b>\$417,690</b>	<b>\$444,146</b>	<b>\$477,087</b>	<b>\$465,602</b>	<b>\$21,456</b>	<b>(\$11,485)</b>
<b>Funding</b>						
City .....	263,305	249,154	344,536	324,717	75,563	(19,819)
Non-City .....	154,385	194,992	132,551	140,885	(54,107)	8,334
<b>Full Agency Costs (including Central Accounts)</b>						
Salary and Wages .....	\$678,406	\$717,064	\$712,671	\$720,548	\$3,484	\$7,877
Fringe Benefits .....	247,656	270,225	263,618	280,397	10,172	16,779
Pensions .....	85,202	105,502	108,999	108,883	3,381	(116)
<b>Total PS .....</b>	<b>\$1,011,264</b>	<b>\$1,092,791</b>	<b>\$1,085,288</b>	<b>\$1,109,828</b>	<b>\$17,037</b>	<b>\$24,540</b>
Medical Assistance .....	\$5,776,854	\$5,190,701	\$4,756,248	\$4,906,684	(\$284,017)	\$150,436
Public Assistance .....	1,258,503	1,312,764	1,299,373	1,299,373	(13,391)	—
Other OTPS .....	967,402	1,051,441	953,033	959,619	(91,822)	6,586
Legal Services .....	3,976	6,074	4,398	5,867	(207)	1,469
Judgments and Claims .	—	4,343	4,764	4,600	257	(164)
Debt Service .....	81,576	58,915	96,221	66,768	7,853	(29,453)
<b>Total OTPS .....</b>	<b>\$8,088,311</b>	<b>\$7,624,238</b>	<b>\$7,114,037</b>	<b>\$7,242,911</b>	<b>(\$381,327)</b>	<b>\$128,874</b>
<b>Total Agency Costs ....</b>	<b>\$9,099,575</b>	<b>\$8,717,029</b>	<b>\$8,199,325</b>	<b>\$8,352,739</b>	<b>(\$364,290)</b>	<b>\$153,414</b>
Less Intra-City .....	\$11,810	\$4,853	\$1,089	\$1,089	(\$3,764)	\$—
<b>Net Agency Cost .....</b>	<b>\$9,087,765</b>	<b>\$8,712,176</b>	<b>\$8,198,236</b>	<b>\$8,351,650</b>	<b>(\$360,526)</b>	<b>\$153,414</b>
<b>Funding</b>						
City .....	6,788,862	6,319,224	5,992,364	6,174,670	(144,554)	182,306
Non-City .....	2,298,903	2,392,952	2,205,872	2,176,980	(215,972)	(28,892)
<b>Personnel (includes FTEs at fiscal year-end)</b>						
City .....	10,478	11,347	10,891	10,741	(606)	(150)
Non-City .....	3,724	3,813	3,826	3,845	32	19
<b>Total .....</b>	<b>14,202</b>	<b>15,160</b>	<b>14,717</b>	<b>14,586</b>	<b>(574)</b>	<b>(131)</b>

## Programmatic Review

### *Family Independence Administration (FIA)*

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

### CASH ASSISTANCE CASELOAD 2003-2009



### *Cash Assistance*

The Department expects to spend \$1.3 billion on cash assistance benefits in 2010, of which \$489.7 million are City funds. The Family Assistance (FA) program, which is partially funded with Federal Temporary Assistance for Needy Families (TANF) and State funds, assisted 150,736 adults and children in March 2009. FA expenditures in 2010 are projected to be \$578.9 million, of which \$144.7 million are City funds.

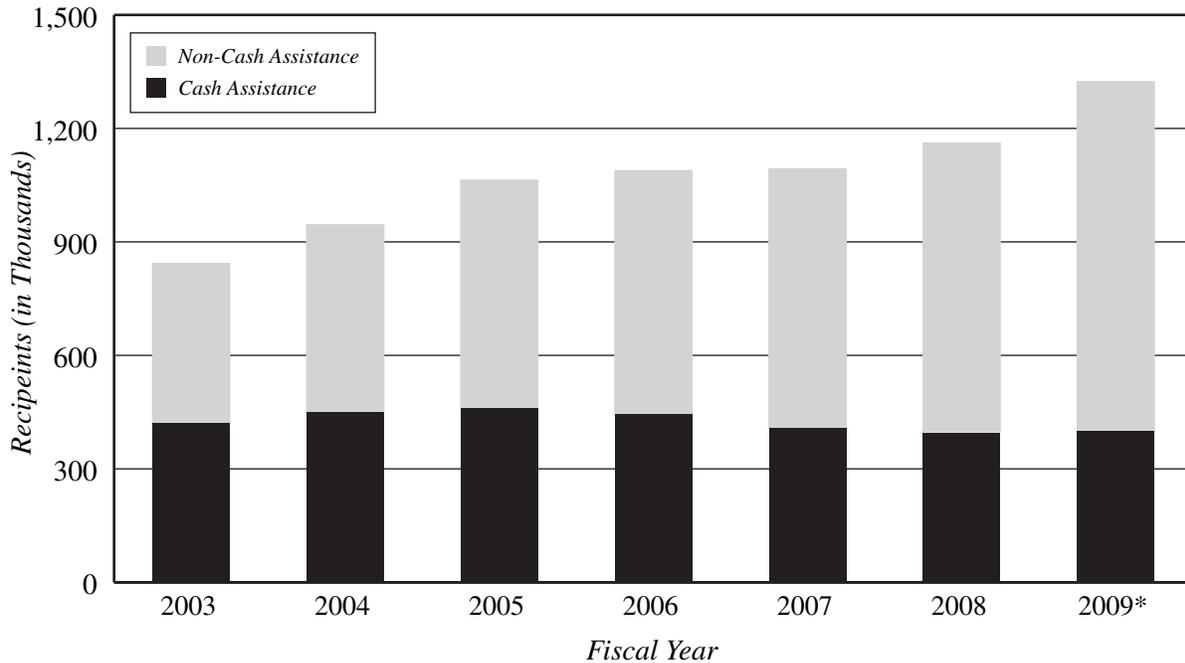
As of March 2009, 85,893 recipients have reached the five-year time limit for TANF-funded assistance and have been converted to the State and City-funded Safety Net Assistance (SNA) program. In 2010, the Department projects spending \$230.4 million, of which \$115.2 million are City funds, for these families. In addition, there were 106,755 persons, primarily adults, receiving SNA in March 2009. An estimated \$490.1 million, of which \$229.9 million are City funds, will be spent on these recipients in the SNA program in 2010.

### *Food Stamps*

FIA manages the Food Stamp Program, which, except for administrative costs, is entirely funded by the Federal government. It is estimated that over \$2.0 billion in food stamp benefits will be provided to New York City residents in 2009. In January 2002, the Department issued \$82.6 million in food stamp benefits to 798,396 recipients. By January 2009, monthly benefit issuances had increased to \$181.3 million for 1.37 million recipients.

The Department's efforts to expand the use of food stamps as a work support have been successful in increasing the number of food stamp beneficiaries, with caseload growth the result of higher utilization in the non-cash assistance population. The number of recipients in this category is at its highest recorded level in New York City. This population has grown by over 170 percent, from 358,630 in January 2002 to 993,300 in February 2009.

## AVERAGE FOOD STAMP RECIPIENTS 2003-2009



\* YTD through February 2009

### *Employment Services*

FIA offers a wide array of programs and services to help families and individuals of all abilities achieve self-sufficiency. These services include basic education, job search, 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 2009, 55,801 participants were engaged in employment, training, or other work related activities. In calendar year 2008, 87 percent of clients who had been placed in jobs retained them for at least three months or did not return to cash assistance, and 80 percent retained employment or did not return to cash assistance for at least six months.

In 2010 HRA/DSS will continue to operate a comprehensive employment contract portfolio that provides employable clients 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 subsidized job placement through programs at the Department of Parks and Recreation and the Department of Sanitation; and, beginning in July 2009, in the Department's own locations.

The Back to Work program provides job search and short-term training services to cash assistance applicants and to recipients also participating in the Work Experience Program. The Begin Education Gain Independence Now (BEGIN) literacy program and training vouchers help clients improve literacy and employment-related skills in order to increase employability and self-sufficiency. The College Opportunity to Prepare for Employment (COPE) program provides academic advisement, support and job search services for cash assistance recipients attending City University of New York colleges.

### *Specialized Job Centers*

HRA/DSS also 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. These specialized programs include a Veterans Job Center, the Refugee/Immigrant Job Center, job centers for 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) and the Home Care Services Program (HCSP).

#### *Medical Assistance Program*

Nearly 2.7 million New York City residents receive Medicaid, an increase of over 54 percent since January 2002. 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's Medical Assistance Program is responsible for enrollment and recertification of Medicaid-only consumers. As of February 2009, there were nearly 1.9 million Medicaid-only enrollees, an increase of 132 percent since January 2002. This increase is independent of enrollment of cash assistance and Supplemental Security Income (SSI) clients. A factor in this increase is the growth of Family Health Plus, which provided health care coverage to 323,337 City residents as of February 2009. Mail-in renewals have also increased enrollment by streamlining the re-certification process and reducing "churning," the cycle of losing and re-applying for health insurance 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 2008, the Home Care Services Program was responsible for approximately 84,009 beneficiaries of personal care, managed long-term care and long-term home healthcare.

#### *Adult Protective Services (APS)*

APS provides case management services to adults with mental and/or physical impairments who are unable to care for themselves or protect themselves from abuse, neglect, or exploitation and have no one willing and able to responsibly assist them. Services include referrals for psychiatric and medical examinations, assistance in obtaining and recertifying Social Security, Medicaid, Home Care, cash assistance and food stamp benefits, eviction prevention and financial management. APS also petitions the Supreme Court for Community Guardians to manage financial and domestic issues for clients who lack capacity to manage their own affairs. Over a third of APS referrals are the result of a person being threatened with eviction and approximately 12 percent of referrals allege abuse or exploitation. In calendar year 2008, APS received 17,121 referrals. As of December 2008, the total APS caseload was 8,112, a seven percent increase over the prior year. In December 2008, 1,311 clients were served by the contracted community guardian program, an increase of 8 percent over the prior year.

#### *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 2009, the HASA caseload was 30,580. HASA provides emergency housing placements in supportive transitional facilities and single room occupancy (SRO) units for homeless clients. As of February 2009, the SRO occupancy was 976, a reduction of 42 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 2010, HASA will support 2,174 units in its emergency housing portfolio and 4,790 units in its permanent housing stock. In addition, nearly 25,000 households receive on-going rental assistance subsidies to facilitate and maintain housing stability, typically 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 the Agency'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 DSS. In 2008, 6,226 home visits and court appearances were made.

The Wellness, Comprehensive Assessment, Rehabilitation and Employment (WeCARE) program works with the portion of the cash assistance population with medical and/or mental health conditions that pose barriers to employment. WeCARE provides integrated services that include assessment, diagnosis, comprehensive service planning, linkages to treatment, case management, vocational rehabilitation, training and education, job placement, and disability benefits assistance through two performance-based contracts.

#### *Office of Citywide Health Insurance Access (OCHIA)*

OCHIA is charged with expanding access to health insurance for all New Yorkers. Its current focus is to make information about free or low-cost health insurance options available to the recently unemployed and to ensure that low-income New Yorkers, especially those transitioning from cash assistance to work, have access to public health insurance enrollment assistance. OCHIA administers HealthStat which facilitated over 68,000 enrollments in public health insurance in 2008.

In the fall of 2008, the OCHIA created a web-based mechanism for parents to request health insurance enrollment assistance through the school lunch form available on ACCESS NYC. Another OCHIA project, NYC Health Insurance Link, will provide web-based health insurance information resources for New Yorkers and will come on line in 2010. OCHIA also operates the Adolescent Pregnancy Prevention Initiative, designed to increase participation in Medicaid's Family Planning Benefit Program by eligible adolescents.

#### *Office of Domestic Violence and Emergency Intervention Services (ODVEIS)*

ODVEIS is comprised 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 Low Income Home Energy Assistance Program (LIHEAP), 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 40 State-licensed emergency domestic violence shelters, including one directly operated by HRA/DSS for a total of 2,252 beds in 2010. ODV also contracts with Tier II shelters to provide 253 units of transitional housing to victims of domestic violence who require additional support services before transitioning into the community. 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. In 2008, these programs served an average of 3,007 domestic violence victims.

The LIHEAP program assists low-income homeowners and renters to pay energy costs and heating equipment repair bills. From November 2008 to February 2009, which comprises the bulk of the LIHEAP benefits season, the Department issued 612,891 regular heating and emergency grants totaling \$33 million.

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 12.8 million pounds of food to over 500 food pantries and soup kitchens.

#### *Office of Child Support Enforcement (OCSE)*

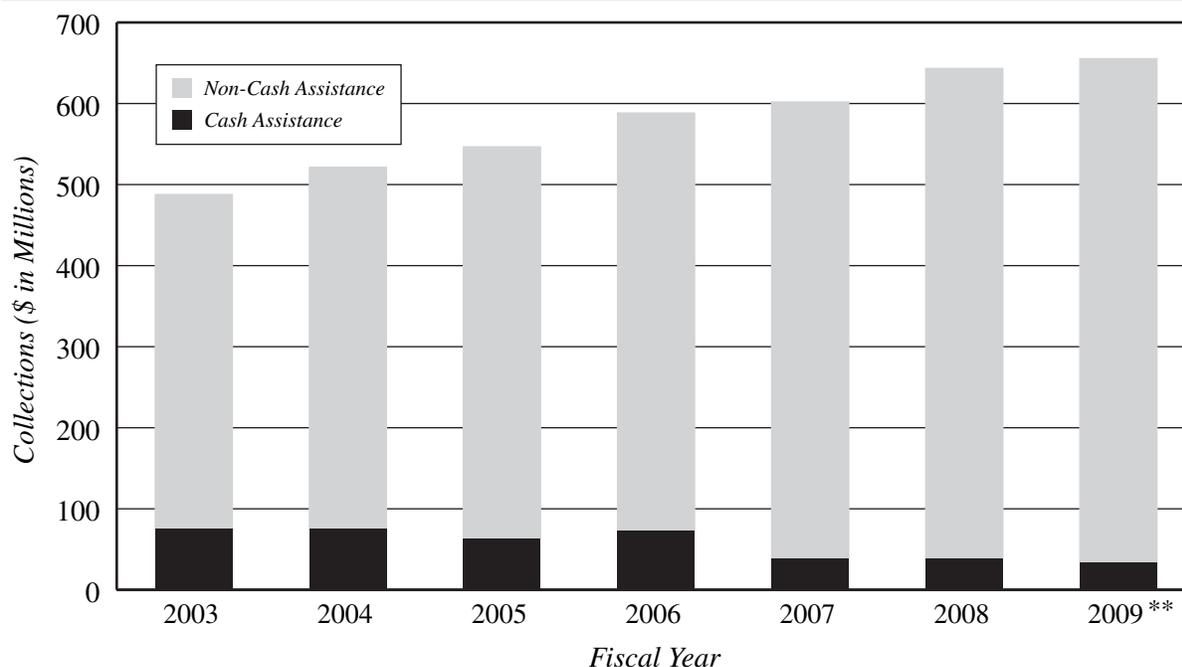
The primary role of OCSE is to ensure children are supported by both parents. OCSE services include establishing paternity, obtaining child support orders and collecting and enforcing child support from non-custodial parents. As of February 2009, there were 34,804 cash assistance cases and 272,637 non-cash assistance cases with established support orders for a total of 307,441 cases. Of these, 163,965 families were former cash assistance recipients with established orders.

Support collections in fiscal year 2008 totaled \$641.6 million, a 6.7 percent increase over the prior year. In 2008, 95 percent of support collections, or \$609.5 million, went directly to families, and over \$208 million was collected on behalf of families who formerly received cash assistance. An average family receives \$5,558 in annual child support, or 30 percent of the federal 2009 poverty level for a family of three. When combined with earnings and employment assistance, child support payments help needy families become or remain self-sufficient. This program is cost efficient for the City since the tax levy share of program administration is approximately 17 percent and is matched with open-ended Federal and State reimbursement.

In 2009 OCSE implemented two new programs for low income noncustodial parents who have child support arrears or have monthly order amounts owed to government, that are beyond their ability to pay. The Arrears Credit Program allows a noncustodial parent the opportunity to reduce their debt owed to government if they find work and pay current child support to the custodial parent. Another program, the Modify DSS Order initiative, provides the noncustodial parent the opportunity to modify the order payable to government to reflect actual income without returning to court.

In 2009 OCSE, in partnership with the Department of Corrections, expanded its Riker's Island initiative. OCSE works with parents transitioning out of jail and into the community to educate them about rights and responsibilities related to child support. In 2009 OCSE also joined with FIA in a new program that provides unemployed noncustodial parents with parenting classes to help strengthen their relationship with their children while they also look for job opportunities.

## CHILD SUPPORT COLLECTIONS 2002-2009\*



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

\*\* 2009 collections projected using actuals through February 2009 for CA and NCA.

### Capital Review

The 2010-2019 Ten Year Capital Strategy totals \$132.3 million, which includes \$63.3 million in the 2010-2013 Four-Year Plan. The Ten-Year Capital Strategy includes \$63.8 million for technology to streamline Department operations, \$39.1 million for facilities maintenance, equipment and improvements, \$25.9 million for the installation of telecommunications equipment, and \$1.7 million for vehicles.

The table below reflects capital commitments by program area over the FY 2010-2013 period.

### Capital Commitments

(\$000's)

	2008 Actual		2009 Plan		2010 Plan		2011 Plan		2012 Plan		2013 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 .....	\$818	\$818	\$14,878	\$14,878	\$2,499	\$2,499	\$1,563	\$1,563	\$1,480	\$1,480	\$2,978	\$2,978
Computers .....	8,776	14,627	10,640	17,733	7,830	13,050	2,461	4,102	4,711	7,852	4,040	6,733
Telecommunications .....	0	0	2,951	4,918	1,532	2,553	1,775	2,958	1,140	1,900	1,283	2,138
Equipment .....	1,580	2,212	3,707	6,178	3,749	6,248	1,144	1,907	0	0	1,522	2,537
Vehicles .....	23	39	84	140	0	0	281	468	132	220	124	207
<b>Total .....</b>	<b>\$11,197</b>	<b>\$17,696</b>	<b>\$32,260</b>	<b>\$43,848</b>	<b>\$15,610</b>	<b>\$24,351</b>	<b>\$7,224</b>	<b>\$10,998</b>	<b>\$7,463</b>	<b>\$11,452</b>	<b>\$9,947</b>	<b>\$14,593</b>

*Highlights of the Ten-Year Capital Plan*

- design, construction and renovation of agency Job Centers and Medicaid Model Offices and the related furniture and equipment (\$39.1 million).
- completion of a secondary data center that will provide information systems storage redundancy (\$11.1 million).
- implementation of telecommunications upgrades and replacements agency wide (\$17.2 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 education programs through the Division of Child Care and Head Start.

In 2008, ACS began to implement Improved Outcomes for Children (IOC), an initiative to improve the quality of foster care services and to enhance oversight of the contract agencies that serve families and children in foster care. IOC is based on a family-team conferencing model where decision making is shared with families and community partners. IOC also provides contract foster care agencies with the ability to use their resources flexibly to meet important outcomes including moving children more quickly to permanency and reducing the numbers placed in congregate settings.

An evaluation of IOC by the Chapin Hall Center for Children, completed in November 2008, found that family-team conferencing along with more comprehensive performance monitoring provides both ACS and foster care agencies with more information about case progress, positioning them to make better decisions. Additionally, provider agencies pay greater attention to issues of safety and risk through increased emphasis on internal supervision and oversight.

### Financial Review

ACS's 2010 Executive Budget provides for operating expenses of \$2.6 billion, \$701.8 million of which are City funds. Capital commitments of \$50.9 million are also provided.

### Expense Budget Highlights

#### *Budgetary Priorities: Child Care Services*

- \$45 million, of which \$25 million are City funds, will support a 2007 increase in New York State-mandated payment rates to group day care centers and family day care and home-based providers that serve children who use vouchers to access subsidized day care. The balance will be provided through Federal Stimulus funds and \$4.2 million in City savings achieved through the elimination of vouchers issued to families who are in low priority eligibility categories.
- \$16.2 million will be saved in 2010 through a reduction in the allocation of child care vouchers issued to families in low priority eligibility categories who are referred to ACS by community-based organizations.
- children receiving vouchers will be offered available vacant slots in ACS contracted day care centers.
- \$6.1 million in the ACS 2010 Capital budget will fund a new information technology system to track and monitor early childhood services provided by ACS and other City agencies, improving eligibility, payment and claiming processes.

#### *Budgetary Priorities: Child Welfare Services*

- \$9.2 million in the ACS Capital budget will provide for development of ACS-Info, an integrated data warehouse system that will improve operations and service delivery by allowing users throughout the Agency access to unified information from multiple data sources.
- ACS will receive \$19.6 million in 2010 and \$10.1 million in 2011 of enhanced Federal foster care and adoption reimbursement under the American Recovery and Reinvestment Act (ARRA). These funds will permit ACS to maintain core services during the economic downturn.

*Restructuring and Streamlining*

- initiatives in the November and January Financial Plans reduced Agency positions by 969 in 2010. These reductions include 127 vacant Child Protective supervisory positions as well as 283 non-frontline child protective positions, 265 positions in Child Welfare Support, 231 positions in agency-wide administration, and 63 in Child Care administration.

**Summary of Agency Financial Data**

The following table compares the 2010 Executive Budget with the 2010 Preliminary Budget, the 2009 forecast and actual expenditures for 2008, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services and debt service.

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

	2008 Actual	2009 Forecast	2010		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2009 Forecast	2010 Preliminary Budget
<b>Expenditures</b>						
Salary and Wages . . . . .	\$397,914	\$403,979	\$372,163	\$371,336	(\$32,643)	(\$827)
Fringe Benefits . . . . .	53	35	—	—	(35)	—
Medical Assistance . . . . .	—	—	—	—	—	—
Public Assistance . . . . .	—	—	—	—	—	—
Other OTPS . . . . .	2,456,560	2,410,875	2,229,295	2,245,223	(165,652)	15,928
<b>Total . . . . .</b>	<b>\$2,854,527</b>	<b>\$2,814,889</b>	<b>\$2,601,458</b>	<b>\$2,616,559</b>	<b>(\$198,330)</b>	<b>\$15,101</b>
<b>Funding</b>						
City . . . . .	\$830,334	\$804,878	\$716,094	\$701,783	(\$103,095)	(\$14,311)
Other Categorical Grants	968	303	—	—	(303)	—
IFA . . . . .	—	—	—	—	—	—
State . . . . .	729,872	648,473	644,022	594,971	(53,502)	(49,051)
Federal CD . . . . .	3,527	3,495	3,292	3,292	(203)	—
Federal Other . . . . .	1,279,201	1,326,043	1,231,893	1,310,356	(15,687)	78,463
Intra-City Other . . . . .	10,625	31,697	6,157	6,157	(25,540)	—
<b>Total . . . . .</b>	<b>\$2,854,527</b>	<b>\$2,814,889</b>	<b>\$2,601,458</b>	<b>\$2,616,559</b>	<b>(\$198,330)</b>	<b>\$15,101</b>
<b>Additional Costs Centrally Funded</b>						
Personal Services (PS) . . . . .						
Fringe Benefits . . . . .	\$114,201	\$115,870	\$102,640	\$115,633	(\$237)	\$12,993
Pensions . . . . .	42,480	52,040	39,510	39,460	(12,580)	(50)
Other Than Personal Service (OTPS)						
Legal Services . . . . .	3,096	2,755	2,310	2,586	(169)	276
Judgments and Claims . . . . .	569	1,819	1,996	1,927	108	(69)
Debt Service . . . . .	—	—	—	—	—	—
<b>Total Additional Costs . . . . .</b>	<b>\$160,346</b>	<b>\$172,484</b>	<b>\$146,456</b>	<b>\$159,606</b>	<b>(\$12,878)</b>	<b>\$13,150</b>
<b>Funding</b>						
City . . . . .	96,308	119,440	97,516	110,707	(8,733)	13,191
Non-City . . . . .	64,038	53,044	48,940	48,899	(4,145)	(41)
<b>Full Agency Costs (including Central Accounts)</b>						
Salary and Wages . . . . .	\$397,914	\$403,979	\$372,163	\$371,336	(\$32,643)	(\$827)
Fringe Benefits . . . . .	114,254	115,905	102,640	115,633	(272)	12,993
Pensions . . . . .	42,480	52,040	39,510	39,460	(12,580)	(50)
<b>Total PS . . . . .</b>	<b>\$554,648</b>	<b>\$571,924</b>	<b>\$514,313</b>	<b>\$526,429</b>	<b>(\$45,495)</b>	<b>\$12,116</b>
Medical Assistance . . . . .	\$—	\$—	\$—	\$—	\$—	\$—
Public Assistance . . . . .	—	—	—	—	—	—
Other OTPS . . . . .	2,456,560	2,410,875	2,229,295	2,245,223	(165,652)	15,928
Legal Services . . . . .	3,096	2,755	2,310	2,586	(169)	276
Judgments and Claims . . . . .	569	1,819	1,996	1,927	108	(69)
Debt Service . . . . .	—	—	—	—	—	—
<b>Total OTPS . . . . .</b>	<b>\$2,460,225</b>	<b>\$2,415,449</b>	<b>\$2,233,601</b>	<b>\$2,249,736</b>	<b>(\$165,713)</b>	<b>\$16,135</b>
<b>Total Agency Costs . . . . .</b>	<b>\$3,014,873</b>	<b>\$2,987,373</b>	<b>\$2,747,914</b>	<b>\$2,776,165</b>	<b>(\$211,208)</b>	<b>\$28,251</b>
Less Intra-City . . . . .	\$10,625	\$31,697	\$6,157	\$6,157	(\$25,540)	\$—
<b>Net Agency Cost . . . . .</b>	<b>\$3,004,248</b>	<b>\$2,955,676</b>	<b>\$2,741,757</b>	<b>\$2,770,008</b>	<b>(\$185,668)</b>	<b>\$28,251</b>
<b>Funding</b>						
City . . . . .	926,642	924,318	813,610	812,490	(111,828)	(1,120)
Non-City . . . . .	2,077,606	2,031,358	1,928,147	1,957,518	(73,840)	29,371
<b>Personnel (includes FTEs at fiscal year-end)</b>						
City . . . . .	7,101	6,761	6,024	6,024	(737)	—
Non-City . . . . .	67	130	210	117	(13)	(93)
<b>Total . . . . .</b>	<b>7,168</b>	<b>6,891</b>	<b>6,234</b>	<b>6,141</b>	<b>(750)</b>	<b>(93)</b>

## Programmatic Review

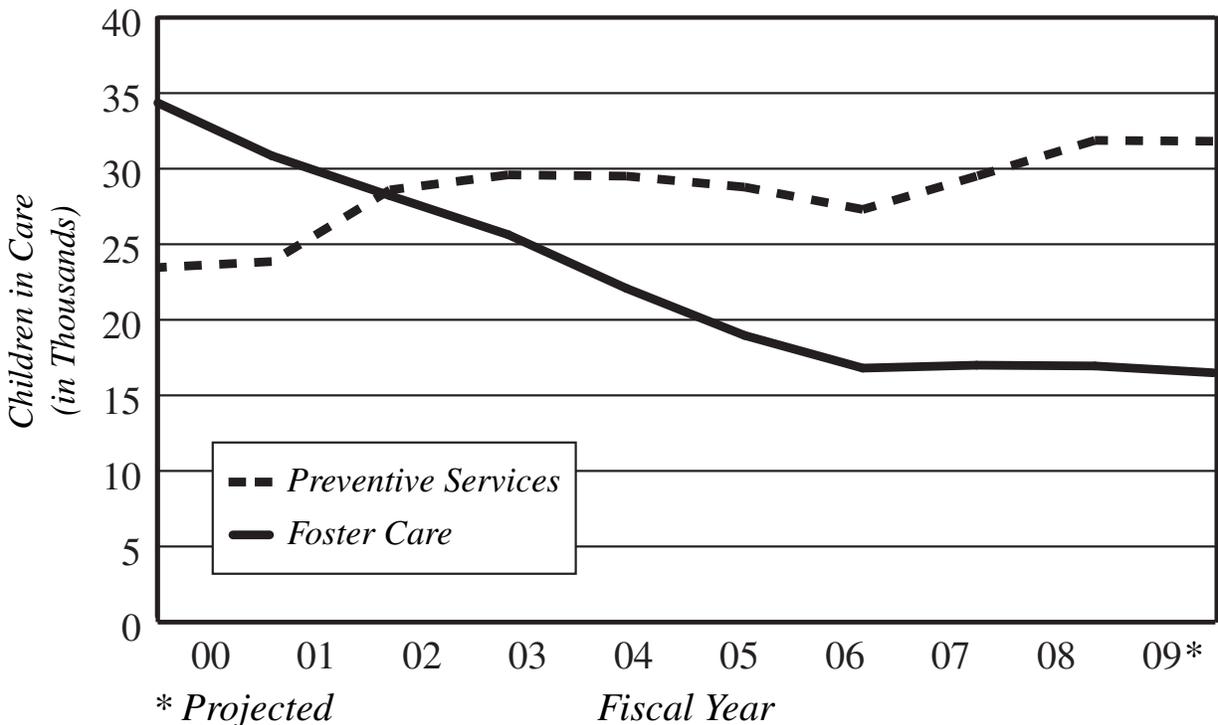
### *Division for Child Protection (DCP)*

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. Protective Services also conducts family-team conferences to bring caseworkers, parents, relatives and service providers together to ensure that service and placement decisions are based on all available information and perspectives. Expenditures for Protective Services in 2010 are projected to be \$206 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. Approximately 12,000 new preventive cases are opened annually in the Department's network of 68 community-based providers. Preventive services provided to children and their families include general preventive services, specialized programs for adolescents, programs for youth with juvenile justice involvement, the Family Rehabilitation Program (FRP) for families with substance abuse issues, and programs for families with special needs. Since 2006, the number of children receiving preventive services on an annual basis has increased by 4,307, from 27,181 to 31,488. In 2010, \$220 million is budgeted for preventive services and related support.

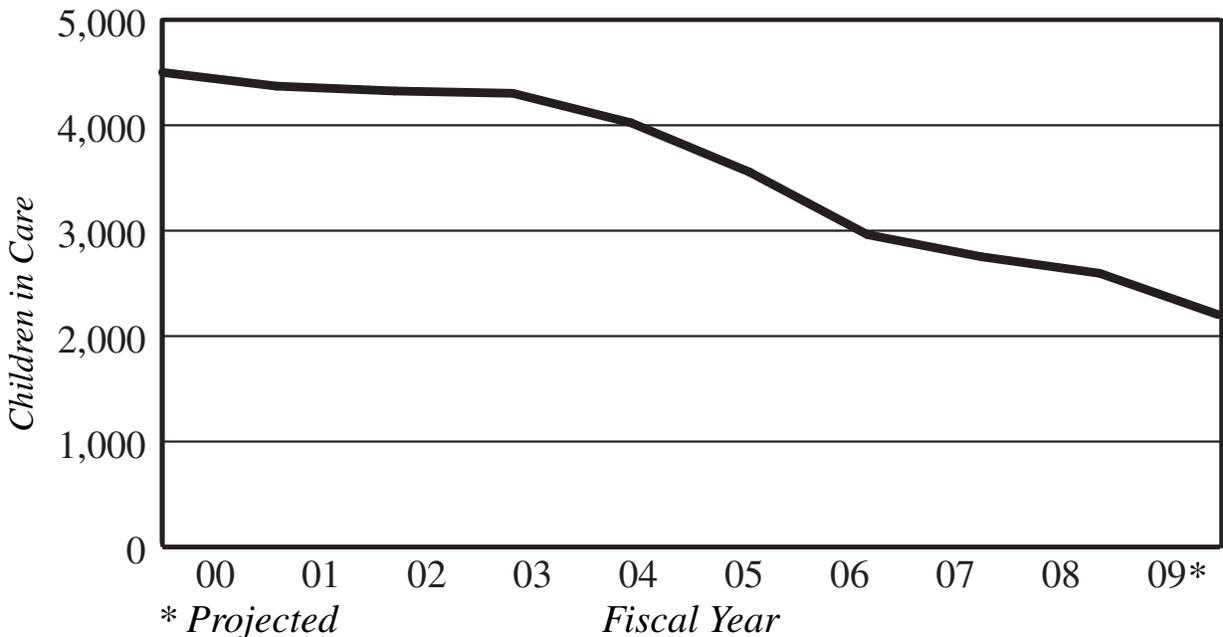
## CHILDREN IN FOSTER CARE AND PREVENTIVE SERVICES 2000-2009



*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 January 2009, 16,447 children were living in out-of-home placements, a two percent decline since January 2008. During this same period the number of children in congregate residential settings declined by seven percent from 2,376 to 2,209 and has declined by nearly 50 percent since 2003. In 2010, foster care and related expenditures are projected to be \$652 million.

**RESIDENTIAL CASELOAD 2000-2009**



*\* Projected*

*Note: Residential caseload includes children in congregate settings such as group homes and residential treatment centers.*

*\* Projected*

*Adoption Services*

Adoption provides a stable and permanent home for children who cannot return to their birth parents. In 2009, there are more than 32,450 children living in adoptive homes. ACS's efforts to recruit adoptive parents, including the adoption hotline and the award winning "Wednesday's Child" television segment, have contributed to continued placement of children in adoptive homes. In 2010, adoption subsidies and related expenditures are projected to be \$387 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, 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, which may be used to purchase care in both formal and informal settings. Formal child care settings include child care centers and group family day care homes registered and/or licensed by the Department of Health and Mental Hygiene (DOHMH). Informal settings include care provided in the child’s own home or the homes of family, friends or neighbors. Head Start, a federally funded program that provides comprehensive early childhood care for pre-school aged children, is provided through 74 delegate agencies at 203 sites. As of December 2008, more than 123,000 children were enrolled in child care Citywide, including approximately 18,400 in Head Start programs.

Ongoing collaborative efforts between ACS and the Department of Education have expanded Universal Pre-Kindergarten (UPK) programming to more than 4,000 additional children in Child Care and Head Start centers. UPK funding supports enhancements such as classroom supplies, instructional materials, field trips, and educational consultants.

### Capital Review

The 2010-2019 Ten Year Capital Strategy totals \$173.0 million, which includes \$107.2 million in the 2010-2013 Four-Year Plan. The Ten-Year Capital Strategy includes \$7.5 million for child welfare facilities, \$23.4 million for child care facilities, \$30.9 million for administrative offices, and \$111.3 million for information systems.

The table below reflects capital commitments by program area over the FY 2010-2013 period.

### Capital Commitments (\$ in 000’s)

	2008 Actual		2009 Plan		2010 Plan		2011 Plan		2012 Plan		2013 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 .....	\$945	\$945	\$6,445	\$6,445	\$2,500	\$2,500	\$2,101	\$2,101	\$0	\$0	\$2,850	\$2,850
Child Care .....	2,966	2,966	17,946	17,946	1,458	1,458	3,732	3,732	1,897	1,897	4,654	4,654
Buildings .....	1,673	1,673	6,174	6,174	3,903	7,338	1,518	2,836	572	1,076	8,625	10,329
MIS .....	665	665	12,449	12,449	30,043	39,562	8,701	11,603	3,347	4,582	7,936	10,644
Total .....	<u>\$6,249</u>	<u>\$6,249</u>	<u>\$43,014</u>	<u>\$43,014</u>	<u>\$37,904</u>	<u>\$50,858</u>	<u>\$16,052</u>	<u>\$20,272</u>	<u>\$5,816</u>	<u>\$7,555</u>	<u>\$24,065</u>	<u>\$28,477</u>

#### *Highlights of the Ten-Year Capital Plan*

- renovations of administrative and field offices (\$23.8 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 (\$6.1 million).
- development of ACS-Info, a system to unify the agency’s various child welfare data systems through a single portal (\$9.2 million).
- renovations of child care centers Citywide to correct code violations and to provide for handicapped accessibility (\$22.9 million).

## DEPARTMENT OF YOUTH AND COMMUNITY DEVELOPMENT

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

### Financial Review

The Department's 2010 Executive Budget provides for operating expenses of \$305.3 million, of which \$182.1 million are City funds.

### Expense Budget Highlights

#### *Budgetary Priorities: Providing Core Services*

- \$12.3 million in City funds will support a new youth and community program at New York City Housing Authority (NYCHA) sites.
- DYCD will receive \$32.2 million in additional Federal Workforce Investment Act (WIA) funding through the American Reinvestment and Recovery Act (ARRA). WIA funds are targeted to disadvantaged youth to improve educational and employment outcomes.

#### *Restructuring and Streamlining*

- in 2010 DYCD will consolidate Beacon and Out-of-School Time (OST) middle school services that are co-located in the same site into a single program for City savings of \$1.2 million.
- the integration of WIA funded in-school programs into high school OST programs will provide City savings of \$4.2 million in 2010 and will allow the Department to focus more WIA resources on young people who are disconnected from school or work.

### Summary of Agency Financial Data

The following table compares the 2010 Executive Budget with the 2010 Preliminary Budget, the 2009 forecast and actual expenditures for 2008, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services and debt service.

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

	2008 Actual	2009 Forecast	2010		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2009 Forecast	2010 Preliminary Budget
<b>Expenditures</b>						
Salary and Wages . . . . .	\$25,392	\$25,836	\$26,131	\$25,649	(\$187)	(\$482)
Fringe Benefits . . . . .	—	—	—	—	—	—
OTPS . . . . .	358,669	360,405	267,083	279,685	(80,720)	12,602
Total . . . . .	<u>\$384,061</u>	<u>\$386,241</u>	<u>\$293,214</u>	<u>\$305,334</u>	<u>(\$80,907)</u>	<u>\$12,120</u>
<b>Funding</b>						
City . . . . .	\$259,368	\$255,245	\$189,173	\$182,101	(\$73,144)	(\$7,072)
Other Categorical Grants	236	171	—	—	(171)	—
IFA . . . . .	—	—	—	—	—	—
State . . . . .	14,073	12,760	12,924	12,200	(560)	(724)
Federal CD . . . . .	12,854	11,372	8,890	8,895	(2,477)	5
Federal Other . . . . .	79,381	78,774	58,712	78,623	(151)	19,911
Intra-City Other . . . . .	18,149	27,919	23,515	23,515	(4,404)	—
Total . . . . .	<u>\$384,061</u>	<u>\$386,241</u>	<u>\$293,214</u>	<u>\$305,334</u>	<u>(\$80,907)</u>	<u>\$12,120</u>
<b>Additional Costs Centrally Funded</b>						
Personal Services (PS) . .						
Fringe Benefits . . . . .	\$6,807	\$6,970	\$6,560	\$7,156	\$186	\$596
Pensions . . . . .	2,710	3,151	3,396	3,392	241	(4)
Other Than Personal Service (OTPS)						
Legal Services . . . . .	45	106	104	100	(6)	(4)
Judgments and Claims .	102	41	46	44	3	(2)
Debt Service . . . . .	—	—	—	—	—	—
Total Additional Costs . .	<u>\$9,664</u>	<u>\$10,268</u>	<u>\$10,106</u>	<u>\$10,692</u>	<u>\$424</u>	<u>\$586</u>
<b>Funding</b>						
City . . . . .	9,600	10,198	10,036	10,615	417	579
Non-City . . . . .	64	70	70	77	7	7
<b>Full Agency Costs (including Central Accounts)</b>						
Salary and Wages . . . . .	\$25,392	\$25,836	\$26,131	\$25,649	(\$187)	(\$482)
Fringe Benefits . . . . .	6,807	6,970	6,560	7,156	186	596
Pensions . . . . .	2,710	3,151	3,396	3,392	241	(4)
Total PS . . . . .	<u>\$34,909</u>	<u>\$35,957</u>	<u>\$36,087</u>	<u>\$36,197</u>	<u>\$240</u>	<u>\$110</u>
OTPS . . . . .	\$358,669	\$360,405	\$267,083	\$279,685	(\$80,720)	\$12,602
Legal Services . . . . .	45	106	104	100	(6)	(4)
Judgments and Claims . .	102	41	46	44	3	(2)
Debt Service . . . . .	—	—	—	—	—	—
Total OTPS . . . . .	<u>\$358,816</u>	<u>\$360,552</u>	<u>\$267,233</u>	<u>\$279,829</u>	<u>(\$80,723)</u>	<u>\$12,596</u>
Total Agency Costs . . . .	\$393,725	\$396,509	\$303,320	\$316,026	(\$80,483)	\$12,706
Less Intra-City . . . . .	\$18,149	\$27,919	\$23,515	\$23,515	(\$4,404)	\$—
Net Agency Cost . . . . .	<u>\$375,576</u>	<u>\$368,590</u>	<u>\$279,805</u>	<u>\$292,511</u>	<u>(\$76,079)</u>	<u>\$12,706</u>
<b>Funding</b>						
City . . . . .	268,968	265,443	199,209	192,716	(72,727)	(6,493)
Non-City . . . . .	106,608	103,147	80,596	99,795	(3,352)	19,199
<b>Personnel (includes FTEs at fiscal year-end)</b>						
City . . . . .	165	335	333	312	(23)	(21)
Non-City . . . . .	287	74	74	74	—	—
Total . . . . .	<u>452</u>	<u>409</u>	<u>407</u>	<u>386</u>	<u>(23)</u>	<u>(21)</u>

## **Programmatic Review**

### *Out-of-School Time (OST)*

The Out-of-School Time (OST) program, which began in 2005, provides a mix of academic, recreational and cultural activities for young people after school, during holidays and in the summer. The OST system consists of 507 programs in neighborhoods across the City and is projected to serve more than 54,000 children in 2010. 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. In 2010, high school programming will be enhanced through Federal WIA funding and will provide services targeted by age. The High School Transition Program will assist youth in ninth grade with the transition into high school and Transition to Adulthood Programs will provide the life skills that older students will need when they graduate.

