

The City of New York
Executive Budget
Fiscal Year 2013

Michael R. Bloomberg, Mayor

Office of Management and Budget
Mark Page, Director

Message of the Mayor

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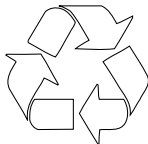
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May 3, 2012

Message of
the Mayor

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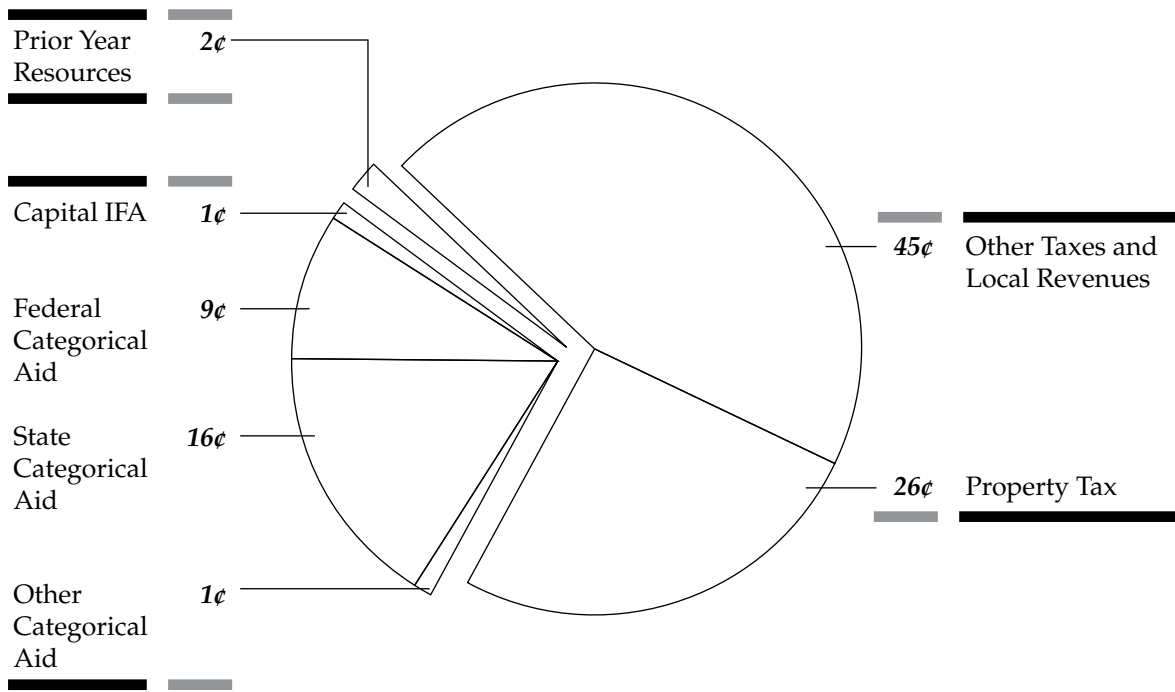


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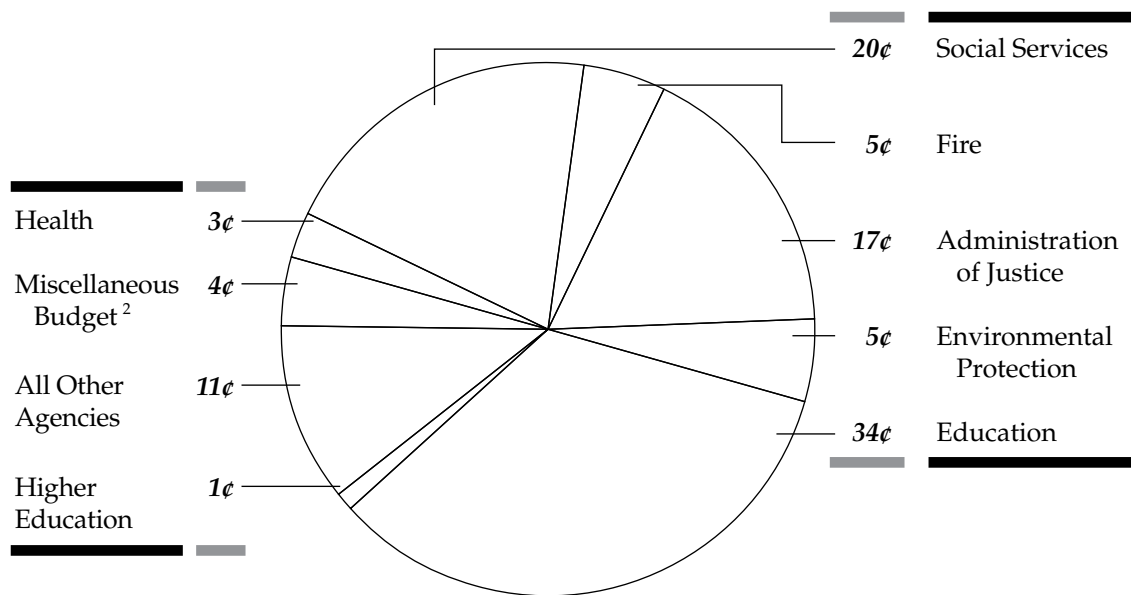


Budget and Financial Plan Summary

Where the 2013 Dollar Comes From



Where the 2013 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 2013 Executive Expense Budget is \$68.7 billion. This is the thirty-third 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 2012 and 2013 by \$2.2 billion. Baseline tax revenue is projected to increase by \$1.5 billion.
- Controllable Agency Expenses decrease by \$110 million or 0.5% from fiscal years 2012 to 2013 after implementation of the agency PEG program.
- The agency PEG program totals \$464 million and \$1.0 billion in fiscal years 2012 and 2013, respectively.
- Debt Service increases by \$591 million or 11.4% between fiscal years 2012 and 2013 while Non-Controllable Expenses increase by \$1.3 billion or 6.1% over this period. The increase in Non-Controllable Expenses includes \$653 million for Pensions and Fringe Benefits.
- The above actions leave the City with a forecast Operating Deficit of \$1.6 billion in fiscal year 2013 that is balanced using \$1.7 billion of surplus funds accumulated in prior years, with the remaining \$124 million used to reduce the gap in fiscal year 2014. The forecast gaps for fiscal years 2014 through 2016 are \$3.0 billion, \$3.7 billion, and \$3.2 billion, respectively.

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

City Revenue and Expense
(\$ in Millions)

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Revenues	\$47,055	\$49,248	\$49,718	\$51,715	\$53,678
Year-to-Year		\$2,193	\$470	\$1,997	\$1,963
Change:		4.7%	1.0%	4.0%	3.8%
Expenses ¹					
Controllable Agency Expenses	\$22,676	\$22,566	\$23,004	\$23,325	\$23,750
Year-to-Year		(\$110)	\$438	\$321	\$425
Change:		(0.5%)	1.9%	1.4%	1.8%
Debt Service	\$5,167	\$5,758	\$6,499	\$6,875	\$7,157
Year-to-Year		\$591	\$741	\$376	\$282
Change:		11.4%	12.9%	5.8%	4.1%
Non-Controllable Expenses ²	\$21,226	\$22,528	\$23,383	\$25,195	\$25,922
Year-to-Year		\$1,302	\$855	\$1,812	\$727
Change:		6.1%	3.8%	7.7%	2.9%
Total Expenses	\$49,069	\$50,852	\$52,886	\$55,395	\$56,829
Year-to-Year		\$1,783	\$2,034	\$2,509	\$1,434
Change:		3.6%	4.0%	4.7%	2.6%
Operating Results- Surplus/(Deficit)	(\$2,014)	(\$1,604)	(\$3,168)	(\$3,680)	(\$3,151)
Current Year Roll - (Cost)	(\$1,728)	(\$124)	\$ —	\$ —	\$ —
Prior Year Roll - Benefit	\$3,742	\$1,728	\$124	\$ —	\$ —
Net Impact of Surplus Roll	\$2,014	\$1,604	\$124	\$ —	\$ —
Gap to be Closed	\$ —	\$ —	(\$3,044)	(\$3,680)	(\$3,151)

