

The City of New York
Executive Budget
Fiscal Year 2011

Michael R. Bloomberg, Mayor

Office of Management and Budget
Mark Page, Director

Message of the Mayor

The City of New York
Executive Budget
Fiscal Year 2011

Michael R. Bloomberg, Mayor

Office of Management and Budget
Mark Page, Director
May 6, 2010

Message of
the Mayor



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

May 6, 2010

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

My Fellow New Yorkers,

There are encouraging signs that the national economy has stabilized. There have been three consecutive quarters of economic growth nationally. Our local economy has fared better than we had expected when the national recession began. Although we expect further job losses in the City, we are forecasting that we will retain almost 150,000 jobs that, at this time last year, we had forecasted would be lost. The City's economic resilience is in part attributable to the work that we have done to diversify our economy and strengthen our neighborhood main streets. And although we are expecting further declines in the residential real estate market, the commercial office market in the City has the lowest vacancy rate of any large city in the country.

Our budget for FY2010, the current fiscal year, is in balance. The Executive Budget for FY2011 which we are proposing today is also in balance.

Budget balance for FY2011 has been achieved with gap closing actions of approximately \$500 million this year and almost \$1.3 billion next year, in combination with expected improvements in tax revenue. We have also included two additional quarters of increased federal funding for Medicaid which is pending final approval in Washington in the financial plan, and we have worked with the City's Health and Hospital Corporation to jointly develop a plan to stabilize its finances through FY2014. Our plan for budget balance also includes a reduction of \$493 million in State funding for the City's Department of Education. If the FY2011 State budget does not allow us to address this reduction, a cut to education funding in New York City of this magnitude would lead to some 6,400 fewer teachers for our schoolchildren in FY2011.

Because of our continuing efforts to identify savings in agencies across the City, our controllable expenses will decrease in FY2011. This decrease is a real decline in spending at City agencies of over \$400 million dollars, or 2.1 percent. Our plan will require increased caseloads for protective services at the Administration for Children's Services, a reduction in uniformed correctional officers from increased staffing efficiencies, and closing a drop-in center for homeless New Yorkers. Despite these reductions, we will continue to provide New Yorkers with the core services so essential to our City's health and safety.

The State of New York has not yet adopted a budget for its fiscal year, which began over one month ago. In light of this uncertainty, we have incorporated into our financial plan the \$1.3 billion of reductions proposed in the State Executive Budget, assuming it is adopted as proposed.

The City's expenses for pensions and health benefits continue to grow, and in FY2011 these expenses will be equal to 70% of the salaries and wages we pay to our employees. We will continue to find ways to reduce these costs by pushing for State legislation that would create a new pension tier for new employees, and by securing agreement with our labor unions for a contribution toward the cost of health care for all employees. In addition, because any increase in future wage settlements will need to be paid for through productivity or savings in health and pension benefits, we have not included any funding in the financial plan for the next round of collective bargaining.

The budget gaps that the City faces in the future are significant, growing from \$3.8 billion in FY2012 to over \$5.4 billion by FY2014. In light of these gaps, we will need to remain vigilant in controlling City spending in the foreseeable future.

Our hard work to maintain core services through the current recession has helped the City weather the storm better than many had expected – and better than many other cities. As the City's economy begins to show signs of progress, we will continue making the tough decisions – and the smart investments – to keep all five boroughs moving forward.

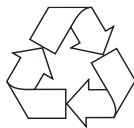
Very truly yours,

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.

Michael R. Bloomberg
Mayor

Contents

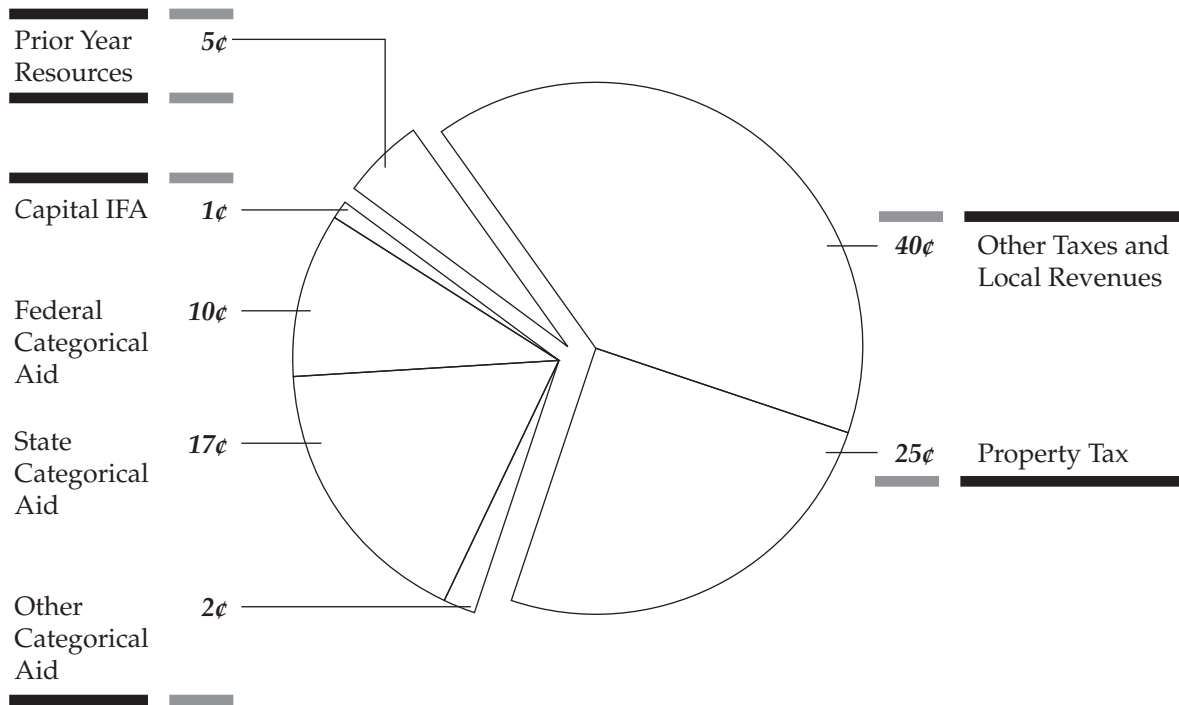
BUDGET AND FINANCIAL PLAN SUMMARY	
Budget and Financial Plan Overview	3
Contract Budget	8
Borough Presidents' Proposed Reallocations	9
Community Board Participation in the Budget Process.....	10
Economic Outlook	11
Tax Revenue	21
Miscellaneous Receipts	43
Capital Budget	48
Financing Program	60
ANALYSIS OF AGENCY BUDGETS	
Department of Education	73
Administration of Justice	80
Police Department	84
Department of Correction	90
Department of Social Services	95
Administration for Children's Services	103
Department of Youth and Community Development	112
Department of Homeless Services	117
Department for the Aging	123
Department of Health and Mental Hygiene	127
Fire Department	135
Department of Sanitation	140
Department of Parks and Recreation	145
Department of Environmental Protection	151
Department of Transportation	157
Housing Preservation and Development	163
Department of Citywide Administrative Services	169
Department of Information Technology and Telecommunications	176
Economic Development	181
Libraries	188
Department of Cultural Affairs	193
City University of New York.....	197
Pensions and Other Fringe Benefits	203
Judgments and Claims	206
COVERED ORGANIZATIONS	
Health and Hospitals Corporation	209
New York City Transit	213
APPENDIX	
Exhibit 1: Expenditure Assumptions Fiscal Years 2011-2014.....	219
Exhibit 2: Fiscal Year 2011 Executive Budget & Projections, FY 2012-2014.....	224
Exhibit 3: Actual Revenue: Fiscal Years 2006-2009	226
Exhibit 4: Revenue Estimates: Fiscal Years 2010-2014.....	227
Exhibit 5: Full-Time and Full-Time Equivalent Employees	229
Exhibit 6: Fiscal Year 2011 City Gap Closing Program	230
Exhibit 7: Federal Stimulus Funding in the Executive Budget	233
Exhibit 8: Financial Summary Comparison: FY 2005-2011	236



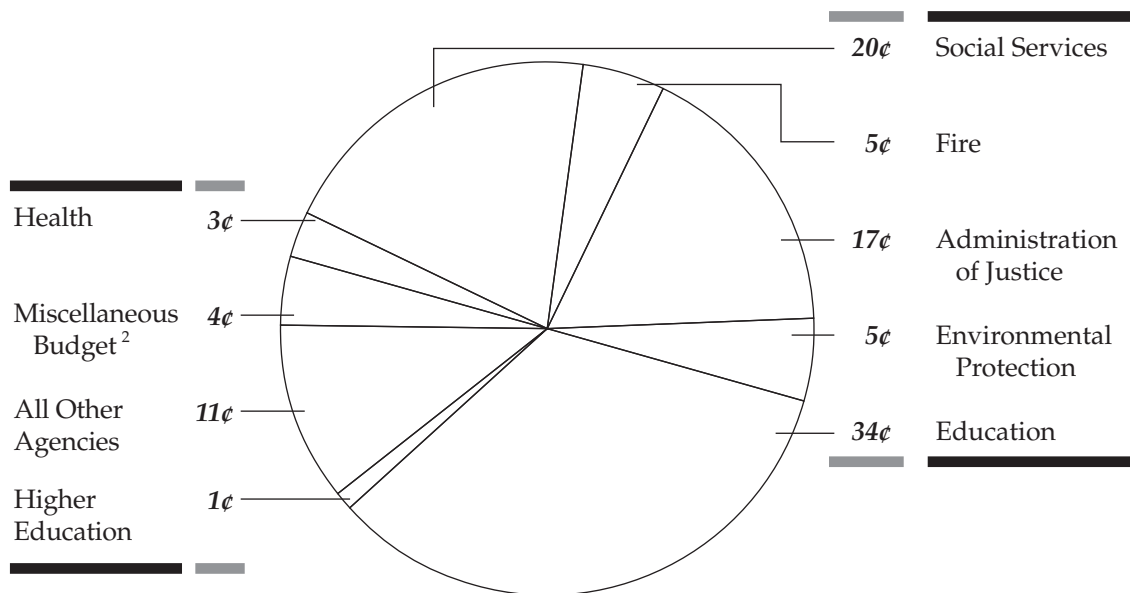
Printed on paper containing 30% post-consumer material.

Budget and Financial Plan Summary

Where the 2011 Dollar Comes From



Where the 2011 Dollar Goes To¹



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

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

BUDGET AND FINANCIAL PLAN OVERVIEW

The 2011 Executive Expense Budget is \$62.9 billion. This is the thirty-first consecutive budget which is balanced under Generally Accepted Accounting Principles (GAAP), except for the application of Statement No. 49 of the Government Accounting Standards Board (“GASB 49”) which prescribes the accounting treatment of pollution remediation costs.

Major highlights of the Executive Budget and Financial Plan are:

- Forecast revenues have increased between fiscal years 2010 and 2011 by \$1.1 billion. Baseline tax revenue is projected to increase by \$1.7 billion, \$127 million above the 2008 level, while all other City revenue decreases by \$584 million, \$899 million below the 2008 level.
- Controllable Agency Expenses decrease by \$428 million or 2.1% from fiscal years 2010 to 2011 after implementation of an agency expense program.
- The agency program totals \$489 million and \$1.3 billion in fiscal years 2010 and 2011, respectively. In addition to the agency program, there is a reduction in the planned Education spending of \$493 million resulting from a State School Funding Loss in fiscal year 2011. Included in these programs is a reduction of planned headcount for fiscal year 2011 of 10,997 full-time positions, which includes a reduction of 6,414 teachers at the Department of Education due to the State School Funding Loss.
- Debt Service increases by \$340 million or 6.9% between fiscal years 2010 and 2011 while Non-Controllable Expenses increase by \$2.2 billion or 11.8% over this period. The increase in Non-Controllable Expenses includes \$1.3 billion for Pensions and Fringe Benefits, and \$243 million for Medicaid.
- The above actions leave the City with a forecast Operating Deficit of \$3.3 billion in fiscal year 2011 that is balanced using \$3.3 billion of surplus funds accumulated in prior years. The forecast gaps for fiscal years 2012 through 2014 are \$3.8 billion, \$4.6 billion, and \$5.4 billion, respectively.

Financial Summary—2005-2011
(\$ in Millions)

	2005 ¹	2006 ¹	2007 ¹	2008 ¹	2009 ¹	2010 ²	2011 ³
<i>Revenues</i>							
Taxes:							
General Property Tax.....	\$11,464	\$12,471	\$12,958	\$13,062	\$14,338	\$16,109	\$16,760
Other Taxes ^{4,5}	18,802	20,965	23,799	24,523	20,587	20,210	21,510
Tax Audit Revenues	600	775	1,085	1,016	948	890	622
Subtotal Taxes	\$30,866	\$34,211	\$37,842	\$38,601	\$35,873	\$37,209	\$38,892
Miscellaneous Revenues.....	6,353	5,258	5,630	6,521	6,258	6,526	5,876
Unrestricted Intergovernmental Aid	603	494	35	242	327	171	14
Less: Intra-City Revenue.....	(1,279)	(1,396)	(1,387)	(1,477)	(1,631)	(1,825)	(1,602)
Disallowances	(87)	(542)	(103)	(114)	—	(15)	(15)
Subtotal City Funds	\$36,456	\$38,025	\$42,017	\$43,773	\$40,827	\$42,066	\$43,165
Other Categorical Grants	862	1,150	1,037	1,089	1,279	1,134	1,284
Inter-Fund Revenues.....	346	365	421	455	475	583	558
Total City, Capital IFA & Oth. Cat. Funds.....	\$37,664	\$39,540	\$43,475	\$45,317	\$42,581	\$43,783	\$45,007
Federal Categorical Grants	6,654	5,243	5,471	5,692	5,941	8,193	6,691
State Categorical Grants	8,823	9,586	10,186	11,421	12,124	11,571	11,240
Total Revenues	<u>\$53,141</u>	<u>\$54,369</u>	<u>\$59,132</u>	<u>\$62,430</u>	<u>\$60,646</u>	<u>\$63,547</u>	<u>\$62,938</u>
<i>Expenditures</i>							
Personal Service.....	\$26,885	\$28,136	\$30,262	\$32,643	\$34,732	\$36,526	\$36,670
Retiree Health Benefits Trust	—	1,000	1,500	—	—	(82)	(395)
Other Than Personal Service	22,085	22,277	22,978	25,019	25,483	26,096	25,775
Debt Service ⁵	3,239	3,378	3,606	3,700	3,645	4,999	5,462
General Obligation & TFA Debt Defeasances (Net).....	200	(200)	1,319	1,959	(312)	(2,726)	—
Net Impact of Discretionary Transfers.....	2,006	1,169	849	581	(1,276)	459	(3,272)
General Reserve.....	—	—	—	—	—	100	300
Less: Intra-City Expenditures.....	(1,279)	(1,396)	(1,387)	(1,477)	(1,631)	(1,825)	(1,602)
Total Expenditures.....	<u>\$53,136</u>	<u>\$54,364</u>	<u>\$59,127</u>	<u>\$62,425</u>	<u>\$60,641</u>	<u>\$63,547</u>	<u>\$62,938</u>
Surplus/(Deficit) GAAP Basis.....	<u>\$5</u>	<u>\$5</u>	<u>\$5</u>	<u>\$5</u>	<u>\$5</u>	<u>\$—</u>	<u>\$—</u>

¹ Actual, Comptroller's Report as of the audit of the respective fiscal year excluding subsequent restatements.

² Forecast

³ Executive Budget

⁴ Includes the impact of TFA discretionary transfers and debt defeasances on PIT in fiscal years 2005 through 2009.

⁵ FY 2010 and FY 2011 include PIT retention of TFA and TFA debt service. See Exhibit 8 for a comparison chart that restates prior years for PIT retention of TFA and TFA debt service.

The City's Executive Budget Financial Plan sets forth projected revenues and expenditures on a GAAP basis for fiscal years 2011 through 2014. 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 2011	FY 2012	FY 2013	FY 2014
<i>Revenues</i>				
Taxes:				
General Property Tax	\$16,760	\$17,423	\$17,692	\$17,829
Other Taxes.....	21,510	22,773	24,018	25,210
Tax Audit Revenue.....	622	621	620	620
Subtotal – Taxes	\$38,892	\$40,817	\$42,330	\$43,659
Miscellaneous Revenues	5,876	5,708	5,737	5,780
Unrestricted Intergovernmental Aid.....	14	12	12	12
Less: Intra-City Revenues	(1,602)	(1,498)	(1,502)	(1,502)
Disallowances Against Categorical Grants ..	(15)	(15)	(15)	(15)
Subtotal City Funds	\$43,165	\$45,024	\$46,562	\$47,934
Other Categorical Grants.....	1,284	1,142	1,139	1,137
Inter-Fund Revenues	558	493	492	492
Total City, Capital IFA & Oth. Cat. Funds.....	\$45,007	\$46,659	\$48,193	\$49,563
Federal Categorical Grants.....	6,691	5,690	5,640	5,632
State Categorical Grants.....	11,240	12,200	12,416	12,831
Total Revenues	\$62,938	\$64,549	\$66,249	\$68,026
<i>Expenditures</i>				
Personal Service				
Salaries and Wages.....	\$21,525	\$21,042	\$21,335	\$21,888
Pensions	7,612	7,920	8,070	8,173
Fringe Benefits	7,533	7,970	8,279	8,783
Retiree Health Benefits Trust.....	(395)	(672)	—	—
Subtotal – Personal Service.....	\$36,275	\$36,260	\$37,684	\$38,844
Other Than Personal Service.....				
Medical Assistance	\$5,166	\$5,947	\$6,171	\$6,778
Public Assistance	1,563	1,603	1,591	1,591
All Other ¹	19,046	19,447	20,057	20,601
Subtotal – Other Than Personal Service	\$25,775	\$26,997	\$27,819	\$28,970
General Obligation, Lease and TFA Debt Service ¹	5,462	6,273	6,576	6,817
FY 2010 Budget Stabilization & Discretionary Transfers ¹	(3,272)	—	—	—
General Reserve.....	300	300	300	300
Subtotal	\$64,540	\$69,830	\$72,379	\$74,931
Less: Intra-City Expenses.....	(1,602)	(1,498)	(1,502)	(1,502)
Total Expenditures.....	\$62,938	\$68,332	\$70,877	\$73,429
Gap To Be Closed	\$—	\$(3,783)	\$(4,628)	\$(5,403)

1. Fiscal Year 2010 Budget Stabilization and Discretionary Transfers total \$3.272 billion, including Budget Stabilization of \$3.108 billion and subsidies of \$164 million.

When the 2010 budget was adopted in June 2009, budget gaps of \$4.9 billion, \$5.0 billion and \$5.6 billion were projected for 2011, 2012 and 2013 respectively. The following table details how expenses and revenues have changed from last year's Adopted through the 2011 Executive Budget Plan.

Financial Plan Update
(Increases Gap) / Decreases Gap
City Funds (\$ in Millions)

	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Gap to be Closed - June 2009 Plan	\$—	(\$4,925)	(\$4,994)	(\$5,633)	(\$5,633)
Revenue Changes					
Tax Revenue Increase.....	\$1,890	\$824	\$684	\$509	\$1,838
BPCA Joint Purpose Funds	134	66	—	—	—
HHC Revenue Due to City	(181)	—	—	—	—
State Budget Impact					
(Revenue Sharing/Cigarette Tax) ^{1,3}	(178)	(340)	(340)	(340)	(340)
Non-Tax Revenue	387	20	37	26	73
Total Revenue Changes	\$2,052	\$570	\$381	\$195	\$1,571
Expense Changes					
Employee and Retiree Health Insurance	\$—	(\$357)	(\$386)	(\$418)	(\$451)
Tier 5 Pension Proposal	—	(200)	(200)	(200)	(200)
Productivity Labor Settlement (Eliminate					
1.25% for Next Two Years of Bargaining)...	35	190	469	730	952
Medicaid (Additional FMAP).....	(187)	561	395	422	—
HHC Deficit Reduction	(167)	(83)	(229)	(300)	(300)
Increase Reserve for Pensions Assumptions					
and Methods Changes.....	—	(400)	(150)	(150)	(150)
GASB 49 (Pollution Remediation).....	—	(150)	(150)	(200)	(200)
Labor Reserve	213	268	336	266	164
IFA Rate Increase	74	61	36	36	36
State Budget Impact.....	(92)	(147)	(124)	(124)	(124)
General Reserve.....	200	—	—	—	—
Prior Payables	800	—	—	—	—
Debt Service.....	211	383	49	26	(222)
Other Expenses	(356)	(334)	(503)	(573)	(2,095)
Total Expense Changes	\$731	(\$208)	(\$457)	(\$485)	(\$2,590)
Total Changes since the June 2009 Plan ...	\$2,783	\$362	(\$76)	(\$290)	(\$1,019)
Surplus / (Gap) to be Closed May 2010 Plan.	\$2,783	(\$4,563)	(\$5,070)	(\$5,923)	(\$6,652)
Agency Program ^{2,3}	\$489	\$1,291	\$1,287	\$1,295	\$1,249
Remaining Gap	\$3,272	(\$3,272)	(\$3,783)	(\$4,628)	(\$5,403)
FY 2010 Prepayment of FY 2011 Expenses	(\$3,272)	\$3,272	\$—	\$—	\$—
Gap to be Closed - May 2010 Plan.....	\$—	\$—	(\$3,783)	(\$4,628)	(\$5,403)

¹ Excludes State School Funding Loss of \$493 million in FY 2011.

² Excludes a reduction in the planned Education spending of \$493 million resulting from the State School Funding Loss in FY 2011.

³ Cumulative State Budget impact totals \$1.25 billion for FY 2010 and FY 2011, including State School Funding Loss of \$493 million.

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

City Revenue and Expense
(\$ in Millions)

	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Revenues	\$42,066	\$43,165	\$45,024	\$46,562	\$47,934
Year-to-Year Change		\$1,099	\$1,859	\$1,538	\$1,372
Year-to-Year Change		2.6%	4.3%	3.4%	2.9%
Expenses ¹					
Controllable Agency Expenses	\$20,855	\$20,427	\$20,474	\$20,978	\$21,550
Year-to-Year Change		(\$428)	\$47	\$504	\$572
Year-to-Year Change		-2.1%	0.2%	2.5%	2.7%
Debt Service	\$4,915	\$5,255	\$6,067	\$6,371	\$6,619
Year-to-Year Change		\$340	\$812	\$304	\$248
Year-to-Year Change		6.9%	15.5%	5.0%	3.9%
Non-Controllable Expenses ²	\$18,563	\$20,755	\$22,266	\$23,841	\$25,168
Year-to-Year Change		\$2,192	\$1,511	\$1,575	\$1,327
Year-to-Year Change		11.8%	7.3%	7.1%	5.6%
Total Expenses	\$44,333	\$46,437	\$48,807	\$51,190	\$53,337
Year-to-Year Change		\$2,104	\$2,370	\$2,383	\$2,147
Year-to-Year Change		4.7%	5.1%	4.9%	4.2%
Operating Results- Surplus/(Deficit)	(\$2,267)	(\$3,272)	(\$3,783)	(\$4,628)	(\$5,403)
Current Year Roll (Cost)	(\$3,272)	\$—	\$—	\$—	\$—
Prior Year Roll - Benefit	\$2,813	\$3,272	\$—	\$—	\$—
Net Impact of Surplus Roll	(\$459)	\$3,272	\$—	\$—	\$—
Net Impact of Debt Defeasance	\$2,726	\$—	\$—	\$—	\$—
Gap to be Closed	\$—	\$—	(\$3,783)	(\$4,628)	(\$5,403)

¹ Excludes the impact of prepayments and debt defeasances.

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

CONTRACT BUDGET

The Contract Budget is presented as part of the 2011 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 2011 Executive Contract Budget contains an estimated 17,304 contracts totaling over \$9.53 billion. Approximately 79 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 \$1.47 billion in contracts, approximately 75 percent of which represents contracts allocated for Children's Charitable Institutions (\$495 million) and Day Care (\$598 million). Of the over \$3.72 billion in Department of Education contracts, over 28 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 2010 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.....	4,571	\$3,982	41.7%
• 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	1,384	2,798	29.4%
• (including Transportation of Pupils and Payments to Contract Schools)			
Other Services.....	3,057	\$1,009	10.6%
• Custodial, Security Services, Secretarial, Cultural Related, Employee Related, Economic Development, Transportation, Municipal Waste Exporting, etc.			
Professional Services/Consultant.....	4,594	1,307	13.7%
• Accounting, Auditing, Actuarial, Education, Investment Analysis, Legal Engineering & Architectural, System Development & Management Analysis, etc.			
Maintenance & Operation of Infrastructure	1,530	237	2.5%
• Lighting, Street Repair, Buildings, Parks, Water Supply, Sewage and Waste Disposal, etc.			
Maintenance of Equipment.....	2,168	203	2.1%
• Data Processing, Office Equipment, Telecommunications & Motorized Equipment, etc.			
TOTAL	<u>17,304</u>	<u>\$9,536</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 Manhattan Borough President proposed allocation changes of \$91 million including restoring \$43 million to the Department for the Aging to prevent reducing programs for seniors, \$33 million to the New York Public Library to avoid decreased library services and layoffs, and \$15 million to the Department of Youth and Community Development to fund youth services.

According to the Borough President, the proposed restorations can be off-set by assuring that all revenues due the City are collected. Specifically, nearly \$60 million in uncollected revenue from unpaid open ECB violations in the Borough of Manhattan plus unpaid open Department of Building violations.

The Manhattan Borough President did not propose sufficient borough reallocations of appropriations.

The Queens Borough President proposed allocation changes of \$769 million which includes eliminating targeted reductions, proposing spending increases and continuing program funds restored by the City Council in the FY 2010 budget. Of this, \$357 million impacts the Department of Education, \$105 million, the Police Department and \$23 million, the Fire Department. The Queen Borough President recommends funding be restored for direct school services, full funding be provided for uniformed officers and Fire companies remain open. Other suggested increases are \$29.6 million to the Queens Public Library, \$16.8 million to Cultural Affairs, \$46 million for youth programs, \$36.5 million for seniors, \$34.8 million for the City University of New York, \$43 million for Parks, \$4 million for housing programs, \$29 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 Queens Borough President requests that the method of distributing funds for both Cultural institutions and programs and Libraries be made more equitable.

The proposed funding sources come from procurement consolidations and efficiencies, expanding the bottle bill in New York City to capture unclaimed deposits, energy conservation at municipal agencies, eliminating school year jury duty for teachers, eliminating the property tax exemption for Madison Square Garden, taxing sugar-sweetened beverages, 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 2011 the uniform base budget for each community board is \$198,895. This excludes the cost of office rent and heat, light and power, which are in a separate unit of appropriation. Included in the rent unit of appropriation are funds for the cost of moving and telephone installation for community boards which plan to move in 2011.

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 2011 community boards submitted 1,608 capital requests to 28 agencies and 1,304 expense requests to 35 agencies. Almost two-thirds of the community board capital budget requests seek improvements to streets, sewers and parks. Community board expense budget requests concentrate on Citywide programs and personnel increases.

Boards also rank agencies' local service programs by their importance to the community. For 2011 community boards ranked 90 programs within 24 agencies. The top five programs are services for the elderly, youth programs, after school/summer school programs, child protection services and tied for 5th, parks maintenance and police patrol. 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 2011 budget.

Register of Community Board Budget Requests for the Executive Budget, Fiscal Year 2011 – 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 2011 – details the expense budgets of fourteen agencies that deliver local services by borough and service district. Includes 2011 Executive Budget information as well as 2010 current modified budget and budgeted headcount data.

Executive Capital Budget for Fiscal Year 2011 – 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 2011 Executive Budget Commitment Plan – presents information on capital appropriations and commitments by community board, including implementation schedules for each month of 2010 and the succeeding four years for all active project identifications by budget line.

ECONOMIC OUTLOOK

Overview

With positive real GDP growth in the second half of 2009 and continued strength in the first quarter of 2010, the growing consensus is that the nation has finally emerged from the long recession. However, much of the growth in 2009 was due to transitory changes in business inventories. With the end of the inventory adjustment cycle and a waning of fiscal and monetary stimulus, growth will soon have to rely on the strength of aggregate demand. Activity will depend on improvements in the job market, heightened consumer and business confidence and the return of stability in financial and credit markets. The labor market has only recently begun to add jobs and is expected to remain sluggish for a while. Furthermore, the lasting impact of diminished household real estate wealth and tight credit conditions will continue to restrain consumer spending and curtail residential investment. In addition, the outlook for investment in commercial structures remains bleak for an extended period of time. Nevertheless, the prospects for business spending are growing as firms have recently experienced strong profit growth and are holding large cash balances. These have translated into strong investment expenditures on equipment and software.

While financial markets have recovered quickly from the credit crisis, the gains have been uneven. Larger financial firms have benefitted from the Federal Reserve's low interest rate policy while smaller regional banks continue to struggle with the aftermath of the housing crash and the weak commercial real estate market. So far this year the pace of local and regional bank closures has accelerated. In addition, the FDIC's list of problem institutions has ballooned. Markets will have to stand on their own in 2010 as the Federal Reserve is winding down its special liquidity facilities and has completed its quantitative easing program. Moreover, the Fed has started to tighten borrowing terms at the discount window, and it is expected that it will start raising the fed funds target rate in the fourth quarter of this year. Another risk to the industry is the financial regulatory reform currently making its way through Congress. While the details of the legislation are still in flux, it is inevitable that the financial sector will face much closer scrutiny in the future.

The New York City economy is poised for a slow recovery beginning in the latter half of 2010. The City's growth depends partly on the performance of Wall Street, which generated record profits in 2009. Despite this achievement, compensation at NYSE member firms was largely unchanged from 2008 to 2009 as a smaller share of net revenues was paid out as bonuses due to the need to rebuild capital and public pressure on firms to limit payouts. Profits in 2010 are expected to fall due to tighter monetary policy, higher interest rates and heightened regulatory oversight.

Other sectors of the local economy are expected to stabilize or grow modestly in 2010. As office-using employment contracted, the City's primary market vacancy rate more than doubled in 2010, while average asking rents fell to \$62 per square foot, down from \$85 at the peak in 2008. It is expected that rents will reach their trough this year. Residential real estate saw improvement in the last quarter of 2009 from the abysmal performance earlier in the year, with year-over-year gains in sales volume and stable prices. Transactions are expected to grow further in 2010, while pricing will remain soft. The collapse in building permits implies that the necessary inventory adjustment is underway. On a positive note, the City's tourism industry continued to perform well in 2009, booking its third best year in history, welcoming 45 million visitors. Likewise, Broadway grossed an all-time high of \$1 billion in box office receipts. As a result, leisure & hospitality employment is forecast to gain 6,000 jobs in 2010. Health services will also increase employment in 2010, adding 9,000 jobs, though growth may be constrained by NY State's fiscal difficulties.

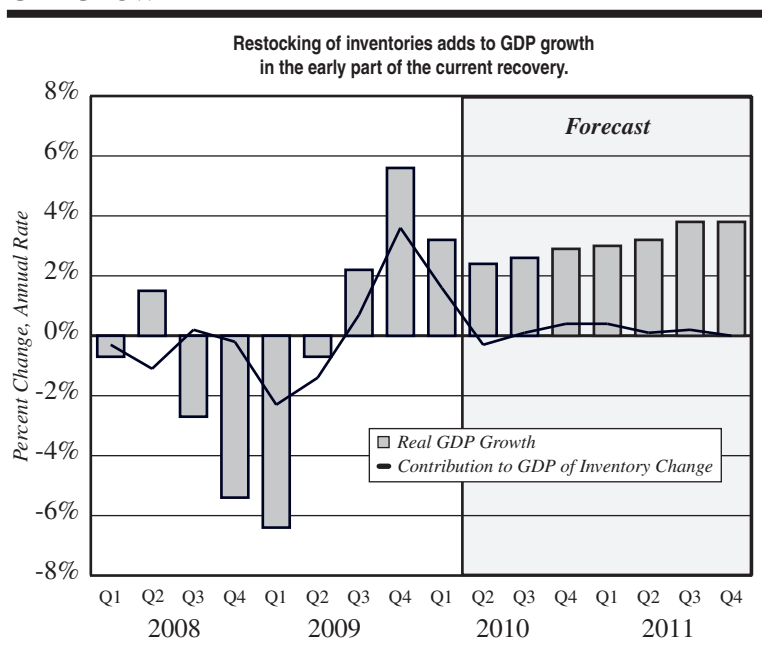
** All economic data are reported on a calendar year basis.*

The U.S. Economy

The emerging consensus is that the U.S. recession ended in the middle of 2009. Since then, real Gross Domestic Product (GDP) has grown robustly due to heavy inventory restocking. Real income and spending growth, however, remain in the doldrums. The labor, housing and financial markets have exhibited signs of stability, but apprehension remains about their future growth path and the ballooning public debt burden presents additional challenges. Under these mixed conditions, the recovery is expected to be muted, with real GDP rising 2.9 percent in 2010, and mildly accelerating to 3.7 percent before settling to around 3.0 percent in 2013.

After declining by an average of 2.4 percent since the beginning of 2008, real GDP has rebounded by an average of 3.9 percent during the second half of 2009. Much of that growth, especially in the last quarter, was boosted by changes to inventory. Early in 2009 businesses curtailed production at a much higher rate than was warranted by falling demand. As a result, the ratio of business inventories to sales hit a cyclical low of 1.25. The inventory cycle has now turned around and will continue to be the main force behind GDP growth in the early stages of the current recovery. This means that as the recovery matures and inventories return to equilibrium, real GDP growth must eventually be determined by the economy's traditional engine of growth – demand.

GDP GROWTH



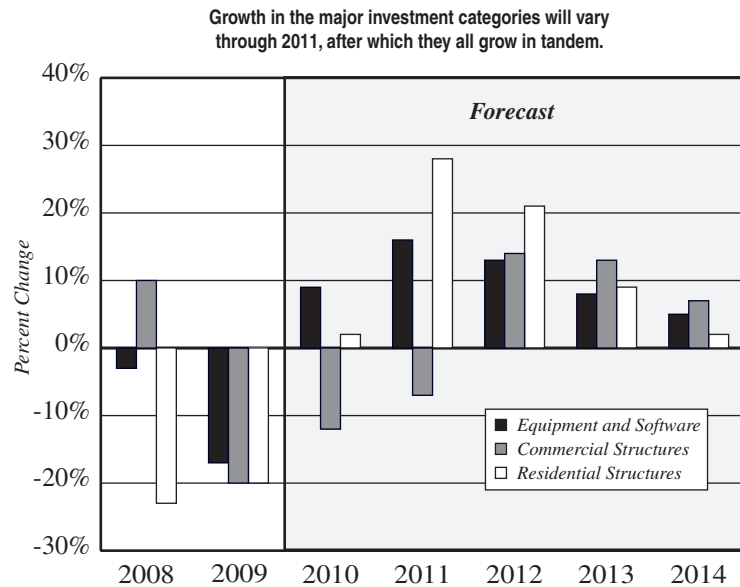
Underlying aggregate demand growth will depend on job gains, improved consumer & business confidence, and stable financial markets. The labor market appears to be responding very slowly to the improvement in the economy. Not until March 2010, after three quarters of GDP growth, was there a significant gain in U.S. employment. The jump in average weekly hours in the first quarter of this year and the phenomenal 5.25 percent average year-over-year rise in productivity during the second half of last year indicate that businesses have wrung additional output from their existing employees. It is expected that hiring will soon need to increase because businesses will not be able to ramp up output by increasing productivity and hours indefinitely. Employment growth is anticipated to accelerate from the beginning of next year in almost all sectors. However, in spite of the forecast of 1.7 percent and 2.8 percent growth in overall employment in 2011 and 2012, the pre-recession employment peak is not expected to be reached again until 2013.

Signs that labor markets have stabilized have prompted consumers to increase their expenditures. Retail sales data suggest that real consumption spending grew at a much higher rate in the first quarter compared to 1.6 percent in the fourth quarter of 2009. Purchases of discretionary items like motor vehicles, electronics & appliances, and household furnishings improved the most. This occurred even though wage earnings rose only 1.8 percent over the past year, suggesting that increased consumption was due to the release of pent-up demand rather than higher discretionary income.

Unfortunately, the impact of the pent-up demand may not last. Households remain constrained by the massive loss of net worth and sluggish growth in labor income. With home prices still down about 30 percent from their peak, households have lost over \$7 trillion in real estate wealth. Moreover, credit conditions remain prohibitive; outstanding debt tumbled to a new low in February 2010. Domestic demand will also be hampered by higher tax bills, since some of the tax cuts enacted in 2001 and 2003 will be allowed to expire at the end of this year. Overall, real consumer spending is forecast to increase by only 2.4 percent in 2010, and average 2.7 percent in the following two years.

On the business side, the ability to ramp up production through increased productivity boosted profit margins. Financial and nonfinancial businesses have reaped sizable profits and added to their cash balances in the second half of 2009. The rise in productivity and cash positions of businesses explain the 19 percent rise in spending on equipment and software in the fourth quarter of last year. Growth in this component is expected to continue at a double-digit rate through 2012. Residential fixed investment is assumed to have bottomed out in 2009 and is expected to pick up in the second half of 2010. Inventory levels of both single and multi-family homes have fallen significantly, but rebuilding is still dependent on a pickup of household formation and job growth. Investment in commercial structures will continue to act as a drag because of the overhang of retail, office and hotel space. Occupancy in these segments of the market will not rise until the job situation improves next year.

U.S. INVESTMENT GROWTH



Investment in commercial structures will continue to act as a drag because of the overhang of retail, office and hotel space. Occupancy in these segments of the market will not rise until the job situation improves next year.

The ongoing revival of financial and credit markets should aid the economic recovery. However, the gains have been uneven. While larger financial institutions are benefitting from the Federal Reserve's continuing low interest rate policy, smaller banks continue to suffer from exposure to the weak economy. Similarly, larger non-financial firms have been able to access capital markets through corporate debt issue while small businesses, which rely primarily on bank loans for financing, face tighter borrowing constraints. Nevertheless, the overall outlook is for a gradual return to more sustainable growth.

Many of the financial measures that signaled duress during the credit crisis have settled back to values last seen prior to the turmoil and recession. The difference between Libor rates and the 3-month Treasury – the TED Spread – peaked at 450 basis points (bps) in the middle of the crisis and has declined steadily to 15 bps in April, about half of the 2006 level. The yield spread between risky and safe commercial paper, which spiked at over 600 bps at the end of 2008, has fallen to only 11 bps in 2010. Corporate bond yields are approaching normal levels again. Spreads (relative to 10-year Treasuries) of Baa-rated corporate bonds fell to 250 bps in April, down from a peak of 600 bps at the end of 2008. Prior to the crisis, spreads averaged 170 bps.

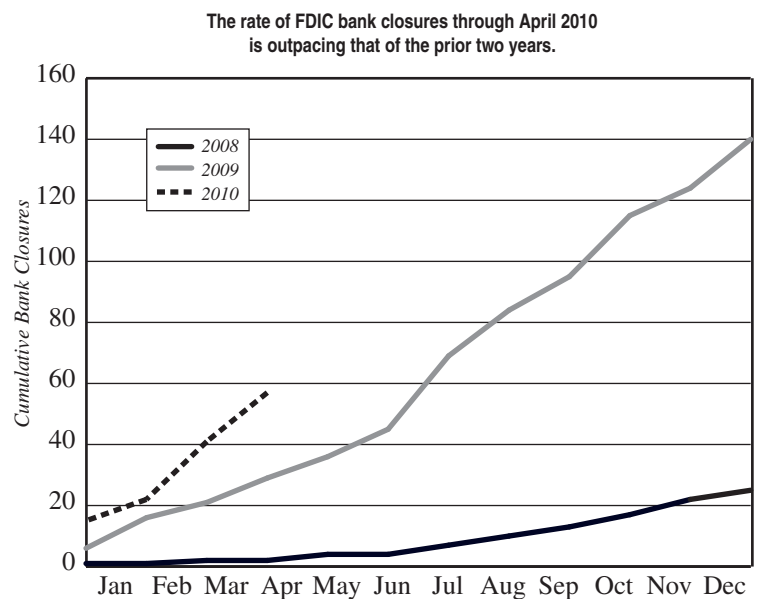
The return to normalcy is also being reflected in equity markets. In mid-April, the CBOE Volatility Index, which reflects short-term expected volatility in the S&P500 index, declined to a value of 16, the lowest level

since July 2007. This is substantially below values in the low 80s recorded during the credit crunch. Likewise, the proportion of S&P500 trading days with changes in excess of one percent – the trading days ratio – has also declined to about 25 percent in the first quarter of 2010, down from a high of 87 percent in October 2008. In the five years prior to the turmoil, this measure averaged around 20 percent. The Q4 2009 earnings for the firms in the S&P500 index continued the trend of steady earnings growth that began in Q1 2009 and preliminary evidence from the start of the Q1 2010 earnings season shows further strength. All of these factors have contributed to the market’s strong price appreciation. The Dow Jones and S&P500 gained 4.1 and 4.9 percent, respectively, in Q1 2010. Since the low point in March 2009, both indices have gained about 70 percent.

After a tumultuous period, Wall Street firms are on the mend. First quarter earnings reports at the top six U.S. commercial banks reveal an increase in profits of 60 percent from a year ago. It is noteworthy, however, that most of these profits were attributed to the firms’ trading and investment banking divisions. More traditional banking activities, such as consumer and mortgage lending, continue to produce losses. These areas are expected to remain weak until robust job and income growth return. Also, larger banks have been beneficiaries of the highly stimulative monetary policy engineered by the Federal Reserve. By holding short-term interest rates in the zero to 0.25 percent range for over 16 months, the Fed has made funding unprecedentedly cheap. The yield spread between ten-year and one-month Treasuries is at an all-time high, which facilitates the basic bank function of borrowing short and lending long.

While larger institutions are optimistic about the future, smaller regional and local banks continue to take a beating from their exposure to economically frail sectors such as residential and commercial mortgage lending. In particular, the rate of FDIC bank closings in 2010 is outpacing the previous two years, with 57 failed banks through mid-April. The FDIC expects closures in 2010 to surpass the 140 failures in 2009. In addition, the number of institutions on the FDIC’s “problem institutions” list has ballooned to 702 banks, up from 252 in 2008 and 76 in 2007. Historically, about 23 percent of banks on the problem list ultimately fail.

FDIC BANK CLOSURES



In addition to the uncertain health of regional banks, there are many potential potholes on the road to recovery. As of the end of the first quarter, most of the Federal Reserve’s extraordinary measures to support credit markets were wound down. Of particular note, the Fed has completed its planned purchases of \$1.7 trillion worth of agency mortgage-backed securities, agency debt, and U.S. Treasuries as part of its quantitative easing program. The Fed has also closed most of its special liquidity facilities created during the crisis. These programs assisted a wide array of credit market sectors including: primary dealers, money market mutual funds, commercial paper, foreign central banks and securitization markets. Moreover, the Fed has started to normalize its lending to commercial banks. In February, it ended its Term Auction Facility and tightened up the lending conditions for banks seeking funds through the discount window. It is anticipated that the Fed will finally end its “extended period” of exceptionally low interest rates in Q4 2010 once it is

comfortable with the national employment and income path. As a result, the forecast anticipates that 10-year Treasury yields will average around 4 percent in 2010, up from 3.3 percent in 2009. One risk is that long-term interest rates overreact to the expected Fed tightening and the execution of the Fed's "exit strategy." In addition, long-term interest rates will eventually start to reflect rising federal debt. Publicly owned federal debt is currently at an all time high of 155 percent of GDP and expected to grow due to the projected federal deficit of \$1.4 trillion in 2010. A significant jump in rates would hamper a nascent housing market recovery and would present a headwind to recovery in other sectors.

Another challenge to the industry is the financial regulatory reform legislation currently making its way through Congress. While the precise form of the new regulation is still in flux, both houses have proposed legislation that includes: a consumer regulator for financial products, a mechanism for dissolution of "too big to fail" financial firms, a reorganization of banking supervision, derivatives regulation, limits on proprietary trading (Volcker Rule), and a panel of experts to monitor the financial system and to provide "macroprudential" oversight. Both pieces of legislation propose financing the liquidation mechanism through a charge levied on the largest financial firms, which would raise at least \$50 billion for an upfront fund. In addition, President Obama has proposed a "Financial Crisis Responsibility Fee," which it estimates will raise \$90 billion over 10 years to repay expected losses from the TARP program. Regardless of how the politics play out and which parts are ultimately enacted, it is inevitable that the industry will face closer scrutiny in the near future, which will likely lead to less risk taking and lower profits.

The Federal Reserve continues to face a daunting task in managing price stability while protecting the economic recovery and fragile banking system. In recent testimony before Congress, Chairman Bernanke reiterated that despite the closure of the Fed's special lending facilities, the outlook for monetary policy remains unchanged. In particular, he called the current policy "very accommodative" but emphasized that the weakening impetus from the inventory cycle, waning fiscal support and weak job market still justified an indeterminate delay before any change in policy stance. When the time comes, however, the execution of the exit strategy will be tricky. Not only will it require balancing the economic recovery against potential inflationary pressures, but it will also entail the management of a \$2 trillion balance sheet – including a glut of excess reserves held by member commercial banks. To effectively control this risk, the Fed has four new tools in its arsenal: interest on reserves, reverse repurchase agreements, a term deposit facility, and outright asset sales. While these offer the Fed flexibility in how it unwinds its positions, it also adds uncertainty about the sequencing of its actions.

For now, tame inflation measures are giving the Fed considerable breathing room. Headline CPI inflation for March was 2.4 percent (year-over-year), while the CPI core measure, which excludes energy and food subsectors, was only 1.2 percent. The other measure closely monitored by the Fed, the PCE core inflation rate, in February was 1.3 percent, the 15th straight month within the Fed's unofficial 1 to 2 percent target range. It is expected that due to the gradual pace of the recovery, substantial slack will persist, particularly in labor markets. Furthermore, the forecast does not foresee any substantial energy cost increases in the near future – oil prices are projected to average about \$80 bbl in 2010 and increase modestly to \$83 in 2011. Consequently, inflation pressures should remain restrained during this period.

The New York City Economy

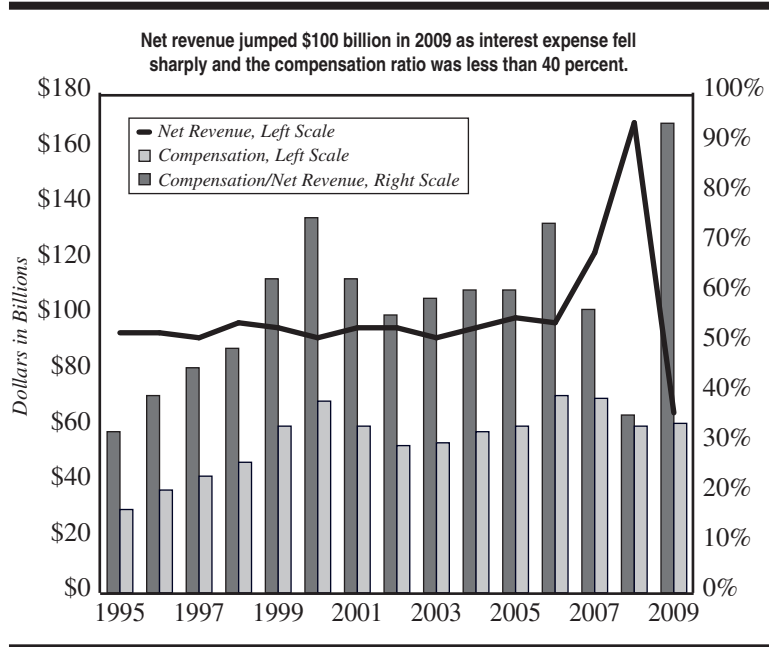
The New York City economy is poised for a tepid recovery beginning in the second half of 2010, after enduring a sharp contraction in which the City lost almost 200,000 jobs and \$30 billion of wage earnings. There have been some recent signs to indicate a local turnaround is on the horizon: the national economy has expanded for three consecutive quarters, Wall Street posted a record \$61 billion in profits in 2009, tourists continue to flock to the City, and labor markets have held up better than expected. However, there is still much uncertainty regarding the sustainability of the recovery. Both the residential and commercial real estate markets remain a drag. The financial sector, to date, has been largely supported by loose monetary policy and large stimulus programs. A more strident regulatory environment for financial firms is anticipated, which casts a shadow on the outlook for industry growth.

The City's recovery hinges on the fate of Wall Street. After a disastrous course of events in 2007 and 2008, which eradicated three of the world's largest investment banks and resulted in a historic industry loss of \$63 billion, New York Stock Exchange (NYSE) member firms returned to profitability. Firms reversed most of these losses by posting a record profit of \$61 billion in 2009. The gain was largely generated by a surge in trading revenue concurrent with an enormous reduction in interest costs. Trading revenues bounced back in 2009 to \$30 billion after two consecutive years of losses as firms wrote off bad debt. Loose monetary policy, centered on an effective zero percent federal funds rate, kept borrowing costs minimal for the largest banks. Total interest expenses dropped by 83 percent in 2009. As a result, net revenues jumped by nearly \$100 billion to \$169 billion in 2009.¹

Compensation, historically 50 percent of net revenue, was distributed at a reduced ratio of 36 percent of net revenues in 2009. This was likely due to significant public pressure on firms to suppress bonuses and the need to restore capital levels. Therefore, securities sector wage earnings remained flat in 2009 compared to 2008.²

There is significant uncertainty regarding the future of the City's financial industry. As the U.S. and global economies recover, the demand for financial services should strengthen. For the past few years IPO and M&A activities have been muted but are bound to return as overall economic confidence builds. However, projected growth will likely cause the Federal Reserve to begin tightening monetary policy at the end of 2010. Higher interest rates will increase borrowing costs, lowering profits. More significant is the fate of the industry's international competitiveness in light of the tighter regulatory environment currently being debated in Washington. Any regulation that increases the relative cost of doing business in the U.S. and specifically in New York City can threaten Wall Street's global competitiveness. However, assuming a moderate impact on Wall Street's global competitiveness and low interest costs, NYSE member firms are expected to generate a healthy \$21 billion in profits in 2010. With firms posting a second strong year of profitability, it is anticipated that securities sector earnings increase by approximately seven percent in 2010. Higher interest rates in 2011 result in slimmer profits of \$12 billion and a decline in securities sector earnings of four percent.

WALL STREET



1. Net revenue is defined as total revenue minus interest expense.

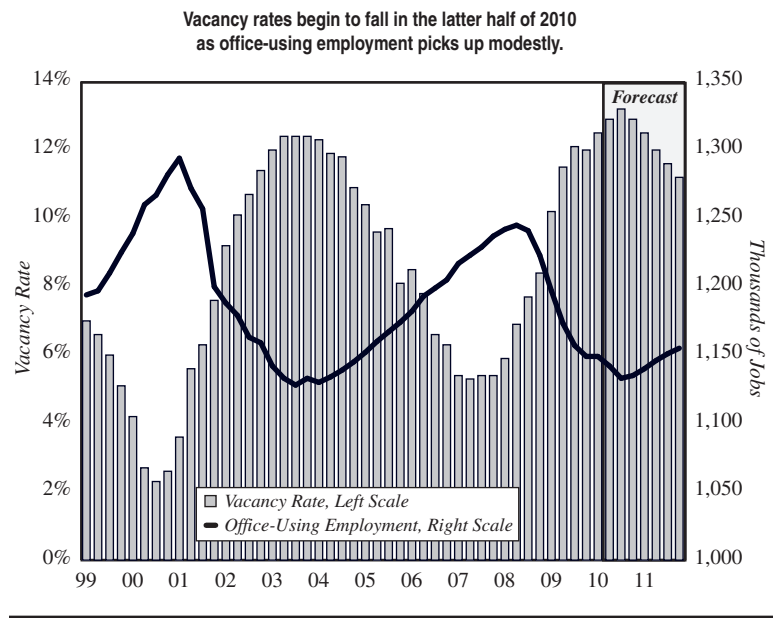
2. To accrue bonus payouts to the correct calendar year, securities sector earnings described above are adjusted for 2009 using earnings data for Q2 2009 – Q1 2010.

Even as firms returned to profitability they continued to trim their workforce. To date, securities industry firms have eliminated approximately 31,000 positions. Further losses are expected as firms continue to consolidate, resulting in a peak to trough decline of 35,000. The aggregate finance & insurance sector is expected to lose 54,000 jobs.

The professional & business services sector has been severely impacted by the retrenchment on Wall Street and the national economic slowdown. In 2009 these firms reduced payrolls by 33,000 jobs. Additional losses are expected as business confidence remains weak, and firms attempt to maximize their profits from increased productivity. In the current year, this sector is still projected to cut 11,000 jobs. Also related to the slowdown in the national economy, the information sector cut 6,000 jobs in 2009. Information employment remains unchanged in 2010, before hiring picks up again in 2011.

The sharp contraction of office-using employment dramatically reduced demand for office space. Vacancy rates across the City's primary market rose from 5.4 percent in the fourth quarter of 2007 to 12.5 percent in the first quarter of 2010. While employment losses are expected to subside in 2010, there is significant risk that additional supply will cause the market to stay soft.³ As a result, vacancy rates will average 12.9 percent in 2010 and only gradually improve in 2011, remaining at an elevated level in the out-years as new supply comes on line. The increased vacancy rate has already caused asking rents across the primary market to fall from an average of \$85 per square foot in mid-2008 to \$62 per square foot in the first quarter of 2010. As vacancy rates stabilize in 2010, asking rents are not expected to fall significantly going forward, but increases are not likely either. Even though the commercial rental market appears to be nearing its trough, commercial sales are expected to improve only slightly compared to the dismal performance in 2009, when only five transactions valued at over \$100 million were recorded.⁴ Weak credit markets and a general aversion to commercial real estate investment will keep investors at bay in the near term.

NYC OFFICE MARKET



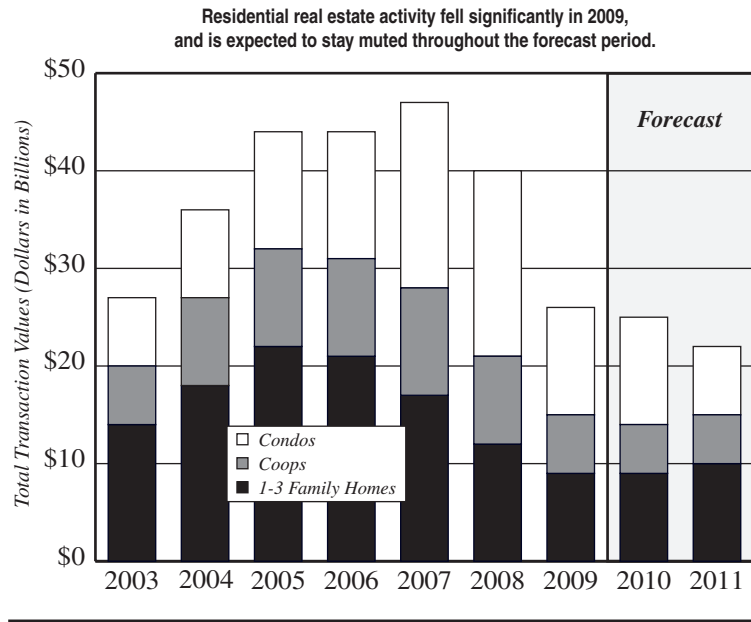
The residential real estate market remains tenuous in spite of improved conditions. In the fourth quarter of 2009, single-family sales recorded the first year-over-year increase in four years, rising 11 percent. Co-op sales volume increased 24 percent. Condo sales were flat in Q4 2009, but this was a vast improvement considering sales had fallen at least 30 percent in the previous three quarters.⁵ While sales showed improvement, prices continued to slide and the S&P/Case-Shiller home price index for the New York Metro Area has dropped 21 percent from the peak. Co-op and condo prices have declined 24 percent and 19 percent from their respective peaks to the fourth quarter of 2009.

3. Goldman Sachs completed its two million square foot headquarters, and is expected to vacate office space in other downtown locations. In addition, there is concern that Merrill Lynch's leased space at the World Financial Center will come onto the market as they consolidate with Bank of America in Midtown. In the out-years, the completion of buildings at the World Trade Center complex will further increase the Downtown supply.
4. NYC Department of Finance. In 2008, 20 such transactions were recorded, while 66 sales took place in 2007.
5. NYC Department of Finance

NYC RESIDENTIAL REAL ESTATE

The 2010 outlook for the residential market shows improvement over the dismally low transaction levels of 2009. Total sales volume is expected to increase 9 percent. However, increasing mortgage rates and the expiration of the federal homebuyer tax credit will cause prices to continue to fall. The peak to trough price decline will be about 30 percent. Total transactions will continue to gradually rise throughout the forecast period. Yet, due to the significant price reductions, the total value of residential transactions will stay suppressed and fail to reach the peak attained in 2007.

As a result of the state of housing prices, building permit activity has collapsed. In 2009, 5,953 permits were issued, the fewest since 1995.⁶ Permit activity will bounce back from the low attained last year, increasing to about 7,000 in 2010 and roughly 10,000 in 2011. Despite the increases, the number of permits issued will run at a fraction of the 2005-2008 average level, when over 30,000 permits were issued per year. The lack of new building activity will help stabilize prices as inventory levels better reflect market forces.



Weakness across the residential and commercial real estate markets has forced construction and real estate firms to reduce their labor needs. Construction employment fell by 12,000 in 2009 and the sector is anticipated to cut 9,000 jobs in 2010. The real estate sector dropped 3,000 jobs in 2009 and is flat in 2010.

The long-term contraction of the manufacturing sector is expected to persist in coming years. Manufacturing cut 13,000 jobs in 2009, leaving the employment level at a new record low of 83,000. In the last decade, the size of this sector has shrunk by about half. In 2010, the manufacturing sector is forecast to lose 3,000 more jobs.

On an upbeat note, the City's tourism industry continues to display stability and strength. After languishing at the onset of the recession, the City welcomed 45 million visitors in 2009, which was the third best year in history.⁷ Air passenger volume registered its first year-over-year increase in the fourth quarter of 2009 after six consecutive quarters of decline.⁸ Likewise, Broadway persevered and finished the year strong, grossing an all-time high \$1.0 billion in box office receipts.⁹

Perhaps no other part of the tourism industry showed as much vigor as hotels. Following a sharp decline in late 2008 and early 2009, hotel activity has steadily risen. The occupancy rate hit a six-year low in March 2009, but has since registered rates of 80 percent or above for 11 consecutive months. Initially, there was a tradeoff between occupancy rates and room rates, as hoteliers deeply discounted nightly rates in order to fill rooms. However, hotel room rates have climbed to \$244 as of February 2010 from the recent low of \$215 reached in June 2009, an increase of 13.5 percent.¹⁰ Occupancy rates only tell part of the story, as average daily nights filled continued to rise throughout the recession, mainly due to increasing hotel room inventory. The outlook for the tourism industry is bright. Even with the prospect of added inventory, occupancy rates will stay at or slightly above 80 percent and room rates will gradually increase throughout the forecast period.

6. U.S. Census Bureau

7. NYC & Co.

8. Port Authority of New York & New Jersey

9. The Broadway League

10. PKF Consulting, seasonally adjusted by OMB

The high volume of tourist activity throughout the year boosted leisure & hospitality employment. The hotel industry managed to retain most of their employees despite reducing room rates. The forecast for the leisure & hospitality sector calls for a gain of 6,000 jobs in 2010 after a loss of 2,000 jobs in the previous year. Retail establishments did not fare as well due to the enormous loss of local wage earnings in 2009 and were forced to cut 10,000 jobs. As financial sector earnings and tourist dollars are expected to circulate throughout the City in 2010, retail trade is forecast to gain 1,000 jobs.

Education and health services were the only two major private sectors to add jobs in 2009. These traditionally noncyclical sectors expanded by 15,000 although there is some uncertainty as to whether this pace can continue. State budget cuts may have a negative impact on these local private industries. Therefore, employment in educational services is forecast to be flat in 2010 and health care & social assistance is expected to add 9,000 jobs, down from the 11,000 gain in 2009.

In all, private employment in New York City declined by 108,000 in 2009 and is expected to drop by an additional 38,000 in 2010. An increase in economic activity results in the addition of 13,000 jobs in 2011. Wage earnings are projected to increase by 2.5 percent, or \$6.5 billion, in 2010 due to a 3.8 percent increase in the average wage, driven up by Wall Street earnings. In 2011, wage earnings are expected to increase by 4.4 percent, or \$12 billion, due to overall wage and employment growth.

There is considerable uncertainty regarding the path of the recovery for the City's economy. The national economy has yet to prove itself without substantial federal stimulus. Assumptions for strong profitability on Wall Street in 2010 are predicated on continued low interest rates and the Federal Reserve's ability to unwind its balance sheet successfully. Financial regulatory reform imposed on the industry could also hamper profits. Furthermore, the stressed fiscal conditions of New York State could adversely impact the City's economy.

Forecasts of Selected Economic Indicators for the United States and New York City
Calendar Year 2009-2014

	2009	2010	2011	2012	2013	2014	1978-2008*
NATIONAL ECONOMY							
Real GDP							
Billions of 2005 Dollars	12,990	13,372	13,784	14,289	14,735	15,144	
Percent Change	-2.4	2.9	3.1	3.7	3.1	2.8	2.9%
Non-Agricultural Employment							
Millions of Jobs	130.9	130.0	132.2	135.9	139.0	141.2	
Level Change	-5.9	-0.9	2.2	3.8	3.1	2.1	
Percent Change	-4.3	-0.7	1.7	2.8	2.3	1.5	1.5%
Consumer Price Index							
All Urban (1982-84=100).....	214.5	218.9	223.0	228.0	233.0	237.8	
Percent Change	-0.3	2.0	1.9	2.2	2.2	2.1	4.1%
Wage Rate							
Dollars Per Year	48,007	49,361	50,743	51,969	53,494	55,205	
Percent Change	0.3	2.8	2.8	2.4	2.9	3.2	4.5%
Personal Income							
Billions of Dollars	12,030	12,413	13,005	13,735	14,494	15,325	
Percent Change	-1.7	3.2	4.8	5.6	5.5	5.7	6.5%
Before-Tax Corporate Profits							
Billions of Dollars	1,424	1,648	1,812	1,870	1,922	1,905	
Percent Change	-2.7	15.7	10.0	3.2	2.8	-0.9	6.1%
Unemployment Rate							
Percent	9.3	9.6	9.1	8.0	7.2	6.7	6.1% avg
10-Year Treasury Note							
Percent	3.3	4.0	4.9	5.5	5.7	6.0	7.5% avg
Federal Funds Rate							
Percent	0.2	0.2	1.7	3.3	3.6	4.6	6.4% avg
NEW YORK CITY ECONOMY							
Real Gross City Product**							
Billions of 2005 Dollars	538.7	558.1	559.4	572.6	585.8	597.8	
Percent Change	-4.5	3.6	0.2	2.4	2.3	2.1	2.8%
Non-Agricultural Employment							
Thousands of Jobs	3,687	3,630	3,642	3,682	3,723	3,754	
Level Change	-107	-58	12	40	41	31	
Percent Change	-2.8	-1.6	0.3	1.1	1.1	0.8	0.5%
Consumer Price Index							
All Urban (1982-84=100).....	236.8	241.5	246.6	252.5	258.5	264.4	
Percent Change	0.4	2.0	2.1	2.4	2.4	2.3	4.2%
Wage Rate							
Dollars Per Year	73,467	76,293	79,313	80,012	82,824	85,859	
Percent Change	-8.5	3.8	4.0	0.9	3.5	3.7	5.8%
Personal Income							
Billions of Dollars	413.3	425.4	441.6	457.8	478.0	501.5	
Percent Change	-3.3	2.9	3.8	3.7	4.4	4.9	6.5%
NEW YORK CITY REAL ESTATE MARKET							
Manhattan Primary Office Market							
Asking Rental Rate***							
Dollars per Square Feet	66.89	60.35	59.66	59.73	59.55	59.75	
Percent Change	-19.2	-9.8	-1.1	0.1	-0.3	0.3	3.8%
Vacancy Rate***							
Percent	11.5	12.9	11.8	10.8	10.5	10.7	10.8% avg

* Compound annual growth rates for 1978-2008. Compound growth rate for Real Gross City Product covers the period 1980-2008; Personal Income 1977-2007.

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

*** Office market statistics are based on 1987-2008 data published by Cushman & Wakefield.

TAX REVENUE

Overview

Total tax revenue*, excluding audits and adjusted for recently enacted tax increases, is forecast to decline 1.4 percent in 2010 and to grow 4.3 percent in 2011.

Forecast Summary for 2010

Non-property tax revenues, adjusted for recently enacted tax increases, are forecast to decline 6.4 percent in 2010, after a decline of 15.7 percent in 2009. The two-year decline in revenues reflects the impact of the severe local recession and the turmoil in financial markets on the City's economically sensitive tax base.

In 2010, *personal income tax* revenue growth is nearly flat from the prior year, reflecting the rebound in bonus payouts from large Wall Street firms coupled with a decline in wage earnings less the bonus payout. Also contributing to the flat personal income tax growth is a forecast decline in calendar year 2009 capital gains realizations, reducing tax payments on nonwage income. *General corporation tax* revenue is expected to decline 15.2 percent from the 2009 level, the second consecutive year of double-digit declines. The steep decline stems from a delay in finance sector payments on strong calendar year 2009 earnings, the impact of the local recession on non-finance sector payments, and high levels of refund payouts. *Banking corporation tax* revenue is forecast to decline 11.4 percent in 2010, following growth of 79.3 percent in 2009. Bank tax payments remain generally robust in 2010, reflecting a high level of bank profitability due to Federal monetary stimulus as well as a continued high level of refund payouts. *Unincorporated business tax* revenue is forecast to decline 12.7 percent, reflecting steep declines in payments from both smaller finance sector firms, particularly hedge funds, and non-finance sector firms due to the deep local recession. *Sales tax* revenue is forecast to decline 5.8 percent, the second consecutive year of declines, reflecting weakness in local consumption, partially offset by strong tourism consumption.

Real property transfer tax revenue is forecast to decline 15.4 percent (after declining 47.2 percent last year) resulting from continued weakness on high-value commercial transactions and an anemic residential market. *Mortgage recording tax* revenue is forecast to decline 25.5 percent (compared to last year's decline of 55.0 percent), steeper than the declines seen in the real property transfer tax, as credit market conditions have continued to remain weak for jumbo residential mortgages and the lack of funding for high-value commercial transactions.

Property tax revenue, adjusted for recently enacted tax increases, is forecast to increase 6.3 percent, based upon 6.7 percent growth in billable assessed value. *Commercial rent tax* revenue is forecast to grow 1.8 percent.

Forecast Summary for 2011

Non-property tax revenues, adjusted for recently enacted tax increases, are forecast to grow 4.6 percent, paralleling the local and national economic recoveries. *Personal income tax* revenue is expected to grow 8.6 percent and reflects stabilizing employment in the City, another year of strong Wall Street bonuses and rebounding growth in nonwage income in calendar year 2010. Payments from *business taxes* are forecast to grow 7.8 percent and reflect strong finance sector profitability in calendar year 2010 and a rebound in profitability from recovering non-finance firms. *Sales tax* revenue is forecast to exhibit moderate growth as local consumption continues to improve along with the recovery of the local economy.

Real property transfer tax revenue is forecast to register essentially flat growth in 2011, reflecting an anemic residential market and a renewed interest of the investors in the Manhattan commercial market. *Mortgage recording tax* revenue is forecast to grow 18.4 percent, reflecting an improvement in credit market conditions.

* Unless otherwise stated, the tax revenue growth rates in this section are reported on a common rate and base, except for the table at the end of the section. The February 2010 report, "Tax Revenue Forecasting Documentation, Financial Plan, Fiscal Years 2009-2013" discusses the tax forecasting techniques used in this Executive Budget.

Property tax revenue, adjusted for recently enacted tax increases, is forecast to grow 3.9 percent based upon 3.8 percent growth in billable assessed value. *Commercial rent tax* is forecast to decline 4.2 percent, reflecting higher vacancy rates and lower asking rents for commercial office space in Manhattan.

2010 and 2011 Tax Revenue Forecast
(\$ in Millions)

Tax	2010 Forecast	2011 Executive Budget	Increase/(Decrease) From 2010 to 2011	
			Amount	Percent Change
Real Property	\$16,109	\$16,760	\$650	4.0%
Commercial Rent	593	566	(27)	(4.6%)
Real Property Transfer	628	628	—	—
Mortgage Recording	385	455	70	18.2%
Personal Income	6,859	7,557	698	10.2%
General Corporation	1,980	2,478	498	25.2%
Banking Corporation	991	839	(153)	(15.4%)
Unincorporated Business	1,536	1,588	52	3.4%
Sales and Use	4,992	5,145	153	3.1%
Utility	378	383	5	1.3%
Cigarette	94	92	(2)	(2.1%)
Hotel	365	373	8	2.3%
All Other	500	477	(24)	(4.7%)
Subtotal	\$35,411	\$37,340	\$1,929	5.4%
STAR Aid	910	943	33	3.6%
Tax Audit Revenue	890	622	(268)	(30.1%)
NYS -Tax Program	(1)	(12)	(12)	1,277.8%
Total†	\$37,209	\$38,892	\$1,683	4.5%

† Totals may not add due to rounding.