### *Beacon Community Centers*

These collaborative, school-based community centers were pioneered in the early 1990s. The Beacon model combines a youth development framework with a strong community focus and is recognized nationally as a flagship for positive youth development. Beacons focus on middle school students, with approximately 16,000 middle school youth receiving academic enhancement, life skills, career awareness/school to work transition, civic engagement/community building, recreation/health and fitness, and culture/art. Beacons serve approximately 96,000 participants annually in 80 schools throughout the City.

Beginning in February 2009, Beacon community centers also began providing comprehensive after school programs at 25 New York City Housing Authority (NYCHA) sites. In 2010, the Department will issue an RFP seeking qualified community-based organizations to operate new programs at the 25 sites which will serve both younger youth (ages 5-12) and older youth (ages 13-21).

### *Youth Workforce Development*

The Summer Youth Employment Program (SYEP) provides New York City youth between the ages of 14 to 24 with summer employment and educational experiences. Participants work in a variety of entry-level jobs at community-based organizations, government agencies and private sector businesses and are paid for up to 25 hours per week for seven weeks at \$7.25 per hour. Program enhancements in 2010 will include a new focus on vulnerable youth, such as children in foster care or involved in the juvenile justice system. The Department will also implement the Summer of Service initiative which will connect 1,000 SYEP participants to public service opportunities in all five boroughs.

The Department also funds employment services through Workforce Investment Act (WIA) funding. The programs are provided for In-School Youth (ISY) and Out-of-School Youth (OSY) to improve literacy, job readiness, and other workplace preparation skills. Beginning July 2009, OSY programming will be expanded from 875 to 1,521 slots through a reallocation of Federal funding that currently supports ISY programs.

### *Runaway and Homeless Youth Services*

DYCD funds programs to protect runaway and homeless youth and, whenever possible, reunite them with their families. Charged with giving vulnerable young people the resources they need to get off the streets and stabilize their lives, these services include Street Outreach and Referral Services as well as Drop-In Centers and Transportation. For youth in need of more intensive assistance, Crisis Shelters offer safe and welcoming environments on a short-term basis, while Transitional Independent Living facilities combine longer-term shelter with training and support designed to put formerly homeless youth on the path to independence.

### *Adult Literacy*

Adult Literacy programs are designed to assist out-of-school youth and adults in obtaining the reading and writing skills necessary to succeed as workers, parents and active community members. Each year, DYCD invests over \$8.0 million in contracts with 35 community organizations, so that over 11,000 adult New Yorkers can attend literacy programs located throughout the City.

### *Family Literacy*

Family Literacy programs provide parents and school-aged children the opportunity to improve their reading, writing and English language skills together and help parents to become full partners in their children's education. DYCD allocates \$2.4 million annually to fund 13 community based organizations that collaborate with 15 public schools in their communities to offer Family Literacy programming.

### *Adolescent Literacy*

The DYCD Adolescent Literacy program partners community organizations with 11 middle schools to help sixth, seventh and eighth graders improve their reading, writing and communication skills. In this pilot program, 250 students work on engaging projects, such as playwriting or technology, as they build their literacy skills.

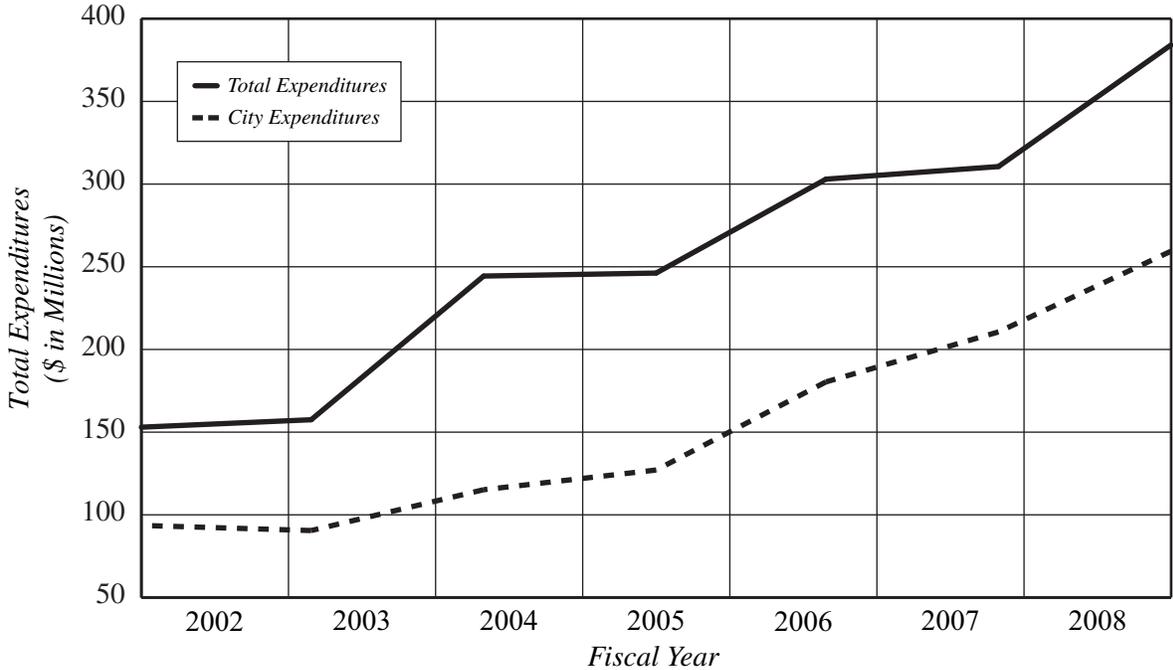
### *Neighborhood Development Programs*

DYCD administers the Federal Community Services Block Grant program to fund anti-poverty initiatives in 43 designated low-income Neighborhood Development Areas (NDAs) across the five boroughs of New York City. The NDA programs are designed to allow individual neighborhoods to fund the social services they determine best meet their particular needs. The Department allocates \$16.5 million to these programs, which provide Literacy, Immigrant Services, Family Support, Youth Development, Senior Support, Housing Assistance and Health Insurance Access.

### *Fatherhood Programs*

By promoting positive involvement of fathers in the lives of their children, DYCD's 18 CSBG-funded Fatherhood programs strengthen family relationships and encourage fathers to fulfill their financial responsibilities to their offspring. 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, including job training and placement, health care, and housing.

**AGENCY TOTAL EXPENDITURES 2002-2008**



*Note: The total expenditures include intracity sales and CDBG funds as revenues.*

## DEPARTMENT OF HOMELESS SERVICES

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

In 2010, the Department will continue to employ innovative strategies to bring unsheltered homeless individuals, many of whom have significant mental health and substance abuse issues, off the City's streets. The Department will also continue efforts to reduce the 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 2010 Executive Budget provides for operating expenses of \$773.5 million, of which \$303 million are City funds. Capital commitments of \$59.3 million are also provided.

### Expense Budget Highlights

#### *Budgetary Priorities: Providing Core Services*

- an increase of \$55.5 million, of which \$25 million are City funds, in 2009; and \$50 million, of which \$24.7 million are City funds, in 2010 will support transitional housing for homeless families in DHS shelters and cluster site units.
- the anticipated completion of the new Family Intake Center in the Bronx in 2010 will provide a modern facility specially designed to facilitate the intake, eligibility and placement processes for families with children seeking shelter in New York City.
- in 2010, development of a new Client Tracking and Census Management System for families and adults is expected to consolidate multiple data systems into a single system that will expedite the intake process and improve shelter management.

#### *Restructuring and Streamlining*

- savings of \$9.9 million in City funds will be realized through a restructuring that will modify the current reimbursement methodologies for adult and family shelter operators in 2010.
- savings of \$5.1 million in City funds will be achieved through use of Federal American Recovery and Reinvestment Act (ARRA) funding for the HomeBase homeless prevention program in 2010 and 2011.
- in 2010, DHS will eliminate 320 positions throughout the Agency, restructuring program areas in order to more efficiently manage its operations.

### Summary of Agency Financial Data

The following table compares the 2010 Executive Budget with the 2010 Preliminary Budget, the 2009 forecast and actual expenditures for 2008, including costs budgeted centrally for fringe benefits, pensions, judgements and claims, legal services and debt service.

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

	2008 Actual	2009 Forecast	2010		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2009 Forecast	2010 Preliminary Budget
<b>Expenditures</b>						
Salary and Wages . . . . .	\$113,870	\$120,838	\$115,872	\$113,095	(\$7,743)	(\$2,777)
Fringe Benefits . . . . .	1,281	1,116	1,116	1,116	—	—
Medical Assistance . . . . .	—	—	—	—	—	—
Public Assistance . . . . .	—	—	—	—	—	—
Other OTPS . . . . .	670,382	751,201	531,057	659,314	(91,887)	128,257
Total . . . . .	<u>\$785,533</u>	<u>\$873,155</u>	<u>\$648,045</u>	<u>\$773,525</u>	<u>(\$99,630)</u>	<u>\$125,480</u>
<b>Funding</b>						
City . . . . .	\$360,226	\$343,829	\$275,852	\$303,342	(\$40,487)	\$27,490
Other Categorical Grants	—	—	—	—	—	—
IFA . . . . .	—	—	—	—	—	—
State . . . . .	224,474	241,006	209,939	215,803	(25,203)	5,864
Federal CD . . . . .	6,365	4,456	4,000	10,242	5,786	6,242
Federal Other . . . . .	156,092	162,553	125,162	135,784	(26,769)	10,622
Intra-City Other . . . . .	38,375	121,311	33,092	108,354	(12,957)	75,262
Total . . . . .	<u>\$785,533</u>	<u>\$873,155</u>	<u>\$648,045</u>	<u>\$773,525</u>	<u>(\$99,630)</u>	<u>\$125,480</u>
<b>Additional Costs Centrally Funded</b>						
Personal Services (PS) . .						
Fringe Benefits . . . . .	\$34,898	\$36,197	\$35,568	\$36,627	\$430	\$1,059
Pensions . . . . .	12,292	15,560	15,401	15,381	(179)	(20)
Other Than Personal Service (OTPS)						
Legal Services . . . . .	865	957	966	898	(59)	(68)
Judgments and Claims .	828	545	597	577	32	(20)
Debt Service . . . . .	—	—	—	—	—	—
Total Additional Costs . .	<u>\$48,883</u>	<u>\$53,259</u>	<u>\$52,532</u>	<u>\$53,483</u>	<u>\$224</u>	<u>\$951</u>
<b>Funding</b>						
City . . . . .	37,406	42,784	42,365	43,328	544	963
Non-City . . . . .	11,477	10,475	10,167	10,155	(320)	(12)
<b>Full Agency Costs (including Central Accounts)</b>						
Salary and Wages . . . . .	\$113,870	\$120,838	\$115,872	\$113,095	(\$7,743)	(\$2,777)
Fringe Benefits . . . . .	36,179	37,313	36,684	37,743	430	1,059
Pensions . . . . .	12,292	15,560	15,401	15,381	(179)	(20)
Total PS . . . . .	<u>\$162,341</u>	<u>\$173,711</u>	<u>\$167,957</u>	<u>\$166,219</u>	<u>(\$7,492)</u>	<u>(\$1,738)</u>
Medical Assistance . . . . .	\$—	\$—	\$—	\$—	\$—	\$—
Public Assistance . . . . .	—	—	—	—	—	—
Other OTPS . . . . .	670,382	751,201	531,057	659,314	(91,887)	128,257
Legal Services . . . . .	865	957	966	898	(59)	(68)
Judgments and Claims .	828	545	597	577	32	(20)
Debt Service . . . . .	—	—	—	—	—	—
Total OTPS . . . . .	<u>\$672,075</u>	<u>\$752,703</u>	<u>\$532,620</u>	<u>\$660,789</u>	<u>(\$91,914)</u>	<u>\$128,169</u>
Total Agency Costs . . . .	\$834,416	\$926,414	\$700,577	\$827,008	(\$99,406)	\$126,431
Less Intra-City . . . . .	\$38,375	\$121,311	\$33,092	\$108,354	(\$12,957)	\$75,262
Net Agency Cost . . . . .	<u>\$796,041</u>	<u>\$805,103</u>	<u>\$667,485</u>	<u>\$718,654</u>	<u>(\$86,449)</u>	<u>\$51,169</u>
<b>Funding</b>						
City . . . . .	397,632	386,613	318,217	346,670	(39,943)	28,453
Non-City . . . . .	398,409	418,490	349,268	371,984	(46,506)	22,716
<b>Personnel (includes FTEs at fiscal year-end)</b>						
City . . . . .	2,055	2,228	1,992	1,887	(341)	(105)
Non-City . . . . .	29	35	—	—	(35)	—
Total . . . . .	<u>2,084</u>	<u>2,263</u>	<u>1,992</u>	<u>1,887</u>	<u>(376)</u>	<u>(105)</u>

## **Programmatic Review**

### *Single Adult Services*

The Department provides a variety of services for homeless single adults, including street outreach, safe havens, drop-in centers and stabilization beds for the hard to serve; general and specialized transitional facilities; and housing assistance, including housing placement and subsidies for supportive housing. In March 2009, the average daily census in single adult shelters was 6,780, the lowest average for the month of March since 1995, a decline of 24 percent from March 2004, when the average daily census was 8,867.

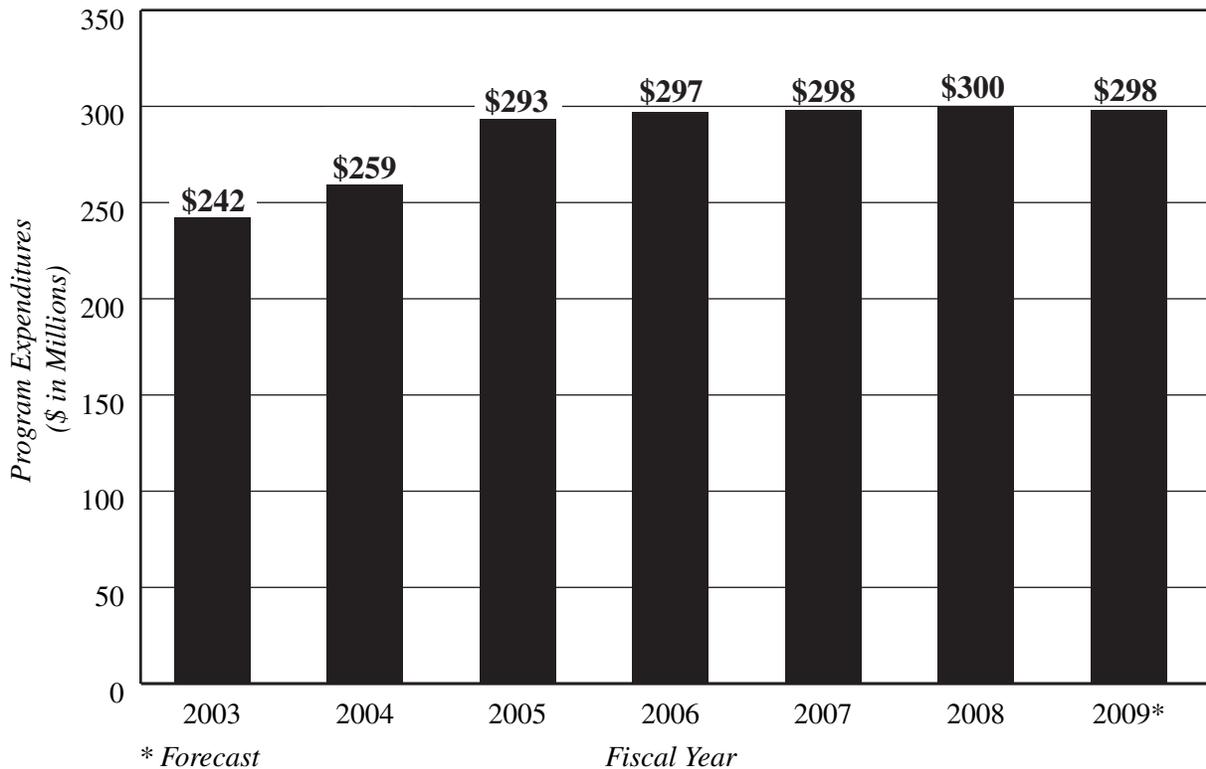
In collaboration with the Department of Health and Mental Hygiene (DOHMH), DHS operates outreach programs throughout the City. The programs, operated by not-for-profit providers, are outcome-based and focus on finding alternatives to street homelessness. In January 2009, the Department sponsored the seventh annual Homeless Outreach Population Estimate (HOPE) to measure progress in reducing street homelessness. HOPE 2009 estimated that 2,328 individuals were sleeping in the City streets, a 30 percent reduction from 2008 and a 47 percent decline from 2005, the first year that the survey covered all five boroughs.

The Department also administers low-threshold/low-demand housing options that street homeless adults will accept as alternatives to shelter. DHS providers operate 379 Safe Haven beds as a housing option for clients who are unwilling to enter the traditional shelter system. The average length of time on the street for clients admitted to the program is seven years.

DHS and the United States Department of Veterans Affairs (VA) jointly operate a Multi-Service Center for veterans, which opened in May 2008. The Center is dedicated to serving and placing homeless veterans into permanent housing or short-term housing facilities within 90 days, and to linking homeless veterans to VA benefits and other appropriate resources.

In 2009, DHS's Borden Avenue Veterans Residence (BAVR) began operating as a short-term housing program for veterans. In addition, DHS refers veterans through its Veteran's Service Unit to not-for-profit providers who receive funding directly from the VA to serve homeless veterans. DHS also works with the VA and the New York City Housing Authority to utilize HUD's Veteran's Affairs Supporting Housing (VASH) vouchers allocated to New York City. To date, DHS has submitted approximately 400 HUD-VASH applications for veterans in shelter.

## HOMELESS INDIVIDUALS - PROGRAM EXPENDITURES: 2003-2009



### *Family Services*

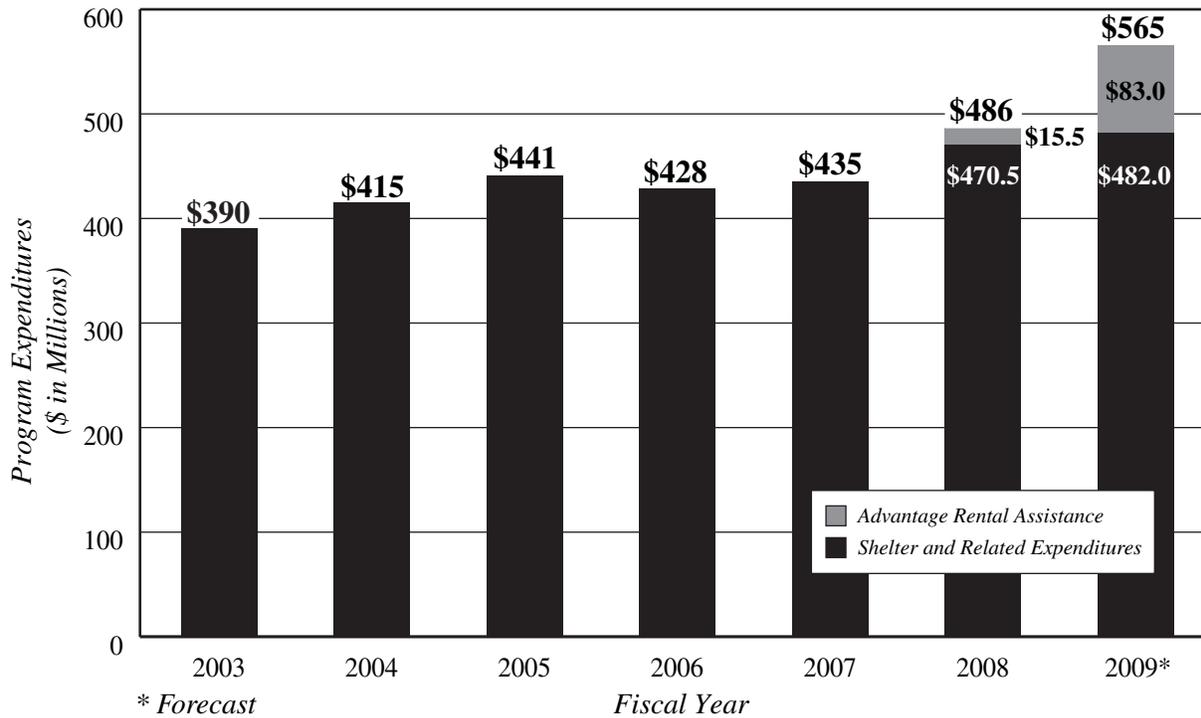
The Department serves homeless families through a network of facilities that provide families with stable living situations and supportive services designed to help them transition to permanent housing. DHS's goal is to minimize the disruptions associated with homelessness for shelter residents and to maximize family stability. The average length of time homeless families with children spend in shelter has declined 17 percent, from 327 days in March 2008, to 273 days in March 2009.

The Department has paid particular attention to the population of families with children who are long-term stayers, defined as those who remain in shelter for one year or more. Between April 2008 and March 2009, DHS reduced the number of long-term stayers in shelter by 24 percent, from 2,247 families in April 2008 to 1,712 families in March 2009. In addition, the number of homeless families with children placed into permanent housing has increased from 4,054 in 2008 through March, to 4,869 in 2009, also through March. In 2010 DHS will work to continue to further decrease the length of stay for families with children and to increase the number of permanent housing placements. For the first nine months of 2009 there was an average of 7,909 families with children and 1,263 adult families in shelter.

### *Prevention and Aftercare Services*

The HomeBase program is a community based homelessness prevention program operating in 13 homelessness prevention centers across the City. HomeBase provides a comprehensive continuum of services targeted to households at risk of homelessness, applicants seeking shelter, and former shelter residents placed in permanent housing. Since its inception in 2004, the program has served over 10,000 families and individuals, over 90 percent who have avoided entering shelter. HomeBase was the recipient of the 2009 HUD Secretary's Opportunity and Empowerment Award and a top 50 finalist in the Harvard Innovation in American Government Awards program.

## HOMELESS FAMILIES - PROGRAM EXPENDITURES: 2003-2009



\* Forecast

Fiscal Year

Note: Advantage rental assistance payments are made to landlords on behalf of the Department of Social Services. This program began in April 2007.

### Capital Review

The Department's Ten-Year Capital Strategy totals \$143 million which includes \$104.9 million in the 2010-2013 Four-Year Plan. Projects for homeless families total \$57.3 million, projects for single adults total \$51.1 million, and \$33.5 million is allocated for computer systems and equipment purchases.

The table below reflects capital commitments by program area over the FY 2010-2013 period.

### Capital Commitments

(\$000's)

	2008 Actual		2009 Plan		2010 Plan		2011 Plan		2012 Plan		2013 Plan	
	City Funds	All Funds										
Homeless Families . . . . .	\$51,035	\$51,035	\$25,998	\$25,998	\$27,610	\$27,610	\$5,998	\$5,998	\$3,826	\$3,826	\$6,235	\$6,235
Homeless Individuals . . . . .	11,271	11,271	17,899	17,899	14,010	14,010	7,927	7,927	4,126	4,126	6,334	6,334
Equipment and Vehicles . . . . .	0	0	1,202	1,202	400	400	0	0	250	250	250	250
Information Technology . . . . .	6,905	6,905	17,218	17,218	17,254	17,254	2,100	2,100	2,500	2,500	6,100	6,100
<b>Total . . . . .</b>	<b>\$69,211</b>	<b>\$69,211</b>	<b>\$62,317</b>	<b>\$62,317</b>	<b>\$59,274</b>	<b>\$59,274</b>	<b>\$16,025</b>	<b>\$16,025</b>	<b>\$10,702</b>	<b>\$10,702</b>	<b>\$18,919</b>	<b>\$18,919</b>

*Highlights of the Ten-Year Capital Plan*

- construction of the new Family Intake Center in the Bronx is expected to be completed in 2010 (\$10 million).
- exterior and interior building upgrades at facilities for homeless families, including Catherine Street Shelter, Dean Street Shelter, Nelson Avenue Family Residence, and the HELP 1 Family Shelter (\$57.3 million).
- exterior and interior building upgrades at facilities for homeless adults, including the Fort Washington Armory, Charles Gay - Schwartz, New Providence Residence, Borden Avenue Shelter, Kingsboro, Barbara Kleiman Men's Residence, and Bedford Atlantic Armory (\$51.1 million).

## DEPARTMENT FOR THE AGING

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

The Department also collaborates with City agencies and private partners to ensure that seniors have access to all available resources. DFTA has created a recent partnership with the Health and Hospitals Corporation (HHC), where HHC refers patients with uncontrolled diabetes to wellness programs at senior centers. The program monitors the impact of regular physical activity, peer support and sensible diets on diabetes indicators.

### **Financial Review**

The Department's 2010 Executive Budget provides for operating expenses of \$240.6 million, of which \$123.4 million are City funds. Capital commitments of \$4.3 million are also provided.

### **Expense Budget Highlights**

#### *Budgetary Priorities: Providing Core Services*

- in 2009, the Department awarded 20 new home delivered meal contracts to better address the nutritional needs of homebound older adults unable to prepare meals for themselves. All clients select from a flexible menu of meal delivery options and are linked to an array of support services through a case manager. The streamlined system will allow the Department to enhance client choice and build capacity for the future while serving 4.3 million meals to approximately 17,500 clients annually.

#### *Restructuring and Streamlining*

- in 2010, DFTA will consolidate information technology operations with the Department of Social Services (DSS). This consolidation will provide DFTA with City savings of \$1.1 million through leveraging the technological resources of DSS.

### **Summary of Agency Financial Data**

The following table compares the 2010 Executive Budget with the 2010 Preliminary Budget, the 2009 forecast and actual expenditures for 2008, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services and debt service.

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

	2008 Actual	2009 Forecast	2010		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2009 Forecast	2010 Preliminary Budget
<b>Expenditures</b>						
Salary and Wages . . . . .	\$26,222	\$23,268	\$25,838	\$26,121	\$2,853	\$283
Fringe Benefits . . . . .	—	1,601	410	410	(1,191)	—
OTPS . . . . .	264,266	269,390	218,899	214,104	(55,286)	(4,795)
Total . . . . .	<u>\$290,488</u>	<u>\$294,259</u>	<u>\$245,147</u>	<u>\$240,635</u>	<u>(\$53,624)</u>	<u>(\$4,512)</u>
<b>Funding</b>						
City . . . . .	\$139,141	\$165,693	\$127,951	\$123,439	(\$42,254)	(\$4,512)
Other Categorical Grants	10	80	—	—	(80)	—
IFA . . . . .	—	—	—	—	—	—
State . . . . .	37,650	38,638	36,968	36,968	(1,670)	—
Federal CD . . . . .	2,466	2,491	2,495	2,495	4	—
Federal Other . . . . .	110,473	86,493	77,261	77,261	(9,232)	—
Intra-City Other . . . . .	749	864	472	472	(392)	—
Total . . . . .	<u>\$290,488</u>	<u>\$294,259</u>	<u>\$245,147</u>	<u>\$240,635</u>	<u>(\$53,624)</u>	<u>(\$4,512)</u>
<b>Additional Costs Centrally Funded</b>						
Personal Services (PS) . .						
Fringe Benefits . . . . .	\$6,823	\$6,372	\$6,025	\$6,841	\$469	\$816
Pensions . . . . .	2,799	3,440	3,507	3,503	63	(4)
Other Than Personal Service (OTPS)						
Legal Services . . . . .	55	171	148	160	(11)	12
Judgments and Claims .	139	45	49	48	3	(1)
Debt Service . . . . .	—	—	—	—	—	—
Total Additional Costs . .	<u>\$9,816</u>	<u>\$10,028</u>	<u>\$9,729</u>	<u>\$10,552</u>	<u>\$524</u>	<u>\$823</u>
<b>Funding</b>						
City . . . . .	9,732	9,630	9,335	10,145	515	810
Non-City . . . . .	84	398	394	407	9	13
<b>Full Agency Costs (including Central Accounts)</b>						
Salary and Wages . . . . .	\$26,222	\$23,268	\$25,838	\$26,121	\$2,853	\$283
Fringe Benefits . . . . .	6,823	7,973	6,435	7,251	(722)	816
Pensions . . . . .	2,799	3,440	3,507	3,503	63	(4)
Total PS . . . . .	<u>\$35,844</u>	<u>\$34,681</u>	<u>\$35,780</u>	<u>\$36,875</u>	<u>\$2,194</u>	<u>\$1,095</u>
OTPS . . . . .	\$264,266	\$269,390	\$218,899	\$214,104	(\$55,286)	(\$4,795)
Legal Services . . . . .	55	171	148	160	(11)	12
Judgments and Claims .	139	45	49	48	3	(1)
Debt Service . . . . .	—	—	—	—	—	—
Total OTPS . . . . .	<u>\$264,460</u>	<u>\$269,606</u>	<u>\$219,096</u>	<u>\$214,312</u>	<u>(\$55,294)</u>	<u>(\$4,784)</u>
Total Agency Costs . . . .	\$300,304	\$304,287	\$254,876	\$251,187	(\$53,100)	(\$3,689)
Less Intra-City . . . . .	\$749	\$864	\$472	\$472	(\$392)	\$—
Net Agency Cost . . . . .	<u>\$299,555</u>	<u>\$303,423</u>	<u>\$254,404</u>	<u>\$250,715</u>	<u>(\$52,708)</u>	<u>(\$3,689)</u>
<b>Funding</b>						
City . . . . .	148,873	175,323	137,286	133,584	(41,739)	(3,702)
Non-City . . . . .	150,682	128,100	117,118	117,131	(10,969)	13
<b>Personnel (includes FTEs at fiscal year-end)</b>						
City . . . . .	111	63	53	53	(10)	—
Non-City . . . . .	759	742	771	772	30	1
Total . . . . .	<u>870</u>	<u>805</u>	<u>824</u>	<u>825</u>	<u>20</u>	<u>1</u>

## **Programmatic Review**

### *Senior Centers*

The core of DFTA's service portfolio is the Department's citywide network of 328 senior centers. In addition to supporting 9.5 million congregate meals annually, senior centers offer older New Yorkers opportunities for socialization, recreation, and participation in a wide array of activities designed to improve their health and quality of life. In the upcoming year, DFTA will initiate a comprehensive planning process for the future of senior centers. This effort will require participation by all stakeholders, including seniors, providers, elected officials and advocates, and will result in an enhanced system better able to meet the diverse needs and preferences of a growing senior population.

### *Home Care Services*

The Department provides home care services to approximately 4,500 elderly residents throughout the City. \$27 million provides services to 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. DFTA also provides emergency homecare to enable elderly persons to be discharged from hospitals or other facilities before other home care arrangements, including Medicaid or Medicare services, have been put into place.

### *Case Management Services*

DFTA contracts with 23 case management agencies that perform comprehensive in-home assessments of homebound seniors in order to link them with supportive services including home delivered meals and home care, as well as a variety of other benefits for which they may be eligible. Seniors access case management through referrals from senior centers, home delivered meal providers, hospitals and other community-based social service and health care agencies. \$22.7 million provides approximately 500,000 hours of service annually.

### *Employment*

DFTA continues to address the employment needs of older New Yorkers. Through the Senior Community Service Employment Program, \$5.4 million provides part-time jobs to approximately 900 low income seniors who have difficulty finding work. Placements are made in City agencies and not-for-profits, where clients serve their communities while receiving job training and other supportive services to facilitate re-entry into the workforce.

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

### *Naturally Occurring Retirement Communities*

Naturally Occurring Retirement Communities (NORCs) are on-site collaborations among housing entities, social service providers, and healthcare networks which, by providing such critical services as case assistance and healthcare management, allow seniors to remain in their own homes. \$5.5 million provides funding for 28 NORCs in the Bronx, Brooklyn, Manhattan and Queens, collectively serving approximately 45,000 seniors. 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.

## Capital Review

The Department's 2010-2019 Ten-Year Capital Strategy totals \$27.8 million, which includes \$14.2 million in the 2010-2013 Four-Year Plan. The Ten-Year Capital Strategy includes rehabilitation of senior centers throughout the City and technology projects to improve operations.

The table below reflects capital commitments by program area over the FY 2010-2013 period.

### Capital Commitments

(\$ in 000's)

	2008 Actual		2009 Plan		2010 Plan		2011 Plan		2012 Plan		2013 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 . . . . .	\$801	\$801	\$8,179	\$8,179	\$785	\$785	\$1,545	\$1,545	\$500	\$500	\$1,918	\$1,918
Building Renovations and Vehicles . . . . .	3,600	3,600	25,766	25,766	3,558	3,558	1,247	1,247	736	736	3,932	3,932
Total . . . . .	<u>\$4,401</u>	<u>\$4,401</u>	<u>\$33,945</u>	<u>\$33,945</u>	<u>\$4,343</u>	<u>\$4,343</u>	<u>\$2,792</u>	<u>\$2,792</u>	<u>\$1,236</u>	<u>\$1,236</u>	<u>\$5,850</u>	<u>\$5,850</u>

#### Highlights of the Ten-Year Capital Plan

- infrastructure improvements to the City's senior center network, including renovations and repairs to existing facilities (\$13.5 million).
- information technology upgrades that bridge the digital divide by enhancing the ability of seniors to access services and entitlement programs electronically (\$6.7 million).

## DEPARTMENT OF HEALTH AND MENTAL HYGIENE

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

In 2010, the Department will continue its focus on reducing the incidence of preventable and treatable conditions; reducing smoking; improving primary medical care through electronic health record implementation; improving HIV prevention and the care, housing, and treatment of individuals with HIV/AIDS; increasing supportive housing for persons with behavioral and physical health conditions; and ensuring health and safety of New Yorkers in emergency situations. The Department's public health activities will continue to be targeted towards those communities that bear a disproportionate share of physical and mental illness and premature death, relying on evidence-based programs and interventions.

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

### Financial Review

The Department's 2010 Executive Budget provides for operating expenses of \$1.6 billion, of which \$607 million are City funds. Additional funding of approximately \$60 million will be added to the budget during the fiscal year when Federal and State award notifications are received. Capital commitments of \$278 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 2010, the Department will generate \$74.8 million from these sources. The Department will begin inspecting restaurants with persistent unsanitary conditions more frequently. This will result in an increase of \$7.8 million in revenue in 2010. Beginning January 2010, the Department will implement a \$40 fee for corrections and amendments to birth certificates after the first 60 days and for the issuance of disposition permits which are required to ensure proper handling of bodies for burial.

### Expense Budget Highlights

#### *Budgetary Priorities: Providing Core Services*

- expand the use of electronic health records throughout the City including community health centers, hospitals, private doctor offices, and City jails, the largest such project in the country;
- strengthen its enforcement of health code provisions for food service establishments by more frequently inspecting establishments with persistent unsanitary conditions;
- improve care monitoring and coordination for mentally ill persons at-risk for interactions with the criminal justice system; and
- build on the additional \$0.62 Federal tax increase per pack of cigarettes by continuing its aggressive media campaigns and other programs to reduce smoking, the leading preventable cause of death among New Yorkers.

### Summary of Agency Financial Data

The following compares the 2009 Executive Budget with the 2009 Preliminary Budget, the 2008 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)

	2008 Actual	2009 Forecast	2010		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2009 Forecast	2010 Preliminary Budget
<b>Expenditures</b>						
Salary and Wages . . . . .	\$367,569	\$424,882	\$400,464	\$405,852	(\$19,030)	\$5,388
Fringe Benefits . . . . .	1,478	1,063	241	238	(825)	(3)
Medical Assistance . . . . .	—	—	—	—	—	—
Public Assistance . . . . .	—	—	—	—	—	—
Other OTPS . . . . .	1,217,874	1,332,771	1,193,459	1,191,776	(140,995)	(1,683)
Total . . . . .	<u>\$1,586,921</u>	<u>\$1,758,716</u>	<u>\$1,594,164</u>	<u>\$1,597,866</u>	<u>(\$160,850)</u>	<u>\$3,702</u>
<b>Funding</b>						
City . . . . .	\$570,457	\$659,509	\$614,567	\$610,388	(\$49,121)	(\$4,179)
Other Categorical Grants	238,734	249,070	250,258	250,938	1,868	680
IFA . . . . .	—	—	—	—	—	—
State . . . . .	490,006	499,296	460,342	467,099	(32,197)	6,757
Federal CD . . . . .	521	553	553	—	(553)	(553)
Federal Other . . . . .	269,450	329,580	264,897	266,239	(63,341)	1,342
Intra-City Other . . . . .	17,753	20,708	3,547	3,202	(17,506)	(345)
Total . . . . .	<u>\$1,586,921</u>	<u>\$1,758,716</u>	<u>\$1,594,164</u>	<u>\$1,597,866</u>	<u>(\$160,850)</u>	<u>\$3,702</u>
<b>Additional Costs Centrally Funded</b>						
Personal Services (PS) . . . . .						
Fringe Benefits . . . . .	\$95,789	\$110,202	\$104,199	\$112,131	\$1,929	\$7,932
Pensions . . . . .	39,393	45,665	49,357	49,295	3,630	(62)
Other Than Personal Service (OTPS)						
Legal Services . . . . .	1,458	1,441	1,282	1,353	(88)	71
Judgments and Claims . . . . .	2,447	2,750	3,017	2,913	163	(104)
Debt Service . . . . .	21,956	27,030	25,905	34,869	7,839	8,964
Total Additional Costs . . . . .	<u>\$161,043</u>	<u>\$187,088</u>	<u>\$183,760</u>	<u>\$200,561</u>	<u>\$13,473</u>	<u>\$16,801</u>
<b>Funding</b>						
City . . . . .	139,607	164,107	159,721	176,213	12,106	16,492
Non-City . . . . .	21,436	22,981	24,039	24,348	1,367	309
<b>Full Agency Costs (including Central Accounts)</b>						
Salary and Wages . . . . .	\$367,569	\$424,882	\$400,464	\$405,852	(\$19,030)	\$5,388
Fringe Benefits . . . . .	97,267	111,265	104,440	112,369	1,104	7,929
Pensions . . . . .	39,393	45,665	49,357	49,295	3,630	(62)
Total PS . . . . .	<u>\$504,229</u>	<u>\$581,812</u>	<u>\$554,261</u>	<u>\$567,516</u>	<u>(\$14,296)</u>	<u>\$13,255</u>
Medical Assistance . . . . .	\$—	\$—	\$—	\$—	\$—	\$—
Public Assistance . . . . .	—	—	—	—	—	—
Other OTPS . . . . .	1,217,874	1,332,771	1,193,459	1,191,776	(140,995)	(1,683)
Legal Services . . . . .	1,458	1,441	1,282	1,353	(88)	71
Judgments and Claims . . . . .	2,447	2,750	3,017	2,913	163	(104)
Debt Service . . . . .	21,956	27,030	25,905	34,869	7,839	8,964
Total OTPS . . . . .	<u>\$1,243,735</u>	<u>\$1,363,992</u>	<u>\$1,223,663</u>	<u>\$1,230,911</u>	<u>(\$133,081)</u>	<u>\$7,248</u>
Total Agency Costs . . . . .	\$1,747,964	\$1,945,804	\$1,777,924	\$1,798,427	(\$147,377)	\$20,503
Less Intra-City . . . . .	\$17,753	\$20,708	\$3,547	\$3,202	(\$17,506)	(\$345)
Net Agency Cost . . . . .	<u>\$1,730,211</u>	<u>\$1,925,096</u>	<u>\$1,774,377</u>	<u>\$1,795,225</u>	<u>(\$129,871)</u>	<u>\$20,848</u>
<b>Funding</b>						
City . . . . .	710,064	823,616	774,288	786,601	(37,015)	12,313
Non-City . . . . .	1,020,147	1,101,480	1,000,089	1,008,624	(92,856)	8,535
<b>Personnel (includes FTEs at fiscal year-end)</b>						
City . . . . .	5,298	5,240	5,354	5,281	41	(73)
Non-City . . . . .	1,433	1,740	1,496	1,500	(240)	4
Total . . . . .	<u>6,731</u>	<u>6,980</u>	<u>6,850</u>	<u>6,781</u>	<u>(199)</u>	<u>(69)</u>

## **Agency-wide Initiatives**

Launched in March 2004, the Take Care New York (TCNY) policy identifies ten steps to support longer and healthier lives. Since 2002, the Department has made significant progress in seven of the ten priority areas outlined in TCNY, and has already reached or surpassed 2008 TCNY goals within four priority areas. Recent surveys show that 364,000 additional New Yorkers have a regular doctor; 300,000 fewer New Yorkers smoke; and colonoscopy screening rates for New Yorkers aged 50 years and older have increased by 48%. In 2010, the Department will work closely with its partners to further implement core TCNY initiatives.

## **Mental Hygiene Services**

The Department provides planning, funding, and oversight of mental health, mental retardation, developmental disabilities, alcohol and drug abuse, and Early Intervention services. Over 450,000 mental hygiene consumers are served annually through contracts and agreements with community-based provider agencies, hospitals and other City agencies. The Department also seeks to address the needs of children with emotional, behavioral, developmental, and/or substance abuse needs and their families. Key City and State initiatives include continued implementation of supportive housing services through the New York-New York III program; a Mental Health/Criminal Justice initiative to improve care monitoring and coordination for at-risk individuals; and an overdose prevention program with targeted education and expanded access to buprenorphine to reduce opioid dependence.