1 Excludes the impact of prepayments.

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

Financial Summary — FY 2007 - FY 2013
(\$ in Millions)

	FY 2007 ¹	FY 2008 ¹	FY 2009 ¹	FY 2010 ¹	FY 2011 ¹	FY 2012 ²	FY 2013 ³
<i>Revenues</i>							
Taxes:							
General Property Tax.....	\$12,958	\$13,062	\$14,338	\$16,184	\$16,868	\$17,902	\$18,354
Other Taxes ⁴	24,484	24,687	20,725	20,248	22,494	23,486	24,503
Tax Audit Revenues	1,085	1,016	948	769	988	700	724
Subtotal Taxes	\$38,527	\$38,765	\$36,011	\$37,201	\$40,350	\$42,088	\$43,581
Miscellaneous Revenues.....	5,630	6,521	6,258	6,472	6,239	6,747	7,278
Unrestricted Intergovernmental Aid	35	242	327	(18)	39	25	—
Less: Intra-City Revenue.....	(1,387)	(1,477)	(1,631)	(1,782)	(1,851)	(1,790)	(1,596)
Disallowances	(103)	(114)	—	—	(112)	(15)	(15)
Subtotal City Funds	\$42,702	\$43,937	\$40,965	\$41,873	\$44,665	\$47,055	\$49,248
Other Categorical Grants	1,038	1,089	1,279	1,579	1,523	1,036	923
Inter-Fund Revenues.....	421	455	475	583	561	555	538
Federal Categorical Grants	5,471	5,692	5,941	7,716	7,877	7,666	6,595
State Categorical Grants	10,185	11,421	12,124	11,645	11,255	11,312	11,413
Total Revenues	<u>\$59,817</u>	<u>\$62,594</u>	<u>\$60,784</u>	<u>\$63,396</u>	<u>\$65,881</u>	<u>\$67,624</u>	<u>\$68,717</u>
<i>Expenditures</i>							
Personal Service.....	\$30,262	\$32,643	\$34,732	\$35,316	\$36,299	\$37,953	\$38,332
Retiree Health Benefits Trust	1,500	—	—	(82)	(395)	(672)	(1,000)
Other Than Personal Service	22,978	25,019	25,484	26,828	26,787	28,484	28,156
Debt Service ⁴	4,504	4,801	4,691	5,004	4,940	5,623	6,129
Net Impact of Debt Defeasances ...	1,106	1,568	(675)	(2,726)	—	—	—
Net Impact of							
Discretionary Transfers	849	35	(1,822)	833	96	(2,014)	(1,604)
General Reserve.....	—	—	—	—	—	40	300
Subtotal	\$61,199	\$64,066	\$62,410	\$65,173	\$67,727	\$69,414	\$70,313
Less: Intra-City Expenditures	(1,387)	(1,477)	(1,631)	(1,782)	(1,851)	(1,790)	(1,596)
Total Expenditures.....	<u>\$59,812</u>	<u>\$62,589</u>	<u>\$60,779</u>	<u>\$63,391</u>	<u>\$65,876</u>	<u>\$67,624</u>	<u>\$68,717</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 Adjusted to include TFA retention of PIT and TFA debt service in FY 2009 and prior.

The City's Executive Budget Financial Plan sets forth projected revenues and expenditures on a GAAP basis for fiscal years 2013 through 2016. 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 2013	FY 2014	FY 2015	FY 2016
<i>Revenues</i>				
Taxes:				
General Property Tax	\$18,354	\$18,956	\$19,617	\$20,259
Other Taxes.....	24,503	25,445	26,799	28,022
Tax Audit Revenue.....	724	706	706	706
Subtotal – Taxes	\$43,581	\$45,107	\$47,122	\$48,987
Miscellaneous Revenues	7,278	6,221	6,206	6,309
Unrestricted Intergovernmental Aid.....	—	—	—	—
Less: Intra-City Revenues	(1,596)	(1,595)	(1,598)	(1,603)
Disallowances Against Categorical Grants ..	(15)	(15)	(15)	(15)
Subtotal City Funds	\$49,248	\$49,718	\$51,715	\$53,678
Other Categorical Grants.....	923	919	916	902
Inter-Fund Revenues	538	510	509	509
Federal Categorical Grants.....	6,595	6,473	6,373	6,372
State Categorical Grants.....	11,413	11,713	12,119	12,628
Total Revenues	<u>\$68,717</u>	<u>\$69,333</u>	<u>\$71,632</u>	<u>\$74,089</u>
<i>Expenditures</i>				
Personal Service				
Salaries and Wages.....	\$21,735	\$21,959	\$22,192	\$22,554
Pensions	8,145	8,181	8,084	8,166
Fringe Benefits	8,452	9,043	9,647	10,323
Retiree Health Benefits Trust	(1,000)	(1,000)	—	—
Subtotal – Personal Service.....	\$37,332	\$38,183	\$39,923	\$41,043
Other Than Personal Service				
Medical Assistance	\$6,283	\$6,366	\$6,447	\$6,416
Public Assistance	1,274	1,279	1,279	1,279
All Other ¹	20,599	21,169	21,789	22,355
Subtotal – Other Than Personal Service	\$28,156	\$28,814	\$29,515	\$30,050
General Obligation, Lease and				
TFA Debt Service ^{1,2}	6,129	6,799	7,172	7,450
FY 2012 Budget Stabilization &				
Discretionary Transfers ¹	(1,728)	—	—	—
FY 2013 Budget Stabilization ²				
General Reserve.....	300	300	300	300
Subtotal	\$70,313	\$73,972	\$76,910	\$78,843
Less: Intra-City Expenses.....	(1,596)	(1,595)	(1,598)	(1,603)
Total Expenditures.....	<u>\$68,717</u>	<u>\$72,377</u>	<u>\$75,312</u>	<u>\$77,240</u>
Gap To Be Closed	\$—	(\$3,044)	(\$3,680)	(\$3,151)

1. Fiscal Year 2012 Budget Stabilization and Discretionary Transfers total \$1.728 billion, including GO of \$1.664 billion and subsidies of \$64 million.

2. Fiscal Year 2013 Budget Stabilization totals \$124 million.

When the 2012 budget was adopted in June 2011, budget gaps of \$4.6 billion, \$4.8 billion and \$4.9 billion were projected for 2013, 2014 and 2015 respectively. The following table details how expenses and revenues have changed from the June 2011 Plan through the 2013 Executive Budget Plan.

Financial Plan Update
(Increase Gap) / Decrease Gap
City Funds (\$ in Millions)

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Gap to be Closed — June 2011 Plan.....	\$ —	(\$4,632)	(\$4,844)	(\$4,922)	(\$4,922)
Revenue Changes — Increase / (Decrease)					
Tax Revenue	\$39	\$83	\$467	\$706	\$2,570
CityTime Settlement	466	—	—	—	—
Non-Tax Revenue	15	130	15	(22)	74
Subtotal Revenue Changes.....	\$520	\$213	\$482	\$684	\$2,644
Expense Changes — Increase / (Decrease)					
Pensions	(\$417)	(\$417)	(\$259)	(\$602)	(\$520)
Retiree Health Benefits Trust Fund	—	(1,000)	(1,000)	—	—
Debt Service.....	(58)	(252)	(66)	(37)	215
Reserve for Claims from Past Periods.....	(500)	—	—	—	—
General Reserve	(260)	—	—	—	—
HIP Rate Savings.....	(2)	(42)	(46)	(51)	(55)
Judgments and Claims	10	50	50	25	25
Other Agency Expenses.....	483	858	744	726	1,736
Subtotal Expense Changes.....	(\$744)	(\$803)	(\$577)	\$61	\$1,401
Remaining Gap to be Closed	\$1,264	(\$3,616)	(\$3,785)	(\$4,299)	(\$3,679)
Gap Closing Actions					
Agency Gap Closing Program	\$464	\$1,012	\$617	\$619	\$528
Taxi Medallion Sale.....	—	1,000	—	—	—
Subtotal Gap Closing Actions.....	\$464	\$2,012	\$617	\$619	\$528
FY 2012 Prepayment of FY 2013 Expenses..	(\$1,728)	\$1,728	\$ —	\$ —	\$ —
FY 2013 Prepayment of FY 2014 Expenses..	\$ —	(\$124)	\$124	\$ —	\$ —
Gap to be Closed — May 2012 Plan	\$ —	\$ —	(\$3,044)	(\$3,680)	(\$3,151)

CONTRACT BUDGET

The Contract Budget is presented as part of the 2013 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 2013 Executive Contract Budget contains an estimated 17,171 contracts totaling over \$10.64 billion. Approximately 81 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 \$1.51 billion in contracts, approximately 71 percent of which represents contracts allocated for Children’s Charitable Institutions (\$460 million) and Day Care (\$615 million). Of the over \$4.81 billion in Department of Education contracts, approximately 24 percent is allocated for pupil transportation contracts (\$1.17 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 2012 Modified Budget condition for these contract object codes.