REAL PROPERTY TAX

The real property tax is projected to account for 43.1 percent of total tax revenue in 2011, or \$16,760 million.

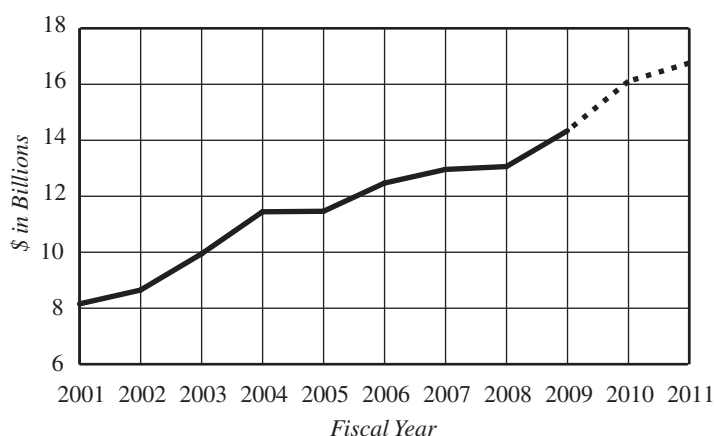
Tax detail and legislative history can be found in the OMB publication “Tax Revenue Forecasting Documentation, Financial Plan, Fiscal Years 2009-2013.”

2010 Forecast: Property tax revenue (including lien sale proceeds) is forecast at \$16,109 million, growth of 12.3 percent and an increase of \$75 million over the January Plan. The 2010 revenue growth is based on the billable assessed value growth of 6.7 percent seen on the 2010 final roll, and reflects the full-year impact of the repeal of the 7.0 percent cut in the average tax rate. The plan change results primarily from lower than expected refunds of \$115 million, an increase in collections from prior year delinquencies of \$10 million, and an increase in the lien sale proceeds of \$30 million. These increases are partially offset primarily by lower than expected cash overpayments.

2011 Forecast: Property tax revenue (including lien sale proceeds) is forecast at \$16,760 million, growth of 4.0 percent, and a decrease of \$155 million over the January Plan. The revenue change results from changes in levy forecast as well as changes in reserve for uncollectible taxes. The current levy forecast is lowered by \$54 million from the January Plan, due to a slightly higher forecast of tentative-to-final roll reduction. The plan change also reflects an increase in the refund forecast of \$75 million, a decrease in lien sale proceeds of \$30 million, and an increase in the reserve for uncollectible taxes of \$6 million. These reductions are partially offset by an increase in collections from prior year delinquencies of \$10 million.

The levy is expected to increase by \$675 million to \$18,263 million, growth of 3.8 percent. Property tax levy forecast is based on the 2011 tentative roll, released by the Department of Finance on January 15, 2010. The final roll, to be released in May, is currently estimated to be about \$1,375 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 3.8 percent, despite stagnant growth of 0.1 percent in aggregate market value on the 2011 tentative roll. The total billable assessed value growth outpaces the market value growth due to the phase-in of the prior years’ market value growth into this year’s billable assessed value. (Provisions in the Real Property Tax Law require large Class 2 and Class 4

REAL PROPERTY TAX 2001-2011



Distribution of Property Parcels by Class

	Parcels*	Percentage Share
Class 1	700,882	68.59%
Class 2	231,824	22.69%
Class 3	308	0.03%
Class 4	88,821	8.69%
Citywide	1,021,835	100.00%

* FY 2010 final roll

properties to defer portions of current year assessed value increases and phase them in over subsequent years. Current 2011 billable assessed value growth is being supported by strong market value growth from prior years.)

With a forecast decline in the Class 2 and Class 4 market values combined with a reduced existing 'pipeline' of deferred assessment increases yet to be phased in, property tax revenue is expected to grow at an annual average rate of 2.1 percent from 2012 through 2014, consistent with the levy growth forecast of 1.9 percent during the same period.

COMMERCIAL RENT TAX

The commercial rent tax is projected to account for 1.5 percent of total tax revenue in 2011, or \$566 million.

Tax detail and legislative history can be found in the OMB publication “Tax Revenue Forecasting Documentation, Financial Plan, Fiscal Years 2009-2013.”

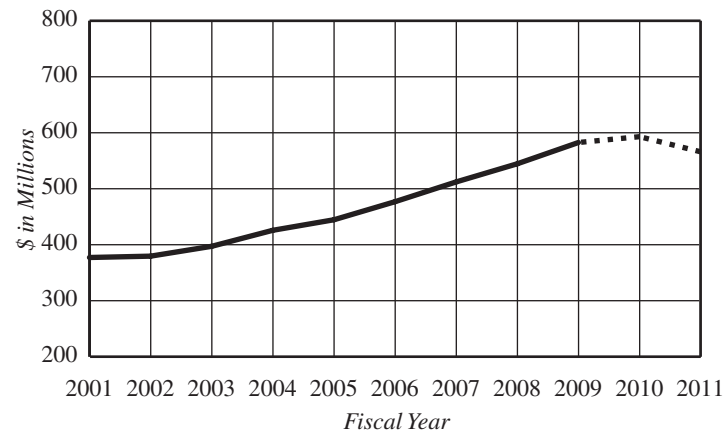
2010 Forecast: Commercial rent tax revenue is forecast at \$593 million, growth of 1.8 percent, the weakest growth seen since 2002. The weakness in tax revenue reflects a contraction in office-using employment that began in

the third quarter of calendar year 2008, which undermines the demand for office space. As a result, primary office occupied inventory and the asking rents have declined, and vacancy rates have worsened.

2011 Forecast: Commercial rent tax revenue is forecast at \$566 million, a decline of 4.6 percent. The decline in tax revenue reflects the impacts of the deep national and local recession, which has led to a sharp contraction in employment by the office-using sectors. Citywide job losses are expected to continue through the third quarter of calendar year 2010. In addition, lease renewals are expected to occur at lower asking rents, compared to higher prices seen during the boom years, further dampening tax collections. A recovery in asking rents is not expected until 2014, as additions to the primary office market inventory will keep the market soft.

Commercial rent tax revenues are projected to grow at an average of 1.0 percent from 2012 through 2014, reflecting the sluggish recovery in office-using employment, resulting in soft asking rents and double-digit office vacancy rates during the forecast period.

COMMERCIAL RENT TAX 2001-2011



REAL PROPERTY TRANSFER TAX

The real property transfer tax is projected to account for 1.6 percent of total tax revenue in 2011, or \$628 million.

Tax detail and legislative history can be found in the OMB publication “Tax Revenue Forecasting Documentation, Financial Plan, Fiscal Years 2009-2013.”

2010 Forecast: Real property transfer tax revenue is forecast at \$628 million, a 15.4 percent decline from the prior year.

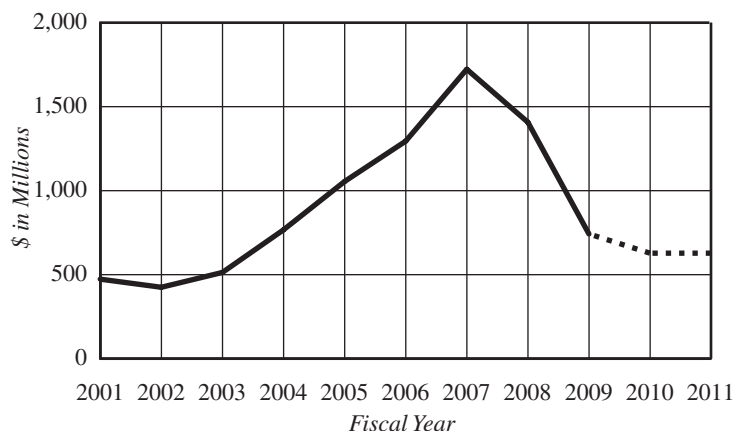
In 2010, total tax collections year-to-date through March are down 29.4 percent from the prior year, reflecting a 9.2 percent decline in revenue from residential transactions and a 52.9 percent decline in revenue from commercial transactions.

Revenue from residential transactions in 2010 is forecast at \$425 million, essentially flat growth over the prior year. The extraordinary pace of declines seen in residential transaction activity in the second half of 2009 is beginning to show signs of stabilization and a robust growth is forecast for the second half of 2010. Collections from residential transactions rebounded 48.9 percent over the prior year level in the third quarter of 2010 and similar growth is expected for the fourth quarter collections.

The sales volume of one- to three- family homes and cooperative apartments citywide grew 1.0 percent and 1.9 percent, respectively, in the first six months of 2010. During the same period, the number of transactions for condominium apartments citywide declined by 18.9 percent, after the 33.6 percent annual decline seen in 2009. The decline in condominium sales, compared to flat sales seen in one- to three- family homes and cooperatives, reflects the end of sales from new condominium inventory created during the construction boom of 2006 through 2010. Total residential transaction volume, which peaked in the first quarter of 2005, is expected to have reached the bottom in the third quarter of 2009, at a level 66.1 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 40.5 percent from its peak by the end of the third quarter of 2012. The forecast decline in average sales price is expected to be offset by an increase in transaction volume which translates into flat revenue in 2010. However, both transaction volume and average sales price are forecast to decline in the out years leading to revenues declining 18.8 percent in 2011.

Revenue from commercial transactions in 2010 is forecast at \$203 million, a decline of 36.0 percent from 2009, as declining activity and depressed sales prices lead to the third consecutive year of decline. Despite some activity, including a few distressed sales, the market for commercial transactions remains weak. In fact, there has been only one high-value transaction (over \$500 million in sales price) so far in 2010. This is a considerable decline from the peak in 2007 of 22 high-value transactions. Prices have not yet found a sustainable level and credit conditions remain tight. Revenue from commercial transactions with a sales price above \$25 million is projected to decline by 31.9 percent in 2010, after falling 69.4 percent in 2009. The revenue declines are more pronounced for commercial transactions valued at over \$500 million, which are forecast to decline 51.0 percent in 2010, after falling 76.5 percent in 2009. Despite the dismal market conditions, recent reports have suggested that some investors are regaining confidence and have formed funds to buy and invest in Manhattan commercial buildings or loan portfolios.

REAL PROPERTY TRANSFER TAX 2001-2011



2011 Forecast: Real property transfer tax is forecast at \$628 million, no change from 2010. Revenue from residential transactions is forecast to decline 18.8 percent. Total residential transaction volume is forecast to decline 8.1 percent led by a significant drop in condominium transaction volume, which is forecast to decline by 23.2 percent. A decline in the sales price also contributes to the drop in revenue, as prices are expected to be depressed by the expiration of the homebuyer tax credit and a rise in foreclosures that have been delayed by lenders granting mortgage loan extensions instead of pursuing outright foreclosures (as well as by the changing mix of units sold). Meanwhile, revenue from commercial transactions is forecast to stabilize as pent-up demand for the commercial market is released and property valuations become more attractive for investors, resulting in improved activity over the abysmal levels seen in the previous year.

Real property transfer tax revenue is projected to return to positive growth of 11.9 percent in 2012. The revenue growth averages 9.7 percent from 2012 through 2014 with the recovery of the real estate market. However, revenue in 2014 is forecast at only \$828 million, 51.9 percent below the 2007 peak level.

MORTGAGE RECORDING TAX

The mortgage recording tax is projected to account for 1.2 percent of total tax revenue in 2011, or \$455 million.

Tax detail and legislative history can be found in the OMB publication “Tax Revenue Forecasting Documentation, Financial Plan, Fiscal Years 2009-2013.”

2010 Forecast: Mortgage recording tax revenue is forecast at \$385 million, a 25.3 percent decline from the prior year.

In 2010, total tax collections year-to-date through March are down 35.5 percent from the prior year, reflecting a 15.1 percent decline in revenue from residential mortgages and a 56.4 percent decline in revenue from commercial mortgages.

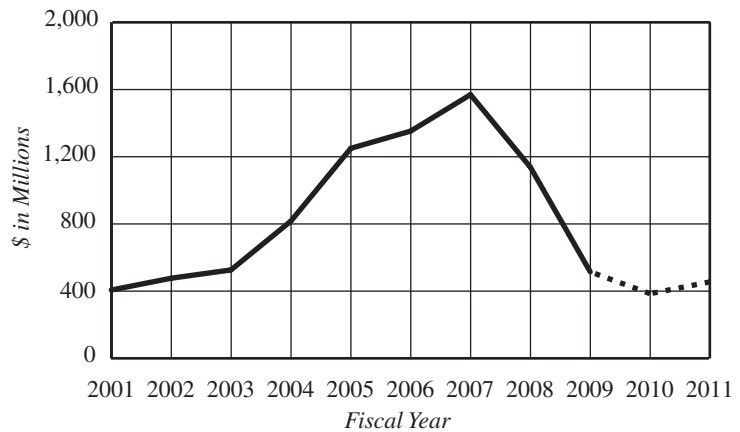
Revenue from residential mortgage recordings in 2010 is forecast at \$247 million, a decline of 9.7 percent from the prior year. The mortgage recording tax follows the sales activity reported in the real property tax forecast but in addition reflects the fact that lenders are still reluctant to lend to those homebuyers seeking non-conforming mortgages.

Revenue from commercial mortgage recordings in 2010 is forecast at \$138 million, a decline of 42.9 percent from the prior year. The decline reflects the continued weakness of the market for high-value commercial mortgages as well as tighter credit standards requiring substantial purchaser equity.

2011 Forecast: Mortgage recording tax revenue is forecast at \$455 million, growth of 18.2 percent over 2010. Revenue from the residential mortgage recording tax is forecast to decline 2.0 percent in 2011, before it starts to grow again in 2012. Revenue growth from commercial mortgage recordings is forecast to exhibit growth as it recovers from extremely low levels seen in the previous years with improvements in lending. Mortgage recording tax revenue is forecast to return to positive growth in 2011, as the credit markets recover from the excesses of the recent past.

Mortgage recording tax revenue growth averages 16.9 percent from 2012 through 2014 with the recovery of the real estate market, but revenue in 2014 is forecast at only \$726 million, 53.7 percent below the 2007 peak level.

MORTGAGE RECORDING TAX 2001-2011



PERSONAL INCOME TAX

The personal income tax is projected to account for 19.4 percent of tax revenue in 2011, or \$7,557 million.

Tax detail and legislative history can be found in the OMB publication "Tax Revenue Forecasting Documentation, Financial Plan, Fiscal Years 2009-2013."

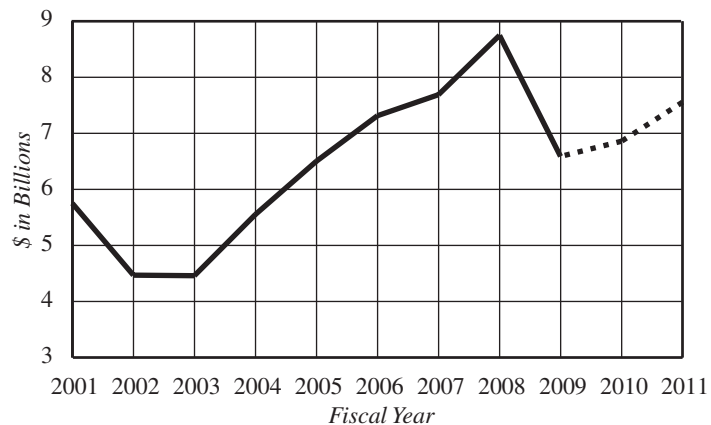
2010 Forecast: Personal income tax revenue is forecast at \$6,859 million, growth of 4.1 percent over the prior year, an increase of \$42 million over the January Plan. The expiration of the Middle Class School Tax Relief (STAR) credit, which reduces refund payments

and thus increases tax collections, accounts for most of this year-over-year growth. After adjusting for tax law changes, personal income tax revenue growth is forecast to be flat from the prior year. This is the result of several conflicting factors: a strong rebound in bonus payouts from large Wall Street firms (tempered by lower cash payouts); stagnant non-finance wage earnings stemming from further job losses; and a sharp decline in nonwage income in calendar year 2009.

In 2010, personal income tax withholding is forecast to be flat from the prior year, following a decline of 4.9 percent in 2009. In July through November, withholding collections dropped 6.8 percent, primarily due to the second year in a row of job losses. In December through March, however, withholding collections grew 3.5 percent as strong bonus payouts by large Wall Street firms offset continued weakness in base withholding collections during this period. The Office of the New York State Comptroller estimated that the overall 2010 securities sector bonus payout grew 17 percent. It is likely that the payouts would have been much higher had there been no public and political pressure against large bonus payouts. The Comptroller's Office also estimated that large investment firms posted a 31 percent growth in total compensation, which indicates that compensation among smaller firms was much weaker. While bonus withholding collections in December through March are forecast to have grown over the prior year, non-bonus withholding in the same period is estimated to have declined 1.6 percent from the prior year as the City continued to shed jobs. Withholding collections are forecast to improve for the April through June final quarter of 2010, growing 4.0 percent over the same prior year period as a result of improving base withholding and late bonus payouts.

Installment payments on liability year 2009 are forecast to have declined 18.8 percent from the prior year, following an 11.3 percent drop in liability year 2008. This weakness stems from declines across a variety of nonwage income sources. Capital gains realizations are expected to have declined in liability year 2009. Although the equity markets rebounded in the second half of calendar year 2009, they were still far below the peak level seen in calendar year 2007. Further, estimated payments from small business owners dropped as proprietor's income fell 4.2 percent in calendar year 2009. In addition, income from dividends, interest & rent declined 8.5 percent in calendar year 2009, further reducing nonwage income.

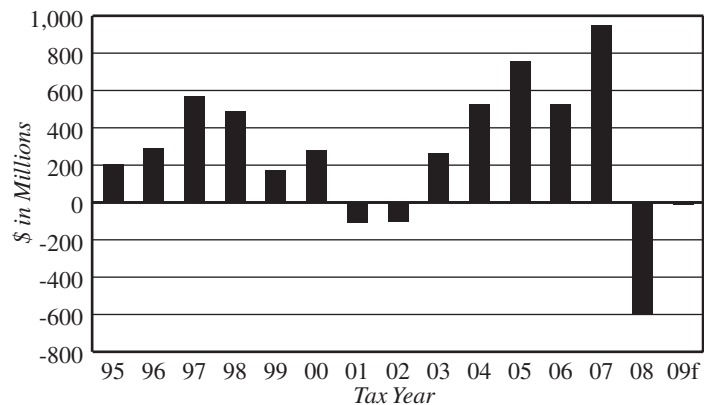
PERSONAL INCOME TAX 2001-2011



Settlement payments (final returns, extension payments, State/City offsets, and refunds) on liability year 2009 are forecast to increase over the prior year level by about \$600 million. Adjusting for the expiration of the Middle Class STAR credit, which accounts for approximately \$360 million, and the offset overpayment recapture in liability year 2008, settlement payments are approximately \$150 million less than the prior year's level. The adjusted total settlement payments are negative in liability year 2009 for the second consecutive year.

Total liability on tax year 2009 is forecast to decline 4.6 percent.

SETTLEMENT PAYMENTS



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

2011 Forecast: Personal income tax revenue is forecast at \$7,557 million, growth of 10.2 percent from the prior year, an increase of \$237 million over the January Plan. This year-over-year growth arises from the rebounding national and local economies, with gains in employment and equity markets as well as continued strength in the finance sector. Employment increases are expected to take hold in the second half of fiscal year 2011, marking the end of two years of losses. Bonus payouts by Wall Street firms on calendar year 2010 earnings are expected to increase for the second consecutive year, as NYSE member firms continue to build upon the record profits in calendar year 2009. After adjusting for tax law changes, personal income tax revenue is forecast to grow 8.6 percent.

Personal income tax withholding in 2011 is forecast to increase 2.7 percent, marking the first full year of growth since 2008. This stems from the stabilization of employment levels and increases in Wall Street bonus payouts. Job losses are forecast to end in the middle of 2011, and total employment is forecast to grow mildly in the second half of the fiscal year. Thus, July through November withholding collections are expected to grow 3.1 percent. Bonus payouts by Wall Street firms on calendar year 2010 earnings are forecast to increase over the prior year, the second consecutive year of strong bonus growth. This growth in Wall Street bonuses is forecast to lead to 2.4 percent growth in withholding collections for the January through March bonus quarter. For the remaining April through June quarter, withholding collections are forecast to grow 3.8 percent over the prior year, in line with the forecast of wage earnings growth.

Installment payments on liability year 2010 are forecast to increase 9.7 percent. This is in most part due to an appreciation in asset prices and accelerated capital gains realizations in the anticipation of the federal capital gains income tax rate increase, which will be effective for calendar year 2011. Additional strength in nonwage income is forecast to come from positive growth over the prior year in proprietor's income as well as in income from dividends, interest & rent.

Settlement payments (final returns, extension payments, State/City offsets, and refunds) in liability year 2010 are forecast to increase over the prior year's level by about \$150 million, reflecting a recovery in the local economy.

Total liability on tax year 2010 is forecast to grow 7.1 percent.

Personal income tax revenue, on a common rate and base, is forecast to grow 4.7 percent in 2012, reflecting continued recovery of wage and nonwage income. Total employment growth is expected to continue in 2012, and the rebound in the equity markets is expected to strengthen. Recoveries in both dividends, interest & rent as well as proprietor's income are also expected to further strengthen in calendar year 2011 and continue into calendar year 2012. Personal income tax revenue growth, on a common rate and base, is forecast to average growth of 4.4 percent in 2013 and 2014, paralleling the national and local economic recoveries.

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

	2008	2009	2010 ^f	2011 ^f
Withholding	\$5,985	\$5,694	\$5,681	\$5,835
Estimated Payments ¹	3,129	1,927	1,692	1,883
Final Returns	459	341	288	348
Other ²	568	131	448	468
	<hr/>	<hr/>	<hr/>	<hr/>
Gross Collections	\$10,141	\$8,093	\$8,109	\$8,534
Refunds	(1,393)	(1,504)	(1,250)	(977)
	<hr/>	<hr/>	<hr/>	<hr/>
Net Collections	\$8,748	\$6,589	\$6,859	\$7,557

1 Includes extension payments.

2 Offsets, charges, assessments less City audits.

f = Forecast.

Totals may not add due to rounding.

GENERAL CORPORATION TAX

The general corporation tax is projected to account for 6.4 percent of tax revenue in 2011, or \$2,478 million.

In an effort to conform to New York State's corporate tax laws, in June 2009, the State enacted for the City a series of amendments to the City's general corporation tax. These amendments include the enactment of a single sales factor apportionment formula over a 10-year phase-in period and new combined reporting rules.

Tax detail and legislative history can be found in the OMB publication "Tax Revenue Forecasting Documentation, Financial Plan, Fiscal Years 2009-2013."

2010 Forecast: General corporation tax revenue is forecast at \$1,980 million, a decline of 14.7 percent from the prior year, and a decline of \$308 million from the January Plan. This marks the third consecutive year that corporate tax revenues have declined after an average annual growth of 26.1 percent from 2004 through 2007.

In 2010, year-to-date through March, gross tax collections have declined 19.1 percent from the same prior year period as payments from finance sector firms have not yet reflected the strong calendar year 2009 profit rebound, and the severe local recession took a toll on payments from non-finance sector firms.

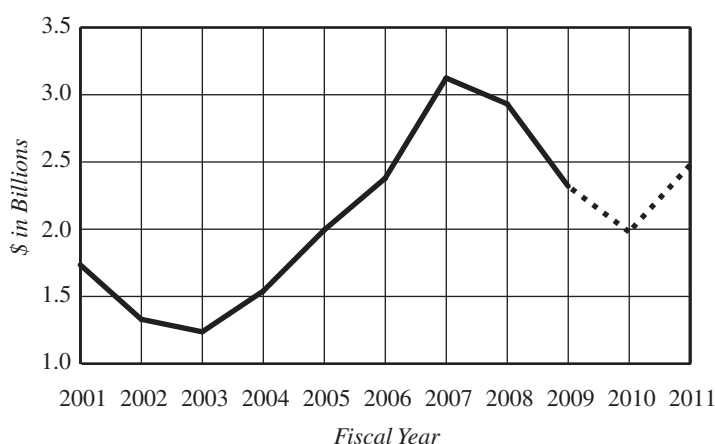
After two years of multi-billion dollar losses by NYSE member firms, calendar year 2009 saw member-firm profits rebound sharply. Over six quarters, beginning in the third quarter of calendar year 2007 through the fourth quarter of calendar year 2008, the industry suffered historic losses totaling \$63 billion, only to swiftly recover with a record \$61 billion in profits in calendar year 2009. However, safe harbor rules (where firms pay current year tax liability based on 100 percent of prior year tax liability) and the continuing liquidation of net operating loss carryforwards, have resulted in tax payments from large finance sector filers lagging the rebound in profits. The large swing in finance sector tax liability from the surge in NYSE member-firm profits in calendar year 2009 is forecast to lift collections in 2011 and beyond.

In 2010, year-to-date through March, gross collections from non-finance sector taxpayers have declined 23 percent from the same prior year period. The drop in collections follows a 7 percent decline in collections from non-finance sector taxpayers in 2009. The continued decline in collections stems from the severe local recession that has put pressure on both corporate profits and employment levels in the non-finance sector. From the second quarter of calendar year 2008 through the third quarter of calendar year 2010, the City is expected to lose 134,000 jobs in the non-finance sector, affecting a broad range of labor market categories, including retail and wholesale trade, information and professional & business services.

Refund payouts are forecast at \$490 million in 2010, continuing the high level seen in 2009 and well above the pre-recession average refund payout level of about \$200 million per year.

2011 Forecast: General corporation tax revenue is forecast at \$2,478 million, growth of 25.2 percent over the prior year, and a decline of \$162 million from the January Plan. Tax payments in 2011 are forecast to reflect continued profit strength from finance sector firms, and a rebound in profitability from recovering non-finance sector firms.

GENERAL CORPORATION TAX 2001-2011



In 2011, tax payments from finance sector firms are forecast to rebound sharply. This rebound stems from a forecast of continued strong NYSE member-firm profits in calendar year 2010. In addition, finance sector firms are expected to make further payments on calendar year 2009's surge in tax liability stemming from record profits. Tax payments in 2011 from non-finance sector firms are expected to mildly recover, as the local economy rebounds, evidenced by job gains beginning in the fourth quarter of calendar year 2010.

General corporation tax revenue is forecast to grow 12.5 percent in 2012, as NYSE member firm profitability and the national and local economies return to trend growth. Out year revenue growth is expected to be clouded by pending regulatory changes and the effect of a gradual withdrawal of government supports to the finance sector. However, net revenue growth is supported by refund payouts returning to normal levels after reaching record highs in 2009 and 2010. In 2013 and 2014, general corporation tax revenue is expected to average annual growth of 7.6 percent.

BANKING CORPORATION TAX

The banking corporation tax is projected to account for 2.2 percent of tax revenue in 2011, or \$839 million.

In an effort to conform to New York State's bank tax laws, in June 2009, the State enacted for the City a series of amendments to the City's banking corporation tax. These amendments include: the enactment of a single sales factor apportionment formula over a 10-year phase-in period; the allowance of net operating losses against future income; the amendment to the alternative tax base for foreign banks; new combined filing requirements; and the broadening of the tax base to include credit card companies.

Tax detail and legislative history can be found in the OMB publication "Tax Revenue Forecasting Documentation, Financial Plan, Fiscal Years 2009-2013."

2010 Forecast: Banking corporation tax revenue is forecast at \$991 million, a decline of 9.8 percent from the prior year and an increase of \$297 million over the January Plan. This moderate decline follows growth of 75 percent in 2009, as collections rebound close to the record level seen in 2007.

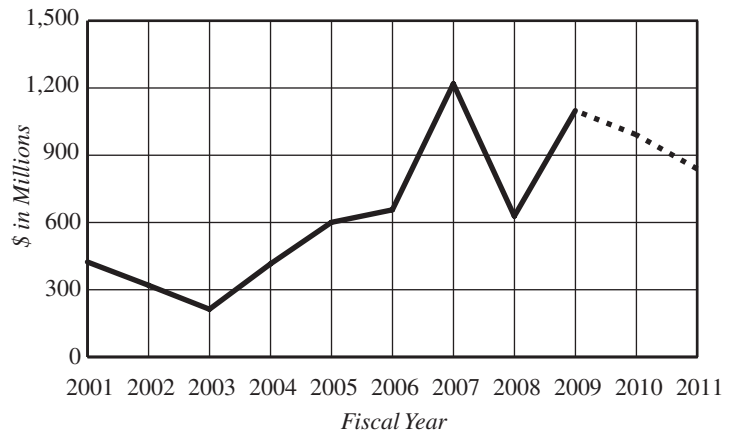
In 2010, year-to-date collections through March grew 1 percent over the strong prior year level. The sustained collections strength is attributed to the unprecedented government support provided to the financial industry following the severe financial market disruptions in calendar year 2008. In particular, record low interest rates set by the Federal Reserve have created wide interest margins, facilitating the basic bank function of borrowing short and lending long. The high level of tax payments in 2009 and expected through the end of 2010 suggests the success of Federal actions to recapitalize banks to support the finance industry and the national economy.

Gross banking corporation tax collections are expected to remain close to the prior year's high level in 2010. Refund payouts are forecast to grow 29.6 percent, the result of a few large refunds on calendar year 2008 liability. Net collections in 2010 are forecast to decline 9.8 percent from the prior year.

2011 Forecast: Banking corporation tax revenue is forecast at \$839 million, a decline of 15.4 percent from the prior year, and an increase of \$190 million over the January Plan. The forecast decline results from the slow withdrawal of government support for the financial sector, including raising the Federal Funds rate from its current historic low rate. The withdrawal of government support is expected to narrow interest margins, putting pressure on profitability and reducing tax payments from large banks. The year-over-year decline in gross collections is however expected to be partially offset by reduced refund payouts as large overpayments stemming from the financial crisis are liquidated.

Banking corporation tax revenue is expected to grow 7.7 percent in 2012, the net result of large declines in gross collections and an even larger decline in refund payouts. However, out year forecasts are clouded by the uncertainty over pending regulatory changes and the expected withdrawal of government supports to the financial industry. In 2013 and 2014, banking corporation tax revenue is forecast to average annual growth of 1.2 percent.

BANKING CORPORATION TAX 2001-2011



UNINCORPORATED BUSINESS TAX

The unincorporated business tax is projected to account for 4.1 percent of tax revenue in 2011, or \$1,588 million.

In an effort to conform to New York State's business tax laws, in June 2009, the State enacted for the City a series of amendments to the City's unincorporated business tax. These amendments include: the enactment of a single sales factor apportionment formula over a 10-year phase-in period; customer sourcing rules on broker/dealer receipts; and increases in the offset credits and filing threshold.

Tax detail and legislative history can be found in the OMB publication "Tax Revenue Forecasting Documentation, Financial Plan, Fiscal Years 2009-2013."

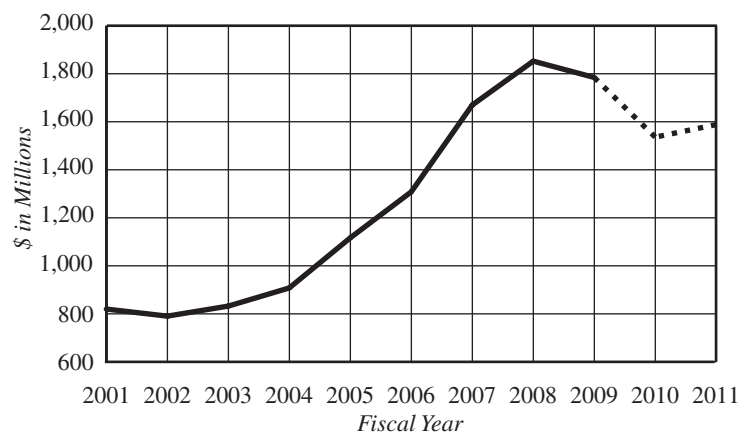
2010 Forecast: Unincorporated business tax revenue is forecast at \$1,536 million, a decline of 13.9 percent from the prior year, and a decline of \$82 million from the January Plan. The decline in collections follows a 3.7 percent decline in 2009 and reflects the prolonged impact of the financial crisis and the national recession on the local economy.

In 2010, year-to-date unincorporated business tax gross collections through March have declined 14.6 percent from the prior year. The collections weakness reflects a substantial drop in finance sector payments as well as moderate declines in non-finance sector payments. In the final quarter of the fiscal year, collections are expected to fall from the prior year's level as estimated tax payments converge with the declining liability estimates in April final returns.

Finance sector payments in 2010 are forecast to decline 26 percent from the prior year. Despite the profitability rebound seen at very large Wall Street firms in calendar year 2009, small finance sector firms have been unable to achieve the same performance. The finance sector under the unincorporated business tax consists of a number of smaller firms (by comparison to the large international commercial or investment banks). These include investment banking boutiques, securities trading partnerships and limited liability companies, including a number of hedge funds. These smaller finance firms have found the current market environment more challenging than larger firms, whose profits have been bolstered by Federal monetary stimulus. For example, three-fourths of the 37 top NYC-based hedge funds (trackable funds) saw declines in assets under management in tax year 2009. Over half of these underperforming hedge funds reported declines in assets under management in excess of 20 percent. Given these results, it is not surprising that finance sector payments through March have declined 31 percent from the same prior year period. The decline in finance sector payments is expected to continue for the April through June quarter. Non-finance sector tax payments in 2010 are forecast to decline 10 percent, as the local recession deepened in calendar year 2009. Non-finance sector payments through March have declined 4 percent from the same prior year period in 2009. One bright note is that payments from the legal services sector have grown 7 percent through March, the only non-finance subsector to exhibit growth, partially offsetting the weakness seen in the rest of the non-finance sector. The decline in non-finance sector payments is expected to continue for the April through June quarter as firms continue to suffer from exposure to the weak economy.

2011 Forecast: Unincorporated business tax revenue is forecast at \$1,588 million, growth of 3.4 percent over the prior year, and a decline of \$72 million from the January Plan. Finance sector payments are forecast to rebound with growth of 9.1 percent, paralleling strong finance wage growth of 8.7 percent, the forecast recovery and a return to normalcy in the financial markets. Tax payments from non-finance sector firms are forecast to be

UNINCORPORATED BUSINESS TAX 2001-2011



flat from prior year levels. This reflects continuing non-finance sector job losses, particularly in the professional and business services sector, through the final quarter of calendar year 2010. These businesses are expected to finally resume hiring in calendar year 2011.

In 2012 through 2014, unincorporated business tax revenue is forecast to return to trend levels averaging annual growth of 6.0 percent.

SALES AND USE TAX

The sales and use tax is projected to account for 13.2 percent of total tax revenue in 2011, or \$5,145 million.

Effective August 1, 2009, the City sales tax rate is 4.5 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 the City 8.875 percent.

Legislation enacted by New York State for the City, effective August 1, 2009, increased the City's sales tax rate and expanded the City's sales tax base. These changes were as follows: (1) permanently increase the sales tax rate from 4.0 percent to 4.5 percent; (2) include all electric and natural gas transmission and distribution charges in the sales tax base; and (3) repeal the exemption for clothing and footwear items costing \$110 and above while keeping the exemption for items costing less than \$110 intact.

Tax detail and legislative history can be found in the OMB publication "Tax Revenue Forecasting Documentation, Financial Plan, Fiscal Years 2009-2013."

2010 Forecast: Sales tax revenue is forecast at \$4,992 million, 8.7 percent growth over the prior year, an increase of \$111 million over the January Plan. On a common rate and base, excluding the 0.5 percent tax rate increase and base broadeners (effective August 1, 2009), sales tax revenue is forecast to decline 5.8 percent.

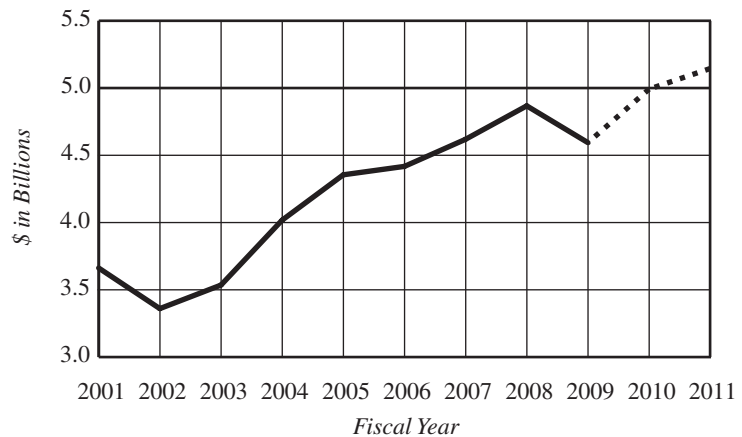
Sales tax revenue on a common rate and base declined 11.6 percent during the first half of 2010, a continuation of the sharp declines that began in the second quarter of 2009, as local consumption patterns responded sharply to accelerating City job losses. However, the sales tax rate increase and the base broadening measures lifted sales tax revenue growth to 0.2 percent in the first half of 2010. Despite the weakness in local consumption, tourism-related consumption remained relatively strong as hoteliers continued their recent policy of lowering room rates to attract visitors. The number of visitors in the City remained near record highs throughout the year, with hotel occupancy at approximately 80 percent, while the number of visitors at other popular destinations in the United States saw sharp declines. This strength in local tourism-related consumption offset some of the decline in local consumption.

Sales tax revenue on a common rate and base stabilized in the third quarter, exhibiting flat growth from the prior year period, suggesting an end to consumption declines. When viewing the quarter after the August 1, 2009 tax law changes, the third quarter grew 17.2 percent over the prior year. In the fourth quarter, revenue is expected to grow 1.5 percent on a common rate and base. Sales tax revenue for the second half of 2010 is expected to grow 18.2 percent, or 0.8 percent on a common rate and base.

2011 Forecast: Sales tax revenue is forecast at \$5,145 million, 3.1 percent growth over the prior year, an increase of \$23 million over the January Plan. Consumption continues to improve as the economy recovers. Job gains are expected to take hold in the second half of 2011, and consumer confidence in 2011 is expected to improve with the economic recovery. Tourism-related consumption is expected to remain strong as the hotel occupancy rate is forecast to remain near 80 percent, a result of increasing tourist arrivals, partially offset by greater hotel capacity as nearly 3,000 more rooms are added to inventory. Room rates are correspondingly forecast to halt the decline seen over the past two years and remain flat, if not rise further. Stable room rates and increasing tourist arrivals are forecast to support sales tax revenue in 2011.

Sales tax revenue is forecast to have average annual growth of 5.1 percent in 2012 through 2014, returning to trend growth, paralleling the national and local economic recoveries.

SALES TAX 2001-2011



UTILITY TAX

The utility tax is projected to account for 1.0 percent of total tax revenue in 2011, or \$383 million.

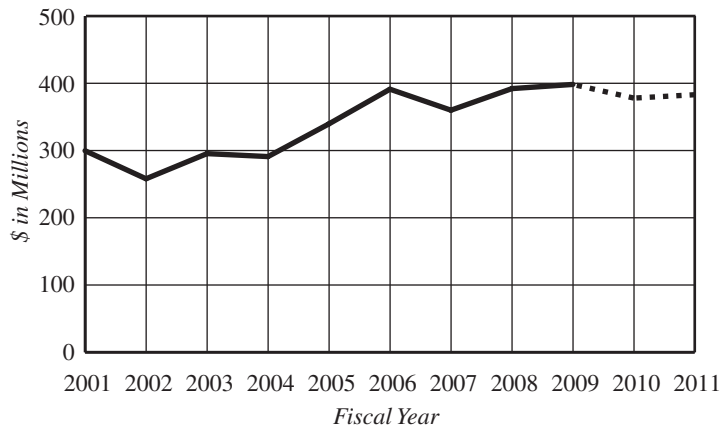
Tax detail and legislative history can be found in the OMB publication “Tax Revenue Forecasting Documentation, Financial Plan, Fiscal Years 2009-2013.”

2010 Forecast: Utility tax revenue is forecast at \$378 million, a decline of 5.1 percent from the prior year. In 2010, year-to-date through March, utility tax collections are down 9.9 percent from the same prior year period. The weak year-to-date collections stem from several factors.

Employment losses, which lower energy demand continued throughout the year, natural gas prices have declined sharply from 2009 levels, and electricity and other utility prices have remained nearly flat over the prior year. Additionally, mild summer and winter temperatures further decreased demand for utilities, amplifying the weakness in utility tax collections.

2011 Forecast: Utility tax revenue is forecast at \$383 million, a 1.3 percent increase over the prior year. This slight increase stems from multiple factors. National demand for utilities is expected to remain weak, which will continue to depress utility prices. However, this is partially offset by a moderate recovery in the local economy, with employment gains forecast in the second half of the fiscal year. Further, a return to average summer and winter temperatures from the mild temperatures of the prior year is expected to contribute to the increase in utility demand. Utility tax collections are forecast to average annual growth of 3.5 percent in 2012 through 2014.

UTILITY TAX 2001-2011



CIGARETTE TAX

The cigarette tax is projected to account for 0.2 percent of total tax revenue in 2011, or \$92 million.

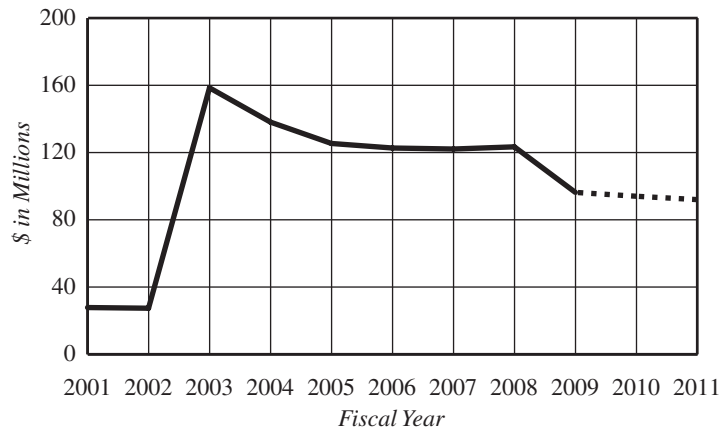
Tax detail and legislative history can be found in the OMB publication “Tax Revenue Forecasting Documentation, Financial Plan, Fiscal Years 2009-2013.”

2010 Forecast: Cigarette tax revenue is forecast at \$94 million, a 2.4 percent decline from the prior year, reflecting the continuing decline in cigarette consumption due to smoking cessation.

2011 Forecast: Cigarette tax revenue is forecast at \$92 million, a 2.1 percent decline from the prior year, reflecting projected annual decline in cigarette consumption.

Cigarette tax revenues are projected to decline at an average annual rate of 2.2 percent from 2012 through 2014, reflecting the long-term trend decline in the number of packs sold.

CIGARETTE TAX 2001-2011



HOTEL TAX

The hotel room occupancy tax is projected to account for 1.0 percent of tax revenue in 2011, or \$373 million.

Tax detail and legislative history can be found in the OMB publication “Tax Revenue Forecasting Documentation, Financial Plan, Fiscal Years 2009-2013.”

2010 Forecast: Hotel tax revenue is forecast at \$365 million, growth of 6.6 percent over the prior year.

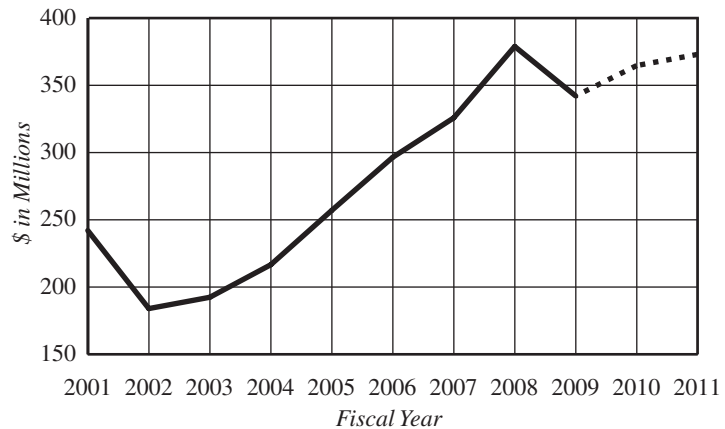
Hotel tax revenue is expected to decline 6.3 percent on a common rate and base.

In 2009, hoteliers aggressively lowered room rates to attract visitors and preserve high hotel occupancy. This practice continued into 2010, resulting in room rates on average \$100 per night lower than the peak in 2008. Further, pressure was put on room rates by an inventory expansion of almost 4,000 new hotel rooms in 2009. Despite lower revenue in 2009 and 2010, this strategy proved successful as hotel occupancy in 2010 remained around 80 percent, performing much better than other popular tourist destinations in the United States. Though New York City normally ranks near the top for popular tourist destinations in the United States, the City became the number one tourist destination in the United States for the first time in 20 years because of hoteliers incentivizing potential visitors.

2011 Forecast: Hotel tax revenue is forecast at \$373 million, growth of 2.3 percent over the prior year. This increase results from continued stability in the hotel room occupancy and some mild room rate growth. Further, the number of visitors coming to the City is expected to grow as the global and national economies begin to recover. Even though demand for hotel rooms is forecast to increase, the City’s hotel inventory is expected to grow by another 3,000 rooms, putting pressure on hoteliers’ ability to raise room rates rapidly, dampening the potential for strong hotel tax revenue growth.

In 2012 through 2014, hotel tax revenue is forecast to decline an average of 1.9 percent annually as the temporary 0.875 percent hotel tax rate increase enacted March 1, 2009 expires, reducing the hotel tax rate to 5.0 percent in the second half of 2012. On a common rate and base, hotel tax revenue is forecast to average annual growth of 2.7 percent, reflecting the global and national economic recoveries.

HOTEL TAX 2001-2011



OTHER TAXES

All other taxes are projected to account for 1.2 percent of total tax revenue in 2011, or \$476.7 million.

Tax detail and legislative history can be found in the OMB publication “Tax Revenue Forecasting Documentation, Financial Plan, Fiscal Years 2009-2013.”

2010–2011 Other Taxes Forecast Excluding Tax Audit Revenue (\$000s)

Tax	2010 Forecast	2011 Executive Budget	Increase/(Decrease) From 2010 to 2011 Amount	Percent Change
Auto Related Taxes				
Auto Use	\$28,000	\$28,000	\$ —	—
Commercial Motor Vehicle	47,500	47,500	—	—
Taxi Medallions Transfer	10,000	7,000	(3,000)	(30.0%)
Excise Taxes				
Beer and Liquor	23,000	23,000	—	—
Liquor License Surcharge	5,000	5,000	—	—
Horse Race Admissions	35	35	—	—
Off-Track Betting Surtax	3,000	4,250	1,250	41.7%
Miscellaneous				
Other Refunds	(30,000)	(29,000)	1,000	(3.3%)
Payment in Lieu of Taxes (PILOTs)	262,555	245,022	(17,533)	(6.7%)
Section 1127 (Waiver)	109,300	103,900	(5,400)	(4.9%)
Penalty and Interest Real Estate (Current Year)	15,000	15,000	—	—
Penalty and Interest Real Estate (Prior Year)	30,000	30,000	—	—
Penalty and Interest - Other Refunds	(3,000)	(3,000)	—	—
Total	\$500,390	\$476,707	(\$23,683)	(4.7%)

AUTO RELATED TAXES

Auto Use Tax: Revenue from the tax is expected to generate \$28 million in both 2010 and 2011.

Commercial Motor Vehicle Tax: Revenue from the tax is expected to generate \$47.5 million in both 2010 and 2011.

Taxi Medallion Transfer Tax: Revenue from the tax is expected to generate \$10 million in 2010 and \$7 million in 2011.

EXCISE TAXES

Beer and Liquor Excise Tax: This tax is expected to generate \$23 million in both 2010 and 2011.

Liquor License Surcharge: This tax is expected to generate \$5 million in both 2010 and 2011.

Horse Race Admissions Tax: This tax is expected to generate \$0.04 million in both 2010 and 2011.

Off-Track Betting Surtax: This tax is expected to generate \$3.0 million in 2010 and \$4.3 million in 2011.

MISCELLANEOUS

Other Refunds: These refunds are primarily paid out on the commercial rent tax and Section 1127 (waiver) and are projected to be \$30 million in 2010 and \$29 million in 2011.

PILOTs: Payments in lieu of taxes (PILOTs) are contractual agreements between public agencies and private property owners. There are four primary sponsor agencies, which serve as intermediaries between the City and the property owner: the New York City Housing Authority, the New York City Economic Development Corporation, the New York City Industrial Development Agency and the Battery Park City Authority. These agencies administer projects that comprise approximately 91 percent of PILOT payments received. PILOT revenue is expected to be \$262.6 million in 2010 and \$245.0 million in 2011.

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 \$109.3 million in 2010 and \$103.9 million in 2011.

Prior Year and Current Year Penalty and Interest - Real Estate: Taxpayers who do not pay their real property tax on time are liable for interest charges on outstanding balances. Penalties and interest received against current year delinquencies are expected to be \$15 million in both 2010 and 2011, while penalty and interest collections from prior year delinquencies are expected to be \$30 million in both 2010 and 2011.

Penalty and Interest - Other Refunds: The City pays out interest on refunds claimed on overpayments against the business income taxes and on audits of the general corporation and unincorporated business taxes already collected by the Department of Finance but overturned by Federal or State rulings. The cost of all these payments is projected at \$3 million in both 2010 and 2011.

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 \$890.3 million in 2010, an increase of \$9.6 million over the January Plan. The audit revenue target for 2011 is forecast at \$622 million, including \$10 million in agency PEGs from additional initiatives.

MISCELLANEOUS RECEIPTS

Forecast of Miscellaneous Receipts

The non-tax revenue portion of City Funds is referred to as miscellaneous revenues. The 2011 Executive Budget includes eleven classes of miscellaneous revenues which are discussed below.

Miscellaneous Revenues (\$ in Millions)

	2010 Forecast	2011 Executive Budget	Forecast to Executive Budget Increase (Decrease)
Licenses.....	\$54	\$57	3
Permits	131	129	(2)
Franchises and Privileges.....	289	295	6
Interest Income.....	22	48	26
Tuition and Charges for Services	731	753	22
Water and Sewer Revenues	1,624	1,331	(293)
Rental Income	226	223	(3)
Fines and Forfeitures	841	846	5
Miscellaneous.....	783	592	(191)
Total Miscellaneous Revenues	<u>\$4,701</u>	<u>\$4,274</u>	<u>(427)</u>

Miscellaneous revenues are estimated at \$4,274 million in 2011, a decrease of \$427 million from 2010, 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 450,000 licenses. About 69,000 are non-recurring, 118,000 are renewed annually, 227,000 biennially, and 36,000 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 2011 forecast for license revenue is \$57 million, \$3 million more than 2010. Additional fees for special promotional events and the cyclical renewal of certain licenses account for this change.

Permits

Permits are issued to 992,000 individuals or entities for the use of facilities, premises or equipment. Approximately 330,000 permits are renewable on an annual, biennial or triennial basis. Seasonal or single occurrence permits, such as tennis and building permits, account for 662,000 additional permits, all of which are issued and regulated by twelve City agencies.

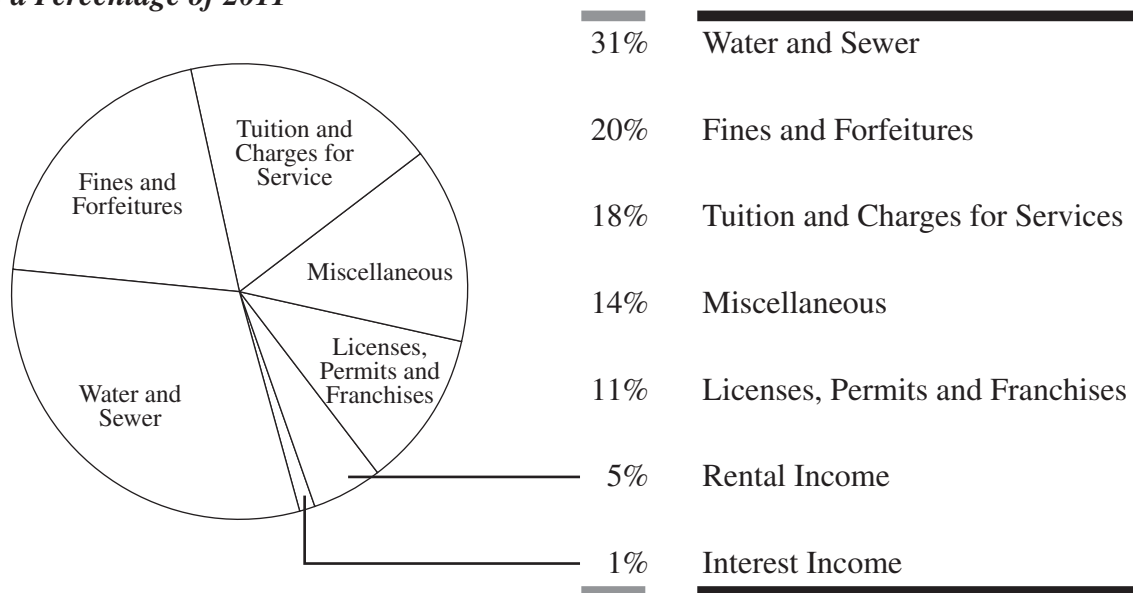
The major sources of revenue are permits for building construction and alterations, street openings, restaurants, hazardous materials, and air pollution control. The 2011 forecast for permit revenue is \$129 million, \$2 million less than 2010. The decrease is due to a decline in receipts for construction-related permits issued by the Department of Buildings and the Department of Transportation, partially offset by increases in permits issued by various agencies.

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 2011 forecast for tuition and charges for services is \$753 million, \$22 million more than 2010. The change is attributable to an increase in Manhattan commercial and residential parking meter rates, additional fire inspection fee activity due to the new fire code, and increased records management fees in the Department of Buildings. This increase is partially offset by non-recurring revenue from the processing of 421-a tax exemption applications.

COMPONENTS OF MISCELLANEOUS REVENUES

As a Percentage of 2011



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 12.9 percent rate increase for 2011. The forecast for Water Board revenue is \$3.0 billion, including a City payment of \$84 million for municipal water and sewer charges and \$49 million for interest on funds held by the New York City Municipal Water Finance Authority. The Water Board will pay \$1.282 billion for Water Board and Authority expenses and debt service. The City will receive \$1.112 billion for services rendered in the delivery of water and the collection, treatment, and disposal of waste water, and \$219 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 2011 forecast for interest earnings is \$48 million, an increase of \$26 million from 2010. Interest rates are forecast to rise over the next twelve months resulting in increased earnings.

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 2011 forecast for franchise revenue is \$295 million, an increase of \$6 million from 2010. The increase is due to contractual escalations for franchise agreements in the Department of Transportation and increased payments on agreements administered by the Department of Information Technology and Telecommunications.

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. Over 2,300 properties are rented from the City. Approximately 630 are *in rem* or condemnation sites, 180 are covered by long term agreements, and nearly 1,500 are schools that are rented on a per event basis after school hours.

The 2011 forecast for rental income is \$223 million, \$3 million less than in 2010. The decrease is due to one-time receipts occurring in 2010 and a decline in rent collection in 2011 from Urban Renewal properties managed by the Department of Housing Preservation and Development.

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 2011 forecast for forfeitures is \$3.1 million. The revenue expected from fines in 2010 and 2011 is listed below:

Fine Revenue

SOURCE (\$ in 000's)	2010 FORECAST	2011 EXECUTIVE BUDGET
Parking Violations	\$570,516	\$575,000
Red Light Camera Violations	\$37,348	\$50,258
Environmental Control Board Violations	86,417	79,331
Department of Health.....	36,857	44,093
Traffic Violations.....	19,100	20,567
Collection Initiative	14,000	20,000
Department of Buildings.....	21,000	16,000
Department of Consumer Affairs	6,760	8,369
Taxi and Limousine Commission.....	5,364	7,300
State Court Fines.....	8,000	7,085
Other Sources.....	32,318	15,136
Total	<u>\$837,680</u>	<u>\$843,139</u>

The Parking Violation division of the Department of Finance is forecasted to collect \$575 million in parking fines in 2011, \$4 million more than 2010.

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. To enhance the effectiveness of the program, the Department of Transportation added twenty cameras at existing locations and installed cameras at fifty additional locations. There are presently 170 red light cameras operating at 150 intersections. Red Light Camera violations will generate \$50.3 million in 2011, \$13 million more than in 2010. This increase is attributable to the delayed installation of the seventy additional cameras in 2010 which will be fully operational in 2011.

The Environmental Control Board (ECB) division within the Office of Administrative Trials and Hearings (OATH) adjudicates approximately 700,000 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 \$79 million in 2011.

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 2011 the Department will inspect restaurants with persistent unsanitary conditions more frequently.

The Department of Consumer Affairs enforces the City's consumer protection, licensing, and weights and measures laws. The Department will hire additional inspectors to focus on store inspections for tobacco-related violations and undercover investigations on key areas of consumer interest. In 2011 the Department will generate \$8.4 million in fine revenue.

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

Miscellaneous

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

The 2011 forecast for miscellaneous revenue is \$592 million, \$191 million less than in 2010. The decrease is related to a one-time payment from the Battery Park City Authority, the refund of prior year expenditures, the collection of fines from criminal prosecutions and settlement revenue from deferred prosecutions partially offset by an anticipated debt service reimbursement from the Health and Hospitals Corporation.

Private Grants

The Executive Budget includes \$1.284 billion in private grants in 2011, \$150 million more than 2010. 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 2011 expected reimbursements will be \$558 million. The City implemented a new rate methodology in 2010, which incorporates overhead and fringe costs consistent with other cost allocation methodologies in use by the City.

CAPITAL BUDGET

The Executive Capital Budget and Four-Year Plan, 2011-2014

The 2011 Executive Capital Budget includes new appropriations of \$10.3 billion, of which \$7.8 billion are to be funded from City sources. These appropriations, together with available balances from prior years, authorize total commitments of \$9.6 billion for 2011, of which \$7.7 billion will be City-funded. City funds include proceeds from City general obligation bonds as well as bonds issued by the New York City Municipal Water Finance Authority and the New York City Transitional Finance Authority. These bonds include Build America Bonds (“BABs”), 35 percent of the interest on which is reimbursed by the Federal government, and Qualified School Construction Bonds (“QSCBs”), all interest on which is reimbursed by the Federal government.

Four-Year Plan Highlights

The 2011-2014 Capital Plan totals \$28.6 billion for the construction and rehabilitation of the City’s infrastructure. This will provide funding targeted to building and improving schools, maintaining the drinking water system, improving transportation, modernizing emergency response communications, improving major hospitals, and developing economic growth initiatives.

The Capital Plan provides \$9.0 billion for new school construction and expansion, as well as the modernization, rehabilitation and improvements to existing school buildings, which will be partially funded by Qualified School Construction Bonds. The City will invest \$1.8 billion for the continued reconstruction and rehabilitation of the four East River Bridges and the reconstruction and rehabilitation of 30 other bridge structures. An investment of \$724.7 million 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 \$310.3 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 \$290.9 million in the redevelopment of Willets Point, another \$128.3 million for various improvements at the Brooklyn Navy Yard, \$26.3 million for the Coney Island Steeplechase Plaza and \$57.6 million for the redevelopment of Governors Island.

**FY 2010 - 2014 Commitment Plan
(\$ in Millions)**

	2010		2011		2012		2013		2014	
	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds
Environmental Protection										
• Equipment	\$218	\$322	\$94	\$98	\$93	\$93	\$44	\$54	\$97	\$97
• Sewers	187	207	305	307	289	289	173	173	218	218
• Water Mains, Sources & Treatment	942	947	619	619	321	321	460	460	175	175
• Water Pollution Control	1,432	1,657	621	621	403	403	449	449	336	336
• Water Supply	91	91	66	66	242	242	121	121	475	475
Subtotal.....	\$2,869	\$3,223	\$1,705	\$1,710	\$1,347	\$1,347	\$1,247	\$1,257	\$1,301	\$1,301
Transportation										
• Mass Transit	\$173	\$243	\$74	\$74	\$65	\$65	\$66	\$66	\$59	\$59
• Bridges.....	536	1,192	390	453	258	667	201	307	252	\$345
• Highways.....	546	648	418	718	290	315	205	210	335	\$340
Subtotal.....	\$1,255	\$2,083	\$882	\$1,245	\$613	\$1,046	\$473	\$584	\$645	\$743
Education										
• Education.....	\$1,328	\$2,508	\$1,047	\$2,072	\$1,061	\$2,122	\$1,045	\$2,071	\$1,373	\$2,745
• Higher Education.....	235	247	19	19	0	0	50	50	3	3
Subtotal.....	\$1,563	\$2,755	\$1,067	\$2,092	\$1,061	\$2,122	\$1,094	\$2,121	\$1,376	\$2,748
Housing & Economic Development										
• Economic Development	\$1,177	\$1,423	\$145	\$145	\$96	\$96	\$169	\$169	\$55	\$55
• Housing	492	652	274	443	204	316	284	389	269	377
Subtotal.....	\$1,670	\$2,075	\$419	\$588	\$300	\$412	\$453	\$558	\$324	\$432
Administration of Justice										
• Corrections	\$102	\$102	\$361	\$361	\$157	\$157	\$432	\$432	\$216	\$216
• Courts	326	326	83	83	12	12	71	71	26	26
• Police.....	910	910	216	216	40	40	79	79	112	112
Subtotal.....	\$1,339	\$1,339	\$660	\$660	\$209	\$209	\$581	\$581	\$353	\$353
City Operations and Facilities										
• Cultural Institutions.....	\$607	\$670	\$81	\$81	\$31	\$31	\$131	\$131	\$18	\$18
• Fire.....	181	205	153	153	73	73	84	84	43	43
• Health & Hospitals.....	474	490	341	348	102	105	187	188	55	56
• Parks.....	1,170	1,384	335	344	87	87	337	337	93	93
• Public Buildings.....	280	280	317	317	107	107	88	88	30	30
• Sanitation.....	595	600	743	743	86	86	122	122	81	81
• Technology & Equipment....	1,614	1,656	609	609	403	403	419	419	99	99
• Other.....	605	709	432	688	98	154	162	219	101	156
Subtotal.....	\$5,525	\$5,994	\$3,011	\$3,284	\$986	\$1,044	\$1,531	\$1,588	\$521	\$576
Total Commitments.....	\$14,221	\$17,469	\$7,744	\$9,578	\$4,517	\$6,181	\$5,379	\$6,690	\$4,520	\$6,154
Reserve for Unattained Commitments.....										
	(\$4,035)	(\$4,035)	\$509	\$509	\$711	\$711	(\$53)	(\$53)	\$282	\$282
Commitment Plan	\$10,186	\$13,434	\$8,253	\$10,087	\$5,228	\$6,892	\$5,326	\$6,637	\$4,802	\$6,436
Total Expenditures.....	\$8,977	\$10,173	\$8,133	\$9,542	\$7,377	\$9,093	\$6,634	\$8,486	\$6,453	\$8,237

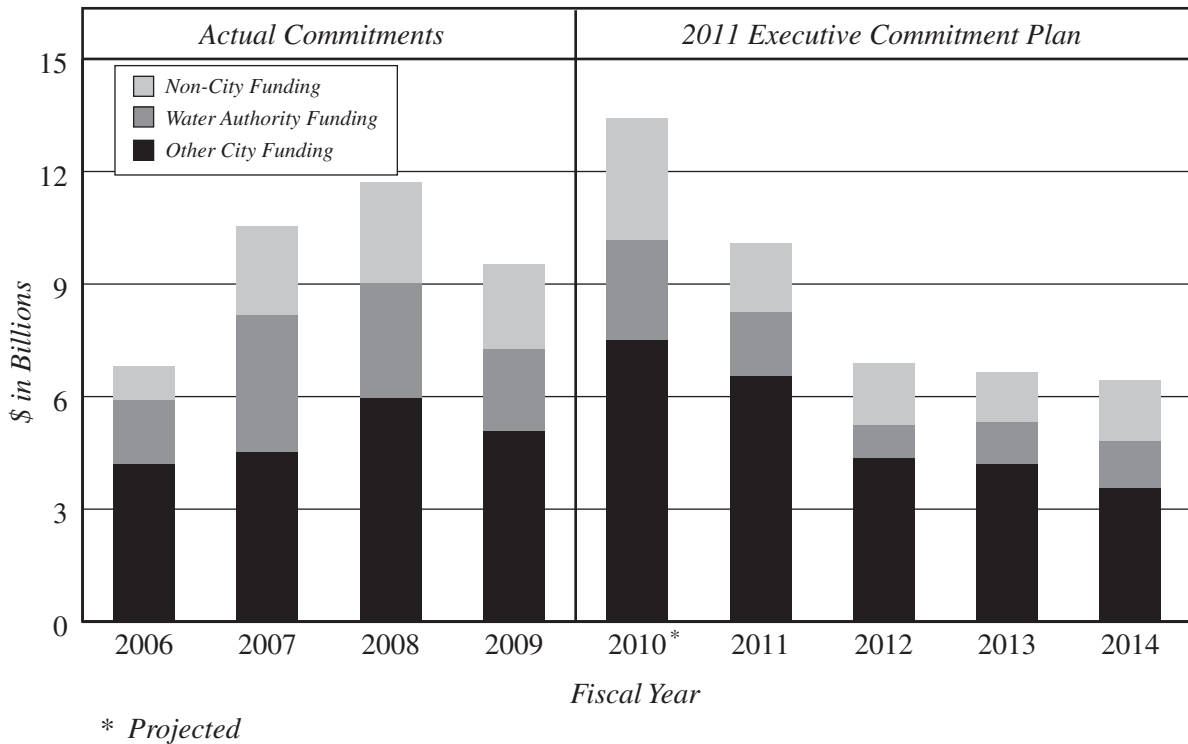
*Note: Individual items may not add to totals due to rounding

Non-City Funding Sources

Non-City capital funding sources include \$1.8 billion in the 2011 plan and \$6.4 billion over the 2011-2014 four-year plan period. The majority of non-City funding supports Education, Transportation, Housing, Human Resources and Environmental Protection.

Education programs anticipate receiving \$4.5 billion in State funding over the 2011-2014 period. Transportation programs are projected to receive non-City funding of \$1.4 billion over the 2011-2014 period, with \$1.1 billion from the Federal government, \$241.2 million from the State, and private funds of \$94.1 million. Housing programs anticipate Federal funding of \$493.7 million over the 2011-2014 period. Human Resource programs are projected to receive \$23.6 million over the 2011-2014 period, with \$15.2 million from the Federal government and \$8.4 million from the State. Environmental Protection programs anticipate receiving \$14.9 million in non-City funding over the 2011-2014 period, consisting of \$13.7 million in Federal funds and \$1.2 million in private funds.

FY 2006-2014 CAPITAL COMMITMENTS BY FUNDING SOURCE



The Capital Program since 2006

The table below illustrates the changes in the size of the City's capital program over the 2006-2009 period.