### *Mental Health*

The Department oversees and coordinates the delivery of treatment, housing, case management, and rehabilitation services to adults with mental illnesses and children with emotional and behavioral health problems and/or functional impairments. The Department contracts with, or oversees providers offering the following services: clinic-based treatment, assertive community treatment, clubhouses, advocacy, supportive housing, case management, assisted employment, information and referral, on-site school services, home-based and mobile crisis intervention, and administers the Assisted Outpatient Treatment program (mandated by Kendra's law).

### *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 other neurological impairments. MRDD services include transitional employment, work readiness, clinical evaluation and treatment services, family support, counseling, recreation services for children and adults, education, information and referral, summer camp, and respite care.

### *Alcohol and Drug Use Prevention, Care and Treatment*

The Department seeks to prevent the development of alcohol and drug use problems, to educate and assist individuals to reduce problem use, to increase access to long-term treatment for dependence, and to prevent health risks related to use. The Department will continue its buprenorphine initiative for individuals who seek an alternative treatment for opioid dependence. In addition, the Department will introduce expanded resources to reduce overdose mortality, and to educate New Yorkers to prevent overdose risk. To identify and intervene with problem drinking and drug use, the Department will continue to expand and promote patient screening and brief intervention in diverse venues and locations.

### *Early Intervention Services*

The Early Intervention program identifies and treats children from birth 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 approximately 130 contracted agencies provides services to more than 35,000 children and their families annually.

## **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.

HIV/AIDS Prevention and Control remains a critical focus, through increasing HIV testing among New Yorkers, linking and keeping HIV/AIDS-patients in care, and HIV/AIDS surveillance and program planning. Major accomplishments for 2009 include the ongoing expansion of programs to help New Yorkers know their HIV status and, if HIV positive, receive care in a timely manner, as well as continued expansion of the condom distribution program. Since 2007, the Department and its numerous community partners have distributed some 70 million condoms. The Department will also focus on keeping HIV-infected New Yorkers in care, through direct outreach and contracted agencies, and will expand medical case management to improve medication compliance. In addition, the Department will focus on populations with increasing rates of HIV infection, through a wide range of education, outreach, and prevention strategies.

Sexually Transmitted Disease Control (STDC) provides testing and treatment services to curtail the spread of infections, supports outreach activities and targeted screening through community-based organizations, conducts provider training, and sponsors a partner self-notification website. In response to increasing primary and secondary syphilis, the Department has launched a full-time field unit with emphasis on providing follow-up to persons diagnosed by private providers. In 2010, a new testing method will be available in all Department STDC clinics to screen patients for acute HIV infection to identify people recently infected, an important step in identifying people who may not yet know their HIV status.

The Bureau of Tuberculosis Control provides direct patient care, education, surveillance, and outreach to reduce the incidence of Tuberculosis (TB). In calendar year 2008, new cases of TB reached a historic low of 895 cases. TB continues to disproportionately affect the foreign-born, and the Department will continue to improve services for high-risk immigrant communities and completion rates for treatment of latent TB infections. The Department will also work with medical providers and local hospitals, community boards, and community-based organizations to raise awareness and reduce the spread of disease in neighborhoods where TB cases are increasing.

The Department continues with its plans to construct a new Public Health Laboratory (PHL) that will support day-to-day public health needs of the City and respond to emergency events that may endanger the public health more broadly. The PHL will continue testing for infectious and communicable diseases, including clinical outbreaks, and monitor environmental samples for biothreat agents, the West Nile Virus, and rabies.

### *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, analyzes, and issues reports of births, deaths, and spontaneous and induced terminations of pregnancy, and coordinates public health training and education initiatives for agency staff and health professionals throughout the City.

Key activities during 2010 will include special studies on health impacts of the World Trade Center attacks; maintaining adult data collection initiatives while expanding child health and cardiovascular disease data collection; and expanding data collection, outreach and education with physicians in hospitals and other care settings. The Department will also continue roll-out of its Electronic Death Registration System, which will be integrated with the birth and death certificate image retrieval systems, and includes large hospitals, hospice care organizations, and funeral homes.

### *Health Promotion and Disease Prevention*

In 2010, 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. The Department seeks to reduce health disparities among communities by directing its most intensive efforts to communities with the greatest needs.

Though smoking rates continue to decline, tobacco use is one of the leading causes of preventable death in New York City. The Department will continue its efforts to educate smokers about the dangers of smoking, motivate them to quit through hard-hitting multi-media campaigns, and distribute nicotine replacement therapy. Building on the \$0.62 per-pack Federal tax increase in April 2009, the Department will continue to advance, support and monitor legislation in order to further reduce smoking rates in New York City.

Improving nutrition and physical activity levels are critical to reducing the occurrence of many chronic diseases. In 2010, the Department will continue to implement the nation-wide salt reduction initiative, working with the food industry to set targets to reduce salt in processed foods by 25% over the next 5 years. The Department will also work to increase access to fruits, vegetables and other healthy foods in targeted areas throughout the City, through additional “Green Cart” mobile vending licenses and its “Healthy Bodegas” initiative. Additional activities will increase physical activity for young children; improve screening, prevention and care for diabetes, colon and breast cancer, heart disease, and asthma; improve access to medications; and improve the City’s physical environment so as to promote physical activity.

The Department will continue efforts to reduce infant mortality, especially in high-risk neighborhoods. The Department will expand the Nurse-Family Partnership, an evidence-based home visiting program for low-income first-time mothers. As teen pregnancy rates in New York City remain above the national averages, the Department will strengthen teen pregnancy prevention efforts through comprehensive health and reproductive health services at school-based health centers and the teen-friendly Healthy Teens Initiative, in partnership with the Department of Education (DOE). This initiative will include age-appropriate sexuality education and expanded condom availability in high schools.

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. A top priority of the Department is its joint effort with DOE to expand physical education and ensure the universal adoption of Fitnessgram to measure body-mass index and exercise capacity among students. The Department will assist DOE in reducing student access to high calorie snacks and beverages, and strengthen management of asthma and insulin dependent diabetes mellitus in school settings.

### *Environmental Health*

The Department conducts surveillance of environmental-related disease; assesses risk from exposure to potential environmental and occupational hazards; inspects child care facilities, food service establishments and other permitted entities to ensure compliance with regulations; responds to complaints of environmental and occupational exposures; and educates the public and health care providers on environmental and occupational illnesses. Key achievements include the implementation of the Bronx Rodent Initiative and the Rat Information Portal, continued reduction in childhood lead poisoning, and the launching of the NYC air quality survey.

The Department will build on recent enhancements to restaurant inspections, including expanded focus on both interior and exterior conditions conducive to pests and by conducting full inspections in response to complaints. Recent trans-fat provisions added to the health code have been fully incorporated into restaurant inspections, and nearly all restaurants have been found to be in compliance; the Department will continue to monitor and enforce these provisions. In 2010, the Department will begin inspecting restaurants with persistent unsanitary conditions more frequently, and continue preparations for the launch of prominent posting of inspection results on-site at food service establishments in 2011.

### *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 March 2009, over 1.7 million New Yorkers were enrolled in Medicaid managed care programs, including special needs populations. The Department will continue to collaborate with managed care plans to address public health priorities through improved health care management and effective prevention activities including the promotion of the importance of dental care and increased utilization of dental services by enrolled children.

The NYC Primary Care Information Project (PCIP) extends prevention-oriented electronic health record (EHR) systems into underserved communities to improve the quality of health care. PCIP has worked to develop tools that bring life-saving information to the point of care through clinical decision support around Take Care New York prevention priorities. In 2009, the Department will expand PCIP by providing EHR systems to an additional 1,000 providers in the City. As of April 2009, nearly 1,200 providers working in over 195 practices across New York City have implemented the EHR system. These providers collectively see approximately 1.2 million patients.

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 2009, the Department began implementing the use of electronic systems to improve inmate health, and in 2010 will expand the use of electronic health record system specifically tailored to correctional settings.

### **Office of Chief Medical Examiner**

Working closely with the New York Police Department (NYPD) and the District Attorney's Office, the independent Office of Chief Medical Examiner (OCME) is responsible for the investigation of persons who die within New York City from criminal violence; by casualty or by suicide; suddenly, when in apparent good health; when unattended by a physician; in a correctional facility; or in any suspicious or unusual manner. To this end, OCME medical examiners and scientists regularly testify in court as to the cause and manner of death. The Agency is also responsible for coordinating the burial of unclaimed or unidentified bodies, consequently to Potter's Field on Hart Island, Bronx. The amount of burials range between 2,000 to 3,000 per year.

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

The OCME also houses the nation's largest public forensic DNA laboratory, responsible for performing DNA analysis on nearly every category of crime occurring in the City, including homicide, rape, property crime, and guns/weapons cases. Due to the large volume of casework the laboratory processes each year, the OCME is the largest contributor of forensic crime scene DNA profiles in the country. These profiles are uploaded to the national FBI DNA database, CODIS. The DNA Laboratory is also the only public laboratory in the country accredited to perform High Sensitivity Testing, a test requiring a very small amount of DNA. The Agency plans to make this type of test available to other jurisdictions in the country that lack the capabilities of OCME's laboratory.

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

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

## Capital Review

The 2010-2019 Ten-Year Capital Strategy totals \$278 million, including \$225 million in the 2010-2013 Four-Year Plan. The 2010-2013 Four-Year Plan includes allocations for renovating facilities, new construction, information technology improvements, and the purchase of equipment. The focus of the Department's ten-year capital strategy (2010-2019) is to identify, prioritize and support immediate needs for code compliance and other renovations at the City's public health facilities and technology investments that are essential in providing critical public health services.

The table below shows capital commitments by program area over the 2009 - 2013 period.

### Capital Commitments (\$ in 000's)

	2008 Actual		2009 Plan		2010 Plan		2011 Plan		2012 Plan		2013 Plan	
	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds
Administration .....	\$423	\$423	\$60	\$60	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Animal Care .....	3,835	3,835	2,646	2,646	0	0	10,947	10,947	0	0	0	\$0
Information Technology ..	22,793	22,793	23,694	23,694	2,342	2,342	4,511	4,511	2,538	2,538	96	\$96
Laboratories .....	4,636	4,636	6,504	6,504	13,532	13,532	57,113	57,113	31,887	31,887	49,711	\$49,711
OCME .....	3,237	3,237	21,654	21,654	882	882	2,426	2,426	671	671	6,067	\$6,067
Equipment .....	6,187	6,187	70,452	70,452	5,283	5,283	2,815	2,815	0	0	2,805	\$2,805
Renovation .....	11,543	11,543	121,521	121,521	15,561	15,561	10,097	10,097	1,172	1,172	4,577	4,577
Total .....	<u>\$52,654</u>	<u>\$52,654</u>	<u>\$246,531</u>	<u>\$246,531</u>	<u>\$37,600</u>	<u>\$37,600</u>	<u>\$87,909</u>	<u>\$87,909</u>	<u>\$36,268</u>	<u>\$36,268</u>	<u>\$63,256</u>	<u>\$63,256</u>

#### Highlights of the 2010 Capital Commitment Plan:

The Department's 2010 Capital Commitment Plan features several important projects, including:

- approximately \$14 million for the initial design and construction of a new Public Health Laboratory. DOHMH is currently involved in identifying a suitable site for the new facility.
- funding of approximately \$11 million for the façade rehabilitation at the Richmond Health Center located in Staten Island.
- approximately \$13 million for equipment purchases, information technology initiatives and smaller renovations at key health facilities, such as Brooklyn Hospital, Richmond University Hospital, Brownsville Community Development Corporation, etc.

#### Highlights of the Ten Year Capital Commitment Plan:

The Department's Ten-Year Capital Commitment Plan (2010-2019) features several important projects, including:

- the design and construction of the new Public Health Laboratory, a critical improvement required to retain the Department's status as the nation's leading municipal public health agency. Additional funding is also included for the final phase of the existing Public Health Laboratory rehabilitation and generator replacement (\$153 million).
- the design and renovation of various public health facilities, including the rehabilitation of the Riverside and Richmond Health Centers and administrative offices (\$52 million).

- information technology improvements, which include upgrades to the Department's network and security systems, and the purchase of critical technologies needed to maintain and improve services (\$31 million).
- construction of a new Bronx Mortuary on the City's Health and Hospitals Corporation Jacobi Medical Center Campus facility for the Office of Chief Medical Examiner (\$5 million). Also, \$15 million will be utilized to upgrade facilities to comply with code standards, network/IT infrastructure and vehicle purchases within the Office of Chief Medical Examiner.
- the Department will fund \$11 million for furniture and equipment at its health centers, Tuberculosis clinics, and administrative offices.
- the Department is legally mandated to provide Animal Care and Control services in each of the five boroughs. A total of \$11 million is provided for construction of two new animal shelters in the Bronx and Queens.

## **FIRE DEPARTMENT**

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

### **Financial Review**

The Fire Department's 2010 Executive Budget provides for operating expenses of \$1.6 billion, a decrease of \$66.4 million from the amount forecasted for 2009. This decrease is primarily due to funding reductions in expenses supported by Federal grant funding in 2009. While additional funding is anticipated, such funding decisions are not yet finalized at this point in the Federal budget cycle.

Capital commitments of \$105.0 million are also provided in 2010. This represents a decrease of \$101.0 million, a 49.1 percent change, from the amount forecasted for 2009, primarily due to funding for various technology modernization projects and equipment purchases funded with Federal grants in 2009, the delayed purchase of Fire apparatuses in 2009, and the completion of a number of facility construction projects, including the new firehouse for the Rescue 3 Engine Company.

### **Revenue Forecast**

The Fire Department issues permits and collects fees for the inspection of fire suppression and electrical systems, places of public assembly, laboratories, high-rise buildings, and the storage and use of combustible materials. In addition, the Department realizes revenues from fees charged to out-of-state fire insurers that issue policies in New York City and to private fire alarm companies. The Department will submit legislation to the City Council to authorize charging currently exempt non-profit and charitable organizations for fire inspections. In 2010, the revenue estimate for the Fire Department is \$99.3 million.

The Department also collects revenue from Emergency Medical Services (EMS) ambulance transports. In 2010, revenue from Medicaid and non-Medicaid sources is projected at \$165.3 million, which is \$5.3 million less than 2009.

### **Expense Budget Highlights**

#### *Budgetary Priorities: Providing Core Services*

- continue to provide on-site emergency medical care and ambulance transport services citywide.
- add 40 new positions to create the Construction, Demolition, and Abatement Inspection program, in conjunction with the Department of Buildings, at a cost of \$2.0 million.
- add 17 new Advanced Life Support (ALS) Ambulance Tours in the Bronx and Queens to replace voluntary ALS tours no longer provided by private hospitals following the closure of the Caritas, Westchester Square, and Our Lady of Mercy hospitals at a cost of \$2.8 million.

*Restructuring and Streamlining*

- reduce administrative Uniformed overtime by ten percent, resulting in a savings of \$3.4 million.
- reassign administrative EMS and Fire Instructor personnel to the field, resulting in a savings of \$3.5 million.
- reduce the number of vacancies for civilian support staff by 77, resulting in a savings of \$5.3 million.
- reduce the length of the Fire Academy by five weeks to eighteen weeks, resulting in a savings of \$6.0 million.
- reassign administrative EMS personnel to the field, resulting in a savings of \$1.8 million.
- reduce staffing at 16 fire companies and the Governor's Island fire protection unit, resulting in a savings of \$19.9 million.

**Summary of Agency Financial Data**

The following table compares the 2010 Executive Budget with the 2010 Preliminary Budget, the 2009 forecast and actual expenditures for 2008, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services and debt service.

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

	2008 Actual	2009 Forecast	2010		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2009 Forecast	2010 Preliminary Budget
<b>Expenditures</b>						
Salary and Wages . . . . .	\$1,344,177	\$1,456,434	\$1,440,358	\$1,449,818	(\$6,616)	\$9,460
Fringe Benefits . . . . .	20,472	29,134	22,388	22,207	(6,927)	(181)
OTPS . . . . .	156,632	181,511	130,709	128,605	(52,906)	(2,104)
Total . . . . .	<u>\$1,521,281</u>	<u>\$1,667,079</u>	<u>\$1,593,455</u>	<u>\$1,600,630</u>	<u>(\$66,449)</u>	<u>\$7,175</u>
<b>Funding</b>						
City . . . . .	\$1,323,216	\$1,396,221	\$1,410,661	\$1,414,179	\$17,958	\$3,518
Other Categorical Grants	150,797	171,047	161,929	165,586	(5,461)	3,657
IFA . . . . .	—	—	—	—	—	—
State . . . . .	1,867	1,823	1,786	1,786	(37)	—
Federal CD . . . . .	—	—	—	—	—	—
Federal Other . . . . .	36,910	87,245	8,336	8,336	(78,909)	—
Intra-City Other . . . . .	8,491	10,743	10,743	10,743	—	—
Total . . . . .	<u>\$1,521,281</u>	<u>\$1,667,079</u>	<u>\$1,593,455</u>	<u>\$1,600,630</u>	<u>(\$66,449)</u>	<u>\$7,175</u>
<b>Additional Costs Centrally Funded</b>						
Personal Services (PS) ..						
Fringe Benefits . . . . .	\$442,237	\$480,500	\$446,609	\$488,492	\$7,992	\$41,883
Pensions . . . . .	842,050	912,988	910,417	910,368	(2,620)	(49)
Other Than Personal Service (OTPS)						
Legal Services . . . . .	6,884	6,993	6,583	7,336	343	753
Judgments and Claims . .	20,801	23,761	26,062	25,168	1,407	(894)
Debt Service . . . . .	63,026	75,080	74,154	81,663	6,583	7,509
Total Additional Costs . .	<u>\$1,374,998</u>	<u>\$1,499,322</u>	<u>\$1,463,825</u>	<u>\$1,513,027</u>	<u>\$13,705</u>	<u>\$49,202</u>
<b>Funding</b>						
City . . . . .	1,337,764	1,467,596	1,429,388	1,486,333	18,737	56,945
Non-City . . . . .	37,234	31,726	34,437	26,694	(5,032)	(7,743)
<b>Full Agency Costs (including Central Accounts)</b>						
Salary and Wages . . . . .	\$1,344,177	\$1,456,434	\$1,440,358	\$1,449,818	(\$6,616)	\$9,460
Fringe Benefits . . . . .	462,709	509,634	468,997	510,699	1,065	41,702
Pensions . . . . .	842,050	912,988	910,417	910,368	(2,620)	(49)
Total PS . . . . .	<u>\$2,648,936</u>	<u>\$2,879,056</u>	<u>\$2,819,772</u>	<u>\$2,870,885</u>	<u>(\$8,171)</u>	<u>\$51,113</u>
OTPS . . . . .	\$156,632	\$181,511	\$130,709	\$128,605	(\$52,906)	(\$2,104)
Legal Services . . . . .	6,884	6,993	6,583	7,336	343	753
Judgments and Claims . .	20,801	23,761	26,062	25,168	1,407	(894)
Debt Service . . . . .	63,026	75,080	74,154	81,663	6,583	7,509
Total OTPS . . . . .	<u>\$247,343</u>	<u>\$287,345</u>	<u>\$237,508</u>	<u>\$242,772</u>	<u>(\$44,573)</u>	<u>\$5,264</u>
Total Agency Costs . . . .	\$2,896,279	\$3,166,401	\$3,057,280	\$3,113,657	(\$52,744)	\$56,377
Less Intra-City . . . . .	\$8,491	\$10,743	\$10,743	\$10,743	\$—	\$—
Net Agency Cost . . . . .	<u>\$2,887,788</u>	<u>\$3,155,658</u>	<u>\$3,046,537</u>	<u>\$3,102,914</u>	<u>(\$52,744)</u>	<u>\$56,377</u>
<b>Funding</b>						
City . . . . .	2,660,980	2,863,817	2,840,049	2,900,512	36,695	60,463
Non-City . . . . .	226,808	291,841	206,488	202,402	(89,439)	(4,086)
<b>Personnel (includes FTEs at fiscal year-end)</b>						
City . . . . .	16,348	16,139	15,469	15,544	(595)	75
Non-City . . . . .	42	41	33	32	(9)	(1)
Total . . . . .	<u>16,390</u>	<u>16,180</u>	<u>15,502</u>	<u>15,576</u>	<u>(604)</u>	<u>74</u>

## **Programmatic Review**

In 2010 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 2010. The Department anticipates that its ambulances will respond to over one million two hundred thousand medical incidents in 2010.

### *Fire Extinguishment*

The Fire Department currently provides fire and rescue operations via 357 units consisting of 198 Engine Companies, 143 Ladder Companies, seven Squads, five Rescue Units, three Marine Companies, and one Hazardous Materials Unit.

### *Emergency Medical Services*

The Department provides pre-hospital medical care through the deployment of on average 553 daily ambulance tours, including the 17 new EMS tours as noted above. Engine Company 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 passed legislation to implement the newly revised Fire Code, which took effect July 1st, 2008. As a result, the Fire Department will collect a new fee for fire alarm plan reviews and administer 18 new exams that will result in a combined revenue increase of \$645,000 in 2010.

### *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 98 Fire Marshals to field duty in 2010.

### *Emergency Communication*

The City is undertaking significant upgrades 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 DoITT, the Fire Department 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 2010, the City will complete the consolidation of Police, Fire and EMS call taking and dispatch operations into a Public Safety Answering Center (PSAC). In addition, design of the fully redundant backup call center (PSAC 2) will continue in 2010.

## **Capital Review**

The 2010-2019 Ten Year Capital Strategy totals \$646.9 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.

## Capital Commitments

(\$000's)

	2008 Actual		2009 Plan		2010 Plan		2011 Plan		2012 Plan		2013 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 .	\$7,658	\$7,658	\$5,414	\$13,017	\$1,720	\$1,720	\$2,924	\$2,924	\$1,164	\$1,164	\$9,043	\$9,043
Electronic Data Processing .	15,336	16,448	31,405	35,048	9,709	9,709	10,872	10,872	300	300	510	510
Reconstruction/Modernization of Facilities . . . . .	65,226	65,246	78,527	78,527	52,642	52,642	32,200	32,200	0	0	14,016	14,016
Vehicles and Equipment . . . . .	32,832	63,912	68,472	79,766	32,968	40,968	76,566	76,566	71,326	71,326	60,875	60,875
<b>Total . . . . .</b>	<u>\$121,052</u>	<u>\$153,264</u>	<u>\$183,818</u>	<u>\$206,358</u>	<u>\$97,039</u>	<u>\$105,039</u>	<u>\$122,562</u>	<u>\$122,562</u>	<u>\$72,790</u>	<u>\$72,790</u>	<u>\$84,444</u>	<u>\$84,444</u>

*Highlights of the 2010-2019 Ten Year Capital Strategy and 2010-2013 Four Year Plan*

- the replacement of front-line fire-fighting apparatus according to mandated replacement cycles as well as support vehicles and equipment (\$436.3 million).
- the renovation of firehouse components such as boilers, electrical upgrades, kitchens, roofs, bathrooms, waterproofing, apparatus doors, floors, and windows (\$97.1 million).
- information technology systems improvements and equipment replacement (\$24.2 million).
- the upgrade of emergency communications systems and radio equipment (\$24.9 million).

*The 2010 Plan for the Department totals \$105.0 million and highlights include:*

- the replacement of front-line fire-fighting apparatus, support vehicles, fireboats, and equipment (\$41.0 million).
- the renovation of firehouse components such as boilers, electrical upgrades, kitchens, roofs, bathrooms, waterproofing, apparatus doors, floors, and windows (\$17.0 million).
- the construction of the new Marine 9 Firehouse, located at Homeport, Staten Island (\$10.0 million).
- the renovation of training facilities located at the Fire Academy on Randall's Island and at the Fort Totten training facility (\$6.0 million).
- the construction of a new EMS Station in Greenpoint, Brooklyn (\$9.1 million).
- the implementation of the Department's Risk-Based Inspection Solution aimed at creating an enhanced inspection scheduling and tracking system through greater intra- and inter-departmental information sharing and access and more robust accountability tools (\$9.4 million).

## DEPARTMENT OF SANITATION

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

### Financial Review

The Department of Sanitation's 2010 Executive Budget provides for operating expenses of \$1.3 billion, an increase of \$16.9 million from the 2009 forecast. This increase is primarily due to collective bargaining adjustments.

Capital commitments of \$694.5 million are also provided in 2010, an increase of \$340.5 million from the 2009 Plan amount. This increase is primarily due to planned site acquisition and sanitation garage construction.

### 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 2010 revenue estimate is \$31.7 million from these sources, compared to \$29.4 million in 2009.

### Expense Budget Highlights

#### *Budgetary Priorities: Providing Core Services*

- in 2009, for the fourth straight year, refuse tonnage generated by city residents and institutions has declined. This continuing trend in Department-managed waste reduces the forecasted costs to export that waste. Also, the costs of some interim and long-term export contracts are lower than previously budgeted. As a result of these factors, the 2010 waste export budget has been reduced by \$26.5 million.
- the Department's snow removal budget, as required to be set by the City Charter, has been decreased by \$3.2 million based on the previous five-year spending average.
- the Department's Permit and Inspection Unit will hire two additional staff for inspection of solid waste transfer stations and intermodal solid waste container facilities and monitoring of air contaminant emissions associated with these facilities. Annual permit fees, recently increased through City Council passage of Local Law 18 of 2009, support compliance with Department-promulgated regulations that serve to minimize environmental impacts of these facilities.
- in accordance with the City's 2006 Solid Waste Management Plan, the Department commenced a 20-year recycling contract with Sims Municipal Recycling of New York LLC in January 2009. The initial cost of the contract is \$67.00 per ton for the recycling of metal, glass, and certain plastics.

#### *Restructuring and Streamlining*

- the Department will implement a productivity program reducing the staffing levels required for some "EZ-Pack" truck routes. Some of these front-loading collection trucks, which handle containerized pick-up, will be operated by one sanitation worker instead of the current two, while other EZ-Pack routes will be consolidated and restructured. A headcount reduction of 31 uniformed positions, with associated savings of \$1.3 million, will be realized through attrition.

- the Department will achieve \$8.2 million in savings through efficiencies and reductions to its cleaning operations, with an associated uniform headcount reduction of 187 positions through attrition in 2010.
- the Department will realize uniform overtime savings of \$1.0 million through increased scheduling efficiencies.
- the Department will reduce its civilian workforce by 20 positions through attrition and the elimination of vacancies, saving \$1.0 million.
- residential grass cuttings will no longer be eligible for waste collection and disposal by the Department, resulting in savings of \$1.7 million associated with avoided waste export costs.

### **Summary of Agency Financial Data**

The following table compares the 2010 Executive Budget with the 2010 Preliminary Budget, the 2009 forecast and actual expenditures for 2008, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services and debt service.

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

	2008 Actual	2009 Forecast	2010		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2009 Forecast	2010 Preliminary Budget
<b>Expenditures</b>						
Salary and Wages . . . . .	\$685,706	\$728,930	\$737,525	\$741,962	\$13,032	\$4,437
Fringe Benefits . . . . .	26,588	25,308	30,531	30,531	5,223	—
OTPS . . . . .	532,098	528,191	549,991	526,881	(1,310)	(23,110)
Total . . . . .	<u>\$1,244,392</u>	<u>\$1,282,429</u>	<u>\$1,318,047</u>	<u>\$1,299,374</u>	<u>\$16,945</u>	<u>(\$18,673)</u>
<b>Funding</b>						
City . . . . .	\$1,206,386	\$1,243,691	\$1,290,891	\$1,272,005	\$28,314	(\$18,886)
Other Categorical Grants	3,070	2,722	750	750	(1,972)	—
IFA . . . . .	11,199	7,954	8,361	8,451	497	90
State . . . . .	5,393	8,015	—	—	(8,015)	—
Federal CD . . . . .	13,298	15,054	15,565	15,587	533	22
Federal Other . . . . .	2,916	1,801	—	—	(1,801)	—
Intra-City Other . . . . .	2,130	3,192	2,480	2,581	(611)	101
Total . . . . .	<u>\$1,244,392</u>	<u>\$1,282,429</u>	<u>\$1,318,047</u>	<u>\$1,299,374</u>	<u>\$16,945</u>	<u>(\$18,673)</u>
<b>Additional Costs Centrally Funded</b>						
Personal Services (PS) . .						
Fringe Benefits . . . . .	\$263,215	\$278,624	\$266,500	\$284,724	\$6,100	\$18,224
Pensions . . . . .	175,346	208,710	201,697	201,450	(7,260)	(247)
Other Than Personal Service (OTPS)						
Legal Services . . . . .	5,625	6,435	6,069	5,993	(442)	(76)
Judgments and Claims . .	31,299	31,246	34,272	33,097	1,851	(1,175)
Debt Service . . . . .	203,046	193,812	239,560	231,585	37,773	(7,975)
Total Additional Costs . .	<u>\$678,531</u>	<u>\$718,827</u>	<u>\$748,098</u>	<u>\$756,849</u>	<u>\$38,022</u>	<u>\$8,751</u>
<b>Funding</b>						
City . . . . .	667,470	708,030	734,536	742,498	34,468	7,962
Non-City . . . . .	11,061	10,797	13,562	14,351	3,554	789
<b>Full Agency Costs (including Central Accounts)</b>						
Salary and Wages . . . . .	\$685,706	\$728,930	\$737,525	\$741,962	\$13,032	\$4,437
Fringe Benefits . . . . .	289,803	303,932	297,031	315,255	11,323	18,224
Pensions . . . . .	175,346	208,710	201,697	201,450	(7,260)	(247)
Total PS . . . . .	<u>\$1,150,855</u>	<u>\$1,241,572</u>	<u>\$1,236,253</u>	<u>\$1,258,667</u>	<u>\$17,095</u>	<u>\$22,414</u>
OTPS . . . . .	\$532,098	\$528,191	\$549,991	\$526,881	(\$1,310)	(\$23,110)
Legal Services . . . . .	5,625	6,435	6,069	5,993	(442)	(76)
Judgments and Claims . .	31,299	31,246	34,272	33,097	1,851	(1,175)
Debt Service . . . . .	203,046	193,812	239,560	231,585	37,773	(7,975)
Total OTPS . . . . .	<u>\$772,068</u>	<u>\$759,684</u>	<u>\$829,892</u>	<u>\$797,556</u>	<u>\$37,872</u>	<u>(\$32,336)</u>
Total Agency Costs . . . .	\$1,922,923	\$2,001,256	\$2,066,145	\$2,056,223	\$54,967	(\$9,922)
Less Intra-City . . . . .	\$2,130	\$3,192	\$2,480	\$2,581	(\$611)	\$101
Net Agency Cost . . . . .	<u>\$1,920,793</u>	<u>\$1,998,064</u>	<u>\$2,063,665</u>	<u>\$2,053,642</u>	<u>\$55,578</u>	<u>(\$10,023)</u>
<b>Funding</b>						
City . . . . .	1,873,856	1,951,721	2,025,427	2,014,503	62,782	(10,924)
Non-City . . . . .	46,937	46,343	38,238	39,139	(7,204)	901
<b>Personnel (includes FTEs at fiscal year-end)</b>						
City . . . . .	9,499	9,488	9,243	9,249	(239)	6
Non-City . . . . .	303	345	345	345	—	—
Total . . . . .	<u>9,802</u>	<u>9,833</u>	<u>9,588</u>	<u>9,594</u>	<u>(239)</u>	<u>6</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, Reuse, and Recycling. The two operational divisions are the Bureau of Cleaning and Collection (BCC) and the Bureau of Waste Disposal (BWD). The Bureau of Motor Equipment (BME) and the Bureau of Building Management (BBM) provide support operations.

### *Long Term Solid Waste Management*

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

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

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

The 2010-2019 Ten-Year Capital Strategy provides \$510.7 million for the implementation of the City's Solid Waste Management Plan. This includes \$460.7 million allocated in the 2010-2013 Four-Year Plan.

### *Bureau of Waste Prevention, Reuse, and Recycling*

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

In 2009, the paper recycling program has generated an average of \$24.13 of revenue per ton from various vendors or \$8.7 million per year while the City is paying \$67.00 per ton for MGP processing.

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

### *Bureau of Cleaning and Collection*

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

Currently, BCC provides refuse collection services two to three times a week depending on the population density of the community. To date in 2009, the Department's curbside collection program has averaged 9.9 tons per truck.

### *Bureau of Waste Disposal*

The Bureau of Waste Disposal (BWD) is responsible for the receipt, transfer, transportation, and final disposal of approximately 11,200 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 Bureau of Building Management (BBM) continues to provide facility management services. BBM provides maintenance and emergency repair work for the Department's 206 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 2010-2019 Ten-Year Capital Strategy totals \$2.1 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 — vehicle purchases, marine transfer station renovation and construction, and garage rehabilitation, site acquisition, and construction. These three major programs represent 95.7 percent of the total 2010-2019 Ten-Year Capital Strategy.

To support the Department's collection and cleaning operations, garages and facilities will be constructed and rehabilitated. 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 marine transfer stations. These containerized facilities will enable the City to export its refuse via barge or rail. The Department continues to replenish its fleet, including collection trucks, dual-bin trucks, mechanical brooms, and salt spreaders in order to support operations.

### **Capital Commitments**

**(\$ in 000's)**

	2008 Actual		2009 Plan		2010 Plan		2011 Plan		2012 Plan		2013 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 . . . . .	-\$7,840	-\$7,840	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Solid Waste Management . . .	11,335	11,335	171,996	176,596	134,741	134,741	234,074	234,074	6,622	6,622	85,278	85,278
Garages . . . . .	27,292	27,292	27,949	27,949	435,044	435,044	0	0	2,264	2,264	8,156	8,156
Equipment . . . . .	140,726	142,510	148,336	149,451	124,651	124,735	40,000	40,000	46,759	46,759	99,913	99,913
<b>Total . . . . .</b>	<b>\$171,513</b>	<b>\$173,297</b>	<b>\$348,281</b>	<b>\$353,996</b>	<b>\$694,436</b>	<b>\$694,520</b>	<b>\$274,074</b>	<b>\$274,074</b>	<b>\$55,645</b>	<b>\$55,645</b>	<b>\$193,347</b>	<b>\$193,347</b>

*Highlights of the 2010-2019 Ten-Year Capital Strategy and 2010-2013 Four-Year Plan*

- construction and rehabilitation of garages and other facilities (\$311.9 million): including Manhattan 1/2/5 Garage (\$241.5 million); design changes for Brooklyn 3 Garage (\$1.3 million); component rehabilitation of garages citywide (\$40.2 million); and construction of salt storage facilities (\$21.0 million).
- construction and renovation of transfer stations in accordance with the City's Long Term Solid Waste Management Plan (\$507.7 million).
- replacement of vehicles (\$1.1 billion), which includes \$259.0 million in the 2010-2013 Four-Year Plan.
- upgrade and expansion of Sanitation Management Analysis and Resource Tracking (SMART), the Department's information system for managing staffing, equipment, and other operational activities (\$43.2 million).
- site acquisition for Department facilities, including salt sheds and garages (\$153.0 million).

*The 2010 Capital Plan provides \$694.5 million in 2010 including:*

- replacement of mechanical brooms, collection trucks, salt spreaders and other vehicles (\$81.6 million).
- construction and construction management services for Manhattan 1/2/5 garage (\$241.5 million); additional design of the Brooklyn 3 garage (\$1.3 million), citywide component rehabilitation (\$10.5 million).
- construction and renovation of salt storage facilities, citywide (\$21.0 million).
- improvements to the surrounding parkland at the Department's composting sites (\$2.7 million).

## DEPARTMENT OF PARKS AND RECREATION

The Department of Parks and Recreation (DPR) is the steward of more than 29,000 acres of land, including more than 5,000 individual properties ranging from Coney Island and Central Park to community gardens and Greenstreets. The Department maintains and operates more than 800 athletic fields, nearly 1,000 playgrounds, 550 tennis courts, 66 public pools, 49 recreational facilities, 17 nature centers, 14 miles of beaches, and 13 golf courses. The Department is also responsible for 1,200 monuments and 22 historic house museums and the care and maintenance of over 600,000 street trees and two million trees in parks. The Department is New York City's principal provider of athletic facilities, and hosts concerts and world-class sports and cultural events.

### Financial Review

The 2010 Executive Budget for the Department provides for operating expenses of \$345.9 million. This represents a net decrease of \$36.3 million from the amount forecasted in 2009. This decrease includes \$14.5 million in Federal, State and private grant funding in 2009 that has not been reflected in 2010. While additional Federal, State and private grant funding is anticipated, it cannot yet be reflected in the 2010 budget. Capital commitments for 2010 of \$456.2 million are also included.

### 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 \$83.7 million from these sources in 2010, compared to \$108.7 million in 2009. The 2010 decrease is primarily attributable to non-recurring rental payments for both the Yankee and Shea Stadiums in 2009.

### Expense Budget Highlights

#### *Budgetary Priorities: Providing Core Services*

- maintaining the City's parks, playgrounds, infrastructure, and safety equipment, while ensuring acceptable ratings for the cleanliness and overall condition of parks.
- sustaining parks through workforce transformation programs. Parks maintenance funding is also provided through the City's Human Resources Administration for the Parks Opportunity Program. This program provides a workforce to assist in the maintenance and operation of park facilities and helps to train and employ public assistance recipients.
- operating pools and employing lifeguards at pools and beaches. The 2010 budget includes a \$10.0 million allocation to provide the lifeguards necessary for the operation of swimming pools and beaches during the summer months.
- maintaining street trees, park flora and fauna. The 2010 budget includes \$9.0 million for tree pruning, dead tree removal, reforestation, foresters, contract inspection, and administration to support a variety of forestry initiatives, including increasing the City's street tree inventory. In addition, the 2010 budget includes \$4.7 million for the removal of wood waste in areas affected by the Asian Longhorned Beetle throughout the City and to prevent further infestation and damage to the City's trees.
- designing and supervising park construction. The 2010 budget includes the continuation of full time positions in the Capital Projects Division for the design and construction of hundreds of parks projects, including parks, playgrounds, recreational and athletic fields, and tree planting.
- the 2010 budget includes \$8.4 million to support the Wildlife Conservation Society for the operation of the Central Park Zoo, the Prospect Park Zoo and the Queens Wildlife Center, and \$5.8 million to the Central Park Conservancy for the management and operation of Central Park.

### **Summary of Agency Financial Data**

The following table compares the 2010 Executive Budget with the 2010 Preliminary Budget, the 2009 forecast and actual expenditures for 2008, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services and debt service.

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

	2008 Actual	2009 Forecast	2010		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2009 Forecast	2010 Preliminary Budget
<b>Expenditures</b>						
Salary and Wages . . . . .	\$273,171	\$286,800	\$259,280	\$268,993	(\$17,807)	\$9,713
Fringe Benefits . . . . .	1,741	3,930	1,493	1,493	(2,437)	—
OTPS . . . . .	95,737	91,504	79,058	75,422	(16,082)	(3,636)
Total . . . . .	<u>\$370,649</u>	<u>\$382,234</u>	<u>\$339,831</u>	<u>\$345,908</u>	<u>(\$36,326)</u>	<u>\$6,077</u>
<b>Funding</b>						
City . . . . .	\$277,209	\$278,309	\$255,399	\$256,452	(\$21,857)	\$1,053
Other Categorical Grants	10,591	12,256	2,402	2,402	(9,854)	—
IFA . . . . .	25,929	30,150	29,474	29,757	(393)	283
State . . . . .	860	3,994	—	—	(3,994)	—
Federal CD . . . . .	4,561	3,225	2,614	3,430	205	816
Federal Other . . . . .	1,005	825	—	—	(825)	—
Intra-City Other . . . . .	50,493	53,475	49,942	53,867	392	3,925
Total . . . . .	<u>\$370,649</u>	<u>\$382,234</u>	<u>\$339,831</u>	<u>\$345,908</u>	<u>(\$36,326)</u>	<u>\$6,077</u>
<b>Additional Costs Centrally Funded</b>						
Personal Services (PS) . .						
Fringe Benefits . . . . .	\$82,263	\$93,003	\$81,827	\$91,589	(\$1,414)	\$9,762
Pensions . . . . .	29,345	34,886	36,767	36,721	1,835	(46)
Other Than Personal Service (OTPS)						
Legal Services . . . . .	4,802	4,677	3,955	4,390	(287)	435
Judgments and Claims . .	30,637	20,526	22,514	21,742	1,216	(772)
Debt Service . . . . .	168,647	164,397	198,975	191,022	26,625	(7,953)
Total Additional Costs . .	<u>\$315,694</u>	<u>\$317,489</u>	<u>\$344,038</u>	<u>\$345,464</u>	<u>\$27,975</u>	<u>\$1,426</u>
<b>Funding</b>						
City . . . . .	309,127	311,473	335,875	337,257	25,784	1,382
Non-City . . . . .	6,567	6,016	8,163	8,207	2,191	44
<b>Full Agency Costs (including Central Accounts)</b>						
Salary and Wages . . . . .	\$273,171	\$286,800	\$259,280	\$268,993	(\$17,807)	\$9,713
Fringe Benefits . . . . .	84,004	96,933	83,320	93,082	(3,851)	9,762
Pensions . . . . .	29,345	34,886	36,767	36,721	1,835	(46)
Total PS . . . . .	<u>\$386,520</u>	<u>\$418,619</u>	<u>\$379,367</u>	<u>\$398,796</u>	<u>(\$19,823)</u>	<u>\$19,429</u>
OTPS . . . . .	\$95,737	\$91,504	\$79,058	\$75,422	(\$16,082)	(\$3,636)
Legal Services . . . . .	4,802	4,677	3,955	4,390	(287)	435
Judgments and Claims . .	30,637	20,526	22,514	21,742	1,216	(772)
Debt Service . . . . .	168,647	164,397	198,975	191,022	26,625	(7,953)
Total OTPS . . . . .	<u>\$299,823</u>	<u>\$281,104</u>	<u>\$304,502</u>	<u>\$292,576</u>	<u>\$11,472</u>	<u>(\$11,926)</u>
Total Agency Costs . . . .	\$686,343	\$699,723	\$683,869	\$691,372	(\$8,351)	\$7,503
Less Intra-City . . . . .	\$50,493	\$53,475	\$49,942	\$53,867	\$392	\$3,925
Net Agency Cost . . . . .	<u>\$635,850</u>	<u>\$646,248</u>	<u>\$633,927</u>	<u>\$637,505</u>	<u>(\$8,743)</u>	<u>\$3,578</u>
<b>Funding</b>						
City . . . . .	586,336	589,782	591,274	593,709	3,927	2,435
Non-City . . . . .	49,514	56,466	42,653	43,796	(12,670)	1,143
<b>Personnel (includes FTEs at fiscal year-end)</b>						
City . . . . .	7,417	6,817	6,230	6,242	(575)	12
Non-City . . . . .	439	564	528	530	(34)	2
Total . . . . .	<u>7,856</u>	<u>7,381</u>	<u>6,758</u>	<u>6,772</u>	<u>(609)</u>	<u>14</u>

## Programmatic Review

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

### *Maintaining Parks*

New York City monitors the cleanliness and condition of its parks through the Parks Inspection Program (PIP). The Department of Parks and Recreation will continue to optimize its full-time and seasonal staffing resources in order to ensure ratings remain consistent as it adds new parks and facilities.