Agencies in preparing their contract budgets were requested to categorize their contracts into 51 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.....	4,505	\$3,913	36.8%
• 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	1,361	3,657	34.4%
• (including Transportation of Pupils and Payments to Contract Schools)			
Other Services.....	3,040	942	8.8%
• Custodial, Security Services, Secretarial, Cultural Related, Employee Related, Economic Development, Transportation, Municipal Waste Exporting, etc.			
Professional Services/Consultant.....	4,587	1,556	14.6%
• Accounting, Auditing, Actuarial, Education, Investment Analysis, Legal Engineering & Architectural, System Development & Management Analysis, etc.			
Maintenance & Operation of Infrastructure	1,544	320	3.0%
• Lighting, Street Repair, Buildings, Parks, Water Supply, Sewage and Waste Disposal, etc.			
Maintenance of Equipment.....	2,134	253	2.4%
• Data Processing, Office Equipment, Telecommunications & Motorized Equipment, etc.			
TOTAL	<u>17,171</u>	<u>\$10,641</u>	<u>100.00%</u>

COMMUNITY BOARDS

New York City's 59 community boards provide a formal structure for local citizen involvement in the budget process as well as other areas of City decision making. Each board represents up to 250,000 residents in a community district. The Charter mandates that the community boards play an advisory role in three 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 2013 the uniform base budget for each community board is \$206,895. This excludes the cost of office rent and heat, light and power, which are in a separate unit of appropriation. Included in the rent unit of appropriation are funds for the cost of moving and telephone installation for community boards which plan to move in 2013.

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, limited to 40 and expense budget requests, limited to 25. For 2012 community boards submitted 1,645 capital requests to 29 agencies and 1,264 expense requests to 37 agencies. Two-thirds of the community board capital budget requests seek improvements to streets, sewers and parks. Community board expense budget requests concentrate on Citywide programs and personnel increases.

Boards also rank agencies' local service programs by their importance to the community. For 2013 community boards ranked 90 programs within 24 agencies. The top five programs are services for the elderly, police patrol, youth programs, branch library services and emergency medical services. Historically, local services have been the highest ranked.

District specific budget information is available in the following geographic budget reports, which accompany the release of the 2013 budget.

Register of Community Board Budget Requests for the Executive Budget, Fiscal Year 2013 – lists the funding status for all community board proposals in priority order within community district.

Geographic Report for the Executive Expense Budget for Fiscal Year 2013 – details the expense budgets of fourteen agencies that deliver local services by borough and service district. Includes 2013 Executive Budget information as well as 2012 current modified budget and budgeted headcount data.

Executive Capital Budget for Fiscal Year 2013 – details the Mayor's Capital Budget by project within agency. Budget data is presented by community district and by agency within borough.

Geographic Fiscal Year 2013 Executive Budget Commitment Plan – presents information on capital appropriations and commitments by community board, including implementation schedules for the current year and four plan years for all active projects by budget line.

ECONOMIC OUTLOOK

Overview

The U.S. economy continues its slow recovery, nearly three years after the end of the recession caused by the housing and financial crisis. Although the immediate threat from the Eurozone debt turmoil has receded, slow growth in Europe, high energy prices and uncertainty driven by possible federal austerity measures domestically continue to weigh on consumer and business confidence. However, there are a number of upbeat signals that the recovery is gaining traction. In the first quarter of 2012, the pace of private sector employment growth increased relative to last year and the distribution of job gains across sectors has become more even. At the same time, weekly filings for unemployment insurance have declined steadily. Although the housing market weakness persists, spending on new multifamily residential units has jumped and housing starts and permits have stabilized. As a result, builder's sentiment now stands at a five-year high. In the near term, investment spending on core capital continues to provide much of the impetus for the modest GDP growth expected this year, as consumption remains constrained by tight credit conditions and measured job growth. Over the longer horizon, a turnaround in the housing market will further support the investment sector as well as household equity and consumption spending.

Financial markets have also resumed a circumspect recovery as the extreme volatility at the end of 2011 gave way to relatively placid conditions in the first quarter of 2012. The main cause was the mitigation of the Greek debt crisis at the end of February, when the EU, ECB, and IMF agreed on terms for a second bailout and implemented a debt restructuring of privately-held Greek debt. This action was supported by a massive infusion of new liquidity into European banks by the ECB in the form of cheap long-term loans, which eliminated the fears of a credit crunch. Although the worse-case outcomes were avoided, the uncertainty created by the Eurozone turbulence proved challenging to Wall Street. After earning \$12.6 billion of profits in the first half of 2011, NYSE member firms lost \$4.9 billion in the third and fourth quarters, the first back-to-back quarterly losses since the financial crisis. Preliminary earnings reports for the first quarter 2012 from the five largest banks suggest that profits have recovered due to the more stable financial environment. With scant inflation pressures, the Federal Reserve has room to continue its extremely accommodative monetary policies. It will continue to extend the maturity of its security holdings in an effort to lower longer-term interest rates and the Fed has reiterated its commitment to holding the fed funds rate near zero through late 2014. Aside from a possible reemergence of Eurozone sovereign debt turmoil, the most pressing risks are the elevated energy prices due to Persian Gulf tensions, the uncertainty created by the implementation of the Dodd-Frank financial regulatory reforms and the looming debate over how to manage the federal fiscal cuts approaching at the end of the year.

New York City continues its recovery after a pause in the second half of 2011 caused by the Eurozone crisis and associated financial market turmoil. Despite the weakness, private employment has surpassed the previous peak set prior to the housing downturn. After growing by a robust 2.7 percent in 2011, employment growth is forecast to decelerate to 1.5 percent in 2012. At the same time, wages are expected to decline 1.2 percent in 2012 driven mainly by compensation weakness in the financial sector. As a result, wage earnings in the City only rise 0.2 percent in 2012 to \$296 billion, but should return to a more robust 3.8 percent growth rate in 2013.

Almost all sectors of the local economy continue to expand. The growth of office-using employment has boosted demand for office space; leasing activity topped 30 million square feet in 2011. While recent data reflect some moderation in leasing, vacancy rates have fallen to just over 10 percent and office rents continue to rise. In 2011, tourism and the associated hotel industry continued to be important contributors to the City's economy, with 50.5 million visitors and 27.2 million hotel room nights sold – both were new records. Hotel occupancy rates have persistently remained above 85 percent, despite the addition of nearly 9,000 new hotel rooms over the last two years. Residential real estate remains the laggard. Total transactions fell more than 8 percent in 2011, but are expected to grow by 3 percent in 2012. Prices continue to be weak and are not expected to strengthen until 2014. As a result, permits issuance remains relatively muted over the same period.

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

THE U.S. ECONOMY

The U.S. economic recovery has gained traction, as conditions in labor and housing markets have further stabilized and fears of the European debt crisis have diminished. However, a robust recovery still remains elusive as the rise in oil prices, the slowdown of the European economy and the imminent drag from potential federal cuts continue to dampen overall business and consumer confidence. Real GDP growth is forecast to average 2.1 percent and 2.3 percent in 2012 and 2013, respectively. Starting in 2014, growth is expected to pick up to a more respectable 3.4 percent and remain in that vicinity for the rest of the forecast period.