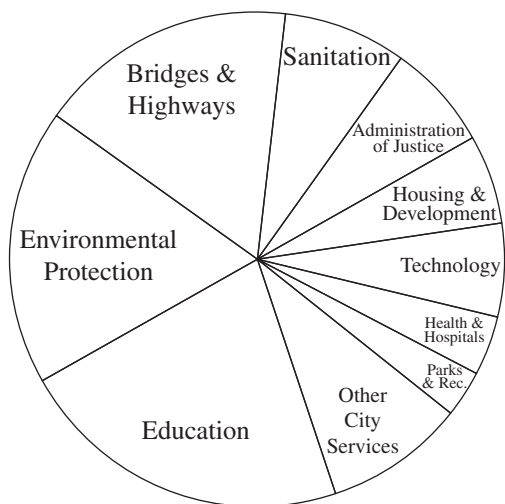
FY 2006-2009 COMMITMENTS (\$ in Millions)

	2006		2007		2008		2009	
	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds
Environmental Protection								
• Equipment	\$73	\$107	\$92	\$93	\$149	\$150	\$174	\$174
• Sewers	191	192	177	177	200	200	164	164
• Water Mains, Sources and Treatment.....	568	568	2,253	2,253	1,839	1,838	663	663
• Water Pollution Control	843	848	1,071	1,102	843	842	944	936
• Water Supply.....	26	26	64	64	20	20	237	237
Subtotal	\$1,702	\$1,741	\$3,657	\$3,690	\$3,051	\$3,051	\$2,182	\$2,175
Transportation								
• Mass Transit	\$83	\$83	\$43	\$43	\$40	\$40	\$71	\$71
• Bridges.....	259	281	254	262	443	783	338	513
• Highways.....	200	215	319	345	325	360	226	334
Subtotal	\$541	\$578	\$616	\$650	\$808	\$1,184	\$635	\$918
Education								
• Education.....	\$1,411	\$1,990	\$1,143	\$3,216	\$1,127	\$3,205	\$991	\$2,656
• Higher Education.....	39	40	22	22	129	132	205	210
Subtotal	\$1,449	\$2,029	\$1,165	\$3,238	\$1,255	\$3,337	\$1,196	\$2,866
Housing & Economic Development								
• Economic Development	\$154	\$168	\$134	\$175	\$380	\$398	\$300	\$373
• Housing	238	356	218	299	351	453	243	358
Subtotal	\$393	\$524	\$353	\$475	\$731	\$851	\$543	\$730
Administration of Justice								
• Correction.....	\$92	\$92	\$44	\$44	\$6	\$6	\$40	\$40
• Courts	142	142	159	159	540	540	11	11
• Police	76	76	87	87	101	101	146	146
Subtotal	\$310	\$310	\$290	\$290	\$647	\$647	\$197	\$197
City Operations & Facilities								
• Cultural Institutions.....	\$143	\$151	\$97	\$102	\$211	\$212	\$426	\$430
• Fire.....	108	121	116	119	121	153	71	71
• Health & Hospitals.....	307	307	230	230	231	231	281	281
• Parks	262	279	464	476	507	545	504	551
• Public Buildings	108	110	95	95	165	165	141	141
• Sanitation.....	77	77	189	189	172	173	170	171
• Technology & Equipment	379	410	681	706	864	864	656	664
• Other	133	177	219	286	246	294	261	336
Subtotal	\$1,516	\$1,631	\$2,090	\$2,203	\$2,517	\$2,638	\$2,510	\$2,644
Total Commitments.....	\$5,911	\$6,814	\$8,171	\$10,546	\$9,008	\$11,707	\$7,264	\$9,531
Total Expenditures.....	\$6,211	\$6,595	\$5,098	\$7,496	\$6,310	\$9,005	\$7,248	\$10,044

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

2011 AUTHORIZED CAPITAL COMMITMENTS, BY PROGRAM

(\$ in Millions - All Funds)



<i>% of Plan</i>	<i>Program</i>	<i>2011 Plan</i>
22%	Education	\$2,092
18%	Environmental Protection	1,710
17%	Bridges & Highways	1,582
8%	Sanitation	743
7%	Administration of Justice	664
6%	Housing & Development	616
6%	Technology	609
4%	Health and Hospitals	348
3%	Parks & Recreation	344
9%	Other City Services	870
	Total	\$9,578

2011 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 (\$187.7 million); upgrade of the City's Financial Management System (FMS) and the Payroll Management System (PMS) (\$66.0 million); development and implementation of the Citywide Integrated Human Resources System (NYCAPS), including implementation at the Department of Education (\$36.0 million); the City's data center consolidation initiative (CITIServ) (\$35.0 million); and the Citywide Timekeeping and Workforce Management System (CityTime) (\$33.8 million).

Environmental Protection and Sanitation

- Sewers: reconstruction and augmentation of the City's sewer system (\$306.6 million).
- Water Mains, Sources and Treatment: reconstruction of the Gilboa Dam in the Catskill Watershed (\$197.9 million); and continued in-City water main construction and ancillary work (\$178.9 million).
- Wastewater Treatment: continued stabilization and reconstruction of the 26th Ward WPCP (\$199.1 million); construction of a sludge force main and loading docks at the Newtown Creek WPCP (\$85.0 million); and implementing initiatives that address water quality problems attributed to CSO discharges into the City's surrounding waterways during wet weather conditions (\$57.6 million).
- Water Supply: construction of the Shaft 4 connection from the Delaware Aqueduct to the Catskill Aqueduct (\$45.0 million).
- Equipment: continued purchase, replacement and installation of water meters as part of the citywide Automated Meter Reading (AMR) Project (\$32.9 million).

- Sanitation: purchase of vehicles and other equipment (\$102.0 million); construction and reconstruction of sanitation garages and other facilities, citywide (\$395.6 million); and construction of solid waste management facilities (\$245.9 million).

Transportation

- Bridges: the continued reconstruction/rehabilitation of the four East River Bridges (\$37.0 million); the reconstruction of four bridge structures rated “poor” (\$100.5 million), in addition to the continued reconstruction of one previously rated “poor” bridge (\$106.9 million); and the reconstruction of three bridge structures rated “fair” (\$167.6 million). The total Bridge Program for 2011 is \$452.9 million.
- Highways: the reconstruction and/or resurfacing of 334.3 linear miles (1,100 lane miles) of streets (\$591.6 million); the reconstruction of sidewalks, retaining walls, step streets, and the installation of pedestrian ramps (\$102.7 million); and facility reconstruction (\$23.4 million). The total Highway Program for 2011 is \$717.8 million.
- Traffic: the modernization and expansion of the City’s computerized traffic signal network to improve traffic flow (\$142.4 million); installation of signals, streetlights, and lane markings associated with the Highway and Bridge Reconstruction Programs (\$70.4 million); and the upgrade of the street lighting system (\$65.0 million). The total Traffic Program for 2011 is \$301.7 million.
- Ferries: the reconstruction and improvement of various ferry vessels (\$37.8 million), and ferry terminals (\$13.1 million); and general construction work at the ferry maintenance facilities (\$7.7 million). The total Ferries Program for 2011 is \$58.6 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 2011 totals \$74.9 million.

Education, Health and Social Sources

- Education: capital improvements that enhance educational programs (\$263.1 million); rehabilitate, replace and upgrade building components (\$377.1 million); construct new schools (\$307.4 million); modernize school buildings (\$3.9 million); cover emergency projects, research and development, and prior plan completion costs (\$715.9 million); expand facilities through leases, building additions, modular classrooms and new athletic fields and playgrounds (\$375.6 million); and address the need for security systems, emergency lighting and code compliance (\$29.4 million). The total Education Program for 2011 is \$2.1 billion.
- Higher Education: reconstruction and renovation to existing facilities (\$18.9 million); purchase of computer, laboratory and other equipment (\$0.5 million). The total Higher Education Program for 2011 is \$19.4 million.
- Health: Gouverneur Healthcare Services modernization (\$27.3 million); Harlem Hospital Center consolidation and modernization (\$17.0 million); ambulance purchases (\$7.7 million); HHC’s ongoing maintenance, code compliance, and facility and equipment expansion and upgrades (\$28.7 million); design and construction of new Public Health Laboratory (\$50.2 million); design and construction of new Bronx Mortuary (\$2.4 million); and the new headquarters at 2 Gotham Center (\$87.3 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 (\$21.2 million); and information technology upgrades to enhance the ability of older New Yorkers to access services and benefits electronically (\$5.3 million).

- Administration for Children’s Services: renovations of administrative and field offices (\$3.5 million); ongoing development of a 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 (\$1.7 million); development of ACS-Info, a system to unify the agency’s various child welfare data systems through a single portal (\$3.4 million); and renovations of citywide child care centers to correct code violations and provide for handicapped accessibility (\$11.5 million).
- Homeless Services: HOPES case management and client tracking system (\$3.0 million, added to \$15.9 million in 2010); renovation and upgrade of adult shelters (\$14.0 million); and renovation and upgrades of family shelters (\$25.0 million).
- Human Resources: renovation of agency facilities and model offices (\$21.3 million); agency-wide upgrades to computer and data processing systems (\$5.1 million); and continued expansion of the Voice Over Internet Protocol communications network (\$1.1 million).

Housing and Development

- Housing: development of approximately 3,800 new rental and homeownership dwelling units through varied scattered site, large-scale, and multifamily initiatives (\$150.4 million); provision of low-interest loans to finance the rehabilitation and preservation of over 11,000 units in privately-owned buildings under the Low Income Housing Tax Credit Year 15 Preservation, Article 7A, Article 8A, Mitchell Lama Preservation, Participation Loan, Senior Citizens Home Assistance, and other housing preservation programs (\$133.3 million); disposition and rehabilitation of approximately 500 *In Rem* dwelling units through various privatization initiatives (\$61.3 million); and production and rehabilitation of approximately 1,000 units for low-income and formerly homeless individuals, including those with special needs, through the Supportive Housing Loan and HUD 202 Programs (\$93.3 million).
- Housing Authority: new installation and/or retrofitting of instantaneous hot water heaters (\$24.0 million); installation and/or upgrade of closed circuit television (CCTV) security systems (\$2.1 million); elevator improvements (\$2.5 million); and miscellaneous exterior building upgrades (\$0.5 million).
- Economic Development: Willets Point site acquisition and offsite infrastructure development (\$2.8 million); various development and infrastructure improvement projects at the Brooklyn Navy Yard (\$15.3 million); Jamaica Center transportation and economic development projects (\$7.1 million); Governors Island redevelopment (\$4.9 million); and implementation of various elements of the Coney Island Strategic Plan (\$18.2 million).

Administration of Justice and Public Safety

- Correction: replacement of deteriorating housing facilities with new facilities (\$51.0 million); improvements to building systems, infrastructure and support space (\$292.0 million); and lifecycle replacement of equipment (\$17.2 million).
- Courts: electrical upgrade work at the Family and Criminal Court in the Bronx, the County Courthouse in the Bronx, and the Supreme Courthouse in Staten Island (\$20.7 million); HVAC upgrade work at the Supreme Court and Criminal Court in Manhattan, the Family and Criminal Court in the Bronx, the Criminal Court and Supreme Court in Brooklyn, and the Supreme Court in Queens (\$20.0 million); skylight renovation work at the Surrogates Court in Manhattan (\$5.6 million); exterior renovation work at the Supreme Court in Brooklyn, and the Supreme Court in Queens (\$4.6 million); and interior renovation work at the Supreme Court and Judicial Center in Staten Island (\$2.7 million).
- Police: continued design and construction of a new Police Academy (\$52.3 million); relocation, maintenance and rehabilitation of facilities citywide (\$51.4 million); enhancement of the MTA underground communication system (\$20.3 million); replacement and upgrade of critical data management systems (\$22.5 million); and lifecycle replacement of vehicles (\$21.5 million).

- Fire: replacement of front-line fire-fighting apparatus, support vehicles, fireboats and equipment (\$77.9 million); renovation of firehouse components, including boilers, electrical upgrades, kitchens, roofs, bathrooms, waterproofing, apparatus doors, floors and windows (\$34.9 million); construction of a new EMS Station in Greenpoint, Brooklyn (\$9.6 million); the construction of a new EMS Station in the Soundview section of the Bronx (\$14.4 million); and professional services for the integration of building information systems (\$7.7 million).

Recreation and Cultural

- Parks: acquisition and development of open space along the Greenpoint and Williamsburg waterfronts in Brooklyn (\$129.9 million); renovation of the Prospect Park Lakeside Center in Brooklyn (\$27.3 million); planting new street and park trees and the construction of greenstreets citywide (\$25.4 million); continued construction of Hudson River Park in Manhattan (\$15.9 million); Brooklyn Bridge Park Master Plan projects (\$14.0 million); reconstruction of Soundview Park in the Bronx (\$7.5 million); ADA ramp and staircase reconstruction at Fort Washington Park in Manhattan (\$1.5 million); and reconstruction of baseball fields at Roy Wilkins Park in Queens (\$1.2 million).
- Public Libraries: the Central Library Master Plan project at the Stephen A. Schwarzman Building in Manhattan (\$34.5 million, in addition to \$2.5 million in 2010); continue improvements and modifications to the Brooklyn Central Library (\$12.1 million, in addition to \$5.5 million in 2010); a new replacement facility for the Far Rockaway Community Library in Queens (\$11.5 million, in addition to \$1.5 million in 2010); a new Westchester Square Branch Library in the Bronx (\$2.0 million); and a new branch library for the Mariner's Harbor community in Staten Island (\$7.6 million in 2010).
- Department of Cultural Affairs: renovations and improvements to the New York City Center Theater in Manhattan (\$24.2 million, added to \$8.9 million in 2010); renovations and initial outfitting of a new theater for the Manhattan Class Company (\$8.0 million, added to \$3.6 million in 2010); reconstruction and improvements to Carnegie Hall in Manhattan (\$7.0 million, added to \$2.5 million in 2010); renovations to the Billie Holiday Theater in Brooklyn (\$2.9 million); renovations to the auditorium and the terrace café at the Conservatory Complex of the Brooklyn Botanic Garden (\$2.0 million, added to \$2.0 million in 2010); construction of an Education Building at the Weeksville Heritage Center in Brooklyn (\$1.5 million, added to \$6.0 million in 2010); expansion and initial outfitting of new facilities for the Museum of the Moving Image in Queens (\$1.0 million, added to \$20.3 million in 2010); renovations and improvements to the Great Hall at the New York Hall of Science in Queens (\$1.2 million, added to \$7.9 million in 2010); completion of the construction of new pathways at the Queens Botanical Garden (\$760,000, added to \$2.8 million in 2010); reconstruction of the Bronx River Arts Center (\$706,000, added to \$7.4 million in 2010); reconstruction of the Aquarium at the Staten Island Zoo (\$175,000, added to \$181,000 in 2010); and the purchase of a compressed natural gas fueled vehicle for the WCS Bronx Zoo (\$65,000).

Department of Citywide Administrative Services

- Public Buildings: rehabilitation of City-owned space (\$168.9 million), including citywide office space consolidation projects (\$32.4 million), renovations to Queens Borough Hall (\$5.7 million), the Brooklyn Municipal Building (\$4.6 million), the Manhattan Municipal Building (\$12.8 million), and Staten Island Borough Hall (\$6.6 million); miscellaneous construction in other facilities (\$40.8 million); legal mandates (\$13.1 million), including the expansion of sprinkler systems, building fire alarm systems and fire safety provisions throughout DCAS buildings to comply with NYC building codes (\$6.3 million); renovation of leased space (\$46.7 million), including the relocation and/or renovation of space for nine City agencies currently located in leased space at 40 Rector Street in Manhattan (\$25.8 million) and citywide office space consolidation projects (\$6.0 million); equipment and interagency services (\$42.9 million), including the development of a municipal supplies inventory management system (\$13.8 million) and a fleet management system (\$6.7 million); and reconstruction of waterfront properties and non-waterfront properties (\$7.7 million).

- Energy Efficiency and Sustainability: energy efficiency measures and building retrofits (\$129.2 million), including energy retrofit projects in City buildings (\$70.4 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 2011-2014 Borough Presidents' Allocations* (City Funded Appropriations \$ in thousands)

	2011	2012	2013	2014
Bronx Program				
Children's Services.....	—	—	\$1,750	—
Cultural Affairs.....	806	—	—	—
Education.....	5,818	—	—	—
Health	625	1,000	—	—
Higher Education.....	2,303	—	2	—
Highways.....	500	—	—	—
Housing.....	7,491	3,930	—	—
Housing Authority.....	500	500	500	—
New York Public Library.....	300	—	—	—
Parks	2,550	—	—	—
Public Buildings	1,037	—	—	—
Traffic.....	311	—	—	—
GRAND TOTAL: BRONX.....	\$22,241	\$5,430	\$2,252	\$0
Brooklyn Program				
Brooklyn Public Library.....	\$1,000	—	\$14	—
Children's Services	257	—	—	—
Cultural Affairs.....	9,921	—	999	—
Economic Development	1,513	—	—	—
Education.....	8,300	—	1	—
Health	1,065	—	—	—
Higher Education.....	3,750	—	954	—
Highways.....	2,620	—	—	—
Hospitals	545	—	—	—
Housing.....	3,477	1,000	1,500	—
Housing Authority.....	1,100	—	—	—
Parks	6,166	1,906	43	—
Public Buildings	1,576	2,062	—	—
GRAND TOTAL: BROOKLYN.....	\$41,290	\$4,968	\$3,511	\$0

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

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

FY 2011-2014 Borough Presidents' Allocations*
(City Funded Appropriations \$ in thousands)

	2011	2012	2013	2014
Manhattan Program				
Aging	\$513	—	—	—
Cultural Affairs.....	3,750	2,000	—	—
Education.....	4,114	—	—	—
Health	1,610	—	—	—
Higher Education.....	1,480	—	—	—
Hospitals.....	750	—	—	—
Human Resources.....	40	—	—	—
New York Public Library.....	1,000	—	—	—
Parks	3,525	—	—	—
Public Buildings	566	—	—	—
GRAND TOTAL: MANHATTAN.....	\$17,348	\$2,000	\$0	\$0
Queens Program				
Aging	\$1,000	—	—	—
Children's Services.....	316	—	—	—
Cultural Affairs.....	6,441	—	—	—
Economic Development	3,500	—	2	—
Education.....	495	—	—	—
Health	2,183	—	—	—
Higher Education.....	6,025	—	17	—
Highways.....	—	—	17	—
Hospitals.....	1,782	—	—	—
Housing.....	1,560	—	—	—
Parks	14,460	—	90	—
Public Buildings	1,086	—	—	—
Queens Public Library.....	6,990	1,100	—	—
GRAND TOTAL: QUEENS.....	\$45,838	\$1,100	\$126	\$0
Staten Island Program				
Education.....	\$550	—	—	—
Health	2,325	—	—	—
Highways.....	10,457	—	—	—
Hospitals.....	1,000	—	—	—
Public Buildings	500	—	—	—
Real Property.....	2	—	—	—
Sanitation.....	134	—	—	—
Sewers.....	500	—	—	—
GRAND TOTAL: STATEN ISLAND.....	\$15,468	\$0	\$0	\$0

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

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

Management Initiatives

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

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

Capital Program Management

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

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

Capital Project Scope Development and Cost Estimation

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

Since 2010, \$20 million was allocated for comprehensive scope development and cost estimation by qualified outside architectural or engineering firms. This has allowed the City to proceed with approximately 25 to 35 scope assessments which guide approximately \$2.0 billion dollars of new construction. Projects selected are determined to be most at risk due to factors that contain those 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. 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 in the City's Financial 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 is being upgraded and expanded to include more agencies, assets and detailed surveys to improve the City's management of its facilities. The upgraded system will also improve the accessibility of information to the agencies to help them prioritize state of good repair funding needs and develop more comprehensive capital projects. Given more meaningful data about their asset portfolio, the City should be able to realize cost savings through improved planning and reduced deferred maintenance.

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 (VM) 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 28 years to review complex and costly capital projects to ensure they meet functional requirements and are cost effective and timely. These Value Management reviews enable agency decision makers to reach informed conclusions about the projects' scope, cost and schedule. In addition to defining potential cost reductions, the VE process frequently generates project improvements, and anticipates and solves functional problems by raising relevant issues early in the design process that could adversely compromise the project's development, cost and schedule. During the recent economic downturn, VM reviews have assisted agencies in dealing with cost constraints while protecting projects' required functionality and mission. Studies scheduled for upcoming VE reviews include environmental projects, parks, dams, jails, bridges, power projects, and water tunnel structures.

FINANCING PROGRAM

The City's financing program projects \$37.7 billion of long-term borrowing for the period 2010 through 2014 to support the City's current capital program. Given expanded New York City Transitional Finance Authority (TFA) issuance capacity of debt supported by personal income tax (PIT) for general capital purposes, the portion of the capital program not financed by the New York City Municipal Water Finance Authority (NYW or the Authority) will be split between General Obligation (GO) bonds of the City and the TFA. Figures below do not include state funded financing for education capital purposes through TFA Building Aid Revenue Bonds (BARBs):

Financing Program (\$ in Millions)

	2010	2011	2012	2013	2014	Total
City General Obligation Bonds	\$3,318	\$3,025	\$2,720	\$2,480	\$2,440	\$13,983
TFA Bonds ¹	3,375	3,025	2,720	2,480	2,440	14,040
Water Authority Bonds ²	2,461	2,159	1,930	1,637	1,490	9,677
Total	\$9,154	\$8,209	\$7,370	\$6,597	\$6,370	\$37,700

1 TFA Bonds do not include BARBs issued for education capital purposes. TFA expects to issue \$282 million, \$711 million, \$883 million, \$1.016 billion and \$1.147 billion of such bonds in fiscal years 2010 through 2014, respectively.

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

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

Debt Outstanding
(\$ in Millions at Year End)

	2010	2011	2012	2013	2014
City General Obligation Bonds	\$41,660	\$42,855	\$43,408	\$43,697	\$43,935
TFA Bonds ¹	15,704	18,330	20,460	22,195	23,826
TSASC Bonds.....	1,265	1,255	1,244	1,232	1,219
Conduit Debt.....	1,679	1,614	1,544	1,473	1,393
Total	\$60,309	\$64,054	\$66,656	\$68,597	\$70,373
Water Authority Bonds ²	\$23,853	\$25,666	\$27,223	\$28,486	\$29,505

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

² Net of economically defeased debt.

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

	2010	2011	2012	2013	2014
City General Obligation Bonds ¹	\$3,727	\$4,010	\$4,401	\$4,482	\$4,556
TFA Bonds ²	1,090	1,181	1,602	1,825	1,999
TSASC Bonds.....	72	74	74	74	75
Conduit Debt ³	183	271	270	268	263
Total Debt Service	\$5,073	\$5,536	\$6,348	\$6,649	\$6,893
Water Authority Bonds ⁴	\$1,123	\$1,444	\$1,580	\$1,674	\$1,855

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

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

³ Conduit Debt debt service includes interest on the \$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.

⁴ Includes First Resolution debt service and Second Resoluiton debt service net of subsidy payments from the NYS Environmental Facilities Corporation, and federal credit payments on Build America Bonds. Authority Bonds debt service is also net of debt service on economically defeased debt.

Debt Burden

	2010	2011	2012	2013	2014
Total Debt Service ¹ (NYC GO, Lease & TFA) as % of:					
a. Total Revenue ²	7.9%	8.7%	9.7%	9.9%	10.0%
b. Total Taxes ³	13.4%	14.0%	15.4%	15.5%	15.6%
c. Total NYC Personal Income.....	1.2%	1.3%	1.4%	1.4%	1.4%
Total Debt Outstanding (NYC GO, Lease & TFA) as % of:					
a. Total NYC Personal Income.....	14.1%	14.5%	14.6%	14.4%	14.1%

¹ Total debt service and debt outstanding include GO, conduit debt and TFA.

² Total revenue includes amounts required to pay debt service on TFA bonds other than BARBs (PIT Bonds) and operating expenses.

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

Given the expansion of TFA financing capacity, the financing of the City capital program is now split among GO, TFA and NYW bond issuance. The City and TFA each will issue \$14 billion, respectively, during the plan period each of which supports 37 percent of the total. NYW's annual bonding amount, excluding refundings, will average approximately \$1.8 billion. The aggregate NYW financing during the plan period will account for approximately 27 percent of the total financing program.

Rating Agencies Recalibrate U.S. Municipal Credit Ratings

In April 2010, Moody's Investors Service and Fitch Ratings implemented a recalibration of its U.S. public finance credit ratings including the credit ratings of the City of New York General Obligation Bonds, the Transitional Finance Authority, the New York City Municipal Water Finance Authority, the Hudson Yards Infrastructure Corporation (HYIC), and other City related credits. Prior to the recalibration, these ratings agencies maintained a separate credit rating scale for municipal debt issuers. The intent of the recalibration was to provide greater comparability across all credit ratings. As a result of the recalibration by these rating agencies, the credit ratings on GO Bonds, TFA, NYW, and HYIC were raised. Standard and Poor's also provides credit ratings to the City's financing entities, but already maintains a single rating scale. The specific details regarding the rating recalibration will be elaborated upon in the discussion of each separate debt issuing entity.

Federally-Subsidized American Recovery and Reinvestment Act (ARRA) Bonds

The City and its financing entities (NYC GO, TFA, and NYW) have been among the largest issuers in the nation of the new Build America Bonds (BABs) authorized by the ARRA, a program that has constituted 25 percent of all municipal bond issuance nationally during fiscal year 2010. GO, TFA, and NYW issuance of federally-subsidized BABs have totaled \$4.75 billion since the first City GO BAB issuance in October. Bonds issued through this program are taxable, not tax-exempt, bonds. However, the federal Treasury subsidizes 35 percent of interest payments. Although the taxable borrowing rates are higher than for tax-exempt bonds in the same maturities, the net borrowing costs after the federal subsidy is lower. For the eight NYC-related borrowings to date, three NYC bond issuances, two TFA issuances and three NYW issuances, the savings from using BABs compared to tax-exempt bonds have ranged from 15 to 94 basis points in the various applicable maturities. BABs are only authorized for new money issues. Tax-exempt bonds were included as a component of one of these four new money bond issues and are likely to be incorporated as well in the future when BABs are issued, notably in the earliest maturities which are not as cost effective when issued as BABs and in which there is strong demand by retail investors for tax-exempt securities.

ARRA also included a new program of Qualified School Construction Bonds (QSCBs) the objective of which was to provide zero percent-cost financing for public school construction. The structure had federal tax credits to investors in lieu of the interest payments which tax-exempt issuers would normally make. The tax-credit bonds have a formulaic maximum maturity announced on a monthly basis by the U.S. Treasury. This maximum maturity is currently 17 years. The City is relying on the budget benefit of this new program to maintain the full scope of the proposed five year capital plan for education.

The provisions relating to Qualified School Construction Bonds passed by Congress in March of this year provide that as an alternative to tax-credit bonds, issuers can issue taxable bonds for school construction purposes and the federal Treasury will pay to issuers the lower of the interest on those bonds or the federal tax credit rate. It is expected that for most periods of time this effectively should provide for 100 percent subsidy of interest on these bonds by the federal government. Based on the success of the 35 percent federally-subsidized BABs issued by GO, TFA and NYW, the City is confident that the City will be able to issue over the next two years the full allocation of QSCBs that were authorized for the City.

New York City General Obligation Bonds

The rating recalibration of City GO bonds resulted in a rating increase from Aa3 and AA- to Aa2 and AA by Moody's and Fitch, respectively. The City GO credit has a AA rating from S&P which is in line with the newly

recalibrated ratings. These are the highest ratings that the City has ever received from these rating agencies. Additionally, the City's appropriation credits also received higher ratings. These ratings are just below the City GO ratings, which is consistent with prior rating agency practice.

Since July 1, 2009, the City has issued \$2 billion in refunding bonds and approximately \$2.5 billion in bonds for capital purposes, totaling approximately \$4.5 billion. The dates and principal amounts are as follows:

NYC GO Issuances						
(\$ in Millions)						
<u>Series</u>	<u>New\$/ Refunding</u>	<u>Issue Date</u>	<u>Tax Exempt Amount</u>	<u>Taxable Amount</u>	<u>BAB Amount</u>	<u>Total Par Amount</u>
2010A	N	10/15/09	\$0	\$170	\$800	\$970
2010BC	R	10/15/09	1,100	0	0	1,100
2010D	N	12/17/09	0	87	561	648
2010EF	R	12/22/09	900	0	0	900
2010G	N	3/30/10	181	75	644	900
Total			\$2,181	\$332	\$2,005	\$4,518

The \$2 billion of refunding transactions the City has completed to date in fiscal year 2010 generated approximately \$178 million of debt service savings during the financial plan period.

In addition to the financings described above, the City plans to issue \$800 million of GO bonds for capital purposes in the remainder of 2010 and \$3.025 billion, \$2.72 billion, \$2.48 billion and \$2.44 billion in 2011 through 2014, respectively. A portion of the City's GO Bonds are expected to be in the form of Qualified School Construction Bonds. The City plans to issue \$398 million, \$624 million, \$516 million, and \$162 million of these bonds in 2010 through 2013, respectively.

Currently the debt service for the City, TFA (excluding BARBs), and City appropriation debt, or conduit debt, excluding the effect of pre-payments, is 7.9 percent of the City's total budgeted revenues in 2010. That ratio is projected rise to 10 percent in 2014. As a percentage of tax revenues, the debt service ratio is 13.4 percent in 2010 and is projected to increase to 15.6 percent in 2014.

During fiscal year 2010, short-term interest rates relating to the \$9.7 billion of floating rate debt (including synthetic floating-rate debt, auction rate bonds and variable-rate demand bonds) issued by the City have been 0.20 percent on average for tax-exempt and 0.55 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 2010, 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, floating rate bonds have been a reliable source of cost savings in the City's capital program. In considering the proportion of the City's debt which is in variable rather than fixed rates, it is useful to consider all sources of financing with the exception of NYW, which is typically considered separately for such purposes. Included would be not only City GO bonds but also TFA, TSASC bonds and conduit debt. The City and its related entities have approximately \$9.7 billion of floating rate exposure. 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 2010. The total notional amount of swaps outstanding as of March 31, 2010 was \$2.6 billion, on which the termination value was negative \$99 million. This is the theoretical amount which the City would pay if all of the swaps terminated under market conditions as of March 31, 2010.

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 Exposure¹
(\$ in Millions)

	<u>GO</u>	<u>TFA</u>	<u>Lease</u>	<u>TSASC</u>	<u>Total</u>
VRDB & Auction Rate Bonds	\$5,995	\$2,734	\$30	\$0	8,759
Synthetic Fixed	201		31		233
Taxable Basis Swap	145				145
Total Return Swap	500		0		500
Enhanced Basis Swap	125				125
Total Floating-Rate	<u>\$6,967</u>	<u>\$2,734</u>	<u>\$61</u>	<u>\$0</u>	<u>\$9,762</u>
Total Debt Outstanding.....	\$41,660	\$15,704	\$1,679	\$1,265	\$60,308
% of Floating-Rate / Total Debt Outstanding	16.2%				
Total Floating-Rate Less \$5.7 Billion Balance in General					
Fund (Floating-Rate Assets)	4,099				
% of Net Floating Rate / Total Debt Outstanding.....	6.8%				

¹ Debt Outstanding as of the Executive 2011 Budget, excluding NYW, HYIC, and TFA BARBs

The 16.2 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 \$5.7 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 6.8 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 \$41 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, \$23.7 billion is outstanding, \$13.6 billion was refinanced with lower cost debt, \$772 million was defeased with Authority funds prior to maturity, and \$3 billion was retired with revenues as it matured.

In addition to this long-term debt, NYW uses a \$1 billion tax-exempt commercial paper as a source of flexible short-term financing. The commercial paper includes \$400 million of unenhanced extendible municipal commercial paper (EMCP) notes and \$600 million of notes backed by lines of credit from five banks.

NYW's outstanding debt also includes floating rate bonds, which have been a reliable source of cost effective financing. NYW has \$2.4 billion of floating rate bonds or 10% of its outstanding debt. NYW's floating rate exposure primarily includes tax-exempt floating rate debt supported by liquidity facilities, and \$200 million of synthetic variable rate debt.

NYW maintains strong credit ratings from all three rating agencies on both its first resolution and second resolution bonds. The ratings from Moody's Investors Service and Fitch Ratings were recalibrated to higher ratings in April 2010.

NYW Ratings

Resolution	Fitch	Moody's	Standards and Poor's
First Resolution	AA+	Aa1	AAA
Second Resolution	AA+	Aa2	AA+

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

EFC Ratings

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

On November 5, 2009, NYW issued \$504.2 million of new money fixed rate Second Resolution General Revenue bonds, Fiscal 2010 Series AA Taxable Build America Bonds. Build America Bonds (BABs) allow NYW to issue higher cost taxable bonds and receive a reimbursement from the federal government for 35% of the annual interest on the bonds. This bond issue included two term bonds maturing in 2041. Additionally, on November 5, 2009, NYW issued \$218.82 million of tax-exempt refunding bonds under the second general resolution. The 2010 Series BB bonds refunded a portion of the 1998 Series D, 1999 Series A and 1999 Series B first resolution bonds. The Fiscal 2010 Series BB bonds included serial bonds maturing from 2012 through 2027.

On December 16, 2009, NYW issued \$200 million of tax-exempt bonds under its Second General Resolution, Fiscal 2010 Series CC bonds. The bonds are variable rate demand obligations backed by a standby bond purchase agreement from a bank. These bonds will mature in 2041.

On February 3, 2010, NYW closed \$400 million of new money fixed rate taxable second resolution revenue bonds, Fiscal 2010 Series DD (Build America Bonds). This bond issue included term bonds maturing in 2042.

On February 11, 2010, NYW issued \$406.7 million of new money fixed rate second resolution revenue bonds to the New York State Environmental Facilities Corporation. The Fiscal 2010 Series 2, 3, & 4 bonds included serial bonds maturing from 2010 to 2029 and term bonds maturing in 2030 and 2039.

On March 18, 2010, NYW closed \$500 million of fixed rate taxable second resolution revenue bonds, Fiscal 2010 Series EE (Build America Bonds). This bond issue included term bonds maturing in 2042.

On March 25, 2010, NYW issued \$359.11 million in fixed rate second resolution bonds, Fiscal 2010 Series FF. These bonds refunded \$380.325 million of its outstanding first resolution bonds, including all or a portion of its 1998 Series D, 1999 Series B, 2001 Series B and 2003 Series D. The Fiscal 2010 Series FF bond issue includes serial bonds maturing from 2016 to 2031.

Summarized in the following table are seven bond series that closed to date in Fiscal Year 2010. The proceeds of new money bonds refinanced commercial paper previously issued by NYW, paid costs of improvements to the water and sewer system or paid principal and interest on certain of the Authority's outstanding debt and paid the costs of issuance.

NYW Issuance

Series	(N)ew Money /(R)ef.	Issue Date	Par Amount	True Interest Cost (TIC)	Longest Maturity
2010 Series AA	N	11/5/09	\$504,240,000	3.84% ⁽¹⁾	2041
2010 Series BB	R	11/5/09	\$218,820,000	4.11%	2027
2010 Series CC	N	12/16/09	\$200,000,000	0.20% ⁽²⁾	2041
2010 Series DD	N	2/3/10	\$400,000,000	3.98% ⁽¹⁾	2042
2010 Series 2,3,4	N	2/11/10	\$406,684,607	2.01% ⁽³⁾	2039
2010 Series EE	N	3/18/10	\$500,000,000	4.02% ⁽¹⁾	2042
2010 Series FF	R	3/25/10	\$359,110,000	4.16%	2031

(1) Bonds issued as Build America Bonds; rate shown net of subsidy provided by the federal government.

(2) Bonds issued as variable rate demand bonds; rate shown is an average from the issue date through April 22, 2010.

(3) Bonds issued through NYS Environmental Facilities Corporation; rate shown net of subsidies.

On November 19, 2009, EFC entered into an agreement to provide NYW a direct loan in an amount up to \$217.5 million, with funds made available through the American Reinvestment & Recovery Act. NYW expects to receive these funds to pay for certain capital projects over the next several years. To date, NYW has not drawn on the loan.

NYW is a party to four interest rate exchange agreements (swaps) with a total notional amount of \$621 million. As of March 31, 2010, the mark-to-market value of the swaps was negative \$6.2 million. This is the theoretical amount which NYW would pay if all swaps terminated as of March 31, 2010.

NYW expects to issue approximately \$500 million of new money bonds over the remainder of Fiscal 2010.

During the period from 2011 to 2014, NYW expects to sell an average of approximately \$1.8 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. NYW expects to issue its remaining new debt in 2010 and new debt in 2011 as fixed rate debt; however, subject to market conditions, NYW will consider the issuance of additional variable rate debt. After 2011, NYW expects to issue approximately 80 to 85 percent of its new debt per year as fixed rate debt with the remainder issued as variable rate debt, subject to market conditions.

The New York City Transitional Finance Authority

The rating recalibration of TFA bonds resulted in rating increases on all of TFA's credits and liens. Moody's recalibration raised ratings on TFA senior and subordinate liens for Future Tax Secured (FTS) debt upward to Aaa and Aa1, respectively. Fitch's recalibration increased ratings on both liens of FTS debt upward to AAA. The senior lien of TFA FTS bonds now has AAA ratings from all three rating agencies. The subordinate lien of TFA FTS bonds has AAA ratings from both S&P and Fitch. For BARBs, the rating recalibration resulted in a rating increase from A1 and A+ to Aa3 and AA- by Moody's and Fitch, respectively. BARBs also have a AA- from S&P.

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. Most recently, TFA was permitted to have \$13.5 billion of debt outstanding and any amounts over and above that level are subject to the City's remaining debt incurring power under the State constitutional debt limit.

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).

Since July 1, 2009, the TFA has issued \$1.3 billion in refunding bonds and approximately \$2.6 billion in bonds for capital purposes, totaling approximately \$3.9 billion. The dates and principal amounts are as follows:

NYC TFA Issuances						
(\$ in Millions)						
<u>Series</u>	<u>New\$/ Refunding</u>	<u>Issue Date</u>	<u>Tax Exempt Amount</u>	<u>Taxable Amount</u>	<u>BAB Amount</u>	<u>Total Par Amount</u>
2010A	N	7/30/09	\$800	\$100	\$0	\$900
2010B	R	8/27/09	800	0	0	800
2010C	N	10/2/09	85	0	690	775
2010DE	R	1/26/10	500	0	0	500
2010F	N	3/3/10	149	130	621	900
Total			\$2,334	\$230	\$1,311	\$3,875

The \$1.3 billion of refunding transactions the TFA has completed to date in fiscal year 2010 generated approximately \$85 million of debt service savings during the financial plan period.

In addition to the financings described above, the TFA plans to issue \$800 million of bonds for capital purposes in the remainder of 2010 and \$3.025 billion, \$2.72 billion, \$2.48 billion and \$2.44 billion in 2011 through 2014, respectively.

In April 2006, the State enacted legislation authorizing issuance by the TFA of an additional \$9.4 billion of bonds to be used to fund capital costs for the Department of Education. This legislation also provided for the assignment to TFA of State building aid that had previously been paid directly to the City. Since the inception of this financing program, the TFA has issued \$3.67 billion of BARBs to fund the capital program of the Department of Education. The financial plan now reflects issuance of \$282 million, \$711 million, \$883 million, \$1.016 billion, and \$1.147 billion of BARBs in fiscal years 2010 through 2014, respectively.

Hudson Yards Infrastructure Corporation

The rating recalibration of HYIC bonds resulted in an increase from A3 and A- to A2 and A by Moody's and Fitch, respectively. The current rating from S&P on HYIC related bonds is A.

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 Senior Bonds in late 2010 or 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. Tunneling is expected to be completed in mid-2010 and the entire subway is due to be operational in December 2013. 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.

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 2011

(\$ in Millions)

Agency	Personal Service Costs				Other than Personal Service Costs							Gross Total (Including Intra-City)	Net Total (Excluding Intra-City)	City Funds Total
	Salaries & Wages	Fringe Benefits	PS Pensions	PS Subtotal	Agency OTPS	PA, MA & Other Mandates	Legal Services	Judgments & Claims	Debt Service	OTPS Subtotal				
Uniform Agencies														
Police Department	\$4,123	\$1,652	\$2,459	\$8,234	\$269	\$—	\$40	\$151	\$107	\$567	\$8,801	\$8,571	\$8,380	
Fire Department	1,452	557	1,050	3,059	130	—	6	27	124	287	3,346	3,335	3,114	
Department of Correction	864	373	314	1,551	123	—	8	26	199	356	1,907	1,907	1,844	
Department of Sanitation	775	344	240	1,359	539	—	7	38	270	854	2,213	2,210	2,149	
Subtotal	\$7,214	\$2,926	\$4,063	\$14,203	\$1,061	\$—	\$61	\$242	\$700	\$2,064	\$16,267	\$16,023	\$15,487	
Health and Welfare														
Administration for Children's Services	\$391	\$128	\$66	\$585	\$2,305	\$—	\$3	\$3	\$—	\$2,311	\$2,896	\$2,895	\$903	
Department of Social Services	745	296	125	1,166	898	6,728	5	3	72	7,706	8,872	8,868	6,440	
Department of Homeless Services	118	40	18	176	718	—	1	1	—	720	896	798	458	
Department of Health and Mental Hygiene	389	117	58	564	1,169	—	2	3	47	1,221	1,785	1,776	796	
Health and Hospitals Corporation ⁽¹⁾	—	23	—	23	172	—	5	190	184	551	574	495	264	
Subtotal	\$1,643	\$604	\$267	\$2,514	\$5,262	\$6,728	\$16	\$200	\$303	\$12,509	\$15,023	\$14,832	\$8,861	
Education														
Department of Education	\$9,604	\$3,094	\$2,802	\$15,500	\$5,921	\$—	\$18	\$46	\$1,316	\$7,301	\$22,801	\$22,601	\$11,949	
City University	423	87	60	570	232	—	—	1	50	283	853	839	616	
Subtotal	\$10,027	\$3,181	\$2,862	\$16,070	\$6,153	\$—	\$18	\$47	\$1,366	\$7,584	\$23,654	\$23,440	\$12,565	
Other Agencies	\$2,149	\$709	\$354	\$3,212	\$3,890	\$—	\$79	\$225	\$2,415	\$6,609	\$9,821	\$8,871	\$7,062	
Elected Officials	432	113	66	611	87	—	4	2	—	93	704	701	638	
Miscellaneous Budget	60	—	—	60	—	2,000 ⁽²⁾	—	—	388	2,388	2,448	2,448	1,982	
Debt Service Costs (Unallocated)	—	—	—	—	—	—	—	—	290	290	290	290	237	
Reestimate of Prior Years' Expenses	—	—	—	—	—	—	—	—	—	—	—	—	—	
Total ⁽³⁾	\$21,525	\$7,533	\$7,612	\$36,670	\$16,453	\$8,728	\$178	\$716	\$5,462	\$31,537	\$68,207	\$66,605	\$46,832	
City Funds	\$12,100	\$6,027	\$7,447	\$25,574	\$8,164	\$7,145	\$168	\$526	\$5,255	\$21,258	\$46,832			
Less: Retiree Health Benefits Trust (RHBT) ..	\$—	\$395	\$—	\$395	\$—	\$—	\$—	\$—	\$—	\$—	\$395	\$395	\$395	
Less: Prepayments	\$—	\$—	\$—	\$—	\$164	\$—	\$—	\$—	\$3,108	\$3,272	\$3,272	\$3,272	\$3,272	
Total After Prepayments and RHBT	\$21,525	\$7,138	\$7,612	\$36,275	\$16,289	\$8,728	\$178	\$716	\$2,354	\$28,265	\$64,540	\$62,938	\$43,165	

(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 Retiree Health Benefits Trust.

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 approximately 1,500 schools.

Financial Review

The Department of Education's 2011 operating budget is \$18,447 million, a decrease of \$10 million over the 2010 forecast of \$18,457 million. In addition, education-related pension and debt service costs of \$4,311 million are budgeted in separate agencies. These additional costs include a pension increase of \$225 million from 2010 and a debt service increase of \$152 million. City funds including pensions and debt service support \$11,780 million of the Department of Education's expense budget in 2011, an increase of \$826 million, or 7.5 percent. State funds support \$8,297 million, a decrease of \$30 million. The balance of the education budget is supported by \$2,577 million in Federal aid stemming from the economic stimulus package (a decrease of \$382 million from the 2010 forecast), \$9 million in intra-city funds and \$95 million in other categorical funds. Including those funds budgeted centrally, total funds budgeted on behalf of the Department of Education increase from \$22,391 million in the 2010 forecast to \$22,758 million in the 2011 Executive Budget.

Total Department of Education Expenses 2004-2011 (\$ in Millions)

	2004	2005	2006	2007	2008	2009	Forecast 2010	Executive Budget 2011	Change 2010 to 2011	Change 2004 to 2011
Department Of Education										
Operating Budget										
City.....	\$5,464	\$5,605	\$6,306	\$6,780	\$6,998	\$7,259	\$7,275	\$7,795	\$520	\$2,331
Other Categorical	88	84	62	72	101	243	126	95	(31)	7
State.....	5,809	6,238	6,715	7,179	8,064	8,652	8,073	7,971	(102)	2,162
Federal.....	1,781	1,930	1,862	1,841	1,797	1,735	2,959	2,577	(382)	796
Intra-City	7	14	14	13	16	14	24	9	(15)	2
Total Operating Expenditures	\$13,149	\$13,871	\$14,959	\$15,885	\$16,977	\$17,903	\$18,457	\$18,447	(\$10)	\$5,298
Other City Funds Supporting Education										
Pensions	\$848	\$1,163	\$1,245	\$1,573	\$1,894	\$2,188	\$2,452	\$2,677	\$226	\$1,829
State Aid for Pensions	0	0	0	0	0	0	(5)	(5)	0	(5)
G.O. Bond Debt Service	518	595	796	770	804	844	955	1,036	80	518
State Aid for Debt Service	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	0	0
TFA Debt Service	215	227	260	304	485	506	527	598	71	383
State Aid for TFA Debt Service	0	0	0	(62)	(213)	(227)	(246)	(318)	(71)	(318)
Total Additional City Funds.....	\$1,578	\$1,982	\$2,298	\$2,582	\$2,968	\$3,309	\$3,679	\$3,985	\$306	\$2,407
TOTAL CITY FUNDS										
FOR EDUCATION.....	\$7,043	\$7,587	\$8,604	\$9,362	\$9,966	\$10,568	\$10,955	\$11,780	\$825	\$4,737
TOTAL STATE FUNDS										
FOR EDUCATION.....	\$5,812	\$6,241	\$6,717	\$7,243	\$8,280	\$8,881	\$8,327	\$8,297	(\$30)	\$2,485

The amounts shown for 2004 through 2009 represent actual expenditures including pensions and debt service funds budgeted in other agencies. The 2010 amounts represent the latest forecast as per the 2011 Executive Budget. G.O. Debt Service numbers have been corrected to reflect the impact of pre-payments.

Expense Budget Highlights

In City fiscal year 2011:

- a reduction of \$317 million in City funds will be achieved without classroom impact due to a projected decrease in collective bargaining expenses for teachers, principals and managers at the Department of Education. A raise of two percent on the first \$70,000 of salary, rather than four percent on total salary is assumed in the plan.
- the American Reinvestment and Recovery Act (ARRA --- “stimulus funding”) will provide \$853 million in funding through Title I, the Individuals with Disabilities Act (IDEA) and the fiscal stabilization fund.
- as of this publication the State has not enacted a budget, creating uncertainty for school year 2010-2011 as well as unpredictability in the out years. The Governor’s Executive budget has proposed a \$493 million reduction in state aid in school year 2010-2011 and this is reflected in the Executive Budget.
- as has been the case for the last several years, expenditures, largely driven by increases in mandated special education costs and contractual labor costs, will grow significantly. In combination with the large cut in State funding, this will translate into a decline in discretionary funds available to principals in the schools.

In the Out Years:

- after city fiscal year 2012 there is no provision for further salary increases in the next round of bargaining.
- the city’s allocation of stimulus funding will be exhausted during fiscal year 2011 causing a dramatic drop in federal funds in 2012.
- after next year’s reduction, the Governor’s financial plan proposes a 10 year phase-in schedule for Campaign for Fiscal Equity driven increases in operating aid. This contrasts with the original phase-in schedule of four years proposed in city fiscal year 2008.
- the City is scheduled for a \$664 million year over year increase in foundation aid between city fiscal years 2011 and 2012 and will receive \$7,840 million by city fiscal year 2017.

The \$7,795 million City funds budget for 2011 provides the Department of Education with \$520 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.

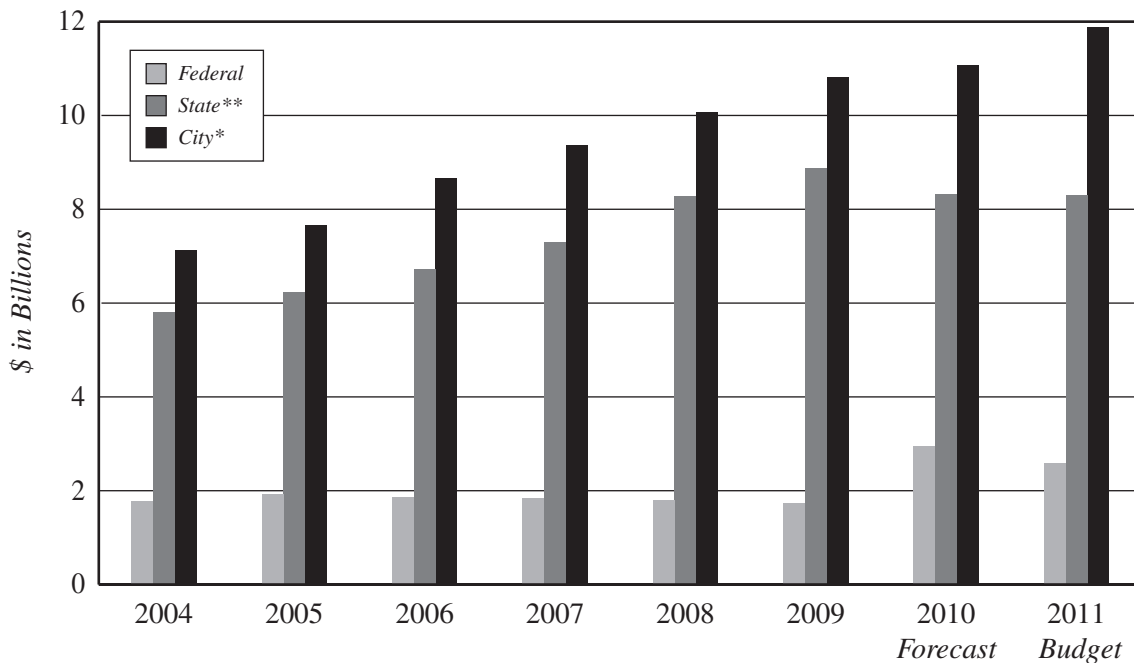
Summary of Agency Financial Data

The following table compares the 2011 Executive Budget with the 2011 Preliminary Budget, the 2010 forecast and actual expenditures for 2009, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services and debt service.

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

	2009 Actual	2010 Forecast	2011		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2010 Forecast	2011 Preliminary Budget
Expenditures						
Salary and Wages.....	\$9,789,376	\$9,857,664	\$9,740,338	\$9,604,322	(\$253,342)	(\$136,016)
Fringe Benefits.....	2,674,902	2,874,274	3,069,290	2,921,946	47,672	(147,344)
OTPS.....	5,438,775	5,725,126	6,011,375	5,920,773	195,647	(90,602)
Total.....	<u>\$17,903,053</u>	<u>\$18,457,064</u>	<u>\$18,821,003</u>	<u>\$18,447,041</u>	<u>(\$10,023)</u>	<u>(\$373,962)</u>
Funding						
City.....	\$7,259,066	\$7,275,229	\$7,720,888	\$7,795,085	\$519,856	\$74,197
Other Categorical Grants.....	243,294	126,411	62,971	94,971	(31,440)	32,000
IFA.....	—	—	—	—	—	—
State.....	8,651,906	8,072,755	8,439,476	7,970,831	(101,924)	(468,645)
Federal CD.....	5,000	9,547	5,000	5,000	(4,547)	—
Federal Other.....	1,729,653	2,949,375	2,583,884	2,572,370	(377,005)	(11,514)
Intra-City Other.....	14,134	23,747	8,784	8,784	(14,963)	—
Total.....	<u>\$17,903,053</u>	<u>\$18,457,064</u>	<u>\$18,821,003</u>	<u>\$18,447,041</u>	<u>(\$10,023)</u>	<u>(\$373,962)</u>
Additional Costs Centrally Funded						
Personal Services (PS).....						
Fringe Benefits.....	\$86,630	\$159,605	\$171,351	\$172,118	\$12,513	\$767
Pensions.....	2,312,671	2,576,378	2,733,713	2,801,509	225,131	67,796
Other Than Personal Service (OTPS)						
Legal Services.....	20,160	20,010	17,530	18,203	(1,807)	673
Judgments and Claims.....	59,371	46,000	46,000	46,000	—	—
Debt Service.....	1,122,970	1,235,518	1,294,838	1,315,886	80,368	21,048
Total Additional Costs.....	<u>\$3,601,802</u>	<u>\$4,037,511</u>	<u>\$4,263,432</u>	<u>\$4,353,716</u>	<u>\$316,205</u>	<u>\$90,284</u>
Funding						
City.....	3,474,668	3,840,546	4,063,911	4,154,059	313,513	90,148
Non-City.....	2,869	9,184	8,445	8,581	(603)	136
Intra -City Pensions and Fringe.....	124,265	187,781	191,076	191,076	3,295	—
Full Agency Costs (including Central Accounts)						
Salary and Wages.....	\$9,789,376	\$9,857,664	\$9,740,338	\$9,604,322	(\$253,342)	(\$136,016)
Fringe Benefits.....	2,761,532	3,033,879	3,240,641	3,094,064	60,185	(146,577)
Pensions.....	2,312,671	2,576,378	2,733,713	2,801,509	225,131	67,796
Total PS.....	<u>\$14,863,579</u>	<u>\$15,467,921</u>	<u>\$15,714,692</u>	<u>\$15,499,895</u>	<u>\$31,974</u>	<u>(\$214,797)</u>
OTPS.....	\$5,438,775	\$5,725,126	\$6,011,375	\$5,920,773	\$195,647	(\$90,602)
Legal Services.....	20,160	20,010	17,530	18,203	(1,807)	673
Judgments and Claims.....	59,371	46,000	46,000	46,000	—	—
Debt Service.....	1,122,970	1,235,518	1,294,838	1,315,886	80,368	21,048
Total OTPS.....	<u>\$6,641,276</u>	<u>\$7,026,654</u>	<u>\$7,369,743</u>	<u>\$7,300,862</u>	<u>\$274,208</u>	<u>(\$68,881)</u>
Total Agency Costs.....	\$21,504,855	\$22,494,575	\$23,084,435	\$22,800,757	\$306,182	(\$283,678)
Less Intra-City.....	\$14,134	\$23,747	\$8,784	\$8,784	(\$14,963)	\$—
Intra-City Pensions and Fringe.....	124,265	187,781	191,076	191,076	3,295	—
Net Agency Cost.....	<u>\$21,366,456</u>	<u>\$22,283,047</u>	<u>\$22,884,575</u>	<u>\$22,600,897</u>	<u>\$317,850</u>	<u>(\$283,678)</u>
Funding						
City.....	10,733,734	11,115,775	11,784,799	11,949,144	833,369	164,345
Non-City.....	10,632,722	11,167,272	11,099,776	10,651,753	(515,519)	(448,023)
Personnel (includes FTEs at fiscal year-end)						
City.....	120,828	120,858	120,387	113,418	(7,440)	(6,969)
Non-City.....	18,380	17,964	17,964	17,964	—	—
Total.....	<u>139,208</u>	<u>138,822</u>	<u>138,351</u>	<u>131,382</u>	<u>(7,440)</u>	<u>(6,969)</u>

FUNDING SOURCES 2004-2011



* 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 2007-2011

	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Projection
DOE Facilities Enrollment					
General Education*	889,217	874,993	865,385	868,678	872,979
Special Education**	89,762	95,811	99,308	105,627	112,918
Pre-Kindergarten****	21,031	22,351	21,768	22,673	22,673
Subtotal	1,000,010	993,155	986,461	996,978	1,008,570
Non-DOE Facilities Enrollment					
Charter Schools ***	15,576	18,085	25,489	30,519	39,932
Contract Schools	7,679	7,649	7,622	7,439	7,691
Pre-Kindergarten at CBOs ****	27,396	32,610	32,650	34,675	34,675
Special Ed Pre-Kindergarten	29,309	30,332	30,547	28,924	30,741
Subtotal	79,960	88,676	96,308	101,557	113,039
TOTAL	1,079,970	1,081,831	1,082,769	1,098,535	1,121,609

* 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.

*** 2009 is updated to reflect actuals, not FTEs.

**** The Governor's proposed budget has FY11 state funding for Pre-Kindergarten flat with FY10 spending.

Programmatic Review and Service Impact

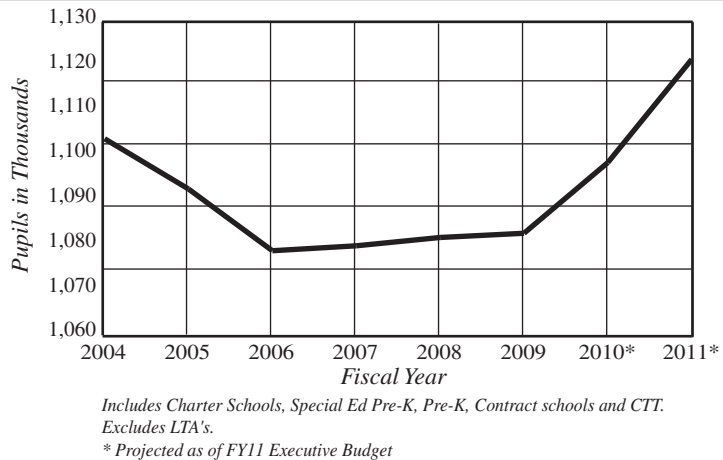
The Student Population

Total enrollment supported by the Department’s budget, including pre-kindergarten, charter school and contract school students, will increase 23,074 from 1,098,535 in 2010 to a projected 1,121,609 in 2011. In the coming fiscal year, the City projects that general education public school enrollment for kindergarten through twelfth grade will be 909,487, or 12,329 greater than in 2010. Of these students, 872,979 are expected to attend schools run by the Department of Education, and 36,508 are expected to attend charter schools. Pre-Kindergarten enrollment is expected to be flat at its 2010 level of 57,348.

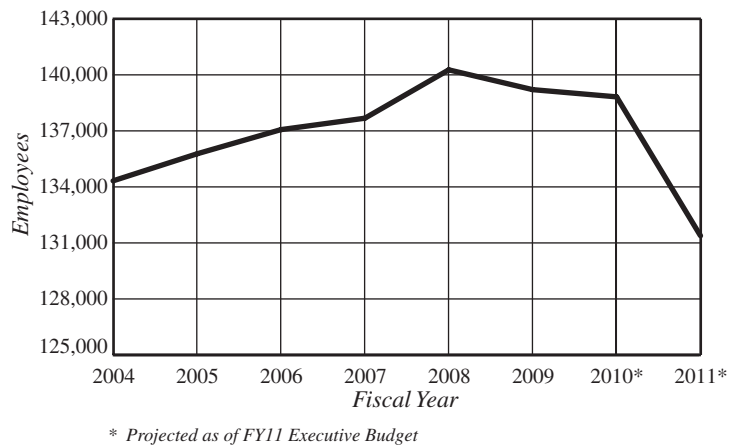
In 2011, the City projects that 124,033 school-age students will be enrolled in full-time special education programs. This projected enrollment level is 8,928 students higher than the 2010 full-time special education population of 115,105. Of these students, 112,918 are expected to attend Department of Education facilities, 3,424 are expected to attend charter schools, and 7,691 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 30,741 pre-kindergarten students, an increase of 1,817 from 2010, as well as a small group of school-age special education students placed in specialized facilities through steps taken outside the Department’s regular referral process.

Between 2009 and 2010, general education enrollment reversed a long trend of declines. It is difficult to estimate if this one year increase marked the beginning of growth for the next several years or is an anomaly. Growth in general education students for 2011 could range from a small increase of 2,000 (assuming the same percentage of students moves to the next grade as occurred in 2010) to 4,300. There is a small possibility that this shift could more than double the growth estimate.

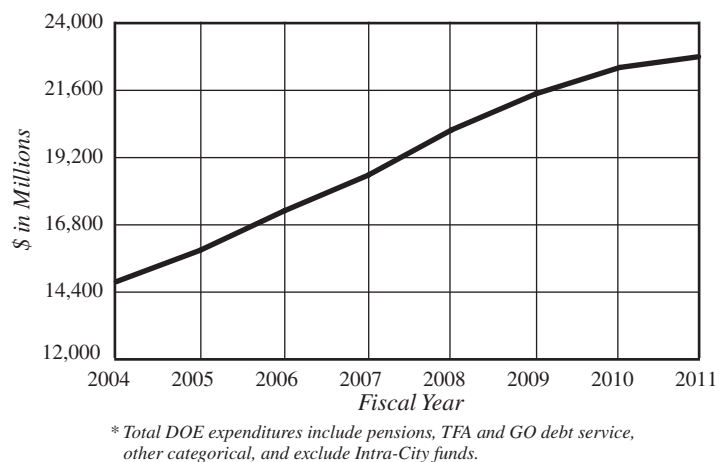
NYC PUBLIC SCHOOL ENROLLMENT 2004-2011



FULL TIME AND FULL TIME EQUIVALENT DEPARTMENT OF EDUCATION EMPLOYEES 2004-2011



TOTAL DEPARTMENT OF EDUCATION EXPENDITURES 2004-2011*



Staffing Levels

In 2011 the City projects that the Department’s staffing level will be 131,382. Of this count, 114,688 are full-time and 16,694 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 105,607 of the full-time employees and 1,317 of the FTEs. Non-pedagogical employees represent 9,081 of the full-time employees and 15,377 of the FTEs. The number of actual employees may 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.

Capital Review

The City’s Four-Year Plan for 2011-2014 anticipates spending \$9 billion on school construction projects and is consistent with the last four years of the Department of Education’s (DOE’s) \$11.3 billion Five-Year Plan for 2010-2014. The DOE Five-Year Plan is financed using City and State funding. The City will use bond program authority under ARRA, as discussed further in the “Financing Program” section of this document.

The table below shows actual and planned capital commitments by program area over the 2009-2014 period.

Capital Commitments (\$ in 000’s)

	2009 Actual		2010 Plan		2011 Plan		2012 Plan		2013 Plan		2014 Plan	
	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds
System Expansion												
New Schools	-34,994	366,243	177,169	354,338	153,715	307,430	166,254	332,508	146,612	293,224	414,639	829,278
System Expansion												
Other	151,997	406,810	91,832	183,459	187,780	375,560	236,591	473,182	260,372	520,744	328,554	657,108
School Modernizations	259	1,983	146	292	1,937	3,874	2,083	4,166	179	358	0	0
Rehabilitation of School												
Components	161,982	926,648	513,101	894,122	190,070	377,140	247,585	495,170	273,576	539,807	338,184	676,368
Educational												
Enhancements	224,296	410,395	106,482	137,393	131,571	263,142	141,538	283,076	145,923	291,846	156,071	312,142
Emergency, Unspecified												
And Miscellaneous	390,029	427,327	418,480	896,819	367,601	715,925	251,281	502,562	201,011	391,219	114,644	229,288
Safety and Security	77,062	87,986	20,997	41,948	14,703	29,406	15,868	31,736	17,056	34,112	20,408	40,816
Total	<u>970,631</u>	<u>2,627,392</u>	<u>1,328,207</u>	<u>2,508,371</u>	<u>1,047,377</u>	<u>2,072,477</u>	<u>1,061,200</u>	<u>2,122,400</u>	<u>1,044,729</u>	<u>2,071,310</u>	<u>1,372,500</u>	<u>2,745,000</u>

Capital Highlights - The Fifth Five-Year Plan

The Department of Education’s proposed amended Fifth Five-Year Capital Plan will provide the following:

- approximately \$5.4 billion for capacity, adding more than 30,000 new seats in an estimated 56 buildings (8,588 in Brooklyn, 3,431 in the Bronx, 3,666 in Manhattan, 13,028 in Queens, and 1,664 in Staten Island), 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 its reliance on temporary facilities. In addition to new capacity, the Facility Replacement Program provides funding for replacing approximately 9,000 seats at facilities whose leases will expire during this Plan.

- about \$2.1 billion for the Capital Improvement Program, which includes exterior and interior building upgrades and other necessary capital repairs to the school buildings.
- approximately \$1.6 billion for Children First Initiatives designed to enhance the educational opportunities for our children. This category includes funding to support realignment of existing facilities to better suit instructional needs, large campus restructuring, physical fitness projects, science labs, accessibility and other necessary enhancements.
- about \$2.3 billion for mandated programs such as remediation and building code compliance projects, insurance, and emergencies.

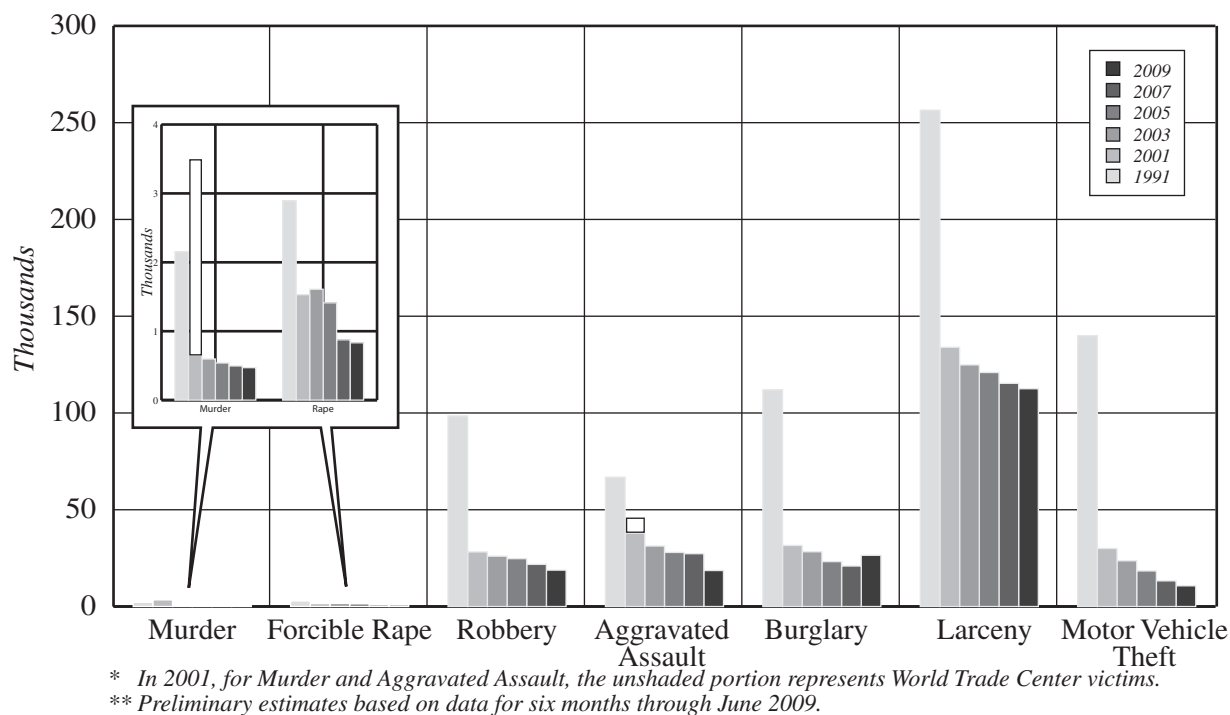
ADMINISTRATION OF JUSTICE

Overview

As measured by the FBI crime index, crime in New York City continues to decrease to record low levels. Since calendar year 2001, the FBI Index Crimes have fallen 25 percent. The FBI crime index figures from 2009 show a five percent decrease over 2008. Aggravated Assault experienced the largest decrease (16.1 percent), followed by Motor Vehicle Theft (14.04 percent) Murder (9.94 percent), Forcible Rape (6.52 percent) and Robbery (5.4 percent). It is anticipated that this trend will continue in 2010.

NEW YORK CITY FBI INDEX CRIMES

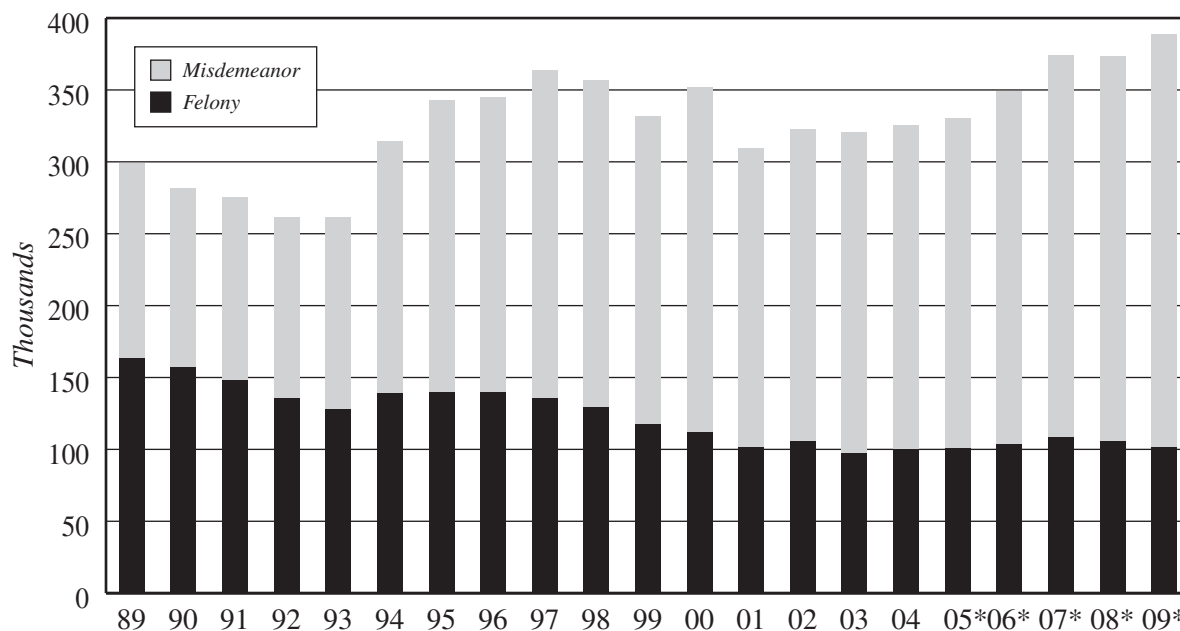
Calendar Years 1991-2009**



Arrests totaled 418,034 in calendar year 2009, increasing by 19,719 from 2008. The distribution of arrest in calendar year 2009 was 24 percent felonies, 69 percent misdemeanors and 7 percent violations.