### *Expanding Public-Private Partnerships*

The Department of Parks and Recreation continues to explore a variety of opportunities to partner with local organizations and to increase resources for parks programs. 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 City Parks Foundation. The Department will expand its support from private partnerships as it completes the first section of the new High Line Park with support from Friends of the High Line, builds parks and greenways along the Bronx River with the help of the Bronx River Alliance, collaborates on events and clean-ups with the Rockaway Waterfront Alliance, and plants one million trees with the New York Restoration Project.

### *Recreational Services*

In an effort to promote cultural, recreational, and academic enrichment, the Department offers free after-school programs in its recreation centers citywide. These programs were once again included in the 2009 budget and will continue into the future. In 2009, the Department opened a brand new state-of-the-art recreational facility, the AI Oerter Recreation Center in Queens.

## Capital Review

The 2010-2019 Ten-Year Capital Strategy totals \$1.4 billion, which includes \$990.4 million in the 2010-2013 Four-Year Plan. The table below reflects capital commitments by program area over the FY 2010-2013 period.

### Capital Commitments

(\$000's)

	2008 Actual		2009 Plan		2010 Plan		2011 Plan		2012 Plan		2013 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 . . .	\$7,048	\$7,048	\$38,466	\$42,666	\$2,253	\$2,253	\$1,000	\$1,000	\$1,000	\$1,000	\$1,245	\$1,245
Land Acquisition and Tree Planting . . . . .	59,251	59,401	102,344	106,673	36,838	36,838	25,967	34,717	22,620	22,620	40,351	40,351
Major Recreation Facilities . . . . .	102,593	102,638	204,557	233,541	126,187	126,187	6,212	6,212	5,130	5,130	8,252	8,252
Neighborhood Parks and Playgrounds . . . . .	80,350	88,606	265,620	328,823	38,624	38,624	19,210	19,210	13,089	13,089	42,635	42,635
Vehicles, Equipment and Facility Reconstruction . . .	9,931	9,931	19,113	19,169	4,950	4,950	5,343	5,343	5,700	5,700	5,628	5,628
Large, Major and Regional Park Reconstruction . . . . .	241,103	269,908	463,461	586,815	240,081	245,279	90,462	90,462	27,585	27,585	202,594	202,594
Zoos . . . . .	7,091	7,091	12,460	12,460	2,090	2,090	590	590	275	275	500	500
<b>Total . . . . .</b>	<b>\$507,367</b>	<b>\$544,623</b>	<b>\$1,106,021</b>	<b>\$1,330,147</b>	<b>\$451,023</b>	<b>\$456,221</b>	<b>\$148,784</b>	<b>\$157,534</b>	<b>\$75,399</b>	<b>\$75,399</b>	<b>\$301,205</b>	<b>\$301,205</b>

*Highlights of the Ten-Year Capital Strategy and Four-Year Plan.*

- re-opening of McCarren Park Pool in Brooklyn (\$45.2 million).
- restoration of the historic High Bridge over the Harlem River (\$40.8 million).
- construction of a state-of-the-art track and field facility at Ocean Breeze Park in Staten Island (\$53.3 million).
- improvements to the park perimeter and a new amphitheater, playground, and comfort station in Soundview Park in the Bronx (\$17.4 million).
- construction of soccer fields and wetland restoration in Calvert Vaux Park in Brooklyn (\$18.9 million).
- rehabilitation of Rockaway Beach in Queens (\$24.2 million).
- increased access to the waterfront in Ft. Washington Park in Manhattan (\$22.0 million).
- improved lighting and safety at Highland Park in Queens (\$17.8 million).
- planting of trees, including the planting of new street trees (\$223.6 million), the restocking of parks with saplings (\$31.5 million), and the construction of Greenstreets (\$3.7 million).
- construction of a new park at Fresh Kills in Staten Island, including roads and other park features (\$78.1 million).
- construction of replacement parkland in the Bronx in the area around the new Yankee Stadium (\$54.6 million).
- acquisition and development of open space and a sports field along the Greenpoint and Williamsburg waterfronts (\$51.9 million).
- construction of a new Lakeside Ice Skating Center in Prospect Park in Brooklyn (\$27.4 million).
- continued design and construction for the new High Line Park in Manhattan (\$19.5 million).
- construction of the new Brooklyn Bridge Park in Brooklyn (\$38.3 million).
- continued construction of Hudson River Park in Manhattan (\$29.0 million).
- reconstruction of Fort Totten Park in Queens (\$3.7 million).
- reconstruction and replacement of safety surfaces, play equipment and paths in neighborhood parks and playgrounds citywide (\$123.8 million).

The 2010 Plan for the Department totals \$456.2 million (including \$5.2 million in non-city funding) and highlights include:

- planting new street and park trees and the construction of Greenstreets citywide (\$35.2 million).
- site improvements at Independence Park in Staten Island (\$1.2 million).
- renovation of Washington Square Park in Manhattan (\$7.8 million).

- restoration of eroded areas at Orchard Beach in the Bronx (\$3.7 million).
- infrastructure work at Randall's Island in Manhattan (\$12.6 million).
- installation of field lighting at Dyker Beach and Sunset Parks in Brooklyn (\$1.2 million).
- reconstruction of the Vic Hanson Recreation Center (\$1.0 million) and the Alley Pond Environmental Center (\$1.0 million) in Queens.

## 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, treatment, 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 2010 Executive Budget provides \$1,023.7 million in operating expenses, an increase of \$4.0 million from the amount forecast for 2009. It also provides capital commitments of \$1.7 billion in Water Finance Authority Funds and \$71.1 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, and other fees. The revenue estimate for 2010 is \$21.6 million, approximately \$37.4 million less than the amount forecasted for 2009. This decrease is mainly attributable to the November 2009 transfer of the Environmental Control Board from the Department of Environmental Protection to the Office of Administrative Trials and Hearings. The Department will establish an Asbestos Technical Review Unit, which will generate \$1.4 million in 2010. 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 \$12.8 million from these sources in 2010.

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 \$2.8 billion in water and sewer revenue for 2010.

### Expense Budget Highlights

#### *Budgetary Priorities: Providing Core Services*

- DEP supplies approximately 1.2 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 2,200 personnel and \$410.0 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 \$385.0 million are dedicated to this function.
- the Department enforces the City's air and noise codes and responds to hazardous materials emergencies with 220 personnel and \$15.0 million dedicated to this function.
- the Department's police force protects the upstate watershed and is comprised of 216 positions including 188 environmental police officers (\$12.0 million).
- DEP will continue to improve revenue collection with an additional \$2.7 million provided to the Bureau of Customer Services (BCS). This will fund a consultant contract with IBM to provide overall technical assistance to BCS and to aid in the new lien sale process and the Payment Incentive Program (PIP). This will also fund additional postage and bill printing costs.

- due to rising costs, the Department will add an additional \$16.0 million in funding for orthophosphate and caustic soda which are corrosion inhibitors used to reduce lead levels in the drinking water.
- the Department will increase its budget for fluoride by \$4.0 million due to rising costs.
- DEP will increase its budget for upstate watershed property taxes by \$5.4 million to meet projected costs.
- the Department will increase its budget for contractual sludge dewatering services by \$2.1 million.
- due to rising costs and new requirements for Biological Nutrient Removal, the Agency will increase its Bureau of Wastewater Treatment chemicals budget by \$17.2 million.

*Restructuring and Streamlining*

- DEP will restore 113 positions and \$7.5 million in funding to the plan to continue the special initiative to reduce the backlog in Environmental Health and Safety (EH&S) work Agency-wide.
- the Department will reallocate 35 vacant positions Agency-wide in order to accommodate necessary positions such as crews to operate the new sludge vessel *Red Hook* and staff requirements for new facilities.

**Summary of Agency Financial Data**

The following table compares the 2010 Executive Budget with the 2010 Preliminary Budget, the 2009 forecast and actual expenditures for 2008, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services and debt service.

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

	2008 Actual	2009 Forecast	2010		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2009 Forecast	2010 Preliminary Budget
<b>Expenditures</b>						
Salary and Wages . . . . .	\$410,945	\$411,958	\$398,272	\$410,261	(\$1,697)	\$11,989
Fringe Benefits . . . . .	2,954	3,496	2,269	2,269	(1,227)	—
OTPS . . . . .	505,196	604,245	540,891	611,139	6,894	70,248
Total . . . . .	<u>\$919,095</u>	<u>\$1,019,699</u>	<u>\$941,432</u>	<u>\$1,023,669</u>	<u>\$3,970</u>	<u>\$82,237</u>
<b>Funding</b>						
City . . . . .	\$849,897	\$945,054	\$883,422	\$964,542	\$19,488	\$81,120
Other Categorical Grants	—	—	—	—	—	—
IFA . . . . .	61,149	55,986	56,765	57,752	1,766	987
State . . . . .	534	69	—	—	(69)	—
Federal CD . . . . .	—	—	—	—	—	—
Federal Other . . . . .	7,081	17,388	117	240	(17,148)	123
Intra-City Other . . . . .	436	1,202	1,128	1,135	(67)	7
Total . . . . .	<u>\$919,095</u>	<u>\$1,019,699</u>	<u>\$941,432</u>	<u>\$1,023,669</u>	<u>\$3,970</u>	<u>\$82,237</u>
<b>Additional Costs Centrally Funded</b>						
Personal Services (PS) . .						
Fringe Benefits . . . . .	\$118,866	\$126,541	\$120,948	\$129,700	\$3,159	\$8,752
Pensions . . . . .	44,181	54,912	55,356	55,285	373	(71)
Other Than Personal Service (OTPS)						
Legal Services . . . . .	7,583	9,002	7,120	8,164	(838)	1,044
Judgments and Claims .	18,877	15,710	17,232	16,640	930	(592)
Debt Service . . . . .	103,071	98,592	121,607	108,826	10,234	(12,781)
Total Additional Costs . .	<u>\$292,578</u>	<u>\$304,757</u>	<u>\$322,263</u>	<u>\$318,615</u>	<u>\$13,858</u>	<u>(\$3,648)</u>
<b>Funding</b>						
City . . . . .	288,364	300,527	317,220	313,929	13,402	(3,291)
Non-City . . . . .	4,214	4,230	5,043	4,686	456	(357)
<b>Full Agency Costs (including Central Accounts)</b>						
Salary and Wages . . . . .	\$410,945	\$411,958	\$398,272	\$410,261	(\$1,697)	\$11,989
Fringe Benefits . . . . .	121,820	130,037	123,217	131,969	1,932	8,752
Pensions . . . . .	44,181	54,912	55,356	55,285	373	(71)
Total PS . . . . .	<u>\$576,946</u>	<u>\$596,907</u>	<u>\$576,845</u>	<u>\$597,515</u>	<u>\$608</u>	<u>\$20,670</u>
OTPS . . . . .	\$505,196	\$604,245	\$540,891	\$611,139	\$6,894	\$70,248
Legal Services . . . . .	7,583	9,002	7,120	8,164	(838)	1,044
Judgments and Claims .	18,877	15,710	17,232	16,640	930	(592)
Debt Service . . . . .	103,071	98,592	121,607	108,826	10,234	(12,781)
Total OTPS . . . . .	<u>\$634,727</u>	<u>\$727,549</u>	<u>\$686,850</u>	<u>\$744,769</u>	<u>\$17,220</u>	<u>\$57,919</u>
Total Agency Costs . . . .	\$1,211,673	\$1,324,456	\$1,263,695	\$1,342,284	\$17,828	\$78,589
Less Intra-City . . . . .	\$436	\$1,202	\$1,128	\$1,135	(\$67)	\$7
Net Agency Cost . . . . .	<u>\$1,211,237</u>	<u>\$1,323,254</u>	<u>\$1,262,567</u>	<u>\$1,341,149</u>	<u>\$17,895</u>	<u>\$78,582</u>
<b>Funding</b>						
City . . . . .	1,138,261	1,245,581	1,200,642	1,278,471	32,890	77,829
Non-City . . . . .	72,976	77,673	61,925	62,678	(14,995)	753
<b>Personnel (includes FTEs at fiscal year-end)</b>						
City . . . . .	471	275	231	228	(47)	(3)
Non-City . . . . .	5,833	6,084	5,979	6,054	(30)	75
Total . . . . .	<u>6,304</u>	<u>6,359</u>	<u>6,210</u>	<u>6,282</u>	<u>(77)</u>	<u>72</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), took effect in July 2007 and provides the City with a waiver from filtering the Catskill and Delaware water supplies through 2017. The new FAD is 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 and improvements in water quality. Additionally, the FAD requires DEP to build an ultraviolet light disinfection facility to further purify water from the Catskill and Delaware watersheds and to continue its upstate land acquisition program to protect the water entering our reservoirs.

### *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 834,000 water and sewer customer accounts — 811,000 metered and 23,000 un-metered. Of the metered accounts, DEP bills 781,000 for water and sewer services based upon actual consumption and the remaining 53,000 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. There are 8,700 accounts that have not taken steps to have meters installed and receive surcharges to their annual flat rate bills. The remaining accounts are pending meter installation by DEP.

DEP has commenced service terminations to residential properties for non-payment of water and sewer bills. The service terminations come after months of notifications of an offer for customers to enroll in a Payment Incentive Program for single-family home customers owing \$1,000 or more for one year or longer.

DEP now has the legislated authority to conduct lien sales of delinquent water and sewer charges independent of other delinquency, provided that the water and sewer charges have been delinquent for at least one year and equal or exceed one thousand dollars. This legislation extends the notification period from sixty to ninety days; creates a unit within DEP to provide special assistance to all water and sewer customers facing a lien sale; and provides protection for certain senior citizens, people with disabilities and low income homeowners.

### *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 went into effect July 1, 2007. The code is flexible, yet enforceable and 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 \$12.9 billion from the following sources: \$12.8 billion in Water Finance Authority Funds and \$81.1 million in non-City funds.

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

- continuing the upgrade of the Newtown Creek WPCP to achieve secondary treatment, citywide effluent limits and step-denitrification treatment levels (\$737.7 million).
- ensuring compliance with mandated operating permit requirements by stabilizing in-City WPCPs, including: 26th Ward (\$22.1 million) and Hunts Point (\$55.8 million).
- implementing initiatives addressing water quality problems attributed to combined sewer overflow (CSO) discharges into the City's surrounding waterways during rainstorms (\$1.0 billion).
- reconstructing select wastewater pumping stations citywide (\$221.2 million).

- replacing and extending approximately 656 miles of trunk and distribution water mains and ancillary work (\$1.2 billion). This includes \$124.7 million for the replacement of water siphons between Brooklyn and Staten Island and \$26.8 million to connect City Water Tunnel No. 3 to in-City water mains throughout New York City.
- extending and reconstructing 345 miles of sewers (\$1.9 billion).
- continuing the construction of an ultraviolet light water disinfection plant and related facilities for water from the Catskill and Delaware Watersheds (\$401.9 million). These facilities along with other elements of the Filtration Avoidance Determination (FAD) will enable DEP to avoid having to construct a conventional multi-billion dollar filtration plant.
- reconstruction of upstate dams, roads and bridges (\$718.7 million), including \$490.0 million for the reconstruction of the Gilboa Dam in the Catskill Watershed.
- continuing the construction of the Croton Water Filtration Plant and related projects, including Parks Department projects in the Bronx (\$187.4 million).
- advancing various FAD measures in the upstate watershed totaling (\$318.0 million) including \$214.9 million for land acquisition, \$35.0 million for sewage treatment plant upgrades, and \$28.7 million for stormwater management programs.
- commencing water supply dependability projects to make drinking water available to the City during repair of the Delaware Aqueduct leak (\$2.0 billion).
- continuing construction of Stage Two of City Water Tunnel No. 3 (\$347.5 million). Work on this stage of tunnel construction will be primarily in Manhattan.
- continuing water conservation programs (\$36.0 million) including the installation of water meters (\$30.4 million) and the toilet rebate program (\$5.6 million).

Major projects scheduled for 2010 include:

- continued upgrading portions of the Newtown Creek WPCP (\$573.3 million).
- implementing initiatives to address water quality problems attributed to combined sewer overflow (CSO) discharges into the City's surrounding waterways during rainstorms (\$54.3 million).
- continued in-City water main construction and ancillary work (\$169.5 million).
- reconstruction and augmentation of the City's sewer system (\$213.1 million).
- reconstruction of the Croton Falls Pumping Station (\$55.8 million).
- continued construction of the Croton Water Filtration Plant and related facilities (\$53.9 million).
- reconstruction of existing digesters at Hunts Point Water Pollution Control Plant (\$40.0 million).
- continued upgrade of sewage treatment plants in the West of Hudson watershed as per the 2007 Filtration Avoidance Determination (\$35.0 million).

The table below shows the capital commitments by program area over the 2008-2013 period.

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

	2008 Actual		2009 Plan		2010 Plan		2011 Plan		2012 Plan		2013 Plan	
	City Funds	All Funds										
Water Pollution .....	842,403	842,403	1,608,416	1,637,416	798,822	869,822	292,947	292,947	324,799	324,799	466,195	466,195
Water Mains .....	1,838,524	1,838,524	847,653	847,653	472,644	472,644	819,235	819,235	578,402	578,402	381,635	381,635
Sewers .....	200,515	\$200,667	200,599	200,754	212,972	213,096	183,410	183,410	235,401	235,401	160,436	160,436
Water Supply .....	19,949	19,949	289,361	289,361	104,395	104,395	184,070	184,070	133,545	133,545	258,952	258,952
Equipment .....	149,442	149,574	395,698	500,883	67,295	67,295	73,135	73,135	35,111	35,111	45,878	55,878
Total .....	<u>3,050,833</u>	<u>3,051,117</u>	<u>3,341,727</u>	<u>3,476,067</u>	<u>1,656,128</u>	<u>1,727,252</u>	<u>1,552,797</u>	<u>1,552,797</u>	<u>1,307,258</u>	<u>1,307,258</u>	<u>1,313,096</u>	<u>1,323,096</u>

The 2010-2019 Capital Plan provides \$12.9 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 and Water Mains, Sources and Treatment*

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, 109,217 hydrants, 108,735 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 \$6.7 billion overall for the protection and upkeep of the City's water source, supply and distribution systems. Of this amount there is \$1.3 billion for the maintenance of the in-City water main distribution system which includes \$26.8 million for connecting the City Water Tunnel No. 3 to in-City water mains throughout New York City.

In addition to the in-City water main distribution system there is \$1.9 billion within this Ten-Year Plan for improvements to the City's upstate watershed. This includes the continuation of various Filtration Avoidance measures totaling \$318.0 million; the reconstruction of upstate dams, roads and bridges totaling \$718.7 million; and the on-going construction of an Ultraviolet Light Water Disinfection Facility and related facilities for the Catskill and Delaware watersheds totaling \$401.9 million. In addition, there is \$187.4 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. The facility is scheduled to be completed in 2011.

Also included is \$2.0 billion for Water Conveyance Measures. 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 \$1.5 billion for the construction of a parallel tunnel or loop to the Delaware Aqueduct, or the development of alternative sources.

There is \$500.0 million for the construction of a cover for the Hillview Reservoir.

Finally there is \$347.5 million for the completion of Stage Two of City Tunnel No. 3.

### *Sewers*

The Department operates and maintains over 6,600 miles of sanitary, storm and combined sewers which carry storm and wastewater to the City's 14 WPCPs. The citywide sewage collection system, designed to prevent flooding and sewer backups, is divided into 14 drainage areas, and 141,023 catch basins. The Ten-Year Capital Plan allocates \$1.9 billion for the replacement, construction and expansion of the City's sewer system.

The Ten-Year Plan provides \$441.9 million for the replacement and augmentation of sewers to enhance capacity for areas experiencing population increases and economic development projects. This includes \$141.2 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 \$720.5 million is allocated for the replacement of chronically malfunctioning sewers that may cause flooding or potential health hazards. The Department plans to commit \$643.4 million to extend the sewer system into areas currently underserved, primarily in Queens and Staten Island.

### *Wastewater Treatment*

DEP's Bureau of Wastewater Treatment operates 14 WPCPs, two storm-overflow retention facilities, 93 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 \$3.8 billion.

DEP will allocate \$737.7 million 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 upgrading 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 \$1.8 billion for the reconstruction of wastewater pumping stations, plant components, regulators, tide gates, and force mains. The system's 93 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 \$84.3 million for the stabilization of in-City WPCPs that are in need of reconstruction to ensure continued compliance with mandated permit requirements.

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 waterbodies have been negatively impacted by these combined sewer overflow (CSO) discharges. The Ten-Year Plan provides \$1.0 billion for the study, design and implementation of CSO abatement projects for waterbodies surrounding New York City, including 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.

### *Equipment*

The Ten-Year Plan totals \$437.1 million for this category. The plan includes water meter installation, automatic meter reading implementation, facility reconstruction, the relocation of utility gas mains for sewer and water main projects, and the purchase of vehicles and computer equipment.

DEP will continue upgrading and consolidating various facilities over the Ten-Year Plan at a cost of \$125.4 million. Included in this amount are \$15.7 million for lead paint remediation at DEP facilities and \$14.6 million for the reconstruction of Shaft 21 in Manhattan.

The Ten-Year Plan provides funding for water conservation efforts at a cost of \$36.0 million. This includes \$5.6 million for the plumbing retrofit program and \$30.4 million for water meter purchases and replacements.

## 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 2010 Executive Budget provides for operating expenses of \$706.6 million, a decrease of \$118.4 million from the amount forecast for 2009. This is mainly a result of a decrease in Federal and State grant funding included in 2009 that has not yet been allocated to the Department's 2010 operating budget. Capital commitments of approximately \$2.4 billion are also provided in 2010, including \$1.1 billion 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 2010, the Department will collect \$263.4 million in revenue.

### Expense Budget Highlights

#### *Budgetary Priorities: Providing Core Services*

- an allocation of \$128.2 million for the resurfacing of 700 lane miles of streets and the repair of approximately 230,000 street defects (potholes).
- approximately \$18.1 million in 2010 for the maintenance and cleaning of arterial highways throughout the five boroughs.
- funding of \$198.4 million for the Traffic program, including \$77.9 million for energy costs associated with all streetlights and traffic signals throughout the City, and \$84.0 million for the maintenance of approximately 12,000 traffic signalized intersections and over 300,000 streetlights City-wide.
- funding of \$93.1 million for the operation of the Staten Island Ferry and overseeing private ferry service.
- an allocation of \$24.9 million for the preventive maintenance, cleaning and spot and splash zone painting of City bridges in addition to federal funding for the maintenance of East River Bridges
- approximately \$16.6 million and 175 positions for the in-house bridge flag/corrective repair program.

#### *Restructuring and Streamlining*

- savings of \$32.5 million from various traffic initiatives, including revenue from parking meter rate increases and an additional 20 red light cameras to be installed at existing locations.
- a reduction of \$2.9 million for various ferries initiatives to reduce overtime, including a reduction of \$1.5 million in scheduled non-emergency weekend overtime for the Staten Island Ferry maintenance staff.
- The elimination of \$1.6 million and 22 long-term vacant positions, including 15 traffic engineers and 5 bridge painters from the arterial maintenance division without compromising service levels.

- a reduction of \$4.9 million associated with payments to Verizon for a communications system between traffic signals and the Traffic Management Center which will no longer be required once the Department of Information Technology and Telecommunications (DOITT) wireless network is installed.
- savings of \$3.6 million realized by replacing 250 and 150 watt cobrahead fixtures with more efficient 150 and 100 watt fixtures on streetlights City-wide, while maintaining the same light emission through the use of reflectors.

### **Summary of Agency Financial Data**

The following table compares the 2010 Executive Budget with the 2010 Preliminary Budget, the 2009 forecast and actual expenditures for 2008, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services and debt service.

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

	2008 Actual	2009 Forecast	2010		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2009 Forecast	2010 Preliminary Budget
<b>Expenditures</b>						
Salary and Wages . . . . .	\$339,140	\$349,316	\$318,538	\$322,427	(\$26,889)	\$3,889
Fringe Benefits . . . . .	4,884	17,594	4,181	4,218	(13,376)	37
OTPS . . . . .	353,762	458,054	380,223	379,933	(78,121)	(290)
Total . . . . .	<u>\$697,786</u>	<u>\$824,964</u>	<u>\$702,942</u>	<u>\$706,578</u>	<u>(\$118,386)</u>	<u>\$3,636</u>
<b>Funding</b>						
City . . . . .	\$421,805	\$472,725	\$471,029	\$446,130	(\$26,595)	(\$24,899)
Other Categorical Grants	1,318	1,736	33	33	(1,703)	—
IFA . . . . .	160,515	177,008	168,927	170,111	(6,897)	1,184
State . . . . .	71,630	79,997	42,175	44,347	(35,650)	2,172
Federal CD . . . . .	61	—	—	—	—	—
Federal Other . . . . .	40,685	92,045	19,369	44,548	(47,497)	25,179
Intra-City Other . . . . .	1,772	1,453	1,409	1,409	(44)	—
Total . . . . .	<u>\$697,786</u>	<u>\$824,964</u>	<u>\$702,942</u>	<u>\$706,578</u>	<u>(\$118,386)</u>	<u>\$3,636</u>
<b>Additional Costs Centrally Funded</b>						
Personal Services (PS) ..						
Fringe Benefits . . . . .	\$98,079	\$110,502	\$102,381	\$112,016	\$1,514	\$9,635
Pensions . . . . .	36,722	43,598	46,011	45,952	2,354	(59)
Other Than Personal Service (OTPS)						
Legal Services . . . . .	20,491	22,967	21,044	21,595	(1,372)	551
Judgments and Claims . .	116,086	131,003	140,343	138,761	7,758	(1,582)
Debt Service . . . . .	476,904	503,360	562,667	560,049	56,689	(2,618)
Total Additional Costs . .	<u>\$748,282</u>	<u>\$811,430</u>	<u>\$872,446</u>	<u>\$878,373</u>	<u>\$66,943</u>	<u>\$5,927</u>
<b>Funding</b>						
City . . . . .	723,334	797,240	853,169	859,037	61,797	5,868
Non-City . . . . .	24,948	14,190	19,277	19,336	5,146	59
<b>Full Agency Costs (including Central Accounts)</b>						
Salary and Wages . . . . .	\$339,140	\$349,316	\$318,538	\$322,427	(\$26,889)	\$3,889
Fringe Benefits . . . . .	102,963	128,096	106,562	116,234	(11,862)	9,672
Pensions . . . . .	36,722	43,598	46,011	45,952	2,354	(59)
Total PS . . . . .	<u>\$478,825</u>	<u>\$521,010</u>	<u>\$471,111</u>	<u>\$484,613</u>	<u>(\$36,397)</u>	<u>\$13,502</u>
OTPS . . . . .	\$353,762	\$458,054	\$380,223	\$379,933	(\$78,121)	(\$290)
Legal Services . . . . .	20,491	22,967	21,044	21,595	(1,372)	551
Judgments and Claims . .	116,086	131,003	140,343	138,761	7,758	(1,582)
Debt Service . . . . .	476,904	503,360	562,667	560,049	56,689	(2,618)
Total OTPS . . . . .	<u>\$967,243</u>	<u>\$1,115,384</u>	<u>\$1,104,277</u>	<u>\$1,100,338</u>	<u>(\$15,046)</u>	<u>(\$3,939)</u>
Total Agency Costs . . . .	\$1,446,068	\$1,636,394	\$1,575,388	\$1,584,951	(\$51,443)	\$9,563
Less Intra-City . . . . .	\$1,772	\$1,453	\$1,409	\$1,409	(\$44)	\$—
Net Agency Cost . . . . .	<u>\$1,444,296</u>	<u>\$1,634,941</u>	<u>\$1,573,979</u>	<u>\$1,583,542</u>	<u>(\$51,399)</u>	<u>\$9,563</u>
<b>Funding</b>						
City . . . . .	1,145,139	1,269,965	1,324,198	1,305,167	35,202	(19,031)
Non-City . . . . .	299,157	364,976	249,781	278,375	(86,601)	28,594
<b>Personnel (includes FTEs at fiscal year-end)</b>						
City . . . . .	2,345	2,321	2,344	2,199	(122)	(145)
Non-City . . . . .	2,554	2,818	2,151	2,271	(547)	120
Total . . . . .	<u>4,899</u>	<u>5,139</u>	<u>4,495</u>	<u>4,470</u>	<u>(669)</u>	<u>(25)</u>

## **Programmatic Review**

### *Bridges*

The Bureau of Bridges is responsible for the reconstruction, repair, maintenance and operation of approximately 800 City-owned bridge and tunnel structures. In 2010, the Bureau of Bridges will be staffed with 797 positions and have an operating budget of \$72.5 million, a decrease of \$21.4 million from the amount forecast for 2009. This reduction is primarily due to Federal and State grants expiring at the end of 2009. Most of these grants are expected to be renewed during 2010.

The Bridge program in the 2010 Executive Budget continues the City's commitment to preserve and maintain its infrastructure, including \$41.4 million for bridge 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 \$16.6 million and 175 positions in 2010 for the "Flag" Repair program. In addition, approximately \$3.8 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, the more serious flags are treated expeditiously.

Furthermore, the Preventive Maintenance program will have a workforce of 222 positions and funding of \$21.1 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 projects.

To complement the City's commitment to the Bridges program, it is expected that 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 \$4.6 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 2010, Highway Operations will be staffed by approximately 1,077 full-time and approximately 250 seasonal positions with a budget totaling \$185.9 million, a decrease of \$23.9 million over the 2009 agency forecast. This decrease is primarily the result of Federal and State grants expiring at the end of 2009. These grants are expected to be renewed during 2010.

The City will repair approximately 230,000 small street defects (potholes) in 2010, in addition to other street defects addressed in the resurfacing program. Currently, 66 percent of the City's 5,700 linear miles of street surfaces, which are adversely affected by the weather and utility street cuts, are rated in good condition.

In an effort to maintain the arterial highways within the City in good condition, 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. 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 239.

### *Traffic Operations*

The Bureau of Traffic Operations maintains and collects revenue from approximately 84,000 metered spaces and operates 45 municipal parking facilities. It also installs and maintains an estimated 1.3 million traffic signs, approximately 12,000 signalized intersections and over 300,000 streetlights. The 2010 Executive Budget for the Bureau of Traffic provides for 1,092 positions and \$284.3 million, a decrease of \$45.8 million from the amount forecast for 2009. This reduction is primarily due to Federal and State grants expiring at the end of 2009. A number of these grants are expected to be renewed during 2010. The 2010 Executive Budget includes \$83.0 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. To enhance the effectiveness of the Red Light Camera program, DOT will add 20 cameras in the opposite direction at existing monitoring locations. Recently passed State legislation allows the City to install cameras in 50 additional locations. This initiative increases the total number of cameras to 170 at 150 locations. All of the new cameras will be installed in 2010.

The Department of Transportation will increase single meter and muni-meter parking from \$.25 for 30 minutes to \$.25 for 20 minutes City-wide, with the exception of meters located in Midtown Manhattan, most of which are already at \$2 per hour. Additionally, muni-meters in the commercial zone and theater district will be subject to an increase to \$2.50 per hour. These initiatives are expected to increase parking meter revenue by approximately \$27 million in 2010.

Under the Safe Routes to School program, the Bureau has completed collecting traffic safety maps for over 1,400 of the City's elementary and middle schools and has identified 270 priority schools. All short term safety improvements at the first group of 135 priority schools were completed in 2008. This work includes new traffic and pedestrian signals, the addition of exclusive pedestrian crossing time, speed bumps, high visibility crosswalks, and new parking regulations. Long term improvements have started at 33 of these schools and are expected to be completed in 2010. The identification of the second group of 135 priority schools was completed in 2009 and each of these priority schools will receive an individualized plan for short and long term safety improvements.

The Bureau expanded its Parking Placard Program in an effort to improve the availability of on-street parking City-wide. This program has centralized control of the parking placards within the Authorized Parking Unit. The program has increased the number of available parking spaces by reducing the number of government placards issued to City agencies by 20 percent. The current program issues various parking placards including approximately 57,800 permits for people with disabilities.

In tandem with current safety engineering projects completed by DOT, the bureau continues conducting audits and inspections of the top high pedestrian accident, injury, and fatality locations City-wide. These assessments typically result in safety improvements at locations throughout the five boroughs. DOT is also conducting a comprehensive study of pedestrian fatalities and severe injuries over the last five years and continues to develop programs for improvements, including the Safe Streets for Seniors.

### *Transit Operations (Ferries)*

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. These bus subsidies are paid from the City's Miscellaneous Budget. The 2010 Executive Budget for Ferries provides for 699 positions and an operating budget of \$93.1 million, a decrease of \$6.2 million from the amount forecast for 2009. This decrease is primarily the result of Federal and State grants expiring at the end of 2009. A number of these grants are expected to be renewed during 2010.

The Staten Island Ferry is expected to carry approximately 19 million passengers and the Department anticipates that the Ferry program will continue to achieve an on-time performance rate of 96 percent. DOT currently estimates that annual ridership on privately operated commuter ferries to be approximately 10 million passengers.

In 2006, the City finalized the transition of subsidized local and express bus service formerly provided by private franchise bus companies to the MTABC for areas generally not covered by the New York City Transit's bus and subway network in The Bronx, Brooklyn and Queens. Over 121 million passengers were carried in 2008 on MTABC local and express routes, an increase of 10.3 percent over 2007 levels. MTABC, which has approximately 3,300 employees, is primarily funded through farebox revenues and City subsidies. In addition, the City continues to manage and monitor selected private express bus service to southern Staten Island.

MTABC has a fleet of 1,323 buses, 283 of which are hybrid electric, and 431 are low-sulfur diesel. This includes 583 new buses that have been placed into service by MTABC since the start of service. The City currently owns three bus depots dedicated to MTABC operations, located in Yonkers, Southeast Brooklyn, and College Point, Queens. In addition, the City leases five other facilities from private owners.

## Capital Review

The Department's 2010-2019 Ten-Year Capital Commitment Plan totals \$8.8 billion for the reconstruction of transportation infrastructure, of which approximately 69 percent is City-funded. The table below shows commitments by program area over the 2010-2013 period.

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

	2008 Actual		2009 Plan		2010 Plan		2011 Plan		2012 Plan		2013 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 .....	\$325,018	\$360,452	\$313,413	\$502,036	\$483,160	\$703,228	\$278,974	\$365,560	\$225,279	\$225,282	\$253,117	\$255,037
Highway Bridges .....	91,365	92,066	280,561	465,384	454,907	789,783	148,680	511,627	97,734	176,098	384,987	546,551
Waterway Bridges .....	351,633	691,400	-23,825	-8,151	319,519	665,650	0	0	0	0	0	0
Traffic .....	34,419	67,827	86,595	185,811	76,596	153,699	43,188	179,787	24,440	62,501	14,019	57,392
Vehicles/Equipment .....	19,766	19,766	32,953	32,953	16,788	22,410	13,773	18,773	5,900	5,900	3,652	3,652
Ferries .....	13,231	20,477	39,961	54,301	11,521	37,095	11,535	17,655	6,325	7,655	26,224	26,224
<b>Total .....</b>	<b>\$835,432</b>	<b>\$1,251,988</b>	<b>\$729,658</b>	<b>\$1,232,334</b>	<b>\$1,362,491</b>	<b>\$2,371,865</b>	<b>\$496,150</b>	<b>\$1,093,402</b>	<b>\$359,678</b>	<b>\$477,436</b>	<b>\$681,999</b>	<b>\$888,856</b>

*The highlights of the Ten-Year Capital Commitment Plan include:*

- the continued reconstruction/rehabilitation of the four East River Bridges (\$794.6 million) and the complete reconstruction/rehabilitation of 75 other bridge structures, including eight bridges currently or projected to be rated "poor" (\$450.3 million), 42 bridges rated "fair" (\$1.7 billion), and 25 bridge structures scheduled for life extension reconstruction (\$1.4 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 (\$4.6 billion, including \$1.5 billion in 2010).
- the reconstruction and/or resurfacing of approximately 2,282 linear miles (7,534 lane miles) of City streets to maintain and improve their condition. In addition, it provides for the installation of pedestrian ramps at approximately 21,700 corners to increase accessibility for the disabled, the reconstruction of 39.3 million square feet of sidewalk to reduce defects, and the reconstruction of approximately 10 retaining walls. (\$3.2 billion, including \$703.2 million in 2010).

- 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 (\$841.4 million, including \$153.7 million in 2010).
- the reconstruction and improvement of various ferry vessels and facilities and the replacement and repair of barges, derricks, and other floating equipment (\$139.7 million, including \$37.1 million in 2010).
- the replacement of vehicles for field forces and the upgrading of computer equipment (\$68.2 million, including \$22.4 million in 2009).

### *Bridges*

The Ten-Year Plan for the Bureau of Bridges totals \$4.6 billion, of which 61 percent is City-funded. The Plan includes \$794.6 million for the continuing reconstruction of the East River Bridges, including \$508.5 million for the reconstruction of the Brooklyn Bridge, \$224.0 million for the Manhattan Bridge, \$11.0 million for the Williamsburg Bridge and \$51.1 million for the Queensboro Bridge.

Another \$2.2 billion is provided in the Ten-Year Plan for the reconstruction and continued reconstruction of eight “poor” bridge structures and 42 “fair” bridge structures, including the Harlem River Drive viaduct, five Belt Parkway bridges, and the St. George Terminal Ramps in Staten Island. All bridge structures currently rated “poor” will have funds committed for reconstruction by 2011. The Bridge Life Extension program, designed to address the capital needs of bridges before total capital reconstruction becomes necessary, will rehabilitate 25 structures, in addition to various component rehabilitation projects, at a total cost of \$1.4 billion. In addition, \$221.1 million is provided to apply protective coating treatments to various highway and waterway bridges to preserve and enhance their condition.

The Four-Year Plan for the Bureau of Bridges totals \$2.7 billion, of which 52 percent is City-funded. The Plan includes \$640 million for the continuing reconstruction of the East River Bridges. The Four-Year Plan will complete the commitment for major reconstruction of all four East River Bridges. The Four-Year Plan also includes \$1.0 billion for the reconstruction of “fair” bridges and \$438.5 million for the reconstruction of “poor” bridges.

The 2010 Capital Plan for Bridges totals \$1.5 billion, including \$446.6 million for the reconstruction of the Brooklyn Bridge Ramps and \$356.3 million for the reconstruction of three Belt Parkway Bridges, including the Paerdegat Basin Bridge. Additionally, the Plan includes \$112.9 million for the reconstruction of six “fair” rated bridge structures, including the East 183rd Street Bridge over Metro-North.

### *Highways*

The Ten-Year Plan for Highways totals \$3.2 billion and is 89 percent City-funded. The Plan provides \$1.4 billion for street reconstruction of 148 linear miles (534 lane miles), and \$1.3 billion for street and arterial resurfacing of 2,134 linear miles (7,000 lane miles). The Plan also provides \$59.8 million for the installation of approximately 10 retaining walls throughout the City and \$66.7 million for pedestrian ramps at 21,700 corners. Another \$276.5 million is allocated for the replacement of 39.3 million square feet of sidewalk, City-wide.

The Four-Year Plan for Highways totals \$1.5 billion and is 80 percent City-funded. The Plan provides \$757 million for street reconstruction of 50 linear miles (176 lane miles), and \$507.4 million for street and arterial resurfacing of 853 linear miles (2,800 lane miles). The Plan also provides \$59.8 million for the reconstruction of approximately 10 retaining walls throughout the City and \$54.4 million for the installation of pedestrian ramps at approximately 17,700 corners. Another \$121 million is allocated for the replacement of 17.2 million square feet of sidewalk City-wide to reduce defects.

The 2010 Capital Plan for Highways totals \$703.2 million and includes \$552.5 million for the reconstruction or resurfacing of 231 linear miles (780 lane miles) of streets, \$67.6 million for the reconstruction of sidewalks

and pedestrian ramps and \$43.9 million for the reconstruction of five retaining walls. Planned reconstruction projects include Pratt Avenue in the Bronx, College Point Boulevard in Queens, Forest Hill Road in Staten Island, Nassau Avenue in Brooklyn, and East Houston Street in Manhattan. In addition, the Plan includes funding for safety related street reconstruction projects to provide safe routes to schools and for streets in the Downtown Brooklyn area to improve traffic flow for pedestrians and vehicles.