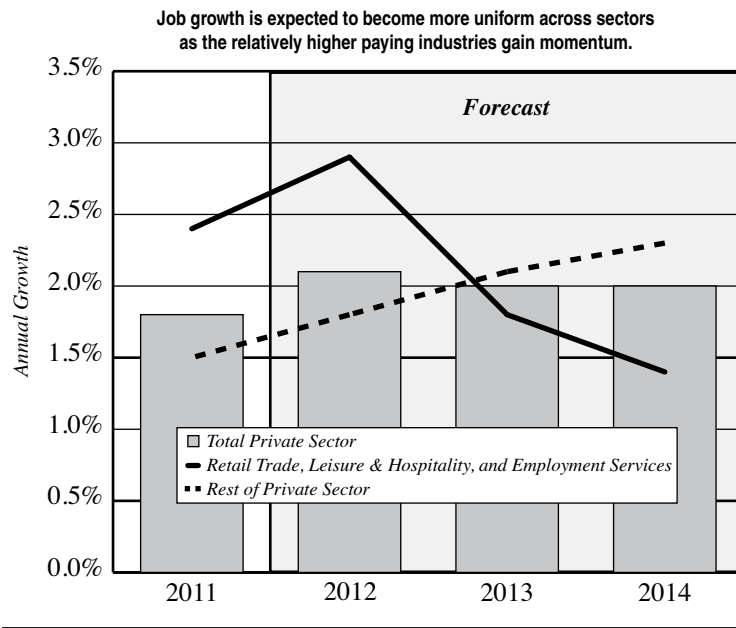
Since the beginning of the year, the private sector has added 210,000 jobs per month on average, significantly higher than the monthly rate of 175,000 in 2011. The unusually warm winter weather may have provided a boost to the labor and housing markets, but several indicators suggest that the underlying fundamentals of the labor market are improving. Job gains have become increasingly broad-based in recent months. Of the 493,000 service-providing jobs added so far this year, three-quarters were in the cyclical sectors, namely professional & business services, leisure & hospitality and trade. For the first time in this expansion, wholesale trade, banking and real estate are also exhibiting steady growth. Manufacturing has picked up again after decelerating during the second half of last year. This labor market recovery is expected to be augmented in mid-2013 by a pickup in construction sector growth. Other positive labor market signs include the steady decline in weekly filings for unemployment insurance claims – which have stayed below the 400,000 level since October of last year after dropping from the high of over 600,000 three years ago – and the steady rise in the number of job openings, which is currently 16 percent higher than the same period last year.

Employment prospects for the long-term unemployed do not look as encouraging. The average duration of unemployment has remained unchanged at a near-record high of 40 weeks over the last year, and the drop in the unemployment rate to the current 8.2 percent is partly attributable to people leaving the labor force; the labor force participation rate fell to 63.8 percent in March of this year from 64.2 percent in the same month of last year. While the steady rise in the number of job openings is an indication of rising demand for labor, the lack of a similar improvement in hiring presumably reflects an underlying structural issue. The Federal Reserve's Beige Book has reported that employers are facing difficulty finding qualified workers, especially for high-skilled positions. Given the labor market's mixed conditions, private sector employment is forecast to grow two percent in 2012 and maintain this trend through the out-years. However, with the federal government shrinking, overall job growth will be in the 1.5 – 1.8 percent range during the forecast period. At this rate of growth, it will take more than two years to reach the 2008 employment peak.

The protracted weakness in the labor market has produced downward pressure on wages, which will continue to suppress overall income growth. Until recently, job gains have been disproportionately concentrated in lower wage sectors such as retail trade, leisure & hospitality and temporary help services. Since the labor market bottomed out roughly two years ago, these three sectors grew 5.4 percent, whereas the rest of the private sector grew by only 3.3 percent. With growth becoming more evenly distributed, relatively higher-paying jobs should contribute more to income growth in the future. Thus, after growing by an anemic 3.8 percent on average during 2012 – 2013, nominal personal income is projected to improve to 5.0 percent growth by 2014.

The long awaited turnaround in the construction industry is now materializing, albeit on a modest scale. The latest data show that spending on new multifamily residential units is up over 25 percent from a year earlier. The single-family home market remains glutted by a huge number of distressed properties but its recent four percent growth (year-over-year in February) is an indication that overall conditions are improving. Stabilization in housing starts and permits data, a forward-looking barometer, also bode well for the construction industry. Builders' sentiment, as reflected in the NAHB/Wells Fargo Housing Market Index, has improved to the highest level in almost five years. Housing affordability has improved to the highest levels on record and is currently twice the level when home prices last peaked in 2006.

U.S. EMPLOYMENT GROWTH



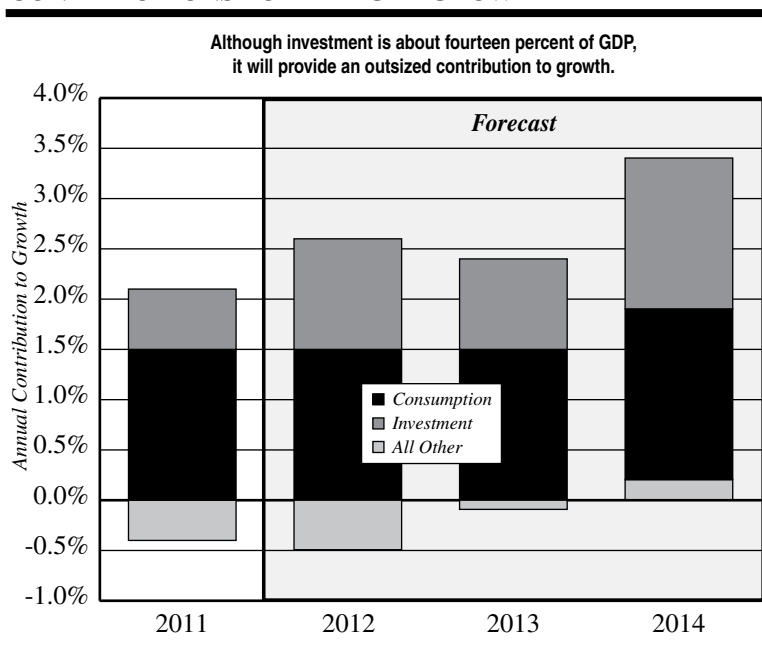
But sluggish growth in employment and income along with stricter mortgage underwriting standards are currently hampering growth. Nonetheless, residential fixed investment's contribution to GDP is expected to improve, with the forecast calling for double-digit growth for three consecutive years starting in 2013.

As in past recoveries, home prices will respond with a lag. As a result, homeowners are expected to see an uptick in real estate equity starting in 2014. This helps consumer spending strengthen to 2.4 percent growth in that year, up from 2.1 percent in 2013. In the current year, a number of factors continue to hold consumption growth to a relatively modest 1.9 percent. Home prices continue to slide and gasoline prices remain eight percent higher than last year. Households are still burdened with high debt levels, credit conditions remain tight and hiring in the labor market remains relatively weak. Looking forward, federal fiscal austerity will diminish benefits from the payroll tax holiday and emergency unemployment insurance extension, while potentially increasing burdens through the expiration of the Bush tax cuts.

Businesses sentiment is reflecting the uncertain conditions. Based on the latest ISM surveys, manufacturers have grown less optimistic – the March 2012 index was 53.4, down from 59.7 a year ago. The level of optimism reported by non-manufacturers has been flat over the last year. However, corporations are flush with cash and have taken advantage of the current tax incentives on capital spending, resulting in double-digit growth in core capital investment. Growth in this investment component is expected to moderate in the coming years. As the expansion progresses, investment in structures should resume growth starting from the middle of next year. Overall, non-residential fixed investment is expected to grow by 6.5 percent in 2012 and maintain similar strength for the rest of the forecast period. The modest pick-up in GDP is therefore primarily the result of stronger investment.

Like the U.S economy, financial markets have resumed their tentative recovery. The first quarter of 2012 was tranquil compared with the volatility in the second half of 2011. The waning of risk was due to large-scale policy interventions that helped restore confidence in the Eurozone. The most significant event was the final agreement by the EU, the ECB and the IMF in February to implement a second Greek bailout program. Not only did the deal provide €130 billion of fresh funding for the Greek government, but it also implemented a debt restructuring agreement with private holders of Greek debt. The terms of the accord affected €200 billion of debt that was swapped for new securities worth only about half the original face value. Even though the exchange triggered insurance payouts in the form of credit default swaps, the financial instability feared by European leaders never materialized.