NEW YORK CITY FELONY & MISDEMEANOR ARRESTS

Calendar Years 1989-2009



In 2009, while overall arrest levels increased from 2008, felony arrests decreased 4.4 percent; misdemeanor arrests increased 7.4 percent and violations increased 18.8 percent. In the criminal courts, the overall number of filings between 2008 and 2009 increased by four percent. However, the Department of Correction’s population has decreased slightly. Through March 2010, the average daily population was 13,119 as compared to 13,407 in 2009. The decrease in population is primarily due to a 3.5 percent decrease in the overall detainee average daily population which went from 11,132 through March of 2009 to 10,748 through March of 2010.

POLICE DEPARTMENT

In 2009, the City improved services and safety in the school system. New York City reached historic lows in the number of major crimes and violent crimes in schools. To achieve this, the NYPD partnered with the Criminal Justice Coordinator and the Department of Education to identify schools with high or emerging crime problems, and targeted appropriate resources. Major crimes in City schools have dropped 13 percent, when compared to the previous academic year (2007-2008), and have dropped 43 percent when compared to 2000-2001.

Construction began on the first phase of a new Police Academy. The Police Academy, located in College Point, Queens, will consolidate training facilities for members of the Police Department currently distributed across the City into one state-of-the-art campus. The first phase includes an academic building, classrooms, tactical gyms, instructional offices and administrative support spaces.

DEPARTMENT OF CORRECTION

With the average daily population remaining below 14,000 for the sixth 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.

In 2010, operational efficiencies are being realized through the utilization of new management tools. The new inmate housing matrix allows the agency to utilize bed capacity more efficiently while the combination of new tools and aggressive management strategies enables the Department's ability to further control overtime spending.

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.

JUVENILE JUSTICE IMPROVEMENTS

The City has achieved success addressing juvenile delinquency. In 2009, the City introduced the Risk Assessment Instrument (RAI), a data-driven tool that objectively assesses risk of recidivism and flight, alternative-to-detention (ATD) programming in Staten Island, and expanded the range and quality of ATD programs in all five boroughs. As a result of these efforts, Family Court judges are afforded more options – resulting in rates of detention reduced by a third while simultaneously cutting recidivism in half.

Beginning in 2010, services formerly provided by the Department of Juvenile Justice (DJJ) will be integrated into ACS. The newly created ACS Division of Youth and Family Justice will coordinate comprehensive services for youth involved in the juvenile justice system while maintaining a commitment to public safety. ACS also plans to expand alternative to detention programs and implement an enhanced assessment tool to continue to better inform decisions regarding the use of detention.

In 2010, the Department of Probation will create the Juvenile Risk Prevention Unit (JRPU). JRPU will focus on providing 300 juvenile probationers, at risk of violating their probation, with supplemental intensive supervision and assistance in obtaining appropriate educational services. The additional supervision and services provided are expected to reduce the number of juveniles violating probation, thus saving the City the cost of detention at DJJ and State OCFS facilities.

CRIMINAL JUSTICE SYSTEM EFFICIENCIES

In 2009, City criminal justice partners identified cost saving opportunities in the criminal justice system. A central focus area includes time spent by convicted offenders in City jails before prison sentences are imposed. Over the past year, 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 have worked together to reduce the conviction to sentence average time by 10 percent, from an average of 38 days in 2008 to an average of 35 days in 2009.

Criminal justice partners will continue to 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.

In calendar year 2009, the City successfully launched an alternative to detention pilot program for nonviolent arrestees. This program aims to assist those individuals who are nonviolent and pose low risk for flight or re-arrest to receive services they need and lessen the detrimental impact a short jail stay can have on their lives and the lives of family members. In 2011, the City will explore options for expanding this model citywide. Similarly, the City is piloting an expanded Bail Expediting Program so that those who can make bail have every opportunity to do so and avoid an unnecessary jail stay. In return for these two initiatives, the City expects to save millions in jail stay costs while reducing the likelihood of recidivism among this population.

Finally in 2010, the City will deploy the eArrestment system which will automate the arrest-to-arrestment process. New York City's arrest to arrestment system is a complex operation that involves the coordinated efforts of ten City, County, State and not-for-profit agencies. Each year 300,000 case files are prepared through a manual process; eArrestment will utilize technology to ensure that arrestees are brought to justice in a faster and more efficient manner. Similarly, the Criminal Justice Coordinator's office is working closely with the Office of Court Administration, District Attorneys and Indigent Defense Providers to implement seamless arrestment processing. Seamless arrestment has been successfully implemented in the Bronx and Queens and has resulted in improved arrest-to-arrestment times in those boroughs.

OTHER CRIMINAL JUSTICE PROGRAMS

The City continues to work to improve experiences for domestic violence and human trafficking victims and their families with Family Justice Centers. In 2010, a Family Justice Center was opened in the Bronx. This 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.

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 2011 Executive Budget provides for an operating budget of \$4.5 billion, a decrease of \$297 million from the \$4.7 billion forecast for 2010. This decrease is attributed to annual State, Federal, and private grant funding not yet recognized for 2011. Capital commitments of \$216.3 million are also provided in 2011.

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 2011, the revenue estimate for the Police Department is \$101.4 million.

Expense Budget Highlights

Budgetary Priorities: Providing Core Services

- in 2011, the Department will maintain an average headcount of approximately 34,875.
- the Department has invested significant capital resources to upgrade its technological infrastructure. In order to maintain various technological initiatives such as the Real Time Crime Center, precinct hot spots and internal network security, the Department was funded a combined \$6 million in 2010 and 2011 and \$4 million annually thereafter.
- as noted in the Federal FY 2010 Appropriations Act, New York City expects to receive \$25 million for the protection of Foreign Missions.
- the State allows for reimbursement of a portion of the cost associated with the implementation and operation of wireless 911 services through the Local Enhanced Wireless Grant. As a result, the Department anticipates collection from the State of \$1.3 million above the baseline of \$4.2 million in 2010 and 2011.

Streamlining and Restructuring

- the Department will civilianize 400 jobs currently performed by uniformed personnel in select administrative and support commands through attrition replacement. The civilianization allows the Department to maintain patrol strength while achieving savings of \$1.2 million.
- the Department's Police Cadet Corps program has been reduced by 310 positions beginning in 2010 for savings of \$5.9 million. In addition, the Department will not fill an estimated 145 vacancies in 2011, achieving further savings of \$2.3 million.

Summary of Agency Financial Data

The following table compares the 2011 Executive Budget with the 2011 Preliminary Budget, the 2010 forecast and actual expenditures for 2009, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services and debt service.

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

	2009 Actual	2010 Forecast	2011		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2010 Forecast	2011 Preliminary Budget
Expenditures						
Salary and Wages.....	\$4,066,178	\$4,211,511	\$4,035,357	\$4,122,796	(\$88,715)	\$87,439
Fringe Benefits.....	71,432	85,842	77,373	77,547	(8,295)	174
OTPS.....	331,590	469,112	268,694	268,735	(200,377)	41
Total.....	<u>\$4,469,200</u>	<u>\$4,766,465</u>	<u>\$4,381,424</u>	<u>\$4,469,078</u>	<u>(\$297,387)</u>	<u>\$87,654</u>
Funding						
City.....	\$4,052,691	\$4,195,273	\$4,046,496	\$4,127,424	(\$67,849)	\$80,928
Other Categorical Grants.....	111,107	104,486	69,082	69,082	(35,404)	—
IFA.....	1,797	1,797	1,797	1,797	—	—
State.....	22,229	21,745	6,232	6,232	(15,513)	—
Federal CD.....	—	—	—	—	—	—
Federal Other.....	57,082	210,996	28,254	34,730	(176,266)	6,476
Intra-City Other.....	224,294	232,168	229,563	229,813	(2,355)	250
Total.....	<u>\$4,469,200</u>	<u>\$4,766,465</u>	<u>\$4,381,424</u>	<u>\$4,469,078</u>	<u>(\$297,387)</u>	<u>\$87,654</u>
Additional Costs Centrally Funded						
Personal Services (PS).....						
Fringe Benefits.....	\$1,349,429	\$1,474,678	\$1,513,901	\$1,574,146	\$99,468	\$60,245
Pensions.....	2,094,340	2,142,143	2,319,042	2,458,711	316,568	139,669
Other Than Personal Service (OTPS)						
Legal Services.....	45,377	42,303	38,770	39,749	(2,554)	979
Judgments and Claims.....	140,979	179,801	151,256	150,941	(28,860)	(315)
Debt Service.....	89,935	97,435	105,552	106,914	9,479	1,362
Total Additional Costs.....	<u>\$3,720,060</u>	<u>\$3,936,360</u>	<u>\$4,128,521</u>	<u>\$4,330,461</u>	<u>\$394,101</u>	<u>\$201,940</u>
Funding						
City.....	3,693,197	3,844,169	4,052,293	4,253,022	408,853	200,729
Non-City.....	26,863	92,191	76,228	77,439	(14,752)	1,211
Full Agency Costs (including Central Accounts)						
Salary and Wages.....	\$4,066,178	\$4,211,511	\$4,035,357	\$4,122,796	(\$88,715)	\$87,439
Fringe Benefits.....	1,420,861	1,560,520	1,591,274	1,651,693	91,173	60,419
Pensions.....	2,094,340	2,142,143	2,319,042	2,458,711	316,568	139,669
Total PS.....	<u>\$7,581,379</u>	<u>\$7,914,174</u>	<u>\$7,945,673</u>	<u>\$8,233,200</u>	<u>\$319,026</u>	<u>\$287,527</u>
OTPS.....	\$331,590	\$469,112	\$268,694	\$268,735	(\$200,377)	\$41
Legal Services.....	45,377	42,303	38,770	39,749	(2,554)	979
Judgments and Claims.....	140,979	179,801	151,256	150,941	(28,860)	(315)
Debt Service.....	89,935	97,435	105,552	106,914	9,479	1,362
Total OTPS.....	<u>\$607,881</u>	<u>\$788,651</u>	<u>\$564,272</u>	<u>\$566,339</u>	<u>(\$222,312)</u>	<u>\$2,067</u>
Total Agency Costs.....	\$8,189,260	\$8,702,825	\$8,509,945	\$8,799,539	\$96,714	\$289,594
Less Intra-City.....	<u>\$224,294</u>	<u>\$232,168</u>	<u>\$229,563</u>	<u>\$229,813</u>	<u>(\$2,355)</u>	<u>\$250</u>
Net Agency Cost.....	<u>\$7,964,966</u>	<u>\$8,470,657</u>	<u>\$8,280,382</u>	<u>\$8,569,726</u>	<u>\$99,069</u>	<u>\$289,344</u>
Funding						
City.....	7,745,888	8,039,442	8,098,789	8,380,446	341,004	281,657
Non-City.....	219,078	431,215	181,593	189,280	(241,935)	7,687
Personnel (includes FTEs at fiscal year-end)						
City.....	52,208	50,289	48,920	50,195	(94)	1,275
Non-City.....	96	341	143	247	(94)	104
Total.....	<u>52,304</u>	<u>50,630</u>	<u>49,063</u>	<u>50,442</u>	<u>(188)</u>	<u>1,379</u>

Programmatic Review and Service Impact

New York remains the safest big city in the United States. According to the Federal Bureau of Investigation's most recent Uniform Crime Report, which covers the first six months of 2009, New York City recorded the lowest Index Crime rate per 100,000 population among the nation's ten largest cities and ranked twenty-fifth out of the twenty-five largest cities in the country for this category. Among cities with populations greater than 100,000, New York City ranked 241st out of 253. The decrease in violent crime within New York City during the first six months of 2009 was nearly double the overall nationwide decrease (eight percent vs. four percent). The 2009 calendar year ended with a drop in major felony crime of 10 percent as compared to 2008 and a 35 percent decrease as compared to 2001. In 2009 there were 471 murders citywide, the lowest number in a 12-month period since reliable statistics became available in 1963.

Operation Impact, now entering its eighth year, plays a key role in crime fighting efforts. This strategy of deploying 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 2009, there was an 18 percent drop in major felony crime within Operation Impact zones. During this time period, officers assigned to Operation Impact made over 2,900 felony and nearly 15,000 misdemeanor arrests, issued approximately 128,000 summonses, arrested over 2,600 individuals who were wanted on active arrest warrants and seized a total of 55 firearms.

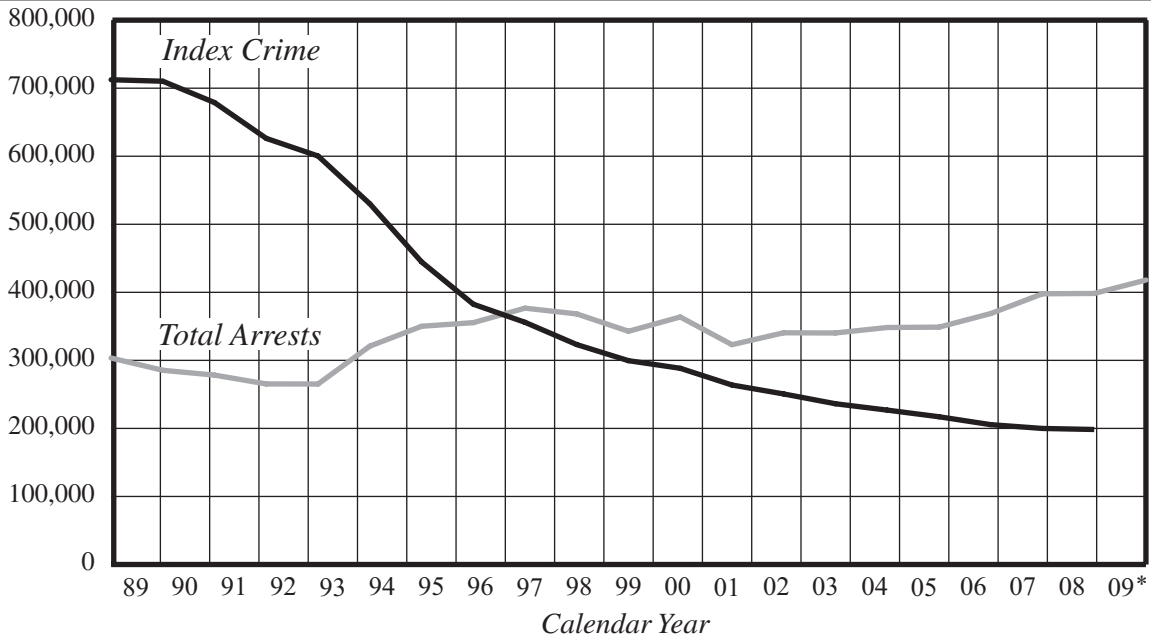
Removing illegal firearms from the streets of New York City continues to be a major priority for the Police Department. Efforts to apprehend individuals who illegally carry weapons led to 6,238 gun arrests in 2009. The Police Department has also expanded its efforts to recover firearms from the public 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 groups, the Police Department continues to 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 5,724 firearms.

The Department remains committed to fulfilling its goal to detect, deter, and prevent terrorist threats. 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 is fed into the Lower Manhattan Coordination Center (LMCC) which is staffed by Police Department personnel 24 hours a day/ 7 days a week.

The NYPD is expanding the concept of the LMSI to Midtown Manhattan. When completed, there will be an extensive monitoring network consisting of closed-circuit television cameras, license plate readers and various types of environmental sensors to detect biological, chemical and radiological threats.

The City continues to undertake 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 May 2009, NYPD call takers began accepting and electronically relaying information to FDNY dispatchers regarding emergency calls reporting a fire. This project also includes the development of an upgraded telecommunications infrastructure and redundant call-taking and dispatch centers. In conjunction with the FDNY and DoITT, the Police Department is currently working to deploy a new enhanced 911 system that will bolster the City's critical emergency response capabilities. 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 backup call center (PSAC2) has been completed. Construction of PSAC2 is currently scheduled for completion in May 2014.

ARRESTS VERSUS CRIME

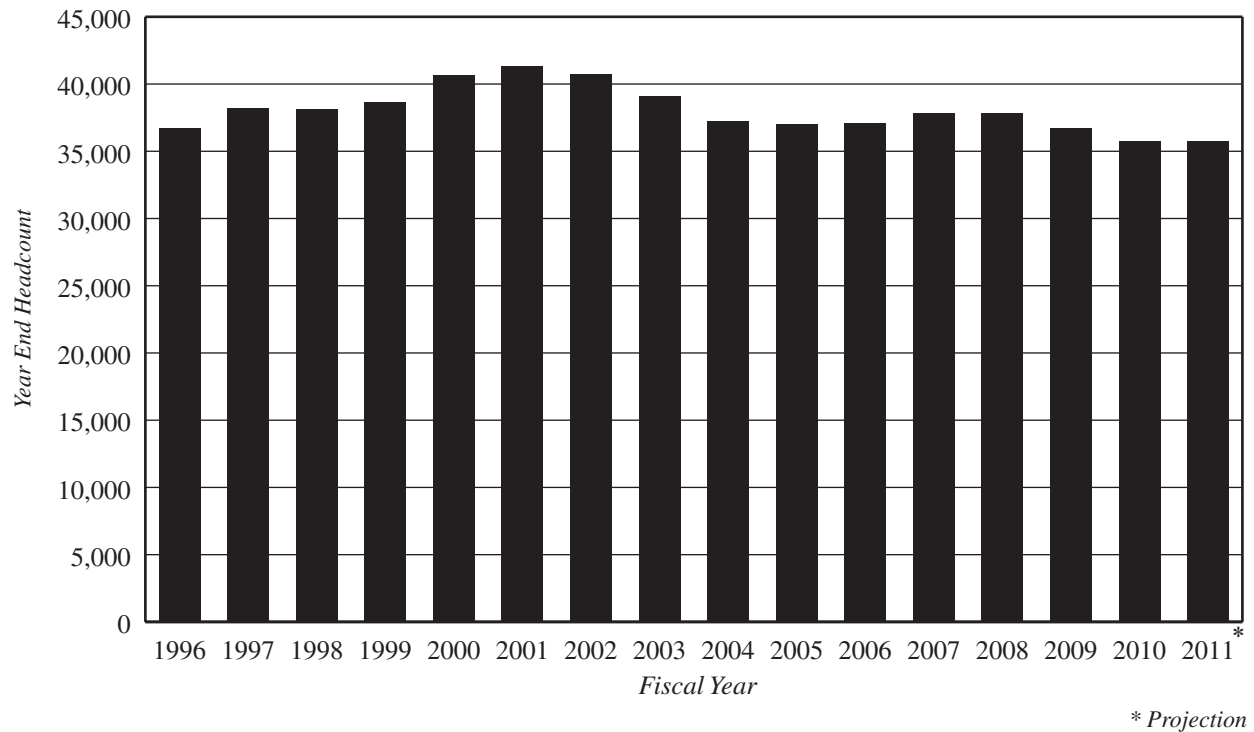


* *Index Complaints from FBI preliminary data for six months through June 2009 reports a total of 94,268 index crime complaint. Arrests Totals include F.M.V. and Infractions.*

Uniformed Headcount

The Department hired 269 recruits in July 2009 and 143 recruits in January 2010. In 2011, the Department's authorized peak headcount is 35,767. The Department expects to reach this headcount in July 2010 and maintain and average headcount of approximately 34,875 in 2011.

TOTAL CITY, TRANSIT AND HOUSING POLICE FORCE



Capital Review

The Four-Year Capital Commitment Plan for the Police Department in total provides the Department with \$447.5 million for the replacement, reconstruction, and maintenance of facilities citywide; replacement and upgrade of computer and communications equipment; and the replacement of transportation equipment.

The Four-Year plan includes the following major items:

Police Facilities (total commitment, \$234.2 million)

- design and construction of the first phase of a new Police Academy (\$709.0 million in 2010 and 2011).
- site acquisition, design and construction of a new 40th Precinct in the Bronx and New 66th and 70th Precincts in Brooklyn and 110th Precinct in Queens (\$98.4 million).
- construction of a new Staten Island Precinct (\$57.2 million in 2010 and 2011).
- relocation of various Department facilities citywide (\$18.4 million)
- facility maintenance and rehabilitations Department-wide (\$64.4 million).

Communications and Computer Equipment (total commitment, \$155.6 million)

- enhancement of the MTA underground radio communication system (\$20.3 million).
- lifecycle replacement of Department's radio system (\$34.0 million including 2010), portable radios (\$30.7 million) and mobile radios (\$9.2 million).

- upgrade of LAN/WAN network infrastructure (\$12.3 million).
- upgrade of Mobile Data Terminals (\$10.0 million).
- upgrade of Department technologies and equipment (\$54.5 million).

Miscellaneous Equipment (total commitment, \$13.9 million)

- upgrade of forensic lab equipment (\$4.8 million) and printing equipment (\$3.9 million),
- lifecycle replacement of diesel marine engines (\$2.5 million).
- upgrade of miscellaneous equipment (\$2.8 million).

Vehicles (total commitment, \$43.8 million)

- replacement of medium tow trucks (\$10.6 million) and high mileage over-aged patrol wagons (\$3.9 million).
- purchase and lifecycle replacement of other Department vehicles (\$29.3 million).

The table below shows capital plan commitments by program area over the 2011-2014 time period.

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

	2009 Actual		2010 Plan		2011 Plan		2012 Plan		2013 Plan		2014 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.....	\$26,396	\$26,396	\$796,441	\$796,441	\$103,770	\$103,770	\$8,388	\$8,388	\$58,332	\$58,332	\$63,719	\$63,719
Computer Equipment.....	56,201	56,201	60,318	60,318	29,744	29,744	6,190	6,190	2,800	2,800	24,466	24,466
Communications	36,276	36,276	40,444	40,444	54,096	54,096	13,401	13,401	6,541	6,541	18,315	18,315
Equipment.....	5,897	5,897	3,329	3,329	7,122	7,122	3,031	3,031	1,439	1,439	2,296	2,296
Vehicles.....	21,369	21,369	9,278	9,278	21,522	21,522	9,448	9,448	9,675	9,675	3,175	3,175
Total	\$ 146,139	\$146,139	\$909,810	\$909,810	\$216,254	\$216,254	\$40,458	\$40,458	\$78,787	\$78,787	\$111,971	\$111,971

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 2011 Executive Budget provides for operating expenses of \$1.01 billion, an increase of \$6.8 million from the amount forecast in 2010. The budget includes an additional \$5.8 million to address food cost increases and \$3.4 million in Federal funding from the American Recovery and Reinvestment Act. Capital commitments of \$360.9 million are also planned in 2011.

Revenue Forecast

The Department of Correction collects revenue from jail commissary operations, vending machines and surcharges on inmate telephone calls. In 2011, the Department expects to collect approximately \$19 million from all revenue sources.

Expense Budget Highlights

Budgetary Priorities: Providing Core Services

- the New York State FY 09/10 Adopted Budget eliminated funding for reimbursement of State Ready Inmates and Parole Violators. Despite the City's efforts to lobby the State to reinstate these critical funding streams, funding is not included in the State's FY 10/11 budget. The Executive Budget replaces the \$11 million in State funding with City tax levy funding.
- the Department, with the assistance of the National Institute of Corrections, will achieve efficiencies by implementing a new inmate housing classification system. The new classification tool will increase bed utilization.
- 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.
- the Department received \$4.5 million to address the increase in the City sentenced population experienced since the introduction of the Rockefeller Drug Law Reform. The reform is estimated to increase the City sentenced daily population by 267 inmates.

Streamlining and Restructuring

- the Department eliminated or civilianized over 10 percent of administrative uniformed posts at its Headquarters, resulting in cost savings.
- the Department is implementing aggressive overtime management tools in order to contain costs.

Summary of Agency Financial Data

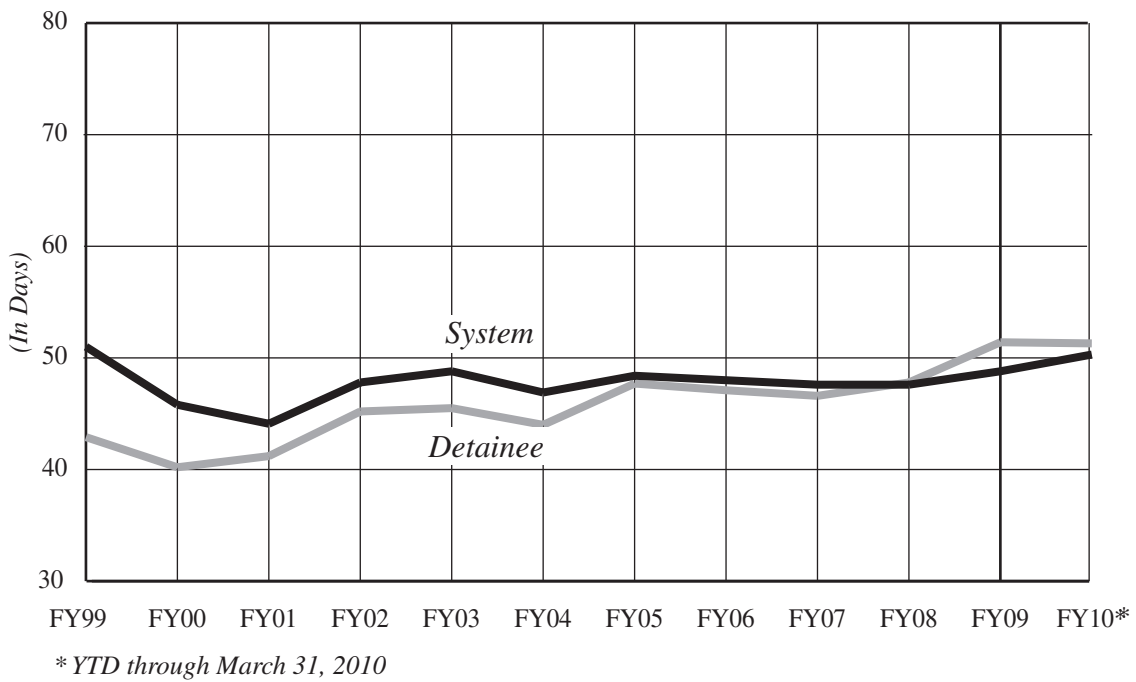
The following table compares the 2011 Executive Budget with the 2010 Preliminary Budget, the 2010 forecast and actual expenditures for 2009, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services and debt service.

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

	2009 Actual	2010 Forecast	2011		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2010 Forecast	2011 Preliminary Budget
Expenditures						
Salary and Wages.....	\$859,473	\$872,446	\$836,264	\$863,634	(\$8,812)	\$27,370
Fringe Benefits.....	20,444	22,524	24,952	24,828	2,304	(124)
OTPS.....	130,283	129,229	143,134	122,725	(6,504)	(20,409)
Total.....	<u>\$1,010,200</u>	<u>\$1,024,199</u>	<u>\$1,004,350</u>	<u>\$1,011,187</u>	<u>(\$13,012)</u>	<u>\$6,837</u>
Funding						
City.....	\$974,990	\$989,320	\$950,690	\$968,637	(\$20,683)	\$17,947
Other Categorical Grants.....	1,112	606	—	—	(606)	—
IFA.....	—	—	—	—	—	—
State.....	8,602	1,110	12,159	1,109	(1)	(11,050)
Federal CD.....	—	—	—	—	—	—
Federal Other.....	25,070	32,458	41,310	41,310	8,852	—
Intra-City Other.....	427	705	191	131	(574)	(60)
Total.....	<u>\$1,010,200</u>	<u>\$1,024,199</u>	<u>\$1,004,350</u>	<u>\$1,011,187</u>	<u>(\$13,012)</u>	<u>\$6,837</u>
Additional Costs Centrally Funded						
Personal Services (PS).....						
Fringe Benefits.....	\$298,637	\$325,072	\$336,175	\$348,195	\$23,123	\$12,020
Pensions.....	278,053	274,934	302,088	314,210	39,276	12,122
Other Than Personal Service (OTPS)						
Legal Services.....	8,096	8,543	7,782	7,889	(654)	107
Judgments and Claims.....	20,942	31,399	26,414	26,359	(5,040)	(55)
Debt Service.....	185,231	200,677	217,395	198,800	(1,877)	(18,595)
Total Additional Costs.....	<u>\$790,959</u>	<u>\$840,625</u>	<u>\$889,854</u>	<u>\$895,453</u>	<u>\$54,828</u>	<u>\$5,599</u>
Funding						
City.....	786,596	820,100	870,358	875,802	55,702	5,444
Non-City.....	4,363	20,525	19,496	19,651	(874)	155
Full Agency Costs (including Central Accounts)						
Salary and Wages.....	\$859,473	\$872,446	\$836,264	\$863,634	(\$8,812)	\$27,370
Fringe Benefits.....	319,081	347,596	361,127	373,023	25,427	11,896
Pensions.....	278,053	274,934	302,088	314,210	39,276	12,122
Total PS.....	<u>\$1,456,607</u>	<u>\$1,494,976</u>	<u>\$1,499,479</u>	<u>\$1,550,867</u>	<u>\$55,891</u>	<u>\$51,388</u>
OTPS.....	\$130,283	\$129,229	\$143,134	\$122,725	(\$6,504)	(\$20,409)
Legal Services.....	8,096	8,543	7,782	7,889	(654)	107
Judgments and Claims.....	20,942	31,399	26,414	26,359	(5,040)	(55)
Debt Service.....	185,231	200,677	217,395	198,800	(1,877)	(18,595)
Total OTPS.....	<u>\$344,552</u>	<u>\$369,848</u>	<u>\$394,725</u>	<u>\$355,773</u>	<u>(\$14,075)</u>	<u>(\$38,952)</u>
Total Agency Costs.....	\$1,801,159	\$1,864,824	\$1,894,204	\$1,906,640	\$41,816	\$12,436
Less Intra-City.....	\$427	\$705	\$191	\$131	(\$574)	(\$60)
Net Agency Cost.....	<u>\$1,800,732</u>	<u>\$1,864,119</u>	<u>\$1,894,013</u>	<u>\$1,906,509</u>	<u>\$42,390</u>	<u>\$12,496</u>
Funding						
City.....	1,761,586	1,809,420	1,821,048	1,844,439	35,019	23,391
Non-City.....	39,146	54,699	72,965	62,070	7,371	(10,895)
Personnel (includes FTEs at fiscal year-end)						
City.....	9,754	9,484	9,015	10,265	781	1,250
Non-City.....	799	795	825	—	(795)	(825)
Total.....	<u>10,553</u>	<u>10,279</u>	<u>9,840</u>	<u>10,265</u>	<u>(14)</u>	<u>425</u>

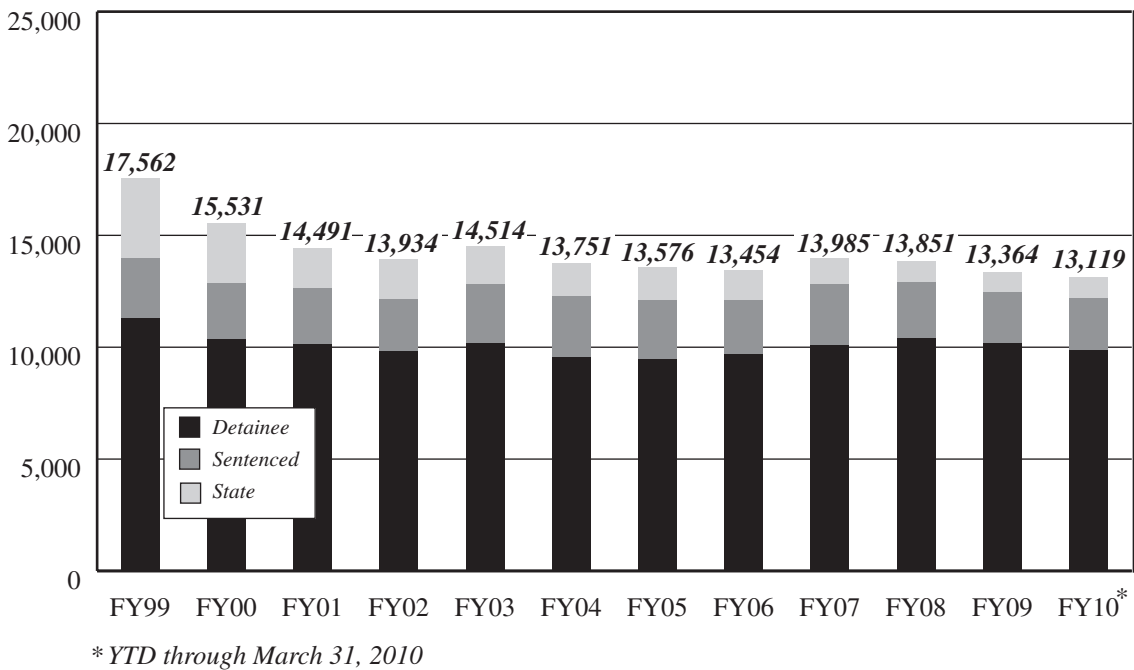
Programmatic Review

AVERAGE LENGTH OF STAY (By Fiscal Year)



AVERAGE DAILY INMATE POPULATION

By Fiscal Year



The average daily population through April 2010 was 13,083, which is 3.2 percent lower than 2009. Misdemeanor arrests continue to make up the highest volume of overall arrests. System admissions are down 4.2 percent and overall system length of stay is up two percent over this period.

Capital Review

The Department of Correction's 2010-2014 Five -Year Capital Strategy totals \$1.27 billion. The Five-Year Plan includes \$858 million for capacity replacement, \$84 million for construction of support space, \$286 million for major overhaul of building systems and infrastructure, and \$44 million for acquisition of new equipment.

The table below shows capital plan commitments by program area over the 2010-2014 period:

Capital Commitments

(\$000's)

	2009 Actual		2010 Plan		2011 Plan		2012 Plan		2013 Plan		2014 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 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 continuing to takedown the temporary modular structures. The new capacity will improve the operations, security and environmental health of the jails.

The 2010 Four-Year Plan provides \$825 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 (\$409 million).
- design and construction of a new detention center in the Bronx (\$417 million).
- construction of the 1,194 beds at the James A. Thomas Center (JATC) on Rikers Island is set to begin in 2011 (\$83 million).

Building Systems, Infrastructure and Support Space

The Department will undertake \$315 million in improvements to building systems, infrastructure, and support space in the Four-Year Plan. Projects include:

- construction of a Rikers Island Co-generation Power Plant (\$58.6 million).

- improvements to Rikers Island perimeter security and fencing (\$5.45 million).
- window replacements, facades and roof reconstruction at various facilities (\$39 million).
- replacement of the Rikers Island showers and plumbing (\$4.2 million).
- continuation of fire life safety upgrades at Rikers Island facilities (\$68 million).
- installation and maintenance of heating and ventilation systems at various facilities (\$22.9 million).

Equipment

The Four-Year Strategy provides \$29.7 million for upgrades and/or replacements of vehicles, computers, security equipment, and communication systems. Commitments include:

- technology upgrades in the Department's network and server infrastructure (\$6.9 million) and Admission and Discharge Tracking System (\$2.1 million).
- replacement of vehicles for inmate transport (\$9.5 million).

DEPARTMENT OF SOCIAL SERVICES

The Department of Social Services (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. The Department also provides financial and support services to victims of domestic violence, people with AIDS and HIV, 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 2011 Executive Budget provides for operating expenses of \$8.4 billion, of which \$6.1 billion are City funds. Capital funds of \$37.5 million are also provided, of which \$29.5 million are City funds.

Expense Budget Highlights

Budgetary Priorities: Providing Core Services

- in 2010 and 2011, the Department will use \$25.1 million in Federal stimulus, Temporary Assistance for Needy Families (TANF) and State funding, awarded through the New York State Office of Temporary and Disability Assistance, to implement a temporary subsidized jobs program. Cash assistance recipients will be provided with work experience, training and job search assistance to help them transition to unsubsidized employment. Employers include the Parks and Sanitation Departments, DSS and private employers in the health care and "green" sectors. Through April 2010, over 1,800 individuals had been placed in subsidized jobs with public and private sector employers.
- beginning in 2010 the Department will use \$3.4 million in State Work Incentive funds, awarded for meeting cash assistance work participation rates, to serve approximately 600 non-custodial parents who are disconnected from the formal child support system. Participants will receive education and training; job placement assistance; and support services, including financial counseling and parenting classes, to help them gain or maintain employment and engage both financially and emotionally in the lives of their children.

Restructuring and Streamlining

- in 2011 DSS will introduce a community-based recertification option for food stamp recipients. Funded by a grant from the United States Department of Agriculture and involving community-based partners, individuals will be able to receive assistance in preparing and submitting recertification material electronically to DSS.
- in 2010 and 2011, the Department will restructure its employment programs, including the Parks Job Training Participant (JTP) program, operated in conjunction with the Parks Department, as well as its contract programs, including Back to Work, WeCARE and BEGIN. This restructuring will save \$7.5 million in City funds in 2010 and \$21.5 million in 2011 and will increase administrative and process efficiencies while preserving client services.
- in 2011 DSS will save \$10.0 million in City funds through administrative efficiencies, including improved cost allocation of lease costs and the elimination of 100 positions throughout the agency.

Summary of Agency Financial Data

The following table compares the 2011 Executive Budget with the 2011 Preliminary Budget, and the 2010 forecast with actual expenditures for 2009, 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)

	2009 Actual	2010 Forecast	2011		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2010 Forecast	2011 Preliminary Budget
Expenditures						
Salary and Wages.....	\$717,640	\$737,586	\$714,326	\$744,560	\$6,974	\$30,234
Fringe Benefits.....	925	1,053	913	913	(140)	—
Medical Assistance.....	5,287,411	5,145,246	5,643,511	5,165,126	19,880	(478,385)
Public Assistance.....	1,328,952	1,579,608	1,562,597	1,562,597	(17,011)	—
Other OTPS.....	992,858	1,007,590	886,935	898,439	(109,151)	11,504
Total.....	\$8,327,786	\$8,471,083	\$8,808,282	\$8,371,635	(\$99,448)	(\$436,647)
Funding						
City.....	\$6,127,839	\$6,040,664	\$6,574,175	\$6,077,773	\$37,109	(\$496,402)
Other Categorical Grants.....	—	213	—	40	(173)	40
IFA.....	—	—	—	—	—	—
State.....	1,034,681	1,068,792	1,054,970	1,069,230	438	14,260
Federal CD.....	2,816	1,170	—	—	(1,170)	—
Federal Other.....	1,156,915	1,354,806	1,178,048	1,223,503	(131,303)	45,455
Intra-City Other.....	5,534	5,438	1,089	1,089	(4,349)	—
Total.....	\$8,327,786	\$8,471,083	\$8,808,282	\$8,371,635	(\$99,448)	(\$436,647)
Additional Costs Centrally Funded						
Personal Services (PS).....						
Fringe Benefits.....	\$266,893	\$286,661	\$301,179	\$295,050	\$8,389	(\$6,129)
Pensions.....	96,914	103,677	115,201	125,212	21,535	10,011
Other Than Personal Service (OTPS)						
Legal Services.....	5,197	5,254	4,837	5,032	(222)	195
Judgments and Claims.....	—	3,644	3,065	3,059	(585)	(6)
Debt Service.....	71,737	77,707	84,169	72,448	(5,259)	(11,721)
Total Additional Costs.....	\$440,741	\$476,943	\$508,451	\$500,801	\$23,858	(\$7,650)
Funding						
City.....	252,727	258,751	352,038	362,003	103,252	9,965
Non-City.....	188,014	218,192	156,413	138,798	(79,394)	(17,615)
Full Agency Costs (including Central Accounts)						
Salary and Wages.....	\$717,640	\$737,586	\$714,326	\$744,560	\$6,974	\$30,234
Fringe Benefits.....	267,818	287,714	302,092	295,963	8,249	(6,129)
Pensions.....	96,914	103,677	115,201	125,212	21,535	10,011
Total PS.....	\$1,082,372	\$1,128,977	\$1,131,619	\$1,165,735	\$36,758	\$34,116
Medical Assistance.....	\$5,287,411	\$5,145,246	\$5,643,511	\$5,165,126	\$19,880	(\$478,385)
Public Assistance.....	1,328,952	1,579,608	1,562,597	1,562,597	(17,011)	—
Other OTPS.....	992,858	1,007,590	886,935	898,439	(109,151)	11,504
Legal Services.....	5,197	5,254	4,837	5,032	(222)	195
Judgments and Claims.....	—	3,644	3,065	3,059	(585)	(6)
Debt Service.....	71,737	77,707	84,169	72,448	(5,259)	(11,721)
Total OTPS.....	\$7,686,155	\$7,819,049	\$8,185,114	\$7,706,701	(\$112,348)	(\$478,413)
Total Agency Costs.....	\$8,768,527	\$8,948,026	\$9,316,733	\$8,872,436	(\$75,590)	(\$444,297)
Less Intra-City.....	\$5,534	\$5,438	\$1,089	\$1,089	(\$4,349)	\$—
Net Agency Cost.....	\$8,762,993	\$8,942,588	\$9,315,644	\$8,871,347	(\$71,241)	(\$444,297)
Funding						
City.....	6,380,566	6,299,415	6,926,213	6,439,776	140,361	(486,437)
Non-City.....	2,382,427	2,643,173	2,389,431	2,431,571	(211,602)	42,140
Personnel (includes FTEs at fiscal year-end)						
City.....	10,489	10,408	10,450	10,351	(57)	(99)
Non-City.....	3,625	4,235	3,875	3,931	(304)	56
Total.....	14,114	14,643	14,325	14,282	(361)	(43)

Programmatic Review and Service Impact

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

The Department expects to spend \$1.6 billion on cash assistance benefits in 2011, of which \$568.8 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 156,119 adults and children in March 2010. FA expenditures in 2011 are projected to be \$682.3 million, of which \$163.2 million are City funds.

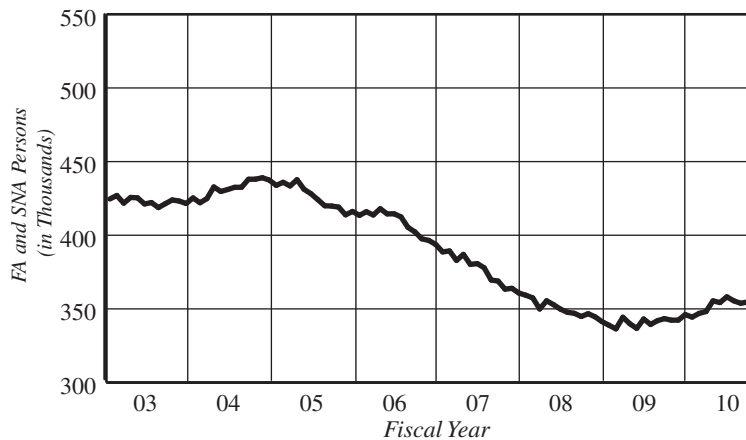
In March 2010, 87,082 adults and children who had reached the five-year time limit for TANF-funded assistance were assisted through the State and City-funded Safety Net Assistance (SNA) program. In 2011, the Department projects spending \$287.5 million, of which \$136.6 million are City funds, for these families. In addition, in March 2010 111,478 persons, primarily adults, were assisted through the SNA program. An estimated \$592.7 million, of which \$269.0 million are City funds, will be spent on these recipients in the SNA program in 2011.

Food Stamps

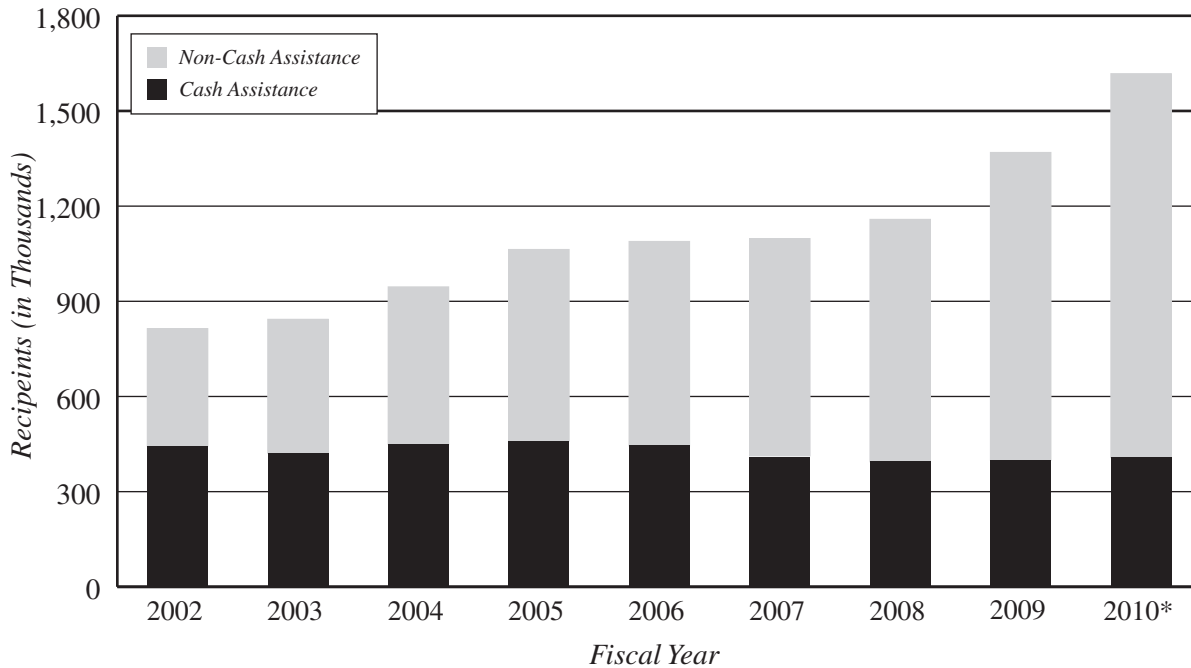
FIA manages the Food Stamp Program whose benefits, excluding administrative costs, are entirely funded by the Federal government. It is estimated that over \$3.1 billion in food stamp benefits will be provided to New York City residents in 2010. In January 2002, the Department issued \$82.6 million in food stamp benefits to 798,396 recipients. By January 2010 monthly benefit issuances had increased to \$265.7 million for nearly 1.7 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. The number of food stamp recipients who rely on food stamps as a work support but do not receive cash welfare is at its highest recorded level in New York City. This population has more than doubled, from 358,630 in January 2002 to nearly 1.3 million in January 2010.

CASH ASSISTANCE CASELOAD 2003-2010



AVERAGE FOOD STAMP RECIPIENTS 2002-2010



* Year to date through March 2010

Employment Services

FIA offers a wide array of programs and services to help families and individuals achieve self-sufficiency. Services include basic education, training, work experience, job search, placement, and retention services; supported work opportunities for recipients; and targeted services for those with barriers to employment. At the end of March 2010, 58,957 individuals were engaged in employment, training, or other work related activities. In calendar year 2009, 88 percent of clients who had been placed in jobs retained them for at least three months or did not return to cash assistance, and 81 percent retained employment or did not return to cash assistance for at least six months.

In 2011 DSS will continue to operate a comprehensive employment program portfolio that provides employable clients a continuum of services, from assessment to job placement and retention. Job training participants may be placed in paid employment and be provided with opportunities for job search, training and subsidized job placement through programs at the Department of Parks and Recreation, the Department of Sanitation, and in the Department's own locations. In 2011, the Department will restructure the Parks subsidized employment (JTP) program by reducing the number of positions from approximately 2,322 to 1,585. By maximizing the number of participants in the warm weather months, the impact of this change is expected to be minimal.

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

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.

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 March 2010, there were 34,592 cash assistance cases and 261,355 non-cash assistance cases with established support orders for a total of 295,947 cases. Of these, 148,906 families were former cash assistance recipients with established orders. In 2009, OCSE established 12,126 new orders, a 38 percent increase from 2008.

Child support collections in 2009 totaled \$671.4 million, a four percent increase over the prior year. The average number of cases receiving support each month also increased by four percent over the prior year. In 2009, 90 percent of support collections went directly to families, more than \$215 million of which was collected on behalf of families who formerly received cash assistance. When combined with earnings and work supports, child support payments can help needy families become or remain self-sufficient.

Medical Insurance and Community Services Administration (MICSA)

MICSA is comprised of 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 2.9 million New York City residents receive Medicaid as of March 2010, an increase of over 65 percent since January 2002. The Medical Assistance Program is responsible for enrollment and recertification of Medicaid-only consumers. As of March 2010, there were 2.1 million Medicaid-only enrollees who do not receive cash assistance or Supplemental Security Income. 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.

Improvements in the mail renewal process continue to contribute to increased enrollments of Medicaid-only clients by reducing gaps in coverage caused by the cycle of losing coverage for failure to renew, and then re-applying for health insurance coverage. As of January 2010, all mail renewals for non-disabled, aged or blind consumers are processed via the Electronic Data and Image Transfer System (EDITS) which is specifically designed to handle renewals accurately and efficiently. By June 2010, recertification documents will be available on-line and users will be able to fully renew on-line if no additional supporting documentation is needed.

Home Care Services Program (HCSP)

The Home Care Services Program (HCSP) assists frail, elderly and disabled individuals to remain safely in their homes through non-institutional alternatives to nursing home care. In 2009 the HCSP provided Personal Care Services to 46,725 beneficiaries; these services include home attendant and housekeeping services, as well as case management. In addition, HCSP approves service plans and authorizes service for almost 27,000 clients

in the Managed Long Term Care Program (MLTC), over 14,000 clients in the Long Term Home Health Care Program (LTHHCP), and 1,760 clients in the Assisted Living Program (ALP). HCSP staff provide guidance to help consumers navigate among the managed long-term care options and find the appropriate program for their need.

DSS has launched two pilot programs in a continued effort to improve HCSP services. The Joint Assessment Pilot involves nurses and case workers making joint visits to Personal Care clients and consulting together to implement more consistent assessments of client eligibility and needs. In March 2010, HCSP rolled out the Long Term Care Web in two field offices. The program consolidates two antiquated systems and will help expedite the delivery of services and promote uniform practices across HCSP offices. The Department anticipates completing the roll-out across all field offices by the end of calendar year 2010.

Adult Protective Services (APS)

APS assists adults with mental 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 benefits and entitlements; eviction prevention; and financial management. APS also petitions the State Supreme Court for community guardians to manage financial and domestic issues for clients who lack capacity to manage their own affairs. Approximately 50 percent of APS referrals involve eviction and about 23 percent allege abuse, neglect, or exploitation.

In calendar year 2009, APS received 18,546 referrals and maintained an average of 6,218 undercare clients per month. In addition, the contracted community guardian program had a monthly caseload of 1,356 clients. In 2010 and 2011, APS will reorganize its services by eliminating 21 caseworker positions, increasing caseloads from 25 to approximately 28 per worker.

APS is a member of the Advisory Council for New York City's first Elder Abuse Center, which will begin operations in September 2010. The coordinator for the Center's Multidisciplinary Task Force will work out of APS' Brooklyn Borough Office and will provide support to APS staff on elder abuse issues. APS also began a training series for the New York City Police Department designed to give officers a better understanding of APS and its mandated role with respect to reports of abuse.

HIV/AIDS Services Administration (HASA)

HASA provides a range of services to individuals and families living with AIDS or with clinical symptomatic HIV illness. As of February 2010, the HASA caseload was 31,218. HASA provides emergency housing placements in supportive transitional facilities and single room occupancy (SRO) units for homeless clients. HASA also provides supportive non-emergency housing in contracted congregate facilities and scattered site apartments operated by community-based organizations that provide case management and support services. In 2011, HASA will support nearly 1,700 units in its emergency housing portfolio and over 4,700 units in its non-emergency supportive housing stock, including units developed under the New York New York III agreement. In addition, approximately 20,000 households receive ongoing rental assistance subsidies to facilitate and maintain housing stability, typically in private market apartments. HASA clients also receive case management, homemaking services, employment and vocational services, 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 clinically-oriented services in the areas of health, mental health, substance abuse treatment and rehabilitation for clients served through all of the Department's programs. CAS programs provide comprehensive and individualized services to help individuals with medical 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 2009, 7,093 home visits and court appearances were made.

The Wellness, Comprehensive Assessment, Rehabilitation and Employment (WeCARE) program works with cash assistance recipients 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. In 2009, 2,686 WeCARE clients obtained jobs and 6,419 were approved for Federal disability benefits.

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 77,000 enrollments in public health insurance in 2009.

In September 2009, DSS launched NYC Health Insurance Link, a new resource for freelancers, small business owners and residents searching for affordable health insurance. NYC Health Insurance Link is a web-based tool that allows consumers to compare price and benefit information for private health insurance plans in one location. The site also links residents to ACCESS NYC, where they can screen themselves for public health insurance and receive information about health insurance basics. In its first eight months, the site has helped 27,000 New Yorkers learn about their health insurance options.

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 Low-Income Home Energy Assistance Program (LIHEAP), and the Office of Food Programs and Policy Coordination, which administers the Emergency Food Assistance Program (EFAP) as well as the Food Stamp Nutrition and Outreach Program.

ODV oversees 44 State-licensed emergency shelters, including one directly operated by DSS, that provide 2,208 beds for victims of domestic violence. ODV also contracts with Tier II shelters to provide 253 units for clients who require additional services before transitioning to the community. Clients are provided with safe environments and a range of support services including counseling, advocacy, and referrals. In addition, non-residential programs provide telephone hotlines, counseling, advocacy, legal services, and referrals to other supportive services. In 2009, these programs maintained an average caseload of 3,000 clients each month. In 2011, ODV will eliminate the Teen Relationship Abuse Prevention Program (RAPP), which serves 6,000 teens annually in public schools. RAPP provides counseling, training, and other programs to address relationship abuse among young people.

The LIHEAP program assists low-income homeowners and renters to pay energy costs and heating equipment repair bills. In 2009, a total of \$46.5 million in benefits were issued, including \$21.5 million that were issued to non-cash assistance recipients. Through March 2010 the Department issued 798,457 regular heating and emergency grants totaling \$44.7 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 food to over 500 food pantries and soup kitchens.

Capital Review

The Department's Four-Year Capital Strategy totals \$79.6 million, of which \$56.0 are City funds. The Four-Year Capital Strategy includes \$37.7 million for technology to streamline Department operations, \$42.8 million for facilities maintenance, equipment and improvements, \$12.3 million for the installation of telecommunications equipment, and \$1.6 million for vehicles.

Capital Commitments

(\$000's)

	2009 Actual		2010 Plan		2011 Plan		2012 Plan		2013 Plan		2014 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.....	\$3,174	\$3,726	\$18,914	\$18,914	\$24,471	\$28,246	\$1,568	\$1,568	\$6,165	\$7,459	\$2,138	\$2,237
Computers.....	4,307	6,808	18,323	33,903	3,083	5,705	4,711	8,716	3,573	6,522	3,512	6,496
Telecommunications.....	683	1,139	3,290	6,374	1,155	2,135	1,140	2,109	1,215	2,236	1,651	3,055
Equipment.....	23	14	212	329	305	509	0	0	589	1,145	0	0
Vehicles.....	0	0	0	0	449	857	132	280	135	273	0	0
Total.....	<u>\$8,187</u>	<u>\$11,687</u>	<u>\$40,739</u>	<u>\$59,520</u>	<u>\$29,463</u>	<u>\$37,452</u>	<u>\$7,551</u>	<u>\$12,673</u>	<u>\$11,677</u>	<u>\$17,635</u>	<u>\$7,301</u>	<u>\$11,788</u>

Highlights of the Four-Year Capital Plan

- design, construction and renovation of Medicaid and Food Stamps Model Offices, a new warehouse for Information Technology equipment and related furniture (\$14.7 million).
- replacement of computers and printers agency wide and an upgrade of central data storage systems (\$16.6 million).
- implementation of telecommunications upgrades agency wide (\$9.7 million).
- replacement of vehicles (\$1.3 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, provides foster care and adoption services for children who cannot safely remain in their homes, and, beginning in 2011, will provide custody and care for children who are involved in the juvenile justice system. The Department also administers early childhood education programs through the Division of Child Care and Head Start.

In 2010, ACS issued a new Request for Proposals (RFP) for child welfare programs. The RFP encouraged applicants to propose new program models for delivering child welfare services and to develop community-based partnerships among preventive agencies, family foster care programs, residential care programs, and local communities. Through this continuum, ACS will work with contract providers and community partners to identify and address safety concerns at every step of its involvement with families. A comprehensive array of preventive services will be available to assist families with the goal of reducing the number of children placed in foster care. There will also be greater emphasis on use of family based foster care rather than residential care when a child must be removed from the home.

In 2011, services formerly provided by the Department of Juvenile Justice (DJJ) will be integrated into ACS. The newly created Division of Youth and Family Justice will coordinate comprehensive services for youth involved in the juvenile justice system while maintaining a commitment to public safety. In 2011, ACS plans to expand alternative to detention programs and to focus on youth involved in both the child welfare and juvenile justice systems.

Financial Review

ACS's 2011 Executive Budget provides for operating expenses of \$2.7 billion, \$749.3 million of which are City funds. Capital commitments of \$42.5 million are also provided for ACS; \$3.4 million are provided in the Capital plan for juvenile justice.

Expense Budget Highlights

Budgetary Priorities: Child Welfare Services

- \$9.9 million in City funds will be saved in 2011 and \$13.7 million in City funds will be saved in 2012 through the "One Year Home" initiative, a strategy to ensure that the maximum number of children in foster care achieve permanency within one year by expediting the reunification and adoption processes.
- \$5.2 million in the Four-Year Capital Plan, of which \$3.4 million is in 2011, will provide for the development of ACS-Info, an integrated data warehouse that will improve operations and service delivery by providing Agency users with access to unified information from multiple data sources.

Budgetary Priorities: Juvenile Justice Services

- \$1.8 million in City funds will support an expansion of alternative to detention programming that is designed to minimize the use of detention for children in the juvenile justice system.
- in 2011, \$4.9 million in City funds will be saved through the reduced use of detention services and \$2.4 million in City funds will be saved through the administrative integration of juvenile justice services with ACS.

Budgetary Priorities: Child Care Services

- \$9.0 million will be saved in 2011 and \$16.3 million will be saved in 2012 through the consolidation of 16 City-leased day care centers. The children in these centers will be offered a seat in a setting with available capacity. An additional \$2.0 million in expense funds will be saved in 2011 by using capital funding for eligible day care center renovations.
- \$1.7 million in the 2011 Capital budget will continue to fund a new information technology system to track and monitor early childhood services provided by ACS and other City agencies. The new system will improve eligibility, payment and claiming processes.

Summary of Agency Financial Data

The following table compares the 2011 Executive Budget with the 2011 Preliminary Budget, the 2010 forecast and actual expenditures for 2009, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services and debt service.

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

	2009 Actual	2010 Forecast	2011		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2010 Forecast	2011 Preliminary Budget
Expenditures						
Salary and Wages.....	\$408,030	\$378,023	\$360,560	\$390,827	\$12,804	\$30,267
Fringe Benefits.....	87	55	—	19	(36)	19
Medical Assistance.....	—	—	—	—	—	—
Public Assistance.....	—	—	—	—	—	—
Other OTPS.....	2,436,114	2,472,937	2,206,601	2,305,030	(167,907)	98,429
Total.....	<u>\$2,844,231</u>	<u>\$2,851,015</u>	<u>\$2,567,161</u>	<u>\$2,695,876</u>	<u>(\$155,139)</u>	<u>\$128,715</u>
Funding						
City.....	\$817,647	\$700,270	\$663,954	\$749,278	\$49,008	\$85,324
Other Categorical Grants.....	355	141	641	641	500	—
IFA.....	—	—	—	—	—	—
State.....	687,776	747,357	588,516	673,694	(73,663)	85,178
Federal CD.....	3,539	3,292	3,292	3,292	—	—
Federal Other.....	1,320,447	1,349,399	1,304,601	1,267,814	(81,585)	(36,787)
Intra-City Other.....	14,467	50,556	6,157	1,157	(49,399)	(5,000)
Total.....	<u>\$2,844,231</u>	<u>\$2,851,015</u>	<u>\$2,567,161</u>	<u>\$2,695,876</u>	<u>(\$155,139)</u>	<u>\$128,715</u>
Additional Costs Centrally Funded						
Personal Services (PS).....						
Fringe Benefits.....	\$117,542	\$114,502	\$118,288	\$127,763	\$13,261	\$9,475
Pensions.....	47,513	49,275	55,820	65,970	16,695	10,150
Other Than Personal Service (OTPS)						
Legal Services.....	2,853	3,138	2,863	3,475	337	612
Judgments and Claims.....	1,483	2,575	2,166	3,076	501	910
Debt Service.....	—	—	—	—	—	—
Total Additional Costs.....	<u>\$169,391</u>	<u>\$169,490</u>	<u>\$179,137</u>	<u>\$200,284</u>	<u>\$30,794</u>	<u>\$21,147</u>
Funding						
City.....	116,339	76,240	122,862	154,218	77,978	31,356
Non-City.....	53,052	93,250	56,275	46,066	(47,184)	(10,209)
Full Agency Costs (including Central Accounts)						
Salary and Wages.....	\$408,030	\$378,023	\$360,560	\$390,827	\$12,804	\$30,267
Fringe Benefits.....	117,629	114,557	118,288	127,782	13,225	9,494
Pensions.....	47,513	49,275	55,820	65,970	16,695	10,150
Total PS.....	<u>\$573,172</u>	<u>\$541,855</u>	<u>\$534,668</u>	<u>\$584,579</u>	<u>\$42,724</u>	<u>\$49,911</u>
Medical Assistance.....	\$—	\$—	\$—	\$—	\$—	\$—
Public Assistance.....	—	—	—	—	—	—
Other OTPS.....	2,436,114	2,472,937	2,206,601	2,305,030	(167,907)	98,429
Legal Services.....	2,853	3,138	2,863	3,475	337	612
Judgments and Claims.....	1,483	2,575	2,166	3,076	501	910
Debt Service.....	—	—	—	—	—	—
Total OTPS.....	<u>\$2,440,450</u>	<u>\$2,478,650</u>	<u>\$2,211,630</u>	<u>\$2,311,581</u>	<u>(\$167,069)</u>	<u>\$99,951</u>
Total Agency Costs.....	\$3,013,622	\$3,020,505	\$2,746,298	\$2,896,160	(\$124,345)	\$149,862
Less Intra-City.....	<u>\$14,467</u>	<u>\$50,556</u>	<u>\$6,157</u>	<u>\$1,157</u>	<u>(\$49,399)</u>	<u>(\$5,000)</u>
Net Agency Cost.....	<u>\$2,999,155</u>	<u>\$2,969,949</u>	<u>\$2,740,141</u>	<u>\$2,895,003</u>	<u>(\$74,946)</u>	<u>\$154,862</u>
Funding						
City.....	933,986	776,510	786,816	903,496	126,986	116,680
Non-City.....	2,065,169	2,193,439	1,953,325	1,991,507	(201,932)	38,182
Personnel (includes FTEs at fiscal year-end)						
City.....	6,652	6,135	5,775	6,486	351	711
Non-City.....	48	127	165	165	38	—
Total.....	<u>6,700</u>	<u>6,262</u>	<u>5,940</u>	<u>6,651</u>	<u>389</u>	<u>711</u>

Programmatic Review and Service Impact

Division for Child Protection (DCP)

DCP investigates allegations of child abuse and neglect. The Agency monitors 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.

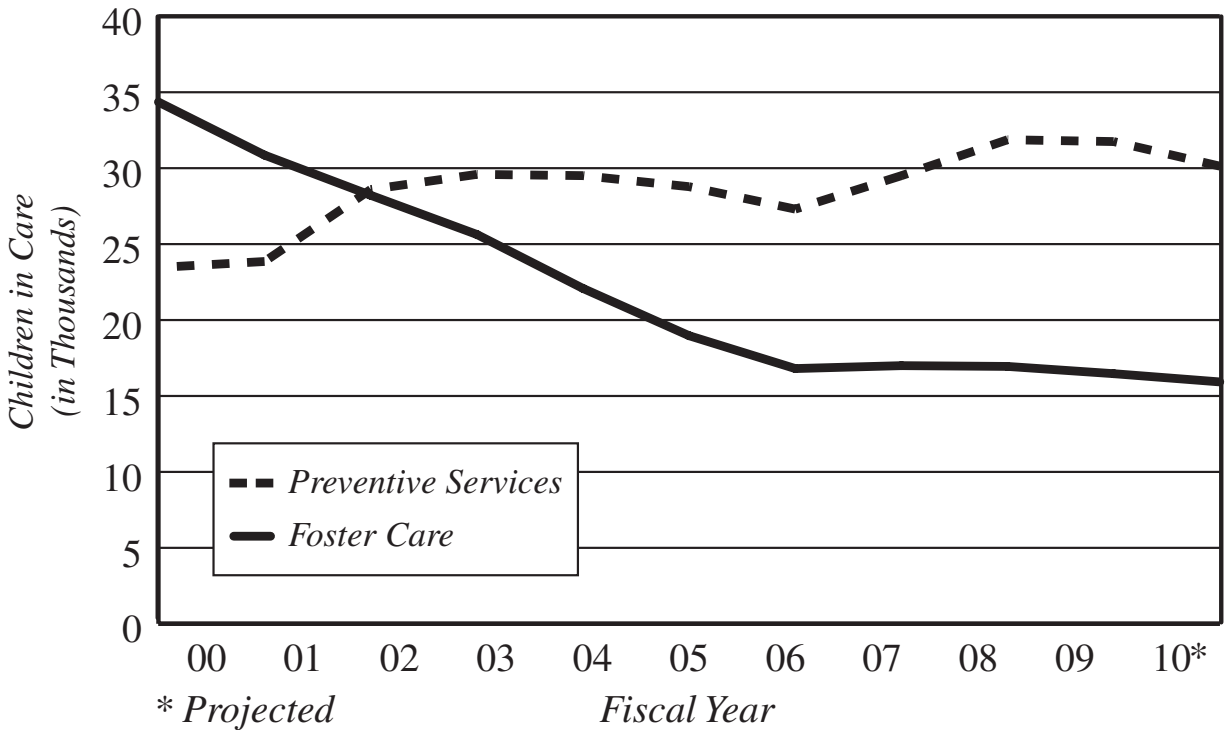
In 2011, ACS will eliminate through attrition 202 of the 1,944 budgeted positions in the protective/diagnostic unit of the Division of Child Protection. Work units will be reorganized and caseloads are projected to increase from 9.5 to 10.9, remaining below the agency standard of 12 cases per worker.

Preventive Services for Children and Families

The Department provides both direct and contracted preventive services designed to prevent foster care placement and reduce the time that children spend in foster care. Approximately 12,000 new preventive cases are opened annually in the Department's network of 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 Treatment/Rehabilitation Program (FT/R) for families with substance abuse issues, and programs for families with special needs. Between January 2006 and January 2010, the number of children receiving preventive services annually has increased by 3,556, from 26,578 to 30,134.

In 2011, ACS will reduce the preventive services budget by \$3.6 million in City funds (\$9.9 million in total funds). This will eliminate approximately 600 slots for non-mandated preventive service cases and reduce reimbursement for the Family Treatment Rehabilitation (FT/R), Homemaking, and Persons in Need of Supervision (PINS) programs.