### *Traffic*

The Ten-Year Plan for Traffic totals \$841.4 million, of which 38 percent is City-funded. The Plan provides \$257.1 million for signal installations and maintenance, as well as the computerization and modernization of signalized intersections to improve the flow of traffic. The Plan also includes \$247.8 million for signal and streetlight work associated with the highway and bridge reconstruction programs, \$197.3 million for the upgrade and replacement of lampposts and luminaires for lighting and safety, \$51.5 million for the installation of approximately 100 million linear feet of thermoplastic markings for traffic control and \$44.8 million for the rehabilitation of municipal parking garages and parking lots and the purchase of muni-meters. Finally, the Plan includes \$42.9 million for the replacement of 250,000 linear feet of electrical distribution systems along the City's streets.

The Four-Year Plan for Traffic totals \$453.4 million, of which 35 percent is City-funded. The Plan provides \$143.1 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 \$96.3 million for the upgrade and replacement of lampposts and luminaires for lighting and safety, \$146.7 million for signal and streetlight work associated with the highway and bridge reconstruction programs, \$20.4 million for the installation of approximately 40 million linear feet of thermoplastic markings for traffic control, and \$12.9 million for the replacement of 54,000 linear feet of electrical distribution systems along the City's streets. In addition, the Plan includes \$40.4 million for the rehabilitation of municipal parking garages and parking lots and the purchase of muni-meters.

The 2010 Capital Plan for Traffic totals \$153.7 million. This includes \$31.1 million for the upgrade of the street lighting system, \$68.7 million in baseline funding for the modernization and expansion of the City's computerized traffic signal network, which will improve traffic flow and relieve congestion and \$27.6 million for signal and streetlight work associated with the highway and bridge reconstruction programs.

### *Transit (Ferries)*

The Ten-Year Capital Plan for Ferries totals \$139.7 million, which is 73 percent City-funded. The plan includes \$105.3 million for the reconstruction and replacement of ferry boats including \$10 million for preliminary design work on two next-generation Barberi Class boats and \$15.1 million for the replacement of various floating equipment, including derricks and oil barges. The Plan also includes \$34.4 million for ferry terminal and facility improvements.

The Four-Year Plan for Ferries totals \$88.6 million, which is 63 percent City-funded. The Plan includes \$59.2 million for the reconstruction and replacement of ferry boats. The Plan also includes \$29.4 million for ferry terminal and facility improvements, including \$7.8 million for various improvements at the ferry maintenance facility and \$8.5 million for design and reconstruction of ferry racks.

The 2010 Capital Plan for Ferries totals \$28.9 million, including \$5.5 million for dry-docking, maintenance, and improvement of the Staten Island Ferry fleet and \$7.7 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. The agency will continue to focus on creative and innovative strategies to leverage City resources to encourage private investment in the preservation and creation of affordable housing throughout the five boroughs.

A key agency collaborator is the Housing Development Corporation (HDC). HDC is a public benefit corporation created to provide both taxable and tax-exempt financing for affordable housing. Through the issuance of bonds, HDC invests in the development of numerous projects. Low cost financing and, in some cases, direct subsidies provide for construction of multifamily rental and cooperative housing for low and moderate income households.

In addition to this important collaboration, resources provided through the New York City Housing Trust Fund established through collaboration between HPD, the Comptroller and the Battery Park City Authority will provide vital resources as the agency seeks to navigate the changing housing marketplace.

### Financial Review

The Department of Housing Preservation and Development's 2010 Executive Budget provides for operating expenses of \$489 million. The budgeted headcount of 2,763, including full-time and full-time equivalent positions, is funded at \$150 million, \$41 million of which is City funds. Funding for other than personal services amounts to \$338 million, \$19 million of which is City funds. HPD also provides for capital commitments of \$387 million in 2010, including \$257 million in City funds and \$130 million in Federal HOME funds. This represents a decrease of \$118 million below the amount planned for 2010 during the FY09 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 \$24.5 million in 2010, \$27.9 million less than the amount for 2009. The 2010 decrease is primarily attributable to the one-time collection of application fees and rental income in 2009.

### Expense Budget Highlights

#### *New Initiatives*

Early in 2009, New York City received \$24 million through the Neighborhood Stabilization Program (NSP), as part of the Housing and Economic Recovery Act of 2008. The majority of NSP funds (\$17.7 million) will be used for the purchase and rehabilitation of 1-4 family homes in neighborhoods with high foreclosure rates in anticipation of conveying these distressed properties to new owners. The remaining NSP funds (\$6.6 million) will be used to address instances of foreclosure within larger multifamily housing projects.

#### *Ongoing Initiatives*

HPD continues its collaboration with the Center for New York City Neighborhoods. This independent non-profit entity serves as a clearinghouse of information for avoiding foreclosure and provides technical assistance and guidance to households impacted by the sub-prime mortgage crisis.

### *Providing Core Services*

The agency will maintain its core services in 2010 including the reduction of lead hazards, enforcement of the housing maintenance code, 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 \$230 million worth of subsidy payments, serving over 29,000 households, are planned in 2010.
- 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 2010 Executive Budget with the 2010 Preliminary Budget, the 2009 forecast and actual expenditures for 2008, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services and debt service.

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

	2008 Actual	2009 Forecast	2010		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2009 Forecast	2010 Preliminary Budget
<b>Expenditures</b>						
Salary and Wages . . . . .	\$145,727	\$151,122	\$148,947	\$150,713	(\$409)	\$1,766
Fringe Benefits . . . . .	40	—	—	—	—	—
OTPS . . . . .	452,227	561,563	339,832	363,436	(198,127)	23,604
Total . . . . .	<u>\$597,994</u>	<u>\$712,685</u>	<u>\$488,779</u>	<u>\$514,149</u>	<u>(\$198,536)</u>	<u>\$25,370</u>
<b>Funding</b>						
City . . . . .	\$75,272	\$81,904	\$61,317	\$63,106	(\$18,798)	\$1,789
Other Categorical Grants	32,645	58,472	1,535	1,535	(56,937)	—
IFA . . . . .	14,869	16,214	16,478	16,546	332	68
State . . . . .	1,700	2,026	1,968	1,968	(58)	—
Federal CD . . . . .	136,888	171,047	149,219	172,732	1,685	23,513
Federal Other . . . . .	335,260	381,283	257,272	257,272	(124,011)	—
Intra-City Other . . . . .	1,359	1,739	990	990	(749)	—
Total . . . . .	<u>\$597,994</u>	<u>\$712,685</u>	<u>\$488,779</u>	<u>\$514,149</u>	<u>(\$198,536)</u>	<u>\$25,370</u>
<b>Additional Costs Centrally Funded</b>						
Personal Services (PS) . .						
Fringe Benefits . . . . .	\$47,582	\$51,865	\$52,340	\$54,119	\$2,254	\$1,779
Pensions . . . . .	15,560	19,274	19,495	19,471	197	(24)
Other Than Personal Service (OTPS)						
Legal Services . . . . .	5,294	5,824	5,250	5,467	(357)	217
Judgments and Claims . .	21,983	20,703	22,708	21,929	1,226	(779)
Debt Service . . . . .	342,735	339,041	404,196	327,625	(11,416)	(76,571)
Total Additional Costs . .	<u>\$433,154</u>	<u>\$436,707</u>	<u>\$503,989</u>	<u>\$428,611</u>	<u>(\$8,096)</u>	<u>(\$75,378)</u>
<b>Funding</b>						
City . . . . .	392,603	394,740	458,167	378,007	(16,733)	(80,160)
Non-City . . . . .	40,551	41,967	45,822	50,604	8,637	4,782
<b>Full Agency Costs (including Central Accounts)</b>						
Salary and Wages . . . . .	\$145,727	\$151,122	\$148,947	\$150,713	(\$409)	\$1,766
Fringe Benefits . . . . .	47,622	51,865	52,340	54,119	2,254	1,779
Pensions . . . . .	15,560	19,274	19,495	19,471	197	(24)
Total PS . . . . .	<u>\$208,909</u>	<u>\$222,261</u>	<u>\$220,782</u>	<u>\$224,303</u>	<u>\$2,042</u>	<u>\$3,521</u>
OTPS . . . . .	\$452,227	\$561,563	\$339,832	\$363,436	(\$198,127)	\$23,604
Legal Services . . . . .	5,294	5,824	5,250	5,467	(357)	217
Judgments and Claims . .	21,983	20,703	22,708	21,929	1,226	(779)
Debt Service . . . . .	342,735	339,041	404,196	327,625	(11,416)	(76,571)
Total OTPS . . . . .	<u>\$822,239</u>	<u>\$927,131</u>	<u>\$771,986</u>	<u>\$718,457</u>	<u>(\$208,674)</u>	<u>(\$53,529)</u>
Total Agency Costs . . . .	\$1,031,148	\$1,149,392	\$992,768	\$942,760	(\$206,632)	(\$50,008)
Less Intra-City . . . . .	\$1,359	\$1,739	\$990	\$990	(\$749)	\$—
Net Agency Cost . . . . .	<u>\$1,029,789</u>	<u>\$1,147,653</u>	<u>\$991,778</u>	<u>\$941,770</u>	<u>(\$205,883)</u>	<u>(\$50,008)</u>
<b>Funding</b>						
City . . . . .	467,875	476,644	519,484	441,113	(35,531)	(78,371)
Non-City . . . . .	561,914	671,009	472,294	500,657	(170,352)	28,363
<b>Personnel (includes FTEs at fiscal year-end)</b>						
City . . . . .	697	760	700	667	(93)	(33)
Non-City . . . . .	1,995	2,140	2,092	2,092	(48)	—
Total . . . . .	<u>2,692</u>	<u>2,900</u>	<u>2,792</u>	<u>2,759</u>	<u>(141)</u>	<u>(33)</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 1,098 housing units in 60 distressed tax delinquent properties to new responsible owners between 2010 and 2013.

### *Development*

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

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

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

### *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. Through a variety of programs, existing City-owned homes are renovated, necessary repairs are conducted in privately-owned buildings that have been abandoned, vacant City-owned buildings are rehabilitated and returned to the private housing market and 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 2010, the Division will maintain an average of approximately 361 *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 2010-2019 Capital Plan for HPD totals \$3.4 billion, including \$2.6 billion in City funding and \$807 million in Federal funds. The agency continues to use its City capital sources to leverage State and Federal funds as well as substantial private equity (which does not flow through the City's capital budget). The table below reflects capital commitments by program area over the FY 2008 - 2013 period.

### Capital Commitments (\$ in 000's)

	2008 Actual		2009 Plan		2010 Plan		2011 Plan		2012 Plan		2013 Plan	
	City Funds	All Funds										
New Construction	\$130,156	\$194,932	\$252,705	\$313,489	\$109,059	\$163,255	\$42,741	\$91,760	\$32,900	\$75,218	\$107,946	\$153,050
Preservation	119,419	125,108	142,895	159,612	83,931	94,830	86,293	92,364	79,183	83,726	94,227	101,046
Supportive Housing	19,654	34,466	47,756	132,376	13,592	75,527	17,617	67,556	18,879	70,452	21,731	73,073
Disposition	73,492	90,476	94,299	94,299	45,747	48,534	47,807	52,608	46,645	46,645	41,737	41,737
Other Housing Support	7,851	7,851	19,048	45,894	5,253	5,253	5,410	5,410	4,410	4,410	5,180	5,180
Total	<u>\$350,572</u>	<u>\$452,833</u>	<u>\$556,703</u>	<u>\$745,670</u>	<u>\$257,582</u>	<u>\$387,399</u>	<u>\$199,868</u>	<u>\$309,698</u>	<u>\$182,017</u>	<u>\$280,451</u>	<u>\$270,821</u>	<u>\$374,086</u>

### Ongoing Programs

Under the 2010-2019 Capital Plan, the City will invest a total of \$1.1 billion (\$1.0 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. The current Capital Plan also provides a total of \$1.1 billion (\$745 million 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 \$679 million (\$314 million in City funds) to supportive housing initiatives, including those to end chronic homelessness through execution of the New York/New York III agreement with the State. Finally, the City will continue with the rehabilitation and disposition of its remaining *in rem* residential stock, returning buildings to responsible private owners including tenant cooperatives, not-for-profit organizations, and local entrepreneurs. The Capital Plan allocates a total of \$431 million (\$423 in City funds) to fund these tasks.

- Utilizing a variety of preservation financing programs, including the Article 8A, Participation Loan, Low Income Housing Tax Credit Year 15, and Senior Citizens' Home Improvement Program, HPD will preserve approximately 26,000 units.

- 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 various rental and homeownership initiatives.
- HPD will fund approximately 6,000 housing units to benefit low income households with special needs between 2010 and 2019. This includes permanent housing for the formerly homeless, and supportive housing for the elderly.
- HPD will rehabilitate and complete disposition of approximately 2,000 units through the Tenant Interim Lease (TIL), Neighborhood Redevelopment (NRP), and Neighborhood Entrepreneur (NEP) programs.

## 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 nine programmatic divisions: the Executive Division, the Division of Citywide Personnel Services (DCPS), the Division of Real Estate Services (DRES), The Division of Energy Management (DEM), the Division of Facilities Management and Construction (DFMC), the Division of Municipal Supply Services (DMSS), the Division of Fiscal Management and Operations (DFMO), the Division of Citywide Equal Employment Opportunity (DCEEO) and the Division of Administration and Security (DAS).

### Financial Review

The 2010 Executive Budget for the Department of Citywide Administrative Services provides \$1.18 billion, an increase of \$61.1 million over the amount forecasted for 2009. This increase is primarily attributable to increases in provision of goods and services to other City agencies. The \$1.7 billion DCAS Ten-Year Capital Strategy includes \$884.9 million for Public Buildings, \$832.1 million for Energy Efficiency and \$31.2 million for Real Property.

### Revenue Forecast

In 2010, the Department of Citywide Administrative Services will collect \$163.6 million in revenue, approximately \$23.1 million more than the amount forecasted for 2009. The increase is due to the November 2009 transfer of the Environmental Control Board from the Department of Environmental Protection to the Office of Administrative Trials and Hearings (OATH). OATH, the largest revenue generating component of DCAS, will collect \$76.4 million in fine revenue in 2010. The Division of Real Estate Services will generate \$65.7 million from land sales and rents from commercial properties. These revenue increases are offset by one-time payments for early mortgage satisfactions and greater than expected sales of salvage vehicles.

### Expense Budget Highlights

#### *Budgetary Priorities: Providing Core Services*

- the 2010 Executive Budget provides total funds of \$1.2 billion for the Department, of which \$805.3 million is for goods and services that agencies purchase from DCAS through intra-city agreements including the following: utilities (\$719.9 million), leases (\$55.8 million), storehouse supplies (\$21.1 million), maintenance and repair of facilities and vehicles (\$5.6 million), personnel training (\$0.8 million), and other services (\$2.1 million).
- the 2010 Executive Budget provides a total of \$1.0 billion for the Division of Facilities Management and Construction (DFMC). DFMC manages and operates 54 city-owned public buildings, including court facilities. Included in the \$1.0 billion are intra-city agreements for utilities (\$719.9 million), leases (\$55.5 million), and building maintenance (\$3.2 million). Also included in the \$1.0 billion is \$35.5 million in State funding to provide cleaning services for court facilities.
- the 2010 Executive Budget provides a total of \$15.5 million for the Division of Real Estate Services (DRES).
- the 2010 Executive Budget provides a total of \$12.1 million for security services in DCAS-managed buildings.

#### *Restructuring and Streamlining*

- beginning in 2010, DCAS will undertake a Lease Efficiency Initiative in which it will identify opportunities for Citywide lease savings through consolidation and re-negotiation of rent.

- in support of PlaNYC and enhanced sustainability of government operations, DCAS has restructured its Office of Energy Conservation into the Division of Energy Management. The agency planned over 100 energy efficiency projects in 2009, and anticipates an even greater portfolio of projects in 2010, including but not limited to: installing energy efficient interior lighting, implementing heating system upgrades and overseeing building energy audits. Almost 200 light duty sedans and SUVs were replaced with hybrid sedans and small hybrid SUVs in 2009, and in 2010 DCAS will develop and implement strategies to “rightsized” agency fleets, and introduce more green technology vehicles into the City’s medium and heavy duty fleets.
- to support citywide fleet efforts, DCAS will upgrade the City’s fleet management system, and will continue to assist the Mayor’s Office of Operations and the Office of Management and Budget with the Citywide Fleet Reduction Initiative. The initiative will reduce the Citywide light-duty non-emergency response fleet by over 700 vehicles, and will save approximately \$20 million.
- DCAS will further advance its Provisional Reduction Plan in 2010. This plan will reduce the number of City employees serving in provisional status by increasing the number of civil service examinations DCAS administers and subsequent title lists it generates, as well as by broadbanding similar titles and reclassifying existing titles.
- following on the successful completion of a Computerized Testing Center in Manhattan, DCAS plans to expand the model into Brooklyn in 2010. This will allow DCAS to further streamline the administration 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.

### **Summary of Agency Financial Data**

The following table compares the 2010 Executive Budget with the 2010 Preliminary Budget, the 2009 forecast and actual expenditures for 2008, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services and debt service.

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

	2008 Actual	2009 Forecast	2010		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2009 Forecast	2010 Preliminary Budget
<b>Expenditures</b>						
Salary and Wages . . . . .	\$127,460	\$149,295	\$141,353	\$149,967	\$672	\$8,614
Fringe Benefits . . . . .	1,538	1,557	1,557	1,557	—	—
OTPS . . . . .	868,471	968,490	967,219	1,030,801	62,311	63,582
Total . . . . .	<u>\$997,469</u>	<u>\$1,119,342</u>	<u>\$1,110,129</u>	<u>\$1,182,325</u>	<u>\$62,983</u>	<u>\$72,196</u>
<b>Funding</b>						
City . . . . .	\$195,882	\$212,959	\$199,779	\$223,478	\$10,519	\$23,699
Other Categorical Grants	88,016	95,119	104,814	103,883	8,764	(931)
IFA . . . . .	10,991	10,901	8,523	11,471	570	2,948
State . . . . .	48,034	51,629	35,353	36,152	(15,477)	799
Federal CD . . . . .	1	—	—	—	—	—
Federal Other . . . . .	1,286	2,000	2,000	2,000	—	—
Intra-City Other . . . . .	653,260	746,734	759,660	805,341	58,607	45,681
Total . . . . .	<u>\$997,469</u>	<u>\$1,119,342</u>	<u>\$1,110,129</u>	<u>\$1,182,325</u>	<u>\$62,983</u>	<u>\$72,196</u>
<b>Additional Costs Centrally Funded</b>						
Personal Services (PS) . .						
Fringe Benefits . . . . .	\$38,119	\$40,291	\$38,791	\$42,366	\$2,075	\$3,575
Pensions . . . . .	13,770	16,300	17,252	17,231	931	(21)
Other Than Personal Service (OTPS)						
Legal Services . . . . .	1,767	1,587	1,299	1,326	(261)	27
Judgments and Claims .	25	138	151	146	8	(5)
Debt Service . . . . .	411,854	389,480	440,385	466,282	76,802	25,897
Total Additional Costs . .	<u>\$465,535</u>	<u>\$447,796</u>	<u>\$497,878</u>	<u>\$527,351</u>	<u>\$79,555</u>	<u>\$29,473</u>
<b>Funding</b>						
City . . . . .	442,415	428,970	475,703	503,756	74,786	28,053
Non-City . . . . .	23,120	18,826	22,175	23,595	4,769	1,420
<b>Full Agency Costs (including Central Accounts)</b>						
Salary and Wages . . . . .	\$127,460	\$149,295	\$141,353	\$149,967	\$672	\$8,614
Fringe Benefits . . . . .	39,657	41,848	40,348	43,923	2,075	3,575
Pensions . . . . .	13,770	16,300	17,252	17,231	931	(21)
Total PS . . . . .	<u>\$180,887</u>	<u>\$207,443</u>	<u>\$198,953</u>	<u>\$211,121</u>	<u>\$3,678</u>	<u>\$12,168</u>
OTPS . . . . .	\$868,471	\$968,490	\$967,219	\$1,030,801	\$62,311	\$63,582
Legal Services . . . . .	1,767	1,587	1,299	1,326	(261)	27
Judgments and Claims .	25	138	151	146	8	(5)
Debt Service . . . . .	411,854	389,480	440,385	466,282	76,802	25,897
Total OTPS . . . . .	<u>\$1,282,117</u>	<u>\$1,359,695</u>	<u>\$1,409,054</u>	<u>\$1,498,555</u>	<u>\$138,860</u>	<u>\$89,501</u>
Total Agency Costs . . . .	\$1,463,004	\$1,567,138	\$1,608,007	\$1,709,676	\$142,538	\$101,669
Less Intra-City . . . . .	\$653,260	\$746,734	\$759,660	\$805,341	\$58,607	\$45,681
Net Agency Cost . . . . .	<u>\$809,744</u>	<u>\$820,404</u>	<u>\$848,347</u>	<u>\$904,335</u>	<u>\$83,931</u>	<u>\$55,988</u>
<b>Funding</b>						
City . . . . .	638,297	641,929	675,482	727,234	85,305	51,752
Non-City . . . . .	171,447	178,475	172,865	177,101	(1,374)	4,236
<b>Personnel (includes FTEs at fiscal year-end)</b>						
City . . . . .	1,387	1,618	1,713	1,721	103	8
Non-City . . . . .	775	875	749	783	(92)	34
Total . . . . .	<u>2,162</u>	<u>2,493</u>	<u>2,462</u>	<u>2,504</u>	<u>11</u>	<u>42</u>

## **Programmatic Review**

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

### *Executive Division*

The Executive Division includes the Office of the Commissioner, General Counsel, Public Affairs, Special Events, Management Information Systems, and Citywide Occupational Safety and Health (COSH). 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 in charge of 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 be downloaded by interested vendors. In addition, vendors may elect to receive e-mail notification of new solicitations.

### *Division of Citywide Equal Employment Opportunity*

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

### *Division of Energy Management*

The newly created Division of Energy Management (DEM) is the City's primary energy management entity, and oversees initiatives to reduce energy use and greenhouse gas emissions in City government operations. It identifies and manages energy efficiency projects and programs, develops the City's annual energy budget, pays energy bills for City accounts as the utility account holder of record, and monitors and reports on energy usage and costs to agencies. The Division also provides agency personnel with training opportunities and provides each agency's energy liaison with detailed account-level reports on energy cost and usage.

### *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 142 civil service and 41 license examinations in 2009, and in 2010 will administer an increasing number of exams to meet the City's hiring needs and continue to reduce the number of provisional employees Citywide. In 2010, 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, and disposition of real estate by means of sales and lease auctions. The Division administers approximately 47 leases for City agencies in private buildings. The Division also audits leases to ensure proper lease billing, identifying savings of \$1.7 million in rent credits through March 2009.

### *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 2,200 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. DMSS oversees the Citywide fleet administration for about 27,000 vehicles, as well as maintains and repairs about 2,000 vehicles for over 40 different agencies. 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 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](http://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 provides security at 20 DCAS-managed facilities and at some leased facilities as well. Security responsibilities include risk assessment, security analysis, implementation, and continued evaluation of DCAS facilities.

## Capital Review

The 2010-2019 Ten-Year Capital Strategy for the Department is \$1.7 billion, with \$793.8 million provided in the 2010-2013 Four-Year Plan.

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 2010-2013 period.

### Capital Commitments

(\$000's)

	2008 Actual		2009 Plan		2010 Plan		2011 Plan		2012 Plan		2013 Plan	
	City Funds	All Funds										
Rehabilitation of City- Owned Facilities . . . . .	\$106,794	\$106,920	\$107,721	\$108,121	\$73,744	\$73,744	\$17,287	\$17,287	\$34,447	\$34,447	\$75,057	\$75,057
Renovation of Other City-Owned Facilities . . . . .	3,884	3,884	16,241	16,241	3,035	3,035	1,500	1,500	0	0	1,220	1,220
Rehabilitation of Court Facility System . . . . .	0	0	0	0	0	0	0	0	0	0	200	200
Legal Mandates and Correction of Unsafe Conditions . . . . .	25,854	25,854	23,948	23,948	16,355	16,355	9,125	9,125	3,500	3,500	7,234	7,234
Renovation of Leased Space . . .	6,538	7,038	2,948	2,948	20,254	20,254	26,139	26,139	1,800	1,800	38,531	38,531
Equipment and Interagency Services . . . . .	6,866	6,866	33,542	33,542	19,898	19,898	1,188	1,188	238	238	4,344	4,344
Communications Equipment . . . . .	0	0	-42	-42	190	190	0	0	0	0	0	0
Board of Elections . . . . .	8,163	8,163	24,306	24,306	62,591	62,591	0	0	0	0	0	0
Miscellaneous Construction . . .	8,340	8,440	147,931	147,931	3,000	3,000	0	0	0	0	11,874	11,874
Acquisition of Real Property . .	0	0	5,500	5,500	0	0	0	0	0	0	0	0
Energy Efficiency and Sustainability . . . . .	0	0	0	0	113,911	113,911	79,800	79,800	79,800	79,800	79,800	79,800
Rehabilitation of Waterfront & Non-Waterfront Properties . .	3,798	3,798	5,100	5,100	3,070	3,070	1,400	1,400	1,400	1,400	1,861	1,861
<b>Total . . . . .</b>	<b>\$170,237</b>	<b>\$170,963</b>	<b>\$367,195</b>	<b>\$367,595</b>	<b>\$316,048</b>	<b>\$316,048</b>	<b>\$136,439</b>	<b>\$136,439</b>	<b>\$121,185</b>	<b>\$121,185</b>	<b>\$220,121</b>	<b>\$220,121</b>

The 2010-2019 Ten-Year Capital Strategy provides a total of \$1.7 billion, including \$884.9 million for the renovation, reconstruction, and outfitting of Public Buildings, \$832.1 million for energy efficiency initiatives and \$31.2 million for Real Property.

#### *Highlights of the 2010-2019 Ten-Year Capital Strategy:*

- reconstruction and rehabilitation of public buildings and City-owned facilities (\$427.7 million), including the renovations to the Manhattan Municipal Building (\$21.5 million) and Brooklyn Municipal Building (\$32.2 million).
- energy efficiency measures and building retrofits, Citywide (\$832.1 million), including energy retrofit projects in City buildings (\$499.1 million).

- legal mandates (\$202.8 million), including fire safety improvements (\$84.3 million) and façade repairs (\$80.0 million).
- renovation of leased space (\$128.7 million), including the relocation and consolidation of the Queens District Attorney's Office (\$24.3 million) and the renovation of leased space for nine City agencies at 40 Rector Street in Manhattan (\$15.0 million).
- modernization of the Board of Elections (\$62.6 million), including the purchase of electronic voting machines as required by the Help America Vote Act (HAVA) (\$50.0 million).
- equipment and interagency services (\$48.2 million).
- miscellaneous construction in other facilities (\$14.9 million).
- reconstruction of waterfront properties (\$29.8 million) including various pier improvements.
- reconstruction of non-waterfront properties (\$1.4 million).

The 2010-2013 Four-Year Plan provides a total of \$793.8 million, including \$432.8 million for the renovation, reconstruction, and outfitting of Public Buildings, \$353.3 million to increase the energy efficiency of City operations and \$7.7 million for Real Property.

*Highlights of the 2010-2013 Four-Year Plan*

- reconstruction and rehabilitation of public buildings and City-owned facilities (\$206.5 million), including: renovations to Queens Borough Hall (\$22.9 million), the Brooklyn Municipal Building (\$25.7 million), the Manhattan Municipal Building (\$13.2 million), and Staten Island Borough Hall (\$6.9 million).
- energy efficiency measures and building retrofits, Citywide (\$353.3 million), including energy retrofit projects in City buildings (\$199.1 million).
- renovation of leased space (\$86.7 million), including the relocation of nine city agencies from 40 Rector Street (\$15.0 million).
- legal mandates (\$36.2 million), including environmental remediation projects (\$15.0 million) and reconstruction and replacement of petroleum underground storage tanks (\$13.9 million).
- equipment and interagency services (\$25.7 million), including the development of a municipal supplies inventory management system (\$13.8 million).
- modernization of the Board of Elections (\$62.6 million), including the purchase of electronic voting machines as required by the Help America Vote Act (HAVA) (\$50.0 million), and the upgrade and renovation of office facilities and systems for the Board of Elections (\$12.6 million).
- miscellaneous construction in other facilities (\$14.9 million).
- reconstruction of waterfront properties (\$6.3 million) including various pier improvements.
- reconstruction of non-waterfront properties (\$1.4 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 2010 Executive Budget provides for an operating budget of \$356.8 million, a decrease of \$31.2 million over the amount forecasted for 2009. This change is largely attributable to the requirement that all agencies operate with reduced resources. The Department will undertake reductions to non-critical maintenance contracts, increased revenue from cable television and telecommunications franchises, and renegotiation and consolidation of IT and telecommunications service contracts that result in Citywide savings.

### 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 \$139.6 million in revenue for 2010.

### Expense Budget Highlights

#### *Budgetary Priorities: Providing Core Services*

- the Department's 2010 Executive Budget includes \$113.5 million for services that DoITT purchases on behalf of client agencies, including telecommunications, data, and consultant services.
- the Department's 2010 Executive Budget provides \$59.7 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 120 City agencies and entities, 24 hours a day, seven days a week.
- the Department's 2010 Executive Budget provides \$8.1 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 2010 Executive Budget provides \$46.3 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 continuous access to non-emergency City services through one phone number.

### Summary of Agency Financial Data

The following table compares the 2010 Executive Budget with the 2010 Preliminary Budget, the 2009 forecast and actual expenditures for 2008, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services, and debt service.

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

	2008 Actual	2009 Forecast	2010		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2009 Forecast	2010 Preliminary Budget
<b>Expenditures</b>						
Salary and Wages . . . . .	\$75,873	\$87,655	\$76,775	\$85,769	(\$1,886)	\$8,994
Fringe Benefits . . . . .	—	—	—	—	—	—
OTPS . . . . .	232,391	300,328	270,622	270,981	(29,347)	359
Total . . . . .	<u>\$308,264</u>	<u>\$387,983</u>	<u>\$347,397</u>	<u>\$356,750</u>	<u>(\$31,233)</u>	<u>\$9,353</u>
<b>Funding</b>						
City . . . . .	\$179,365	\$231,803	\$231,999	\$229,997	(\$1,806)	(\$2,002)
Other Categorical Grants	4,944	5,586	1,356	1,426	(4,160)	70
IFA . . . . .	8,981	10,461	—	10,119	(342)	10,119
State . . . . .	51	31	—	—	(31)	—
Federal CD . . . . .	2,702	1,547	1,483	1,588	41	105
Federal Other . . . . .	—	14,685	—	—	(14,685)	—
Intra-City Other . . . . .	112,222	123,870	112,559	113,620	(10,250)	1,061
Total . . . . .	<u>\$308,264</u>	<u>\$387,983</u>	<u>\$347,397</u>	<u>\$356,750</u>	<u>(\$31,233)</u>	<u>\$9,353</u>
<b>Additional Costs Centrally Funded</b>						
Personal Services (PS) . .						
Fringe Benefits . . . . .	\$18,222	\$20,214	\$17,185	\$19,390	(\$824)	\$2,205
Pensions . . . . .	8,099	9,294	10,147	10,135	841	(12)
Other Than Personal Service (OTPS)						
Legal Services . . . . .	1,835	1,737	1,627	1,631	(106)	4
Judgments and Claims .	61	42	46	45	3	(1)
Debt Service . . . . .	—	—	—	—	—	—
Total Additional Costs . .	<u>\$28,217</u>	<u>\$31,287</u>	<u>\$29,005</u>	<u>\$31,201</u>	<u>(\$86)</u>	<u>\$2,196</u>
<b>Funding</b>						
City . . . . .	26,114	29,685	27,417	29,480	(205)	2,063
Non-City . . . . .	2,103	1,602	1,588	1,721	119	133
<b>Full Agency Costs (including Central Accounts)</b>						
Salary and Wages . . . . .	\$75,873	\$87,655	\$76,775	\$85,769	(\$1,886)	\$8,994
Fringe Benefits . . . . .	18,222	20,214	17,185	19,390	(824)	2,205
Pensions . . . . .	8,099	9,294	10,147	10,135	841	(12)
Total PS . . . . .	<u>\$102,194</u>	<u>\$117,163</u>	<u>\$104,107</u>	<u>\$115,294</u>	<u>(\$1,869)</u>	<u>\$11,187</u>
OTPS . . . . .	\$232,391	\$300,328	\$270,622	\$270,981	(\$29,347)	\$359
Legal Services . . . . .	1,835	1,737	1,627	1,631	(106)	4
Judgments and Claims .	61	42	46	45	3	(1)
Debt Service . . . . .	—	—	—	—	—	—
Total OTPS . . . . .	<u>\$234,287</u>	<u>\$302,107</u>	<u>\$272,295</u>	<u>\$272,657</u>	<u>(\$29,450)</u>	<u>\$362</u>
Total Agency Costs . . . .	\$336,481	\$419,270	\$376,402	\$387,951	(\$31,319)	\$11,549
Less Intra-City . . . . .	\$112,222	\$123,870	\$112,559	\$113,620	(\$10,250)	\$1,061
Net Agency Cost . . . . .	<u>\$224,259</u>	<u>\$295,400</u>	<u>\$263,843</u>	<u>\$274,331</u>	<u>(\$21,069)</u>	<u>\$10,488</u>
<b>Funding</b>						
City . . . . .	205,479	261,488	259,416	259,477	(2,011)	61
Non-City . . . . .	18,780	33,912	4,427	14,854	(19,058)	10,427
<b>Personnel (includes FTEs at fiscal year-end)</b>						
City . . . . .	1,057	1,172	1,087	1,056	(116)	(31)
Non-City . . . . .	139	152	38	145	(7)	107
Total . . . . .	<u>1,196</u>	<u>1,324</u>	<u>1,125</u>	<u>1,201</u>	<u>(123)</u>	<u>76</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, HHS Connect, the Emergency Communications Transformation Program (ECTP), the New York City Wireless Network (NYCWiN), the Citywide Radio (Channel 16) Network, *NYC.gov*, the NYC Media Group, the Citywide Geographic Information Systems Unit, and various initiatives to help streamline agency operations.

### *PlanIT*

In 2010, DoITT will work to continue implementing PlanIT, the City's first comprehensive technology strategy. This strategy consists of 32 initiatives that will improve government accessibility, transparency, and accountability. Of these 32 initiatives, the plan includes nine "foundational" initiatives which are aimed at consolidating and greening the City's data centers, creating Citywide information security policies and standards, and strengthening the City's backup and recovery capabilities. The remaining 23 initiatives cover various areas within government such as economic development, public safety, customer service, social services, education, community services, Citywide administration, and legal affairs.

### *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 nearly 180 languages. DoITT will continue to improve the capability of 3-1-1 through a phased roll-out of the Enhanced 3-1-1 initiative, which will provide callers with health and human service-related information and referrals to non-profits and community-based organizations. DoITT continues to leverage applications such as 3-1-1 on the Web, which will mirror more of the services offered at 3-1-1 via *NYC.gov*, and will enhance the program's functionality and improve the service delivery of City agencies.

### *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 2010, the City will complete the consolidation of Police, Fire and EMS call taking and dispatch operations into a Public Safety Answering Center (PSAC). In addition, design of the fully redundant backup call center (PSAC 2) will continue in 2010.

### *New York City Wireless Network (NYCWiN)*

The New York City Wireless Network provides 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 provides resources to public safety agency personnel that greatly improves their execution of specific job functions. NYCWiN also supports and enhances a host of other public service applications used by agencies across the City, including the Department of Environmental Protection's Wireless Water Meter Reader program.

### *Citywide Radio (Channel 16) Network*

The Citywide Radio (Channel 16) Network 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. The Citywide Radio Network will be in full production at the start of 2010, enhancing the mission-critical communication needs of public safety agencies and improving Citywide interoperability.

#### *HHS Connect*

HHS-Connect links more than a dozen City agencies so that caseworkers are able to share client information without compromising confidentiality. Clients will only need to provide their personal and other pertinent information one time to be included in a virtual integrated case file which they will be able to access and update online. Additional information, relevant only to specific agencies, will be collected on an as-needed basis. HHS-Connect will reduce the paperwork burden for caseworkers, improve customer service, and allow unique accessibility to the City's various programs and services for New Yorkers who need them most.

A significant part of HHS Connect is ACCESS NYC, an *NYC.gov* application customers can use to be screened and begin the process of applying for food stamps, school meals, and other benefit programs. Eventually, if they so choose, residents will only have to provide their information once, regardless of the program for which they are applying. In 2010, the system will grow to provide online pre-screening, eligibility, verification, enrollment, and case management tools that can be utilized across City agencies.

#### *NYC.gov*

*NYC.gov*, the City's official website, provides New Yorkers with an easy-to-use source of government services and information. In 2010, DoITT will enhance a number of applications available on *NYC.gov*, including the Citywide Performance Reporting (CPR) tool, which provides City agencies with management information tools to better anticipate demand and manage operational performance. CPR includes 500 "critical" outcome measures, which are updated and posted monthly on *NYC.gov*, making them easily accessible to all City agencies, elected officials, community groups, and the public.

In 2010, DoITT will continue to enhance a newly implemented application that allows New Yorkers and visitors alike to submit pictures and video to 3-1-1 and 9-1-1 through their cellular phones for certain types of quality-of-life service requests and criminal investigations. Customers will also be able to submit service requests directly through *NYC.gov* for issues such as graffiti, traffic signs, street, highway and sidewalk construction, lot cleaning requests, and public pay telephone complaints.

DoITT continues to leverage the Internet to make City government more accessible, transparent, and accountable. The Doing Business Accountability Project tracks entities and their executives that do business with the City, and allows the public access to this information. In 2010, this project will expand to include information about land use, real property transactions, contract proposals, grant recipients, economic development agreements and pension funds, and will integrate with the e-Lobbyist application, which includes a full accounting of expenses paid to lobbyists throughout the year.

#### *NYC Media Group*

DoITT is the managing agency of the NYC Media Group, which includes a broadcast television station reaching approximately 19 million people in New York, New Jersey, and Connecticut; five New York City cable television stations; and one FM radio station (Radio New York, WNYE 91.5 FM). 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.

#### *Geographic Information Systems*

DoITT's Citywide Geographic Information Systems (GIS) Unit develops and maintains a repository of current, accurate spatial data and applications. This includes *NYCityMap*, a physical base map and planimetrics of the City derived from aerial photography. The unit also develops GIS tools and applications 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 2010 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 centers, fiber optic network, wireless data network, and other resources in order to achieve cost savings for City agencies in need of internet access, data center hosting and management, e-mail, security and firewall solutions, disaster recovery sites, wireless solutions, and remote access. The DoITT Capital Plan for 2010-2013 includes \$130.8 million for infrastructure improvements associated with these Citywide initiatives.

## ECONOMIC DEVELOPMENT

Since 1992, two organizations, the Department of Small Business Services (SBS) and the New York City Economic Development Corporation (EDC), have administered the City's economic development programs. SBS also administers the City's adult workforce development programs.

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 assists prospective small business owners in starting a business in New York City, and provides assistance for small businesses in their interactions with other City agencies. Within the Workforce Development Division, SBS provides job training and placement services to jobseekers and businesses through its one-stop centers and contracted service providers.

EDC is the City's primary vehicle for promoting economic growth in each of the five boroughs working with diverse industries and sectors to help businesses locate and expand in the City. To help improve the distribution of goods within and outside the five boroughs, EDC manages the redevelopment of the City's rail freight lines, food markets, and maritime and aviation facilities. Through EDC's incentive programs eligible businesses can meet their financing needs for property acquisition, new equipment, renovation, working capital and other purposes through the use of low-cost tax-exempt bonds.

### Financial Review

The 2010 Executive Budget for Economic Development provides \$118.3 million in operating expenses at SBS, with Federal funds of \$56.4 million (not including \$31.8 million in Federal American Recovery and Reinvestment Act [ARRA] Adult Workforce Investment Act [WIA] funds) and City funds of \$61.9 million. The SBS operating budget includes allocations for EDC, NYC & Company, 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 \$1.07 billion are forecast in the 2010-2019 capital plan. Of this amount, \$1.04 billion reflect Mayoral commitments. The remaining \$27.0 million reflect Elected Officials commitments. The amount of total City funded capital commitments for the 2010-2019 plan represents a decrease of \$304.0 million over the amount of commitments forecast in the 2009-2018 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 the EDC, a contractual marketing payment from NYC & Company, and other miscellaneous fees. The 2010 revenue estimate is \$30.8 million.

### Expense Budget Highlights

- the Workforce Development Division runs the City's job training and placement programs through the Workforce1 Career Centers in all five boroughs. In addition, the City's Business Solutions Centers, some of which are co-located with the Workforce1 Centers, provide businesses with access to hiring and training opportunities. The 2010 Executive Budget includes a federal allocation of \$49.6 million in Federal funds for all Adult and Dislocated Worker job training and placement programs. SBS will be receiving an additional \$31.7 in Federal ARRA funding, not yet reflected in the 2010 Executive Plan.
- the Economic and Financial Opportunity Division focuses on outreach and technological assistance to certify minority- and women-owned businesses for government contracts. The Executive Budget for 2010 provides \$2.5 million in City and Federal funds.

- through a contract with SBS, NYC & Company will receive \$18.32 million in City funding in 2010 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 2010 Executive Budget with the 2010 Preliminary Budget, the 2009 forecast and actual expenditures for 2008, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services and debt service.