CONTRIBUTIONS TO REAL GDP GROWTH



One of the key reasons why the Greek debt restructuring went smoother than anticipated was the concurrent injection of liquidity into the European financial system. At the end of February, the ECB provided significant relief to the European financial system through its Long-Term Refinancing Operation (LTRO). In total, the central bank delivered €530 billion in low-interest three-year loans to 800 European financial institutions. This follows a prior auction in December 2011 when the LTRO provided almost €500 billion on the same terms. The surge of cash has alleviated short-term financing constraints and diminished the fears of asset fire sales. Much of the liquidity has returned to the ECB as bank deposits – overnight balances at the ECB’s deposit facility jumped €300 billion between February and March. An ancillary effect of the cash was a secular decline in most sovereign bond yields due both to direct purchases by the financial system and through a decline in the risk premium. In particular, the yield on Portuguese and Italian ten-year debt dropped 157 and 82 basis points (bps), respectively from the beginning of February through mid-March.¹

Smoother sailing in Europe had tangible effects on U.S. markets. Since the start of the financial crisis in 2008, trouble abroad has translated into safe haven purchases of dollar assets such as U.S. Treasuries. As the threat of a disorderly Eurozone crisis waned, investors began substituting riskier assets for Treasuries. As a result, ten-year Treasury yields increased 18 percent over the quarter, albeit starting from the very low rate of 1.9 percent at the end of 2011. U.S. equity markets also benefitted from the increase in confidence. The S&P 500 and Dow both climbed 12 and eight percent, respectively, over the first quarter. At the same time, volatility was notably lower than the fourth quarter of 2011. The Chicago Board of Exchange volatility index (VIX), averaged about 30 in the last quarter of 2011, and dropped to only 18 in the first quarter of 2012. Likewise, the share of S&P trading days with index changes greater than one percent – the trading day ratio – dropped from 57 percent in the fourth quarter of 2011 to only 11 percent in the subsequent quarter.²

The volatility in the second half of 2011 proved to be a challenge to Wall Street. After posting strong profits of \$12.6 billion in the first half of 2011, NYSE-member firms lost \$4.9 billion in the second half – the first back-

1 Due to the debt restructuring, the Greek ten-year bond yield dropped 1,800 bps in mid-March.

2 By way of comparison, the trading day ratio for the five years preceding the financial crisis was about 20 percent.

to-back quarterly losses since 2008. First quarter 2012 results are not yet available for all the NYSE firms, but the early earnings reports available from the “Big Five” banks suggest that the calmer conditions have helped their bottom lines.³ Overall first quarter net earnings increased 75 percent over the prior quarter with investment banking and trading revenues rebounding strongly from the fourth quarter of 2011. However, compared to the first quarter a year ago, revenue from these two activities is actually down by 16 percent and overall net earnings dropped by about 21 percent. As a result, it is projected that Wall Street will earn only \$10 billion in profits in 2012, up only moderately from the \$7.7 billion booked in 2011 and significantly lower than the 2010 profits of \$27.6 billion.

One risk is that markets repeat the pattern observed in the last two years – a strong start that fades as the year progresses. Furthermore, Eurozone risk will linger as long as the fundamental fiscal imbalances in peripheral European nations persist. There have been some worrying signals lately. Many of the Eurozone sovereign debt yields are climbing again, with mirror-image declines in the U.S. yields. In particular, Spain and Italy suffered 80 bps increases in their ten-year yields from mid-March to mid-April. Over the same period, the U.S. ten-year interest rates fell back below 2 percent, undoing the first quarter jump. The IMF released an estimate warning that European banks may shrink their balance sheets by \$2.6 trillion over the next two years, creating a drag on regional economic growth as credit tightens and asset prices fall. In preparation for possible turmoil, the IMF has nearly doubled its lending capacity to more than \$700 billion with new commitments coming principally from Europe and Japan. Likewise, the Europeans hope to have the European Stability Mechanism in place by July 2012, which would have a lending capacity of €500 billion, about equal to the 2012 debt redemption requirements of Italy, Spain and Portugal.

Domestically, financial institutions face additional uncertainty from the ongoing roll-out of the Dodd-Frank regulatory reforms and banks are reorganizing as a result. Both Barclays and Deutsche Bank recently moved to reclassify parts of their U.S. subsidiaries so that they are no longer considered bank holding companies and can thus avoid stricter capital requirements. Although the final details have yet to be determined, the Volcker Rule, which bans banks from trading with their own money, is slated to take effect in July. While a number of banks have already closed or significantly modified their proprietary trading activities, regulators at the Fed clarified that banks will have a two-year grace period beyond the 2012 implementation date to comply with the new rules. As of April, about 25 percent of the 393 Dodd-Frank rulemaking decisions have been finalized and draft rules for another 40 percent have been proposed. Unfortunately, regulators have missed many of the deadlines so the process will likely drag out well beyond the three-year period that was originally mandated by the legislation.

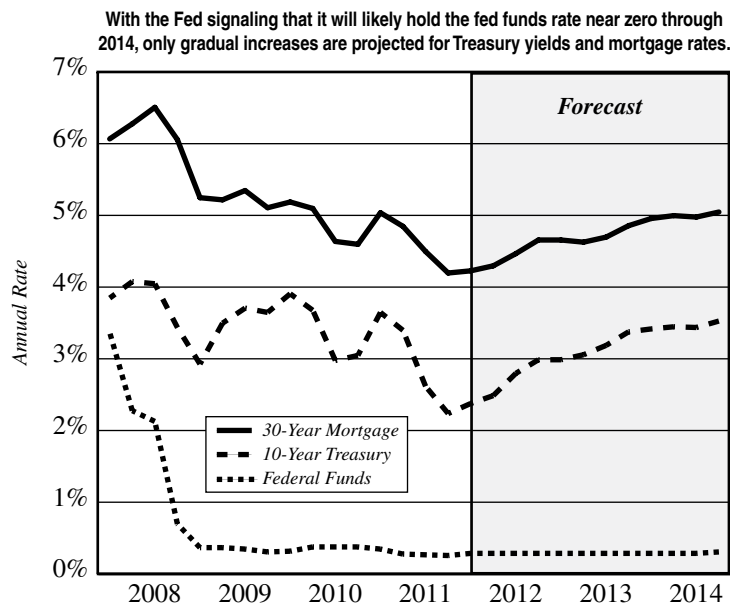
One crucial element of Dodd-Frank that is still being finalized is the methodology for the annual bank stress tests. While the rule is currently still in the comment period, in March the Federal Reserve released the results of a third round of tests based on a hypothetical recession featuring a 13 percent unemployment rate, a 50 percent drop in equity prices and a further 21 percent fall in housing prices. Unlike the last round in 2009, all of the 19 financial firms included in the test were found to have sufficient capital to weather the conjectured downturn. However, four firms – including Citicorp and Ally Financial – were required to modify their capital plans. This was a de facto signal that the Fed wanted these firms to conserve capital that would otherwise be paid out as dividends or used for stock buybacks. However, due to criticism of inconsistencies in the latest round of tests, the Fed has created a council to assess the models used in the exercise.

Aside from its regulatory duties, the Fed continues to actively implement its accommodative monetary policy. In particular, it is maintaining its program to extend the maturity of its security holdings in an effort to lower longer-term interest rates and stimulate the economy. This program, known colloquially as Operation Twist, is expected to continue through the end of June 2012 and has resulted in near record low mortgage rates. Fed policymakers have been ambiguous about whether a third round of large-scale bond purchases will be implemented this year, preferring to take a wait-and-see stance. Nevertheless, the latest FOMC statement reiterates that the Fed intends to keep the federal funds rate near zero, “at least through late 2014.”