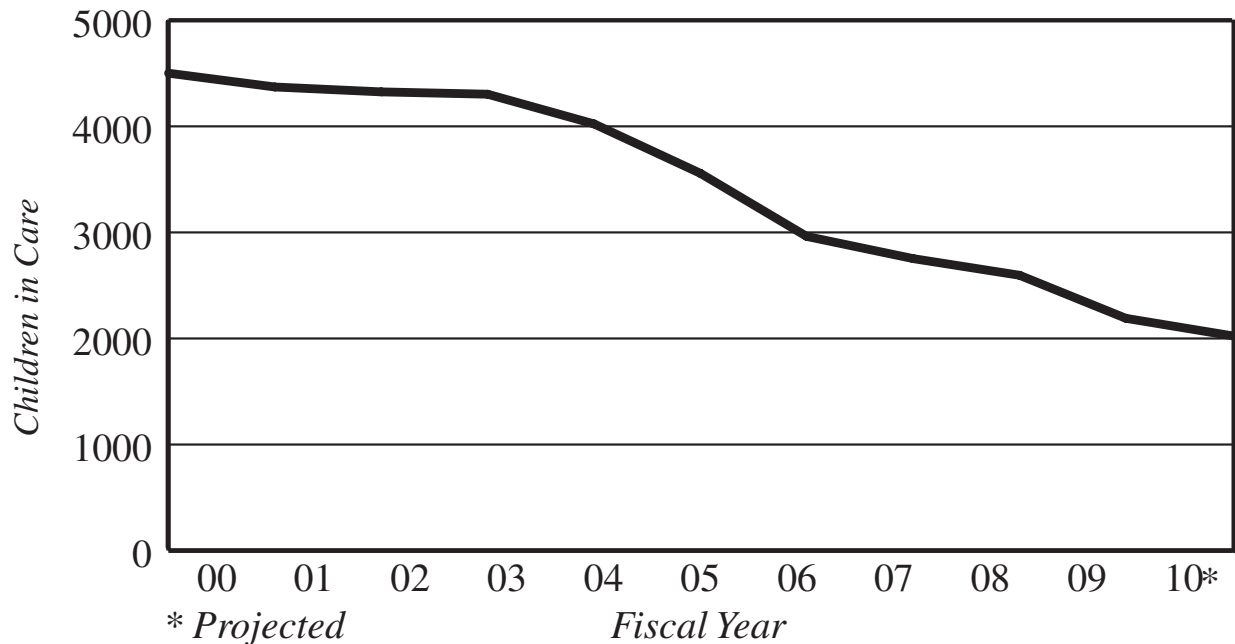
CHILDREN IN FOSTER CARE AND PREVENTIVE SERVICES 2000-2010



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 2010, 16,016 children were living in out-of-home placements, a three percent decline since January 2009. During this same period, the number of children in congregate residential settings declined by ten percent, from 2,209 to 1,993, and has declined over 53 percent since 2002.

RESIDENTIAL CASELOAD 2000-2010



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

** Projected*

Adoption Services

Adoption provides a stable and permanent home for children who cannot return to their birth parents. In 2010, approximately 30,000 children are 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.

Division of Youth and Family Justice

The Division of Youth and Family Justice provides secure and non-secure detention services for alleged juvenile delinquents and juvenile offenders whose cases are pending in Family or Criminal Court and present a risk to public safety. ACS directly operates three secure detention facilities and provides non-secure detention through a network of three City-operated and 13 contracted group homes. While in detention, residents receive a variety of support services including education, health services, recreation, and case management.

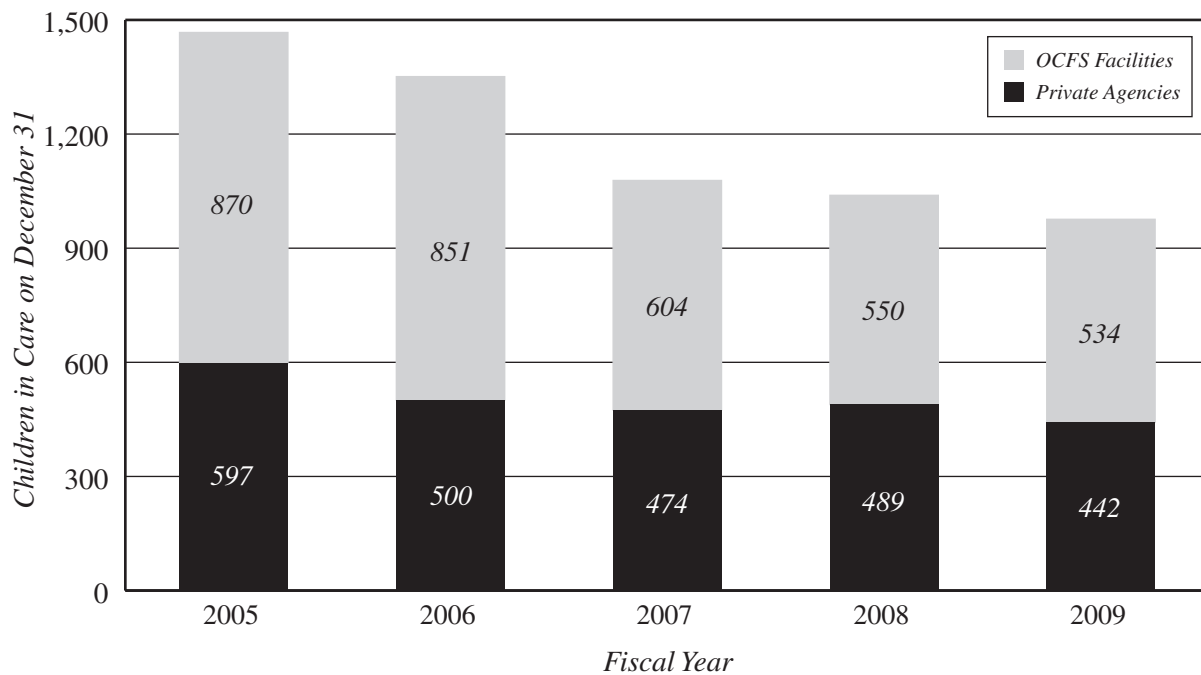
Approximately 13,000 juveniles are arrested annually and more than 5,000 of these children are admitted to detention by the Department while their case is pending in Family or Criminal Court. About 2,500 youth are disposed to probation and about 800 adjudicated delinquents and offenders are sent to a residential placement in the custody of the State Office of Children and Family Services (OCFS). Approximately 1,000 probationers receive alternative-to-placement services through programs such as Esperanza and the Enhanced Supervision Program (ESP), operated by the Department of Probation, or the ACS administered Juvenile Justice Initiative (JJI). JJI is an evidence-based program that has demonstrated reductions in recidivism for chronic juvenile delinquents by strengthening the parent or caretaker's ability to provide structure and guidance for youth. Investments in community-based programming have been instrumental in reducing the number of out-of-home placement by 33 percent since 2005.

Youth in OCFS residential custody are placed in either an OCFS-operated Youth Residential Facility or a private not-for-profit agency. The cost of placing children into State-operated facilities is shared equally by the State and City. Despite a decline in residential placements, City savings have not been realized because instead of downsizing system capacity, OCFS has shifted the cost for vacant beds to local districts. City expenses for OCFS placements were \$34 million in 2005 and are projected to be \$65 million in 2010.

At the same time, the number of youth in private agencies has not substantially declined because they have become the preferred option of the Family Court due to the deficiencies in the OCFS system. These deficiencies were publicized in August 2009 when the U.S. Department of Justice (USDOJ) issued a report that concluded OCFS failed to protect youth from harm, take corrective action against their staff, and that they did not properly evaluate and treat mental health problems. In 2011, an additional \$4.3 million will fund City payments to OCFS to support increased staff to remedy the deficiencies identified by the USDOJ.

Costs incurred for children placed in private agencies are almost entirely City funded because the State contribution is limited by the capped Foster Care Block Grant. In 2011, total expenditures for private agency placements are projected to be more than \$50 million (of which approximately 90 percent will be provided through City funds).

JUVENILE DELINQUENTS AND JUVENILE OFFENDERS IN RESIDENTIAL PLACEMENT 2005-2010



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 73 delegate agencies at 175 Head Start Centers. As of February 2010, more than 120,000 children were enrolled in child care Citywide, including approximately 19,000 in Head Start programs.

In 2011, ACS will consolidate 15 sites that house 16 contracted child care programs. The approximately 1,150 children in these centers will be offered a seat in a setting with available capacity.

Ongoing collaborative efforts between ACS and the Department of Education have expanded Universal Pre-Kindergarten (UPK) programming to over 15,000 children in Child Care and Head Start contracted centers. UPK funding supports enhancements such as classroom supplies, instructional materials, field trips, and educational consultants.

Capital Review

The 2011-2014 Four-Year Capital Strategy totals \$87.0 million, which includes \$10.8 million for child welfare facilities, \$26.2 million for child care facilities, \$17.6 million for administrative offices and \$32.3 million for information systems. The Capital budget for Juvenile Justice includes \$8.9 million for construction and renovation projects at secure and non-secure juvenile detention sites.

Capital Commitments

(\$ in 000’s)

	2009		2010		2011		2012		2013		2014	
	Actual		Plan		Plan		Plan		Plan		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.....	\$21	\$21	\$3,616	\$3,616	\$7,909	\$7,909	\$0	\$0	\$2,850	\$2,850	\$0	\$0
Child Care.....	162	162	4,082	4,082	18,021	18,021	1,897	1,897	4,654	4,654	1,807	1,807
Buildings.....	572	1,074	10,775	14,919	3,172	4,645	572	1,076	8,625	10,329	847	1,591
MIS.....	2,588	2,744	36,216	45,373	9,017	11,919	3,347	4,582	7,936	10,644	4,516	5,031
Total.....	\$3,301	\$3,959	\$54,689	\$67,990	\$38,119	\$42,494	\$5,816	\$7,555	\$24,065	\$28,477	\$7,170	\$8,429

Highlights of the Four-Year Capital Plan

- renovations of administrative and field offices (\$9.8 million).
- ongoing development of a 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 (\$1.7 million).

- development of ACS-Info, a system to unify the agency's various child welfare data systems through a single portal (\$5.2 million).
- renovations of Citywide child care centers to correct code violations and provide for handicapped accessibility (\$18.8 million).

DEPARTMENT OF YOUTH AND COMMUNITY DEVELOPMENT

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

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

Financial Review

The Department's 2011 Executive Budget provides for operating expenses of \$293.7 million, of which \$174.1 million are City funds.

Expense Budget Highlights

Budgetary Priorities: Providing Core Services

- in 2011, \$11.3 million will support a new youth and community program at New York City Housing Authority (NYCHA) sites.
- in 2011, the Executive Budget restores over 7,090 Summer Youth Employment Program (SYEP) slots through the addition of \$9.7 million in City funds as well as \$1.0 million to restore reductions proposed in the Preliminary Budget.
- in 2011, \$0.6 million in City funds restores 1,943 summer slots at Out of School Time (OST) middle school programs that will be matched with \$0.7 million in private funds. In total, \$102.4 million will provide after school services at 388 OST programs, located primarily in high need communities.

Summary of Agency Financial Data

The following table compares the 2011 Executive Budget with the 2011 Preliminary Budget, the 2010 forecast and actual expenditures for 2009, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services and debt service.

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

	2009 Actual	2010 Forecast	2011		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2010 Forecast	2011 Preliminary Budget
Expenditures						
Salary and Wages.....	\$26,190	\$27,151	\$27,420	\$27,435	\$284	\$15
Fringe Benefits.....	—	—	—	—	—	—
OTPS.....	356,515	388,961	261,321	266,219	(122,742)	4,898
Total.....	<u>\$382,705</u>	<u>\$416,112</u>	<u>\$288,741</u>	<u>\$293,654</u>	<u>(\$122,458)</u>	<u>\$4,913</u>
Funding						
City.....	\$254,942	\$219,910	\$168,748	\$174,058	(\$45,852)	\$5,310
Other Categorical Grants.....	117	—	—	—	—	—
IFA.....	—	—	—	—	—	—
State.....	12,626	11,547	11,547	11,547	—	—
Federal CD.....	9,869	8,306	7,931	7,931	(375)	—
Federal Other.....	82,063	150,561	74,861	74,464	(76,097)	(397)
Intra-City Other.....	23,090	25,788	25,654	25,654	(134)	—
Total.....	<u>\$382,705</u>	<u>\$416,112</u>	<u>\$288,741</u>	<u>\$293,654</u>	<u>(\$122,458)</u>	<u>\$4,913</u>
Additional Costs Centrally Funded						
Personal Services (PS).....						
Fringe Benefits.....	\$7,103	\$8,012	\$8,130	\$8,084	\$72	(\$46)
Pensions.....	3,049	3,162	3,582	3,819	657	237
Other Than Personal Service (OTPS)						
Legal Services.....	126	70	35	64	(6)	29
Judgments and Claims.....	951	350	294	294	(56)	—
Debt Service.....	—	—	—	—	—	—
Total Additional Costs.....	<u>\$11,229</u>	<u>\$11,594</u>	<u>\$12,041</u>	<u>\$12,261</u>	<u>\$667</u>	<u>\$220</u>
Funding						
City.....	11,164	10,477	11,210	11,419	942	209
Non-City.....	65	1,117	831	842	(275)	11
Full Agency Costs (including Central Accounts)						
Salary and Wages.....	\$26,190	\$27,151	\$27,420	\$27,435	\$284	\$15
Fringe Benefits.....	7,103	8,012	8,130	8,084	72	(46)
Pensions.....	3,049	3,162	3,582	3,819	657	237
Total PS.....	<u>\$36,342</u>	<u>\$38,325</u>	<u>\$39,132</u>	<u>\$39,338</u>	<u>\$1,013</u>	<u>\$206</u>
OTPS.....	\$356,515	\$388,961	\$261,321	\$266,219	(\$122,742)	\$4,898
Legal Services.....	126	70	35	64	(6)	29
Judgments and Claims.....	951	350	294	294	(56)	—
Debt Service.....	—	—	—	—	—	—
Total OTPS.....	<u>\$357,592</u>	<u>\$389,381</u>	<u>\$261,650</u>	<u>\$266,577</u>	<u>(\$122,804)</u>	<u>\$4,927</u>
Total Agency Costs.....	\$393,934	\$427,706	\$300,782	\$305,915	(\$121,791)	\$5,133
Less Intra-City.....	\$23,090	\$25,788	\$25,654	\$25,654	(\$134)	\$—
Net Agency Cost.....	<u>\$370,844</u>	<u>\$401,918</u>	<u>\$275,128</u>	<u>\$280,261</u>	<u>(\$121,657)</u>	<u>\$5,133</u>
Funding						
City.....	266,106	230,387	179,958	185,477	(44,910)	5,519
Non-City.....	104,738	171,531	95,170	94,784	(76,747)	(386)
Personnel (includes FTEs at fiscal year-end)						
City.....	358	319	312	313	(6)	1
Non-City.....	76	87	89	122	35	33
Total.....	<u>434</u>	<u>406</u>	<u>401</u>	<u>435</u>	<u>29</u>	<u>34</u>

Programmatic Review and Service Impact

Out-of-School Time (OST)

The Out-of-School (OST) program, which began in 2005, provides a mix of academic, recreational and cultural activities for young people after school, during holidays and in the summer. In 2011, OST will operate 388 programs in neighborhoods across the City and is projected to serve more than 46,754 children. These programs, which are operated by 164 community-based organizations, are located in schools, community centers, settlement houses, religious centers, cultural organizations, libraries, public housing, and Parks Department facilities. In 2011, DYCD will eliminate 4,100 elementary and middle school slots for City savings of \$6.0 million.

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 12,700 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 92,700 participants annually in 80 schools throughout the City. DYCD will reduce funding for 66 City funded Beacon programs by six percent in 2010 and seven percent in 2011.

Cornerstone Program

Cornerstone programs provide activities year-round for adults and young people at 25 New York City Housing Authority (NYCHA) Community Centers throughout the five boroughs. Cornerstone youth programs are designed to help participants acquire the skills they need to graduate from high school, succeed in their chosen careers, and give back to the community. The Department anticipates 6,400 participants, including elementary, middle, and high school youth and adults, will be served annually.

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 begun in 2010 will continue to focus on vulnerable youth, including children in foster care or involved in the juvenile justice system. City funds of \$23.9 million will provide more than 15,700 SYEP slots, which will be supplemented by \$7.2 million in Federal CSBG stimulus funding. In total, these funds will support more than 20,500 participants, nearly the same number supported by City funds in 2009. DYCD also anticipates receiving additional funding through the State Temporary Assistance for Needy Families (TANF) program.

The Department also provides employment services through Federal Workforce Investment Act (WIA) funding. The programs are provided for In-School Youth (ISY) to improve literacy, job readiness, and other workplace preparation skills. Programs for Out-of-School Youth (OSY) focus on educational goals and placement in employment or advanced occupational training. Beginning in 2011, the Department projects that OSY will serve 1,328 youth, and that ISY will serve 1,360 youth annually.

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, services include Street Outreach, Referral Services and Drop-In Centers. 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 place formerly homeless youth on the path to independence.

Literacy Services

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

The Family Literacy program provides over 300 parents and school-aged children with the opportunity to improve reading, writing and English language skills together and helps parents to become full partners in their children's education.

In 2011, DYCD will eliminate \$4.6 million in City funds from its Adult Literacy program. This program provides literacy services to 10,000 adults through English for Speakers of Other Languages (ESOL), Adult Basic Education, and General Education Development (GED) courses.

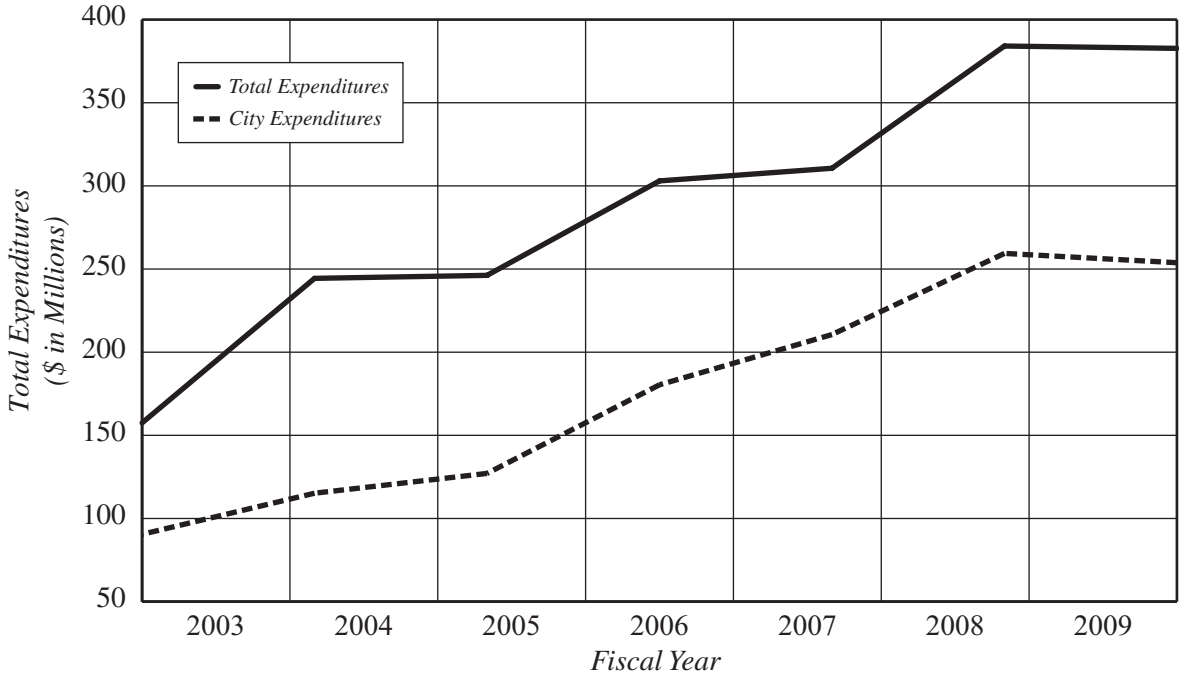
Neighborhood Development Programs

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 immigrant services, family support, youth development, senior support, and housing assistance.

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. 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 education and English instruction for speakers of other languages. DYCD also encourages program providers to form linkages with other organizations to address the comprehensive needs of fathers, including job training and placement, health care, and housing.

AGENCY TOTAL EXPENDITURES 2003-2009



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 2011, the Department will continue to utilize innovative strategies to reduce the length of shelter stay and assist families and individuals achieve self sufficiency in permanent housing. DHS will also provide targeted assistance to individuals with medical, substance abuse, and mental health issues so that they successfully move off the City's streets and into housing.

Financial Review

The Department's 2011 Executive Budget provides for operating expenses of \$837 million, of which \$412 million are City funds. Capital commitments of \$42.4 million are also provided.

Expense Budget Highlights

Budgetary Priorities: Providing Core Services

- in 2011, \$37.2 million in additional funds, of which \$16.8 million are City funds, will support transitional housing for homeless families in DHS shelters.
- in 2011, \$18.8 million in additional City funds will support transitional housing for homeless adults in DHS shelters.
- the anticipated completion of the new Family Intake Center in the Bronx in 2011 will provide a modern facility specially designed to facilitate the intake, eligibility and placement process for families with children seeking shelter.
- the in 2011, 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

- \$7.6 million in City savings will be achieved through restructuring HomeBase resources to support rapid rehousing case management services and improve shelter productivity by expediting placements of families with children into permanent housing.
- the restructuring of contracted medical services for single adults at non-mental health shelters will produce \$1.7 million in City savings in 2011.
- Federal Veterans Administration reimbursement for a 243 bed program that houses homeless veterans will reduce City expenditures by \$2.5 million in 2011.

Summary of Agency Financial Data

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

	2009 Actual	2010 Forecast	2011		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2010 Forecast	2011 Preliminary Budget
Expenditures						
Salary and Wages.....	\$120,960	\$117,867	\$117,637	\$117,768	(\$99)	\$131
Fringe Benefits.....	1,278	2,164	1,116	1,491	(673)	375
Medical Assistance.....	—	—	—	—	—	—
Public Assistance.....	—	—	—	—	—	—
Other OTPS.....	729,072	867,195	580,486	717,764	(149,431)	137,278
Total.....	<u>\$851,310</u>	<u>\$987,226</u>	<u>\$699,239</u>	<u>\$837,023</u>	<u>(\$150,203)</u>	<u>\$137,784</u>
Funding						
City.....	\$350,281	\$446,608	\$329,060	\$412,012	(\$34,596)	\$82,952
Other Categorical Grants.....	—	—	—	—	—	—
IFA.....	—	—	—	—	—	—
State.....	228,530	154,038	216,565	156,639	2,601	(59,926)
Federal CD.....	4,441	13,147	4,553	5,843	(7,304)	1,290
Federal Other.....	164,859	202,489	145,940	164,408	(38,081)	18,468
Intra-City Other.....	103,199	170,944	3,121	98,121	(72,823)	95,000
Total.....	<u>\$851,310</u>	<u>\$987,226</u>	<u>\$699,239</u>	<u>\$837,023</u>	<u>(\$150,203)</u>	<u>\$137,784</u>
Additional Costs Centrally Funded						
Personal Services (PS).....						
Fringe Benefits.....	\$36,547	\$38,288	\$40,325	\$38,098	(\$190)	(\$2,227)
Pensions.....	14,231	14,759	16,719	17,827	3,068	1,108
Other Than Personal Service (OTPS)						
Legal Services.....	877	1,010	919	922	(88)	3
Judgments and Claims.....	661	910	766	764	(146)	(2)
Debt Service.....	—	—	—	—	—	—
Total Additional Costs.....	<u>\$52,316</u>	<u>\$54,967</u>	<u>\$58,729</u>	<u>\$57,611</u>	<u>\$2,644</u>	<u>(\$1,118)</u>
Funding						
City.....	41,854	40,641	46,578	46,038	5,397	(540)
Non-City.....	10,462	14,326	12,151	11,573	(2,753)	(578)
Full Agency Costs (including Central Accounts)						
Salary and Wages.....	\$120,960	\$117,867	\$117,637	\$117,768	(\$99)	\$131
Fringe Benefits.....	37,825	40,452	41,441	39,589	(863)	(1,852)
Pensions.....	14,231	14,759	16,719	17,827	3,068	1,108
Total PS.....	<u>\$173,016</u>	<u>\$173,078</u>	<u>\$175,797</u>	<u>\$175,184</u>	<u>\$2,106</u>	<u>(\$613)</u>
Medical Assistance.....	\$—	\$—	\$—	\$—	\$—	\$—
Public Assistance.....	—	—	—	—	—	—
Other OTPS.....	729,072	867,195	580,486	717,764	(149,431)	137,278
Legal Services.....	877	1,010	919	922	(88)	3
Judgments and Claims.....	661	910	766	764	(146)	(2)
Debt Service.....	—	—	—	—	—	—
Total OTPS.....	<u>\$730,610</u>	<u>\$869,115</u>	<u>\$582,171</u>	<u>\$719,450</u>	<u>(\$149,665)</u>	<u>\$137,279</u>
Total Agency Costs.....	\$903,626	\$1,042,193	\$757,968	\$894,634	(\$147,559)	\$136,666
Less Intra-City.....	<u>\$103,199</u>	<u>\$170,944</u>	<u>\$3,121</u>	<u>\$98,121</u>	<u>(72,823)</u>	<u>\$95,000</u>
Net Agency Cost.....	<u>\$800,427</u>	<u>\$871,249</u>	<u>\$754,847</u>	<u>\$796,513</u>	<u>(\$74,736)</u>	<u>\$41,666</u>
Funding						
City.....	392,135	487,249	375,638	458,050	(29,199)	82,412
Non-City.....	408,292	384,000	379,209	338,463	(45,537)	(40,746)
Personnel (includes FTEs at fiscal year-end)						
City.....	2,000	2,005	2,046	2,045	40	(1)
Non-City.....	27	79	—	4	(75)	4
Total.....	<u>2,027</u>	<u>2,084</u>	<u>2,046</u>	<u>2,049</u>	<u>(35)</u>	<u>3</u>

Programmatic Review and Service Impact

Single Adult Services

The Department provides a variety of services for homeless single adults, including street outreach, safe havens, drop-in centers and stabilization beds for those who do not embrace traditional shelter; general and specialized transitional facilities; and housing assistance, including housing placement and supportive housing. In March 2010, the average daily census in single adult shelters was 7,597, an increase of 12 percent over the census in March 2009 when the average census was 6,780.

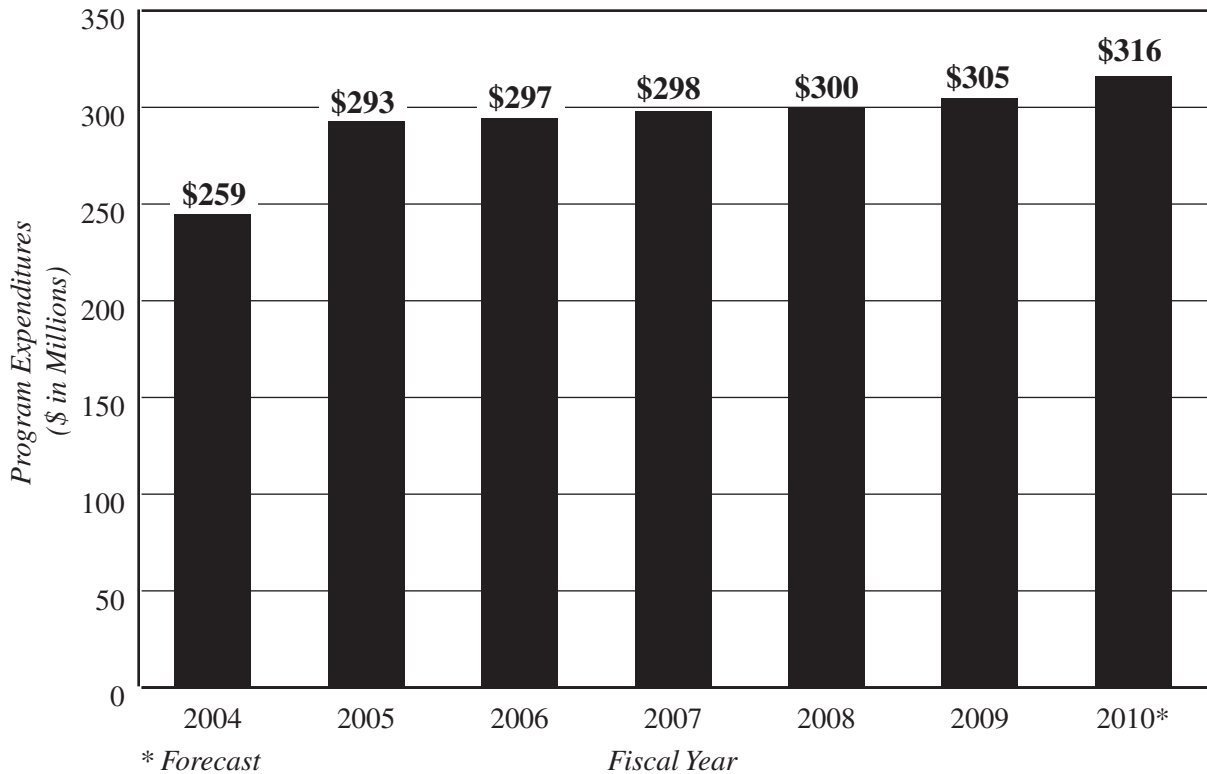
In January 2010, the Department sponsored the seventh annual Homeless Outreach Population Estimate (HOPE) to measure progress in reducing street homelessness. HOPE 2010 estimated that 3,111 individuals were sleeping in the City streets, 783 more than in 2009 but 1,284 fewer than the street homeless population estimated in 2005, the first year of the HOPE survey. The ratio of street homeless individuals to the City's population as a whole (1 in 2,688) remains one of the lowest of any major city in the country.

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

In 2011, the Department will restructure its Street Solutions program by eliminating one drop-in center, converting 40 Safe Haven beds to shelter and eliminating 50 Stabilization beds. As of March 2010, approximately 490 homeless individuals are served by drop-in centers; however the impact to clients is expected to be minimal as DHS continues to enhance the Safe Haven program which will provide 449 beds in 2011, an increase of 72 beds over 2010.

DHS and the U.S. Department of Veterans Affairs (VA) jointly operate a Multi-Service Center for veterans, which places homeless veterans into permanent housing or short-term housing and links them to VA benefits and other appropriate resources. In addition, DHS refers veterans 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.

HOMELESS INDIVIDUALS - PROGRAM EXPENDITURES: 2004-2010



Family Services

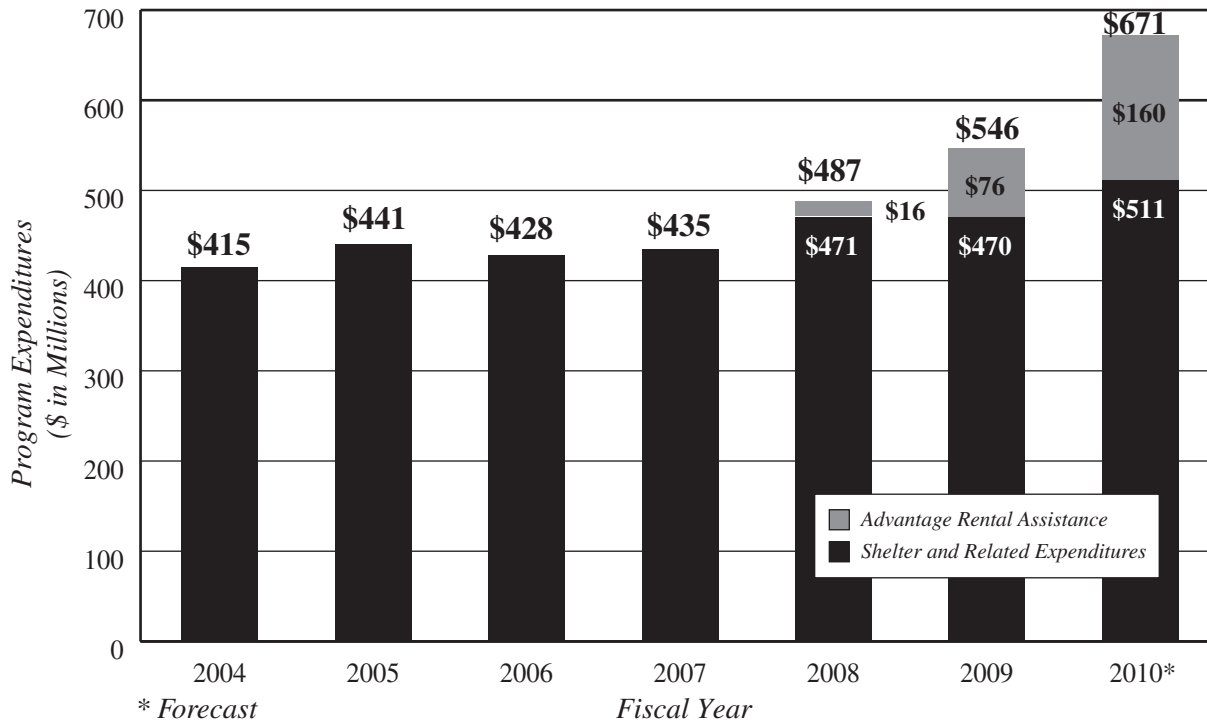
The Department serves homeless families through a network of facilities that provide families with stable living situations and supportive services designed to help them transition to self sufficiency and permanent housing. DHS's goal is to minimize the disruptions associated with homelessness for shelter residents and to maximize family stability. The average length of time homeless families with children spend in shelter has declined 12 percent, from 274 days in February 2009, to 240 days in February 2010. As of March 2010, the family with children census is 8,639 and the adult family census is 1,299.

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 two years or more. Between February 2009 and February 2010, DHS reduced the number of long-term stayers in shelter by 36 percent, from 528 families in February 2009 to 338 families in February 2010. In addition, the number of homeless families with children placed into permanent housing has increased from 4,876 in 2009, to 5,710 as of February 2010.

In 2011, initiatives such as Rapid Rehousing, which provides targeted placement services and case management to expedite housing placements, and the Graduated Payment System (GPS), which provides a financial incentive for providers to place families expeditiously, are expected to further increase permanent placements.

In 2011, the Department will eliminate the Relocation and Employment Assistance Program (REAP) and terminate a contract to provide supplemental furniture to families leaving shelter. The REAP service reduction will be offset by the new Rapid Rehousing initiative and homeless families may also receive a furniture stipend through the Department of Social Services.

HOMELESS FAMILIES - PROGRAM EXPENDITURES: 2004-2010



* Forecast

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

Homelessness Prevention

DHS funds the HomeBase program, a network of not-for-profit organizations that provide homelessness prevention services. The 13 Homebase offices across the city provide a comprehensive continuum of services targeted to households at risk of homelessness, families in shelter, and former shelter residents placed in permanent housing. Since its inception in 2004, the program has served over 18,000 families and individuals, over 90 percent who have avoided entering shelter. In 2011, the HomeBase program will provide Rapid Rehousing services to families placed in hotel facilities to help them return to the community. The Department also funds anti-eviction legal services, through seven not-for-profit organizations in all five boroughs, that help over 5,000 families a year avoid eviction and remain stably housed in their community.

Capital Review

The 2011-2014 Four-Year Capital Strategy totals \$84.6 million, which includes \$39.2 million for homeless family facilities, \$32.5 million for single adult facilities, and \$12.9 million allocated for computer systems and equipment purchases.

Capital Commitments

(\$000's)

	2009 Actual		2010 Plan		2011 Plan		2012 Plan		2013 Plan		2014 Plan	
	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds
Homeless Families.....	\$13,902	\$13,902	\$16,955	\$16,955	\$25,117	\$25,117	\$3,826	\$3,826	\$6,235	\$6,235	\$4,116	\$4,116
Homeless Individuals.....	6,348	6,348	24,869	24,869	14,169	14,169	3,218	3,218	6,334	6,334	8,735	8,735
Equipment and Vehicles.....	780	780	195	195	150	150	232	232	250	250	256	256
Information Technology.....	4,490	4,490	29,555	29,555	3,026	3,026	2,500	2,500	6,100	6,100	400	400
Total.....	<u>\$25,520</u>	<u>\$25,520</u>	<u>\$71,574</u>	<u>\$71,574</u>	<u>\$42,462</u>	<u>\$42,462</u>	<u>\$9,776</u>	<u>\$9,776</u>	<u>\$18,919</u>	<u>\$18,919</u>	<u>\$13,507</u>	<u>\$13,507</u>

Highlights of the Four-Year Capital Plan

- development of the \$18.9 million Housing, Outreach, and Prevention Enterprise System (HOPES), a client intake, referral, and case management system that will streamline business processes, expedite case processing, and improve oversight and accountability through automated performance management (\$2.4 million).
- completion of the New Family Intake Center in the Bronx and exterior and interior building upgrades at facilities for homeless families, including the Nelson Avenue Family Residence, and the HELP 1 Family Shelter (\$39.2 million).
- exterior and interior building upgrades at facilities for homeless adults, including the Fort Washington Armory, Borden Avenue Shelter, Kingsboro Men's Shelter and the Bedford Atlantic Armory (\$32.5 million).

DEPARTMENT FOR THE AGING

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

The Department also collaborates with City agencies and private partners to maximize seniors' access to all available resources. In partnership with the New York City Department of Transportation (DOT), DFTA is developing a Transportation Investment Program (TIP) to improve accessibility and availability of transportation services for the elderly. In addition, DFTA began Community Innovations for Aging in Place, which will focus on seniors living in Naturally Occurring Retirement Communities (NORCs) who suffer from chronic illness or depression and who wish to remain in their own home. Through its non-profit arm, the Aging in New York Fund, DFTA has embarked on the TimeBankNYC initiative with New York City Service. The program encourages volunteers to exchange their time and talents in exchange for time credit. Participants earn an hour of credit for every hour volunteered, which can then be redeemed for service from other volunteers.

Financial Review

The Department's 2011 Executive Budget provides for operating expenses of \$226.7 million, of which \$108.3 million are City funds. Capital funding of \$17.0 million is also provided.

Expense Budget Highlights

Restructuring and Streamlining

- in 2011, all DFTA homecare clients will be assessed for eligibility for the Department of Social Services' Medicaid-funded homecare program. This will create a single point of entry for clients to access homecare services and ensure that service levels meet client needs. This initiative will achieve savings of \$10.3 million while preserving services for clients.

Summary of Agency Financial Data

The following table compares the 2011 Executive Budget with the 2011 Preliminary Budget, the 2010 forecast and actual expenditures for 2009, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services and debt service.

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

	2009 Actual	2010 Forecast	2011		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2010 Forecast	2011 Preliminary Budget
			Expenditures			
Salary and Wages.....	\$27,128	\$28,089	\$26,537	\$26,877	(\$1,212)	\$340
Fringe Benefits.....	—	200	410	410	210	—
OTPS.....	263,127	260,342	203,134	199,367	(60,975)	(3,767)
Total.....	\$290,255	\$288,631	\$230,081	\$226,654	(\$61,977)	(\$3,427)
Funding						
City.....	\$166,283	\$162,300	\$112,579	\$108,253	(\$54,047)	(\$4,326)
Other Categorical Grants.....	32	122	—	—	(122)	—
IFA.....	—	—	—	—	—	—
State.....	38,682	38,556	36,968	37,331	(1,225)	363
Federal CD.....	1,459	2,495	2,495	2,495	—	—
Federal Other.....	82,722	83,876	77,261	77,797	(6,079)	536
Intra-City Other.....	1,077	1,282	778	778	(504)	—
Total.....	\$290,255	\$288,631	\$230,081	\$226,654	(\$61,977)	(\$3,427)
Additional Costs Centrally Funded						
Personal Services (PS).....						
Fringe Benefits.....	\$6,935	\$7,101	\$7,322	\$7,047	(\$54)	(\$275)
Pensions.....	3,158	3,275	3,710	3,956	681	246
Other Than Personal Service (OTPS)						
Legal Services.....	125	28	18	25	(3)	7
Judgments and Claims.....	225	134	113	112	(22)	(1)
Debt Service.....	—	—	—	—	—	—
Total Additional Costs.....	\$10,443	\$10,538	\$11,163	\$11,140	\$602	(\$23)
Funding						
City.....	10,016	9,573	10,447	10,419	846	(28)
Non-City.....	427	965	716	721	(244)	5
Full Agency Costs (including Central Accounts)						
Salary and Wages.....	\$27,128	\$28,089	\$26,537	\$26,877	(\$1,212)	\$340
Fringe Benefits.....	6,935	7,301	7,732	7,457	156	(275)
Pensions.....	3,158	3,275	3,710	3,956	681	246
Total PS.....	\$37,221	\$38,665	\$37,979	\$38,290	(\$375)	\$311
OTPS.....	\$263,127	\$260,342	\$203,134	\$199,367	(\$60,975)	(\$3,767)
Legal Services.....	125	28	18	25	(3)	7
Judgments and Claims.....	225	134	113	112	(22)	(1)
Debt Service.....	—	—	—	—	—	—
Total OTPS.....	\$263,477	\$260,504	\$203,265	\$199,504	(\$61,000)	(\$3,761)
Total Agency Costs.....	\$300,698	\$299,169	\$241,244	\$237,794	(\$61,375)	(\$3,450)
Less Intra-City.....	\$1,077	\$1,282	\$778	\$778	(\$504)	\$—
Net Agency Cost.....	\$299,621	\$297,887	\$240,466	\$237,016	(\$60,871)	(\$3,450)
Funding						
City.....	176,299	171,873	123,026	118,672	(53,201)	(4,354)
Non-City.....	123,322	126,014	117,440	118,344	(7,670)	904
Personnel (includes FTEs at fiscal year-end)						
City.....	109	54	53	54	—	1
Non-City.....	766	898	785	786	(112)	1
Total.....	875	952	838	840	(112)	2

Programmatic Review and Service Impact

Senior Centers

The core of DFTA's service portfolio is the Department's citywide network of senior centers. In addition to supporting congregate meals, senior centers offer older New Yorkers opportunities for socialization, recreation, and participation in a wide array of activities designed to improve their health and quality of life. In 2010, DFTA facilitated a comprehensive planning process for the future of senior centers with stakeholders, including seniors, providers, elected officials and advocates. The outcome of this planning process will guide DFTA's senior center Request for Proposals (RFP) for an enhanced system better able to meet the diverse needs and preferences of a growing senior population. In 2011, the senior center budget will be \$77.1 million, and will support 28,000 daily meals. In 2011, DFTA plans to close 50 centers for savings of \$4.2 million; however, affected seniors will be served by other nearby centers.

Case Management and Home Delivered Meals Services

Case management services connect older New Yorkers to social service resources in the community. DFTA maintains contracts with 23 case management agencies, which perform comprehensive in-home assessments of homebound seniors. Following the assessment, eligible seniors may receive home delivered meals, home care, and other benefits. Seniors are referred to case management providers from senior centers, meal providers, hospitals and other community-based social service and health care agencies. Currently, \$22.7 million supports case management services for about 18,000 clients.

DFTA has 20 contracts City-wide for home-delivered meals, which offer seniors the option of frozen or hot meal deliveries. DFTA serves approximately 4.3 million meals annually to 17,500 clients. The 2011 home-delivered meals budget is \$27.4 million.

Employment Services

DFTA addresses the employment needs of older New Yorkers through its Senior Community Service Employment Program, a \$6.0 million program that provides part-time jobs to over 900 low income seniors. Clients serve their communities while receiving job training and other support services to facilitate re-entry into the workforce; placements are made in City agencies and with not-for-profit employers.

The Department also sponsors several efforts that encourage older New Yorkers to remain active in retirement. The Foster Grandparent Program enlists 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 that benefit the public.

Naturally Occurring Retirement Communities

Naturally Occurring Retirement Communities (NORCs) are on-site collaborations among housing entities, social service providers, and healthcare networks that provide services to allow seniors to remain in their own homes. The Department provides \$5.5 million for NORC supported social services programs for over 9,500 residents in the Bronx, Brooklyn, Manhattan, and Queens, The NORC program model has gained national recognition, placing New York City in the forefront of adapting programs to meet the changing needs of the elderly population.

Capital Review

The Department's 2011-2014 Four-Year Capital Strategy totals \$26.5 million. The Four-Year Capital Strategy includes rehabilitation of senior centers throughout the City and information technology projects to improve operations. Capital improvements to Senior Centers include fire suppression systems, heat and hot water systems, and renovations for handicapped accessibility. Technology upgrades include the creation and expansion of computer labs and installation of high speed Internet connections in senior centers.

Capital Commitments

(\$ in 000's)

	2009 Actual		2010 Plan		2011 Plan		2012 Plan		2013 Plan		2014 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	\$10	\$10	\$8,224	\$8,224	\$2,928	\$2,928	\$500	\$500	\$1,918	\$1,918	\$0	\$0
Building Renovations and Vehicles.....	-\$946	-\$946	\$10,168	\$10,168	\$14,074	\$14,074	\$736	\$736	\$3,932	\$3,932	\$2,429	\$2,429
Total	<u>\$936</u>	<u>\$936</u>	<u>\$18,392</u>	<u>\$18,392</u>	<u>\$17,002</u>	<u>\$17,002</u>	<u>\$1,236</u>	<u>\$1,236</u>	<u>\$5,850</u>	<u>\$5,850</u>	<u>\$2,429</u>	<u>\$2,429</u>

Highlights of the Four-Year Capital Plan

- infrastructure improvements to the City's senior center network, including renovations and repairs to existing facilities (\$21.2 million).
- information technology upgrades that bridge the digital divide by enhancing the ability of seniors to access services and entitlement programs electronically (\$5.3 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 2011, 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 2011 Executive Budget provides for operating expenses of \$1.6 billion, of which \$600 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 \$226 million are also provided to fund agency initiatives.

Revenue Forecast

The Department generates revenue from licenses, permits, inspection and service fees, and fines for violations of the New York City Health Code. In 2011, the Department will generate \$77.3 million from these sources.

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.
- increase use of electronic health records and expand tobacco control and obesity prevention programs with Regional Electronic Adoption Center for Health (REACH) and ARRA Federal funds.

Summary of Agency Financial Data

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

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

	2009 Actual	2010 Forecast	2011		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2010 Forecast	2011 Preliminary Budget
Expenditures						
Salary and Wages.....	\$397,903	\$430,331	\$403,272	\$388,939	(\$41,392)	(\$14,333)
Fringe Benefits.....	1,022	820	250	250	(570)	—
Medical Assistance.....	800	800	400	400	(400)	—
Public Assistance.....	—	—	—	—	—	—
Other OTPS.....	1,312,480	1,281,947	1,205,060	1,168,728	(113,219)	(36,332)
Total.....	\$1,712,205	\$1,713,898	\$1,608,982	\$1,558,317	(\$155,581)	(\$50,665)
Funding						
City.....	\$656,112	\$638,875	\$610,381	\$600,328	(\$38,547)	(\$10,053)
Other Categorical Grants.....	253,656	259,613	263,155	253,706	(5,907)	(9,449)
IFA.....	—	—	—	—	—	—
State.....	492,036	472,611	461,281	433,102	(39,509)	(28,179)
Federal CD.....	441	—	—	—	—	—
Federal Other.....	288,716	323,774	271,231	262,538	(61,236)	(8,693)
Intra-City Other.....	21,246	19,025	2,934	8,643	(10,382)	5,709
Total.....	\$1,712,205	\$1,713,898	\$1,608,982	\$1,558,317	(\$155,581)	(\$50,665)
Additional Costs Centrally Funded						
Personal Services (PS).....						
Fringe Benefits.....	\$108,237	\$115,650	\$117,830	\$117,102	\$1,452	(\$728)
Pensions.....	46,443	48,165	54,563	58,177	10,012	3,614
Other Than Personal Service (OTPS)						
Legal Services.....	1,521	2,178	1,967	1,989	(189)	22
Judgments and Claims.....	308	3,478	2,926	2,919	(559)	(7)
Debt Service.....	37,469	40,594	43,976	46,901	6,307	2,925
Total Additional Costs.....	\$193,978	\$210,065	\$221,262	\$227,088	\$17,023	\$5,826
Funding						
City.....	172,442	178,432	189,997	195,538	17,106	5,541
Non-City.....	21,536	31,633	31,265	31,550	(83)	285
Full Agency Costs (including Central Accounts)						
Salary and Wages.....	\$397,903	\$430,331	\$403,272	\$388,939	(\$41,392)	(\$14,333)
Fringe Benefits.....	109,259	116,470	118,080	117,352	882	(728)
Pensions.....	46,443	48,165	54,563	58,177	10,012	3,614
Total PS.....	\$553,605	\$594,966	\$575,915	\$564,468	(\$30,498)	(\$11,447)
Medical Assistance.....	\$800	\$800	\$400	\$400	(\$400)	\$—
Public Assistance.....	—	—	—	—	—	—
Other OTPS.....	1,312,480	1,281,947	1,205,060	1,168,728	(113,219)	(36,332)
Legal Services.....	1,521	2,178	1,967	1,989	(189)	22
Judgments and Claims.....	308	3,478	2,926	2,919	(559)	(7)
Debt Service.....	37,469	40,594	43,976	46,901	6,307	2,925
Total OTPS.....	\$1,352,578	\$1,328,997	\$1,254,329	\$1,220,937	(\$108,060)	(\$33,392)
Total Agency Costs.....	\$1,906,183	\$1,923,963	\$1,830,244	\$1,785,405	(\$138,558)	(\$44,839)
Less Intra-City.....	\$21,246	\$19,025	\$2,934	\$8,643	(\$10,382)	\$5,709
Net Agency Cost.....	\$1,884,937	\$1,904,938	\$1,827,310	\$1,776,762	(\$128,176)	(\$50,548)
Funding						
City.....	828,554	817,307	800,378	795,866	(21,441)	(4,512)
Non-City.....	1,056,383	1,087,631	1,026,932	980,896	(106,735)	(46,036)
Personnel (includes FTEs at fiscal year-end)						
City.....	5,170	5,222	4,931	4,880	(342)	(51)
Non-City.....	1,555	1,707	1,518	1,496	(211)	(22)
Total.....	6,725	6,929	6,449	6,376	(553)	(73)

Programmatic Review and Service Impact

Launched in September 2009, Take Care New York (TCNY) 2012 is a comprehensive health policy for New York City. It lays out the Department's plans to help all New Yorkers live longer and healthier lives, and sets specific goals in 10 key areas. TCNY was first launched in 2004; the Department surpassed 2008 goals in four of the priority areas and made significant progress in three others. TCNY 2012 aims to build on these successes and adds new focus on reducing health disparities, making all New York City neighborhoods healthy and safe places, improving the health of children, and improving access to high-quality, prevention-oriented health care. In 2011, the Department will work strategically with its more than 500 TCNY partners to implement TCNY initiatives and make New York City even healthier.

The Executive Budget includes proposals to help reduce the budget gap for 2011 and out. Potential impacts on the public include:

- an estimated 146 public and non-public elementary schools with fewer than 300 students will no longer have a full-time school nurse unless they have one or more students who meet requirements for student-specific nursing coverage. This will reduce on-site non-emergency clinical coverage in schools.
- in response to a decline in tuberculosis cases, two part-time tuberculosis clinics in Jamaica and Bushwick will be closed, and patients will be redirected to remaining clinics in Queens and Brooklyn, respectively. In 2009, the Jamaica clinic had 3,512 patient visits and the Bushwick clinic had 1,283 visits.
- services provided by contracted nonprofit organizations to counsel people to prevent HIV/AIDS will be reduced.
- contracted services to individuals with mental health, alcohol/drug abuse or mental retardation/developmental disability conditions will be reduced.
- fees for businesses and individuals receiving training and certification at the Department's Health Academy will be revised to reflect the true costs of Health Academy operations. This will not have a significant impact on enrollment in training courses or certifications issued.
- the Department will reduce its overall capacity to clean overgrown lots but will still ensure adequate resources to respond to critical situations. Lot cleaning is one part of a broader set of activities to control the rodent population and the Department does not expect this change will lead to any increase in rodents.
- community-based organizations will no longer receive Nicotine Replacement Therapy kits for smoking cessation. More than 21,000 kits had been distributed annually prior to this reduction.
- the Department will reduce asthma training to community health educators and medical providers.

Mental Hygiene Services

The Department seeks to prevent and address mental illness, substance use, and developmental disabilities and delays among New York City's children and adults. The Department provides planning, funding, and oversight of mental health, mental retardation, developmental disabilities, alcohol and drug abuse, and Early Intervention services. Hundreds of thousands of mental hygiene consumers are served annually through contracts and agreements with community-based provider agencies, hospitals and other City agencies. Key activities include continued implementation of supportive housing through the New York-New York III initiative, improved care monitoring and coordination for individuals with serious mental illness, and an overdose prevention initiative with targeted education and training and expanded access to buprenorphine and naloxone.

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, family support, assisted employment, information and referral, on-site school services, and home-based and mobile crisis intervention, and administers the Assisted Outpatient Treatment program (mandated by Kendra's law) and the 9/11 benefit program for mental health and substance use.

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 access long-term treatment for dependence, and to prevent health risks related to use. The Department will continue its buprenorphine initiative for individuals who seek an alternative treatment for opioid dependence. The Department will continue efforts to reduce overdose mortality by educating New Yorkers to prevent overdose risk and by promoting the use of naloxone, an antidote to opioid overdose. 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 serves 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 2010 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 119 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 adherence. In addition, the Department will focus on populations with disproportionate rates of HIV infection, through a wide range of education, outreach, and prevention strategies.

Sexually Transmitted Disease Control provides testing and treatment services to curtail the spread of infections, supports outreach activities and targeted screening through community-based organizations, conducts provider training, and sponsors a partner self-notification website. 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.

The Bureau of Tuberculosis Control provides direct patient care, education, surveillance, and outreach to reduce the incidence of tuberculosis (TB). In calendar year 2009, new cases of TB reached an historic low of 760 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 2011 will include surveying World Trade Center Health Registry enrollees to learn more about their health status nearly a decade after the disaster; expanding physical activity and transportation data collection; analyzing new child health and cardiovascular disease data; and expanding data collection, outreach and education with physicians in hospitals and other care settings. The Division will also continue roll-out of its Electronic Vital Events Registration System (EVERS), including processing certificate corrections electronically and implementing mandated electronic reporting of pregnancy terminations.

Health Promotion and Disease Prevention

In 2011, the Department will continue its focus on non-communicable diseases, which comprise the vast majority of the New York City disease burden, and conditions related to maternal, child and adolescent health. The Department seeks to advance health equity among communities by directing its most intensive efforts to communities with the greatest needs.

Though smoking rates continue to decline, nearly one million NYC adults still smoke and tobacco use remains one of the City's leading causes of preventable death. The Department will continue to promote evidence-based tobacco control interventions, educating smokers about the dangers of smoking, motivating them to quit through hard-hitting campaigns, and distributing nicotine replacement therapy to help those who want to quit be more successful. In March 2010, the Department received the Centers for Disease Control and Prevention's (CDC) Communities Putting Prevention to Work grant for tobacco control. This two-year grant will expand tobacco control efforts in the City by developing and launching educational campaigns about the health effects of smoking and the benefits of quitting, providing ongoing education about tobacco control policies and regulations, targeting interventions to special populations with high rates of smoking, and implementing sustainable systems in hospitals and other health care settings to ensure smokers are screened and treated for tobacco addiction.

Improving nutrition and increasing physical activity are critical to reducing the burden of chronic disease. In 2011, the Department will continue to implement the National Salt Reduction Initiative, working with the food industry to set targets to reduce salt in processed foods by 25 percent over the next five years. In March 2010, the Department received the CDC's Communities Putting Prevention to Work grant for obesity prevention. This two-

year grant will allow for a more comprehensive response to the City's obesity epidemic. The Department will work to decrease consumption of unhealthy food items by developing and launching an educational campaign aimed at reducing sugar-sweetened beverage consumption. Efforts to increase physical activity for young children and adults through its "Move to Improve" and "Shape Up" initiatives will continue in 2011. The Department will also encourage everyday physical activity like stair climbing, walking and biking through the promotion of the City's Active Design Guidelines for creating healthier buildings, streets and neighborhoods. Additional activities are ongoing to support screening and management of diabetes, colon and breast cancer, heart disease, and asthma.

Improving maternal, infant and reproductive health remains a priority for the Department. The Department will continue efforts to reduce infant mortality, especially in high-risk neighborhoods. As teen pregnancy rates in New York City remain above the national average, the Department will strengthen teen pregnancy prevention efforts through comprehensive health and reproductive health services at school-based health centers, in partnership with the Department of Education (DOE). This initiative will include age-appropriate sexuality education and expanded condom availability in high schools. At the community level, the Healthy Teens Initiative will continue to work with health care facilities to increase the number of adolescents receiving reproductive health services. Since 2007, the Department has worked with New York City hospitals to implement the evidence-based "Baby-Friendly Hospital" principles to increase breastfeeding initiation, duration and exclusivity.

The Department provides a range of health services in public and non-public elementary schools and public intermediate and high schools, including 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 also provide support to DOE in reducing student access to high-calorie snacks and beverages, and strengthen management of asthma and insulin-dependent diabetes 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 further decline in the number of children with lead poisoning, release of findings from the New York City Community Air Survey, launch of the Environmental Public Health Tracking and Sustainability Portal, and expansion of the successful Bronx Rodent Initiative to the entire borough of Manhattan.

The Department will build on recent enhancements to restaurant inspections, including expanded focus on both interior and exterior conditions conducive to pests and 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 July 2010, the Department will launch an initiative to post letter grades reflecting sanitary inspection results at all of New York City's restaurants.

Health Care Access and Improvement

The Department implements and monitors programs to expand the availability of health services for all New Yorkers. As of April 2010, 1.9 million New Yorkers were enrolled in Medicaid managed care programs, including special needs populations. The Department will continue to collaborate with Medicaid 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 Primary Care Information Project (PCIP) extends prevention-oriented electronic health record (EHR) systems into underserved communities to improve the quality of health care. PCIP has worked to develop tools that bring life-saving information to the point of care through clinical decision support on Take Care New York prevention priorities. In February 2010, PCIP received a Regional Electronic Adoption Center for Health (REACH) Federal grant to expand on the City's successful efforts to facilitate adoption and use of EHRs. As a REACH grantee, PCIP is committed to assisting over 2000 additional providers to adopt and meaningfully use an EHR. The City's prevention-oriented EHR is already in use by over 1,900 primary care providers working in approximately 375 practices that care for more than 1.9 million New Yorkers.

The Bureau of Correctional Health Services provides health services to approximately 100,000 people who pass through the City's correctional facilities each year. By 2011, Correctional Health Services plans to implement and utilize electronic health records in all jail facilities to improve medical care and clinical preventive services for patients.

Office of Chief Medical Examiner

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

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

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

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

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

Capital Review

The 2011 - 2014 Four-Year Plan totals \$385.4 million, including allocations for renovating facilities, new construction, information technology improvements, and the purchase of equipment. The focus of the Department's four-year capital strategy 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 - 2014 period.

Capital Commitments (\$000's)

	2009 Actual		2010 Plan		2011 Plan		2012 Plan		2013 Plan		2014 Plan	
	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds
Administration	\$0	\$0	\$404	\$404	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Animal Care	\$334	\$334	\$1,134	\$1,134	\$12,233	\$12,233	\$0	\$0	\$0	\$0	\$0	\$0
Information Technology	\$9,897	\$9,897	\$12,707	\$15,841	\$4,656	\$7,107	\$3,119	\$4,873	\$96	\$96	\$1,052	\$1,644
Laboratories	\$21	\$21	\$16,708	\$16,708	\$69,023	\$69,023	\$33,106	\$33,106	\$50,045	\$50,045	\$1,403	\$1,403
OCME	-\$526	-\$526	\$29,390	\$29,390	\$2,426	\$2,426	\$671	\$671	\$6,067	\$6,067	\$899	\$899
Equipment	\$1,165	\$1,165	\$96,303	\$105,954	\$17,604	\$20,713	\$1,506	\$1,790	\$3,601	\$4,004	\$506	\$790
Renovation	40,483	40,483	68,791	69,272	149,809	149,893	6,197	6,565	8,293	8,627	3,462	3,462
Total	<u>\$51,374</u>	<u>\$51,374</u>	<u>\$225,437</u>	<u>\$238,703</u>	<u>\$255,751</u>	<u>\$261,395</u>	<u>\$44,599</u>	<u>\$47,005</u>	<u>\$68,102</u>	<u>\$68,839</u>	<u>\$7,322</u>	<u>\$8,198</u>

Highlights of the Four-Year Capital Plan

The Department's four-year capital plan (2011-2014) features several important projects, including:

- approximately \$90.7 million for leased space of the Department's new environmentally friendly headquarters building at 2 Gotham in Long Island City.
- the new Public Health Laboratory at the Brooklyn Army Terminal. The Department is now in the planning phase, and the work is progressing in collaboration with our partners EDC and DCAS. The design and construction of the new laboratory is critical to retain the Department's status as the nation's leading municipal public health agency (\$134.7 million).
- the facade rehabilitation of the Richmond Health Center (\$15.4 million).

FIRE DEPARTMENT

The Fire Department is responsible for protecting the lives and property of the citizens of New York City while responding to fire, medical and other emergencies, and investigating building hazards. The Fire Department extinguishes fires, promotes fire prevention awareness, investigates suspicious fires, provides ambulance and emergency medical services, and conducts building safety inspections. The Department currently has 357 fire units that provide fire, rescue, and emergency medical services. The agency also promotes fire prevention through public outreach and enforcement of New York City's Fire Code. The Department's Fire Marshals investigate fires and apprehend arsonists. The Bureau of Emergency Medical Services (EMS), assisted by the Certified First Responder - 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 2011 Executive Budget provides for operating expenses of \$1.6 billion, a decrease of \$156.7 million from the amount forecasted for 2010. This decrease includes \$136.8 million in Federal grant funding in 2010 that has not been reflected in 2011.

Capital commitments of \$153.3 million are also provided in 2011. This represents a decrease of \$51.7 million, a 25.2 percent change, from the amount forecasted for 2010. The 2010 forecast is greater in part because it includes Federal funding for radio communications projects and fireboat purchases; the additional variance is due to the anticipated completion of a number of facility construction and information technology projects in 2010.

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. The Fire Department will hire additional staff in order to comply with regulations set forth in the new fire code. This will lead to new inspections, certifications and permits and additional fee revenue. In addition, the Department realizes revenues from fees charged to out-of-state fire insurers that issue policies in New York City and to private fire alarm companies. In 2011, the revenue estimate for the Fire Department is \$82.1 million.

The Department also collects revenue from Emergency Medical Services (EMS) ambulance transports. In 2011, revenue from Medicaid and non-Medicaid sources is projected at \$172.1 million, which is \$4.8 million more than 2010.

Expense Budget Highlights

Budgetary Priorities: Providing Core Services

- continue to provide fire extinguishment and rescue services, investigate suspicious fires, promote fire prevention, and conduct building safety inspections.
- continue to provide on-site emergency medical care and ambulance transport services citywide.
- add seven new EMS supervisory positions at the Sunset Park EMS station in Brooklyn, at a cost of \$0.4 million.
- add seven new Basic Life Support (BLS) ambulance tours and six new Advanced Life Support (ALS) ambulance tours in Manhattan to replace voluntary tours no longer provided by St. Vincent's Medical Center, at a cost of \$2.2 million.

- add seven new EMS supervisory positions and funding for the construction of a temporary EMS station in Midtown West, at a cost of \$1.7 million.
- add 11 new trades positions in the Bureau of Facilities to help maintain the Department's firehouse infrastructure, at a cost of \$0.8 million.

Restructuring and Streamlining

- reduce EMS overtime by \$2.0 million; this initiative replaces the previous proposal to restructure ALS tour staffing, which has not received regulatory approval.
- reassign 25 EMS administrative personnel to field positions, resulting in a savings of \$1.5 million.
- eliminate the fifth firefighter post at 60 engine companies, resulting in a savings of \$7.9 million.
- reduce non-field, administrative uniformed overtime by ten percent, resulting in a savings of \$2.5 million.
- reassign administrative fire instructor personnel to the field, resulting in a savings of \$3.5 million.
- reduce Certified First Responder (CFR) refresher training from 40 hours to 30 hours, the State regulatory standard, resulting in a savings of \$1.9 million.
- reduce firefighter administrative roster staffing overtime by fifty percent, resulting in a savings of \$0.5 million.
- eliminate staffing at 4 additional fire companies, resulting in an incremental savings of \$5.6 million. When combined with previous planned reductions, staffing at a total of 20 fire companies will be eliminated in 2011, saving a total of \$37.4 million.

Summary of Agency Financial Data

The following table compares the 2011 Executive Budget with the 2011 Preliminary Budget, the 2010 forecast and actual expenditures for 2009, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services and debt service.

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

	2009 Actual	2010 Forecast	2011		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2010 Forecast	2011 Preliminary Budget
Expenditures						
Salary and Wages.....	\$1,417,050	\$1,513,591	\$1,453,960	\$1,452,495	(\$61,096)	(\$1,465)
Fringe Benefits.....	19,449	27,892	20,224	20,685	(7,207)	461
OTPS.....	156,174	218,774	122,043	130,351	(88,423)	8,308
Total.....	<u>\$1,592,673</u>	<u>\$1,760,257</u>	<u>\$1,596,227</u>	<u>\$1,603,531</u>	<u>(\$156,726)</u>	<u>\$7,304</u>
Funding						
City.....	\$1,363,733	\$1,440,285	\$1,419,575	\$1,416,636	(\$23,649)	(\$2,939)
Other Categorical Grants.....	174,392	167,841	165,306	172,111	4,270	6,805
IFA.....	—	120	240	240	120	—
State.....	1,857	1,808	1,801	1,801	(7)	—
Federal CD.....	—	—	—	—	—	—
Federal Other.....	43,125	138,812	2,000	2,000	(136,812)	—
Intra-City Other.....	9,566	11,391	7,305	10,743	(648)	3,438
Total.....	<u>\$1,592,673</u>	<u>\$1,760,257</u>	<u>\$1,596,227</u>	<u>\$1,603,531</u>	<u>(\$156,726)</u>	<u>\$7,304</u>
Additional Costs Centrally Funded						
Personal Services (PS).....						
Fringe Benefits.....	\$474,081	\$512,823	\$539,927	\$536,247	\$23,424	(\$3,680)
Pensions.....	912,753	942,282	982,592	1,050,238	107,956	67,646
Other Than Personal Service (OTPS)						
Legal Services.....	5,881	6,654	6,028	6,482	(172)	454
Judgments and Claims.....	17,894	32,670	27,483	27,426	(5,244)	(57)
Debt Service.....	87,669	94,883	102,693	123,651	28,768	20,958
Total Additional Costs.....	<u>\$1,498,278</u>	<u>\$1,589,312</u>	<u>\$1,658,723</u>	<u>\$1,744,044</u>	<u>\$154,732</u>	<u>\$85,321</u>
Funding						
City.....	1,464,468	1,540,332	1,603,675	1,697,350	157,018	93,675
Non-City.....	33,810	48,980*	55,048	46,694	(2,286)	(8,354)
Full Agency Costs (including Central Accounts)						
Salary and Wages.....	\$1,417,050	\$1,513,591	\$1,453,960	\$1,452,495	(\$61,096)	(\$1,465)
Fringe Benefits.....	493,530	540,715	560,151	556,932	16,217	(3,219)
Pensions.....	912,753	942,282	982,592	1,050,238	107,956	67,646
Total PS.....	<u>\$2,823,333</u>	<u>\$2,996,588</u>	<u>\$2,996,703</u>	<u>\$3,059,665</u>	<u>\$63,077</u>	<u>\$62,962</u>
OTPS.....	\$156,174	\$218,774	\$122,043	\$130,351	(\$88,423)	\$8,308
Legal Services.....	5,881	6,654	6,028	6,482	(172)	454
Judgments and Claims.....	17,894	32,670	27,483	27,426	(5,244)	(57)
Debt Service.....	87,669	94,883	102,693	123,651	28,768	20,958
Total OTPS.....	<u>\$267,618</u>	<u>\$352,981</u>	<u>\$258,247</u>	<u>\$287,910</u>	<u>(\$65,071)</u>	<u>\$29,663</u>
Total Agency Costs.....	\$3,090,951	\$3,349,569	\$3,254,950	\$3,347,575	(\$1,994)	\$92,625
Less Intra-City (including Fringe Benefits).....	<u>\$9,566</u>	<u>\$11,529</u>	<u>\$7,305</u>	<u>\$10,743</u>	<u>(\$648)</u>	<u>\$3,438</u>
Net Agency Cost.....	<u>\$3,081,385</u>	<u>\$3,338,040</u>	<u>\$3,247,645</u>	<u>\$3,336,832</u>	<u>(\$1,346)</u>	<u>\$89,187</u>
Funding						
City.....	2,828,201	2,980,617	3,023,250	3,113,986	133,369	90,736
Non-City.....	253,184	357,423	224,395	222,846	(134,715)	(1,549)
Personnel (includes FTEs at fiscal year-end)						
City.....	16,189	15,949	15,172	15,237	(712)	65
Non-City.....	41	61	37	37	(24)	—
Total.....	<u>16,230</u>	<u>16,010</u>	<u>15,209</u>	<u>15,274</u>	<u>(736)</u>	<u>65</u>

* Includes \$138 intra-city fringe benefit funds

Programmatic Review and Service Impact

In 2011 the Department expects that eighty five percent of the responses by fire companies will be to potentially life threatening medical and other non-fire emergencies. The Department's citywide response time to structural fires is projected to be about four minutes in 2010; given the reduction in fire companies planned for 2011, response times may be impacted. The Department anticipates that its ambulances will respond to over one million two hundred thousand medical incidents in 2011.

Fire Extinguishment

The Fire Department currently provides fire and rescue operations via 357 units consisting of 198 Engine Companies, 143 Ladder Companies, seven Squads, five Rescue Units, three Marine Companies, and one Hazardous Materials Unit. In 2011, it is anticipated that the City will eliminate staffing at 20 companies.