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

	2008 Actual	2009 Forecast	2010		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2009 Forecast	2010 Preliminary Budget
<b>Expenditures</b>						
Salary and Wages .....	\$19,061	\$20,546	\$17,287	\$19,064	(\$1,482)	\$1,777
Fringe Benefits .....	—	—	—	—	—	—
OTPS .....	117,496	159,201	105,718	104,071	(55,130)	(1,647)
Total .....	<u>\$136,557</u>	<u>\$179,747</u>	<u>\$123,005</u>	<u>\$123,135</u>	<u>(\$56,612)</u>	<u>\$130</u>
<b>Funding</b>						
City .....	\$75,386	\$99,097	\$66,482	\$64,514	(\$34,583)	(\$1,968)
Other Categorical Grants	2,674	5,353	—	—	(5,353)	—
IFA .....	—	—	—	—	—	—
State .....	165	1,100	—	—	(1,100)	—
Federal CD .....	7,173	6,928	4,023	6,133	(795)	2,110
Federal Other .....	47,291	63,329	52,444	52,432	(10,897)	(12)
Intra-City Other .....	3,868	3,940	56	56	(3,884)	—
Total .....	<u>\$136,557</u>	<u>\$179,747</u>	<u>\$123,005</u>	<u>\$123,135</u>	<u>(\$56,612)</u>	<u>\$130</u>
<b>Additional Costs Centrally Funded</b>						
Personal Services (PS) ..						
Fringe Benefits .....	\$4,974	\$5,229	\$4,996	\$5,166	(\$63)	\$170
Pensions .....	2,035	2,291	2,549	2,546	255	(3)
Other Than Personal Service (OTPS)						
Legal Services .....	6,230	4,124	3,781	4,072	(52)	291
Judgments and Claims .	2	17	18	18	1	—
Debt Service .....	86,025	75,276	177,503	85,053	9,777	(92,450)
Total Additional Costs .	<u>\$99,266</u>	<u>\$86,937</u>	<u>\$188,847</u>	<u>\$96,855</u>	<u>\$9,918</u>	<u>(\$91,992)</u>
<b>Funding</b>						
City .....	94,409	82,136	183,150	91,306	9,170	(91,844)
Non-City .....	4,857	4,801	5,697	5,549	748	(148)
<b>Full Agency Costs (including Central Accounts)</b>						
Salary and Wages .....	\$19,061	\$20,546	\$17,287	\$19,064	(\$1,482)	\$1,777
Fringe Benefits .....	4,974	5,229	4,996	5,166	(63)	170
Pensions .....	2,035	2,291	2,549	2,546	255	(3)
Total PS .....	<u>\$26,070</u>	<u>\$28,066</u>	<u>\$24,832</u>	<u>\$26,776</u>	<u>(\$1,290)</u>	<u>\$1,944</u>
OTPS .....	\$117,496	\$159,201	\$105,718	\$104,071	(\$55,130)	(\$1,647)
Legal Services .....	6,230	4,124	3,781	4,072	(52)	291
Judgments and Claims .	2	17	18	18	1	—
Debt Service .....	86,025	75,276	177,503	85,053	9,777	(92,450)
Total OTPS .....	<u>\$209,753</u>	<u>\$238,618</u>	<u>\$287,020</u>	<u>\$193,214</u>	<u>(\$45,404)</u>	<u>(\$93,806)</u>
Total Agency Costs ....	\$235,823	\$266,684	\$311,852	\$219,990	(\$46,694)	(\$91,862)
Less Intra-City .....	\$3,868	\$3,940	\$56	\$56	(\$3,884)	\$—
Net Agency Cost .....	<u>\$231,955</u>	<u>\$262,744</u>	<u>\$311,796</u>	<u>\$219,934</u>	<u>(\$42,810)</u>	<u>(\$91,862)</u>
<b>Funding</b>						
City .....	169,795	181,233	249,632	155,820	(25,413)	(93,812)
Non-City .....	62,160	81,511	62,164	64,114	(17,397)	1,950
<b>Personnel (includes FTEs at fiscal year-end)</b>						
City .....	151	180	132	145	(35)	13
Non-City .....	154	133	125	126	(7)	1
Total .....	<u>305</u>	<u>313</u>	<u>257</u>	<u>271</u>	<u>(42)</u>	<u>14</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.

### *District Development*

- the District Development Unit supports community-based economic development organizations throughout New York City in order to create the conditions under which local businesses thrive and residents enjoy access to a vibrant mix of goods and services. Through its network of 60 Business Improvement Districts (BIDs), SBS' District Development unit oversees contracts with BIDs that lead to the provision of more than \$80 million in services to more than 70,000 businesses annually. District Development also partners with dozens of Local Development Corporations, Merchants' Associations and other neighborhood economic development organizations through Avenue NYC, a competitive grant program that funds commercial revitalization programs (comprehensive economic development planning, business attraction efforts, district marketing campaigns, BID formation initiatives, and other economic development activities) in all five boroughs. District Development also oversees NYC Clean Streets, a \$1.0 million initiative the goal of which is to develop the capacity of Local Development Corporations in commercial corridors throughout the City.

### *NYC Business Solutions*

NYC Business Solutions helps businesses open, grow, and thrive in New York City.

- NYC Business Solutions Centers meet the needs of start-up and operating businesses by providing assistance to facilitate financing, fulfilling business staffing needs, and providing access to services not directly provided by the Centers through partnerships. Centers are open in the South Bronx, Upper Manhattan, Queens, Downtown Brooklyn, Midtown Manhattan, and Lower Manhattan. In 2008, NYC Business Solutions Centers facilitated over \$11.9 million in loans for 170 clients and helped over 400 businesses hire over 5,000 employees.
- the NYC Business Solutions Outreach Team helps businesses interact with other City agencies and resolve obstacles to starting, operating, or expanding their businesses. In coordination with the Mayor's Office of Emergency Management, the Outreach Team also assists businesses affected by disasters by providing updates on building re-openings, facilitating the resolution of matters affecting day-to-day business operations, and compiling evidence to support business claims for assistance. In 2008, outreach staff provided assistance for businesses in interacting with other City agencies, including the Department of Buildings, the Department of Consumer Affairs, the Department of Finance, and the Department of Sanitation.
- NYC Business Solutions Hiring provides customized recruitment and hiring services to New York City businesses. The unit works with large scale employers in growing industries to assist them in finding qualified candidates to fulfill their citywide employment needs. In 2008, NYC Business Solutions Hiring assisted small businesses with the hiring of 1,514 employees.
- NYC Business Solutions' Curriculum Development Unit facilitates the provision of business education courses at all of the City's NYC Business Solutions Centers. Courses are offered in five different languages across the Centers and cover topics such as business basics, computer applications, financing, and marketing. In 2008, 2,200 clients were provided with free business education courses.

### *Business Incentives*

- the Business Incentives Unit coordinates the Lower Manhattan Energy Program (LMEP), which offers reduced regulated electricity costs for up to 12 years. From its inception, through October, 2008, over 50 office towers with 1,496 commercial tenants have received LMEP benefits. The Energy Cost Savings Program (ECSP), which helps businesses lower their energy costs in targeted areas around the City, approved over 100 projects affecting 8,647 jobs and more than \$4.4 million in annual savings in 2008.

### *NYC Business Express*

NYC Business Express is a multi-agency initiative, spearheaded by SBS, that makes opening, operating, and expanding a business in New York City more straightforward, faster, and simpler. NYC Business Express provides a website as a single source of information that enables business owners and entrepreneurs to manage all information required to start, operate or expand a business in the City of New York. In 2008, NYC Business Express expanded beyond the restaurant sector to include retail; services; arts, entertainment, and recreation; wholesale trade; and health care. NYC Business Express services these six sectors in the following ways:

- provides a single source of information for all businesses to access customized, up-to-date information and step-by-step instructions for meeting government requirements for opening, operating or expanding a business in New York City;
- provides a single source of information for all businesses to identify and estimate the City, State, and Federal benefits for which they are eligible;
- provides all businesses a consolidated “account” where they will be able to access electronically available information about their business (e.g., status of permits, taxes owed, outstanding balances, inspection dates, etc.) in a single place; and,
- provides a platform for common intake of business customer information (currently requiring the submission of multiple forms to multiple Agencies), enabling business customers to provide their information to the City only once and when it is needed.

### *Economic and Financial Opportunity*

- the Division of Economic and Financial Opportunity is responsible for the implementation and oversight of the City’s Minority and Women-owned Business Enterprise (M/WBE) program. The new M/WBE program was established by Local 129 in 2005 to level the competitive playing field by setting citywide M/WBE utilization goals for City contracting. It is also responsible for the oversight of the City’s Executive Order 50 requiring City contractors to comply with applicable equal employment opportunity laws. To date, 2,017 companies have certified as an M/WBE and are eligible to receive exclusive services offered by SBS such as business classes, one-on-one technical assistance, and access to networking events.

### *Workforce Development*

- the Workforce Development Division administers employment services to the City’s adult workforce. The Workforce1 Career Centers are the foundation of the City’s adult workforce system. The Career Center system reaches New Yorkers across the City’s five boroughs. In 2008, the six Career Centers registered 58,795 new jobseekers, providing workshops, pre-vocational skills training, on-site recruitments and job referral services. Additionally, New Yorkers were placed in 17,149 jobs in 2008 through the Workforce1 Career Centers.

- through partnerships with private employers, SBS provides NYC Business Solutions Training Funds to upgrade the skill sets of employees in growth industries. In 2008, SBS served 30 companies through this program, in sectors such as manufacturing, healthcare, and information technology. SBS awarded \$3.0 million in training funds in 2008 and leveraged another \$2.4 million in employer contributions to help retrain 1,929 employees. On April 14th, 2009, SBS awarded the most recent round of grants totaling \$1.5 million in assistance to support skills development and promote career advancement opportunities.
- the SBS has partnered with the Center for Economic Opportunity to implement employment programs that support advancement of the City's working poor. With \$12.02 million in the 2010 Executive Budget, SBS will continue a suite of initiatives that have been funded by CEO. These programs include a Sector-Based Career Center focusing on the Transportation sector, with second and third growth sector centers forecasted to open; Employment Works, an employment and training program for individuals with criminal records; retention and advancement programming at Workforce1 Career Centers to provide job seekers with improved access to coaching, counseling, and work supports; a customized Business Solutions Training Funds program that allows training to be offered to entry-level workers in areas such as English as a Second Language and adult literacy; the NYC Training Guide, which provides customers with improved accessibility to quality information about training providers and their courses, resulting in informed training choices that lead to jobs; and new, mobile Community Outreach Teams that connect job ready clients of community-based organizations to opportunities at the Career Centers.

#### *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. In April 2006, IMB secured the ratification of 16 Industrial Business Zones (IBZs) throughout the City to support and protect the industrial and manufacturing sector. These IBZs will provide one-time tax credits of up to \$1,000 per employee for businesses who relocated to them. The City has contracted various NYC Industrial Business Solution providers to offer industrial firms free, quick and reliable business assistance services to help these companies grow. Since the program was established, these providers have processed over eight-thousand service requests for hiring, training, and accessing incentives.

#### *New York City Economic Development Corporation*

EDC liaises with both the private and public sectors to promote job generating initiatives across a diverse set of industries and neighborhoods. To support improved transportation, commercial development and the revitalization of the City's waterfront properties, EDC also manages and develops marine terminals, public markets, rail yards, and industrial parks.

The financing arm of EDC includes several small business lending, guarantee, and bond programs. The purpose of these programs is to create jobs and retain and expand businesses through financial assistance offered at market or below market rates. EDC also contracts with the New York City Industrial Development Agency (IDA) and the New York City Capital Resource Corporation (CRC) to provide financing for capital expansion projects of not-for-profit organizations and industrial and commercial companies.

- in 2008, IDA investments increased by 7% over the prior fiscal year, to \$2,833,267. By the end of 2008, IDA had issued approximately \$501.6 million in tax-exempt industrial development bonds (IDBs).
- through the third quarter of fiscal year 2009, IDA closed 8 financing projects for a total of \$367 million including 6 industrial projects and 2 governmental bond transactions in all five boroughs. Through these projects, these 8 organizations and companies will retain or create over 8,495 jobs.

- the CRC was created in January, 2006, to expand the pool of organizations that can benefit from tax-exempt bond financing, especially organizations within New York City’s non-profit community, especially arts and social service organizations and cultural, healthcare, and educational institutions. In the course of 2008, CRC closed on a \$98.5 million in financing resulting in \$22.6 million in private investment.

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 2010-2013 Four Year Plan totals \$820.3 million.

The following chart shows Capital plan commitments by major function over the 2010-2013 period. Actual commitments are provided for 2008.

**Capital Commitments**  
**(\$ in 000’s)**

	2008 Actual		2009 Plan		2010 Plan		2011 Plan		2012 Plan		2013 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 . . . . .	\$149,039	\$160,366	\$399,994	\$589,956	\$265,615	\$265,615	\$14,136	\$14,136	\$61,542	\$61,542	\$191,765	\$191,765
Industrial Development . . . . .	30,401	30,401	151,772	151,772	15,086	15,086	29,016	29,016	13,437	13,437	18,090	18,090
Market Development . . . . .	10,232	10,232	10,281	10,281	0	0	140	140	150	150	3,700	3,700
Neighborhood Revitaliz’n . . . . .	11,941	11,941	148,384	211,739	33,814	38,114	48,020	48,020	5,103	5,103	10,940	10,940
Port Development . . . . .	109,764	111,025	101,265	124,292	0	0	0	0	0	0	5,000	5,000
Rail Development . . . . .	1,247	1,247	929	3,929	0	0	0	0	0	0	0	0
Waterfront Development . . . . .	24,074	29,373	107,570	141,098	25,300	25,300	13,561	13,561	10,300	10,300	22,754	22,754
Cultural Development . . . . .	25,354	25,354	65,820	66,641	5,085	5,085	0	0	0	0	5,415	5,415
Community Development . . . . .	10,006	10,006	16,044	16,059	11,857	11,857	500	500	0	0	1,250	1,250
Miscellaneous . . . . .	7,919	7,919	102,039	107,508	200	200	0	0	0	0	4,250	4,250
<b>Total . . . . .</b>	<b>\$379,977</b>	<b>\$397,864</b>	<b>\$1,104,098</b>	<b>\$1,423,275</b>	<b>\$356,957</b>	<b>\$361,257</b>	<b>\$105,373</b>	<b>\$105,373</b>	<b>\$90,532</b>	<b>\$90,532</b>	<b>\$263,164</b>	<b>\$263,164</b>

Highlights of the 2010-2019 Ten Year Capital Plan (including uncommitted 2009 funds) are:

- site acquisition and infrastructure improvements at Willets Point (\$401.9 million).
- various development and infrastructure improvements at the Brooklyn Navy Yard (\$162.9 million).
- funds for various elements of the Coney Island Strategic Plan (\$131.3 million).
- development of the East River Waterfront esplanades and piers (\$124.7 million).
- streetscapes, parks, and other redevelopment projects in Downtown Brooklyn (\$90.8 million).
- rehabilitation and maintenance of existing structures and non-infrastructure pre-development capital improvements at Governor’s Island (\$57.7 million).
- development of the Brooklyn Academy of Music Cultural District (\$68.4 million).
- marine and upland work to support the automobile import industry and maritime recycling at the South Brooklyn Marine Terminal (\$28.7 million).

- developer site preparation, esplanade construction, and street construction/reconstruction at Staten Island Homeport (\$36.5 million).
- rehabilitation and expansion of the City's cruise ship terminals in Manhattan and Brooklyn to support the Cruise industry (\$13.1 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 Stephen A. Schwarzman Building (formerly the Humanities and Social Sciences Library at 42nd Street), the Library for the Performing Arts at Lincoln Center, the Schomburg Center for Research in Black Culture, and the Science, Industry, and Business Library. The Queens Borough Public Library is comprised of 61 community libraries and a Central Library.

### Financial Review

The 2010 Executive Budget for Libraries provides total operating funds of \$82.7 million, a decrease of \$213.7 million from the 2009 forecast of \$296.4 million. Adjusting for the \$224.8 million that was prepaid to all three library systems in 2008 for 2009, and the \$193.5 million to be prepaid to all three library systems in 2009 for 2010, the 2010 Executive Budget of \$276.2 million will be \$51.6 million less than the 2009 forecast of \$327.7 million. The Executive Budget also provides for City funded capital commitments of \$18.2 million in 2010.

### Expense Budget Highlights

#### *Budgetary Priorities: Providing Core Services*

The partial prepayment of the 2009 subsidy in 2008 to all three library systems increased the 2008 budget by \$224.8 million and decreased the 2009 budget by a commensurate \$224.8 million. Similarly, the planned partial prepayment of the 2010 subsidy in 2009 to all three library systems will increase the 2009 budget by \$193.5 million and decrease the 2010 budget by a commensurate \$193.5 million. The prepayments did not affect library service in 2009, and will not affect library service in 2010.

In 2010, there will be an operating subsidy totaling \$82.7 million: \$22.1 million to the Brooklyn Public Library; \$30.9 million to the New York Public Library (NYPL); \$8.1 million to the NYPL Research Libraries; and \$21.6 million to the Queens Borough Public Library. Factoring in the prepayment that will impact 2010, the City's programmatic subsidies for 2010 total \$276.2 million: \$77.1 million to the Brooklyn Public Library; \$102.7 million to the New York Public Library; \$21.1 million to the NYPL Research Libraries; and \$75.3 million to the Queens Borough Public Library. Accounting for both the 2009 and 2010 prepayments, the 2009 forecast of \$327.7 million includes: \$90.9 million to the Brooklyn Public Library; \$122.1 million to the New York Public Library; \$25.0 million to the NYPL Research Libraries; and \$89.7 million for the Queens Borough Public Library.

- days and hours of library branch service are a priority for all three Library systems: in 2009, on average, each branch provides at least six days of service per week.
- adjusting for both the 2009 and 2010 prepayments, the City's 2010 subsidy of \$77.1 million to the Brooklyn Public Library will be \$13.8 million less than the 2009 forecast of \$90.9 million.
- adjusting for both the 2009 and 2010 prepayments, the City's 2010 subsidy of \$102.7 million to the New York Public Library will be \$19.4 million less than the 2009 forecast of \$122.1 million.
- adjusting for both the 2009 and 2010 prepayments, the City's 2010 subsidy of \$21.1 million to the NYPL Research Libraries will be \$3.9 million less than the 2009 forecast of \$25.0 million.
- adjusting for both the 2009 and 2010 prepayments, the City's 2010 subsidy of \$75.3 million to the Queens Borough Public Library will be \$14.4 million less than the 2009 forecast of \$89.7 million.

### **Summary of Agency Financial Data**

The following table compares the 2010 Executive Budget with the 2010 Preliminary Budget, the 2009 forecast and actual expenditures for 2008, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services and debt service.

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

	2008 Actual	2009 Forecast	2010		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2009 Forecast	2010 Preliminary Budget
<b>Expenditures</b>						
Salary and Wages .....	\$—	\$—	\$—	\$—	\$—	\$—
Fringe Benefits .....	—	—	—	—	—	—
OTPS .....	266,700	296,389	280,640	82,714	(213,675)	(197,926)
Total .....	<u>\$266,700</u>	<u>\$296,389</u>	<u>\$280,640</u>	<u>\$82,714</u>	<u>(\$213,675)</u>	<u>(\$197,926)</u>
<b>Funding</b>						
City .....	\$266,400	\$295,074	\$280,640	\$82,714	(\$212,360)	(\$197,926)
Other Categorical Grants	—	—	—	—	—	—
IFA .....	—	—	—	—	—	—
State .....	—	—	—	—	—	—
Federal CD .....	—	1,315	—	—	(1,315)	—
Federal Other .....	—	—	—	—	—	—
Intra-City Other .....	300	—	—	—	—	—
Total .....	<u>\$266,700</u>	<u>\$296,389</u>	<u>\$280,640</u>	<u>\$82,714</u>	<u>(\$213,675)</u>	<u>(\$197,926)</u>
<b>Additional Costs Centrally Funded</b>						
Other Than Personal Service (OTPS)						
Fringe Benefits .....	\$1,537	\$1,686	\$1,682	\$1,788	\$102	\$106
Pensions .....	15,299	14,965	14,966	14,966	1	—
Legal Services .....	8	6	7	5	(1)	(2)
Judgments and Claims .	—	26	29	28	2	(1)
Debt Service .....	28,630	28,675	33,779	33,097	4,422	(682)
Total Additional Costs .	<u>\$45,474</u>	<u>\$45,358</u>	<u>\$50,463</u>	<u>\$49,884</u>	<u>\$4,526</u>	<u>(\$579)</u>
<b>Funding</b>						
City .....	44,685	44,636	49,383	48,821	4,185	(562)
Non-City .....	789	722	1,080	1,063	341	(17)
<b>Full Agency Costs (including Central Accounts)</b>						
Fringe Benefits .....	\$1,537	\$1,686	\$1,682	\$1,788	\$102	\$106
OTPS .....	266,700	296,389	280,640	82,714	(213,675)	(197,926)
Pensions .....	15,299	14,965	14,966	14,966	1	—
Legal Services .....	8	6	7	5	(1)	(2)
Judgments and Claims .	—	26	29	28	2	(1)
Debt Service .....	28,630	28,675	33,779	33,097	4,422	(682)
Total OTPS .....	<u>\$312,174</u>	<u>\$341,747</u>	<u>\$331,103</u>	<u>\$132,598</u>	<u>(\$209,149)</u>	<u>(\$198,505)</u>
Total Agency Costs ....	\$312,174	\$341,747	\$331,103	\$132,598	(\$209,149)	(\$198,505)
Less Intra-City .....	\$300	\$—	\$—	\$—	\$—	\$—
Net Agency Cost .....	<u>\$311,874</u>	<u>\$341,747</u>	<u>\$331,103</u>	<u>\$132,598</u>	<u>(\$209,149)</u>	<u>(\$198,505)</u>
<b>Funding</b>						
City .....	311,085	339,710	330,023	131,535	(208,175)	(198,488)
Non-City .....	789	2,037	1,080	1,063	(974)	(17)
<b>Personnel (includes FTEs at fiscal year-end)</b>						
City .....	—	—	—	—	—	—
Non-City .....	—	—	—	—	—	—
Total .....	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

\* The 2010 Executive Budget provides an estimated 3,502 full-time and full-time equivalent positions, which are funded with City subsidies.

## Programmatic Review

The three library systems will continue to provide services throughout the five boroughs at existing branches and at the following recently opened or rehabilitated libraries:

- the new Children's Center opened in the Stephen A. Schwarzman Building on 5th Avenue at 42nd Street in Manhattan in November 2008.
- the Dongan Hills Branch Library in Staten Island re-opened in December 2008, following renovations and upgrades to the life safety systems.
- the East Elmhurst Community Library in Queens is scheduled to re-open in July 2009, following interior renovations and upgrades to the mechanical and electrical systems.
- the Kings Highway Library in Brooklyn is scheduled to re-open in Summer 2009 following an extensive renovation and expansion of the branch.
- the High Bridge Branch Library in the Bronx is scheduled to re-open in Fall 2009 following extensive renovations.
- the new Library Services Center of the New York Public Library is scheduled to open in December 2009 in Long Island City, Queens. This new facility will centralize operating functions, such as Collections Care Operations, Material Acquisition and Distribution Services, for its two Library Systems (Branch and Research) into one centralized library system in an effort to increase operating efficiency and service to the public.

The three library systems continue to provide a variety of community programming:

- the Brooklyn Public Library's Education and Job Information Center (EJIC) at the Central Library at Grand Army Plaza, serves as a critical resource for job seekers/career changers, students of all ages, and entrepreneurs. In addition to the standard test preparation books and referral materials, EJIC provides dedicated public computers with Internet access and specialized software to help patrons assess their skills and build resumes. Trained EJIC staff and volunteers offer resume workshops and interview skills training, while career professionals offer more specialized training and support. The Skills Training and Employment Project (STEP), available at many neighborhood libraries, provides patrons one-on-one resume and job search assistance.
- the New York Public Library continues its focus on young people and immigrants. This year, the Library introduced after-school intensive workshops for teens in select libraries to help them develop critical thinking skills around the content and creation of social justice games. With this initiative, NYPL moved to the forefront of where technology, youth culture and learning come together. Services to immigrant groups continue through English for Speakers of Other Language (ESOL) classes, bilingual computer classes, as well as through participation in Immigrant Heritage Week.
- in response to overwhelming demand by the public, the New York Public Library has launched *JobSearch@NYPL*, a campaign to ensure that every job-seeking New Yorker is connected to the technologies and information they need — for free. As part of this initiative, the Library recently opened *Job Search Central*, a state-of-the-art space at the Science, Industry and Business Library, that provides help to job seekers from entry through executive levels. *Job Search Central* features 8,000 volumes on career and job search topics, desktop computers with access to research databases, roving librarians to help with online job searches and other job information, and hands on classes on such subjects as job opportunities in emerging industries, writing winning cover letters, and creating a company contact list.

Additionally, NYPL has added more than 1,000 career-related classes, from resume-writing workshops to networking seminars to computer skills sessions, in branches throughout the system. The Library also has provided special training to at least one staff member in each of the 87 branch libraries to help users with job search needs. Another feature of *JobSearch@NYPL* is a dedicated web page, at <http://nypl.org/services/jobs/> which provides numerous resources that are helpful to job seekers.

- the New York Public Library’s Division of Teaching and Learning continues to expand its outreach to the K-12 community. The Division provides professional development programs for educators in how to access and present primary-source materials to their classes. The Library works with the educators and administrators in the schools, the Learning Support Organizations and the Department of Education. NYPL programs are open to everyone: public, private and parochial schools serving K through 12 students.
- the Queens Borough Public Library has expanded its Adult Literacy Program to include classes for high school dropouts between the ages of 16 and 24. Classes take place in Long Island City, Jamaica and Far Rockaway. Sessions include reading instruction, life skills programs, development of computer skills and referrals to social service agencies. All three library systems partnered in the Summer Reading Club, with Queens Borough Public Library responsible for the joint website and its online registration feature. By allowing children and teens to register both at the Libraries, as well as from anywhere through online access, the Libraries increased the number of participants in the program. More than 203,000 children and teens participated Citywide. In Queens alone, 53,886 children and teens registered and read more than 334,000 books.
- all three library systems have well-developed computer network systems that provide the public with free of charge Internet access and basic PC software applications. Wireless internet access is available in almost all library locations. On-line resources continue to be a focus, with each library system increasing the number of materials available for download and the number of databases which can be accessed from home.

## Capital Review

The 2010-2019 Capital Commitment Plan for the Libraries totals \$80.0 million, of which 100 percent is City funded. The Ten-Year Plan provides \$25.7 million for the Brooklyn Public Library, \$22.3 million for the New York Public Library (NYPL), \$2.6 million for the NYPL Research Libraries and \$29.4 million for the Queens Borough Public Library. The table below reflects capital commitments by system over the 2010-2013 period, which total \$64.5 million.

### Capital Commitments

(\$ in 000’s)

	2008 Actual		2009 Plan		2010 Plan		2011 Plan		2012 Plan		2013 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 . . . . .	\$8,078	\$9,845	\$37,723	\$37,956	\$8,356	\$8,356	\$4,977	\$4,977	\$556	\$556	\$7,190	\$7,190
New York Public Library . . . . .	5,710	5,710	105,558	107,366	4,732	4,732	559	559	727	727	10,231	10,231
NYPL Research Libraries . . . . .	231	231	36,546	39,921	0	0	27	27	0	0	2,548	2,548
Queens Borough Public Library	37,525	37,525	85,648	85,648	5,072	5,072	4,051	4,051	583	583	14,914	14,914
Total . . . . .	<u>\$51,544</u>	<u>\$53,311</u>	<u>\$265,475</u>	<u>\$270,891</u>	<u>\$18,160</u>	<u>\$18,160</u>	<u>\$9,614</u>	<u>\$9,614</u>	<u>\$1,866</u>	<u>\$1,866</u>	<u>\$34,883</u>	<u>\$34,883</u>

Several major renovations took place in 2009. Other major projects will be undertaken in 2010. Highlights of the 2010-2019 Capital Commitment Plan include:

Brooklyn Public Library:

- improvements and modifications to the Central Library building in Grand Army Plaza (\$9.1 million in 2010-2013, in addition to \$11.5 million in 2009).
- various system-wide projects, including construction, renovation, rehabilitation, life safety, and initial outfitting (\$11.0 million, in addition to \$1.8 million in 2009).
- boiler and HVAC replacement, and a new technology system for the Red Hook Branch Library (\$1.2 million, in addition to \$684,000 in 2009).
- interior modifications and expansion of the Sunset Park Branch Library (\$1.2 million, in addition to \$205,000 in 2009).
- rehabilitation of the Ryder Branch Library (\$1.1 million).

New York Public Library, which includes projects in the Bronx (\$2.9 million), Manhattan (\$3.4 million), and Staten Island (\$12.0 million), as well as funding for projects in the three boroughs (\$4.0 million):

- site acquisition and new branch construction of the Rossville Branch Library in Staten Island (\$7.8 million in 2010-2013).
- a Library Services Center, which will serve all branch and research libraries in the Bronx, Manhattan, and Staten Island (\$4.0 million in 2010-2013, in addition to \$30.0 million in 2009).
- various borough-wide reconstruction and infrastructure improvement projects in Staten Island (\$3.4 million).
- various borough-wide reconstruction and infrastructure improvement projects in the Bronx (\$2.9 million).
- various borough-wide reconstruction and infrastructure improvement projects in Manhattan (\$2.6 million).
- a new Macomb's Bridge Branch Library in Manhattan (\$797,000 in 2013).
- boiler replacement and elevator upgrades at the St. George Branch Library in Staten Island (\$700,000 in 2010).

NYPL Research Libraries:

- mechanical penthouse renovations at the Stephen A. Schwarzman Building in Manhattan (\$2.6 million in 2010-2013, in addition to \$677,000 in 2009).

Queens Borough Public Library:

- new Children's Library Discovery Center at the Central Library (\$7.7 million, in addition to \$14.8 million in 2009).
- new replacement facility for the Far Rockaway Community Library (\$4.7 million in 2010-2013, in addition to \$14.5 million in 2009).

- system-wide implementation of Self-Check Units (\$3.1 million in 2010-2013, in addition to \$9.9 million in 2009).
- new parking lot for the Langston Hughes Community Library (\$2.0 million in 2010).
- expansion of the East Elmhurst Community Library (\$2.0 million in 2010-2013, in addition to \$3.3 million in 2009).
- expansion of the Jackson Heights Community Library (\$1.2 million in 2010-2013).

## THE DEPARTMENT OF CULTURAL AFFAIRS

The Department of Cultural Affairs (DCLA) is responsible for supporting and strengthening the City's vibrant cultural life through funding, technical assistance and advocacy for more than 1,400 non-profit cultural organizations across New York City, including museums, dance companies, theatres, performing arts organizations, botanical gardens, zoos and a wide array of other cultural organizations.

The City supports operations at the 33 City-owned cultural institutions known as the Cultural Institutions Group (CIG). This group includes such diverse organizations as the American Museum of Natural History, the Bronx Museum, the Brooklyn Museum, Historic Richmond Town, the Metropolitan Museum of Art, PS 1 Contemporary Art Center, the Staten Island Zoo, the Studio Museum in Harlem, and the Wildlife Conservation Society.

DCLA provides program grants and support services to more than 880 cultural organizations citywide, which includes groups like Alvin Ailey Dance Foundation, ArtsConnection, Asian American Arts Alliance, Pregones Theater, Bronx River Arts Center, Flux Factory, Poets House, Noble Maritime Collection, Regina Opera, Staten Island Ballet Theater and the Whitney Museum of American Art.

DCLA also provides support for capital improvements at over 200 cultural organizations throughout the five boroughs. Funding is provided for infrastructure, equipment, renovation, and expansion projects. Current projects include a visitors' center at the Brooklyn Botanic Garden, a renovation project at the Bronx River Arts Center, a new theatre and offices for the 52nd Street Project, the Louis Armstrong House archive and visitors' center, the Queens Museum of Art renovation and expansion, and a new marquee and fireproofing project at the St. George Theatre.

### Financial Review

The Department of Cultural Affairs' 2010 Executive Budget provides for operating expenses of \$131.2 million, which is a \$21.8 million decrease from the 2009 forecast of \$152.9 million. It also provides for City funded capital commitments of \$114.4 million in 2010.

### Expense Budget Highlights

#### *Budgetary Priorities: Providing Core Services*

- the City's 33 Cultural Institutions will receive operating support of \$104.4 million, including \$47.1 million in energy subsidies. The decrease of \$13.4 million from the 2009 forecast of \$117.8 million is the net change between a \$15.1 million decrease due to subsidy reductions, a \$5.3 million loss of one time adds and non-City funding, a \$6.1 million increase to the energy subsidy, and a \$0.9 million collective bargaining increase.
- various cultural organizations citywide will receive program grants totaling \$21.5 million, a decrease of \$8.2 million from the 2009 forecast of \$29.7 million. This decrease is due to \$3.2 million in subsidy reductions and the loss of \$5.0 million in one time adds and non-City funding.
- the Executive Budget contains \$5.3 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 2010 Executive Budget with the 2010 Preliminary Budget, the 2009 forecast and actual expenditures for 2008, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services and debt service.

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

	2008 Actual	2009 Forecast	2010		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2009 Forecast	2010 Preliminary Budget
<b>Expenditures</b>						
Salary and Wages . . . . .	\$3,973	\$4,243	\$3,986	\$4,031	(\$212)	\$45
Fringe Benefits . . . . .	—	17	—	—	(17)	—
OTPS . . . . .	157,303	148,660	129,108	127,126	(21,534)	(1,982)
Total . . . . .	<u>\$161,276</u>	<u>\$152,920</u>	<u>\$133,094</u>	<u>\$131,157</u>	<u>(\$21,763)</u>	<u>(\$1,937)</u>
<b>Funding</b>						
City . . . . .	\$159,002	\$150,323	\$132,455	\$130,513	(\$19,810)	(\$1,942)
Other Categorical Grants	102	103	—	—	(103)	—
IFA . . . . .	70	70	70	70	—	—
State . . . . .	76	—	—	—	—	—
Federal CD . . . . .	238	748	258	263	(485)	5
Federal Other . . . . .	133	—	—	—	—	—
Intra-City Other . . . . .	1,656	1,676	311	311	(1,365)	—
Total . . . . .	<u>\$161,276</u>	<u>\$152,920</u>	<u>\$133,094</u>	<u>\$131,157</u>	<u>(\$21,763)</u>	<u>(\$1,937)</u>
<b>Additional Costs Centrally Funded</b>						
Personal Services (PS) ..						
Fringe Benefits . . . . .	\$901	\$956	\$880	\$969	\$13	\$89
Pensions . . . . .	7,571	8,444	8,493	8,493	49	—
Other Than Personal Service (OTPS)						
Legal Services . . . . .	160	105	107	99	(6)	(8)
Judgments and Claims .	27	23	25	24	1	(1)
Debt Service . . . . .	62,553	59,988	73,802	75,050	15,062	1,248
Total Additional Costs . .	<u>\$71,212</u>	<u>\$69,516</u>	<u>\$83,307</u>	<u>\$84,635</u>	<u>\$15,119</u>	<u>\$1,328</u>
<b>Funding</b>						
City . . . . .	69,438	67,956	80,903	82,162	14,206	1,259
Non-City . . . . .	1,774	1,560	2,404	2,473	913	69
<b>Full Agency Costs (including Central Accounts)</b>						
Salary and Wages . . . . .	\$3,973	\$4,243	\$3,986	\$4,031	(\$212)	\$45
Fringe Benefits . . . . .	901	973	880	969	(4)	89
Pensions . . . . .	7,571	8,444	8,493	8,493	49	—
Total PS . . . . .	<u>\$12,445</u>	<u>\$13,660</u>	<u>\$13,359</u>	<u>\$13,493</u>	<u>(\$167)</u>	<u>\$134</u>
OTPS . . . . .	\$157,303	\$148,660	\$129,108	\$127,126	(\$21,534)	(\$1,982)
Legal Services . . . . .	160	105	107	99	(6)	(8)
Judgments and Claims .	27	23	25	24	1	(1)
Debt Service . . . . .	62,553	59,988	73,802	75,050	15,062	1,248
Total OTPS . . . . .	<u>\$220,043</u>	<u>\$208,776</u>	<u>\$203,042</u>	<u>\$202,299</u>	<u>(\$6,477)</u>	<u>(\$743)</u>
Total Agency Costs . . . .	\$232,488	\$222,436	\$216,401	\$215,792	(\$6,644)	(\$609)
Less Intra-City . . . . .	\$1,656	\$1,676	\$311	\$311	(\$1,365)	\$—
Net Agency Cost . . . . .	<u>\$230,832</u>	<u>\$220,760</u>	<u>\$216,090</u>	<u>\$215,481</u>	<u>(\$5,279)</u>	<u>(\$609)</u>
<b>Funding</b>						
City . . . . .	228,440	218,279	213,358	212,675	(5,604)	(683)
Non-City . . . . .	2,392	2,481	2,732	2,806	325	74
<b>Personnel (includes FTEs at fiscal year-end)</b>						
City . . . . .	61	62	56	56	(6)	—
Non-City . . . . .	4	3	3	3	—	—
Total . . . . .	<u>65</u>	<u>65</u>	<u>59</u>	<u>59</u>	<u>(6)</u>	<u>—</u>

\* The 2010 Executive Budget provides an estimated 1,185 full-time and full-time equivalent positions, which are funded with City subsidies.

## Programmatic Review

- with the 2008 expansion of the Cultural Development Fund (CDF), the agency’s merit-based, peer-panel funding process, DCLA was able to provide funding for more groups. In February, DCLA introduced an online CDF application that allows the agency to move toward a more paperless system, and one that prevents organizations from submitting incomplete applications. DCLA is currently in the process of reviewing 1,011 applications and renewal materials.
- DCLA has continued its increased technical assistance to cultural organizations in the City. In conjunction with CDF, the agency provides one-on-one advice on fundraising, board development, and management on a select basis. DCLA continues to monitor and provide intensive technical assistance to the 33 City-owned Cultural Institutions in order to promote and sustain management and governance best practices.
- Materials for the Arts (MFTA) continues to expand its service reach. In the past year, 1.3 million pounds of reusable materials, valued at more than \$6 million, were collected from individuals and businesses and made available to more than 1,500 groups. MFTA is also committed to helping artists and educators make the best use of the materials they retrieve from the warehouse. Teachers are now able to earn Professional Development credits by taking workshops at MFTA that range from bookmaking and no-sew costumes to building instruments out of found objects. MFTA has offered 94 workshops so far this year.
- the Community Arts Development Program (CADP) continues to support cultural organizations serving low-income communities in the City. In 2009, CADP has implemented a new initiative targeted to help build capacity and provide technical assistance to organizations with projects currently in the City’s capital budget.
- DCLA’s Percent for Art program continues to thrive. In 2009, the program anticipates completing 12 new projects, including Vito Acconci at the Newtown Creek Water Pollution Control Plant, Algernon Miller at Frederick Douglas Circle, and Soon Ae Tark at PS 303; as well as a major conservation project on the Riverbank State Park Carousel. Artists for nine additional sites will be selected this year.

## Capital Review

The 2010-2019 Capital Commitment Plan for the Department of Cultural Affairs totals \$481.4 million, of which 97 percent is City funded, for 175 different cultural organizations in all five boroughs. The table below reflects capital commitments over the 2010-2013 period totaling \$365.7 million, 96 percent of which is City funded.

### Capital Commitments

(\$ in 000’s)

	2008 Actual		2009 Plan		2010 Plan		2011 Plan		2012 Plan		2013 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 .....	\$211,480	\$211,591	\$771,793	\$820,942	\$114,359	\$129,910	\$68,041	\$68,041	\$13,935	\$13,935	\$153,855	\$153,855
<b>Total .....</b>	<b>\$211,480</b>	<b>\$211,591</b>	<b>\$771,793</b>	<b>\$820,942</b>	<b>\$114,359</b>	<b>\$129,910</b>	<b>\$68,041</b>	<b>\$68,041</b>	<b>\$13,935</b>	<b>\$13,935</b>	<b>\$153,855</b>	<b>\$153,855</b>

*Highlights of the 2010-2019 Capital Commitment Plan include:*

- funding for the Master Plan redevelopment projects and related work at Lincoln Center for the Performing Arts in Manhattan (\$75.2 million, in addition to \$145.7 million in 2009).
- renovation and expansion of the Whitney Museum of American Art in Manhattan (\$51.5 million, in addition to \$3.5 million in 2009).
- renovation of the shark building and improvements to the Main Hall exhibits at the New York Aquarium/Wildlife Conservation Society in Brooklyn (\$41.4 million, in addition to \$21.5 million in 2009).
- reconstruction of non-performance spaces at Carnegie Hall in Manhattan (\$35.0 million, in addition to \$8.4 million in 2009).
- interior reconstruction of Buildings A and B and Building H archival storage at the Staten Island Museum (\$15.2 million, added to \$2.4 million in 2009).
- various improvements at the Metropolitan Museum of Art in Manhattan, including the renovation of the Costume Institute and a new cooling tower in the Morgan Wing (\$15.0 million, added to \$28.3 million in 2009).
- renovation and expansion of the Queens Museum of Art (\$15.0 million, in addition to \$39.4 million in 2009).
- construction of a new Water Garden and renovation of the café at the Brooklyn Botanic Garden (\$8.0 million, in addition to \$28.7 million in 2009).
- various reconstruction and stabilization projects at the New York Hall of Science in Queens, including the interior reconstruction of the Great Hall and the replacement of three air-handling units (\$7.3 million, added to \$4.6 million in 2009).
- various improvements to the Staten Island Zoo including the renovation of the Children's Farmstead (\$7.1 million, in addition to \$3.0 million in 2009).
- various reconstruction projects at the Snug Harbor Cultural Center in Staten Island including the exterior renovation of Building E and the implementation of a site-wide circulation plan (\$6.8 million, added to \$9.4 million in 2009).
- renovation of the Bronx River Art Center (\$6.4 million).
- funding for ADA-compliance work at Wave Hill in the Bronx (\$5.7 million).
- construction of a new visitors' center at the Louis Armstrong House in Queens (\$5.0 million, added to \$2.5 million in 2009).
- reconstruction of the Children's Gallery at the New York Historical Society in Manhattan (\$5.0 million, in addition to \$13.8 million in 2009).
- funding for a new visitors kiosk and HVAC replacement at the PS 1 Contemporary Art Center in Queens (\$3.9 million, in addition to \$2.1 million in 2009).
- Master Plan reconstruction projects at El Museo del Barrio in Manhattan (\$3.0 million, added to \$7.6 million in 2009).