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

The absence of significant inflation pressure has allowed the Fed to continue its non-conventional policies. In January, the FOMC announced that its inflation goal would be a two percent growth rate in the long-run as measured by the personal consumption expenditure (PCE) price index – the first time in the Fed’s history that it has stated an explicit inflation target. By this measure, the inflation rate has been falling for the last six months; the last available observation in March showed a year-over-year inflation rate of 2.1 percent, down from 2.3 percent in February. Headline CPI inflation has also reflected this downward trend, falling in March to 2.6 percent (year-over-year) from 2.9 percent in February. Core CPI inflation, which excludes volatile food and energy

U.S. INTEREST RATES



prices, increased slightly from 2.2 percent in February to 2.3 percent in the subsequent month. Energy prices continue to be a risk with the Brent benchmark oil price jumping 16 percent in the first quarter of 2012 due to geopolitical turmoil centered on the Persian Gulf and Africa. The domestic oil price benchmark, West Texas Intermediate, was up only five percent over the same period due to ample supplies and the warm winter. The forecast projects headline inflation to remain muted at a rate of 2.2 percent in 2012, although domestic oil prices will remain above \$100/bbl through the end of the forecast horizon.

There are several significant risks to the forecast. While the immediate threat from a disorderly Eurozone crisis has waned, recent evidence hints that it is far from resolved. Many of the peripheral European countries are now in recession, but still need to push through painful reforms to restore their fiscal balance. This will be particularly challenging without the help of an independent monetary policy. The outsized jump in Brent oil prices partly reflects the ongoing stalemate between the West and Iran regarding the country’s nuclear program, a geopolitical risk that can flare unpredictably. Finally, domestically there are several major legislative deadlines at the end of the year, including the future of the temporary payroll tax cuts and emergency unemployment insurance. Furthermore, \$1.2 trillion of automatic spending cuts put in place by last year’s debt ceiling deal are scheduled to start in 2013. Without any action, the scheduled tax increases and spending cuts amount to about 3.5 percent of GDP. However, the forecast assumes that this fiscal tightening will be smoothed over several years through a combination of tax increases and spending cuts.

THE NEW YORK CITY ECONOMY

New York City is in the midst of a recovery, with many sectors of the economy improving over the past year. Labor markets have surpassed previous pre-recession peaks, while office vacancy rates have declined. Tourists continue to flock to the City while the residential market, albeit weak, remains stable. Nonetheless, the local recovery will be tempered by moderate national growth and challenging financial market conditions.

The difficulties on Wall Street in the second half of 2011, due to volatility caused by the Eurozone debt crisis and ongoing regulatory reform, resulted in employment cutbacks. From October 2011 through March 2012, the securities sector trimmed payrolls by 1,600 jobs. Despite the fact that overall private employment levels in the City have surpassed the peak set prior to the housing downturn, the securities sector still remains roughly 10 percent below its pre-recession peak level of 189,000. Along with the job losses and diminished profits, wage earnings are estimated to be just four percent higher (including bonus) in 2011 over the previous year.¹

Profitability is expected to improve modestly in 2012, but firms still face headwinds from the implementation of Dodd-Frank and the persistence of the European debt crisis. In particular, proprietary trading gains are expected to decrease. The lower revenues result in further payroll reductions on Wall Street and only a slight increase in bonuses stemming from the marginal profitability of financial firms. In addition, in an effort to discourage risky behavior, banks are modifying compensation plans to include a larger share of restricted and deferred equity schemes, which vest over several years and feature claw-back provisions. As a result, securities sector wage earnings decline in 2012 and are expected to grow modestly in 2013.

Unlike financial activities, the gradual economic recovery has boosted growth in professional & business services. This sector has surpassed the pre-recession peak, and has added jobs in employment services, computer services, advertising and consulting services. Further expansion is expected with an average gain of 14,000 jobs per year from 2012-2016.

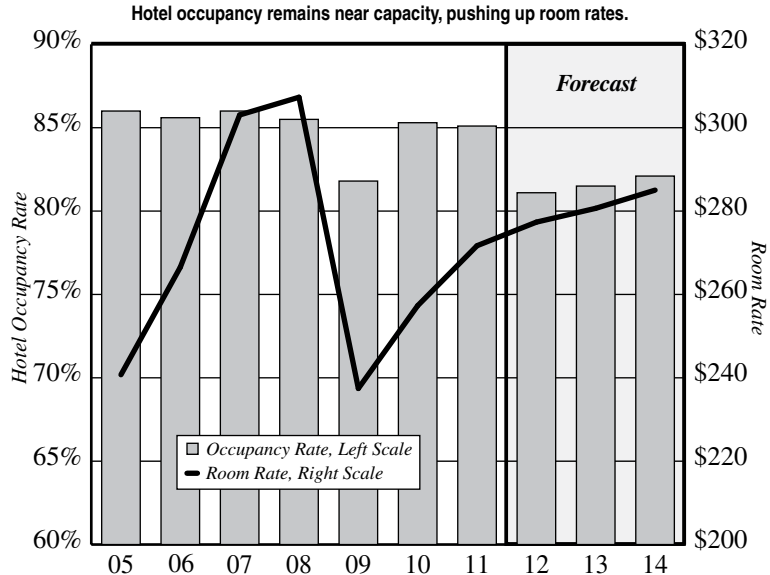
The information sector is slated to gain 2,000 jobs in both 2012 and 2013. This sector is still restructuring as new social media platforms continue to emerge, replacing old media such as printing and publishing. After reaching 200,000 jobs in 2001, employment fell 20 percent by 2005. Despite moderate growth throughout the forecast period, employment levels in information are expected to remain far below the dot-com peak.

Tourism continues to be a vibrant and dynamic contributor to the City's economy, helping to diversify the City's economic base while reaffirming its position as a cultural hub. The City's plethora of cultural attractions has lured a record 50.5 million tourists in 2011. Despite the ongoing European debt crisis, tourist arrivals to the City have withstood the economic uncertainty surrounding that region. In particular, the City has also witnessed a welcomed rise in the share of arrivals from emerging markets.

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

Hotel room nights sold hit an all-time record of 27.2 million in 2011, a five percent increase from 2010. Average daily room rates in the City rose by six percent to \$271 a night in 2011. Strong occupancy rates above 85 percent were registered in the past two years, despite the addition of roughly 8,700 rooms to the City's inventory over that time. Even as hotel room inventory continues to increase, occupancy rates are expected to remain above 80 percent throughout the forecast period, while room rates moderately rise in 2012 and in the out-years.

NYC TOURISM



Aided by strong tourist activity, the leisure & hospitality industry will continue to set employment records, but hiring will occur at a slower pace. After gaining 20,000 jobs in 2011, this sector is expected to add 8,000 jobs on average from 2012-2016. Retail trade also benefitted from tourism and a pickup in the national economy. This sector grew by 11,000 jobs in 2011, and is forecast to add an average of 7,000 jobs per year through the end of the forecast period.

Office-using employment has increased by 88,000 since the end of 2009, which has boosted demand for office space. Leasing activity topped 30 million square feet in 2011, the best performance since 2000. Although activity has slowed in the first quarter of 2012 compared to the same period last year, vacancy rates continue to fall while asking rents keep rising. Vacancy rates have fallen to just over 10 percent from a peak of 12.5 percent in the first quarter of 2010. Asking rents have exceeded \$67 per square foot in the primary market, well below the \$85 per square foot charged in the middle of 2008, but higher than the \$61 recorded during the low for the current cycle.²

Stable employment growth will generate further demand for office space in 2012 and 2013. Vacancy rates improve to below nine percent and asking rents rise by approximately six percent per year to reach almost \$75 per square foot on average by 2013. However, increased supply, with the completion of over four million square feet in the World Trade Center, will likely push vacancy rates up and cause asking rent appreciations to pause in the out-years.

The residential real estate market had a sluggish but stable year in 2011, following the federal homebuyer tax credit that boosted activity in 2010. Since the end of the tax credit in the second quarter of 2010, transactions have dropped in five of the last six quarters on a year-over-year basis. Total sales levels in 2011 were slightly higher than 2009, despite falling eight percent over the previous year.

Despite the stability in transaction activity, home prices as measured by the S&P/Case-Shiller (C-S) Index continued to drift downward, reaching a new low for the current cycle in February 2012. Thus far, the C-S index has fallen 26 percent from the peak reached in June 2006. Prices will continue their downward trend in 2012 and 2013, and recover slowly in the out-years. Residential sales are expected to increase three percent in 2012, and gain momentum thereafter.