Emergency Medical Services

The Department is budgeted for 611 daily ambulance tours, including the 13 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. In 2011, the Fire Department will begin billing for unwarranted alarms that occur in the same location on three or more occasions in any six-month period. The penalty revenue estimate for the Fire Department is \$2.2 million.

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 95 Fire Marshals and 23 Supervising Fire Marshals to field duty in 2011.

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. By the end of 2011, the City expects to complete the consolidation of Police, Fire and EMS call taking and dispatch operations into a Public Safety Answering Center (PSAC 1). The City also anticipates that it will begin construction of the second fully redundant call center (PSAC 2) in late 2010. Both call centers are expected to be operational by the end of 2014.

Capital Review

The 2011-2014 Four Year Capital Plan totals \$353.4 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)

	2009 Actual		2010 Plan		2011 Plan		2012 Plan		2013 Plan		2014 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..	-\$321	-\$220	\$7,375	\$13,142	\$3,040	\$3,040	\$1,164	\$1,164	\$9,043	\$9,043	\$5,149	\$5,149
Electronic Data Processing...	14,456	14,468	24,731	24,716	9,539	9,539	300	300	510	510	510	510
Reconstruction/Modernization of Facilities	27,271	27,271	71,130	71,130	62,884	62,884	70	70	14,016	14,016	20,812	20,812
Vehicles and Equipment	29,452	29,452	77,982	96,060	77,865	77,865	71,326	71,326	60,875	60,875	16,284	16,284
Total	<u>\$70,858</u>	<u>\$70,971</u>	<u>\$181,218</u>	<u>\$205,048</u>	<u>\$153,328</u>	<u>\$153,328</u>	<u>\$72,860</u>	<u>\$72,860</u>	<u>\$84,444</u>	<u>\$84,444</u>	<u>\$42,755</u>	<u>\$42,755</u>

Highlights of the 2011-2014 Four Year Capital Commitment Plan

- the replacement of front-line fire-fighting apparatus according to mandated replacement cycles as well as support vehicles and equipment (\$226.4 million).
- the renovation of firehouse components such as boilers, electrical upgrades, kitchens, roofs, bathrooms, waterproofing, apparatus doors, floors, and windows (\$69.8 million).
- information technology systems improvements and equipment replacement (\$10.9 million).
- the upgrade of emergency communications systems and radio equipment (\$18.4 million).

The 2011 Plan for the Department totals \$153.3 million and highlights include:

- the replacement of front-line fire-fighting apparatus, support vehicles, fireboats, and equipment (\$77.9 million).
- the renovation of firehouse components such as boilers, electrical upgrades, kitchens, roofs, bathrooms, waterproofing, apparatus doors, floors, and windows (\$34.9 million).
- the construction of a new EMS Station in Greenpoint, Brooklyn (\$9.6 million).
- the construction of a new EMS Station in the Soundview section of the Bronx (\$14.4 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 (\$7.7 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 2011 Executive Budget provides for operating expenses of \$1.3 billion, an increase of \$26.3 million from the 2010 forecast. This increase is primarily due to collective bargaining and contractually required salary adjustments.

Capital commitments of \$743.5 million are also provided in 2011, an increase of \$143.3 million from the 2010 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 2011 revenue estimate is \$18.5 million from these sources, compared to \$19.1 million in 2010.

Expense Budget Highlights

Budgetary Priorities: Providing Core Services

- in 2010, for the fifth 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 waste export budget has been reduced by \$16.0 million in 2010 and by \$41.0 million in 2011. The waste export budget in 2011 is \$2.6 million lower than the amount forecast in 2010.
- the Department's snow removal budget, as required to be set by the City Charter, has been increased by \$0.5 million, based on the previous five-year spending average.
- the Department's Permit and Inspection Unit inspects solid waste transfer stations and intermodal solid waste container facilities and monitors air contaminant emissions associated with these facilities. Annual permit fees, increased through City Council passage of Local Law 18 of 2009, support compliance with Department-promulgated regulations that serve to minimize the 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 was \$67.00 per ton for the recycling of metal, glass, and certain plastics (MGP); it is now \$68.53 per ton.

Summary of Agency Financial Data

The following table compares the 2011 Executive Budget with the 2011 Preliminary Budget, the 2010 forecast and actual expenditures for 2009, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services and debt service.

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

	2009 Actual	2010 Forecast	2011		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2010 Forecast	2011 Preliminary Budget
Expenditures						
Salary and Wages.....	\$718,171	\$769,544	\$759,113	\$774,734	\$5,190	\$15,621
Fringe Benefits.....	24,874	30,566	32,297	32,307	1,741	10
OTPS.....	515,170	520,007	563,400	539,343	19,336	(24,057)
Total.....	<u>\$1,258,215</u>	<u>\$1,320,117</u>	<u>\$1,354,810</u>	<u>\$1,346,384</u>	<u>\$26,267</u>	<u>(\$8,426)</u>
Funding						
City.....	\$1,221,934	\$1,285,498	\$1,326,736	\$1,308,277	\$22,779	(\$18,459)
Other Categorical Grants.....	2,770	1,310	750	750	(560)	—
IFA.....	7,954	8,053	8,617	8,597	544	(20)
State.....	8,015	2,000	—	10,053	8,053	10,053
Federal CD.....	13,485	15,820	16,190	16,190	370	—
Federal Other.....	1,789	4,239	—	—	(4,239)	—
Intra-City Other.....	2,269	3,197	2,517	2,517	(680)	—
Total.....	<u>\$1,258,215</u>	<u>\$1,320,117</u>	<u>\$1,354,810</u>	<u>\$1,346,384</u>	<u>\$26,267</u>	<u>(\$8,426)</u>
Additional Costs Centrally Funded						
Personal Services (PS).....						
Fringe Benefits.....	\$275,831	\$293,094	\$314,922	\$311,501	\$18,407	(\$3,421)
Pensions.....	206,975	211,051	232,383	240,184	29,133	7,801
Other Than Personal Service (OTPS)						
Legal Services.....	5,756	7,697	7,049	6,980	(717)	(69)
Judgments and Claims.....	35,681	45,146	37,979	37,900	(7,246)	(79)
Debt Service.....	248,858	269,609	292,071	270,283	674	(21,788)
Total Additional Costs.....	<u>\$773,101</u>	<u>\$826,597</u>	<u>\$884,404</u>	<u>\$866,848</u>	<u>\$40,251</u>	<u>(\$17,556)</u>
Funding						
City.....	763,860	801,624	859,171	841,178	39,554	(17,993)
Non-City.....	9,241	24,973	25,233	25,670	697	437
Full Agency Costs (including Central Accounts)						
Salary and Wages.....	\$718,171	\$769,544	\$759,113	\$774,734	\$5,190	\$15,621
Fringe Benefits.....	300,705	323,660	347,219	343,808	20,148	(3,411)
Pensions.....	206,975	211,051	232,383	240,184	29,133	7,801
Total PS.....	<u>\$1,225,851</u>	<u>\$1,304,255</u>	<u>\$1,338,715</u>	<u>\$1,358,726</u>	<u>\$54,471</u>	<u>\$20,011</u>
OTPS.....	\$515,170	\$520,007	\$563,400	\$539,343	\$19,336	(\$24,057)
Legal Services.....	5,756	7,697	7,049	6,980	(717)	(69)
Judgments and Claims.....	35,681	45,146	37,979	37,900	(7,246)	(79)
Debt Service.....	248,858	269,609	292,071	270,283	674	(21,788)
Total OTPS.....	<u>\$805,465</u>	<u>\$842,459</u>	<u>\$900,499</u>	<u>\$854,506</u>	<u>\$12,047</u>	<u>(\$45,993)</u>
Total Agency Costs.....	\$2,031,316	\$2,146,714	\$2,239,214	\$2,213,232	\$66,518	(\$25,982)
Less Intra-City.....	\$2,269	\$3,197	\$2,517	\$2,517	(\$680)	\$—
Net Agency Cost.....	<u>\$2,029,047</u>	<u>\$2,143,517</u>	<u>\$2,236,697</u>	<u>\$2,210,715</u>	<u>\$67,198</u>	<u>(\$25,982)</u>
Funding						
City.....	1,985,794	2,087,122	2,185,907	2,149,455	62,333	(36,452)
Non-City.....	43,253	56,395	50,790	61,260	4,865	10,470
Personnel (includes FTEs at fiscal year-end)						
City.....	9,430	9,268	9,075	9,074	(194)	(1)
Non-City.....	293	345	345	345	—	—
Total.....	<u>9,723</u>	<u>9,613</u>	<u>9,420</u>	<u>9,419</u>	<u>(194)</u>	<u>(1)</u>

Programmatic Review and Service Impact

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

Long Term Solid Waste Management

In accordance with the 2006 Solid Waste Management Plan (SWMP), the Department is developing a City waste export infrastructure to replace existing contracts, limit truck-based export, and maximize the export of containerized waste by barge or rail. The Department has designed new containerization facilities to be built at four Marine Transfer Station sites for 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. In addition, the Department maintains long term solid waste management contracts with vendors to export refuse by rail for all of the Bronx and a portion of Brooklyn.

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

The 2011-2014 Four-Year Plan provides \$385.3 million for the implementation of the City's Solid Waste Management Plan.

Bureau of Waste Prevention, Reuse, and Recycling

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

In 2010, the paper recycling program has generated an average of \$10.09 of revenue per ton from various vendors, or \$3.8 million per year, while the City is paying \$68.53 per ton for MGP processing.

In 2009, the Department entered into a 20-year contract for MGP and paper recycling with Sims Municipal Recycling of New York LLC (Sims). The City is funding the rehabilitation of the 30th Street Pier in the South Brooklyn Marine Terminal as site preparation for a recycling processing facility to be built there by Sims.

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 2010, the Department's curbside collection program has averaged 10.1 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 11,102 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) provides 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 2011-2014 Four-Year Plan totals \$1.0 billion. The Four-Year Plan provides the Department with funding to construct, rehabilitate, purchase, and develop the necessary infrastructure and assets to support refuse collection, recycling, cleaning, waste disposal, and support operations. The Department's Four-Year Plan consists of three components — equipment purchases, marine transfer station renovation and construction, and garage rehabilitation, site acquisition, and construction.

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

The table below shows capital commitments by program area over the 2010-2014 period.

Capital Commitments

(\$ in 000's)

	2009 Actual		2010 Plan		2011 Plan		2012 Plan		2013 Plan		2014 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	-\$655	-\$655	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Solid Waste Management	6,473	6,473	423,381	427,981	245,933	245,933	5,250	5,250	84,071	84,071	50,000	50,000
Garages	20,276	19,779	44,135	44,135	395,573	395,573	6,303	6,303	8,556	8,556	3,780	3,780
Equipment	144,298	145,412	127,731	128,123	101,993	101,993	74,148	74,148	29,012	29,012	27,262	27,262
Total	<u>\$170,392</u>	<u>\$171,009</u>	<u>\$595,247</u>	<u>\$600,239</u>	<u>\$743,499</u>	<u>\$743,499</u>	<u>\$85,701</u>	<u>\$85,701</u>	<u>\$121,639</u>	<u>\$121,639</u>	<u>\$81,042</u>	<u>\$81,042</u>

Highlights of the 2011-2014 Four-Year Plan

The 2011-2014 Plan includes \$1.0 billion for equipment purchases, marine transfer station renovation and construction, and garage rehabilitation, site acquisition, and construction, including:

- construction and rehabilitation of garages and other facilities (\$414.2 million), including: Manhattan 1/2/5 Garage (\$243.5 million); design changes for Brooklyn 3 Garage (\$1.3 million); component rehabilitation of garages citywide (\$20.6 million); and construction of salt storage facilities (\$14.1 million).
- construction and renovation of transfer stations in accordance with the City's Long Term Solid Waste Management Plan (\$381.6 million).
- replacement of vehicles (\$225.4 million).
- software upgrades (\$7.0 million).

The 2011 Capital Plan provides \$743.5 million in 2011 including:

- site acquisition for Department facilities, including salt sheds and garages (\$136.1 million).
- replacement of mechanical brooms, collection trucks, salt spreaders and other vehicles (\$98.4 million).
- construction and construction management services for Manhattan 1/2/5 garage (\$243.5 million); additional design of the Brooklyn 3 garage (\$1.3 million), citywide component rehabilitation (\$4.7 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, 48 recreational facilities, 17 nature centers, 14 miles of beaches, and 13 golf courses. The Department is also responsible for 1,200 monuments and 23 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 2011 Executive Budget for the Department provides for operating expenses of \$307.5 million. This represents a net decrease of \$72.6 million from the amount forecasted in 2010. This decrease is due primarily to reductions in full-time staffing via attrition, a reduction in funding for seasonal positions, and the fact that much of the Federal, State and private grant funding in 2010 has not yet been reflected in 2011. Capital commitments for 2011 of \$344.3 million are also included.

Revenue Forecast

The Department of Parks and Recreation issues recreational permits, collects revenue from marina rentals, and receives revenue generated by concessions operated on Parks property. The Department will collect \$72.5 million from these sources in 2011.

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 2011 budget includes an \$8.66 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 2011 budget includes \$8.75 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 2011 budget includes \$3.1 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 2011 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 2011 budget includes \$6.0 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 \$5.3 million to the Central Park Conservancy for the management and operation of Central Park.

Summary of Agency Financial Data

The following table compares the 2011 Executive Budget with the 2011 Preliminary Budget, the 2010 forecast and actual expenditures for 2009, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services and debt service.

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

	2009 Actual	2010 Forecast	2011		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2010 Forecast	2011 Preliminary Budget
Expenditures						
Salary and Wages.....	\$292,517	\$292,096	\$233,670	\$235,094	(\$57,002)	\$1,424
Fringe Benefits.....	2,044	5,034	1,743	1,743	(3,291)	—
OTPS.....	85,033	82,930	72,439	70,662	(12,268)	(1,777)
Total.....	<u>\$379,594</u>	<u>\$380,060</u>	<u>\$307,852</u>	<u>\$307,499</u>	<u>(\$72,561)</u>	<u>(\$353)</u>
Funding						
City.....	\$279,250	\$267,658	\$239,148	\$230,311	(\$37,347)	(\$8,837)
Other Categorical Grants.....	11,914	14,505	250	250	(14,255)	—
IFA.....	30,150	34,576	27,852	34,386	(190)	6,534
State.....	2,117	2,880	—	—	(2,880)	—
Federal CD.....	2,994	3,669	2,642	2,642	(1,027)	—
Federal Other.....	651	652	—	—	(652)	—
Intra-City Other.....	52,518	56,120	37,960	39,910	(16,210)	1,950
Total.....	<u>\$379,594</u>	<u>\$380,060</u>	<u>\$307,852</u>	<u>\$307,499</u>	<u>(\$72,561)</u>	<u>(\$353)</u>
Additional Costs Centrally Funded						
Personal Services (PS).....						
Fringe Benefits.....	\$92,266	\$100,490	\$91,895	\$94,724	(\$5,766)	\$2,829
Pensions.....	34,293	35,564	40,288	42,958	7,394	2,670
Other Than Personal Service (OTPS)						
Legal Services.....	4,952	6,179	5,803	5,643	(536)	(160)
Judgments and Claims.....	13,644	27,578	23,200	23,151	(4,427)	(49)
Debt Service.....	205,270	222,386	240,914	238,201	15,815	(2,713)
Total Additional Costs.....	<u>\$350,425</u>	<u>\$392,197</u>	<u>\$402,100</u>	<u>\$404,677</u>	<u>\$12,480</u>	<u>\$2,577</u>
Funding						
City.....	345,365	368,751	388,822	376,011	7,260	(12,811)
Non-City.....	5,060	23,446	13,278	28,666	5,220	15,388
Full Agency Costs (including Central Accounts)						
Salary and Wages.....	\$292,517	\$292,096	\$233,670	\$235,094	(\$57,002)	\$1,424
Fringe Benefits.....	94,310	105,524	93,638	96,467	(9,057)	2,829
Pensions.....	34,293	35,564	40,288	42,958	7,394	2,670
Total PS.....	<u>\$421,120</u>	<u>\$433,184</u>	<u>\$367,596</u>	<u>\$374,519</u>	<u>(\$58,665)</u>	<u>\$6,923</u>
OTPS.....	\$85,033	\$82,930	\$72,439	\$70,662	(\$12,268)	(\$1,777)
Legal Services.....	4,952	6,179	5,803	5,643	(536)	(160)
Judgments and Claims.....	13,644	27,578	23,200	23,151	(4,427)	(49)
Debt Service.....	205,270	222,386	240,914	238,201	15,815	(2,713)
Total OTPS.....	<u>\$308,899</u>	<u>\$339,073</u>	<u>\$342,356</u>	<u>\$337,657</u>	<u>(\$1,416)</u>	<u>(\$4,699)</u>
Total Agency Costs.....	\$730,019	\$772,257	\$709,952	\$712,176	(\$60,081)	\$2,224
Less Intra-City.....	<u>\$52,518</u>	<u>\$56,120</u>	<u>\$37,960</u>	<u>\$39,910</u>	<u>(16,210)</u>	<u>\$1,950</u>
Net Agency Cost.....	<u>\$677,501</u>	<u>\$716,137</u>	<u>\$671,992</u>	<u>\$672,266</u>	<u>(\$43,871)</u>	<u>\$274</u>
Funding						
City.....	624,615	636,409	627,970	606,322	(30,087)	(21,648)
Non-City.....	52,886	79,728	44,022	65,944	(13,784)	21,922
Personnel (includes FTEs at fiscal year-end)						
City.....	7,190	6,093	4,974	4,829	(1,264)	(145)
Non-City.....	510	765	475	536	(229)	61
Total.....	<u>7,700</u>	<u>6,858</u>	<u>5,449</u>	<u>5,365</u>	<u>(1,493)</u>	<u>(84)</u>

Programmatic Review and Service Impact

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

Maintaining Parks

New York City monitors the cleanliness and condition of its parks through the Parks Inspection Program (PIP). The Department of Parks and Recreation's funding for seasonal employees is reduced by 16.5 percent. Despite this reduction, the Department will continue to optimize its full-time and seasonal staffing resources, which are responsible for park cleanliness, maintenance, security and safety.

Expanding Partnerships

The Department of Parks and Recreation continues to explore a variety of opportunities to partner with local organizations and to increase resources for parks programs. Park improvements have been bolstered by significant partnerships with support for capital projects, maintenance, programming and special events. Such partnerships include everything from conservancies for specific parks, like the Central Park Conservancy and Greenbelt Conservancy, to the City Parks Foundation which provides programming at parks citywide, to local gardening and volunteer groups. The Department will expand its support from partnerships including revitalizing Van Cortlandt Park with the newly created Van Cortlandt Park Conservancy, creating new waterfront parks in Greenpoint and Williamsburg with the Open Space Alliance, expanding the free fitness Shape Up NYC program with NYC Service, and continuing to plant one million trees citywide 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.

Capital Review

The 2011-2014 Four-Year Capital Plan totals \$861.4 million, including \$9.0 million in non-City funds. The table below reflects capital commitments by program area over the FY 2009-2014 period.

Capital Commitments

(\$000's)

	2009 Actual		2010 Plan		2011 Plan		2012 Plan		2013 Plan		2014 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	\$17,690	\$17,690	\$20,752	\$24,952	\$1,000	\$1,000	\$1,000	\$1,000	\$1,245	\$1,245	\$1,000	\$1,000
Land Acquisition and Tree Planting.....	71,918	72,482	74,077	80,794	117,398	126,351	23,620	23,620	40,351	40,351	27,895	27,895
Major Recreation Facilities.....	111,035	113,792	210,077	212,706	6,213	6,213	5,130	5,130	8,328	8,328	5,750	5,750
Neighborhood Parks and Playgrounds	84,028	104,155	295,734	354,014	39,343	39,366	16,265	16,265	37,458	37,458	11,843	11,843
Vehicles, Equipment and Facility Reconstruction.....	10,603	10,603	18,588	18,713	5,803	5,803	5,700	5,700	22,628	22,628	5,200	5,200
Large, Major and Regional Park Reconstruction.....	208,466	231,176	537,027	678,819	164,894	164,894	34,585	34,585	226,771	226,771	41,103	41,103
Zoos.....	684	684	14,131	14,131	640	640	275	275	500	500	500	500
Total	<u>\$504,424</u>	<u>\$550,582</u>	<u>\$1,170,386</u>	<u>\$1,384,129</u>	<u>\$335,291</u>	<u>\$344,267</u>	<u>\$86,575</u>	<u>\$86,575</u>	<u>\$337,281</u>	<u>\$337,281</u>	<u>\$93,291</u>	<u>\$93,291</u>

Highlights of the 2011-2014 Four-Year Plan

- acquisition and development of open space along the Greenpoint and Williamsburg waterfronts in Brooklyn (\$140.1 million).
- planting of new street and park trees and the construction of greenstreets citywide (\$111.9 million).
- construction of the new Brooklyn Bridge Park (\$88.0 million).
- restoration of the historic High Bridge which links Manhattan and the Bronx (\$46.4 million).
- construction of a new park at Fresh Kills in Staten Island, including roads and other park features (\$36.5 million, in addition to \$40.3 million in 2010).
- continued construction of Hudson River Park in Manhattan (\$30.9 million).
- construction of a new Lakeside Ice Skating Center in Prospect Park in Brooklyn (\$27.3 million).
- design and construction of the maintenance and operations facility at the High Line Park in Manhattan (\$17.0 million).
- construction of two soccer fields at Calvert Vaux Park in Brooklyn (\$16.9 million).
- reconstruction of Soundview Park in the Bronx (\$13.1 million).
- increased access to the waterfront in Ft. Washington Park in Manhattan (\$12.2 million, in addition to \$13.1 million in 2010).
- reconstruction of Riverside Park in Manhattan (\$7.6 million).
- design and construction of the Ridgewood Reservoir at Highland Park in Queens (\$8.5 million).
- reconstruction of sidewalks damaged by trees Citywide (\$4.8 million).
- reconstruction of baseball fields at Roy Wilkins Park (\$2.1 million) in Queens.
- renovation of the Bowne House in Queens (\$1.6 million).
- reconstruction of Fort Totten Park in Queens (\$1.5 million, in addition to \$3.1 million in 2010).
- renovation of South Beach Park in Staten Island (\$245,000, in addition to \$431,000 in 2010).

The 2011 Plan for the Department totals \$344.3 million (including \$9.0 million in non-city funding) and highlights include:

- acquisition and development of open space along the Greenpoint and Williamsburg waterfronts in Brooklyn (\$129.9 million).
- renovation of the Prospect Park Lakeside Center in Brooklyn (\$27.3 million).
- planting new street and park trees and the construction of greenstreets citywide (\$25.4 million).
- continued construction of Hudson River Park in Manhattan (\$15.9 million).

- Brooklyn Bridge Park Master Plan projects (\$14.0 million).
- reconstruction of Soundview Park in the Bronx (\$7.5 million).
- ADA ramp and staircase reconstruction at Fort Washington Park in Manhattan (\$1.5 million).
- reconstruction of baseball fields at Roy Wilkins Park in Queens (\$1.2 million).

DEPARTMENT OF ENVIRONMENTAL PROTECTION

The primary mission of the Department of Environmental Protection (DEP) is to protect the environmental health, welfare and natural resources of New York City and its residents. This includes managing the New York City water and sewer system. The New York City water system consists of 19 collecting reservoirs and three controlled lakes located within the 2,000 square miles of the Croton, Catskill and Delaware watersheds, along with 7,000 miles of aqueducts, tunnels and water mains. The New York City sewer system is comprised of a comprehensive network of 7,400 miles of sewers, 14 water pollution control plants, and 93 pump stations to convey 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.

Financial Review

The Department of Environmental Protection's 2011 Executive Budget provides \$1.1 billion in operating expenses, a decrease of \$215.1 million from the amount forecast for 2010. This decrease is due to a one time retroactive collective bargaining payment of \$232.6 million in 2010. It also provides capital commitments of \$1.7 billion in Water Finance Authority Funds and \$4.9 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 2011 is \$21.6 million. The Bureau of Environmental Compliance regulates air, noise and hazardous materials, performs inspections, issues licenses and permits, and reviews technical plans related to asbestos control, air quality, and noise abatement laws. The Bureau will collect \$12.9 million from these sources in 2011.

In addition, DEP also gathers the data used to generate bills for customers of, and collects water and sewer fees for, the New York City Water Board. DEP projects approximately \$3.0 billion in water and sewer revenue for 2011.

Expense Budget Highlights

Budgetary Priorities: Providing Core Services

- DEP supplies approximately 1.0 billion gallons of drinking water per day to eight million City residents and one million upstate residents, and maintains the City's water main and sewer infrastructure. Approximately 2,200 personnel and \$421.5 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 \$380.9 million are dedicated to this function.
- the Department enforces the City's air and noise codes in addition to asbestos regulations with 165 personnel and \$9.7 million dedicated to this function.
- the Department's police and security force protects the upstate watershed and responds to hazardous materials emergencies and is comprised of 265 positions including 188 environmental police officers (\$16.6 million).
- DEP will spend an additional \$15.1 million in 2011 to meet projected costs of upstate watershed property taxes for a total of \$137.5 million.

- an additional \$42.5 million is budgeted to cover the costs associated with recent collective bargaining agreements, including those for Sewage Treatment Workers, Stationary Engineers and Senior Stationary Engineers.
- DEP continues its extensive programs to ensure compliance with Federal, State and local environmental health and safety regulations (\$22.2 million).

Restructuring and Streamlining

- DEP will permanently restore 48 positions and \$4.2 million in funding to the Bureaus of Wastewater Treatment, Water and Sewer Operations and Water Supply as part of an ongoing initiative to continue compliance with Environmental Health and Safety (EH&S) regulations.
- in an effort to limit the 2011 water-rate increase, DEP will reduce 127 budgeted positions at a savings of \$11.8 million. These will be achieved through a combination of vacancy reductions, attrition, internal re-allocations and a small number of layoffs.
- the Agency has identified savings of \$50.0 million to its other than personal services budget. Of this amount, \$18.4 million is attributed to the operational changes in the handling of biosolids and \$6.7 million in chemical reductions and reallocations.

Summary of Agency Financial Data

The following table compares the 2011 Executive Budget with the 2011 Preliminary Budget, the 2010 forecast and actual expenditures for 2009, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services and debt service.

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

	2009 Actual	2010 Forecast	2011		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2010 Forecast	2011 Preliminary Budget
Expenditures						
Salary and Wages.....	\$421,417	\$691,919	\$409,525	\$450,441	(\$241,478)	\$40,916
Fringe Benefits.....	2,929	4,529	2,269	2,269	(2,260)	—
OTPS.....	609,749	597,578	556,642	626,228	28,650	69,586
Total.....	<u>\$1,034,095</u>	<u>\$1,294,026</u>	<u>\$968,436</u>	<u>\$1,078,938</u>	<u>(\$215,088)</u>	<u>\$110,502</u>
Funding						
City.....	\$907,759	\$1,213,851	\$907,982	\$955,205	(\$258,646)	\$47,223
Other Categorical Grants.....	61,248	—	—	63,192	63,192	63,192
IFA.....	59,885	58,876	59,079	59,119	243	40
State.....	45	72	—	—	(72)	—
Federal CD.....	—	—	—	—	—	—
Federal Other.....	3,981	20,030	240	240	(19,790)	—
Intra-City Other.....	1,178	1,197	1,135	1,182	(15)	47
Total.....	<u>\$1,034,095</u>	<u>\$1,294,026</u>	<u>\$968,436</u>	<u>\$1,078,938</u>	<u>(\$215,088)</u>	<u>\$110,502</u>
Additional Costs Centrally Funded						
Personal Services (PS).....						
Fringe Benefits.....	\$128,156	\$134,854	\$141,785	\$137,579	\$2,725	(\$4,206)
Pensions.....	49,403	51,234	58,040	61,885	10,651	3,845
Other Than Personal Service (OTPS)						
Legal Services.....	10,831	13,932	11,069	11,801	(2,131)	732
Judgments and Claims.....	43,268	17,473	14,699	14,669	(2,804)	(30)
Debt Service.....	116,943	126,695	137,250	105,220	(21,475)	(32,030)
Total Additional Costs.....	<u>\$348,601</u>	<u>\$344,188</u>	<u>\$362,843</u>	<u>\$331,154</u>	<u>(\$13,034)</u>	<u>(\$31,689)</u>
Funding						
City.....	345,110	321,795	350,484	310,154	(11,641)	(40,330)
Non-City.....	3,491	22,393	12,359	21,000	(1,393)	8,641
Full Agency Costs (including Central Accounts)						
Salary and Wages.....	\$421,417	\$691,919	\$409,525	\$450,441	(\$241,478)	\$40,916
Fringe Benefits.....	131,085	139,383	144,054	139,848	465	(4,206)
Pensions.....	49,403	51,234	58,040	61,885	10,651	3,845
Total PS.....	<u>\$601,905</u>	<u>\$882,536</u>	<u>\$611,619</u>	<u>\$652,174</u>	<u>(\$230,362)</u>	<u>\$40,555</u>
OTPS.....	\$609,749	\$597,578	\$556,642	\$626,228	\$28,650	\$69,586
Legal Services.....	10,831	13,932	11,069	11,801	(2,131)	732
Judgments and Claims.....	43,268	17,473	14,699	14,669	(2,804)	(30)
Debt Service.....	116,943	126,695	137,250	105,220	(21,475)	(32,030)
Total OTPS.....	<u>\$780,791</u>	<u>\$755,678</u>	<u>\$719,660</u>	<u>\$757,918</u>	<u>\$2,240</u>	<u>\$38,258</u>
Total Agency Costs.....	\$1,382,696	\$1,638,214	\$1,331,279	\$1,410,092	(\$228,122)	\$78,813
Less Intra-City.....	<u>\$1,178</u>	<u>\$1,197</u>	<u>\$1,135</u>	<u>\$1,182</u>	<u>(\$15)</u>	<u>\$47</u>
Net Agency Cost.....	<u>\$1,381,518</u>	<u>\$1,637,017</u>	<u>\$1,330,144</u>	<u>\$1,408,910</u>	<u>(\$228,107)</u>	<u>\$78,766</u>
Funding						
City.....	1,252,869	1,535,646	1,258,466	1,265,359	(270,287)	6,893
Non-City.....	128,649	101,371	71,678	143,551	42,180	71,873
Personnel (includes FTEs at fiscal year-end)						
City.....	211	227	227	227	—	—
Non-City.....	5,843	6,083	5,969	5,868	(215)	(101)
Total.....	<u>6,054</u>	<u>6,310</u>	<u>6,196</u>	<u>6,095</u>	<u>(215)</u>	<u>(101)</u>

Programmatic Review and Service Impact

Water Supply Strategies

The Department will continue the implementation of programs related to the Filtration Avoidance Determination (FAD) for the City's Catskill and Delaware water supplies. In 2007, the Environmental Protection Agency (EPA) issued an administrative determination providing the City with a waiver from filtering the Catskill and Delaware water supplies through 2017. The current FAD is based on DEP's ongoing long-term watershed protection program. As part of the FAD, DEP is completing the construction of an ultraviolet light disinfection facility to further purify water from the Catskill and Delaware watersheds and is also continuing its upstate land acquisition program to protect the water entering the City's reservoirs.

Wastewater Treatment Initiatives

According to recent harbor surveys issued by the Department, water quality in the harbor and surrounding waters continues to improve to levels not experienced since the early 1900s. Coliform bacterial counts, which are indicators of sewage pollution, continue to decline. 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.

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 — 814,000 metered (of which 50,000 are billed on a flat-rate system) and 20,000 un-metered.

DEP will continue service terminations to residential properties for non-payment of water and sewer bills. The service terminations come after months of notifications to single-family home customers owing \$500 or more for six months or longer. DEP also can conduct lien sales of delinquent water and sewer charges independent of other delinquencies, provided that the water and sewer charges have been delinquent for at least one year and equal or exceed one thousand dollars.

Environmental Compliance

The Bureau of Environmental Compliance reviews and inspects asbestos abatement projects; investigates air quality and noise complaints; monitors emissions and environmental impacts from alternative fuel vehicles; issues permits for boilers; maintains four air monitoring stations on Staten Island; and assists environmental economic development. Effective February 1, 2010, the responsibility for responding to hazardous materials emergencies and the maintaining of a database for facilities known to contain hazardous materials was transferred from the Bureau of Environmental Compliance to the Bureau of Police and Security.

The Bureau is also responsible for enforcing the City's noise code. Along with establishing rules, guidelines and standards for governing noise in the City, the code promulgates construction rules that 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.

Capital Review

Overview

The Four-Year Capital Plan provides a total of \$5.6 billion from the following sources: \$5.6 billion in Water Finance Authority funds and \$14.9 million in non-City funds.

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

- continuing the upgrade of the Newtown Creek WPCP to reduce nitrogen levels by means of secondary treatment and achieve plant effluent limits (\$110.6 million).
- stabilizing of in-City water pollution control plants to ensure compliance with mandated operating permit requirements, including but not limited to: 26th Ward (\$196.6 million), Rockaway (\$60.0 million), Tallman Island (\$16.5 million) and Wards Island (\$10.3 million).
- implementing initiatives to address water quality problems attributed to combined sewer overflow (CSO) discharges into the City's surrounding waterways during wet weather events (\$341.8 million).
- investments to maintain the operational integrity of existing wastewater treatment facilities (\$782.9 million).
- continuing mandated studies and facility upgrades to reduce nitrogen levels in treated wastewater (\$64.3 million).
- enhancements of the existing chlorination system at various WPCPs in order to meet stricter chlorine discharge limits (\$79.9 million).
- extending and reconstructing 150 miles of sewers (\$986.2 million).
- continuation of the Staten Island Bluebelt program (\$83.1 million).
- replacing and extending approximately 656 miles of trunk and distribution water mains and ancillary work (\$497.9 million). This includes funding to connect City Water Tunnel No. 3 to in-City water mains throughout New York City.
- completing the construction of an ultraviolet light water disinfection plant and related facilities for water from the Catskill and Delaware Watersheds (\$34.5 million).
- reconstruction of upstate dams, roads and bridges (\$504.1 million), including \$297.9 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 (\$176.8 million).
- advancing various filtration avoidance measures in the upstate watershed totaling \$122.8 million, including \$53.0 million for land acquisition and \$35.8 million for stormwater management programs.
- continuing water supply dependability projects to ensure integrity of supply during repair of the Delaware Aqueduct leak (\$264.5 million).
- modification and upgrade of facilities at the Hillview Reservoir (\$272.6 million).

- continuing construction of Stage Two of City Water Tunnel No. 3 (\$357.4 million).
- continuing water conservation programs (\$90.1 million), including the installation of water meters (\$84.2 million) and the toilet rebate program (\$5.9 million).

Major projects scheduled for 2011 include:

- continued stabilization and reconstruction of the 26th Ward WPCP (\$199.1 million).
- construction of a sludge force main and loading docks at the Newtown Creek WPCP (\$85.0 million).
- provide engineering services to assist DEP in reducing residual chlorine in the final effluent of the wastewater treatment process (\$24.9 million).
- continued engineering and construction services at various WPCPs in order to reduce nitrogen levels (\$21.2 million).
- dredging of various tributaries citywide to reduce odors and improve water quality (\$20.7 million).
- various projects at WPCPs and associated infrastructures to sustain continuous wastewater treatment operation (\$87.2 million).
- implementing initiatives that address water quality problems attributed to CSO discharges into the City's surrounding waterways during wet weather conditions (\$57.6 million).
- reconstruction and augmentation of the City's sewer system (\$305.5 million).
- continued in-City water main construction and ancillary work (\$178.9 million).
- reconstruction of the Gilboa Dam in the Catskill Watershed (\$197.9 million).
- construction of the Shaft 4 connection from the Delaware Aqueduct to the Catskill Aqueduct (\$45.0 million).
- continued purchase, replacement and installation of water meters as part of the citywide Automated Meter Reading (AMR) Project (\$32.9 million).

The table below shows the capital commitments by program area over the 2009-2014 period.

Capital Commitments

(\$000's)

	2009 Actual		2010 Plan		2011 Plan		2012 Plan		2013 Plan		2014 Plan	
	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds
Water Pollution.....	944,435	936,484	1,431,811	1,657,284	620,652	620,652	402,677	402,677	448,705	448,705	335,501	335,501
Water Mains.....	663,032	663,078	941,648	946,511	618,548	618,548	320,707	320,707	459,598	459,598	174,578	174,578
Sewers.....	163,962	\$164,267	186,794	206,512	305,488	306,647	289,091	289,091	173,438	173,438	218,167	218,167
Water Supply	237,215	237,215	90,715	90,715	65,788	65,788	242,024	242,024	121,370	121,370	475,393	475,393
Equipment.....	173,723	173,723	218,024	321,924	94,442	98,172	92,986	92,986	44,133	54,133	97,220	97,220
Total.....	<u>2,182,367</u>	<u>2,174,767</u>	<u>2,868,992</u>	<u>3,222,946</u>	<u>1,704,918</u>	<u>1,709,807</u>	<u>1,347,485</u>	<u>1,347,485</u>	<u>1,247,244</u>	<u>1,257,244</u>	<u>1,300,859</u>	<u>1,300,859</u>

DEPARTMENT OF TRANSPORTATION

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

Financial Review

The Department of Transportation's 2011 Executive Budget provides for operating expenses of \$683.8 million, a decrease of \$160.4 million from the amount forecast for 2010. This is mainly a result of a decrease in Federal and State grant funding included in 2010 that has not yet been allocated to the Department's 2011 operating budget. Capital commitments of approximately \$1.6 billion are also provided in 2011, including \$504.1 million in Federal and State funding.

Revenue Forecast

The Department of Transportation collects revenue from parking meters and parking garages, franchises, concessions, and street opening permits. In 2011, the Department will collect \$287.2 million in revenue.

Expense Budget Highlights

Budgetary Priorities: Providing Core Services

- an allocation of \$132.4 million for the resurfacing of 1,000 lane miles of streets and the repair of approximately 265,000 street defects (potholes).
- approximately \$18 million in 2011 for the maintenance and cleaning of arterial highways throughout the five boroughs.
- funding of \$173.3 million for the Traffic program, including \$72 million for energy costs associated with all streetlights and traffic signals throughout the City, and \$71.1 million for the maintenance of approximately 12,000 traffic signalized intersections and over 300,000 streetlights City-wide.
- funding of \$98.5 million for the operation of the Staten Island Ferry and overseeing private ferry service.
- an allocation of \$25.4 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 \$12 million from raising commercial and passenger parking rates from \$2.00 to \$2.50 per hour for single-spaced and multi-spaced meters located in Manhattan south of 86th Street.
- savings of \$11.4 million from changes in the signal maintenance contract bidding process.
- the reduction of \$6.7 million in Other Than Personnel Services funding for Planning and Sustainability and Traffic Operations, specifically impacting congestion mitigation initiatives.

- savings of \$3.3 million realized by replacing the remaining 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.
- the reduction of \$2 million and 28 positions agency-wide beginning in FY11. This reduction will be achieved through attrition.
- savings of \$1.4 million from eliminating the dedicated ponding/speed bump unit in the Roadway Repair and Maintenance (RRM) division and reassigning the work to the borough street maintenance units.
- savings of \$1.2 million from the redeployment of Matron positions and the elimination (through attrition) of Staten Island Ferry deckhand positions dedicated to cleaning crews and men's room attendant work assignments.
- the reduction of \$1.1 million for overtime for the Department's weekend arterial maintenance crews and weekend community service cleaning program. These work assignments will only be completed during regular work hours, resulting in less arterial maintenance and cleaning completed by weekend crews.

Summary of Agency Financial Data

The following table compares the 2011 Executive Budget with the 2011 Preliminary Budget, the 2010 forecast and actual expenditures for 2009, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services and debt service.

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

	2009 Actual	2010 Forecast	2011		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2010 Forecast	2011 Preliminary Budget
Expenditures						
Salary and Wages.....	\$360,178	\$363,260	\$325,655	\$327,449	(\$35,811)	\$1,794
Fringe Benefits.....	5,452	19,811	4,218	4,218	(15,593)	—
OTPS.....	422,363	461,148	349,328	352,130	(109,018)	2,802
Total.....	<u>\$787,993</u>	<u>\$844,219</u>	<u>\$679,201</u>	<u>\$683,797</u>	<u>(\$160,422)</u>	<u>\$4,596</u>
Funding						
City.....	\$457,419	\$435,873	\$424,705	\$420,415	(\$15,458)	(\$4,290)
Other Categorical Grants.....	7,301	1,595	34	34	(1,561)	—
IFA.....	173,110	187,521	172,751	172,751	(14,770)	—
State.....	77,052	90,606	40,807	40,504	(50,102)	(303)
Federal CD.....	—	—	—	—	—	—
Federal Other.....	70,721	127,049	39,495	48,710	(78,339)	9,215
Intra-City Other.....	2,390	1,575	1,409	1,383	(192)	(26)
Total.....	<u>\$787,993</u>	<u>\$844,219</u>	<u>\$679,201</u>	<u>\$683,797</u>	<u>(\$160,422)</u>	<u>\$4,596</u>
Additional Costs Centrally Funded						
Personal Services (PS).....						
Fringe Benefits.....	\$108,660	\$118,291	\$121,813	\$120,635	\$2,344	(\$1,178)
Pensions.....	42,567	44,145	50,009	53,322	9,177	3,313
Other Than Personal Service (OTPS)						
Legal Services.....	22,682	23,258	21,983	21,591	(1,667)	(392)
Judgments and Claims.....	118,595	184,502	155,211	154,888	(29,614)	(323)
Debt Service.....	601,821	652,004	706,324	654,630	2,626	(51,694)
Total Additional Costs.....	<u>\$894,325</u>	<u>\$1,022,200</u>	<u>\$1,055,340</u>	<u>\$1,005,066</u>	<u>(\$17,134)</u>	<u>(\$50,274)</u>
Funding						
City.....	870,536	998,107	1,025,821	971,013	(27,094)	(54,808)
Non-City.....	23,789	24,093	29,519	34,053	9,960	4,534
Full Agency Costs (including Central Accounts)						
Salary and Wages.....	\$360,178	\$363,260	\$325,655	\$327,449	(\$35,811)	\$1,794
Fringe Benefits.....	114,112	138,102	126,031	124,853	(13,249)	(1,178)
Pensions.....	42,567	44,145	50,009	53,322	9,177	3,313
Total PS.....	<u>\$516,857</u>	<u>\$545,507</u>	<u>\$501,695</u>	<u>\$505,624</u>	<u>(\$39,883)</u>	<u>\$3,929</u>
OTPS.....	\$422,363	\$461,148	\$349,328	\$352,130	(\$109,018)	\$2,802
Legal Services.....	22,682	23,258	21,983	21,591	(1,667)	(392)
Judgments and Claims.....	118,595	184,502	155,211	154,888	(29,614)	(323)
Debt Service.....	601,821	652,004	706,324	654,630	2,626	(51,694)
Total OTPS.....	<u>\$1,165,461</u>	<u>\$1,320,912</u>	<u>\$1,232,846</u>	<u>\$1,183,239</u>	<u>(\$137,673)</u>	<u>(\$49,607)</u>
Total Agency Costs.....	\$1,682,318	\$1,866,419	\$1,734,541	\$1,688,863	(\$177,556)	(\$45,678)
Less Intra-City.....	<u>\$2,390</u>	<u>\$1,575</u>	<u>\$1,409</u>	<u>\$1,383</u>	<u>(\$192)</u>	<u>(\$26)</u>
Net Agency Cost.....	<u>\$1,679,928</u>	<u>\$1,864,844</u>	<u>\$1,733,132</u>	<u>\$1,687,480</u>	<u>(\$177,364)</u>	<u>(\$45,652)</u>
Funding						
City.....	1,327,955	1,433,980	1,450,526	1,391,428	(42,552)	(59,098)
Non-City.....	351,973	430,864	282,606	296,052	(134,812)	13,446
Personnel (includes FTEs at fiscal year-end)						
City.....	2,436	2,131	2,210	2,205	74	(5)
Non-City.....	2,515	2,944	2,164	2,191	(753)	27
Total.....	<u>4,951</u>	<u>5,075</u>	<u>4,374</u>	<u>4,396</u>	<u>(679)</u>	<u>22</u>

Programmatic Review and Service Impact

Bridges

The Bureau of Bridges is responsible for the reconstruction, repair, maintenance and operation of approximately 800 City-owned bridge and tunnel structures. In 2011, the Bureau of Bridges will be staffed with 793 positions and have an operating budget of \$73.4 million, a decrease of \$21.3 million from the amount forecast for 2010. This reduction is primarily due to Federal and State grants expiring at the end of 2010. Most of these grants are expected to be renewed during 2011, including Federal grants for preventive maintenance on the Manhattan, Williamsburg, Queensboro and Brooklyn Bridges.

The Bridge program in the 2011 Executive Budget continues the City's commitment to preserve and maintain its infrastructure. The Bridge "Flag" and Correction Repair program corrects mostly structural ("red" and "yellow" flags, in descending order of priority) and safety deficiencies on bridges by using both in-house and contract forces. Furthermore, the Preventive Maintenance program includes the oiling, sweeping, cleaning, washing, electrical maintenance and spot and salt splash zone painting of the City's bridges.

Highway Operations

The Roadway Repair and Maintenance Division is responsible for maintaining approximately 5,700 linear miles of streets and arterial highways within the five boroughs, 72 percent of which are currently in good condition. The Permits Management and Construction Control programs are responsible for regulating the excavation and various other uses of City streets and sidewalks. In 2011, Highway Operations will be staffed by approximately 1,061 full-time and approximately 225 seasonal positions with a budget totaling \$186.8 million, a decrease of \$30.9 million over the 2010 agency forecast. The expiration of Federal and State grants at the end of 2010 is contributing to this decrease. These grants are expected to be renewed during 2011.

The Department annually cleans and maintains 1,175 lane miles of arterial highway and 2,525 acres of landscaped areas and shoulders while utilizing available State aid to perform both road maintenance and repair activities.

Traffic Operations

The Bureau of Traffic Operations maintains and collects revenue from approximately 85,000 metered spaces and operates 44 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 2011 Executive Budget for the Bureau of Traffic provides for 1,086 positions and \$253.4 million, a decrease of \$84.3 million from the amount forecast for 2010. This reduction is primarily due to Federal and State grants expiring at the end of 2010. A number of these grants are expected to be renewed during 2011.

In tandem with current safety engineering projects completed by the Department, 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 improvement programs at locations throughout the five boroughs. These include Safe Streets for Seniors and Safe Routes to Schools.

Transit Operations (Ferries)

The Department of Transportation operates and maintains the Staten Island Ferry and its terminals, regulates private ferry operations, and oversees State subsidies to the MTA Bus Company (MTABC) and Atlantic Express. The 2011 Executive Budget for Ferries provides for 673 positions and an operating budget of \$98.5 million, a decrease of \$12.6 million from the amount forecast for 2010. This decrease is the result of Federal and State grants expiring at the end of 2010, and is offset by an increase in City funds primarily for ferry security needs. A number of these grants are expected to be renewed during 2011.

The Staten Island Ferry is expected to carry approximately 21 million passengers and the Department anticipates that the Ferry program will continue to achieve an on-time performance rate of 96 percent. The Department currently estimates that annual ridership on privately operated commuter ferries to be approximately 10 million passengers.

Capital Review

The Department of Transportation’s 2011-2014 Four-Year Capital Commitment Plan totals \$4 billion for the reconstruction of transportation infrastructure, of which approximately 67.5 percent is City-funded. The table below shows commitments by program area over the 2011-2014 period.

Capital Commitments

(\$000’s)

	2009 Actual		2010 Plan		2011 Plan		2012 Plan		2013 Plan		2014 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	\$226,483	\$334,306	\$546,446	\$648,304	\$418,159	\$717,987	\$290,280	\$314,932	\$205,291	\$210,111	\$334,826	\$339,908
Highway Bridges	234,860	409,304	231,026	515,031	324,255	387,163	256,559	665,065	199,255	305,728	240,482	333,550
Waterway Bridges.....	103,315	103,315	304,801	676,757	65,739	65,739	1,631	1,631	1,631	1,631	11,114	11,114
Traffic	45,004	113,869	77,723	121,039	110,983	301,712	30,529	72,449	4,354	47,727	43,245	92,245
Vehicles/Equipment.....	25,910	25,910	-2,660	-2,660	41,975	51,197	5,864	5,864	3,652	3,652	3,100	3,100
Ferries	8,050	10,456	28,968	51,622	24,858	58,613	7,435	14,705	26,224	29,352	10,941	11,191
Total	<u>\$643,622</u>	<u>\$997,160</u>	<u>\$1,186,304</u>	<u>\$2,010,093</u>	<u>\$985,969</u>	<u>\$1,582,411</u>	<u>\$592,298</u>	<u>\$1,074,646</u>	<u>\$440,407</u>	<u>\$598,201</u>	<u>\$643,708</u>	<u>\$791,108</u>

The highlights of the Four-Year Capital Commitment Plan include:

- complete reconstruction/rehabilitation of six bridges currently or projected to be rated “poor” (\$332.3 million), including the Mill Basin Bridge over the Belt Parkway (\$222.8 million) and the Bryant Avenue Bridge over Amtrak (\$13.5 million).
- complete reconstruction/rehabilitation of 18 bridges rated “fair” (\$823.9 million), including Roosevelt Avenue Bridge over Van Wyck Expressway (\$113.5 million) and the Harlem River Drive Viaduct (\$90.1 million).
- complete reconstruction/rehabilitation of six bridge structures scheduled for life extension reconstruction (\$500.2 million), including the Broadway Bridge over Harlem River (\$99.7 million) and the Westchester Bridge over Hutchinson River Parkway (\$50.8 million).
- protective coating treatments for various highway and waterway bridges (\$57.2 million).
- continued reconstruction of the East River Bridges (\$40.8 million).
- street reconstruction of 80 linear miles—248 lane miles (\$765.7 million), including the reconstruction of streets in Broad Channel, Queens (\$20.9 million).
- street and arterial resurfacing of 939 linear miles—3,100 lane miles (\$561.1 million).
- reconstruction of 11 retaining walls (\$44.3 million).
- installation of pedestrian ramps at 6,675 corners (\$40.6 million).

- replacement of 10.2 million square feet of sidewalk to reduce defects (\$120 million).
- signal installations and maintenance, as well as the computerization and modernization of signalized intersections (\$185.9 million).
- upgrade and replacement of lampposts and luminaires and associated infrastructure (\$115.2 million).
- signal and streetlight work associated with the highway and bridge reconstruction programs (\$156.4 million).
- installation of approximately 37.8 million linear feet of thermoplastic markings for traffic control (\$20.4 million).
- replacement of 54,000 linear feet of electrical distribution systems along the City's streets (\$18 million).
- rehabilitation of municipal parking garages and parking lots and the purchase of muni-meters (\$36.2 million).
- reconstruction and replacement of ferry boats (\$77.2 million).
- ferry terminal and facility improvements (\$36.6 million).
- replacement of vehicles for field forces and the upgrading of computer equipment (\$63.8 million).

The highlights of the 2011 Capital Plan include:

- reconstruction of six "fair" rated bridge structures (\$167.6 million), including Claremont Parkway Bridge over Metro-North (\$17.5 million).
- continued reconstruction of the entrance and exit ramps at the St. George Ferry Terminal (\$25.6 million).
- reconstruction of underwater infrastructure for the protection against marine borers along the East River (\$85 million).
- reconstruction of sidewalks and pedestrian ramps (\$62.1 million).
- reconstruction of four retaining walls (\$38.1 million).
- reconstruction of streets (\$417.2 million), including 94th Street in Queens (\$34.3 million), Chatham Square in Manhattan (\$12.3 million), Grand Concourse Service Road in the Bronx (\$10.1 million), Brooklyn Greenway in Brooklyn (\$5.1 million), Amboy Road and Annadale Road in Staten Island (\$3.4 million).
- upgrade of the street lighting system and associated infrastructure (\$65 million).
- modernization and expansion of the City's computerized traffic signal network (\$142.4 million).
- signal and streetlight work associated with the highway and bridge reconstruction programs (\$70.4 million).
- dry-docking, maintenance, and improvement of the Staten Island Ferry fleet (\$30.4 million).
- replacement and repair of ferry barges and derricks (\$7.4 million).

HOUSING PRESERVATION AND DEVELOPMENT

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

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

Financial Review

The Department of Housing Preservation and Development's 2011 Executive Budget provides for operating expenses of \$571 million. The budgeted headcount of 2,622, including full-time and full-time equivalent positions, is funded at \$150 million, \$39 million of which is City funds. Funding for other than personal services amounts to \$421 million, \$16 million of which is City funds. HPD also provides for capital commitments of \$442.7 million in 2011, including \$273.6 million in City funds and \$169.1 million in Federal HOME funds. This represents an increase of \$133 million from the amount planned for 2011 during the FY10 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 \$20.3 million in 2011, \$39.8 million less than the amount for 2010. The 2011 decrease is primarily attributable to the one-time collection of application fees and rental income in 2010.

Expense Budget Highlights

Providing Core Services

The agency will maintain its core services in 2011 including the reduction of lead hazards, enforcement of the housing maintenance code, and the preservation of privately-owned housing.

- 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 \$280 million worth of subsidy payments, serving over 32,000 households, are planned in 2011.

Summary of Agency Financial Data

The following table compares the 2011 Executive Budget with the 2011 Preliminary Budget, the 2010 forecast and actual expenditures for 2009, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services and debt service.

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

	2009 Actual	2010 Forecast	2011		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2010 Forecast	2011 Preliminary Budget
Expenditures						
Salary and Wages.....	\$153,532	\$150,804	\$146,488	\$145,275	(\$5,529)	(\$1,213)
Fringe Benefits.....	39	—	—	—	—	—
OTPS.....	548,653	667,964	430,240	426,025	(241,939)	(4,215)
Total.....	<u>\$702,224</u>	<u>\$818,768</u>	<u>\$576,728</u>	<u>\$571,300</u>	<u>(\$247,468)</u>	<u>(\$5,428)</u>
Funding						
City.....	\$74,461	\$76,198	\$57,806	\$55,072	(\$21,126)	(\$2,734)
Other Categorical Grants.....	40,950	59,636	2,311	2,311	(57,325)	—
IFA.....	16,214	15,663	16,673	16,673	1,010	—
State.....	1,944	1,968	1,968	1,968	—	—
Federal CD.....	140,603	172,714	141,566	140,864	(31,850)	(702)
Federal Other.....	426,670	491,024	355,499	353,461	(137,563)	(2,038)
Intra-City Other.....	1,380	1,565	905	951	(614)	46
Total.....	<u>\$702,224</u>	<u>\$818,768</u>	<u>\$576,728</u>	<u>\$571,300</u>	<u>(\$247,468)</u>	<u>(\$5,428)</u>
Additional Costs Centrally Funded						
Personal Services (PS).....						
Fringe Benefits.....	\$50,876	\$56,307	\$56,784	\$54,852	(\$1,455)	(\$1,932)
Pensions.....	17,879	18,542	21,004	22,396	3,854	1,392
Other Than Personal Service (OTPS)						
Legal Services.....	5,487	5,108	4,589	4,664	(444)	75
Judgments and Claims.....	18,971	25,754	21,665	21,620	(4,134)	(45)
Debt Service.....	351,990	381,261	411,981	412,334	31,073	353
Total Additional Costs.....	<u>\$445,203</u>	<u>\$486,972</u>	<u>\$516,023</u>	<u>\$515,866</u>	<u>\$28,894</u>	<u>(\$157)</u>
Funding						
City.....	405,944	433,699	469,926	464,559	30,860	(5,367)
Non-City.....	39,259	53,273	46,097	51,307	(1,966)	5,210
Full Agency Costs (including Central Accounts)						
Salary and Wages.....	\$153,532	\$150,804	\$146,488	\$145,275	(\$5,529)	(\$1,213)
Fringe Benefits.....	50,915	56,307	56,784	54,852	(1,455)	(1,932)
Pensions.....	17,879	18,542	21,004	22,396	3,854	1,392
Total PS.....	<u>\$222,326</u>	<u>\$225,653</u>	<u>\$224,276</u>	<u>\$222,523</u>	<u>(\$3,130)</u>	<u>(\$1,753)</u>
OTPS.....	\$548,653	\$667,964	\$430,240	\$426,025	(\$241,939)	(\$4,215)
Legal Services.....	5,487	5,108	4,589	4,664	(444)	75
Judgments and Claims.....	18,971	25,754	21,665	21,620	(4,134)	(45)
Debt Service.....	351,990	381,261	411,981	412,334	31,073	353
Total OTPS.....	<u>\$925,101</u>	<u>\$1,080,087</u>	<u>\$868,475</u>	<u>\$864,643</u>	<u>(\$215,444)</u>	<u>(\$3,832)</u>
Total Agency Costs.....	\$1,147,427	\$1,305,740	\$1,092,751	\$1,087,166	(\$218,574)	(\$5,585)
Less Intra-City.....	<u>\$1,380</u>	<u>\$1,565</u>	<u>\$905</u>	<u>\$951</u>	<u>(\$614)</u>	<u>\$46</u>
Net Agency Cost.....	<u>\$1,146,047</u>	<u>\$1,304,175</u>	<u>\$1,091,846</u>	<u>\$1,086,215</u>	<u>(\$217,960)</u>	<u>(\$5,631)</u>
Funding						
City.....	480,405	509,897	527,732	519,631	9,734	(8,101)
Non-City.....	665,642	794,278	564,114	566,584	(227,694)	2,470
Personnel (includes FTEs at fiscal year-end)						
City.....	643	664	648	617	(47)	(31)
Non-City.....	1,922	2,064	2,005	2,006	(58)	1
Total.....	<u>2,565</u>	<u>2,728</u>	<u>2,653</u>	<u>2,623</u>	<u>(105)</u>	<u>(30)</u>

Programmatic Review and Service Impact

Preservation Services

The Division of Code Enforcement ensures compliance with the City's Housing Maintenance Code and the New York State Multiple Dwelling Law by responding to complaints concerning possible housing violations such as the presence of lead paint, structural deficiencies or the lack of heat, hot water or electricity. In response to violations 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 1,344 housing units in distressed tax delinquent properties to new responsible owners between 2011 and 2014.

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.

Asset and Property Management

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 32,000 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. Due to a variety of disposition programs, the workload has been on a steady decline. In 2011, the Division will maintain an average of approximately 293 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 2011-2014 Capital Plan for HPD totals \$1.5 billion, including \$1.0 billion in City funding and \$494 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 (that does not flow through the City's capital budget). The table below reflects capital commitments by program area over the FY 2009 - 2014 period.

Capital Commitments (\$000's)

	2009 Actual		2010 Plan		2011 Plan		2012 Plan		2013 Plan		2014 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 Construction	\$116,550	\$163,820	\$288,062	\$358,784	\$88,562	\$150,430	\$36,006	\$80,935	\$118,952	\$150,420	\$49,651	\$98,903
Preservation.....	86,284	99,215	132,942	155,133	106,536	133,284	89,190	98,970	99,245	121,764	122,095	137,621
Supportive Housing	8,600	63,085	20,304	87,531	22,919	93,306	18,879	75,682	19,840	71,182	39,446	82,446
Disposition	25,126	25,126	37,521	37,521	51,183	61,271	54,970	54,970	39,944	39,944	48,730	48,730
Other Housing Support.....	6,288	6,288	13,433	13,433	4,412	4,412	5,412	5,412	6,181	6,181	8,999	8,999
Total	<u>\$242,848</u>	<u>\$357,534</u>	<u>\$492,262</u>	<u>\$652,402</u>	<u>\$273,612</u>	<u>\$442,703</u>	<u>\$204,457</u>	<u>\$315,969</u>	<u>\$284,162</u>	<u>\$389,491</u>	<u>\$268,921</u>	<u>\$376,699</u>

Ongoing Programs

Under the 2011-2014 Capital Plan, the City will invest a total of \$491.6 million (\$417 million in City funds) to preserve affordable housing through targeted financial assistance to private owners to prevent abandonment and secure long-term affordability. The current Capital Plan also provides a total of \$480.7 million (\$293 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 \$322.6 million (\$101 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 \$204.9 million (\$194.8 in City funds) to fund these tasks.

- Utilizing a variety of preservation financing programs, including the Article 8A, Mitchell Lama Preservation, Participation Loan, Low Income Housing Tax Credit Year 15, and Senior Citizens' Home Improvement Program, HPD will preserve approximately 28,000 units.
- Through various new construction initiatives, HPD will produce approximately 18,000 units in a broad array of housing options targeting various tiers of affordability. Initiatives include large-scale developments throughout the five boroughs, as well as funding for various rental and homeownership initiatives.
- HPD will fund approximately 3,000 housing units to benefit low income households with special needs between 2011 and 2014. This includes permanent housing for the formerly homeless, and supportive housing for the elderly.
- HPD will rehabilitate and complete disposition of approximately 1,000 units through the Tenant Interim Lease (TIL), Neighborhood Redevelopment (NRP), and other Division of Alternative Management 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, goods procurement, energy management, 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 2011 Executive Budget for the Department of Citywide Administrative Services provides \$1.15 billion, an increase of \$69.6 million over the amount forecasted for 2010. This increase is primarily attributable to increases in the goods and services the Agency delivers to other City agencies. The \$958.0 million DCAS Four-Year Plan includes \$542.0 million for Public Buildings, \$406.9 million for Energy Efficiency and other greenhouse gas reducing efforts, and \$9.1 million for Real Property.

Revenue Forecast

In 2011, the Department of Citywide Administrative Services will collect \$88.2 million in revenue, approximately \$94 million less than the amount forecasted for 2010. The decrease is primarily due to the planned separation of the Office of Administrative Trials and Hearings (OATH) from DCAS in July 2010. OATH hearing fees and Environmental Control Board (ECB) fine revenue will now be reflected in OATH's budget. The Division of Real Estate Services will generate \$67.5 million from land sales and rents from commercial properties.

Expense Budget Highlights

Budgetary Priorities: Providing Core Services

- the 2011 Executive Budget provides total funds of \$1.2 billion for the Department, of which \$759.9 million is for goods and services that agencies purchase from DCAS through intra-city agreements, including the following: utilities (\$674.0 million), leases (\$56.4 million), storehouse supplies (\$21.1 million), maintenance and repair of facilities and vehicles (\$5.5 million), personnel training (\$0.8 million), and other services (\$2.1 million).
- the 2011 Executive Budget provides a total of \$951.1 million for the Division of Facilities Management and Construction (DFMC). DFMC manages and operates 54 City-owned public buildings, including court facilities. Included in the \$951.1 million are intra-city agreements for utilities (\$674.0 million), leases (\$56.1 million), and building maintenance (\$3.2 million). Also included is \$36.7 million in State funding to provide cleaning services for court facilities.
- the 2011 Executive Budget provides a total of \$14.8 million for the Division of Real Estate Services (DRES).
- the 2011 Executive Budget provides a total of \$14.7 million for security services in DCAS-managed buildings.

Restructuring and Streamlining

- beginning in 2011, the Office of Administrative Trials and Hearings (OATH) will no longer be part of DCAS and will now be an independent City agency.

- in 2011, DCAS will continue implementing its Lease Efficiency Initiative, identifying opportunities for Citywide lease savings through consolidation, rent renegotiations, and lease terminations. To date, this initiative has identified reductions in City office space totaling 900,000 square feet.
- DCAS will continue to work with the Mayor's Office and the Office of Management and Budget (OMB) to develop a strategic space plan, including the consolidation of land use agencies in a single location with shared hearing facilities, and the backfill of space vacated by the Department of Health and Mental Hygiene as they consolidate to a single location in Queens.
- DCAS has completed over 80 energy efficiency retrofits with PlaNYC capital funding since the Plan's release in 2007 avoiding 14,300 metric tons of CO₂e and saving \$3.0 million. There are currently an additional 147 projects in various stages of design and construction as well as 100 energy audits underway that will inform the next round of energy efficiency retrofits in 2011. This work will include but is not limited to: installing energy efficient interior lighting, implementing heating system and cooling system upgrades, and deploying building management systems.
- in 2011, DCAS will continue to work with the Mayor's Office of Operations and the OMB to implement the Clean Fleet Transition Plan (CFTP) and the Mayor's Fleet Optimization Initiative (FOI). CFTP will ensure that fleet operations contribute to PlaNYC goals through "rightsizing" agency fleets, hybrid vehicle purchases, and other alternative technologies. FOI will improve accountability for fleet costs and operations and achieve Citywide cost savings for fleet operations. It will focus on fleet tracking and maintenance, vehicle fueling, and parking.
- the Committee for Fleet Management (CFM) will be the new body responsible for issuing and enforcing Citywide fleet policies. CFM will be comprised of DCAS, OMB, and the Mayor's Office of Operations. CFM will assume all former responsibilities of the Citywide Administrative Review Board, and will add a focus on managing agencies' existing fleets.
- DCAS will further advance the City's Provisional Reduction Plan in 2011. This plan will reduce the number of City employees serving in provisional status by increasing the number of civil service examinations that DCAS administers and subsequent title lists it generates, as well as by broadbanding similar titles and reclassifying existing titles.
- in 2011, DCAS will expand the Online Education and Experience Test (OLEE) program, allowing candidates to take Education and Experience (E&E) tests online and receive test results immediately. This will greatly reduce the number of hours required by Division staff to rate these examinations and adjudicate appeals.
- in 2011, DCAS will open a second Computerized Testing Center (CTC) in Brooklyn, further streamlining the administration of competitive civil service examination. As with the CTC in Manhattan, the automation of the exam process will provide additional registration options, user-friendly interfaces, and unofficial results at the conclusion of the exam.
- in 2011, DCAS will implement a Citywide Equal Employment Opportunity (EEO) training program for City employees. The computer-based training (CBT) program will build on the success of a similar CBT program DCAS launched in 2010 for City managers and supervisors, ultimately training 13,000 managers in 56 agencies. CBT will allow City agencies to train their employees with up-to-date information on the City's EEO Policy through a low-cost, accessible method.

Summary of Agency Financial Data

The following table compares the 2011 Executive Budget with the 2011 Preliminary Budget, the 2010 forecast and actual expenditures for 2009, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services and debt service.

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

	2009 Actual	2010 Forecast	2011		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2010 Forecast	2011 Preliminary Budget
Expenditures						
Salary and Wages.....	\$147,198	\$163,469	\$151,661	\$137,789	(\$25,680)	(\$13,872)
Fringe Benefits.....	1,632	1,701	1,701	1,701	—	—
OTPS.....	943,521	944,858	1,038,401	1,013,968	69,110	(24,433)
Total.....	<u>\$1,092,351</u>	<u>\$1,110,028</u>	<u>\$1,191,763</u>	<u>\$1,153,458</u>	<u>\$43,430</u>	<u>(\$38,305)</u>
Funding						
City.....	\$216,715	\$225,598	\$235,039	\$201,243	(\$24,355)	(\$33,796)
Other Categorical Grants.....	93,119	89,166	103,907	94,507	5,341	(9,400)
IFA.....	10,901	11,713	8,928	12,236	523	3,308
State.....	50,695	51,797	37,420	37,930	(13,867)	510
Federal CD.....	—	—	—	—	—	—
Federal Other.....	1,289	4,265	2,000	47,699	43,434	45,699
Intra-City Other.....	719,630	727,489	804,469	759,843	32,354	(44,626)
Total.....	<u>\$1,092,351</u>	<u>\$1,110,028</u>	<u>\$1,191,763</u>	<u>\$1,153,458</u>	<u>\$43,430</u>	<u>(\$38,305)</u>
Additional Costs Centrally Funded						
Personal Services (PS).....						
Fringe Benefits.....	\$41,841	\$45,495	\$46,196	\$41,294	(\$4,201)	(\$4,902)
Pensions.....	17,327	17,969	20,356	19,100	1,131	(1,256)
Other Than Personal Service (OTPS)						
Legal Services.....	1,859	2,424	2,235	1,890	(534)	(345)
Judgments and Claims.....	—	121	102	90	(31)	(12)
Debt Service.....	515,556	562,230	604,057	664,006	101,776	59,949
Total Additional Costs.....	<u>\$576,583</u>	<u>\$628,239</u>	<u>\$672,946</u>	<u>\$726,380</u>	<u>\$98,141</u>	<u>\$53,434</u>
Funding						
City.....	561,066	593,221	640,046	686,497	93,276	46,451
Non-City.....	15,517	35,018	32,900	39,883	4,865	6,983
Full Agency Costs (including Central Accounts)						
Salary and Wages.....	\$147,198	\$163,469	\$151,661	\$137,789	(\$25,680)	(\$13,872)
Fringe Benefits.....	43,473	47,196	47,897	42,995	(4,201)	(4,902)
Pensions.....	17,327	17,969	20,356	19,100	1,131	(1,256)
Total PS.....	<u>\$207,998</u>	<u>\$228,634</u>	<u>\$219,914</u>	<u>\$199,884</u>	<u>(\$28,750)</u>	<u>(\$20,030)</u>
OTPS.....	\$943,521	\$944,858	\$1,038,401	\$1,013,968	\$69,110	(\$24,433)
Legal Services.....	1,859	2,424	2,235	1,890	(534)	(345)
Judgments and Claims.....	—	121	102	90	(31)	(12)
Debt Service.....	515,556	562,230	604,057	664,006	101,776	59,949
Total OTPS.....	<u>\$1,460,936</u>	<u>\$1,509,633</u>	<u>\$1,644,795</u>	<u>\$1,679,954</u>	<u>\$170,321</u>	<u>\$35,159</u>
Total Agency Costs.....	\$1,668,934	\$1,738,267	\$1,864,709	\$1,879,838	\$141,571	\$15,129
Less Intra-City.....	<u>\$719,630</u>	<u>\$727,489</u>	<u>\$804,469</u>	<u>\$759,843</u>	<u>\$32,354</u>	<u>(\$44,626)</u>
Net Agency Cost.....	<u>\$949,304</u>	<u>\$1,010,778</u>	<u>\$1,060,240</u>	<u>\$1,119,995</u>	<u>\$109,217</u>	<u>\$59,755</u>
Funding						
City.....	777,781	818,819	875,085	887,740	68,921	12,655
Non-City.....	171,523	191,959	185,155	232,255	40,296	47,100
Personnel (includes FTEs at fiscal year-end)						
City.....	1,654	1,756	1,763	1,455	(301)	(308)
Non-City.....	818	891	751	825	(66)	74
Total.....	<u>2,472</u>	<u>2,647</u>	<u>2,514</u>	<u>2,280</u>	<u>(367)</u>	<u>(234)</u>

Programmatic Review and Service Impact

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, 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 of official City publications such as the City Record and the Green Book. Starting in 2011, the City Record will be published exclusively online, reducing publishing costs, as well as allowing such additional functionality as posting electronic solicitations for vendors and email 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, the City's EEO Policy 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 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.