- expansion of the West Terrace at the Staten Island Children’s Museum (\$2.2 million).
- construction and installation of permanent exhibition space in the basement of the Brooklyn Historical Society (\$1.8 million).
- renovation of the St. George Theater in Staten Island (\$1.3 million, added to \$1.5 million in 2009).
- renovation of the Sculpture Center in Queens (\$1.1 million).
- expansion of the Museum of the Moving Image in Queens (\$1.0 million, in addition to \$17.0 million in 2009).
- renovation of the Poppenhusen Institute in Queens, including the construction of an archival storage area (\$1.0 million, added to \$1.5 million in 2009).
- construction of a permanent performance shell at the Queens Theatre in the Park (\$1.0 million, added to \$4.6 million in 2009).
- renovation of Mind Builders Creative Arts in the Bronx (\$482,000, in addition to \$4.4 million in 2009).

## 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 the Hunter College Campus Schools. The CUNY colleges, some of which date back to the nineteenth century, were federated in 1961. The University is governed by a 17-member Board of Trustees. Ten members are appointed by the Governor with the advice and consent of the New York State Senate, five are appointed by the Mayor, and two (the chairpersons of the Faculty and Student Senates) serve as ex-officio members.

CUNY is the largest municipal university system in the United States and ranks third in number of students among the public university systems in the nation. In 2010 CUNY will serve approximately 243,000 students in degree programs with approximately 161,000 in the senior colleges and 82,000 in the community colleges. In addition, CUNY will serve approximately 240,000 non-degree students. Increased levels of enrollment are anticipated in 2010.

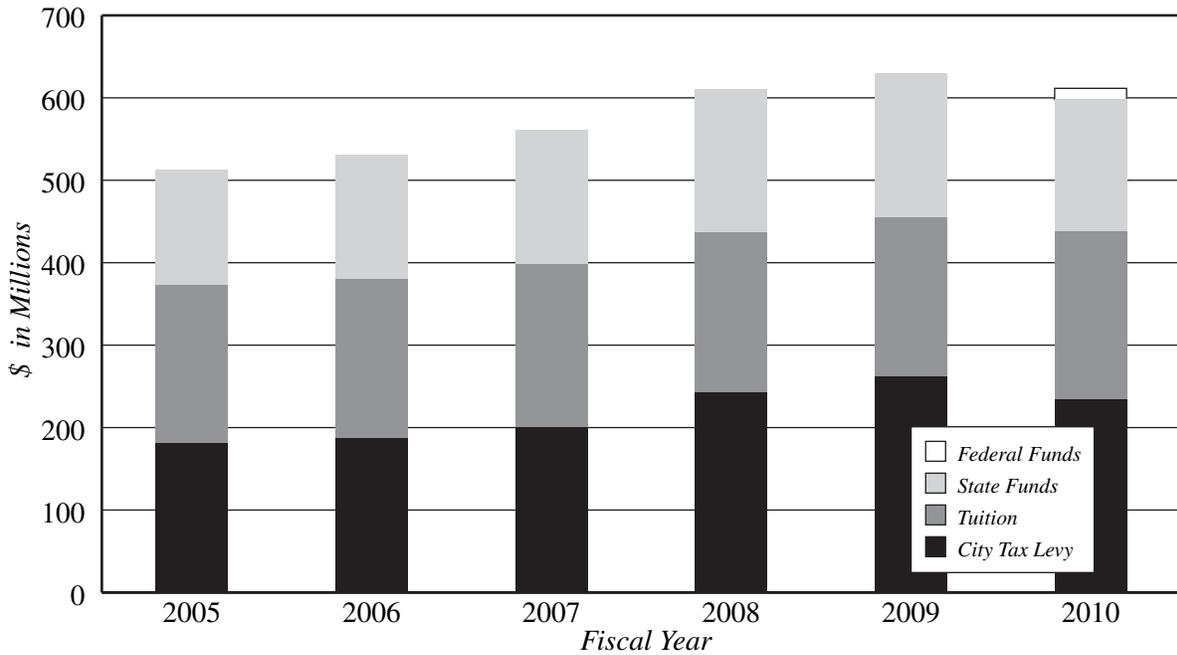
### **Financial Review**

The City University of New York's 2010 Executive Budget is \$645.7 million, a net decrease of \$70.2 million from the 2009 forecast of \$715.9 million. This decrease reflects a decline in three major funding sources: a decline in City Funds of \$39.2 million from \$456.9 million to \$417.7 million, a decrease in State aid of \$13.7 from \$211.5 million to \$197.8 million, and a decrease of \$30.7 million in Intra-City funds from \$44.4 million to \$13.7 million. Federal aid increased by \$13.5 million due to the inclusion of stimulus funding replacing an equal decrease in State aid offset by a \$200,000 decrease in 2010 appropriation of Federal - Other which was not renewed. The decline of \$70.2 million was mostly in the community college budget which decreased \$58.6 million, from \$653.4 million in 2009 to \$594.8 million in 2010. Funding for Hunter Campus Schools increased by \$400,000 from \$14.8 million to \$15.2 million. The Senior College lump sum appropriation of \$35 million remained unchanged at both 2009 and 2010.

### **Revenue Forecast**

There are five major sources of revenue that fund the CUNY expense budget: State aid; tuition, fees and miscellaneous income; City tax levy funds; Federal funding and other categorical grants and Intra-City funding. The 2010 Executive Budget appropriates for CUNY \$197.8 million in State aid a decrease of \$13.7 million from the \$211.5 million in 2009. However, CUNY's budget shows an increase in tuition fees and miscellaneous revenues of \$9.7 million from \$191.2 in 2009 to \$200.8 million in 2010. The 2010 Executive Budget, including pension and Medicare part B contributions budgeted separately, provides \$266.7 million of City tax levy funds. This is \$47 million less than the 2009 Forecast of \$313.8 million. Federal and Other Categorical funds, which consist of non-governmental grants, are \$16.6 million in 2010, \$13.6 million more than the 2009 funding of \$3 million. The categorical funds within this revenue source were previously included in City funds along with tuition and miscellaneous fees. Intra-City funding is \$13.7 million in 2010 a decrease of \$30.7 million from the \$44.4 million in 2009.

## COMMUNITY COLLEGE FUNDING 2005-2010



\* 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 2009 amounts are as per the Executive forecast. 2010 Federal Funds of \$13.7 million reflect the 2009 American Recovery and Reinvestment Act.

### Expense Budget Highlights

#### *Budgetary Priorities: Providing Core Services*

- an increase of \$3.3 million in tax levy for anticipated additional Heat, Light and Power and Fuel needs.
- an increase of approximately \$1 million for health related cost increases.
- an increase of approximately \$518 thousand related to the CEO programs.

#### *Restructuring and Streamlining*

- a decrease of \$2.9 million associated with the restructuring of services within the six community colleges, Hunter Campus Schools and their administration.

### Summary of Agency Financial Data

The following table compares the 2010 Executive Budget with the 2010 Preliminary Budget, the 2009 forecast and actual expenditures for 2008, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services and debt service.

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

	2008 Actual	2009 Forecast	2010		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2009 Forecast	2010 Preliminary Budget
<b>Expenditures</b>						
Salary and Wages . . . . .	\$376,631	\$377,371	\$372,904	\$373,404	(\$3,967)	\$500
Fringe Benefits . . . . .	79,820	80,718	82,759	83,789	3,071	1,030
OTPS . . . . .	214,840	257,782	187,942	188,545	(69,237)	603
Total . . . . .	<u>\$671,291</u>	<u>\$715,871</u>	<u>\$643,605</u>	<u>\$645,738</u>	<u>(\$70,133)</u>	<u>\$2,133</u>
<b>Funding</b>						
City . . . . .	\$445,362	\$456,916	\$416,084	\$417,677	(\$39,239)	\$1,593
Other Categorical Grants	2,071	2,839	2,839	2,839	—	—
IFA . . . . .	—	—	—	—	—	—
State . . . . .	174,465	211,483	210,983	197,753	(13,730)	(13,230)
Federal CD . . . . .	—	—	—	—	—	—
Federal Other . . . . .	—	200	—	13,730	13,530	13,730
Intra-City Other . . . . .	49,395	44,433	13,699	13,739	(30,694)	40
Total . . . . .	<u>\$671,291</u>	<u>\$715,871</u>	<u>\$643,605</u>	<u>\$645,738</u>	<u>(\$70,133)</u>	<u>\$2,133</u>
<b>Additional Costs Centrally Funded</b>						
Personal Services (PS) . .						
Fringe Benefits . . . . .	\$2,077	\$2,364	(\$4,345)	\$134	(\$2,230)	\$4,479
Pensions . . . . .	38,086	45,716	49,898	49,884	4,168	(14)
Other Than Personal Service (OTPS)						
Legal Services . . . . .	561	229	219	215	(14)	(4)
Judgments and Claims .	644	1,000	1,000	1,000	—	—
Debt Service . . . . .	44,614	48,595	37,046	52,372	3,777	15,326
Total Additional Costs . .	<u>\$85,982</u>	<u>\$97,904</u>	<u>\$83,818</u>	<u>\$103,605</u>	<u>\$5,701</u>	<u>\$19,787</u>
<b>Funding</b>						
City . . . . .	85,704	97,662	83,458	103,178	5,516	19,720
Non-City . . . . .	278	242	360	427	185	67
<b>Full Agency Costs (including Central Accounts)</b>						
Salary and Wages . . . . .	\$376,631	\$377,371	\$372,904	\$373,404	(\$3,967)	\$500
Fringe Benefits . . . . .	81,897	83,082	78,414	83,923	841	5,509
Pensions . . . . .	38,086	45,716	49,898	49,884	4,168	(14)
Total PS . . . . .	<u>\$496,614</u>	<u>\$506,169</u>	<u>\$501,216</u>	<u>\$507,211</u>	<u>\$1,042</u>	<u>\$5,995</u>
OTPS . . . . .	\$214,840	\$257,782	\$187,942	\$188,545	(\$69,237)	\$603
Legal Services . . . . .	561	229	219	215	(14)	(4)
Judgments and Claims .	644	1,000	1,000	1,000	—	—
Debt Service . . . . .	44,614	48,595	37,046	52,372	3,777	15,326
Total OTPS . . . . .	<u>\$260,659</u>	<u>\$307,606</u>	<u>\$226,207</u>	<u>\$242,132</u>	<u>(\$65,474)</u>	<u>\$15,925</u>
Total Agency Costs . . . .	\$757,273	\$813,775	\$727,423	\$749,343	(\$64,432)	\$21,920
Less Intra-City . . . . .	\$49,395	\$44,433	\$13,699	\$13,739	(\$30,694)	\$40
Net Agency Cost . . . . .	<u>\$707,878</u>	<u>\$769,342</u>	<u>\$713,724</u>	<u>\$735,604</u>	<u>(\$33,738)</u>	<u>\$21,880</u>
<b>Funding</b>						
City . . . . .	531,066	554,578	499,542	520,855	(33,723)	21,313
Non-City . . . . .	176,812	214,764	214,182	214,749	(15)	567
<b>Personnel (includes FTEs at fiscal year-end)</b>						
City . . . . .	6,931	6,504	6,211	6,315	(189)	104
Non-City . . . . .	5	5	5	5	—	—
Total . . . . .	<u>6,936</u>	<u>6,509</u>	<u>6,216</u>	<u>6,320</u>	<u>(189)</u>	<u>104</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 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 2009 into 2010. 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, independent research and/or internships. These students work with CUNY's most distinguished faculty and receive specialized advisement and academic support throughout their college careers.

The mayoral efforts to enhance economic opportunities as expressed through the Commission on Economic Opportunities (CEO) initiatives were also incorporated by the City into the CUNY agenda. Three programs: CUNY Prep, CUNY Accelerated Study in Associate Programs (ASAP), and Civic Justice Corps are products of the CEO initiatives. 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 program expects to register over 25,000 students in approximately 35,000 separate activities (including college credit courses, skill development courses and workshops and various enrichment activities). The programs operate in all seventeen undergraduate colleges with students participating at the high school and college campuses. College Now helps ninth through twelfth graders acquire the skills necessary to graduate from high school, enter college without the need for remediation, and ultimately succeed in college. In addition, the University's campuses are home to the Early College Initiative, which operates twelve affiliated high schools at Brooklyn, City, Lehman, Queens, Hunter, New York City Technical and York colleges, and Hostos, LaGuardia, and Kingsborough community colleges. New York City public school students enter into CUNY's early college schools in the 6th and 9th grade. They study with a mix of high school and college faculty. Upon graduation, they earn both a high school diploma and an associate degree (or two years of transferable credit).
- Language Immersion Program — This program provides up to 900 hours of classroom work over three or four annual cycles to immigrant students who require better knowledge of academic English to be more effective students. The program 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 2010. It will help approximately 13,000 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 18 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 2010-2019 Ten-Year Capital Strategy totals \$122 million which includes \$80 million in the 2010-2013 Four-Year Plan (\$62.1 million in City funds and \$17.9 million in Non-City funds).

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.

Medgar Evers College, which was redesignated a senior college in 1994 but was funded for capital purposes as a community college, was fully recognized as a senior college and will be funded as such beginning in 2010. Therefore all future capital funding for Medgar Evers College will be reflected henceforth in the State capital budget.

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

- renovation and reconstruction of existing buildings (\$67.3 million); including renovations at LaGuardia Community College Department of Computer Systems (\$10.7 million), upgrades for the Hostos Community College Natural Science Laboratory (\$2 million), and expansion of the Health Sciences Laboratory at York College (\$1.5 million).
- improvements for the Kingsborough Community College Health and Physical Education building utilities (\$2 million).

We anticipate rolling resources from 2009 to 2010 to fund significant projects that will be accomplished during the next four-year plan period. Highlights of 2009 Commitments include:

- full funding of the construction of the new Fiterman Hall at Borough of Manhattan Community College (\$129 million).
- completion of the new North Instructional Building at Bronx Community College (\$14.8 million).
- construction of the new Academic Building I at Medgar Evers College (\$31.8 million).
- emergency first response program at Borough of Manhattan Community College (\$10.7 million).
- CUNY small business incubator network (\$7.5 million).

The table below shows capital commitments by program area over the 2008-2013 period.

**Capital Commitments**

**(\$ in 000's)**

	2008 Actual		2009 Plan		2010 Plan		2011 Plan		2012 Plan		2013 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 . . .	\$102,985	\$104,693	\$176,648	\$177,962	\$0	\$0	\$0	\$0	\$0	\$0	\$40	\$40
Renovation/Rehabilitation of Roofs, Classrooms, etc . . . . .	21,080	22,263	119,181	131,066	9,001	11,320	2,464	2,464	0	0	38,975	53,539
Purchase & Installation of EDP and Other Equipment . . .	3,281	3,441	59,068	59,781	1,530	1,530	0	0	0	0	5,746	5,746
Electrical, Mechanical & HVAC . . . . .	0	0	17,985	18,034	0	0	0	0	0	0	2,015	3,030
Other Projects . . . . .	1,372	1,372	6,826	6,891	339	339	0	0	0	0	2,030	2,030
Total . . . . .	<u>\$128,718</u>	<u>\$131,769</u>	<u>\$379,708</u>	<u>\$393,734</u>	<u>\$10,870</u>	<u>\$13,189</u>	<u>\$2,464</u>	<u>\$2,464</u>	<u>\$0</u>	<u>\$0</u>	<u>\$48,806</u>	<u>\$64,385</u>

## PENSIONS AND OTHER FRINGE BENEFITS

### Pension Overview

The Executive Budget for 2010 provides for \$6,500 million in City pension contributions, an increase of \$108 million from the amount forecast for 2009. As listed on the table below, of the total amount for 2010 (excluding anticipated labor actions), \$6,589 million represents contributions to the City's five actuarial retirement systems, \$65 million represents contributions to pension systems covering certain non-City employees of the library system, day care centers, and certain cultural institutions, and \$46 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)

	2008 Actual	2009 Forecast	2010		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2009 Forecast	Preliminary Budget
<i>Expenditures</i>						
Personal Service						
• City Actuarial . . . . .	\$5,644,621	\$6,286,364	\$6,591,150	\$6,588,938	\$302,574	\$(2,212)
• Non-City Systems . .	52,998	59,870	64,870	64,870	5,000	—
• Non-Actuarial . . . . .	42,935	45,825	45,825	45,825	—	—
Subtotal . . . . .	<u>\$5,740,554</u>	<u>\$6,392,059</u>	<u>\$6,701,845</u>	<u>\$6,699,633</u>	<u>\$307,574</u>	<u>\$(2,212)</u>
Anticipated Labor Actions	<u>\$—</u>	<u>\$—</u>	<u>\$(200,000)</u>	<u>\$(200,000)</u>	<u>\$(200,000)</u>	<u>\$—</u>
Total . . . . .	<u>\$5,740,554</u>	<u>\$6,392,059</u>	<u>\$6,501,845</u>	<u>\$6,499,633</u>	<u>\$107,574</u>	<u>\$(2,212)</u>
<i>Funding</i>						
City . . . . .	\$5,570,853	\$6,223,826	\$6,324,982	\$6,334,957	\$111,131	\$9,975
State . . . . .	42,795	41,443	50,073	37,886	(3,557)	(12,187)
Federal . . . . .	2,641	2,525	2,525	2,525	—	—
Intra-City Other . . . . .	124,265	124,265	124,265	124,265	—	—
Total . . . . .	<u>\$5,740,554</u>	<u>\$6,392,059</u>	<u>\$6,501,845</u>	<u>\$6,499,633</u>	<u>\$107,574</u>	<u>\$(2,212)</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 2007 these systems covered approximately 646,000 employees, retirees and beneficiaries of the City, the Department of Education, the City University System, and certain independent agencies. Each system is governed by a board of trustees and functions in accordance with applicable state and local laws. 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 investment earnings on pension assets. In defined benefit plans, employer contributions make up for shortfalls in investment earnings, 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. Tier 1 provided civilian employees who had attained age 55 with 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 but Tier 4 virtually replaced Tier 3 in 1983. 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.

Since the enactment of Tier 4 in 1983, 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, 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 Increase 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 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. In general, the City's Miscellaneous Expense Budget contains the fringe benefit appropriations on behalf of employees and retirees of the mayoral agencies. Separate allocations are included in the Department of Education, the City University system, the Health and Hospitals Corporation, and the various other covered organizations, libraries and cultural institutions, for the fringe benefit costs of their active and retired employees

The City's basic Health Insurance program provides comprehensive major medical and hospitalization benefits to its members. In addition, the City makes annual contributions to union-administered Welfare Funds, which typically provide supplemental health insurance benefits to their members. Annual contributions conform to collective bargaining and labor agreements.

The City also 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.

### **Retiree Health Benefits Trust Fund**

The Retiree Health Benefits Trust Fund (the "Trust") began operating in 2007 exclusively to pay the costs of retiree health insurance and supplemental welfare benefits. The Trust was funded with \$2.5 billion in City contributions (\$1 billion in 2006 and \$1.5 billion in 2007). In 2008, the Trust paid approximately \$1.4 billion to cover the cost of these retiree benefits.

The following table sets forth the fringe benefit amounts carried in the Miscellaneous Budget for 2009 and 2010.

**Fringe Benefits**  
**(\$ in 000's)**

	2009 Forecast	2010 Executive	Increase/ (Decrease)
Workers' Compensation .....	\$134,496	\$147,996	\$13,500
Health Insurance Plans* .....	1,780,855	2,374,318	593,463
Social Security Contributions .....	836,696	851,472	14,776
Unemployment Insurance Benefits .....	28,196	42,386	14,190
Supplementary Employee Welfare Benefits .....	540,369	536,966	(3,403)
Workers' Compensation - Other .....	52,300	57,000	4,700
Subtotal .....	<u>\$3,372,912</u>	<u>\$4,010,138</u>	<u>\$637,226</u>
Anticipated Labor Actions .....	—	(200,000)	(200,000)
Total .....	<u>\$3,372,912</u>	<u>\$3,810,138</u>	<u>\$437,226</u>
<b>Funding</b>			
City .....	\$3,008,034	\$3,488,631	\$480,597
Other Categorical .....	36,599	42,740	6,141
State .....	122,812	82,239	(40,573)
Interfund Agreements .....	2,450	2,450	—
Federal .....	203,017	194,078	(8,939)
• CD .....	36,000	45,317	9,317
• Other .....	167,017	148,760	(18,257)
Total .....	<u>\$3,372,912</u>	<u>\$3,810,138</u>	<u>\$437,226</u>

\* reflects a \$460 million prepayment of 2009 expenses in 2008 for retiree pay-as-you-go contributions

## JUDGMENTS AND CLAIMS

The Executive Budget for 2010 provides an appropriation of \$663 million for Judgments and Claims. These expenditures represent the City's costs for tort and contract liability and are projected to reach \$844 million by 2013. Tort expenditures cover both personal injury and property damage claims, and account for approximately 96 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 2010 through 2013.

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.

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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, the Corporation 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 health maintenance organization, provides care to more than 354,000 New Yorkers. The Corporation also provides emergency and inpatient services to New York City's correctional facilities' inmate population and conducts mental health evaluations for the family courts in the Bronx, Brooklyn, Queens, and Manhattan.

The Corporation is the nation's largest public hospital system operating 4,866 inpatient beds and 2,835 nursing facility beds. In 2008, the Corporation's facilities had more than 224,000 patient discharges, 4,868,000 clinic visits and 896,000 emergency room visits, serving more than 1.3 million people, of which more than 448,000 lacked any form of health insurance.

### Financial Review

The 2008 ending cash balance was \$880 million as reported in the New York City Financial Plan; a \$237 million ending cash balance is projected for 2009. The ending cash balance includes receipt of \$416 million in 2009 of City and Federally-funded Upper Payment Limit and Disproportionate Share payments. The Corporation, as a public hospital and by providing care to a significant number of uninsured patients, is able to receive this funding. Total expenses in the 2010 Executive Budget are projected at \$6.7 billion, and total revenue is projected at \$7.1 billion. Revenue derived from third party payers is projected to be \$6.4 billion. City support for the Corporation in 2010, excluding the City portion of Medicaid and prepayments, is anticipated to be \$86 million. This funding includes funding for the treatment of prisoners and uniformed services personnel at the Corporation's facilities and care for the uninsured. In 2010, the City will make payments of approximately \$632 million for the local share of the Corporation's Medicaid collections and bad debt and charity care pool payments.

### Expense Budget Highlights:

#### *Achieving Cost Savings*

In light of recent State budget cuts to Medicaid in 2009 and 2010, the Corporation has aggressively undertaken initiatives and projects to improve clinical efficiency, increase patient satisfaction, and reduce waste and long-term costs.

- in 2008, began *Breakthrough* projects to improve patient care and realize savings; saved \$2 million and realized \$4.6 million in revenue in 2008; and expects to save \$4.6 million and generate \$12 million in revenue in 2009.
- a cost containment initiative in 2010 will save over \$100 million including \$23 million through operating efficiencies; \$34 million through revenue coding and billing improvements; \$20 million through spending reductions; and \$27 million through consolidation, service reductions, attrition, and layoffs. The Corporation will reduce headcount by 400 through attrition and layoffs.

#### *Increasing Access for Staten Island Residents*

Staten Island faces a growing need for ambulatory care services, and the Corporation is committed to continue working with all Staten Island stakeholders to increase service capacity and improve access.

- in 2008, the Corporation added adult primary care services to Mariner's Harbor Family Health Center and will add adult services at the Stapleton Family Health Center upon State approval.

- provides financial support and technical assistance to the non-profit Community Health Center of Richmond.
- operates the HHC Connection, a mobile medical office with two exam rooms and computer connectivity for electronic medical records; expects to accommodate 4,000 primary care visits annually.
- developing two diagnostic & treatment centers to provide primary care, specialty care, imaging, and dental services in high-need areas; expects clinics to be on line in 2012.

#### *Promoting Patient Safety and Quality of Care*

The Corporation is dedicated to becoming one of the safest health care systems in the nation by 2010, and moved forward with patient safety and quality initiatives over the past year to achieve this goal.

- in 2009, became the first hospital system in New York City to implement the surgical safety checklist across all of its operating rooms in order to reduce the risks of complications and death in surgery.
- from 2005 through 2008, decreased central line bloodstream infections by 65 percent; decreased ventilator-associated pneumonia by 90 percent; prevented 1,000 hospital-acquired infections; and averted \$16 million in health care costs.
- in 2008, received the John M. Eisenberg Patient Safety and Quality Award; recognized by the Commonwealth Fund that the Corporation is becoming a provider of choice.

#### *Investing in Behavioral Health*

The Corporation provides more than one third of hospital-based inpatient and outpatient mental health services in New York City, and is committed to improving care and access for the most serious mental health conditions.

- in 2009, opened a 300,000 square foot behavioral health pavilion at Kings County Hospital Center, which features 230 inpatient beds, a psychiatric emergency center, and a wide range of outpatient and day treatment programs.

#### *Taking an Active Stance to Combat Chronic Disease*

To fundamentally improve the health of the communities they serve, the Corporation continues to promote broadly accessible and robust primary and preventive care.

- over the past three years, successfully helped more than 25,000 patients to quit smoking. 8,000 former smokers will avoid smoking-related disease and premature death as a result.
- during 2008, performed more than 90,000 mammograms, 165,000 cervical cancer screenings, and 20,000 colonoscopies.
- the incidence of diabetes in New York City has doubled over the past ten years and is still growing. The Corporation's web-based electronic diabetes registry has helped 50,000 patients with diabetes better manage their blood sugar, blood pressure and cholesterol levels.
- identified more than 1,800 HIV positive patients in 2008, most of which are now connected to potentially life-saving care at one of the Corporation's Designated AIDS Centers.

### *Expanding Services to WTC Victims*

Last year, the Corporation expanded the WTC Environmental Health Center to Gouverneur Healthcare Services in Lower Manhattan and Elmhurst Hospital Center in Queens. In 2009, the Corporation will increase capacity to treat additional individuals suffering from illnesses related to the immediate aftermath of the 9/11 attack.

- in 2008, the Centers for Disease Control and Prevention awarded the Corporation a \$10 million per year, three-year grant to support treatment of those adversely affected by the 9/11 attacks who were not rescue and recovery workers.

### **Capital Investments that Support Better Healthcare**

The 2010-2019 Ten-Year Capital Strategy totals \$547 million, which includes \$308 million in the 2010-2013 Four-Year Plan. The plan includes allocations for renovating key facilities, new construction, Emergency Medical Services, and the purchase of major medical equipment. During the past year, the Corporation achieved several milestones in its campaign to modernize its infrastructure. New and renovated facilities ensure patient care is provided in optimally therapeutic environments that better support the practice of modern medicine and foster the use of technology that improves patient outcomes.

Major modernization projects during the last calendar year include the completion of a new ambulatory care pavilion at Jacobi Medical Center and a new ambulatory care extension at Lincoln Medical & Mental Health Center. This year, the Corporation has also completed the move into the new cancer care facility — the Hope Pavilion — at Elmhurst Hospital Center.

The Corporation is continuing construction on several other significant projects, including the modernization of Harlem Hospital Center and the modernization and expansion of the Diagnostic and Treatment Center and the long-term care facilities at Gouverneur Healthcare Services in Lower Manhattan. The cancer care center project at Kings County Hospital is expected to be completed by the end of this year.

The Corporation's Ten-Year Capital Strategy (2010-2019) features several important projects, including:

- funding of \$194 million for a campus-wide major modernization of the Harlem Hospital Campus over 2010-2019. This project involves the construction of a new Diagnostic, Treatment, Emergency and Critical Care Pavilion of approximately 195,000 square feet.
- the new behavioral health center at Kings County Hospital Center was completed and the facility was occupied in January 2009. The new Behavioral Health Facility is a 230-bed facility encompassing 300,000 square feet of space. The total project cost for this facility is approximately \$153 million.
- funding of \$116 million for the purchase of EMS ambulances for the FDNY through 2019.
- approximately \$93 million to fund miscellaneous construction projects and equipment purchases within the Corporation.
- approximately \$89 million for the expansion and modernization of the diagnostic and treatment center and long-term care facilities at Gouverneur Healthcare Services.
- approximately \$14 million for the third phase of the Jacobi Major Modernization project in the Bronx. This project involves the design and construction of ambulatory care clinical space for the facility.
- approximately \$3 million for the upgrade and expansion of existing emergency power systems throughout the Corporation.

The 2010-2019 Ten-Year Capital Strategy requires a 30 percent reduction in the Corporation's capital commitment plan from 2010 to 2019. The target reduction over the ten years is \$234 million, which includes approximately \$185 million for the Corporation and \$49 million for FDNY-EMS ambulances. To achieve this target, the Corporation will need to reduce capital spending, primarily for future infrastructure projects.

## NEW YORK CITY TRANSIT

New York City Transit (NYCT) operates the most extensive public transportation system in the nation, which served approximately 2.4 billion subway and bus passengers in calendar year 2008 with over 1.6 billion passengers riding the subway system. NYCT has been a component of the Metropolitan Transportation Authority (MTA) since the Authority's inception in 1968. The MTA is a New York State public authority responsible for coordinating and implementing a mass transportation program for New York City and the seven adjacent counties. The MTA Board also oversees the development of NYCT's operating budget and coordinates its capital expenditures. Other components of the MTA serving New York City are the Staten Island Railway (SIR), the MTA Bus Company (MTABC), the Long Island Railroad and the Metro North Railroad.

The NYCT's subway system operates 24 hours a day, 7 days a week, on 660 miles of mainline track, serving 468 stations throughout the Bronx, Brooklyn, Manhattan, and Queens. The NYCT bus system consists of a fleet of over 4,578 buses on 208 local and 36 express routes servicing nearly 1,700 route miles in all five boroughs. System expansions currently planned by NYCT include the long-awaited Second Avenue Subway and the westward extension of the #7 subway train to the Jacob Javits Convention Center. When completed, these will 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 4.4 million passengers per year.

The MTABC operates an extensive public bus transportation system throughout New York City, primarily in The Bronx, Brooklyn, and Queens. Over 120 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 serves areas previously covered by seven private bus companies franchised by the New York City Department of Transportation. 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 1,300 buses owned by the City, of which 283 are hybrid-electric buses and 431 are low-sulfur diesel. Service on over 80 local and express routes is available 24 hours a day, 7 days a week. Since beginning operations, the MTABC has brought 583 new buses into service. These new buses have significantly shortened the average age of the fleet. 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, ensuring service levels are up to MTA's standards.

### Financial Review

The City's financial plan includes \$113.6 million for NYCT in fiscal year 2010. As NYCT operates on a calendar year (CY) basis, the financial plan below is presented in that format. The plan for CY 2009 incorporates the following key elements:

- CY 2009 fare revenue is projected to be \$3.4 billion, a 12 percent increase over the CY 2008 total, primarily a result of expected fare increases to be implemented on May 2009.
- tax revenues dedicated for NYCT's use are projected to total \$1.9 billion; \$910.7 million from the regional Metropolitan Mass Transportation Operating Assistance Account (MMTOA), \$531.6 million from the State "Lock Box" Petroleum Business Tax and \$500.7 million from the Urban Mass Transportation Operating Assistance Account (Urban Account).
- the City's contribution to NYCT's operating budget for CY 2009 totals \$282.9 million, including \$158.2 million in operating assistance, \$45.0 million for student fare discounts, \$61.5 million for the Paratransit program, \$13.8 million for elderly and disabled fare discounts and \$4.4 million for Transit Police.

Based on recent financial reports, NYCT closed CY 2008 with a cash surplus of \$91.1 million. Despite this, NYCT has projected substantial budget shortfalls over future years, which are expected to be offset by gap-closing and other government actions, including tax and fee increases and potential further fare increases.

**New York City Transit Financial Plan**  
**(\$ in millions)**

	Calendar Years [1]				
	2008A	2009E	2010E	2011E	2012E
<i>REVENUES</i>					
Subway / Bus Fare Revenue . . . . .	\$3,032.8	\$3,409.1	\$3,699.9	\$3,755.0	\$3,814.6
Other Operating Revenue . . . . .	191.5	205.6	222.5	243.4	270.8
Transit Tax and Other Subsidies . . . .	2,297.9	2,048.9	2,016.2	1,775.2	1,883.4
City Subsidies . . . . .	272.3	282.9	295.2	310.0	327.7
State Subsidies . . . . .	202.0	203.2	203.2	203.2	203.2
TBTA Surplus Transfer . . . . .	111.9	130.5	171.7	164.4	155.5
Capital Reimbursement . . . . .	871.1	906.3	876.3	849.4	861.4
<b>TOTAL REVENUES . . . . .</b>	<b>\$6,979.5</b>	<b>\$7,186.5</b>	<b>\$7,485.0</b>	<b>\$7,300.6</b>	<b>\$7,516.6</b>
<i>EXPENSES</i>					
Salaries & Wages . . . . .	\$3,017.1	\$3,075.7	\$3,163.3	\$3,224.5	\$3,263.9
Fringes . . . . .	1,636.3	1,717.2	1,783.0	1,844.5	1,933.4
Reimbursable Overhead . . . . .	-188.1	-202.2	-194.9	-186.6	-187.9
OTPS . . . . .	1,147.3	1,195.3	1,279.9	1,325.3	1,361.8
Paratransit Expenses . . . . .	284.3	366.7	423.1	481.6	561.5
Capital Reimbursable Expenses . . . .	871.1	906.3	876.3	849.4	861.4
Transit Police . . . . .	4.1	4.4	4.4	4.5	4.5
Debt Service . . . . .	695.2	614.2	856.3	956.3	1,105.0
Depreciation [2] . . . . .	1,109.3	1,185.2	1,266.5	1,321.5	1,376.5
Other Post Employment Benefits [2]	1,009.5	1,055.4	1,098.9	1,144.8	1,191.6
Environmental Remediation [2] . . . .	18.0	0.0	0.0	0.0	0.0
<b>TOTAL EXPENSES . . . . .</b>	<b>\$9,604.1</b>	<b>\$9,918.2</b>	<b>\$10,556.8</b>	<b>\$10,965.8</b>	<b>\$11,471.7</b>
<i>OTHER ACTIONS</i>					
Balance before Adjustments . . . . .	(\$2,624.6)	(\$2,731.7)	(\$3,071.8)	(\$3,665.2)	(\$3,955.1)
Gap-Closing Actions [3] . . . . .	10.3	243.8	602.0	1,035.3	1,154.4
Cash Flow Adjustments [4] . . . . .	2,295.9	2,396.8	2,469.8	2,629.9	2,800.7
Net Cash from Prior Year . . . . .	409.5	91.1	0.0	0.0	0.0
<b>SURPLUS/(DEFICIT) . . . . .</b>	<b>\$91.1</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>

[1] All Financial Plan figures were provided by NYCT in February 2009; this table shows cash-basis CY 2008 Actuals (A) and CY 2009-2012 estimates (E). Because the MTA operates on a Calendar Year basis (January-December) that is not directly comparable to the City's Fiscal year (July-June).

[2] Since February 2004, NYCT has included depreciation in its financial plan. As of 2007, NYCT also reports other post employment benefits (OPEB) obligations and environmental remediation liabilities.

[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, depreciation, environmental remediation and OPEB cash flow adjustments

## City Subsidies

The City’s direct contribution to New York City Transit’s operating budget for CY 2009 will total \$282.9 million. The City continues to provide \$45.0 million annually 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 (\$61.5 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 \$4.4 million in City contributions is used to fund costs associated with the Transit Police. In CY 2009, the City is also providing over \$80 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.

In addition to the very large indirect contributions the City makes to various MTA revenue sources such as the Urban Account, the following chart summarizes the City’s direct subsidies to NYCT for CY 2009:

City Subsidies to NYCT, CY 2009  
(\$ in millions)

• Elderly and Disabled Subsidy.....	\$13.8
• School Fare Subsidy.....	45.0
• Operating Assistance.....	158.2
• Police Reimbursement.....	4.4
• Paratransit.....	61.5
	<hr/> <hr/>
TOTAL.....	\$282.9
	<hr/> <hr/>

## Capital Review

The City’s ten-year Capital Plan totals \$601.2 million, including \$597.6 million for NYCT and \$3.6 million for SIR. 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 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 ten-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, \$197.6 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, \$3.6 million.

The table below outlines the City's Capital Commitments to NYCT and SIR for the 2010-2013 period:

**Capital Commitments**

**(\$ in 000's)**

	2008 Actual		2009 Plan		2010 Plan		2011 Plan		2012 Plan		2013 Plan	
	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds
Infrastructure .....	\$0	\$3,000	\$99,598	\$99,598	\$20,550	\$20,550	\$12,032	\$12,032	\$8,777	\$8,777	\$26,044	\$26,044
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 .....	0	0	3,891	3,891	350	350	350	350	350	350	350	350
Miscellaneous .....	0	0	-33,509	-1,338	1,000	1,000	0	0	0	0	0	0
MTABC .....	0	0	28,982	60,668	0	0	0	0	0	0	0	0
<b>Total .....</b>	<b>\$40,000</b>	<b>\$43,000</b>	<b>\$138,962</b>	<b>\$202,819</b>	<b>\$61,900</b>	<b>\$61,900</b>	<b>\$52,382</b>	<b>\$52,382</b>	<b>\$49,127</b>	<b>\$49,127</b>	<b>\$66,394</b>	<b>\$66,394</b>

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# Appendix

## EXHIBIT 1 EXPENDITURE ASSUMPTIONS

### Personal Service

The expenditures for personal services in the Executive Budget for 2010 and the three-year projections are as follows:

(\$ in millions)

	2010	2011	2012	2013
Salaries and Wages .....	\$21,297	\$21,632	\$20,726	\$21,266
Pensions .....	6,700	7,234	7,558	7,831
Other Fringe Benefits .....	7,201	7,370	7,450	8,432
Reserve for Collective Bargaining				
Department of Education .....	324	596	656	656
Other .....	969	1,335	1,727	1,755
Reserve Subtotal .....	<u>1,293</u>	<u>1,931</u>	<u>2,383</u>	<u>2,411</u>
Anticipated Labor Actions .....	(400)	(757)	(786)	(818)
Total .....	<u>\$36,091</u>	<u>\$37,410</u>	<u>\$37,331</u>	<u>\$39,122</u>

#### *Salaries and Wages*

The projections for salaries and wages reflect personnel costs associated with current and projected headcount levels assuming implementation of projected PEG initiatives, and also including recognized needs and any wage adjustments from rounds of collective bargaining that have been implemented.

#### *Pensions and Other Fringe Benefits*

Pension expenses for 2010 through 2013 are based on valuation estimates prepared by the Office of the Actuary and reflect current funding assumptions adopted by the trustees and supported by State law. These valuation projections incorporate the impact of a 5.4 percent pension fund investment loss that occurred in 2008, and given the severe investment losses that have occurred so far this year, the financial plan is assuming an additional 20 percent loss by June 30, 2009.

The financial plan also contains a reserve, commencing in 2011, of \$200 million per year to address the potential costs associated with an independent audit released two years ago by the Segal Company. The Chief Actuary is still reviewing the audit.

In addition, the financial plan reflects savings of \$200 million per year commencing in 2010 associated with pension reform. Pension reform would not affect the benefits of current employees as they are protected by the state constitution, but would impact new employees. The reforms, in general, would require additional employee contributions throughout their working career, and with respect to uniformed employees, a longer career with the City and the removal of costly supplemental benefits.

Total pension expenses for the financial plan are shown below:

**(\$ in millions)**

	2010	2011	2012	2013
City Actuarial Systems .....	\$6,589	\$7,114	\$7,435	\$7,701
Non-City Systems .....	65	70	72	77
Non-Actuarial .....	46	50	51	53
Subtotal .....	\$6,700	\$7,234	\$7,558	\$7,831
Anticipated Labor Actions .....	(\$200)	(\$200)	(\$200)	(\$200)
Total .....	\$6,500	\$7,034	\$7,358	\$7,631

Social Security cost estimates reflect the projected tax rates and wage ceilings issued by the Social Security Administration as well as planned payroll adjustments. Unemployment Insurance costs are consistent with the statutory maximum weekly benefit levels and planned payroll levels. Workers' Compensation costs are consistent with the compensation rate schedule mandated by State law and the projected growth in medical costs. Health Insurance estimates reflect current levels of coverage based on the latest population and premium data available from the City's health insurance providers. In an effort to curb escalating health insurance costs, the City is working with its municipal unions to discuss reforming the City's Health Insurance Program. The overall goal is to save over \$550 million on an annual basis; however, the first year savings is targeted at \$200 million commencing in 2010. Savings proposals could include restructuring benefit, eligibility and coverage levels, as well as requiring cost-sharing contributions from our active and retired members.