Mirroring the slow but stable conditions in the residential real estate market, construction activity has started to pick up gradually. New residential permits totaled nearly 9,000 in 2011, an improvement over the low levels recorded in both 2009 and 2010, but nowhere near the average of roughly 28,000 permits issued per year from 2005 through 2008. Due to difficulty in obtaining financing for large scale construction projects, and slack conditions in the residential market, permit activity will only recover slowly in the near future. This does

² Office using employment includes financial, business and information services.

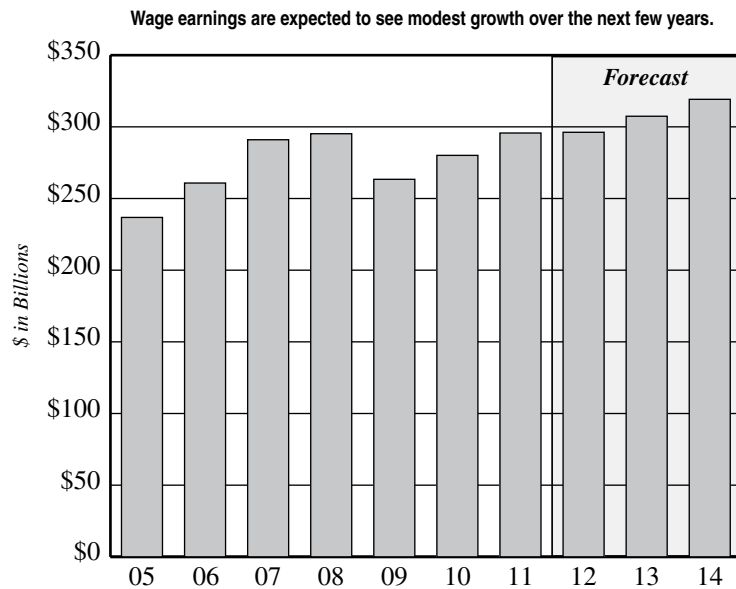
not bode well for construction employment. After losing 21,000 jobs from 2009 through 2011, construction is expected to remain flat in 2012 and gain only 3,000 jobs in 2013.

The traditionally non-cyclical sectors of education and health services continued to add jobs throughout the recession and early stages of the recovery. Education and health gained 12,000 jobs in 2011. With continuing growth in population and the ongoing recovery taking place in the City, the forecast calls for an additional 10,000 and 9,000 positions in 2012 and 2013, respectively.

The long-term secular contraction of the manufacturing sector is expected to continue. Manufacturing cut 2,000 jobs in 2010, leaving the employment level at a new record low of 75,000. In the last decade, the size of this sector has shrunk by over half.

Overall, private employment in New York City is anticipated to increase 1.5 percent in 2012 following a healthy 2.7 percent rise in 2011. A steady growth rate of 1.3 percent is expected to continue from 2013-2016. Wages are expected to decline 1.2 percent in 2012, due mostly to compensation weakness in the financial sector, and then grow by an average of 2.7 percent per year through the rest of the forecast horizon. As a result, overall wage earnings in the City rise to \$296 billion in 2012, an increase of only 0.2 percent over 2011. In 2013, wage earnings hit \$307 billion.

NYC WAGE EARNINGS



New York City Job Growth Forecast

	2011	2012	2013
NYC Employment (Ths.)	Level	Level Change	Level Change
Total	3,786	50	44
Private	3,239	50	44
Financial Activities	441	(2)	3
Securities	170	(3)	1
Professional & Business Services	597	16	13
Information	171	2	2
Education	174	3	4
Health & Social Services	591	7	5
Leisure & Hospitality	342	15	7
Wholesale & Retail Trade	139	2	3
Transportation & Utilities	121	0	2
Construction	112	0	3
Manufacturing	75	(3)	(4)
Other Services	164	1	0
Government	547	0	0

Some concerns remain regarding the path of New York City's economic recovery. High energy prices, a possible resurgence of the European debt crisis, and the looming federal fiscal cliff may negatively affect the local economy in a wide range of industries. Assumptions of profitability on Wall Street are predicated on continued stability and the Federal Reserve's ability to properly manage monetary policy.

Forecasts of Selected Economic Indicators for the United States and New York City
Calendar Year 2011-2016

	2011	2012	2013	2014	2015	2016	1980-2010*
NATIONAL ECONOMY							
Real GDP							
Billions of 2005 Dollars	13,315	13,592	13,905	14,379	14,841	15,254	
Percent Change	1.7	2.1	2.3	3.4	3.2	2.8	2.7%
Non-Agricultural Employment							
Millions of Jobs	131.4	133.3	135.3	137.7	140.1	142.2	
Level Change.....	1.5	2.0	2.0	2.3	2.4	2.2	
Percent Change.....	1.2	1.5	1.5	1.7	1.8	1.5	1.2%
Consumer Price Index							
All Urban (1982-84=100).....	224.9	229.9	233.6	238.1	242.8	247.5	
Percent Change	3.1	2.2	1.6	1.9	2.0	2.0	3.3%
Wage Rate							
Dollars Per Year	50,880	52,398	53,732	55,251	56,922	58,569	
Percent Change.....	3.1	3.0	2.5	2.8	3.0	2.9	4.0%
Personal Income							
Billions of Dollars	13,004	13,488	14,019	14,716	15,435	16,191	
Percent Change.....	5.1	3.7	3.9	5.0	4.9	4.9	5.8%
Before-Tax Corporate Profits							
Billions of Dollars	1,891	1,923	2,088	2,210	2,156	2,111	
Percent Change.....	3.9	1.7	8.6	5.8	-2.4	-2.1	6.8%
Unemployment Rate							
Percent	8.9	8.2	8.0	7.4	6.7	6.2	6.3% avg
10-Year Treasury Note							
Percent	2.8	2.5	3.0	3.3	3.6	4.6	7.1% avg
Federal Funds Rate							
Percent.....	0.1	0.1	0.1	0.1	1.2	3.3	5.8% avg
NEW YORK CITY ECONOMY							
Real Gross City Product**							
Billions of 2005 Dollars	571.7	571.3	581.6	594.2	607.5	620.6	
Percent Change.....	0.1	-0.1	1.8	2.2	2.2	2.2	2.7%
Non-Agricultural Employment***							
Thousands of Jobs	3,786	3,836	3,880	3,926	3,968	4,012	
Level Change.....	75	50	44	46	43	44	
Percent Change	2.0	1.3	1.2	1.2	1.1	1.1	0.4%
Consumer Price Index							
All Urban (1982-84=100).....	247.7	253.2	257.6	263.1	268.9	274.7	
Percent Change.....	2.8	2.2	1.7	2.1	2.2	2.2	3.7%
Wage Rate							
Dollars Per Year	80,909	79,948	82,027	84,179	86,434	88,917	
Percent Change.....	3.7	-1.2	2.6	2.6	2.7	2.9	5.3%
Personal Income							
Billions of Dollars	442.8	449.4	463.8	482.5	500.5	520.8	
Percent Change.....	4.7	1.5	3.2	4.0	3.7	4.0	5.9%
NEW YORK CITY REAL ESTATE MARKET							
Manhattan Primary Office Market							
Asking Rental Rate****							
Dollars per Square Feet	66.12	68.54	74.41	73.94	80.44	86.66	
Percent Change.....	6.7	3.7	8.6	-0.6	8.8	7.7	2.1%
Vacancy Rate****							
Percent.....	9.7	9.6	7.8	9.6	9.1	9.2	10.8% avg

* Compound annual growth rates for 1980-2010. Compound growth rate for Real Gross City Product covers the period 1980-2010; Personal Income 1979-2009.

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

*** Employment levels are annual averages.

**** Office market statistics are based on 1987-2010 data published by Cushman & Wakefield.

TAX REVENUE

Overview

Total tax revenue, including audits, is forecast to increase 4.3 percent in 2012 and 3.5 percent in 2013.

Tax detail and legislative history can be found in the OMB publication “Tax Revenue Forecasting Documentation, Financial Plan, Fiscal Years 2011-2015.”

Forecast Summary for 2012

Non-property tax revenues¹ are forecast to increase 3.0 percent in 2012, after an increase of 11.7 percent in 2011. The slowdown in growth reflects a generally modest economic rebound in the City dampened by a weak year on Wall Street.