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, developing, administering, and rating examinations, creating civil service lists and certifying those lists to agencies to fill vacancies and replace provisionals, evaluating and administering Citywide personnel policies and programs, and administering special programs such as the Employee Blood Donation Program, including the Urban Fellows Program, Public Service Corps, and the Leadership Institute. The Division also conducts professional development and employee training, offering 681 unique course titles in 2010. There were 946 classes taken by 11,433 City employees from 78 agencies to date in 2010. The Division manages the New York City Automated Personnel System (NYCAPS) used by 82 City agencies for benefits administration.

Examinations are administered by DCPS for City agencies and other organizations such as the New York City Housing Authority, Triborough Bridge and Tunnel Authority, and Metropolitan Transportation Authority. The Division anticipates administering 134 examinations in 2010, including both civil service examinations and examinations for building trades licenses. In 2011, the Division will increase the number of exams to help meet the City's hiring needs and continue to reduce the number of provisional employees Citywide.

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 48 leases for City agencies in private buildings. The Division also audits leases to ensure proper lease billing, identifying savings of \$2.2 million in rent credits to date in 2010.

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, providing a full complement of building services for tenants. These services include custodial, routine maintenance and repair work, and infrastructure maintenance. The Division also provides engineering, 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. DFMC oversees fire safety and emergency action plans for all DCAS-managed buildings, including the establishment of plans and procedures, administration of routine drills, and compliance with codes and Local Laws.

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 Citywide fleet administration for the City's 27,000 vehicles and also maintains and repairs over 200 vehicles for approximately 40 different agencies. This Division is also responsible for salvaging agencies' surplus goods and vehicles through redistribution to other City agencies, sealed bid sales, and through public auctions.

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, Management Information Systems, 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 operating the official store of the City of New York, the CityStore. The CityStore operates two retail locations: in the North Plaza of the Manhattan Municipal Building and in the marriage bureau of the Manhattan Office of the City Clerk; and an online store, 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. Starting in FY11, DCAS will eliminate security services to the following locations: FDR Lot, Manhattan Computerized Testing Center, and Brooklyn Computerized Testing Center.

Capital Review

The 2011-2014 Capital Commitment Plan for the Department is \$958.0 million, with \$449.8 million provided in 2011.

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 2011-2014 period.

Capital Commitments ((\$000's))

	2009 Actual		2010 Plan		2011 Plan		2012 Plan		2013 Plan		2014 Plan	
	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds
Rehabilitation of City- Owned Facilities	\$68,269	\$68,269	\$69,285	\$69,285	\$164,322	\$164,322	\$84,334	\$84,334	\$62,655	\$62,655	\$24,882	\$24,882
Renovation of Other City-Owned Facilities	7,216	7,216	5,049	5,049	4,590	4,590	1,125	1,125	2,345	2,345	0	0
Rehabilitation of Court Facility System	0	0	0	0	0	0	0	0	200	200	0	0
Legal Mandates and Correction of Unsafe Conditions	18,347	18,347	18,358	18,358	13,063	13,063	17,484	17,484	5,788	5,788	0	0
Renovation of Leased Space.....	346	346	8,511	8,511	46,656	46,656	0	0	530	530	5,000	5,000
Equipment and Interagency Services	5,455	5,455	15,030	15,030	42,894	42,894	1,651	1,651	4,856	4,856	500	500
Communications Equipment	0	0	203	203	0	0	0	0	0	0	0	0
Board of Elections	5,917	5,917	73,139	73,139	4,478	4,478	0	0	0	0	0	0
Miscellaneous Construction.....	29,802	29,802	90,251	90,251	40,800	40,800	2,000	2,000	11,884	11,884	0	0
Acquisition of Real Property	5,500	5,500	0	0	0	0	0	0	0	0	0	0
Energy Efficiency and Sustainability	N/A	N/A	26,214	60,124	129,247	129,247	86,175	86,175	92,550	92,550	98,925	98,925
Rehabilitation of Waterfront & Non-Waterfront Properties ...	275	275	5,500	5,500	3,796	3,796	1,400	1,400	1,861	1,861	2,006	2,006
Total	<u>\$141,126</u>	<u>\$141,126</u>	<u>\$311,540</u>	<u>\$345,450</u>	<u>\$449,846</u>	<u>\$449,846</u>	<u>\$194,169</u>	<u>\$194,169</u>	<u>\$182,669</u>	<u>\$182,669</u>	<u>\$131,313</u>	<u>\$131,313</u>

The 2011-2014 Capital Commitment Plan provides a total of \$958.0 million, including \$542.0 million for the renovation, reconstruction, and outfitting of Public Buildings, \$406.9 million for energy efficiency initiatives and \$9.1 million for Real Property.

Highlights of the Four-Year Plan include:

- reconstruction and rehabilitation of public buildings and City-owned facilities (\$344.3 million), including City-wide office space consolidation projects (\$74.0 M), renovations to the Manhattan Municipal Building (\$43.9 million), the Brooklyn Municipal Building (\$27.7 million) and Queens Borough Hall (\$16.2 million).
- renovation of leased space (\$52.2 million), including the relocation and/or renovation of space for nine

City agencies currently located in leased space at 40 Rector Street in Manhattan (\$25.8 million) and City-wide office space consolidation projects (\$6.0 million).

- energy efficiency measures and building retrofits, Citywide (\$406.9 million), including energy retrofit projects in City buildings (\$70.4 million).
- legal mandates (\$36.3 million), including the expansion of sprinkler systems, building fire alarm systems and fire safety provisions throughout DCAS building to comply with NYC building code (\$21.7 million).
- equipment and interagency services (\$49.9 million).
- miscellaneous construction in other facilities (\$54.7 million).
- reconstruction of waterfront properties (\$7.6 million) including various pier improvements.
- reconstruction of non-waterfront properties (\$1.5 million).

The 2011 Plan provides \$449.8 million and includes:

- reconstruction and rehabilitation of public buildings and City-owned facilities (\$168.9 million), including: City-wide office space consolidation projects (\$32.4 M), renovations to Queens Borough Hall (\$5.7 million), the Brooklyn Municipal Building (\$4.6 million), the Manhattan Municipal Building (\$12.8 million), and Staten Island Borough Hall (\$6.6 million).
- renovation of leased space (\$46.7 million), including the relocation and/or renovation of space for nine City agencies currently located in leased space at 40 Rector Street in Manhattan (\$25.8 million), and City-wide office space consolidation projects (\$6.0 million).
- energy efficiency measures and building retrofits, Citywide (\$129.2 million), including energy retrofit projects in City buildings (\$70.4 million).
- legal mandates (\$13.1 million), including the expansion of sprinkler systems, building fire alarm systems and fire safety provisions throughout DCAS building to comply with NYC building code (\$6.3 million).
- equipment and interagency services (\$42.9 million), including the development of a municipal supplies inventory management system (\$13.8 million) and a fleet management system (\$6.7 million).
- miscellaneous construction in other facilities (\$40.8 million).
- reconstruction of waterfront properties (\$2.3 million) including various pier improvements.
- reconstruction of non-waterfront properties (\$1.5 million).

DEPARTMENT OF INFORMATION TECHNOLOGY AND TELECOMMUNICATIONS

The Department of Information Technology and Telecommunications (DoITT) provides Citywide coordination and technical expertise in the development and use of data, voice, and video technologies in City services and operations. DoITT's Commissioner directs the development of information technology (IT) strategies and deployment as the City's Chief Information Officer. DoITT also provides infrastructure support for data processing and communications services to numerous City agencies, researches and manages IT projects, and administers the City's cable television, public pay telephone, and mobile and high capacity telecommunications franchises. DoITT also administers the 311 Customer Service Center and the City's broadcast/cable television and radio stations, and maintains *NYC.gov*, the City's official website.

Financial Review

DoITT's 2011 Executive Budget provides for an operating budget of \$359.3 million, a decrease of \$24.1 million over the amount forecasted for 2010. This change is largely attributable to a decrease in the services DoITT purchases on behalf of other agencies and a reduction to 311 staffing. The Department will also reduce non-critical maintenance contracts, increase revenue from cable television and telecommunications franchises, and renegotiate and consolidate IT and telecommunications service contracts resulting 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 \$147.8 million in revenue for 2011.

Expense Budget Highlights

Budgetary Priorities: Providing Core Services

- the Department's 2011 Executive Budget includes \$112.7 million for services that DoITT purchases on behalf of client agencies, including telecommunications, data, and consultant services.
- the Department's 2011 Executive Budget provides \$58.6 million for the Information Utility Division. This Division is responsible for the data center operations and fiber optic network that provide data processing and networking services to over 120 City agencies and entities, 24 hours a day, seven days a week.
- the Department's 2011 Executive Budget provides \$45.9 million for the 311 Citizen Service Center. The Service Center provides the public with continuous access to non-emergency City services through one phone number.
- the Department's 2011 Executive Budget provides \$6.1 million for the administration of the City's five cable television channels, a broadcast station, and a radio station on the NYC TV Media Group network. The City produces programming designed to inform the public on City affairs.

Restructuring and Streamlining

- In 2011, 311 will report directly to the Office of Operations, a shift in reporting responsibility consistent with Operations' central, citywide customer service and accountability mandate. This realignment is intended to ensure that customer requests are resolved in a timely and effective manner, that service level standards are more universal, and that each agency's accountability is tied to customer service standards.

- In 2011, the Office of Film, Television and Broadcasting will be consolidated from the Department of Small Business Services into DoITT's NYC Media Group, creating the Mayor's Office of Media and Entertainment (MoME). The intent of the consolidation is to simplify and coordinate all media related matters under one office, improving delivery of news and information to New Yorkers and visitors, and ensuring message consistency across all platforms.

Summary of Agency Financial Data

The following table compares the 2011 Executive Budget with the 2011 Preliminary Budget, the 2010 forecast and actual expenditures for 2009, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services, and debt service.

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

	2009 Actual	2010 Forecast	2011		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2010 Forecast	2011 Preliminary Budget
Expenditures						
Salary and Wages.....	\$82,998	\$94,751	\$93,254	\$94,300	(\$451)	\$1,046
Fringe Benefits.....	—	456	—	552	96	552
OTPS.....	287,046	288,194	264,055	264,468	(23,726)	413
Total.....	<u>\$370,044</u>	<u>\$383,401</u>	<u>\$357,309</u>	<u>\$359,320</u>	<u>(\$24,081)</u>	<u>\$2,011</u>
Funding						
City.....	\$220,647	\$220,558	\$229,029	\$227,851	\$7,293	(\$1,178)
Other Categorical Grants.....	3,998	8,309	3,272	3,382	(4,927)	110
IFA.....	10,462	13,017	10,964	13,535	518	2,571
State.....	30	29	—	—	(29)	—
Federal CD.....	1,548	1,589	1,592	1,592	3	—
Federal Other.....	6,201	11,058	272	272	(10,786)	—
Intra-City Other.....	127,156	128,841	112,180	112,688	(16,153)	508
Total.....	<u>\$370,044</u>	<u>\$383,401</u>	<u>\$357,309</u>	<u>\$359,320</u>	<u>(\$24,081)</u>	<u>\$2,011</u>
Additional Costs Centrally Funded						
Personal Services (PS).....						
Fringe Benefits.....	\$20,183	\$22,921	\$21,616	\$23,003	\$82	\$1,387
Pensions.....	9,663	10,021	11,352	12,104	2,083	752
Other Than Personal Service (OTPS)						
Legal Services.....	1,475	1,311	1,280	1,197	(114)	(83)
Judgments and Claims.....	679	280	236	235	(45)	(1)
Debt Service.....	—	—	—	—	—	—
Total Additional Costs.....	<u>\$32,000</u>	<u>\$34,533</u>	<u>\$34,484</u>	<u>\$36,539</u>	<u>\$2,006</u>	<u>\$2,055</u>
Funding						
City.....	31,295	16,514	31,603	20,709	4,195	(10,894)
Non-City.....	705	18,019	2,881	15,830	(2,189)	12,949
Full Agency Costs (including Central Accounts)						
Salary and Wages.....	\$82,998	\$94,751	\$93,254	\$94,300	(\$451)	\$1,046
Fringe Benefits.....	20,183	23,377	21,616	23,555	178	1,939
Pensions.....	9,663	10,021	11,352	12,104	2,083	752
Total PS.....	<u>\$112,844</u>	<u>\$128,149</u>	<u>\$126,222</u>	<u>\$129,959</u>	<u>\$1,810</u>	<u>\$3,737</u>
OTPS.....	\$287,046	\$288,194	\$264,055	\$264,468	(\$23,726)	\$413
Legal Services.....	1,475	1,311	1,280	1,197	(114)	(83)
Judgments and Claims.....	679	280	236	235	(45)	(1)
Debt Service.....	—	—	—	—	—	—
Total OTPS.....	<u>\$289,200</u>	<u>\$289,785</u>	<u>\$265,571</u>	<u>\$265,900</u>	<u>(\$23,885)</u>	<u>\$329</u>
Total Agency Costs.....	\$402,044	\$417,934	\$391,793	\$395,859	(\$22,075)	\$4,066
Less Intra-City.....	<u>\$127,156</u>	<u>\$128,841</u>	<u>\$112,180</u>	<u>\$112,688</u>	<u>(\$16,153)</u>	<u>\$508</u>
Net Agency Cost.....	<u>\$274,888</u>	<u>\$289,093</u>	<u>\$279,613</u>	<u>\$283,171</u>	<u>(\$5,922)</u>	<u>\$3,558</u>
Funding						
City.....	251,942	237,072	260,632	248,560	11,488	(12,072)
Non-City.....	22,946	52,021	18,981	34,611	(17,410)	15,630
Personnel (includes FTEs at fiscal year-end)						
City.....	1,130	1,152	1,118	1,097	(55)	(21)
Non-City.....	143	215	147	173	(42)	26
Total.....	<u>1,273</u>	<u>1,367</u>	<u>1,265</u>	<u>1,270</u>	<u>(97)</u>	<u>5</u>

Programmatic Review and Service Impact

DoITT is the technology services agency that oversees the City's use of existing and emerging technologies in government operations and its delivery of services to the public. To achieve these goals, DoITT works to establish citywide policies around large-scale technology programs – enabling the City to better coordinate IT deployment across agencies. DoITT developed the Citywide IT Infrastructure Services (CITIServ) program, allowing the City to leverage expertise, personnel, and enterprise architecture practice to avoid duplicative efforts across agencies and improve efficiency. DoITT also manages the Emergency Communications Transformation Program (ECTP), the New York City Wireless Network (NYCWiN), the Citywide Radio (Channel 16) Network, and the Citywide Geographic Information Systems Unit, and provides administrative support to MoME, *NYC.gov*, the 311 Customer Service Center, HHS-Connect, as well as various initiatives to help streamline agency operations.

Citywide IT Infrastructure Services

The Citywide IT Infrastructure Services (CITIServ) initiative will develop a standardized infrastructure environment comparable in scope and features to those of leading industry IT providers. DoITT will provide agencies with secure and recoverable data centers through expanded oversight functions and a shared structure, which will reduce costs, space footprint, energy consumption and greenhouse gas emissions; strengthen security; and improve overall IT service quality. Later this year, DoITT will begin migrating the first wave of agencies to this environment, including Department of Buildings, Department of Education, Department of Finance, Department of Sanitation, and Housing Preservation and Development, with a focus on help desk, hosting, storage, email, and network services.

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. By the end of 2011, the City expects to complete the consolidation of Police, Fire and EMS call taking and dispatch operations into a Public Safety Answering Center (PSAC1). The City also anticipates that it will begin construction of a second fully redundant call center (PSAC2) in late 2010. Both call centers are expected to be operational by the end of 2014.

New York City Wireless Network (NYCWiN)

The New York City Wireless Network (NYCWiN) is a high-speed, mobile data network representing a commitment to provide a next-generation public safety infrastructure. NYCWiN will provide first responders high-speed data access to support large file transfers, including fingerprints, mug shots, City maps, automatic vehicle location, and full-motion streaming video. The network will also be leveraged by City agencies to improve service delivery to New Yorkers – automated water meter reading, traffic signal control and various programs are now planned or underway, allowing the City's mobile workforce to not only function more efficiently, but also to realize substantial cost savings across agencies.

Citywide Radio Network

The Citywide Radio Network (CRN) 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 existing agency legacy radio systems. CRN is immediately planned to carry 15,000 subscribers, a majority of which have completed migration onto the network. Agencies have begun decommissioning legacy radio systems – translating into real savings by cancelling landlines, site leases and maintenance contracts. Agencies have also started to realize the benefits of a consolidated enterprise level infrastructure, including enhanced coverage, capacity and mission critical interoperability.

HHS-Connect

HHS Connect deconstructs information silos through the use of modernized technology and coordinated agency practices to more effectively provide health and human services to New Yorkers. Eventually, residents will have the opportunity to provide their personal information once, regardless of the number and type of programs they are applying. In 2011, HHS-Connect will grow to provide a common client index, comprehensive enhanced management, and the ability to apply for benefits and exchange common client information in a secure, online environment.

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 2011 and beyond is the Citywide Street Centerline project, which will 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.

311 Customer Service Center

The 311 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 approximately 170 languages. DoITT will continue to improve the capability of 311 through enhancements to 311Online (the call center's web-based counterpart) and development of mobile applications allowing customers to file complaints anywhere from their handheld devices. In 2011, DoITT will eliminate an enhanced call taker tier and redistribute the calls to the generalist tier. This cost savings measure is expected to have a minimal effect on overall wait times.

Mayor's Office of Media and Entertainment (MoME) and NYC.gov

The Mayor's Office of Media and Entertainment (MoME) is responsible for coordinating and unifying the City's media channel communications, including television, web, mobile applications and other media platforms. It manages 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), MoME also produces New York City-themed original programming designed to showcase the City's neighborhoods, arts, culture, history, and diverse communities.

In 2011, MoME will assume responsibility for directing the format, content, style, and message frequency of the *NYC.gov* home page and associated web delivery tools, which reach approximately 25 million visitors per year. DoITT will partner with MoME to maintain the *NYC.gov* environment along with the associated network of agency websites, as well as to present the City's message and brand in a more coordinated and consistent manner across its various and growing media outlets. Also in 2011, *NYC.gov* will introduce "My NYC.gov," a customizable platform which will allow users to personalize their web interaction with the City of New York.

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 2011-2014 includes \$199.98 million for infrastructure improvements associated with these Citywide initiatives.

ECONOMIC DEVELOPMENT

Two organizations, the Department of Small Business Services (SBS) and the New York City Economic Development Corporation (EDC), administer 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 2011 Executive Budget for Economic Development provides \$99.8 million in operating expenses at SBS, with Federal funds of \$48.6 million, including \$2.8 million in Federal American Recovery and Reinvestment Act (ARRA), Adult Workforce Investment Act (WIA) funds and City funds of \$51.3 million. The SBS operating budget includes allocations for EDC, NYC & Company, the Governors Island operating entity, and other SBS programs such as the Avenue NYC commercial revitalization program and the NYC Business Express interactive website. EDC funds the majority of its operating budget through income earned from the management of its real estate portfolio.

City funded capital commitments of \$464.7 million are forecast in the 2011-2014 capital plan. Of this amount, \$434.6 million reflect Mayoral commitments. The remaining \$30.2 million reflect Elected Officials commitments.

Revenue Forecast

The Department of Small Business Services collects revenue from the rental and sale of commercial, industrial, maritime, and market properties administered by the EDC, a contractual marketing payment from NYC & Company, and other miscellaneous fees. The 2011 revenue estimate is \$38.7 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 2011 Executive Budget includes a federal allocation of \$40.7 million in Federal funds, including ARRA funding, for all Adult and Dislocated Worker job training and placement programs.
- 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 2011 provides \$1.9 million in City and Federal funds.

- through a contract with SBS, NYC & Company will receive \$15.3 million in City funding in 2011 for its work to promote the City as the country's premier tourist destination and convention center.
- in 2011, the City of New York will assume the primary responsibility for the development and operations of Governors Island, located in Upper New York Harbor. The City will contribute \$12.4 million towards the management of the island in 2011, and will provide \$57.7 million in capital funding for investments in infrastructure, historic stabilization, and public open space.

Summary of Agency Financial Data

The following table compares the 2011 Executive Budget with the 2011 Preliminary Budget, the 2010 forecast and actual expenditures for 2009, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services and debt service.

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

	2009 Actual	2010 Forecast	2011		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2010 Forecast	2011 Preliminary Budget
Expenditures						
Salary and Wages.....	\$19,850	\$22,221	\$17,769	\$17,759	(\$4,462)	(\$10)
Fringe Benefits.....	—	14	—	42	28	42
OTPS.....	133,641	152,225	88,283	102,311	(49,914)	14,028
Total.....	<u>\$153,491</u>	<u>\$174,460</u>	<u>\$106,052</u>	<u>\$120,112</u>	<u>(\$54,348)</u>	<u>\$14,060</u>
Funding						
City.....	\$75,404	\$66,548	\$53,312	\$65,192	(\$1,356)	\$11,880
Other Categorical Grants.....	5,271	3,165	56	56	(3,109)	—
IFA.....	—	—	—	—	—	—
State.....	217	1,485	—	1,050	(435)	1,050
Federal CD.....	5,929	4,147	4,047	3,257	(890)	(790)
Federal Other.....	62,795	94,315	48,581	50,501	(43,814)	1,920
Intra-City Other.....	3,875	4,800	56	56	(4,744)	—
Total.....	<u>\$153,491</u>	<u>\$174,460</u>	<u>\$106,052</u>	<u>\$120,112</u>	<u>(\$54,348)</u>	<u>\$14,060</u>
Additional Costs Centrally Funded						
Personal Services (PS).....						
Fringe Benefits.....	\$5,216	\$6,364	\$5,653	\$5,464	(\$900)	(\$189)
Pensions.....	2,311	2,397	2,715	2,895	498	180
Other Than Personal Service (OTPS)						
Legal Services.....	5,075	6,914	5,615	6,314	(600)	699
Judgments and Claims.....	—	14	11	11	(3)	—
Debt Service.....	135,704	119,043	199,812	206,789	87,746	6,977
Total Additional Costs.....	<u>\$148,306</u>	<u>\$134,732</u>	<u>\$213,806</u>	<u>\$221,473</u>	<u>\$86,741</u>	<u>\$7,667</u>
Funding						
City.....	143,895	128,995	207,170	214,022	85,027	6,852
Non-City.....	4,411	5,737	6,636	7,451	1,714	815
Full Agency Costs (including Central Accounts)						
Salary and Wages.....	\$19,850	\$22,221	\$17,769	\$17,759	(\$4,462)	(\$10)
Fringe Benefits.....	5,216	6,378	5,653	5,506	(872)	(147)
Pensions.....	2,311	2,397	2,715	2,895	498	180
Total PS.....	<u>\$27,377</u>	<u>\$30,996</u>	<u>\$26,137</u>	<u>\$26,160</u>	<u>(\$4,836)</u>	<u>\$23</u>
OTPS.....	\$133,641	\$152,225	\$88,283	\$102,311	(\$49,914)	\$14,028
Legal Services.....	5,075	6,914	5,615	6,314	(600)	699
Judgments and Claims.....	—	14	11	11	(3)	—
Debt Service.....	135,704	119,043	199,812	206,789	87,746	6,977
Total OTPS.....	<u>\$274,420</u>	<u>\$278,196</u>	<u>\$293,721</u>	<u>\$315,425</u>	<u>\$37,229</u>	<u>\$21,704</u>
Total Agency Costs.....	\$301,797	\$309,192	\$319,858	\$341,585	\$32,393	\$21,727
Less Intra-City.....	<u>\$3,875</u>	<u>\$4,800</u>	<u>\$56</u>	<u>\$56</u>	<u>(\$4,744)</u>	<u>\$—</u>
Net Agency Cost.....	<u>\$297,922</u>	<u>\$304,392</u>	<u>\$319,802</u>	<u>\$341,529</u>	<u>\$37,137</u>	<u>\$21,727</u>
Funding						
City.....	219,299	195,543	260,482	279,214	83,671	18,732
Non-City.....	78,623	108,849	59,320	62,315	(46,534)	2,995
Personnel (includes FTEs at fiscal year-end)						
City.....	151	152	130	131	(21)	1
Non-City.....	<u>161</u>	<u>158</u>	<u>129</u>	<u>130</u>	<u>(28)</u>	<u>1</u>
Total.....	<u>312</u>	<u>310</u>	<u>259</u>	<u>261</u>	<u>(49)</u>	<u>2</u>

Programmatic Review and Service Impact

Department of Small Business Services

The Department of Small Business Services makes it easier for companies to form, do business and grow by providing direct assistance to business owners, fostering neighborhood development in commercial districts, promoting financial and economic opportunity among minority- and women-owned businesses, preparing New Yorkers for jobs, and linking employers to a skilled and qualified workforce.

District Development

- the District Development Unit supports community-based economic development organizations throughout New York City in order to create the conditions under which local businesses thrive and residents enjoy access to a vibrant mix of goods and services. Through its network of 64 Business Improvement Districts (BIDs), SBS' District Development unit oversees contracts with BIDs that lead to the provision of more than \$100 million in supplemental services across 1,262 City blocks in 2009. 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, including comprehensive economic development planning, business attraction efforts, district marketing campaigns, BID formation initiatives, and other economic development activities, in all five boroughs.

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, Washington Heights, and Lower Manhattan. In 2009, NYC Business Solutions Centers facilitated over \$24.8 million in loans for 252 unique clients.
- the NYC Business Solutions Outreach Team helps businesses interact with other City agencies and resolve obstacles to starting, operating, or expanding their businesses. In coordination with the Mayor's Office of Emergency Management, the Outreach Team also assists businesses affected by disasters by providing updates on building re-openings, facilitating the resolution of matters affecting day-to-day business operations, and compiling evidence to support business claims for assistance. In 2009, outreach staff provided assistance for over 12,000 businesses, including over 7,000 new business, 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 2009, NYC Business Solutions Hiring assisted small businesses with the hiring of 1,741 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 2009, 2,500 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 2009, 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, affected 6,915 jobs and more than \$1.1 million in annual savings in 2009.

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 2009, 62,065 unique visitors accessed services on the website. NYC Business Express serves 20 business sectors, including food and beverage, health care, manufacturing, and others, 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, 4,678 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 2009, the ten Career Centers registered 94,382 new jobseekers, providing workshops, pre-vocational skills training, on-site recruitments and job referral services. Additionally, New Yorkers were placed in 19,386 jobs in 2009 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 2009, SBS served 34 companies through this

program, in sectors such as manufacturing, healthcare, and information technology. Since the program's inception, SBS has awarded more than \$6.7 million in training funds to over 90 companies to train over 4,200 workers, matched by over \$6.7 million in employer contributions. On January 22nd, 2010, SBS awarded a round of grants totaling \$760,000 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 \$11.13 million in the 2011 Executive Budget, SBS will continue a suite of initiatives that have been funded by CEO. These programs include Sector-Based Career Centers focusing on the transportation, healthcare, and manufacturing sectors; Employment Works, an employment and training program for individuals with criminal records; Advance at Work, which provides retention and advancement programming at Workforce1 Career Centers for job seekers through improved access to coaching, counseling, and work supports; and 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.

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. The City contracts with various NYC Industrial Business Solution providers to offer industrial firms free, quick and reliable business assistance services to help these companies grow.

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.

- IDA closed 10 projects in 2009. In total, these projects will generate \$64.74 million in City tax revenues and more than 400 jobs over the life of the agreements. IDA's activity has been dramatically impacted by the continued suspension of a portion of State law governing IDA activities, which halted the IDA's ability to issue tax-exempt bonds for not-for-profit organizations' capital projects since January 2008.
- 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, including arts and social service organizations and cultural, healthcare, and educational institutions. Over the course of 2009, CRC's total unrestricted net assets decreased by \$88,193, or 16 percent, to \$458,233.

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 2011-2014 Four Year Plan totals \$464.7 million.

The following chart shows Capital plan commitments by major function over the 2011-2014 period. Actual commitments are provided for 2009.

Capital Commitments (\$ in 000's)

	2009 Actual		2010 Plan		2011 Plan		2012 Plan		2013 Plan		2014 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	\$138,056	\$170,011	\$613,409	\$765,352	\$39,290	\$39,290	\$61,542	\$61,542	\$97,465	\$97,465	\$33,703	\$33,703
Industrial Development.....	42,377	42,377	150,057	152,877	34,829	34,829	18,637	18,637	19,090	19,090	4,260	4,260
Market Development	4,684	4,684	9,457	9,457	140	140	150	150	3,700	3,700	1,560	1,560
Neighborhood Revitaliz'n.....	11,983	11,983	152,019	193,022	48,509	48,509	5,103	5,103	10,940	10,940	0	0
Port Development	19,364	19,712	35,922	46,834	0	0	0	0	5,000	5,000	10,000	10,000
Rail Development	0	0	480	3,480	0	0	0	0	0	0	0	0
Waterfront Development	5,858	5,858	75,960	105,109	13,561	13,561	10,300	10,300	22,254	22,254	5,455	5,455
Cultural Development.....	528	528	65,019	65,840	175	175	0	0	5,415	5,415	0	0
Community Development.....	537	537	25,654	25,669	3,500	3,500	0	0	750	750	0	0
Miscellaneous	4,295	4,295	50,958	56,427	5,135	5,135	0	0	4,250	4,250	0	0
Total	<u>\$227,682</u>	<u>\$259,985</u>	<u>\$1,178,935</u>	<u>\$1,424,067</u>	<u>\$145,139</u>	<u>\$145,139</u>	<u>\$95,732</u>	<u>\$95,732</u>	<u>\$168,864</u>	<u>\$168,864</u>	<u>\$54,978</u>	<u>\$54,978</u>

Highlights of the 2011-2014 Four Year Capital Plan (including uncommitted 2010 funds) are:

- site acquisition and infrastructure improvements at Willets Point (\$290.9 million).
- various development and infrastructure improvements at the Brooklyn Navy Yard (\$128.3 million).
- funds for various elements of the Coney Island Strategic Plan (\$137.0 million).
- development of the East River Waterfront esplanades and piers (\$91.7 million).
- streetscapes, parks, and other redevelopment projects in Downtown Brooklyn (\$30.9 million).
- rehabilitation and maintenance of existing structures, infrastructure projects, and pre-development at Governors Island (\$57.7 million).
- development of the Brooklyn Academy of Music Cultural District (\$63.4 million).
- developer site preparation, esplanade construction, and street construction/reconstruction at Staten Island Homeport (\$31.0 million).
- bike and pedestrian pathway construction, rehabilitation of streetscapes, and other reconstruction project associated with the South Bronx Greenway in and around Hunts Point (\$38.6 million).

LIBRARIES

The City of New York funds three independently operated public library systems, each administered by a separate board of trustees. The Brooklyn Public Library (BPL) oversees the operation of 58 branches, a Business Library, and a Central Library. The New York Public Library (NYPL) manages a three-borough library system with 35 branches in the Bronx, 39 branches in Manhattan, and 12 branches in Staten Island. NYPL also oversees four research libraries: the Stephen A. Schwarzman Building at 5th Avenue & 42nd Street, the Library for the Performing Arts at Lincoln Center, the Schomburg Center for Research in Black Culture, and the Science, Industry, and Business Library. The Queens Borough Public Library (QBPL) is comprised of 63 community libraries and a Central Library.

Financial Review

The 2011 Executive Budget for Libraries provides total operating funds of \$246.7 million, a decrease of \$65.8 million from the 2010 forecast of \$312.5 million after adjusting for the \$264.4 million that was prepaid to all library systems in 2009, and the \$164.1 million that will be prepaid to all three library systems in 2010. The prepayments did not affect library service in 2010, nor will they affect library service in 2011. The Executive Budget also provides for City funded capital commitments of \$91.1 million in 2011.

Expense Budget Highlights

Budgetary Priorities: Providing Core Services

- in 2011, the operating subsidy for BPL will be \$22.0 million. Adjusting for the prepayments, the City's 2011 subsidy of \$68.7 million to BPL will be \$17.4 million less than the 2010 forecast of \$86.1 million.
- in 2011, the operating subsidy for NYPL will be \$31.4 million. Adjusting for the prepayments, the City's 2011 subsidy of \$92.5 million to NYPL will be \$22.6 million less than the 2010 forecast of \$115.1 million.
- in 2011, the operating subsidy for the NYPL Research Libraries will be \$8.2 million. Adjusting for the prepayments, the City's 2011 subsidy of \$19.0 million to the Research Libraries will be \$8.2 million less than the 2010 forecast of \$27.2 million.
- in 2011, the operating subsidy for QBPL will be \$21.1 million. Adjusting for the prepayments, the City's 2011 subsidy of \$66.6 million to QBPL will be \$17.6 million less than the 2010 forecast of \$84.2 million.

Summary of Agency Financial Data

The following table compares the 2011 Executive Budget with the 2011 Preliminary Budget, the 2010 forecast and actual expenditures for 2009, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services and debt service.

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

	2009 Actual	2010 Forecast	2011		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2010 Forecast	2011 Preliminary Budget
Expenditures						
Salary and Wages.....	\$—	\$—	\$—	\$—	\$—	\$—
Fringe Benefits.....	—	—	—	—	—	—
OTPS.....	366,308	210,133	254,325	82,599	(127,534)	(171,726)
Total.....	<u>\$366,308</u>	<u>\$210,133</u>	<u>\$254,325</u>	<u>\$82,599</u>	<u>(\$127,534)</u>	<u>(\$171,726)</u>
Funding						
City.....	\$364,878	\$210,133	\$254,325	\$82,599	(\$127,534)	(\$171,726)
Other Categorical Grants.....	168	—	—	—	—	—
IFA.....	—	—	—	—	—	—
State.....	—	—	—	—	—	—
Federal CD.....	1,261	—	—	—	—	—
Federal Other.....	—	—	—	—	—	—
Intra-City Other.....	—	—	—	—	—	—
Total.....	<u>\$366,308</u>	<u>\$210,133</u>	<u>\$254,325</u>	<u>\$82,599</u>	<u>(\$127,534)</u>	<u>(\$171,726)</u>
Additional Costs Centrally Funded						
Other Than Personal Services (OTPS)						
Fringe Benefits.....	\$1,428	\$1,561	\$1,718	\$1,708	\$147	(\$10)
Pensions.....	14,727	13,466	23,966	23,966	10,500	—
Legal Services.....	7	3	1	3	—	2
Judgments and Claims.....	—	10	7	7	(3)	—
Debt Service.....	35,566	38,531	41,743	41,813	3,282	70
Total Additional Costs.....	<u>\$51,728</u>	<u>\$53,571</u>	<u>\$67,435</u>	<u>\$67,497</u>	<u>\$13,926</u>	<u>\$62</u>
Funding						
City.....	51,192	53,063	66,066	65,928	12,865	(138)
Non-City.....	536	508	1,369	1,569	1,061	200
Full Agency Costs (including Central Accounts)						
Fringe Benefits.....	\$1,428	\$1,561	\$1,718	\$1,708	\$147	(\$10)
OTPS.....	366,308	210,133	254,325	82,599	(127,534)	(171,726)
Pensions.....	14,727	13,466	23,966	23,966	10,500	—
Legal Services.....	7	3	1	3	—	2
Judgments and Claims.....	—	10	7	7	(3)	—
Debt Service.....	35,566	38,531	41,743	41,813	3,282	70
Total OTPS.....	<u>\$418,036</u>	<u>\$263,704</u>	<u>\$321,760</u>	<u>\$150,096</u>	<u>(\$113,608)</u>	<u>(\$171,664)</u>
Total Agency Costs.....	\$418,036	\$263,704	\$321,760	\$150,096	(\$113,608)	(\$171,664)
Less Intra-City.....	\$—	\$—	\$—	\$—	\$—	\$—
Net Agency Cost.....	<u>\$418,036</u>	<u>\$263,704</u>	<u>\$321,760</u>	<u>\$150,096</u>	<u>(\$113,608)</u>	<u>(\$171,664)</u>
Funding						
City.....	416,070	263,196	320,391	148,527	(114,669)	(171,864)
Non-City.....	1,966	508	1,369	1,569	1,061	200
Personnel (includes FTEs at fiscal year-end)						
City.....	—	—	—	—	—	—
Non-City.....	—	—	—	—	—	—
Total.....	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

* The 2011 Executive Budget provides for an estimated 2,992 full-time and full-time equivalent positions, which are funded with City subsidies.,

Programmatic Review and Service Impact

The three library systems will continue to provide services throughout the five boroughs at existing branches and at the following recently opened or rehabilitated libraries:

- three branch libraries re-opened following closures for renovations and systems upgrades, including: the Dongan Hills Branch Library in Staten Island which re-opened in January 2010; the St. Agnes Branch Library in Manhattan which re-opened in February 2010; and the Todt Hill Branch Library in Staten Island which re-opened in March 2010.
- the new Battery Park City Branch Library in Manhattan opened in March 2010.
- the new Library Services Center of the New York Public Library opened in April 2010 in Long Island City, Queens. This new facility consolidates 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.
- five branch libraries are scheduled to re-open this year following renovations, including: the High Bridge Branch Library in the Bronx, scheduled to re-open in Spring 2010; the Arverne Community Library in Queens, scheduled to re-open in June 2010; the Macon Branch Library in Brooklyn, scheduled to re-open in August 2010; and the Windsor Park Community Library in Queens and the Fort Hamilton Branch Library in Brooklyn, which are both scheduled to re-open in Fall 2010.

The three library systems continue to provide a variety of community programming throughout the five boroughs:

- the Brooklyn Public Library continues its focus on business and workforce development initiatives through its Business Library in downtown Brooklyn as well as the Education and Job Information Center (EJIC) at the Central Library at Grand Army Plaza. EJIC serves as a critical resource for job seekers/career changers, students of all ages, and entrepreneurs through its strong collections and one-on-one career counseling sessions available throughout the BPL system, as well as many other workshops, trainings, and job fairs. Also, *Power Up!*, BPL's business plan competition, continues to attract record numbers of entrepreneurs seeking advice and capital to start local businesses.
- the New York Public Library continues to advance literacy for its community members of all ages. As part of this on-going literacy mission, NYPL launched a new, comprehensive financial literacy initiative for adults, including *"How to Start Investing, even if you only have \$100,"* and *"Roth IRAs: To Convert or Not Convert."* NYPL also continues to provide a Young Adult Literacy Program which offers students literacy and numeracy instruction, in order to help them improve their basic reading, writing, and math skills. Additionally, this offers students counseling and case management services. NYPL continues to provide English for Speakers of Other Languages and Adult Literacy classes, as well as over 3,000 computer skills training classes. Focusing on its youngest patrons, NYPL also offers interactive story times, classic picture books, and action songs for babies and their caregivers.
- 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. Sessions include reading instruction, life skills programs, computer skills development, and referrals to social service agencies. All three library systems are partners in the Summer Reading Club, with QBPL responsible for the joint website and its online registration feature. This website allows children, teens, and adults to register for the club, both at the Libraries as well as from anywhere through online access. In Queens alone, more than 35,000 people registered and read more than 300,000 books in 2009.

- all three library systems have well-developed computer network systems that provide the public with free access to the internet and basic PC software applications. Wireless internet access is available in almost all library locations. Online resources continue to be a focus, with each library system continuing to perform system-wide upgrades, and increasing the number of materials available for download and the number of databases which can be accessed from home.

Days and hours of library branch service remain a priority for all three library systems and in 2010, on average, each branch provides at least six days of service per week (at least 45 hours per week). The decrease in City subsidies to the library systems assumed in the 2011 Executive Budget will result in a reduction of overall service hours. The impact on specific branches will be determined by each of the library systems.

Capital Review

The 2011-2014 Capital Commitment Plan for the Libraries totals \$156.9 million, of which 93 percent is City funded. The Four-Year Plan provides \$30.8 million for BPL, \$65.3 million for NYPL, \$2.6 million for the NYPL Research Libraries and \$58.2 million for QBPL. The table below reflects capital commitments by system over the 2011-2014 period.

Capital Commitments (\$ in 000's)

	2009 Actual		2010 Plan		2011 Plan		2012 Plan		2013 Plan		2014 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	\$12,468	\$12,468	\$33,974	\$34,457	\$21,073	\$22,356	\$556	\$556	\$7,190	\$7,190	\$715	\$715
New York Public Library.....	41,539	42,296	89,771	92,017	38,449	38,449	15,727	15,727	10,231	10,231	935	935
NYPL Research Libraries	28,724	28,724	9,821	13,196	27	27	0	0	2,548	2,548	0	0
Queens Borough Public Library	20,320	20,320	70,717	70,717	31,512	40,817	1,683	1,683	14,914	14,914	750	750
Total.....	<u>\$103,051</u>	<u>\$103,808</u>	<u>\$204,283</u>	<u>\$210,387</u>	<u>\$91,061</u>	<u>\$101,649</u>	<u>\$17,966</u>	<u>\$17,966</u>	<u>\$34,883</u>	<u>\$34,883</u>	<u>\$2,400</u>	<u>\$2,400</u>

Several major renovations took place in 2010. Other major projects will be undertaken in 2011. Highlights of the 2011-2014 Capital Commitment Plan include:

Brooklyn Public Library:

- renovations, improvements and ADA compliance at the Central Library building in Grand Army Plaza (\$13.9 million in 2011-2013, in addition to \$4.2 million in 2010).
- boiler and HVAC replacement, and a new technology system for the Red Hook Branch Library (\$1.6 million in 2011-2013).
- interior modifications and expansion of the Sunset Park Branch Library (\$1.5 million, in addition to \$125,000 in 2010).
- the rehabilitation of the Ryder Branch Library (\$1.1 million).

New York Public Library, which includes projects in the Bronx (\$4.3 million), Manhattan (\$50.3 million), Staten Island (\$8.5 million), as well as funding for system-wide projects (\$2.2 million):

- the Central Library Master Plan project at the Stephen A. Schwarzman Building in Manhattan (\$47.5 million in 2011-2012, in addition to \$2.5 million in 2010).
- site acquisition and new branch construction of the Rossville Branch Library in Staten Island (\$7.8 million in 2010-2013).
- a new Westchester Square Branch Library in the Bronx (\$4.0 million in 2011-2012).
- various system-wide reconstruction and infrastructure improvement projects (\$2.2 million in 2011-2014, in addition to \$2.0 million in 2010).
- various technology infrastructure upgrade projects in Manhattan (\$1.0 million).
- a new Macomb's Bridge Branch Library in Manhattan (\$906,000 in 2013).
- various borough-wide reconstruction and infrastructure improvement projects in Staten Island (\$723,000 in 2013).
- partial renovation of the Castle Hill Branch Library in the Bronx (\$300,000 in 2011, in addition to \$815,000 in 2010).

NYPL Research Libraries:

- phase II building renovations at the Schomburg Center for Research in Black Culture in Manhattan (\$8.7 million in 2010).

Queens Borough Public Library:

- a new replacement facility for the Far Rockaway Community Library (\$16.2 million in 2011-2013, in addition to \$1.5 million in 2010).
- a new replacement facility for the Elmhurst Community Library (\$2.4 million, in addition to \$24.1 million in 2010).
- the system-wide implementation of Self-Check Units (\$4.0 million in 2011-2013, in addition to \$20.2 million in 2010).
- the new Children's Library Discovery Center at the Central Library (\$7.1 million in 2011-2013, in addition to \$9.7 million in 2010).
- expansion of the Kew Gardens Hills Community Library (\$6.0 million in 2011-2013).
- expansion of the East Elmhurst Community Library (\$2.5 million in 2011, in addition to \$2.1 million in 2010).

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 Brooklyn Children's Museum, Flushing Town Hall, Snug Harbor and Wave Hill.

DCLA provides support for capital improvements at over 200 cultural organizations throughout the five boroughs. Funding is provided for infrastructure, equipment, renovation, and expansion projects. DCLA also provides program grants and support services to more than 880 cultural organizations citywide, which includes groups like DreamYard Drama Project, the Moth, Thalia Spanish Theatre, Inc., Circus Amok, and St. George Theater.

Financial Review

The Department of Cultural Affairs' 2011 Executive Budget provides for operating expenses of \$110.2 million, which is a \$35.9 million decrease from the 2010 forecast of \$146.1 million. It also provides for City funded capital commitments of \$80.8 million in 2011.

Expense Budget Highlights

Budgetary Priorities: Providing Core Services

- the City's 33 Cultural Institutions will receive operating support of \$85.9 million, including \$48.6 million in energy subsidies, a decrease of \$23.6 million from the 2010 forecast.
- in the 2011 Executive Budget, various cultural organizations citywide will receive program grants totaling \$18.9 million, a decrease of \$12.4 million from the 2010 forecast.
- the 2011 Executive Budget contains \$5.4 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 2011 Executive Budget with the 2011 Preliminary Budget, the 2010 forecast and actual expenditures for 2009, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services and debt service.

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

	2009 Actual	2010 Forecast	2011		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2010 Forecast	2011 Preliminary Budget
Expenditures						
Salary and Wages.....	\$4,105	\$4,155	\$4,159	\$4,159	\$4	\$—
Fringe Benefits.....	—	—	—	—	—	—
OTPS.....	147,282	141,916	116,600	106,018	(35,898)	(10,582)
Total.....	<u>\$151,387</u>	<u>\$146,071</u>	<u>\$120,759</u>	<u>\$110,177</u>	<u>(\$35,894)</u>	<u>(\$10,582)</u>
Funding						
City.....	\$148,585	\$144,386	\$120,129	\$109,547	(\$34,839)	(\$10,582)
Other Categorical Grants.....	465	100	—	—	(100)	—
IFA.....	70	70	70	70	—	—
State.....	91	—	—	—	—	—
Federal CD.....	245	648	263	263	(385)	—
Federal Other.....	268	56	—	—	(56)	—
Intra-City Other.....	1,663	811	297	297	(514)	—
Total.....	<u>\$151,387</u>	<u>\$146,071</u>	<u>\$120,759</u>	<u>\$110,177</u>	<u>(\$35,894)</u>	<u>(\$10,582)</u>
Additional Costs Centrally Funded						
Personal Services (PS).....						
Fringe Benefits.....	\$968	\$1,018	\$1,037	\$1,044	\$26	\$7
Pensions.....	7,892	8,458	8,523	10,061	1,603	1,538
Other Than Personal Service (OTPS)						
Legal Services.....	94	70	56	64	(6)	8
Judgments and Claims.....	—	18	15	15	(3)	—
Debt Service.....	80,648	87,373	94,652	92,101	4,728	(2,551)
Total Additional Costs.....	<u>\$89,602</u>	<u>\$96,937</u>	<u>\$104,283</u>	<u>\$103,285</u>	<u>\$6,348</u>	<u>(\$998)</u>
Funding						
City.....	88,338	95,653	101,087	99,730	4,077	(1,357)
Non-City.....	1,264	1,284	3,196	3,555	2,271	359
Full Agency Costs (including Central Accounts)						
Salary and Wages.....	\$4,105	\$4,155	\$4,159	\$4,159	\$4	\$—
Fringe Benefits.....	968	1,018	1,037	1,044	26	7
Pensions.....	7,892	8,458	8,523	10,061	1,603	1,538
Total PS.....	<u>\$12,965</u>	<u>\$13,631</u>	<u>\$13,719</u>	<u>\$15,264</u>	<u>\$1,633</u>	<u>\$1,545</u>
OTPS.....	\$147,282	\$141,916	\$116,600	\$106,018	(\$35,898)	(\$10,582)
Legal Services.....	94	70	56	64	(6)	8
Judgments and Claims.....	—	18	15	15	(3)	—
Debt Service.....	80,648	87,373	94,652	92,101	4,728	(2,551)
Total OTPS.....	<u>\$228,024</u>	<u>\$229,377</u>	<u>\$211,323</u>	<u>\$198,198</u>	<u>(\$31,179)</u>	<u>(\$13,125)</u>
Total Agency Costs.....	\$240,989	\$243,008	\$225,042	\$213,462	(\$29,546)	(\$11,580)
Less Intra-City.....	<u>\$1,663</u>	<u>\$811</u>	<u>\$297</u>	<u>\$297</u>	<u>(\$514)</u>	<u>\$—</u>
Net Agency Cost.....	<u>\$239,326</u>	<u>\$242,197</u>	<u>\$224,745</u>	<u>\$213,165</u>	<u>(\$29,032)</u>	<u>(\$11,580)</u>
Funding						
City.....	236,923	240,039	221,216	209,277	(30,762)	(11,939)
Non-City.....	2,403	2,158	3,529	3,888	1,730	359
Personnel (includes FTEs at fiscal year-end)						
City.....	60	56	56	56	—	—
Non-City.....	5	3	3	3	—	—
Total.....	<u>65</u>	<u>59</u>	<u>59</u>	<u>59</u>	<u>—</u>	<u>—</u>

* The 2011 Executive Budget provides an estimated 903 full-time and full-time equivalent positions, which are funded with City subsidies.

Programmatic Review and Service Impact

- in 2009, the Cultural Development Fund (CDF), the agency’s merit-based, peer-panel funding mechanism, launched an online system that allowed DCLA to offer a user-friendly grant application, streamline the panel review process, and move towards a paperless system. DCLA is currently in the process of reviewing over 1,000 applications and renewal materials for 2011 funding.
- DCLA continues to provide technical assistance to the cultural field. In 2010, the agency sponsored several programs to guide organizations through City funding processes. In addition, a special program for service organizations offered ways to access health insurance information and resources applicable to artists and freelancers. To better serve and document the needs of the field, the agency has integrated elements of the Pew Cultural Trusts Cultural Data Project (CDP) into its data collection. The CDP, an emerging national standard, is designed to provide cultural organizations access to sophisticated analytical tools, streamline the grant application process, and generate robust data for advocacy and research.
- Materials for the Arts (MFTA) continues to be the number one provider of arts materials to the NYC public schools. In the beginning of 2010, MFTA finished an ambitious renovation and expansion, which added 10,000 square feet, including two classrooms and increased storage space. MFTA’s services have been in higher demand over the past year, and visits to the warehouse by member groups have increased. For 2010, the total value of goods received was \$6 million, with 689 tons collected. MFTA’s education program expanded their programming to include class trips to the warehouse, year round credit classes, in-school trainings for teachers, and events for parents and children.
- in 2010, the Percent for Art program has completed 12 projects including commissions by Jim Conti at Hamilton Avenue Bridge in Brooklyn, Samm Kunce at Sunrise Yards and Tony Oursler at Frank Sinatra High School, both in Queens. Artists for twelve additional sites will be selected this fiscal year.

Capital Review

The 2011-2014 Capital Commitment Plan for the Department of Cultural Affairs totals \$260.9 million, of which 99 percent is City funded, for 185 different cultural organizations in all five boroughs. The table below reflects capital commitments over the 2011-2014 period.

Capital Commitments (\$ in 000’s)

	2009 Actual		2010 Plan		2011 Plan		2012 Plan		2013 Plan		2014 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	\$426,059	\$429,800	\$606,805	\$670,264	\$80,773	\$81,248	\$30,694	\$30,694	\$130,878	\$130,878	\$18,060	\$18,060
Total	<u>\$426,059</u>	<u>\$429,800</u>	<u>\$606,805</u>	<u>\$670,264</u>	<u>\$80,773</u>	<u>\$81,248</u>	<u>\$30,694</u>	<u>\$30,694</u>	<u>\$130,878</u>	<u>\$130,878</u>	<u>\$18,060</u>	<u>\$18,060</u>

Highlights of the 2011-2014 Capital Commitment Plan include:

- renovation and expansion of the Whitney Museum of American Art in Manhattan (\$51.5 million).
- renovation of the shark exhibit at the Wildlife Conservation Society/New York Aquarium in Brooklyn (\$38.0 million).
- renovation of backstage and mechanical systems and construction of music education and program spaces at Carnegie Hall in Manhattan (\$35.0 million).
- renovations and improvements to New York City Center Theater in Manhattan (\$26.7 million, in addition to \$8.9 million in 2010).
- reconstruction of 122 Community Center in Manhattan (\$13.0 million).
- reconstruction and various improvements, including a site-wide circulation plan for pedestrian walkways and roads, at the Snug Harbor Cultural Center in Staten Island (\$6.6 million, in addition to \$11.2 million in 2010).
- construction of a new Visitors Center at the Louis Armstrong House in Queens (\$5.5 million, in addition to \$5.0 million in 2010).
- renovations of the Billie Holiday Theater in Brooklyn (\$2.9 million).
- construction of a new Education Building at the Weeksville Heritage Center in Brooklyn (\$1.5 million, in addition to \$6.0 million in 2010).
- interior renovations of the Great Hall in the New York Hall of Science in Queens (\$1.2 million, in addition to \$7.9 million in 2010).
- renovation of the auditorium and the Terrace Café at the Conservatory Complex of the Brooklyn Botanic Garden (\$2.0 million, in addition to \$2.0 million in 2010).
- construction and improvements at the American Museum of the Moving Image in Queens (\$1.0 million, in addition to \$20.3 million in 2010).
- reconstruction of the Bronx River Arts Center (\$706,000, added to \$7.4 million in 2010).
- renovations at the Sculpture Center in Queens (\$1.9 million).

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's enrollment reached its highest level since 1975, with an increase of six percent over the last academic year. In 2011 CUNY will serve approximately 260,000 students in degree programs with approximately 172,000 in the senior colleges and 88,000 in the community colleges. In addition, CUNY will serve approximately 250,000 non-degree students. Increased levels of enrollment are anticipated in 2012.

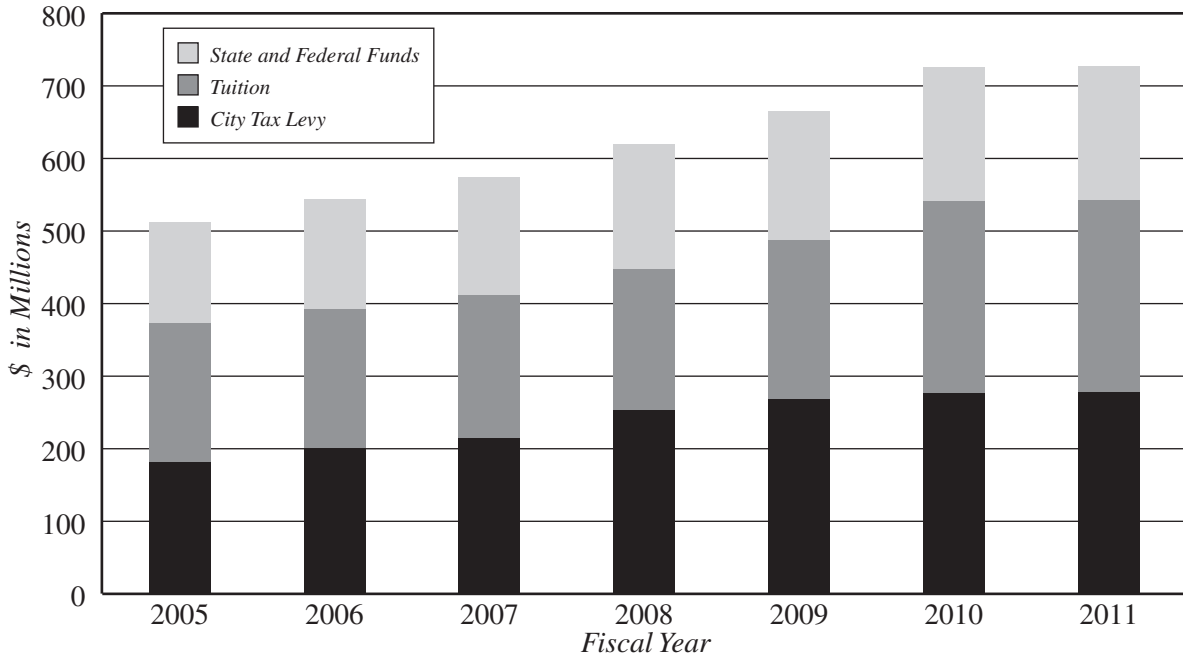
Financial Review

The City University of New York's 2011 Executive Budget totals \$740.5 million, a net decrease of \$53.6 million from the 2010 forecast of \$794.2 million. This decrease reflects a decline in two major funding sources: a decline in City Funds of \$19.3 million from \$522.5 million in 2010 to \$503.2 million in 2011, and a decline of \$32.8 million in Intra-City funds, from \$46.4 million to \$13.6 million. The total budget decline of \$53.6 million consists of a \$53.7 million decrease in the CUNY budget, from \$743.6 million in 2010 to \$689.8 million in 2011, and a \$0.1 million increase in funding for Hunter Campus Schools, from \$15.6 million in 2010 to \$15.7 million in 2011. The Senior College lump sum appropriation of \$35 million remains unchanged for both 2010 and 2011.

Revenue Forecast

Major revenue sources that fund the CUNY community college expense budget include tuition, fees and miscellaneous income; as well as City tax levy, State aid and Federal funding. In 2011, total State and Federal funds of \$184.1 million will remain at approximately the 2010 level of \$184.4 million. In 2010, increased tuition rates and significant enrollment increases resulted in additional tuition, fees and miscellaneous revenue, bringing the budget to \$264.5 million. The 2011 Executive Budget, including pension and Medicare part B contributions budgeted separately, provides \$278.2 million of City tax levy funds. This is \$1.3 million more than the 2010 forecast of \$276.9 million.

COMMUNITY COLLEGE FUNDING 2005-2011



* 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 2010 amounts are as per the Executive forecast. State and Federal dollars are combined. In addition to ARRA, other Federal funds include approximately \$1 million in Community Development funds.

Expense Budget Highlights

New Community College

- an additional \$4.5 million for rental costs associated with new community college.
- an additional \$4.4 million for start-up and staffing costs associated with new community college.

Budgetary Priorities: Providing Core Services

- an additional \$7 million for needs related to increased enrollment.
- an increase of \$1.9 million in tax levy for Collective Bargaining needs.
- an increase of approximately \$517,000 for health related cost increases.

Commission on Economic Opportunities

- additional funds in 2011 to implement new evening and weekend programs at Borough of Manhattan Community College and \$6.5 million to baseline CUNY Accelerated Study in Associate Programs (ASAP).

Summary of Agency Financial Data

The following table compares the 2011 Executive Budget with the 2011 Preliminary Budget, the 2010 forecast and actual expenditures for 2009, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services and debt service.

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

	2009 Actual	2010 Forecast	2011		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2010 Forecast	2011 Preliminary Budget
Expenditures						
Salary and Wages.....	\$397,151	\$417,245	\$420,899	\$423,246	\$6,001	\$2,347
Fringe Benefits.....	89,490	98,733	84,900	84,891	(13,842)	(9)
OTPS.....	220,474	278,186	220,382	232,405	(45,781)	12,023
Total.....	<u>\$707,115</u>	<u>\$794,164</u>	<u>\$726,181</u>	<u>\$740,542</u>	<u>(\$53,622)</u>	<u>\$14,361</u>
Funding						
City.....	\$481,431	\$522,521	\$488,814	\$503,174	(\$19,347)	\$14,360
Other Categorical Grants.....	1,686	4,032	2,839	2,839	(1,193)	—
IFA.....	—	—	—	—	—	—
State.....	178,471	206,187	219,917	219,917	13,730	—
Federal CD.....	—	1,130	964	964	(166)	—
Federal Other.....	47	13,883	—	—	(13,883)	—
Intra-City Other.....	45,480	46,411	13,647	13,648	(32,763)	1
Total.....	<u>\$707,115</u>	<u>\$794,164</u>	<u>\$726,181</u>	<u>\$740,542</u>	<u>(\$53,622)</u>	<u>\$14,361</u>
Additional Costs Centrally Funded						
Personal Services (PS).....						
Fringe Benefits.....	\$2,058	\$2,229	\$2,472	\$2,436	\$207	(\$36)
Pensions.....	43,400	50,799	55,062	59,861	9,062	4,799
Other Than Personal Service (OTPS)						
Legal Services.....	260	422	261	385	(37)	124
Judgments and Claims.....	298	1,000	1,000	1,000	—	—
Debt Service.....	40,001	41,176	45,656	50,046	8,870	4,390
Total Additional Costs.....	<u>\$86,017</u>	<u>\$95,626</u>	<u>\$104,451</u>	<u>\$113,728</u>	<u>\$18,102</u>	<u>\$9,277</u>
Funding						
City.....	85,800	95,407	103,900	112,928	17,521	9,028
Non-City.....	217	219	551	800	581	249
Full Agency Costs (including Central Accounts)						
Salary and Wages.....	\$397,151	\$417,245	\$420,899	\$423,246	\$6,001	\$2,347
Fringe Benefits.....	91,548	100,962	87,372	87,327	(13,635)	(45)
Pensions.....	43,400	50,799	55,062	59,861	9,062	4,799
Total PS.....	<u>\$532,099</u>	<u>\$569,006</u>	<u>\$563,333</u>	<u>\$570,434</u>	<u>\$1,428</u>	<u>\$7,101</u>
OTPS.....	\$220,474	\$278,186	\$220,382	\$232,405	(\$45,781)	\$12,023
Legal Services.....	260	422	261	385	(37)	124
Judgments and Claims.....	298	1,000	1,000	1,000	—	—
Debt Service.....	40,001	41,176	45,656	50,046	8,870	4,390
Total OTPS.....	<u>\$261,033</u>	<u>\$320,784</u>	<u>\$267,299</u>	<u>\$283,836</u>	<u>(\$36,948)</u>	<u>\$16,537</u>
Total Agency Costs.....	\$793,132	\$889,790	\$830,632	\$854,270	(\$35,520)	\$23,638
Less Intra-City.....	<u>\$45,480</u>	<u>\$46,411</u>	<u>\$13,647</u>	<u>\$13,648</u>	<u>(\$32,763)</u>	<u>\$1</u>
Net Agency Cost.....	<u>\$747,652</u>	<u>\$843,379</u>	<u>\$816,985</u>	<u>\$840,622</u>	<u>(\$2,757)</u>	<u>\$23,637</u>
Funding						
City.....	567,231	617,928	592,714	616,102	(1,826)	23,388
Non-City.....	180,421	225,451	224,271	224,520	(931)	249
Personnel (includes FTEs at fiscal year-end)						
City.....	7,281	8,020	5,929	7,587	(433)	1,658
Non-City.....	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>—</u>	<u>—</u>
Total.....	<u>7,286</u>	<u>8,025</u>	<u>5,934</u>	<u>7,592</u>	<u>(433)</u>	<u>1,658</u>

Programmatic Review and Service Impact

The Executive Budget continues City support for CUNY's efforts to raise and maintain high standards and to create a flagship academic environment. Assisted by revenues generated through enrollment, State aid for the community colleges as well as continuous efforts to promote efficiency from within, CUNY will continue to recruit full-time faculty to improve disciplinary strength and increase the ratio of full-time to adjunct faculty in its schools. 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 2010 into 2011. 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 opportunities and/or internships. These students work with CUNY's most distinguished faculty and receive specialized advisement and academic support throughout their college careers.

The mayoral efforts to enhance economic opportunities as expressed through the 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 through 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 2011. 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 2011-2014 Four-Year Plan totals \$72.6 million, into which will roll a significant portion of uncommitted funds from the 2010 budget of \$246.6 million (\$234.6 million in City funds and \$12 million in State and other funds).

Community college capital projects approved by the City are usually eligible for an equal amount of State matching funds. The State provides its 50 percent share for such projects through its annual Enacted State Budget Bill capital appropriation. State matching funds from annual budget appropriations are reflected in the City's capital plan; however, most State match provided through the independent sale of New York State Dormitory Authority (DASNY) bonds is not represented in the City's capital plan.

Medgar Evers College, which was redesignated a senior college in 1994, was funded for capital purposes as a community college. The college was fully recognized as a senior college for capital budget purposes in 2010 and was funded as such since then. Therefore, all future capital funding for Medgar Evers College is reflected in the State capital budget, with the exception of small projects funded by elected city officials through discretionary funding. The college's Academic Building I, a \$247.3 million project, for which the City contributed \$117.5 million, is expected to be completed for next 2011 academic year.

The major elements of the Four-Year Capital Plan including major projects to be rolled over from 2010 into 2011 and beyond are:

- construction of utility upgrades at Bronx Community College (\$24.4 million, \$7.6 million of which is funded through Plan NYC).
- construction of electrical infrastructure upgrades at Queensborough Community College (\$17.9 million).
- design of the new Center 3 façade at LaGuardia Community College (\$5.0 million).
- upgrade of mechanical systems and the central plant at Kingsborough Community College (\$7.2 million).
- renovation of 500 Grand Concourse building at Hostos Community College (\$2.6 million).

Two continuing projects that will contribute to capacity enhancement within CUNY are:

- construction that will continue for the Borough of Manhattan Community College Fiterman Hall Building (\$139 million City funding).
- construction that will continue for the Bronx Community College North Instructional Building (\$51.2 million City funding).

Special capital projects included in the Four-Year Capital Plan or to be rolled over from 2010 are:

- completion of emergency first response program at Borough of Manhattan Community College (\$10.7 million).

- construction of a green roof at Borough of Manhattan Community College (\$6.0 million).
- modernization of the Occupational and Respiratory Therapy labs at Kingsborough Community College (\$2.5 million).

The table below shows capital commitments by program area over the 2010-2014 period.

Capital Commitments

(\$ in 000's)

	2009 Actual		2010 Plan		2011 Plan		2012 Plan		2013 Plan		2014 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	\$175,624	\$175,624	\$1,024	\$2,338	\$0	\$0	\$0	\$0	\$40	\$40	\$0	\$0
Renovation/Rehabilitation of Roofs, Classrooms, etc	21,546	26,056	128,320	138,293	18,947	18,947	0	0	38,975	38,975	3,410	3,410
Purchase & Installation of EDP and Other Equipment ...	7,555	7,943	61,834	62,414	475	475	0	0	6,700	6,700	0	0
Electrical, Mechanical & HVAC	0	0	36,258	36,258	0	0	0	0	2,015	2,015	0	0
Other Projects	327	327	7,166	7,295	0	0	0	0	2,030	2,030	0	0
Total	<u>\$205,052</u>	<u>\$209,950</u>	<u>\$234,602</u>	<u>\$246,598</u>	<u>\$19,422</u>	<u>\$19,422</u>	<u>\$0</u>	<u>\$0</u>	<u>\$49,760</u>	<u>\$49,760</u>	<u>\$3,410</u>	<u>\$3,410</u>

PENSIONS AND OTHER FRINGE BENEFITS

Pension Overview

The Executive Budget for 2011 provides for \$7,612 million in City pension contributions, an increase of \$852 million from the amount forecast for 2010. As listed on the table below, of the total amount for 2011, \$7,481 million represents contributions to the City's five actuarial retirement systems, \$81 million represents contributions to pension systems covering certain non-City employees of the library system, day care centers, and certain cultural institutions, and \$50 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)

	2009 Actual	2010 Forecast	2011		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2010 Forecast	Preliminary Budget
<i>Expenditures</i>						
Personal Service						
• City Actuarial	\$6,286,364	\$6,651,126	\$7,142,064	\$7,481,250	\$830,124	\$339,186
• Non-City Systems....	56,108	63,371	75,870	80,871	17,500	5,001
• Non-Actuarial	46,707	45,825	49,825	49,825	4,000	—
Total	<u>\$6,389,179</u>	<u>\$6,760,322</u>	<u>\$7,267,759</u>	<u>\$7,611,946</u>	<u>\$851,624</u>	<u>\$344,187</u>
<i>Funding</i>						
City	\$6,217,046	\$6,595,193	\$7,086,896	\$7,446,783	\$851,590	\$359,887
State	45,343	37,886	54,073	38,373	487	(15,700)
Federal	2,525	2,978	2,525	2,525	(453)	—
Intra-City Other.....	124,265	124,265	124,265	124,265	—	—
Total	<u>\$6,389,179</u>	<u>\$6,760,322</u>	<u>\$7,267,759</u>	<u>\$7,611,946</u>	<u>\$851,624</u>	<u>\$344,187</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 2009 these systems covered approximately 665,000 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.