Finally, it should be noted that the financial plan includes the drawdown of \$82 million in 2010, \$395 million in 2011 and \$672 million in 2012, of monies that were intended to be put into the Retiree Health Benefits Trust Fund. Instead, the City is earmarking such funds to help pay off pension liabilities that arose unexpectedly due to the sudden downturn in the capital markets.

*Reserve for Collective Bargaining*

The Reserve for Collective Bargaining contains funding for the cost of undistributed collective bargaining increases. The reserve contains funding for unsettled employees for the 2008-2010 round based on the pattern for this round of 4 percent the first day of the agreement and 4 percent on the first day of the second year. The reserve also contains funding for wage increases beyond the 2008-2010 round assumed to be 1.25 percent per year as well as small amounts for previous rounds.

## Other Than Personal Service

The expenditures for other than personal services in the Executive Budget for 2010 and the three-year projections are as follows:

<b>Other Than Personal Service</b>				
<b>(\$ in millions)</b>				
	2010	2011	2012	2013
Administrative OTPS .....	\$15,390	\$15,625	\$16,073	\$16,375
Public Assistance .....	1,299	1,299	1,299	1,299
Medical Assistance .....	4,907	5,621	6,090	6,271
Health & Hospital Corporation .....	174	173	173	173
Covered Agency Support & Other Subsidies .....	2,833	2,915	3,111	3,298
City Debt Service .....	4,313	4,667	5,095	5,373
General Obligations and TFA Debt Defeasance .....	(2,313)	—	—	—
General Reserve .....	300	300	300	300
Prepayments .....	(1,950)	—	—	—
Total .....	<u>\$24,953</u>	<u>\$30,600</u>	<u>\$32,141</u>	<u>\$33,089</u>

### *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 2011 through 2013, 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 2011 through 2013.

### *Energy*

The financial plan includes a Citywide appropriation to provide for the changing cost of energy for 2011 through 2013. Energy costs in each agency, with the exception of HPD, are held constant for 2010 through 2013. 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 2009 due to the drop in crude oil and natural gas prices.

<b>Energy Cost Comparison</b>				
<b>(\$ in millions)</b>				
Estimate as of:	2009	2010	2011	2012
2009 Adopted Budget .....	\$1,074	\$1,155	\$1,163	\$1,161
2010 Executive Budget .....	965	1,015	1,093	1,143
Difference .....	<u>(\$109)</u>	<u>(\$140)</u>	<u>(\$70)</u>	<u>(\$18)</u>

Gasoline and fuel costs are expected to decrease by \$17 million from 2009 to 2010 and then increase by \$32 million by 2013. Heat, light and power is expected to increase by \$215 million between 2009 and 2013. This is due to increases in New York Power Authority's production charges and Con Edison's transmission and delivery charges, and the anticipated retirement of the Poletti power plant.

**Energy Costs**  
**(\$ in millions)**

	2009	2010	2011	2012	2013
Gasoline .....	\$82	\$69	\$73	\$80	\$87
Fuel Oil .....	71	67	70	75	81
HPD- <i>In Rem</i> /DAMP .....	9	8	5	5	5
HPD-Energy Repair .....	3	3	3	3	3
Heat, Light and Power .....	800	868	942	980	1,015
<b>Total .....</b>	<b>\$965</b>	<b>\$1,015</b>	<b>\$1,093</b>	<b>\$1,143</b>	<b>\$1,191</b>

*Leases*

In each agency, the cost of leases is budgeted at a constant level from 2010 through 2013. A citywide adjustment for 2011 through 2013 provides for the increasing cost of leases based on a three percent annual inflator as well as known future leases, where applicable.

In total, the four-year plan includes \$735 million for leases in 2010, \$747 million in 2011, \$827 million in 2012 and \$851 million in 2013. Of these amounts, the citywide adjustment is \$22 million, \$82 million, and \$107 million respectively in 2011 through 2013.

*Public Assistance*

In 2010, 350,838 persons are projected to receive cash assistance on average each month, an increase of 8,659 from the projected 2009 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 2010 through 2013 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 2010 through 2013 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 2009-2012 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 \$1.3 billion in 2009 has been provided for this purpose.

Below are the detailed estimates for debt service for 2009-2013 after prepayments:

**(\$ in millions)**

	Long Term	Short Term	Lease Purchase	Budget Stabilization*	Subtotal City	Prepayment Adjustment**	Total City
2009.....	\$161	\$—	\$192	\$1,286	\$1,639	\$2,011	\$3,650
2010.....	392	75	137	—	\$604	3,709	\$4,313
2011.....	4,341	75	251	—	\$4,667	—	\$4,667
2012.....	4,774	75	246	—	\$5,095	—	\$5,095
2013.....	5,053	75	245	—	\$5,373	—	\$5,373

\* Amounts in the Budget Stabilization Account are used to prepay the succeeding year's debt service.

\*\* Prepayment adjustment includes debt defeasance.

## EXHIBIT 2

### FISCAL YEAR 2010 EXECUTIVE BUDGET AND PROJECTIONS, FISCAL YEAR 2011 THROUGH FISCAL YEAR 2013

(\$ in thousands)

Dept. No.	Agency	FY 2008 Actual Expenditures	Fiscal Year 2009			FY 2010 Executive Budget	FY 2011 Estimate	FY 2012 Estimate	FY 2013 Estimate
			Executive Budget	8 Month Actuals July-Feb.	Forecast				
002	Mayoralty	\$89,377	\$86,193	\$59,846	\$95,100	\$83,068	\$82,702	\$82,149	\$82,159
003	Board of Elections	80,676	89,162	63,943	77,055	86,218	71,542	71,614	71,629
004	Campaign Finance Board	6,497	11,752	6,909	11,521	67,551	11,216	11,220	11,223
008	Office of the Actuary	5,060	5,324	3,524	5,180	5,139	5,183	5,188	5,192
010	President,Borough of Manhattan	5,822	3,386	3,223	5,233	3,274	3,036	3,043	3,048
011	President,Borough of the Bronx	6,925	4,820	3,947	6,012	4,343	4,255	4,265	4,273
012	President,Borough of Brooklyn	8,089	4,360	3,630	5,707	4,067	3,853	3,863	3,870
013	President,Borough of Queens	6,659	4,023	3,057	4,787	3,998	3,597	3,604	3,609
014	President,Borough of S.I.	4,717	3,319	2,488	4,049	3,092	2,958	2,965	2,971
015	Office of the Comptroller	65,761	68,171	47,573	70,029	66,246	66,299	65,999	65,999
017	Dept. of Emergency Management	17,797	14,708	13,268	54,380	18,788	7,690	7,694	7,698
021	Office of Admin. Tax Appeals	3,072	4,084	2,614	4,058	3,632	3,654	3,658	3,662
025	Law Department	125,309	125,763	89,189	133,379	133,512	122,978	123,500	123,546
030	Department of City Planning	24,396	26,656	20,996	33,605	24,177	23,082	23,017	23,017
032	Department of Investigation	23,479	21,192	15,825	24,607	19,625	19,496	19,496	19,496
035	NY Public Library - Research	19,210	9,350	1,110	23,946	8,085	21,145	21,145	21,145
037	New York Public Library	99,912	28,211	2,589	109,162	30,860	102,451	102,451	102,451
038	Brooklyn Public Library	74,943	20,083	1,577	81,819	22,128	76,935	76,935	76,935
039	Queens Borough Public Library	72,635	20,691	1,572	81,462	21,641	75,065	75,065	75,065
040	Department of Education	16,977,033	17,596,439	10,309,428	17,659,419	18,313,268	19,338,203	18,690,871	19,405,464
042	City University	671,292	627,185	450,752	715,871	645,738	636,333	638,084	638,195
054	Civilian Complaint Review Bd.	11,073	11,427	7,688	11,416	10,271	10,241	10,262	10,267
056	Police Department	4,148,661	3,929,298	3,170,506	4,571,249	4,354,169	4,461,603	4,540,437	4,527,558
057	Fire Department	1,521,281	1,525,224	1,112,222	1,667,079	1,600,630	1,606,691	1,605,720	1,603,141
068	Admin. for Children Services	2,854,527	2,704,976	2,182,780	2,814,889	2,616,559	2,613,440	2,614,964	2,614,965
069	Department of Social Services	8,681,885	8,493,823	5,749,359	8,272,883	7,887,137	8,596,745	9,064,853	9,245,498
071	Dept. of Homeless Services	785,533	754,180	664,067	873,155	773,525	702,518	701,339	701,386
072	Department of Correction	965,658	983,863	708,376	1,025,393	993,045	1,022,472	1,038,740	1,035,595
073	Board of Correction	915	933	591	960	971	972	972	972
095	Citywide Pension Contributions	5,740,554	6,178,763	4,086,748	6,392,059	6,499,633	7,033,964	7,357,637	7,630,850
098	Miscellaneous	7,040,148	6,298,659	2,460,762	6,858,224	6,744,703	7,093,101	7,698,955	8,890,974
099	Debt Service	5,370,649	1,962,738	81,622	1,638,943	603,671	4,666,945	5,094,560	5,372,591
100	M.A.C. Debt Service	2,750	—	—	—	—	—	—	—
101	Public Advocate	3,116	2,025	1,852	2,833	1,771	1,808	1,813	1,817
102	City Council	51,211	52,260	35,514	52,304	50,536	50,536	50,536	50,536
103	City Clerk	3,812	4,543	2,632	4,863	5,197	5,210	5,210	5,210
125	Department for the Aging	290,487	257,367	238,748	294,259	240,635	239,671	239,671	239,671
126	Department of Cultural Affairs	161,276	143,197	118,729	152,920	131,157	131,162	131,162	131,162
127	Financial Info. Serv. Agency	56,680	61,215	45,127	59,583	58,408	58,747	56,097	56,136
130	Department of Juvenile Justice	130,984	132,276	71,767	135,103	130,854	132,045	135,925	135,934
131	Office of Payroll Admin.	12,979	14,487	9,218	13,928	37,223	41,677	41,598	41,585
132	Independent Budget Office	2,926	3,101	2,036	3,170	3,117	3,088	3,089	3,089
133	Equal Employment Practices Com	764	799	473	812	717	728	728	729
134	Civil Service Commission	583	644	425	647	618	620	621	621
136	Landmarks Preservation Comm.	4,408	4,348	2,996	4,852	4,870	4,872	4,872	4,872

## EXHIBIT 2

### FISCAL YEAR 2010 EXECUTIVE BUDGET AND PROJECTIONS, FISCAL YEAR 2011 THROUGH FISCAL YEAR 2013

(\$ in thousands)

Dept. No.	Agency	FY 2008 Actual Expenditures	Fiscal Year 2009			FY 2010 Executive Budget	FY 2011 Estimate	FY 2012 Estimate	FY 2013 Estimate
			Executive Budget	8 Month Actuals July-Feb.	Forecast				
156	Taxi & Limousine Commission	27,762	30,076	20,160	29,880	29,644	29,157	29,157	29,157
226	Commission on Human Rights	6,779	7,093	5,081	7,120	6,903	6,904	7,001	7,001
260	Youth & Community Development	384,061	324,743	286,548	386,241	305,334	271,413	271,430	271,447
312	Conflicts of Interest Board	1,883	1,988	1,238	2,004	1,814	1,827	1,828	1,828
313	Office of Collective Barg.	1,861	1,876	1,415	1,886	1,795	1,809	1,810	1,811
499	Community Boards (All)	13,620	13,831	9,362	15,140	12,735	12,737	12,737	12,737
781	Department of Probation	81,590	82,182	56,623	83,983	81,326	80,575	80,745	80,745
801	Dept. Small Business Services	136,557	146,066	93,364	179,747	123,135	93,486	91,248	87,486
806	Housing Preservation & Dev.	597,995	514,284	475,488	712,685	514,149	478,253	472,889	472,751
810	Department of Buildings	99,410	104,184	73,172	114,857	101,856	91,455	91,455	91,455
816	Dept Health & Mental Hygiene	1,586,920	1,577,410	1,419,703	1,758,716	1,597,866	1,615,686	1,623,116	1,622,733
819	Health and Hospitals Corp.	165,759	174,239	95,200	302,267	88,900	173,269	173,366	173,437
826	Dept of Environmental Prot.	919,095	1,007,857	685,637	1,019,699	1,023,669	965,005	964,665	964,302
827	Department of Sanitation	1,244,392	1,287,390	986,303	1,282,429	1,299,374	1,403,787	1,432,925	1,430,642
829	Business Integrity Commission	5,771	6,247	4,638	6,369	7,146	7,165	7,075	7,075
836	Department of Finance	215,499	206,236	146,598	221,124	228,653	225,757	224,843	223,948
841	Department of Transportation	697,785	687,304	566,803	824,964	706,578	689,886	688,038	679,438
846	Dept of Parks and Recreation	370,647	349,632	259,648	382,234	345,908	335,023	335,285	335,511
850	Dept. of Design & Construction	96,541	103,087	69,239	103,117	106,822	107,222	107,223	107,224
856	Dept of Citywide Admin Srvc	997,469	1,072,550	1,000,296	1,119,342	1,182,325	1,184,235	1,180,835	1,187,212
858	D.O.I.T.T.	308,265	371,919	281,415	387,983	356,750	343,527	342,067	342,156
860	Dept of Records & Info Serv.	5,889	5,018	3,881	6,501	4,999	4,765	4,767	5,107
866	Department of Consumer Affairs	20,513	20,061	14,829	23,234	20,149	17,833	17,833	17,833
901	District Attorney - N.Y.	90,264	75,427	64,995	93,380	82,628	71,428	71,462	71,462
902	District Attorney - Bronx	50,762	45,429	31,628	50,429	46,616	42,332	42,332	42,332
903	District Attorney - Kings	83,584	74,776	54,258	80,193	77,244	70,869	70,772	70,772
904	District Attorney - Queens	47,033	41,386	31,714	46,185	45,732	41,403	41,219	41,219
905	District Attorney - Richmond	8,311	7,302	5,097	8,132	7,578	6,853	6,853	6,853
906	Off. of Prosec. & Spec. Narc.	17,779	15,738	11,627	17,330	16,118	14,675	14,675	14,675
941	Public Administrator - N.Y.	1,143	1,130	940	1,258	1,155	1,156	1,156	1,156
942	Public Administrator - Bronx	419	409	267	510	424	425	425	425
943	Public Administrator- Brooklyn	536	502	288	597	526	526	526	526
944	Public Administrator - Queens	421	382	289	467	400	400	400	400
945	Public Administrator -Richmond	361	297	232	366	297	297	297	297
	Prior Payable Adjustment	(615,911)	—	—	(500,000)	—	—	—	—
	General Reserve	—	—	—	40,000	300,000	300,000	300,000	300,000
	Energy Adjustment	—	—	—	—	—	80,798	130,296	179,506
	Lease Adjustment	—	—	—	—	—	22,098	82,209	106,773
	OTPS Inflation Adjustment	—	—	—	—	—	55,519	111,038	166,557
TOTAL EXPENDITURES		\$63,902,286	\$60,653,069	\$38,619,274	\$62,868,274	\$61,044,415	\$68,010,084	\$69,471,585	\$72,211,795
LESS: INTRA-CITY EXPENDITURES		1,477,189	1,505,708	510,871	1,689,394	1,601,369	1,525,207	1,524,165	1,524,072
NET TOTAL EXPENDITURES		\$62,425,097	\$59,147,361	\$38,108,403	\$61,178,880	\$59,443,046	\$66,484,877	\$67,947,420	\$70,687,723

**EXHIBIT 3**  
**ACTUAL REVENUE**  
**(\$ in Millions)**

	Fiscal Year 2005	Fiscal Year 2006	Fiscal Year 2007	Fiscal Year 2008
<b>Taxes:</b>				
Real Property .....	\$11,616	\$12,636	\$13,123	\$13,204
Personal Income .....	6,638	7,657	7,933	9,697
General Corporation .....	1,994	2,379	3,124	2,932
Banking Corporation .....	601	656	1,219	628
Unincorporated Business .....	1,116	1,308	1,670	1,852
Sales and Use .....	4,355	4,418	4,619	4,868
Commercial Rent .....	445	477	512	545
Real Property Transfer .....	1,055	1,295	1,723	1,408
Mortgage Recording .....	1,250	1,353	1,570	1,138
Utility .....	340	391	360	392
Cigarette .....	125	123	122	124
Hotel .....	257	296	326	379
All Other .....	474	447	456	418
Tax Audit Revenue .....	600	775	1,085	1,016
<b>Total Taxes .....</b>	<b>30,866</b>	<b>34,211</b>	<b>37,842</b>	<b>38,601</b>
<b>Miscellaneous Revenues:</b>				
Licenses, Franchises, Etc. ....	395	418	470	502
Interest Income .....	149	362	473	377
Charges for Services .....	614	606	613	638
Water and Sewer Charges .....	899	990	1,064	1,202
Rental Income .....	944	209	211	257
Fines and Forfeitures .....	745	724	741	830
Miscellaneous .....	1,328	553	671	1,238
Intra-City Revenue .....	1,279	1,396	1,387	1,477
<b>Total Miscellaneous .....</b>	<b>6,353</b>	<b>5,258</b>	<b>5,630</b>	<b>6,521</b>
<b>Unrestricted Intergovernmental Aid:</b>				
Federal Revenue Sharing .....	—	—	—	—
N.Y. State Per Capita Aid .....	327	327	20	242
Other Federal and State Aid .....	276	167	15	—
<b>Total Unrestricted Intergovernmental Aid .....</b>	<b>603</b>	<b>494</b>	<b>35</b>	<b>242</b>
Provision for Disallowance of Categorical Grants .....	(87)	(542)	(103)	(114)
Less Intra-City Revenue .....	(1,279)	(1,396)	(1,387)	(1,477)
<b>Sub Total City Funds .....</b>	<b>36,456</b>	<b>38,025</b>	<b>42,017</b>	<b>43,773</b>
Other Categorical Grants .....	862	1,150	1,037	1,090
Transfers from Capital Fund: .....				
Inter Fund Agreements .....	346	365	421	454
<b>Total City Funds &amp; Capital Budget Transfers .....</b>	<b>37,664</b>	<b>39,540</b>	<b>43,475</b>	<b>45,317</b>
<b>Federal Categorical Grants:</b>				
Community Development .....	268	261	241	260
Social Services .....	2,405	2,181	2,429	2,619
Education .....	1,909	1,693	1,745	1,739
Other .....	2,072	1,108	1,056	1,074
<b>Total Federal Grants .....</b>	<b>6,654</b>	<b>5,243</b>	<b>5,471</b>	<b>5,692</b>
<b>State Categorical Grants:</b>				
Social Services .....	1,741	1,906	1,889	2,060
Education .....	6,177	6,702	7,145	8,011
Higher Education .....	140	153	165	174
Department of Health and Mental Hygiene .....	393	415	428	487
Other .....	372	410	559	689
<b>Total State Grants .....</b>	<b>8,823</b>	<b>9,586</b>	<b>10,186</b>	<b>11,421</b>
<b>Total Revenues .....</b>	<b>\$53,141</b>	<b>\$54,369</b>	<b>\$59,132</b>	<b>\$62,430</b>

**EXHIBIT 4**  
**REVENUE ESTIMATES**  
**(\$ in Millions)**

	Fiscal Year 2009 8 Months Actuals	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013
<b>Taxes:</b>						
Real Property . . . . .	\$13,120	\$14,408	\$16,127	\$17,173	\$17,762	\$18,150
Personal Income . . . . .	5,110	7,016	5,783	6,205	6,074	6,527
General Corporation . . . . .	1,047	2,374	2,024	2,338	2,705	2,947
Banking Corporation . . . . .	203	834	478	649	711	745
Unincorporated Business . . . . .	1,026	1,804	1,455	1,461	1,596	1,689
Sale and Use . . . . .	3,096	4,593	4,069	4,205	4,469	4,762
Commercial Rent . . . . .	293	569	543	531	528	537
Real Property Transfer . . . . .	583	779	613	649	708	794
Mortgage Recording . . . . .	401	567	475	551	602	694
Utility . . . . .	212	417	391	420	434	439
Cigarette . . . . .	58	101	96	94	92	90
Hotel . . . . .	201	361	329	331	314	295
All Other . . . . .	184	467	401	402	407	406
Tax Audit Revenue . . . . .	515	980	596	596	595	594
Sales Tax Program . . . . .	—	88	946	981	1,047	1,108
State Tax Relief Program . . . . .	487	1,188	877	888	925	1,000
<b>Total Taxes . . . . .</b>	<b>26,536</b>	<b>36,546</b>	<b>35,203</b>	<b>37,474</b>	<b>38,969</b>	<b>40,777</b>
<b>Miscellaneous Revenue:</b>						
Licenses, Franchises, Etc. . . . .	319	480	481	484	488	488
Interest Income . . . . .	92	113	30	43	99	128
Charges for Services . . . . .	331	642	762	819	799	799
Water and Sewer Charges . . . . .	856	1,300	1,368	1,339	1,355	1,368
Rental Income . . . . .	151	248	220	214	214	214
Fines and Forfeitures . . . . .	539	792	894	887	865	864
Miscellaneous . . . . .	597	867	618	502	481	478
Intra-City Revenue . . . . .	427	1,689	1,601	1,525	1,524	1,524
<b>Total Miscellaneous . . . . .</b>	<b>3,312</b>	<b>6,131</b>	<b>5,974</b>	<b>5,813</b>	<b>5,825</b>	<b>5,863</b>
<b>Unrestricted Intergovernmental Aid:</b>						
N.Y. State Per Capita Aid . . . . .	—	327	327	327	327	327
Other Federal and State Aid . . . . .	—	13	13	13	13	13
<b>Total Unrestricted Intergovernmental Aid:</b>	<b>—</b>	<b>340</b>	<b>340</b>	<b>340</b>	<b>340</b>	<b>340</b>
<b>Reserve for Disallowance of Categorical Grants . . . . .</b>						
Less: Intra-City Revenue . . . . .	(427)	(1,689)	(1,601)	(1,525)	(1,524)	(1,524)
<b>Sub Total City Funds . . . . .</b>	<b>29,421</b>	<b>41,313</b>	<b>39,901</b>	<b>42,087</b>	<b>43,595</b>	<b>45,441</b>
<b>Other Categorical Grants . . . . .</b>						
Inter Fund Agreements . . . . .	189	472	475	449	439	439
<b>Total City Funds &amp; Inter-Fund Revenues . . . . .</b>	<b>\$29,943</b>	<b>\$42,898</b>	<b>\$41,404</b>	<b>\$43,565</b>	<b>\$45,067</b>	<b>\$46,911</b>

## REVENUE ESTIMATES

(\$ in Millions)

	Fiscal Year 2009 8 Months Actuals	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013
<b>Federal Categorical Grants:</b>						
Community Development . . . . .	\$144	\$290	\$305	\$246	\$241	\$241
Social Services . . . . .	1,115	2,697	2,543	2,541	2,532	2,532
Education . . . . .	534	1,735	2,682	2,711	1,759	1,759
Other . . . . .	426	1,476	892	829	828	817
<b>Total Federal Grants . . . . .</b>	<b>2,219</b>	<b>6,198</b>	<b>6,422</b>	<b>6,327</b>	<b>5,360</b>	<b>5,349</b>
<b>State Categorical Grants:</b>						
Social Services . . . . .	892	2,128	1,941	1,931	1,922	1,922
Education . . . . .	4,744	8,563	8,209	8,649	8,939	9,524
Higher Education . . . . .	42	211	198	211	211	211
Department of Health and Mental Hygiene . . . . .	122	500	468	475	477	477
Other . . . . .	144	681	801	749	810	877
<b>Total State Grants . . . . .</b>	<b>5,944</b>	<b>12,083</b>	<b>11,617</b>	<b>12,015</b>	<b>12,359</b>	<b>13,011</b>
<b>TOTAL REVENUE . . . . .</b>	<b>\$38,106</b>	<b>\$61,179</b>	<b>\$59,443</b>	<b>\$61,907</b>	<b>\$62,786</b>	<b>\$65,271</b>

**EXHIBIT 5**  
**FULL-TIME and PART-TIME POSITIONS (FTEs)**

	12/31/01		3/31/09		6/30/10	
	Actual [1] [4]		Actual		Executive Budget	
	Total	City	Total	City	Total	City
<b>MAYORAL AGENCIES:</b>						
<i>Uniformed Forces:</i>						
Police -Uniform	39,297	39,297	35,846	35,846	33,217	33,217
-Civilian	14,779	14,166	16,708	16,607	15,555	15,412
Fire -Uniform	11,120	11,113	11,548	11,543	10,783	10,772
-Civilian	4,495	4,491	4,725	4,690	4,793	4,772
Sanitation -Uniform	7,957	7,810	7,674	7,547	7,375	7,234
-Civilian	2,265	2,053	2,095	1,931	2,219	2,015
Correction -Uniform	10,617	9,874	9,201	8,465	8,842	8,141
-Civilian	1,603	1,488	1,461	1,381	1,559	1,491
<i>Subtotal</i>	<i>92,133</i>	<i>90,292</i>	<i>89,258</i>	<i>88,010</i>	<i>84,343</i>	<i>83,054</i>
<i>Health and Welfare:</i>						
Social Services	16,836	13,293	14,220	10,580	14,586	10,741
Admin. for Children's Services	8,286	8,232	6,931	6,883	6,141	6,024
Homeless Services	2,090	2,081	2,102	2,074	1,887	1,887
Health & Mental Hygiene	5,442	4,398	6,670	5,174	6,781	5,281
<i>Subtotal</i>	<i>32,654</i>	<i>28,004</i>	<i>29,923</i>	<i>24,711</i>	<i>29,395</i>	<i>23,933</i>
<i>Other Mayoral:</i>						
Housing Preservation and Development	2,720	645	2,633	671	2,759	667
Environmental Protection	5,760	376	5,967	204	6,282	228
Finance	2,685	2,685	2,081	2,081	2,184	2,172
Transportation	4,415	2,498	4,716	2,377	4,470	2,199
Parks	6,630	6,231	5,701	5,200	6,772	6,242
Citywide Administrative Services	1,879	1,296	2,431	1,640	2,504	1,721
All Other Mayoral	18,103	13,776	18,391	14,480	18,152	14,206
<i>Subtotal</i>	<i>42,192</i>	<i>27,507</i>	<i>41,920</i>	<i>26,653</i>	<i>43,123</i>	<i>27,435</i>
<b>EDUCATION:</b>						
Dept. of Education - Pedagogical [5]	112,810	95,407	114,211	98,034	113,353	95,743
- Civilian	25,442	22,174	25,389	22,929	25,012	22,823
City University - Pedagogical	4,273	4,273	5,224	5,219	4,054	4,049
- Civilian	2,300	2,299	2,615	2,615	2,266	2,266
<i>Sub-Total</i>	<i>144,825</i>	<i>124,153</i>	<i>147,439</i>	<i>128,797</i>	<i>144,685</i>	<i>124,881</i>
<b>Total</b>	<b><u>311,804</u></b>	<b><u>269,956</u></b>	<b><u>308,540</u></b>	<b><u>268,171</u></b>	<b><u>301,546</u></b>	<b><u>259,303</u></b>
<b>COVERED ORGANIZATION AND NON-CITY EMPLOYEES SUBSTANTIALLY PAID BY CITY SUBSIDIES [2]:</b>						
Health and Hospital Corp.	37,941	37,941	41,112	41,112	40,729	40,729
Housing Authority	14,863	—	11,375	—	11,803	—
Libraries	4,428	4,428	4,648	4,648	3,502	3,502
Cultural Institutions [3]	1,728	1,728	1,646	1,646	1,185	1,185
School Construction Authority	933	933	707	707	775	775
New York City Employees Retirement System	368	368	396	396	393	393
Economic Development Corporation	344	344	458	458	442	442
Teachers Retirement System	308	308	377	377	395	395
Police Pension Fund	66	66	136	136	135	135
All Other	155	155	217	212	219	214
<i>Sub-total</i>	<i>61,134</i>	<i>46,271</i>	<i>61,072</i>	<i>49,692</i>	<i>59,578</i>	<i>47,770</i>
<b>Total</b>	<b><u>372,938</u></b>	<b><u>316,227</u></b>	<b><u>369,612</u></b>	<b><u>317,863</u></b>	<b><u>361,124</u></b>	<b><u>307,073</u></b>

[1] Adjusted for transfers.

[2] Includes non-city employees substantially paid by city subsidies. For these agencies the December 2001 data reflects staffing as of February 2002.

[3] Includes only those employees of the Cultural Institutions Group paid by city fund subsidies.

[4] Includes restatements for positions formerly funded under vendor contracts and for Education part-time positions not previously included in the city headcount.

[5] FY 2010 City Funds for Education includes 14,190 pedagogical positions funded by Federal Stimulus appropriations. Beginning in FY 2012 funding for these positions require re-appropriation by the Federal or State Governments.

**EXHIBIT 6**  
**FY 2010 EXECUTIVE BUDGET**  
**CITY GAP CLOSING PROGRAM - 5 YEAR VALUE**  
**(City \$ in 000's)**

	2009	2010	2011	2012	2013
<b>MAYORAL AGENCIES:</b>					
<i>Uniformed Forces:</i>					
Police .....	\$37,669	\$284,815	\$298,190	\$243,505	\$254,954
Fire .....	35,025	109,017	115,730	118,496	122,207
Correction .....	9,675	54,255	55,016	61,142	61,879
Sanitation .....	24,958	109,799	76,061	58,187	59,856
<i>Health and Welfare:</i>					
Administration for Children's Services .....	19,283	112,312	115,151	106,660	106,697
Social Services .....	27,013	96,538	88,168	88,729	88,945
Homeless Services .....	7,865	46,343	46,246	46,287	46,413
Youth and Community Development .....	4,595	28,826	28,826	28,826	28,826
Health and Mental Hygiene .....	10,278	56,250	57,983	58,110	58,180
<i>Other Mayoral:</i>					
Housing Preservation and Development .....	4,284	9,522	9,441	9,531	9,632
Finance .....	7,673	31,830	32,997	32,997	32,997
Transportation .....	23,332	69,214	69,037	67,856	64,695
Parks and Recreation .....	6,744	41,967	39,966	40,102	40,268
Citywide Administrative Services .....	16,705	27,720	20,340	31,642	36,516
Other .....	70,002	232,618	257,656	297,626	300,047
<b>MAJOR ORGANIZATIONS:</b>					
Department of Education .....	176,128	792,764	691,564	691,564	691,564
City University .....	750	22,179	22,179	22,179	22,179
Health and Hospitals Corporation .....	2,377	13,138	11,904	11,947	11,924
<b>OTHER:</b>					
Miscellaneous .....	21,000	21,549	23,839	23,839	23,839
Procurement Savings .....	—	55,519	55,519	55,519	55,519
Consumer Plastic Bag Use Fee .....	—	84,000	144,000	124,000	124,000
Data Mining to Improve Billing and Collection .....	2,000	25,000	20,000	—	—
<b>Total Agency Programs .....</b>	<b>\$507,356</b>	<b>\$2,325,175</b>	<b>\$2,279,813</b>	<b>\$2,218,744</b>	<b>\$2,241,137</b>

Technical Note: 1) Gap closing program includes initiatives from the May 1, 2009 Executive Budget, January 30, 2009 Preliminary Budget and the November 5, 2008 Financial Plan.

**EXHIBIT 6A**  
**FY 2010 EXECUTIVE BUDGET**  
**CITY GAP CLOSING PROGRAM - 5 YEAR VALUE**  
**(City \$ in 000's)**

	2009	2010	2011	2012	2013
<b>OTHER:</b>					
Mayoralty .....	\$1,105	\$9,387	\$9,317	\$6,357	\$6,357
Board of Elections .....	—	8,274	8,274	8,274	8,274
Campaign Finance Board .....	426	675	402	402	402
Office of the Actuary .....	133	482	482	482	482
Emergency Management .....	601	1,124	1,124	1,124	1,124
Administrative Tax Appeals .....	102	619	619	619	619
Law Department .....	13,377	5,650	8,367	9,124	9,124
City Planning .....	514	1,732	1,593	1,600	1,607
Investigation .....	440	2,672	2,683	2,696	2,709
New York Research Library .....	621	3,607	3,607	3,607	3,607
New York Public Library .....	2,979	17,341	17,341	17,341	17,341
Brooklyn Public Library .....	2,215	12,891	12,891	12,891	12,891
Queens Borough Public Library .....	2,174	12,660	12,660	12,660	12,660
Civilian Complaint Review Board .....	333	1,675	1,737	1,731	1,741
Board of Correction .....	—	5	5	5	5
Pensions .....	—	—	6,652	49,203	51,387
Department for the Aging .....	3,572	21,234	21,247	21,262	21,277
Cultural Affairs .....	3,814	22,086	22,086	22,086	22,086
FISA .....	1,173	7,299	6,803	6,803	6,803
Juvenile Justice .....	1,000	5,470	5,468	5,488	5,508
Payroll Administration .....	652	3,714	909	992	992
Equal Employment Practices .....	—	56	56	56	56
Civil Service Commission .....	—	45	45	45	45
Landmarks Preservation .....	—	40	40	40	40
Taxi and Limousine Commission .....	25	240	40	40	40
Human Rights .....	129	380	382	288	290
Conflicts of Interest .....	50	289	291	292	294
Collective Bargaining .....	—	120	120	120	120
Community Boards (All) .....	—	1,722	1,722	1,722	1,722
Probation .....	702	6,561	7,185	7,064	7,128
Small Business Services .....	2,809	15,111	12,941	12,933	12,973
Department of Buildings .....	2,431	3,643	8,550	8,602	8,654
Environmental Protection .....	932	3,748	3,748	3,748	3,748
Business Integrity Commission .....	160	1,043	996	996	996
Design and Construction .....	188	1,142	1,142	1,142	1,142
DOITT .....	17,487	39,106	38,075	37,469	37,470
DORIS .....	149	621	621	621	282
Department of Consumer Affairs .....	—	75	9	9	9
PA - Manhattan .....	79	439	191	191	191
Subtotal .....	\$60,372	\$212,978	\$220,421	\$260,125	\$262,196
<b>OTHER ELECTED:</b>					
BP - Manhattan .....	\$114	\$504	\$504	\$504	\$504
BP - Bronx .....	142	717	717	717	717
BP - Brooklyn .....	141	634	634	634	634
BP - Queens .....	22	582	582	582	582
BP - Staten Island .....	101	499	499	499	499
Comptroller .....	6,006	3,867	3,890	3,913	3,936
Public Advocate .....	72	312	312	312	312
City Council .....	—	1,725	1,725	1,725	1,725
DA - Manhattan .....	873	3,089	8,277	8,325	8,415
DA - Bronx .....	520	1,804	4,867	4,924	4,981
DA - Brooklyn .....	878	3,121	7,730	7,825	7,920
DA - Queens .....	488	1,849	4,936	4,949	5,004
DA - Staten Island .....	85	307	841	851	861
Prosec. & Spec. Narc. .....	188	630	1,721	1,741	1,761
Subtotal .....	\$9,630	\$19,640	\$37,235	\$37,501	\$37,851
<b>Total Other .....</b>	<b>\$70,002</b>	<b>\$232,618</b>	<b>\$257,656</b>	<b>\$297,626</b>	<b>\$300,047</b>

Technical Note: 1) Gap closing program includes initiatives from the May 1, 2009 Executive Budget, January 30, 2009 Preliminary Budget and the November 5, 2008 Financial Plan.

**EXHIBIT 6B**  
**FY 2010 EXECUTIVE BUDGET**  
**CITY GAP CLOSING PROGRAM - BY EXPENSE AND REVENUE**  
**(City \$ in 000's)**

	Expense	Revenue	Total
<b>MAYORAL AGENCIES:</b>			
<i>Uniformed Forces:</i>			
Police .....	\$208,653	\$76,162	\$284,815
Fire .....	77,907	31,110	109,017
Correction .....	54,255	—	54,255
Sanitation .....	79,988	29,811	109,799
<i>Health &amp; Welfare:</i>			
Administration for Children's Services .....	112,312	—	112,312
Social Services .....	95,903	635	96,538
Homeless Services .....	46,343	—	46,343
Youth and Community Development .....	28,826	—	28,826
Health and Mental Hygiene .....	43,009	13,241	56,250
<i>Other Mayoral:</i>			
Housing Preservation and Development .....	7,759	1,763	9,522
Finance .....	9,330	22,500	31,830
Transportation .....	29,508	39,706	69,214
Parks and Recreation .....	29,967	12,000	41,967
Citywide Administrative Services .....	7,343	20,377	27,720
Other .....	190,420	42,198	232,618
<b>MAJOR ORGANIZATIONS:</b>			
Department of Education .....	792,764	—	792,764
City University .....	12,419	9,760	22,179
Health and Hospitals Corporation .....	8,568	4,570	13,138
<b>OTHER:</b>			
Miscellaneous .....	21,549	—	21,549
Procurement Savings .....	55,519	—	55,519
Consumer Plastic Bag Use Fee .....	—	84,000	84,000
Data Mining to Improve Billing and Collection .....	—	25,000	25,000
<b>Total Agency Programs .....</b>	<b><u>\$1,912,342</u></b>	<b><u>\$412,833</u></b>	<b><u>\$2,325,175</u></b>

Technical Note: 1) Gap closing program includes initiatives from the May 1, 2009 Executive Budget, January 30, 2009 Preliminary Budget and the November 5, 2008 Financial Plan.

**EXHIBIT 7**  
**AMERICAN RECOVERY RE-INVESTMENT ACT**  
**FEDERAL STIMULUS FUNDING IN THE EXECUTIVE BUDGET**

**FUNDING APPROPRIATED IN EXPENSE BUDGET**

PROGRAM	AGENCY	2009	2010	2011	2012
<i>COMMUNITY DEVELOPMENT</i>					
Shelter & Services	Homeless Services	\$—	\$5,689,013	\$—	\$—
Repair Buildings / Violations	Education	—	10,000,000	—	—
Job Training	Social Services	—	1,170,000	—	—
Fringe Benefits for ARRA Funded Staff	Misc. Budget	—	1,717,202	—	—
Graffiti Removal	Small Business / EDC	—	2,890,000	—	—
Emergency Building Repairs, Unsafe Building Demolitions and Neighborhood Preservation Activities	HPD	—	26,045,906	—	—
Graffiti Removal / Charlton Garden Restoration	PARKS	—	803,062	—	—
<i>Subtotal Community Development</i>		<u>\$—</u>	<u>\$48,315,183</u>	<u>\$—</u>	<u>\$—</u>
<i>EDUCATION</i>					
Deficit Reduction Assessment Restoration	DOE	—	\$361,867,141	\$361,867,141	—
PRE-K Restoration	DOE	—	97,260,106	106,384,691	—
Title I	DOE	—	334,726,412	334,726,412	—
IDEA / Related Services & Schools	DOE	—	157,696,793	157,696,793	—
<i>Subtotal Education</i>		<u>\$—</u>	<u>\$951,550,452</u>	<u>\$960,675,037</u>	<u>\$—</u>
<i>FOSTER CARE &amp; ADOPTION</i>	ACS	\$—	\$19,577,357	\$10,091,750	\$—
<i>FERRY TRANSIT / MAINTENANCE</i>	DOT	\$—	\$10,072,876	\$10,072,876	\$10,072,876
<i>FUNDING FOR CITY OF NEW YORK - EDUCATION (STATE AID)</i>					
	CUNY	\$—	13,730,000	\$—	\$—
<b>TOTAL EXPENSE BUDGET</b>		<u>\$—</u>	<u>\$1,043,245,868</u>	<u>\$980,839,663</u>	<u>\$10,072,876</u>

**BUDGET RELIEF**

PROGRAM	AGENCY	2009	2010	2011	2012
MEDICAID - FMAP*	Social Services	\$447,000,000	\$850,000,000	\$295,000,000	\$—

\* City funds, displaced by additional federal stimulus funding, have been removed from the expense budget.

**CAPITAL FUNDING**

PROGRAM	AGENCY	2009	2010	2011	2012
<i>SCHOOL TAX CREDIT BONDS</i>	Education	\$—	\$1,049,000,000	\$350,000,000	\$295,000,000
<i>OTHER CAPITAL PROGRAMS</i>					
Owls Head - Engine Generator Conversion	DEP	\$3,000,000	\$—	\$—	\$—
Reconstruction of Digesters @ Hunts Point	DEP	30,000,000	—	—	—
Newtown Creek - Sludge Loading Docks	DEP	38,000,000	—	—	—
Aeration System Upgrade @ Owls Head	DEP	4,000,000	—	—	—
Reconstruction of Boiler System @ Port Richmond	DEP	25,000,000	—	—	—
Brooklyn Bridge (#6) Bk Appr's, Main Span & Paint	DOT	47,208,000	—	—	—
Drydock Austen Class Ferry Boats	DOT	3,421,000	—	—	—
Drydock Molinari Ferry Boats	DOT	8,829,000	—	—	—
Recon & Drydocking of Barberi Class Ferry Boats	DOT	4,250,000	—	—	—
Bruckner Expwy / Bronx River - Painting	DOT	8,822,000	—	—	—
Comp Rehab Construction	DOT	9,670,000	—	—	—
Component Rehab of Greenpoint Ave Br / Newtown Creek	DOT	6,000,000	—	—	—
Wards Island Pedestrian Br / Harlem River 2-24062-0	DOT	14,300,000	—	—	—
Reconstruction of Ramps @ St. George Terminals - SI	DOT	175,000,000	—	—	—
<b>TOTAL OTHER CAPITAL PROGRAMS</b>		<u>\$377,500,000</u>	<u>\$—</u>	<u>\$—</u>	<u>\$—</u>