In 2009, however, reforms were implemented to scale back pensions for certain new employees of the state, its localities and the city. With respect to the City of New York, newly hired uniformed police officers and firefighters are now covered under Tier 3 which still provides a half-pay pension plan, but requires members to render additional years of service to receive unreduced benefits. Among its other features, Tier 3 provides for a 50% social security offset at age 62, but also provides more generous cost of living adjustments in retirement. In addition, under Chapter 504 of the Laws of 2009, newly hired City teachers are required to render at least ten years of service to be eligible for a pension, and also to make higher employee contributions over their entire working career. Chapter 504 also lowered the crediting rate from 8.25% to 7.00% on fixed tax-deferred annuity accounts for all teachers and certain other employees of educational institutions.

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 2009, the Trust paid approximately \$1.5 billion to cover the cost of these retiree benefits.

The following table sets forth the fringe benefit amounts carried in the Miscellaneous Budget for 2010 and 2011.

Fringe Benefits (\$ in 000’s)

	2010 Forecast	2011 Executive	Increase/ (Decrease)
Workers’ Compensation	\$142,996	\$160,196	\$17,200
Health Insurance Plans	2,141,568	2,308,648	167,080
Social Security Contributions	896,762	881,631	(15,131)
Unemployment Insurance Benefits.....	58,949	32,667	(26,282)
Supplementary Employee Welfare Benefits.....	573,801	524,509	(49,292)
Workers’ Compensation - Other.....	46,000	49,800	3,800
Total	<u>\$3,860,076</u>	<u>\$3,957,451</u>	<u>\$97,375</u>
Funding			
City	\$3,103,209	\$3,389,767	\$286,558
Other Categorical.....	230,379	199,099	(31,280)
State.....	135,612	70,853	(64,759)
Interfund Agreements	76,450	63,780	(12,670)
Intra-City.....	63,655	66,811	3,156
Federal.....	250,771	167,141	(83,630)
• CD	45,503	30,500	(15,003)
• Other	205,268	136,641	(68,627)
Total	<u>\$3,860,076</u>	<u>\$3,957,451</u>	<u>\$97,375</u>

JUDGMENTS AND CLAIMS

The Executive Budget for 2011 provides an appropriation of \$716 million for Judgments and Claims. These expenditures represent the City's costs for tort and contract liability and are projected to reach \$897 million by 2014. Tort expenditures cover both personal injury and property damage claims, and typically represent about 95 percent of total costs. These projections incorporate a substantial amount of claims cost attributed to the Health and Hospitals Corporation for which the Corporation will reimburse the City. These amounts are estimated at \$190 million in 2011 through 2014.

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 (OAISIS) are analyzed to determine annual settlement volumes and average cost per claim. Total costs are the product of the volume and average cost projections.

Analysis of Agency Budgets: Covered Organizations

NEW YORK CITY HEALTH AND HOSPITALS CORPORATION

The New York City Health and Hospitals Corporation (the Corporation) provides comprehensive medical, mental health, and substance abuse services to New York City residents, regardless of their ability to pay. Through its seven regional health care networks, the Corporation operates 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 385,000 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 4,868 inpatient beds and 2,835 nursing facility beds. In 2009, the Corporation's facilities had more than 226,000 patient discharges, 5,040,000 clinic visits and 937,000 emergency room visits, serving more than 1.3 million people, of which more than 453,000 lacked any form of health insurance.

Financial Review

The 2009 ending cash balance was \$234 million as reported in the New York City Financial Plan; a \$668 million ending cash balance is projected for 2010. The ending cash balance includes receipt of \$2.3 billion in 2010 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 2011 Executive Budget are projected at \$6.7 billion, and total revenue is projected at \$5.9 billion. The Corporation has cost containment and revenue enhancement initiatives of almost \$600 million that will reduce the operating deficit in 2011. Revenue derived from third party payers is projected to be \$3.5 billion. City support for the Corporation in 2011, excluding the City portion of Medicaid and prepayments, is anticipated to be \$162 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 2011, the City will make payments of approximately \$1.1 billion for the local share of the Corporation's Medicaid collections and bad debt and charity care pool payments. This City support has been adjusted due to the enhanced Federal share of Medicaid from ARRA.

Expense Budget Highlights

The economic downturn has fueled a dramatic increase in the number of uninsured patients seeking services at the Corporation's facilities. During calendar year 2009, the uninsured who sought services at Corporation facilities increased to nearly 453,000 - a 14 percent increase from calendar year 2006, when the Corporation served some 396,000 patients without health insurance. The demand for the Corporation's services from a growing number of uninsured patients comes at a time when our public hospitals, community clinics, nursing homes and home care services receive dramatically less revenue as a result of the State's steep reductions to Medicaid reimbursement (as it struggles with its own budget deficits) and the substantial erosion of Federal supplemental Medicaid funding.

The Corporation has undertaken extensive efforts to address its budget deficit while maintaining its mission. The Corporation's gap closing program partly relies on the pursuit of additional Federal and State funding, however it also calls for the implementation of broad efficiency improvements, significant cost-containment actions, and the consolidation of aspects of its healthcare delivery system.

Over the last two years, the Corporation has identified and implemented ways to reduce expenses. The Corporation projects that these measures, which include a hiring freeze (now entering its second year), significant cuts to other-than-personnel-spending (OTPS), a curtailment of its capital program, and a limited number of completed program closures, will have saved more than \$200 million in this fiscal year and approximately \$300 million next fiscal year.

The Corporation has also adopted a team-based approach to more rapid performance improvement. The approach, which is called Breakthrough, engages all levels of staff and focuses on reducing waste and long term costs, optimizing revenue collections, and increasing patient and staff satisfaction. The first phase of Breakthrough work has produced more than \$56 million in cost savings and improved revenue collections. It is anticipated that Breakthrough efforts will yield more than \$100 million in combined savings and revenue in the coming year.

Restructuring

The Corporation has completed a six month process, with the assistance of Deloitte Consulting, to identify opportunities to consolidate and reposition services, identify administrative and other non-patient care operational savings, and align affiliation contracts with the Corporation's core service delivery mission. This process was guided by a set of core principles, that the Corporation would:

- remain faithful to its mission.
- not impair access to core patient care services including preventive and primary care services.
- build on gains achieved in quality of care and patient safety.
- make changes that would enhance its capacity to function as a more unified, integrated delivery system.
- further leverage MetroPlus, the Corporation's health plan.

Through this effort, the Corporation has developed an ambitious program of initiatives intended to achieve savings of approximately \$300 million in 2014. Together with already implemented initiatives, the Corporation will save more than \$600 million in 2014 and reduce its headcount by 3,700 FTEs by 2014.

Supplemental Medicaid

The Corporation and the City have been working closely with the State to optimize Supplemental Medicaid payments to the Corporation. The State will seek approval from the Federal government on behalf of the City to increase payments to the Corporation by \$225 million in 2011, \$479 million in 2012, and \$621 million in 2013 and 2014. The State recognizes the essential role that Corporation facilities play in carrying out the State's priorities for the health of all New Yorkers. Therefore it is incumbent upon the State to partner with the Corporation and the City to ensure the continued viability of the State's largest health care safety net.

Increasing Access for Staten Island Residents

The Corporation is committed to increasing the services they provide to a growing low-income and uninsured population on Staten Island. In addition to initiating mobile medical primary care services five days a week in Staten Island communities in 2009, the Corporation has continued to invest in health care for the borough's residents.

- funded \$1.6 million in renovations for the Community Health Center of Richmond in order to double its capacity to provide primary care to adults and children; also has subsidized Richmond's operations with over \$7.8 million in funding since 2006.
- added adult primary care capacity at both the Mariner's Harbor Family Health Center and Stapleton Family Health Center; provided more than 1,800 adult primary care visits.

Promoting Patient Safety and Quality of Care

The Corporation is dedicated to becoming one of the safest health care systems in the nation, and moved forward with patient safety and quality initiatives over the past year to achieve this goal. In addition, the Corporation is committed to making its patient safety information transparent to the public through posting its quality data on its website.

- central line infections at hospital intensive care units dropped to 3.2 infections per 1,000 patient days in 2008 from 7.6 in 2005; ventilator associated pneumonia dropped to 0.8 in 2009 from 18.5 in 2005.
- in 2009, Coney Island and Lincoln Hospitals were recognized as surgical safety checklist mentor hospitals.

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.

- last year, 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.
- all HHC facilities have implemented evidence-based models of care that improve treatment of depression and reduce the use of restraints and seclusion.

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.

- during 2009, performed more than 93,000 mammograms, 165,000 cervical cancer screenings, and 21,000 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 58,000 patients with diabetes better manage their blood sugar, blood pressure and cholesterol levels.
- in 2009, developed a Cardiovascular Risk Registry to monitor and manage cardiovascular disease among patients; identified more than 49,000 patients with high blood pressure and 31,500 patients with high cholesterol.

Capital Investments that Support Better Healthcare

The 2011-2014 Four-Year Capital Strategy totals \$310.3 million. 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 currently in progress include 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 Corporation's Four-Year Capital Strategy (2011-2014) features several important projects, including:

- funding of \$122.8 million for a campus-wide major modernization of the Harlem Hospital Campus. This project involves the construction of a new Diagnostic, Treatment, Emergency and Critical Care Pavilion of approximately 195,000 square feet.
- funding of \$56 million for the expansion and modernization of the Diagnostic and Treatment Center and long-term care facilities at Gouverneur Healthcare Services.
- funding of \$34.6 million for the purchase of EMS ambulances for the FDNY.
- funding of \$8.7 million for a major renovation of Bellevue Hospital Center.
- funding of \$5.3 million for a boiler upgrade at Elmhurst Hospital Center.
- funding of \$5.3 million for the renovation of the emergency room at Lincoln Medical and Mental Health Center.

NEW YORK CITY TRANSIT

New York City Transit (NYCT) operates the most extensive public transportation system in the nation, which served approximately 2.3 billion subway and bus passengers in calendar year 2009 with over 1.6 billion passengers riding the subway system. NYCT has been a component of the Metropolitan Transportation Authority (MTA) since the Authority's inception in 1968. The MTA is a New York State public authority responsible for coordinating and implementing a mass transportation program for New York City and the seven adjacent counties. Other components of the MTA primarily serving New York City are the Staten Island Railway (SIR) and the MTA Bus Company (MTABC). The MTA also includes the Long Island Railroad and the Metro North Railroad.

The NYCT's subway system operates 24 hours a day, 7 days a week, on 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 4,500 buses on 209 local and 36 express routes servicing nearly 1,700 route miles in all five boroughs. System expansions currently underway by NYCT include the Second Avenue Subway and the westward extension of the #7 subway train to the Jacob Javits Convention Center.

SIR operates a 14-mile rapid transit line which links 23 communities on Staten Island and provides a connection to the Staten Island Ferry. SIR serves approximately 4.2 million passengers per year.

The MTABC operates an extensive public bus transportation system throughout New York City, primarily in The Bronx, Brooklyn, and Queens. Over 120 million passengers are carried annually on local and express routes. The MTABC is primarily funded through farebox revenues and City subsidies.

The MTABC currently operates 1,350 buses owned by the City. Service on over 80 local and express routes is available 24 hours a day, 7 days a week. Since beginning operations in 2005, the MTABC has significantly improved service and the City expects the MTABC to continue making improvements to all facets of its operations, ensuring service levels are up to MTA's standards.

Financial Review

The City's financial plan includes \$349.6 million for NYCT in fiscal year 2011. As NYCT operates on a calendar year (CY) basis, the financial plan below is presented in that format. The plan for CY 2010 incorporates the following key elements:

- CY 2010 fare revenue is projected to be \$3.3 billion, a 6 percent increase over the CY 2009 total, primarily a result of fare increases implemented in May 2009.
- tax revenues dedicated for NYCT's use are projected to total \$2.9 billion; \$869.8 million from the regional Metropolitan Mass Transportation Operating Assistance Account (MMTOA), \$229.4 million from the State "Lock Box" Petroleum Business Tax, \$139.7 million from the Urban Mass Transportation Operating Assistance Account (Urban Account) and \$1.4 billion in new State taxes and fees, which includes \$1.2 billion from the Payroll Mobility Tax and \$200 million from license, vehicle registration, taxi and vehicle rental fees.
- the City's contribution to NYCT's operating budget for CY 2010 totals \$295.5 million, including \$158.1 million in operating assistance as part of the City match to State "18B" aid, \$45.0 million for student fare discounts, \$74.2 million for the Paratransit program, \$13.8 million for elderly and disabled fare discounts and \$4.4 million for Transit Police. In addition, the City contributes 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, the following chart summarizes the City’s direct subsidies to NYCT for CY 2010:

City Subsidies to NYCT, CY 2010
(\$ in millions)

• Elderly and Disabled Subsidy.....	\$13.8
• School Fare Subsidy.....	45.00
• Operating Assistance.....	158.10
• Police Reimbursement.....	4.40
• Paratransit	74.20
TOTAL.....	<u> <u> \$295.5 </u> </u>

Based on recent financial reports, NYCT closed CY 2009 with a cash surplus of \$13.3 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]				
	2009A	2010E	2011E	2012E	2013E
REVENUES					
Subway / Bus Fare Revenue	\$3,071.3	\$3,209.7	\$3,270.3	\$3,323.3	\$3,354.4
Other Operating Revenue	178.1	242.2	295.0	427.1	147.6
Transit Tax and Other Subsidies	2,575.7	3,171.3	3,033.1	3,285.0	3,688.1
City Subsidies [2]	283.1	295.5	310.3	328.2	349.5
State Subsidies	164.5	158.2	158.2	158.2	158.2
TBTA Surplus Transfer	83.9	94.4	82.9	69.3	44.8
Capital and Other Reimbursements ...	935.3	944.8	919.3	925.7	926.6
TOTAL REVENUES	\$7,291.9	\$8,116.1	\$8,069.1	\$8,516.8	\$8,669.2
EXPENSES					
Salaries & Wages	\$3,025.2	\$3,085.9	\$3,239.3	\$3,310.6	\$3,375.8
Fringes	1,712.5	1,794.3	1,913.6	2,046.4	2,196.7
Reimbursable Overhead	-208.1	-212.4	-202.5	-201.9	-202.1
OTPS	1,129.1	1,211.2	1,274.6	1,367.2	1,460.2
Paratransit Expenses	375.2	383.3	394.2	467.2	561.0
Capital Reimbursable Expenses	931.0	940.4	914.8	921.2	922.1
Transit Police	4.3	4.4	4.5	4.5	4.5
Debt Service	631.7	889.9	981.2	1,030.5	1,030.7
Depreciation [3]	1,250.0	1,325.0	1,400.0	1,475.0	1,550.0
Other Post Employment Benefits [3].	1,055.4	1,098.9	1,144.8	1,191.6	1,240.3
Environmental Remediation [3]	0.0	0.0	0.0	0.0	0.0
TOTAL EXPENSES	\$9,906.3	\$10,520.9	\$11,064.5	\$11,612.3	\$12,139.2
OTHER ACTIONS					
Balance before Adjustments	(\$2,614.4)	(\$2,422.8)	(\$3,040.4)	(\$3,140.5)	(\$3,515.0)
Gap-Closing Actions [4]	0.0	46.7	161.7	216.5	272.0
Cash Flow Adjustments [5]	2,609.5	2,362.8	2,878.7	2,924.0	3,243.0
Net Cash from Prior Year	18.2	13.3	0.0	0.0	0.0
SURPLUS/(DEFICIT)	\$13.3	\$0.0	\$0.0	\$0.0	\$0.0

[1] All Financial Plan figures were provided by NYCT in February 2010; this table shows modified accrual-basis CY 2009 Actuals (A) and CY 2010-2013 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] The NYCT February 2010 Adopted Budget assumes that the City Student Fare Contribution will be reduced to \$27 million in CY 2010 and \$0 in CY 2011-2013. The City FY 2011 Executive Financial Plan continues to assume an annual contribution of \$45 million for Student Fare Reimbursement.

[3] Since February 2004, NYCT has included depreciation in its financial plan. As of 2007, NYCT also reports other post employment benefits (OPEB) obligations and environmental remediation liabilities.

[4] Gap-closing actions include items available to offset out-year expense gaps, including use of cash reserves, expense reductions, fare increases and increased subsidies.

[5] Cash flow adjustments include operating, depreciation, environmental remediation and OPEB cash flow adjustments.

Capital Review

The City's four-year Capital Plan totals \$263.7 million, including \$262.3 million for NYCT and \$1.4 million for SIR. These funds will be used to support NYCT's most essential work: bringing the mass transit system to a state of good repair, maintaining a normal replacement cycle, and helping expand the transit system. City capital funds are used in conjunction with other sources (Federal, State, and Private) towards NYCT's Capital Program.

The City's four-year Plan for NYCT and SIR includes the following key elements:

- funds to help provide for various NYCT infrastructure improvements, system enhancements, and bus and subway car upgrades, \$122.3 million.
- funds for NYCT trackwork, \$140 million.
- funds for SIR's track replacement and infrastructure programs, including improvements at the St. George Station and Ferry Terminal, \$1.4 million.

The table below outlines the City's Capital Commitments to NYCT and SIR for the 2011-2014 period:

Capital Commitments

(\$ in 000's)

	2009 Actual		2010 Plan		2011 Plan		2012 Plan		2013 Plan		2014 Plan	
	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds
Infrastructure.....	\$0	\$0	\$133,618	\$133,618	\$12,032	\$12,032	\$8,777	\$8,777	\$26,044	\$26,044	\$18,422	\$18,422
Trackwork.....	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000
Revolving Fund.....	0	0	10,000	10,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
SIRTOA.....	1,697	1,697	2,882	2,882	350	350	350	350	350	350	361	361
Miscellaneous.....	0	0	-37,508	-5,337	21,500	21,500	15,500	15,500	0	0	0	0
MTABC.....	0	0	28,982	66,881	0	0	0	0	0	0	0	0
Total.....	<u>\$36,697</u>	<u>\$36,697</u>	<u>\$172,974</u>	<u>\$243,044</u>	<u>\$73,882</u>	<u>\$73,882</u>	<u>\$64,627</u>	<u>\$64,627</u>	<u>\$66,394</u>	<u>\$66,394</u>	<u>\$58,783</u>	<u>\$58,783</u>

Appendix

**EXHIBIT 1
EXPENDITURE ASSUMPTIONS**

Personal Service

The expenditures for personal services in the Executive Budget for 2011 and the three-year projections are as follows:

**Personal Service
(\$ in Millions)**

	2011	2012	2013	2014
Salaries and Wages	\$21,163	\$20,568	\$20,698	\$20,993
Pensions	7,612	7,920	8,070	8,173
Other Fringe Benefits	7,533	7,970	8,279	8,783
Retiree Health Benefits Trust	(395)	(672)	—	—
Reserve for Collective Bargaining				
Department of Education	302	363	362	362
Other	60	111	275	533
Reserve Subtotal	<u>362</u>	<u>474</u>	<u>637</u>	<u>895</u>
Total	<u>\$36,275</u>	<u>\$36,260</u>	<u>\$37,684</u>	<u>\$38,844</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 2011 through 2014 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 an 18.3 percent pension fund investment loss that occurred in 2009. In 2010, however, the pension funds are experiencing positive investment returns which are expected to lower required contributions commencing in 2012.

The financial plan also contains a reserve, commencing in 2011, of \$600 million per year to address the potential costs that the Chief Actuary could recommend as a result of his review of experience study audits. The Actuary has not yet completed his review of these audits.

Total pension expenses for the financial plan are shown below:

(\$ in Millions)

	2011	2012	2013	2014
City Actuarial Systems	\$7,481	\$7,777	\$7,914	\$8,005
Non-City Systems	81	92	103	115
Non-Actuarial	50	51	53	53
Total	\$7,612	\$7,920	\$8,070	\$8,173

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.

Reserve for Collective Bargaining

The Reserve for Collective Bargaining contains funding for the cost of undistributed collective bargaining increases. The reserve primarily contains funding for the unsettled pedagogical employees at the Department of Education based on these employees receiving wage increase of 2 percent on the first \$70,000 of salary on the first day of the agreement and an additional 2 percent (also on the first \$70,000 of salary) on the first day of the second year. The reserve also contains funding for a small number of unsettled, predominately prevailing wage, employees for the 2008-2010 round based on the pattern for that round and small amounts for previous rounds. The reserve contains no funding for wage increases for the first two years beyond the 2008-2010 round. After that 2-year period, the reserve contains funding for wage increases assumed to be 1.25 percent per year.

Other Than Personal Service

The expenditures for other than personal services in the Executive Budget for 2011 and the three-year projections are as follows:

**Other Than Personal Service
(\$ in Millions)**

	2011	2012	2013	2014
Administrative OTPS	\$15,867	\$15,974	\$16,325	\$16,669
Public Assistance	1,563	1,603	1,591	1,591
Medical Assistance	5,166	5,947	6,171	6,778
Health & Hospital Corporation	172	198	198	198
Covered Agency Support & Other Subsidies	3,007	3,275	3,534	3,734
City Debt Service	5,462	6,273	6,576	6,817
General Reserve	300	300	300	300
Prepayments	(3,272)	—	—	—
Total	\$28,265	\$33,570	\$34,695	\$36,087

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 2012 through 2014, 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 2012 through 2014.

Energy

The financial plan includes a Citywide appropriation to provide for the changing cost of energy for 2012 through 2014. Energy costs in each agency, with the exception of HPD, are held constant for 2011 through 2014. 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 2010 due to milder temperatures and lower natural gas prices.

**Energy Cost Comparison
(\$ in Millions)**

Estimate as of:	2010	2011	2012	2013
2010 Adopted Budget	\$1,015	\$1,093	\$1,143	\$1,192
2011 Executive Budget	944	1,007	1,058	1,093
Difference	<u>(\$71)</u>	<u>(\$86)</u>	<u>(\$85)</u>	<u>(\$99)</u>

Gasoline and fuel costs are expected to increase by \$41 million from 2010 to 2014. Heat, light and power is expected to increase by \$128 million between 2010 and 2014 due to increases in Con Edison’s transmission and delivery charges.

**Energy Costs
(\$ in Millions)**

	2010	2011	2012	2013	2014
Gasoline	\$82	\$93	\$96	\$100	\$104
Fuel Oil	90	97	100	104	109
HPD- <i>In Rem/DAMP</i>	7	6	6	6	6
HPD-Emergency Repairs	3	3	3	3	3
Heat, Light and Power	<u>762</u>	<u>808</u>	<u>853</u>	<u>880</u>	<u>890</u>
Total	<u>\$944</u>	<u>\$1,007</u>	<u>\$1,058</u>	<u>\$1,093</u>	<u>\$1,112</u>

Leases

In each agency, the cost of leases is budgeted at a constant level from 2011 through 2014. A citywide adjustment for 2012 through 2014 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 \$788 million for leases in 2011, \$812 million in 2012, \$873 million in 2013 and \$900 million in 2014. Of these amounts, the citywide adjustment is \$24 million, \$85 million, and \$112 million respectively in 2012 through 2014.

Public Assistance

In 2011, 361,900 persons are projected to receive cash assistance on average each month, an increase of 6,102 from the projected 2010 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 2011 through 2014 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 2011 through 2014 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's TFA and Conduit debt as well as future issuances in accordance with the 2010-2014 financing program (See Financing Program). Actual debt service payments in these years will be affected by the timing of bond sales and by market conditions. Estimates of City debt service costs on debt to be issued are based on estimates of the periods of probable usefulness of the capital assets for which the debt will be issued.

A Budget Stabilization Account has been established for the prepayment of future years' debt service costs. Funding of \$3.108 billion in 2010 has been provided for this purpose.

Below are the detailed estimates for debt service for 2010-2014 after prepayments:

(\$ in Millions)

	Long Term	Short Term	Lease Purchase	Budget Stabilization*	Total City	TFA	Prepayment Adjustment**	Total City and TFA
2010	\$92	\$—	\$73	\$3,108	\$3,273	\$162	\$1,564	\$4,999
2011	827	75	271	—	\$1,173	1,181	3,108	\$5,462
2012	4,326	75	270	—	\$4,671	1,602	—	\$6,273
2013	4,408	75	268	—	\$4,751	1,825	—	\$6,576
2014	4,480	75	263	—	\$4,818	1,999	—	\$6,817

* Amounts in the Budget Stabilization Account are used to prepay the succeeding year's debt service.

** Prepayment adjustment include debt defeasance.

EXHIBIT 2

**FISCAL YEAR 2011 EXECUTIVE BUDGET AND PROJECTIONS,
FISCAL YEAR 2012 THROUGH FISCAL YEAR 2014**

(\$ in thousands)

Dept. No.	Agency	FY 2009 Actual Expenditures	Fiscal Year 2010		FY 2011 Executive Budget	FY 2012 Estimate	FY 2013 Estimate	FY 2014 Estimate	
			Executive Budget	8 Month Actuals July - Feb. Forecast					
002	Mayoralty.....	\$90,933	\$83,068	\$60,881	\$98,460	\$94,999	\$92,496	\$92,517	\$92,529
003	Board of Elections.....	81,055	86,218	72,646	96,634	88,372	76,494	76,509	76,509
004	Campaign Finance Board.....	8,658	67,551	43,468	47,040	14,510	13,013	13,017	13,017
008	Office of the Actuary.....	4,689	5,139	3,268	5,244	5,302	5,306	5,310	5,310
010	President, Borough of Manhattan.....	4,996	3,274	3,097	4,639	2,995	2,892	2,902	2,908
011	President, Borough of the Bronx.....	5,566	4,343	3,228	5,380	4,048	3,933	3,947	3,955
012	President, Borough of Brooklyn.....	5,652	4,067	3,181	5,479	3,798	3,557	3,571	3,579
013	President, Borough of Queens.....	4,718	3,998	2,951	4,617	3,637	3,329	3,339	3,346
014	President, Borough of S.I.....	3,986	3,092	2,522	3,871	2,842	2,795	2,806	2,811
015	Office of the Comptroller.....	67,892	66,246	44,008	71,582	70,042	69,759	69,778	69,799
017	Dept. of Emergency Management.....	19,993	18,788	14,325	83,236	9,834	7,495	7,503	7,507
021	Office of Admin. Tax Appeals.....	3,986	3,632	2,497	3,713	3,775	3,779	3,783	3,783
025	Law Department.....	132,204	133,512	96,967	147,137	133,816	131,494	131,189	131,039
030	Department of City Planning.....	26,895	24,177	20,131	30,042	24,651	23,002	22,665	22,665
032	Department of Investigation.....	24,208	19,625	16,496	24,131	19,345	19,309	19,309	19,309
035	NY Public Library - Research.....	31,946	8,085	1,036	16,597	8,175	18,970	18,970	18,970
037	New York Public Library.....	134,127	30,860	2,418	78,731	31,360	92,216	92,216	92,216
038	Brooklyn Public Library.....	100,472	22,128	1,292	58,325	21,956	68,461	68,461	68,461
039	Queens Borough Public Library.....	99,763	21,641	1,185	56,480	21,108	66,301	66,301	66,301
040	Department of Education.....	17,903,052	18,313,268	10,162,714	18,457,064	18,447,041	18,429,024	18,768,808	19,403,063
042	City University.....	707,115	645,738	365,881	794,164	740,542	732,971	733,185	733,297
054	Civilian Complaint Review Bd.....	11,301	10,271	7,160	10,072	10,270	9,711	9,716	9,716
056	Police Department.....	4,469,200	4,354,169	3,073,869	4,766,465	4,469,078	4,473,283	4,444,348	4,441,221
057	Fire Department.....	1,592,673	1,600,630	1,113,347	1,760,257	1,603,531	1,586,503	1,582,878	1,581,265
068	Admin. for Children Services.....	2,844,231	2,616,559	2,111,976	2,851,015	2,695,876	2,706,474	2,708,165	2,708,165
069	Department of Social Services.....	8,327,786	7,887,137	5,166,003	8,471,083	8,371,635	9,176,169	9,387,099	9,994,308
071	Dept. of Homeless Services.....	851,310	773,525	764,483	987,226	837,023	718,093	715,407	715,464
072	Department of Correction.....	1,010,200	993,045	675,072	1,024,199	1,011,187	1,023,138	1,019,926	1,019,926
073	Board of Correction.....	904	971	593	951	999	999	999	999
095	Citywide Pension Contributions.....	6,389,179	6,499,633	4,360,510	6,760,321	7,611,946	7,919,642	8,069,906	8,173,083
098	Miscellaneous.....	6,498,517	6,744,703	2,893,688	5,679,627	6,438,839	6,767,847	8,186,242	8,996,557
099	Debt Service.....	1,602,629	603,671	25,585	3,435,832	2,354,312	6,273,217	6,575,500	6,817,466
101	Public Advocate.....	2,809	1,771	1,659	2,799	1,754	1,797	1,803	1,807
102	City Council.....	49,526	50,536	36,585	52,883	52,883	52,883	52,883	52,883
103	City Clerk.....	4,329	5,197	2,662	5,227	5,066	5,066	5,066	5,066
125	Department for the Aging.....	290,255	240,635	256,210	288,631	226,654	226,046	225,469	225,469
126	Department of Cultural Affairs.....	151,387	131,157	119,090	146,071	110,177	110,177	110,177	110,177
127	Financial Info. Serv. Agency.....	58,423	58,408	42,619	60,896	62,948	60,296	59,935	59,945
130	Department of Juvenile Justice.....	134,507	130,854	85,934	138,258	2,752	—	—	—
131	Office of Payroll Admin.....	13,440	37,223	17,784	24,943	71,306	65,848	52,873	36,816
132	Independent Budget Office.....	2,884	3,117	2,146	4,416	4,455	4,407	4,407	4,407
133	Equal Employment Practices Com.....	765	717	472	745	744	744	745	745
134	Civil Service Commission.....	607	618	378	650	652	653	653	653
136	Landmarks Preservation Comm.....	4,599	4,870	2,929	5,051	5,230	4,627	4,663	4,669

EXHIBIT 2

**FISCAL YEAR 2011 EXECUTIVE BUDGET AND PROJECTIONS,
FISCAL YEAR 2012 THROUGH FISCAL YEAR 2014**

(\$ in thousands)

Dept. No.	Agency	FY 2009 Actual Expenditures	Fiscal Year 2010		FY 2011 Executive Budget	FY 2012 Estimate	FY 2013 Estimate	FY 2014 Estimate	
			Executive Budget	8 Month Actuals July - Feb. Forecast					
156	Taxi & Limousine Commission.....	28,875	29,644	20,553	31,277	31,260	30,716	30,716	30,716
226	Commission on Human Rights.....	7,130	6,903	5,142	7,214	7,269	7,366	7,366	7,366
260	Youth & Community Development,...	382,706	305,334	306,839	416,112	293,654	262,249	262,265	262,265
312	Conflicts of Interest Board.....	1,898	1,814	1,230	1,915	2,023	1,988	1,988	1,988
313	Office of Collective Barg.....	1,881	1,795	1,476	2,049	2,101	2,102	2,103	2,103
499	Community Boards (All).....	13,935	12,735	9,402	15,343	14,628	14,569	14,569	14,569
781	Department of Probation.....	82,134	81,326	55,303	87,841	81,363	76,292	75,795	75,795
801	Dept. Small Business Services.....	153,490	123,135	111,984	174,460	120,112	108,186	105,133	99,221
806	Housing Preservation & Dev.....	702,224	514,149	575,274	818,768	571,300	565,705	564,652	564,407
810	Department of Buildings.....	109,678	101,856	65,850	103,194	97,968	92,448	92,448	92,466
816	Dept Health & Mental Hygiene.....	1,712,206	1,597,866	1,317,012	1,713,898	1,558,317	1,563,282	1,558,822	1,559,982
819	Health and Hospitals Corp.....	289,592	88,900	39,878	113,891	171,616	197,594	197,665	197,665
820	Office of Admin Trials & Hearings,...	—	—	—	—	26,567	26,567	26,567	26,567
826	Dept of Environmental Prot.....	1,034,096	1,023,669	660,100	1,294,026	1,078,938	985,633	981,376	981,376
827	Department of Sanitation.....	1,258,215	1,299,374	964,802	1,320,117	1,346,384	1,364,263	1,388,054	1,444,373
829	Business Integrity Commission.....	6,273	7,146	4,567	7,098	7,285	7,230	7,230	7,230
836	Department of Finance.....	225,096	228,653	147,888	229,441	220,085	218,751	217,862	217,868
841	Department of Transportation.....	787,993	706,578	578,133	844,219	683,797	671,773	681,147	681,147
846	Dept of Parks and Recreation.....	379,594	345,908	258,578	380,060	307,499	304,038	304,581	304,741
850	Dept. of Design & Construction.....	102,108	106,822	72,110	106,537	106,592	106,496	106,547	106,571
856	Dept of Citywide Admin Srvces.....	1,092,350	1,182,325	1,029,211	1,110,028	1,153,458	1,102,395	1,108,571	1,108,571
858	D.O.I.T.T.....	370,043	356,750	266,043	383,401	359,320	343,994	343,278	343,278
860	Dept of Records & Info Serv.....	5,934	4,999	2,930	5,697	5,108	5,111	5,450	5,450
866	Department of Consumer Affairs.....	21,539	20,149	14,972	24,087	20,725	20,725	20,725	20,725
901	District Attorney - N.Y.....	96,920	82,628	68,224	94,147	77,050	76,034	76,034	76,034
902	District Attorney - Bronx.....	50,464	46,616	32,610	52,045	45,957	45,327	44,996	44,885
903	District Attorney - Kings.....	84,281	77,244	58,713	85,254	75,918	74,120	74,120	74,120
904	District Attorney - Queens.....	45,764	45,732	32,558	50,256	44,742	44,323	43,863	43,863
905	District Attorney - Richmond.....	8,305	7,578	5,260	8,505	7,491	7,348	7,199	7,199
906	Off. of Prosec. & Spec. Narc.....	17,679	16,118	12,533	18,505	16,748	16,351	16,351	16,351
941	Public Administrator - N.Y.....	1,147	1,155	941	1,268	1,156	1,156	1,156	1,156
942	Public Administrator - Bronx.....	508	424	269	499	425	425	425	425
943	Public Administrator- Brooklyn.....	492	526	367	605	526	526	526	526
944	Public Administrator - Queens.....	436	400	286	473	400	400	400	400
945	Public Administrator -Richmond.....	365	297	243	376	307	307	307	307
	Prior Payable Adjustment.....	(576,488)	—	—	(800,000)	—	—	—	—
	General Reserve.....	—	300,000	—	100,000	300,000	300,000	300,000	300,000
	Energy Adjustment.....	—	—	—	—	—	51,108	87,056	105,704
	Lease Adjustment.....	—	—	—	—	—	23,642	85,344	136,982
	OTPS Inflation Adjustment.....	—	—	—	—	—	55,519	111,038	166,557
	TOTAL EXPENDITURES.....	\$62,272,230	\$61,044,415	\$38,406,227	\$65,372,790	\$64,539,554	\$69,830,275	\$72,378,671	\$74,932,130
	LESS: INTRA-CITY EXPENDITURES.....	1,630,723	1,601,369	494,451	1,825,415	1,601,798	1,497,928	1,502,153	1,502,153
	NET TOTAL EXPENDITURES.....	\$60,641,507	\$59,443,046	\$37,911,776	\$63,547,375	\$62,937,756	\$68,332,347	\$70,876,518	\$73,429,977

EXHIBIT 3
ACTUAL REVENUE
(\$ in Millions)

	Fiscal Year 2006	Fiscal Year 2007	Fiscal Year 2008	Fiscal Year 2009
Taxes:				
Real Property	\$12,636	\$13,123	\$13,204	\$14,487
Personal Income.....	7,657	7,933	9,697	7,489
General Corporation	2,379	3,124	2,932	2,320
Banking Corporation.....	656	1,219	628	1,099
Unincorporated Business	1,308	1,670	1,852	1,785
Sales and Use.....	4,418	4,619	4,868	4,594
Commercial Rent	477	512	545	583
Real Property Transfer.....	1,295	1,723	1,408	742
Mortgage Recording	1,353	1,570	1,138	515
Utility	391	360	392	398
Cigarette.....	123	122	124	96
Hotel.....	296	326	379	342
All Other	447	456	418	475
Tax Audit Revenue.....	775	1,085	1,016	948
Total Taxes	34,211	37,842	38,601	35,873
Miscellaneous Revenues:				
Licenses, Franchises, Etc.	418	470	502	493
Interest Income	362	473	377	124
Charges for Services.....	606	613	638	687
Water and Sewer Charges.....	990	1,064	1,202	1,284
Rental Income	209	211	257	255
Fines and Forfeitures	724	741	830	802
Miscellaneous	553	671	1,238	981
Intra-City Revenue.....	1,396	1,387	1,477	1,631
Total Miscellaneous.....	5,258	5,630	6,521	6,257
Unrestricted Intergovernmental Aid:				
Federal Revenue Sharing.....	—	—	—	—
N.Y. State Per Capita Aid.....	327	20	242	327
Other Federal and State Aid	167	15	—	—
Total Unrestricted Intergovernmental Aid	494	35	242	327
Provision for Disallowance of Categorical Grants.....	(542)	(103)	(114)	—
Less Intra-City Revenue	(1,396)	(1,387)	(1,477)	(1,631)
Sub Total City Funds.....	38,025	42,017	43,773	40,826
Other Categorical Grants	1,150	1,037	1,090	1,280
Transfers from Capital Fund:				
Inter Fund Agreements	365	421	454	475
Total City Funds & Capital Budget Transfers.....	39,540	43,475	45,317	42,581
Federal Categorical Grants:				
Community Development.....	261	241	260	251
Social Services.....	2,181	2,429	2,619	2,758
Education	1,693	1,745	1,739	1,717
Other	1,108	1,056	1,074	1,215
Total Federal Grants	5,243	5,471	5,692	5,941
State Categorical Grants:				
Social Services.....	1,906	1,889	2,060	2,041
Education	6,702	7,145	8,011	8,648
Higher Education	153	165	174	178
Department of Health and Mental Hygiene.....	415	428	487	468
Other	410	559	689	789
Total State Grants	9,586	10,186	11,421	12,124
Total Revenues	\$54,369	\$59,132	\$62,430	\$60,646

EXHIBIT 4
REVENUE ESTIMATES
(\$ in Millions)

	Fiscal Year 2010 8 Months Actuals	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014
Taxes:						
Real Property	\$14,829	\$16,109	\$16,760	\$17,423	\$17,692	\$17,829
Personal Income	4,840	6,859	7,557	7,941	8,272	8,689
General Corporation	799	1,980	2,478	2,788	3,055	3,228
Banking Corporation	380	991	839	903	931	925
Unincorporated Business...	885	1,536	1,588	1,701	1,789	1,891
Sale and Use	3,181	4,992	5,145	5,357	5,667	5,980
Commercial Rent.....	296	593	566	563	572	583
Real Property Transfer	394	628	628	703	765	828
Mortgage Recording.....	250	385	455	547	633	726
Utility.....	197	378	383	398	412	425
Cigarette.....	54	94	92	90	88	86
Hotel	188	365	373	373	348	352
All Other	214	500	476	441	443	454
Tax Audit Revenue.....	507	890	622	621	620	620
Tax Program	—	(1)	(12)	(12)	(12)	(12)
State Tax Relief Program - STAR	407	910	942	980	1,055	1,055
Total Taxes	27,421	37,209	38,892	40,817	42,330	43,659
Miscellaneous Revenue:						
Licenses, Franchises, Etc.	303	474	481	485	486	488
Interest Income	15	22	48	105	139	159
Charges for Services.....	353	731	753	750	750	749
Water and Sewer Charges .	898	1,624	1,331	1,335	1,329	1,356
Rental Income.....	150	226	223	223	223	223
Fines and Forfeitures	553	841	846	823	822	822
Miscellaneous	316	783	592	489	486	481
Intra-City Revenue	406	1,825	1,602	1,498	1,502	1,502
Total Miscellaneous	2,994	6,526	5,876	5,708	5,737	5,780
Unrestricted Intergovernmental Aid:						
N.Y. State Per Capita Aid .	—	150	—	—	—	—
Other Federal and State Aid	—	21	14	12	12	12
Total Unrestricted Intergovernmental Aid:	—	171	14	12	12	12
Reserve for Disallowance of						
Categorical Grants	—	(15)	(15)	(15)	(15)	(15)
Less: Intra-City Revenue...	(406)	(1,825)	(1,602)	(1,498)	(1,502)	(1,502)
Sub Total City Funds.....	30,009	42,066	43,165	45,024	46,562	47,934
Other Categorical Grants	444	1,134	1,284	1,142	1,139	1,137
Inter Fund Agreements	213	583	558	493	492	492
Total City Funds & Inter-Fund Revenues	\$30,666	\$43,783	\$45,007	\$46,659	\$48,193	\$49,563

REVENUE ESTIMATES

(\$ in Millions)

	Fiscal Year 2010 8 Months Actuals	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014
Federal Categorical Grants:						
Community Development .	\$146	\$308	\$247	\$240	\$240	\$240
Social Services.....	1,356	3,060	2,744	2,713	2,684	2,683
Education.....	553	2,949	2,568	1,723	1,723	1,723
Other	325	1,876	1,132	1,014	993	986
Total Federal Grants.....	2,380	8,193	6,691	5,690	5,640	5,632
State Categorical Grants:						
Social Services.....	838	2,098	1,973	2,010	1,983	1,979
Education.....	4,546	8,081	7,979	8,803	8,957	9,285
Higher Education.....	55	206	220	220	220	220
Department of Health and Mental Hygiene.....	191	474	434	435	434	435
Other	140	712	634	732	822	912
Total State Grants.....	5,770	11,571	11,240	12,200	12,416	12,831
TOTAL REVENUE	\$38,816	\$63,547	\$62,938	\$64,549	\$66,249	\$68,026

EXHIBIT 5
FULL-TIME and PART-TIME POSITIONS (FTEs)

	12/31/2001		3/31/2010		6/30/2011	
	Actual [1] [4]		Actual		Executive Budget	
	Total	City	Total	City	Total	City
MAYORAL AGENCIES:						
<i>Uniformed Forces:</i>						
Police - Uniform	39,297	39,297	35,068	34,956	34,413	34,309
- Civilian	14,779	14,166	16,465	16,368	16,029	15,886
Fire - Uniform	11,120	11,113	11,163	11,140	10,401	10,374
- Civilian	4,495	4,491	4,939	4,903	4,873	4,863
Sanitation - Uniform	7,957	7,810	7,359	7,235	7,216	7,075
- Civilian	2,265	2,053	2,096	1,932	2,203	1,999
Correction - Uniform	10,617	9,874	8,916	8,194	8,576	8,576
- Civilian	1,603	1,488	1,443	1,374	1,689	1,689
<i>Subtotal</i>	<i>92,133</i>	<i>90,292</i>	<i>87,449</i>	<i>86,102</i>	<i>85,400</i>	<i>84,771</i>
<i>Health and Welfare:</i>						
Social Services	16,836	13,293	14,216	10,371	14,282	10,351
Admin. for Children's Services	8,286	8,232	6,051	5,996	6,651	6,486
Homeless Services	2,090	2,081	1,931	1,904	2,049	2,045
Health & Mental Hygiene	5,442	4,398	6,523	4,972	6,376	4,880
<i>Subtotal</i>	<i>32,654</i>	<i>28,004</i>	<i>28,721</i>	<i>23,243</i>	<i>29,358</i>	<i>23,762</i>
<i>Other Mayoral:</i>						
Housing Preservation and Development	2,720	645	2,476	582	2,623	617
Environmental Protection	5,760	376	5,983	207	6,095	227
Finance	2,685	2,685	1,944	1,944	2,112	2,100
Transportation	4,415	2,498	4,761	2,305	4,396	2,205
Parks	6,630	6,231	5,580	4,909	5,365	4,829
Citywide Administrative Services	1,879	1,296	2,514	1,692	2,280	1,455
All Other Mayoral	18,103	13,776	18,266	14,147	17,327	13,524
<i>Subtotal</i>	<i>42,192</i>	<i>27,507</i>	<i>41,524</i>	<i>25,786</i>	<i>40,198</i>	<i>24,957</i>
EDUCATION:						
Dept. of Education - Pedagogical [5]	112,810	95,407	111,300	96,345	106,924	91,149
- Civilian	25,442	22,174	25,027	22,674	24,458	22,269
City University - Pedagogical	4,273	4,273	5,791	5,791	5,354	5,349
- Civilian	2,300	2,299	2,825	2,825	2,238	2,238
<i>Sub-Total</i>	<i>144,825</i>	<i>124,153</i>	<i>144,943</i>	<i>127,635</i>	<i>138,974</i>	<i>121,005</i>
Total	<u>311,804</u>	<u>269,956</u>	<u>302,637</u>	<u>262,766</u>	<u>293,930</u>	<u>254,495</u>
COVERED ORGANIZATION AND NON-CITY EMPLOYEES SUBSTANTIALLY PAID BY CITY SUBSIDIES [2]:						
Health and Hospital Corp.	37,941	37,941	40,060	40,060	38,429	38,429
Housing Authority	14,863	—	11,310	—	11,891	—
Libraries	4,428	4,428	4,490	4,490	2,992	2,992
Cultural Institutions [3]	1,728	1,728	1,634	1,634	903	903
School Construction Authority	933	933	695	695	775	775
New York City Employees Retirement System	368	368	400	400	384	384
Economic Development Corporation	344	344	423	423	415	415
Teachers Retirement System	308	308	367	367	395	395
Police Pension Fund	66	66	146	146	131	131
All Other	155	155	238	233	230	225
<i>Sub-total</i>	<i>61,134</i>	<i>46,271</i>	<i>59,763</i>	<i>48,448</i>	<i>56,545</i>	<i>44,649</i>
Total	<u>372,938</u>	<u>316,227</u>	<u>362,400</u>	<u>311,214</u>	<u>350,475</u>	<u>299,144</u>

[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 2011 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 2011 EXECUTIVE BUDGET
CITY GAP CLOSING PROGRAM — 5 YEAR VALUE
(City \$ in 000's)

	2010	2011	2012	2013	2014
MAYORAL AGENCIES:					
<i>Uniformed Forces:</i>					
Police	\$2,200	\$46,775	\$109,137	\$138,448	\$139,623
Fire	4,322	29,382	40,888	43,745	46,227
Correction	21,441	71,261	72,936	73,384	73,926
Sanitation	29,031	88,605	88,604	58,063	1,016
<i>Health and Welfare:</i>					
Administration for Children's Services	31,211	83,174	66,415	64,943	65,048
Social Services	41,046	75,159	75,495	74,680	74,929
Homeless Services	8,593	24,517	28,067	28,111	28,166
Youth and Community Development	9,435	18,389	18,729	18,729	18,729
Health and Mental Hygiene	16,198	49,339	47,984	48,205	48,602
<i>Other Mayoral:</i>					
Housing Preservation and Development . . .	2,461	6,972	7,340	7,807	8,095
Finance	9,182	32,268	32,591	32,641	32,703
Transportation	22,195	60,724	50,353	36,612	36,705
Parks and Recreation	6,244	45,001	38,087	38,052	38,191
Citywide Administrative Services	17,749	29,945	25,580	22,750	20,302
Other	141,183	219,231	173,484	197,637	211,180
MAJOR ORGANIZATIONS:					
Department of Education	113,182	317,124	316,824	316,824	316,824
City University	9,464	21,775	21,775	21,775	21,775
Health and Hospitals Corporation	3,438	11,654	11,052	11,058	5,716
OTHER:					
Miscellaneous	—	4,397	6,208	6,208	6,208
Procurement Savings	—	55,519	55,519	55,519	55,519
Total Agency Programs	\$488,575	\$1,291,211	\$1,287,068	\$1,295,191	\$1,249,484
State School Funding Loss	\$—	\$492,920	\$—	\$—	\$—
Grand Total Including					
Loss in State School Funding	\$488,575	\$1,784,131	\$1,287,068	\$1,295,191	\$1,249,484

Technical Note: 1) Gap closing program includes initiatives from the May 6, 2010 Executive Budget and the January 28, 2010 Preliminary Budget.

EXHIBIT 6A
FY 2011 EXECUTIVE BUDGET
CITY GAP CLOSING PROGRAM - 5 YEAR VALUE
(City \$ in 000's)

	2010	2011	2012	2013	2014
OTHER:					
Mayoralty	\$12,895	\$6,442	\$4,076	\$4,076	\$4,076
Board of Elections	—	1,000	1,000	1,000	1,000
Campaign Finance Board	20,655	—	—	—	—
Emergency Management	766	807	807	807	807
Administrative Tax Appeals	115	700	700	700	700
Law Department	12,464	9,500	6,000	9,000	9,000
City Planning	705	1,198	1,096	1,036	1,048
Investigation	1,098	1,431	1,501	1,514	1,531
New York Research Library	1,124	2,390	2,390	2,390	2,390
New York Public Library	4,743	11,587	11,587	11,587	11,587
Brooklyn Public Library	3,561	8,702	8,702	8,702	8,702
Queens Borough Public Library	3,489	8,489	8,489	8,489	8,489
Civilian Complaint Review Board	458	974	978	987	999
Board of Correction	47	—	—	—	—
Pensions	—	—	—	19,391	30,226
City Clerk	300	649	649	649	649
Department for the Aging	6,100	14,512	14,512	14,512	14,512
Cultural Affairs	6,367	14,848	14,848	14,848	14,848
FISA	2,016	8,224	2,121	2,125	2,130
Juvenile Justice	5,985	17,690	14,818	14,920	15,023
Payroll Administration	14,284	343	—	—	—
Landmarks Preservation	—	768	404	404	404
Taxi & Limousine Commission	1,444	4,034	978	980	982
Human Rights	96	201	201	201	201
Conflicts of Interest	89	58	58	58	58
Probation	2,614	9,088	8,639	8,685	8,742
Small Business Services	3,613	7,864	8,057	7,913	8,292
Department of Buildings	1,840	12,129	12,355	12,373	12,393
Environmental Protection	737	2,261	2,329	2,515	2,520
Business Integrity Commission	520	907	866	864	858
Design and Construction	372	504	684	867	1,047
DOITT	16,197	24,351	23,876	25,211	27,046
DORIS	110	—	—	—	—
Department of Consumer Affairs	1,811	2,477	2,477	2,477	2,477
PA - Queens	425	246	—	—	—
Subtotal	\$127,040	\$174,374	\$155,198	\$179,281	\$192,737
OTHER ELECTED:					
BP - Manhattan	\$206	\$428	\$428	\$428	\$428
BP - Bronx	260	603	603	603	603
BP - Brooklyn	260	554	554	554	554
BP - Queens	217	497	497	497	497
BP - Staten Island	183	415	415	415	415
Comptroller	641	7,584	7,584	7,584	7,584
Public Advocate	—	256	256	256	256
DA - Manhattan	3,817	10,382	2,338	2,358	2,383
DA - Bronx	2,173	6,382	1,449	1,464	1,482
DA - Brooklyn	3,205	8,967	2,161	2,179	2,202
DA - Queens	2,097	5,802	1,295	1,306	1,319
DA - Staten Island	354	969	247	249	252
Prosec. & Spec. Narc.	730	2,018	459	463	468
Subtotal	\$14,143	\$44,857	\$18,286	\$18,356	\$18,443
Total Other	\$141,183	\$219,231	\$173,484	\$197,637	\$211,180

Technical Note: 1) Gap closing program includes initiatives from the May 6, 2010 Executive Budget and the January 28, 2010 Preliminary Budget.

EXHIBIT 6B
FY 2011 EXECUTIVE BUDGET
CITY GAP CLOSING PROGRAM — BY EXPENSE AND REVENUE
(City \$ in 000's)

	Expense	Revenue	Total
MAYORAL AGENCIES:			
<i>Uniformed Forces:</i>			
Police	\$46,775	\$—	\$46,775
Fire	27,162	2,220	29,382
Correction	71,261	—	71,261
Sanitation	88,605	—	88,605
<i>Health & Welfare:</i>			
Administration for Children's Services	83,174	—	83,174
Social Services	75,159	—	75,159
Homeless Services	24,517	—	24,517
Youth and Community Development	18,389	—	18,389
Health and Mental Hygiene	49,031	308	49,339
<i>Other Mayoral:</i>			
Housing Preservation and Development	4,036	2,936	6,972
Finance	6,268	26,000	32,268
Transportation	43,991	16,733	60,724
Parks and Recreation	45,001	—	45,001
Citywide Administrative Services	14,769	15,176	29,945
Other	204,132	15,099	219,231
MAJOR ORGANIZATIONS:			
Department of Education	317,124	—	317,124
City University	21,775	—	21,775
Health and Hospitals Corporation	3,445	8,209	11,654
OTHER:			
Miscellaneous	4,397	—	4,397
Procurement Savings	55,519	—	55,519
Total Agency Programs	\$1,204,530	\$86,681	\$1,291,211
State School Funding Loss	\$492,920	\$—	\$492,920
Grand Total Including Loss in State School Funding .	\$1,697,450	\$86,681	\$1,784,131

Technical Note: 1) Gap closing program includes initiatives from the May 6, 2010 Executive Budget and the January 28, 2010 Preliminary Budget.

EXHIBIT 7
AMERICAN RECOVERY RE-INVESTMENT ACT
FEDERAL STIMULUS FUNDING IN THE EXECUTIVE BUDGET

FUNDING APPROPRIATED IN EXPENSE BUDGET

PROGRAM	AGENCY	2009 Actual	2010	2011	2012	2013
<i>COMMUNITY DEVELOPMENT</i>						
Single Adult Services	Homeless Services	\$—	\$5,689,013	\$—	\$—	\$—
Code Violation Removal in Schools	DOE	—	10,000,000	—	—	—
Neighborhood Improvement Program	Social Services . .	—	1,170,000	—	—	—
Fringe Benefits for ARRA Funded Staff	Misc. Budget . . .	—	2,706,993	—	—	—
Neighborhood Preservation Offices	HPD	—	3,200,000	—	—	—
Emergency Demolition Program	HPD	—	3,384,203	—	—	—
Emergency Repair Program	HPD	—	21,375,610	—	—	—
Graffiti Removal in Parks and Playgrounds	PARKS	—	289,364	—	—	—
Charlton Garden Retaining Wall Restoration	PARKS	—	500,000	—	—	—
<i>Subtotal Community Development</i>		<u>\$—</u>	<u>\$48,315,183</u>	<u>\$—</u>	<u>\$—</u>	<u>\$—</u>
<i>EDUCATION</i>						
State Fiscal Stabilization Fund (SFSF)	DOE	—	\$555,085,625	\$227,170,247	\$—	\$—
State Fiscal Stabilization Fund (SFSF): Pre-K	DOE	—	97,260,106	106,384,691	—	—
Title 1 Grants	DOE	—	353,858,919	353,858,919	—	—
State Fiscal Stabilization Fund (SFSF):						
Teacher Center	DOE	—	14,713,214	—	—	—
SFSF: Mentor Teacher Internship Program	DOE	—	886,000	—	—	—
National School Lunch Program	DOE	—	2,126,865	—	—	—
Special Education (IDEA)	DOE	—	158,301,679	158,301,679	—	—
Special Education (IDEA): Pre-School	DOE	—	7,295,763	7,295,763	—	—
McKinney-Vento School Improvement Programs	DOE	—	4,936,367	—	—	—
<i>Subtotal Education</i>		<u>\$—</u>	<u>\$1,194,464,538</u>	<u>\$853,011,299</u>	<u>\$—</u>	<u>\$—</u>
<i>CITY UNIVERSITY EDUCATION</i>						
<i>STABILIZATION FUND</i>	CUNY	—	13,730,000	—	—	—
<i>NEIGHBORHOOD STABILIZATION</i>						
Homelessness Prevention and Rapid						
Re-Housing Program	DHS & Multiple	—	\$33,638,924	\$21,348,720	\$5,048,241	\$—
Tax Credit Assistance Program	HPD	46,800,000	38,200,000	—	—	—
Volunteers in Service for America (VISTA)	Mayoralty	—	233,000	—	—	—
<i>Subtotal Neighborhood Stabilization</i>		<u>\$46,800,000</u>	<u>\$72,071,924</u>	<u>\$21,348,720</u>	<u>\$5,048,241</u>	<u>\$—</u>
<i>HEALTH AND SOCIAL SUPPORT</i>						
Child Care and Development Block Grant	ACS	—	\$27,940,783	\$—	\$—	\$—
Head Start	ACS	—	10,615,027	—	—	—
IVE Foster Care	ACS	10,476,869	14,272,000	14,514,892	—	—
IVE Adoption	ACS	3,787,541	5,305,357	5,659,874	—	—
Senior Nutrition Programs: Congregate Meals	DFTA	—	1,903,336	—	—	—
Senior Nutrition Programs:						
Home Delivered Meals	DFTA	—	936,600	—	—	—
Child Support Incentive Fund	Social Services . .	5,576,874	14,855,000	—	—	—
TANF ECF Subsidized Jobs	Social Services . .	—	9,104,852	3,034,950	—	—
Supplemental Nutrition Assistance	Social Services . .	7,660,311	—	—	—	—
TANF ECF Back to School Assistance	Social Services . .	—	81,443,040	—	—	—
Community Services Block Grant	DYCD	—	34,733,161	15,749,591	—	—
Early Intervention Program	DOHMH	—	3,357,414	—	—	—
Immunization and Vaccination Programs	DOHMH	—	2,837,342	90,275	—	—
<i>Subtotal Health and Social Support</i>		<u>\$27,501,595</u>	<u>\$207,303,912</u>	<u>\$39,049,582</u>	<u>\$—</u>	<u>\$—</u>
<i>ECONOMIC AND WORKFORCE DEVELOPMENT</i>						
Senior Community Service Employment Program	DFTA	\$29,700	\$1,301,054	\$—	\$—	\$—
WIA-Youth	DYCD	548,092	28,474,157	—	—	—
WIA-Administration	DYCD	32,584	1,742,415	1,449,695	—	—
WIA-Adults	SBS	326,877	12,092,606	2,818,067	—	—
WIA-Dislocated Worker	SBS	97,125	16,440,308	—	—	—
<i>Subtotal Economic and Workforce Development</i>		<u>\$1,034,378</u>	<u>\$60,050,540</u>	<u>\$4,267,762</u>	<u>\$—</u>	<u>\$—</u>

EXHIBIT 7
AMERICAN RECOVERY RE-INVESTMENT ACT
FEDERAL STIMULUS FUNDING IN THE EXECUTIVE BUDGET

FUNDING APPROPRIATED IN EXPENSE BUDGET

PROGRAM	AGENCY	2009 Actual	2010	2011	2012	2013
<i>COBRA EMPLOYEE BENEFITS</i>	Misc (098)	\$—	\$6,000,000	\$2,500,000	\$—	\$—
<i>PUBLIC SAFETY</i>						
911 Operator	NYPD	\$—	\$2,486,592	\$—	\$—	\$—
e-Arrestment	DoITT	—	445,450	410,050	—	—
Midtown and Red Hook Community Courts ...	SBS	—	587,000	587,000	587,000	587,000
Byrne Competitive: Forensic & Crime Scene Information	OCME	—	411,278	492,937	81,660	—
Byrne Competitive: Supervision & Community Reintegration	Probation	—	5,083,653	1,545,035	—	—
Byrne Competitive: Real Time Correction Intelligence Center	DOC	—	361,906	—	—	—
District Attorney's Offices	DA-Multiple	—	1,281,825	2,519,995	1,051,032	111,496
CJC Programs	Mayoralty	—	3,680,983	2,723,589	—	—
Fire Investigation Bureau	FDNY	—	2,000,000	2,000,000	—	—
Port Security Grant Program	FDNY	—	2,766,640	—	—	—
Institute of Development	DOC	—	3,507,040	3,345,790	66,464	—
Rockefeller Drug Law Reform	Probation	—	1,517,050	1,961,950	497,000	—
Transit Security Grant Program	NYPD	—	5,145,199	12,398,074	11,785,939	6,574,788
<i>Subtotal Public Safety</i>		<u>\$—</u>	<u>\$29,274,616</u>	<u>\$27,984,420</u>	<u>\$14,069,095</u>	<u>\$7,273,284</u>
<i>INFRASTRUCTURE</i>						
Ferry Transit and Maintenance	DOT	—	14,742,876	10,072,876	10,072,876	—
<i>Subtotal Infrastructure</i>		<u>\$—</u>	<u>\$14,742,876</u>	<u>\$10,072,876</u>	<u>\$10,072,876</u>	<u>\$—</u>
<i>ENERGY EFFICIENCY</i>						
Solar America Cities	SBS	\$—	\$932,508	\$—	\$—	\$—
Energy Efficiency and Conservation Block Grant	DCAS	—	2,880,440	49,878,912	1,200,000	—
<i>Subtotal Energy Efficiency</i>		<u>\$—</u>	<u>\$3,812,948</u>	<u>\$49,878,912</u>	<u>\$1,200,000</u>	<u>\$—</u>
<i>ADDITIONAL PROGRAMS</i>						
Build America Bonds / TFA Bonds	Debt Service	—	15,566,264	61,876,893	63,948,241	63,948,241
<i>Subtotal Additional Program</i>		<u>\$—</u>	<u>\$15,566,264</u>	<u>\$61,876,893</u>	<u>\$63,948,241</u>	<u>\$63,948,241</u>
<i>TOTAL EXPENSE BUDGET</i>		<u>\$75,335,973</u>	<u>\$1,665,332,801</u>	<u>\$1,069,990,464</u>	<u>\$94,338,453</u>	<u>\$71,221,525</u>

BUDGET RELIEF

PROGRAM	AGENCY	2009	2010	2011	2012	2013
MEDICAID - FMAP*	Social Services ..	\$458,512,458	\$662,769,934	\$856,488,783	\$394,639,695	\$422,448,716

* City funds removed from expense budget. The cost has been shifted to federal programs. Includes a two-quarter extension of the increased Federal participation in Medicaid, which is pending in Congress.

EXHIBIT 7
AMERICAN RECOVERY RE-INVESTMENT ACT
FEDERAL STIMULUS FUNDING IN THE EXECUTIVE BUDGET

CAPITAL FUNDING

PROGRAM	AGENCY	2009	2010	2011	2012	2013
<i>SCHOOL TAX CREDIT BONDS</i>	Education	\$—	\$398,000,000	\$624,000,000	\$516,000,000	\$162,000,000
<i>OTHER CAPITAL PROGRAMS</i>						
Reconstruction of Digesters @ Hunts Point	DEP	\$—	\$35,366,000	\$—	\$—	\$—
Newtown Creek - Sludge Loading Docks	DEP	—	84,227,000	—	—	—
Reconstruction of Boiler System @ Port Richmond	DEP	—	27,011,000	—	—	—
Paerdegat Basin Natural Area Park Ecological Restoration	DEP	—	14,638,000	—	—	—
26th Ward: Emergency Generators	DEP	—	32,465,000	—	—	—
Reconstruction of Substation at Oakwood Beach	DEP	—	8,110,000	—	—	—
Replacement of Primary Sludge System at Wards Island	DEP	—	15,705,000	—	—	—
Greenstreets: Staten Island, the Bronx and Queens	DPR	—	2,000,000	—	—	—
Brooklyn Bridge (#6) Bk Appr's, Main Span & Paint	DOT	—	30,000,000	—	—	—
Recon Pier at Ferry Maintenance Facility	DOT	—	—	4,000,000	—	—
Drydock Austen Class Ferry Boats	DOT	—	—	—	—	—
Drydock Molinari Ferry Boats	DOT	—	5,522,000	1,745,000	—	—
Recon & Drydocking of Barberi Class Ferry Boats	DOT	2,213,000	—	2,350,000	—	—
Bruckner Expressway / Bronx River - Painting .	DOT	—	3,500,000	—	—	—
Comp Rehab Construction	DOT	—	2,500,000	—	—	—
Component Rehab of Greenpoint Ave Br / Newtown Creek	DOT	—	2,500,000	—	—	—
Wards Island Pedestrian Br / Harlem River 2-24062-0	DOT	—	1,500,000	—	—	—
Reconstruction of Ramps @ St. George Terminals - SI	DOT	174,446,000	554,000	—	—	—
<i>Subtotal Other Capital Programs</i>		<u>\$176,659,000</u>	<u>\$265,598,000</u>	<u>\$8,095,000</u>	<u>\$—</u>	<u>\$—</u>
<i>TOTAL CAPITAL BUDGET</i>		<u>\$176,659,000</u>	<u>\$663,598,000</u>	<u>\$632,095,000</u>	<u>\$516,000,000</u>	<u>\$162,000,000</u>

EXHIBIT 8
Financial Summary Comparison — FY 2005 - FY 2011
Includes TFA Retention of PIT and TFA Debt Service
(\$ in Millions)

	FY 2005*	FY 2006*	FY 2007*	FY 2008*	FY 2009*	FY 2010**	FY2011***
<i>Revenues</i>							
<i>Taxes:</i>							
General Property Tax	\$11,464	\$12,471	\$12,958	\$13,062	\$14,338	\$16,109	\$16,760
Other Taxes	18,402	20,368	23,586	23,586	19,678	19,120	20,329
TFA Retention of PIT	897	947	898	1,101	1,047	1,090	1,181
Tax Audits Revenues.....	600	775	1,085	1,016	948	890	622
Subtotal Taxes.....	\$31,363	\$34,561	\$38,527	\$38,765	\$36,011	\$37,209	\$38,892
Miscellaneous Revenues.....	6,353	5,258	5,630	6,521	6,258	6,526	5,876
Unrestricted Intergovernmental Aid.....	603	494	35	242	327	171	14
Less: Intra-City Revenue.....	(1,279)	(1,396)	(1,387)	(1,477)	(1,631)	(1,825)	(1,602)
Disallowances	(87)	(542)	(103)	(114)	—	(15)	(15)
Subtotal City Funds.....	\$36,953	\$38,375	\$42,702	\$43,937	\$40,965	\$42,066	\$43,165
Other Categorical Grants	862	1,150	1,037	1,089	1,279	1,134	1,284
Inter-Fund Revenues.....	346	365	421	455	475	583	558
Total City, Capital IFA & Oth. Cat. Funds	\$38,161	\$39,890	\$44,160	\$45,481	\$42,719	\$43,783	\$45,007
Federal Categorical Grants.....	6,654	5,243	5,471	5,692	5,941	8,193	6,691
State Categorical Grants.....	8,823	9,586	10,186	11,421	12,124	11,571	11,240
Total Revenues	\$53,638	\$54,719	\$59,817	\$62,594	\$60,784	\$63,547	\$62,938
<i>Expenditures</i>							
Personal Service	\$26,885	\$28,136	\$30,262	\$32,643	\$34,732	\$36,526	\$36,670
Retiree Health Benefits Trust.....	—	1,000	1,500	—	—	(82)	(395)
Other Than Personal Service	22,085	22,276	22,978	25,019	25,484	26,096	25,775
General Obligation, Lease and MAC....	3,239	3,379	3,606	3,700	3,644	3,909	4,281
TFA Debt Service.....	897	947	898	1,101	1,047	1,090	1,181
General Obligation & TFA Debt							
Defeasances (Net).....	200	150	1,106	1,568	(675)	(2,726)	—
Net Impact of Discretionary Transfers...	\$1,606	\$222	\$849	\$35	(\$1,822)	\$459	(\$3,272)
General Reserve	—	—	—	—	—	100	300
	\$54,912	\$56,110	\$61,199	\$64,066	\$62,410	\$65,372	\$64,540
Less: Intra-City Expenditures.....	(1,279)	(1,396)	(1,387)	(1,477)	(1,631)	(1,825)	(1,602)
Total Expenditures	\$53,633	\$54,714	\$59,812	\$62,589	\$60,779	\$63,547	\$62,938
Surplus/(Deficit) GAAP Basis	\$5	\$5	\$5	\$5	\$5	\$—	\$—

The above lines for TFA retention of PIT and TFA debt service have been adjusted to exclude the impact of prepayments and debt defeasances for comparability purposes.

Actual TFA retention of PIT and TFA debt service are:	\$497	\$350	\$685	\$164	\$138	n/a	n/a
--	-------	-------	-------	-------	-------	-----	-----

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

** Forecast

*** Executive Budget