In 2012, *personal income tax* revenue² is forecast to increase 5.0 percent, the second year of recovery, following two years of decline. Strong employment gains and modest wage growth in the non-financial sectors of the economy helped mitigate the poor performance in the finance sector.

The weak performance on Wall Street also hampered business tax collections. After a spectacular rebound in 2011, *general corporation tax* revenue is forecast to post respectable growth of 8.7 percent in 2012. General corporation tax payments from non-finance firms have risen by 12.3 percent in 2012, offsetting the 15.8 percent drop in payments from finance sector firms. *Banking corporation tax* revenue is forecast to decline by 4.5 percent, following a 38.9 percent surge in 2011. Bank tax payments remain generally robust in 2012 compared to the collapse during the great recession, reflecting a high level of bank profitability due to Federal monetary stimulus. *Unincorporated business tax* revenue is forecast to drop 2.2 percent, following a strong performance in 2011, reflecting volatility in the hedge fund industry.

Sales tax revenue is forecast to rise modestly by 4.5 percent, as employment gains and rising consumer confidence lift taxable consumption in the City. Sales tax revenue growth is also supported by strong tourist consumption as the number of City visitors, both foreign and domestic, remains high. The strong tourism has also propelled the *hotel occupancy tax*, which is up 13.2 percent in 2012.

As the real estate markets have stabilized, *real property transfer tax* and *mortgage recording tax* have both rebounded from the depths of the 2010 levels, although the revenue from the two taxes remain well below the historic levels seen in 2007. The *real property transfer tax* revenue is forecast to increase 14.5 percent in 2012 after jumping 29.3 percent the prior year, resulting from a rebound in high-value commercial transactions. *Mortgage recording tax* revenue is forecast to increase 18.8 percent as credit market conditions improve for commercial transactions and refinancing of residential properties continues despite weakness in residential transactions.

Property tax revenue is forecast to increase 6.1 percent, based upon 5.2 percent growth in billable assessed value. *Commercial rent tax* revenue is forecast to increase 4.3 percent.

Forecast Summary for 2013

Non-property tax revenues are forecast to increase 4.3 percent in 2013 as the local economy continues to expand modestly, although low levels of Wall Street profitability and bonus payments limit overall growth. *Personal income tax* revenue is expected to increase 6.3 percent as a result of steady employment gains. In addition, the personal income tax is expected to be lifted by individuals realizing capital gains in advance of a significant increase in the Federal capital gains tax rate. Tax payments from *business taxes* are forecast to increase 1.6 percent over the prior year, reflecting strong non-finance sector profitability in calendar year 2012, but weak finance sector collections as well as overpayments on account. *Sales tax* revenue is forecast to increase 3.9 percent as local consumption continues to improve along with the local economy.

¹ The total non-property tax revenue includes audits.

² Personal income tax revenue includes School Tax Relief (STAR) reimbursement from New York State.

Real property transfer tax revenue is forecast to increase 4.2 percent in 2013, as the Manhattan commercial market continues to improve. *Mortgage recording tax* revenue is forecast to increase 16.1 percent, reflecting a further improvement in credit market conditions and refinancing opportunities.

Property tax revenue is forecast to increase 2.5 percent based upon 4.0 percent growth in billable assessed value. *Commercial rent tax* is forecast to increase 5.4 percent, reflecting modest improvement in office-using employment, lower vacancy rates and higher asking rents for commercial office space in Manhattan.

2012 and 2013 Tax Revenue Forecast
(\$ in Millions)

Tax	2012	2013	Increase/(Decrease) From 2012 to 2013	
			Amount	Percent Change
Real Property	\$17,902	\$18,354	\$452	2.5%
Commercial Rent	627	661	34	5.4%
Real Property Transfer	910	948	38	4.2%
Mortgage Recording	516	599	83	16.1%
Personal Income	7,966	8,476	510	6.4%
General Corporation	2,476	2,530	54	2.2%
Banking Corporation	1,286	1,191	(95)	(7.4%)
Unincorporated Business	1,638	1,765	127	7.8%
Sales and Use	5,835	6,064	229	3.9%
Utility	391	405	14	3.6%
Cigarette	68	67	(1)	(1.5%)
Hotel	478	473	(5)	(1.0%)
All Other	505	500	(5)	(0.9%)
Subtotal	\$40,598	\$42,033	\$1,435	3.5%
STAR Aid	790	824	34	4.3%
Tax Audit Revenue	700	724	24	3.4%
Total†	\$42,088	\$43,581	\$1,493	3.5%

† Totals may not add due to rounding.

Note: Personal income tax does not include School Tax Relief (STAR) reimbursement from New York State.

REAL PROPERTY TAX

The real property tax is projected to account for 42.1 percent of total tax revenue in 2013, or \$18.354 billion.

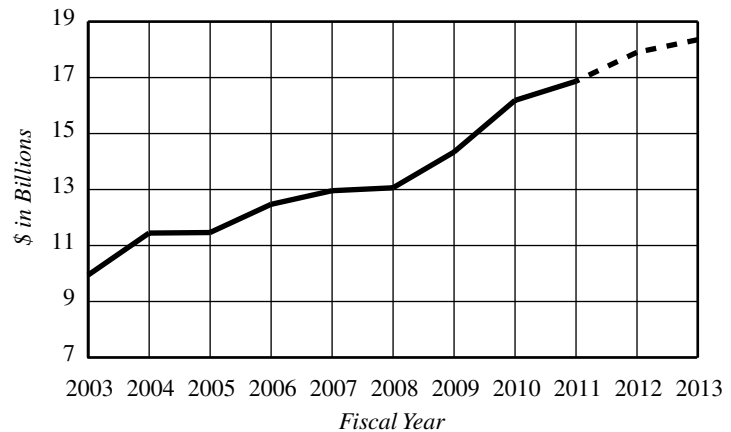
2012 Forecast: Property tax revenue (including lien sale proceeds) is forecast at \$17.902 billion, growth of 6.1 percent, an increase of \$90 million from the February 2012 Plan. The 2012 revenue growth is based on the billable assessed value growth of 5.2 percent seen on the 2012 final roll. The plan change results from a decrease of \$70 million in the reserve for uncollectible taxes and an increase of \$20 million in collections from prior year delinquencies.

2013 Forecast: Property tax revenue (including lien sale proceeds) is forecast at \$18.354 billion, growth of 2.5 percent, a decrease of \$29 million from the February 2012 Plan. The revenue change results from higher than expected reductions from the tentative to final roll.

The levy is expected to increase by \$780 million to \$20.065 billion, growth of 4.0 percent over 2012. The property tax levy forecast is based on the 2013 tentative roll, released by the Department of Finance on January 19, 2012. Citywide, total billable assessed value on the 2013 tentative roll (after accounting for the veterans' and STAR exemptions) increased by \$8.8 billion over 2012 to \$164.2 billion, growth of 5.7 percent. The total billable assessed value on the 2013 tentative roll is expected to be reduced by \$2.4 billion on the final roll (to be released on May 25, 2012) as a result of Tax Commission actions, Department of Finance changes by notice and the completion of exemption processing. The billable assessed value on the final roll (before accounting for the veterans' and STAR exemptions) is forecast to grow at 4.0 percent.

In the out years, with the forecast rise in long-term interest rates, capitalization rates are projected to increase as well, putting downward pressure on future market value growth. As a result, Class 2 market values are forecast to increase slightly and Class 4 market values are projected to grow only at a modest rate. With weakness in Class 2 and Class 4 market values offsetting the existing 'pipeline' of deferred assessment increases yet to be phased in from prior years, property tax revenue is expected to grow at an annual average rate of 3.3 percent from 2014 through 2016, consistent with the levy growth forecast of 3.2 percent for the same period.

REAL PROPERTY TAX 2003-2013



Distribution of Property Parcels by Class

	Parcels*	Percentage Share
Class 1	702,564	67.60%
Class 2	243,661	23.44%
Class 3	303	0.03%
Class 4	92,771	8.93%
Citywide	1,039,299	100.00%

* FY 2012 final roll

COMMERCIAL RENT TAX

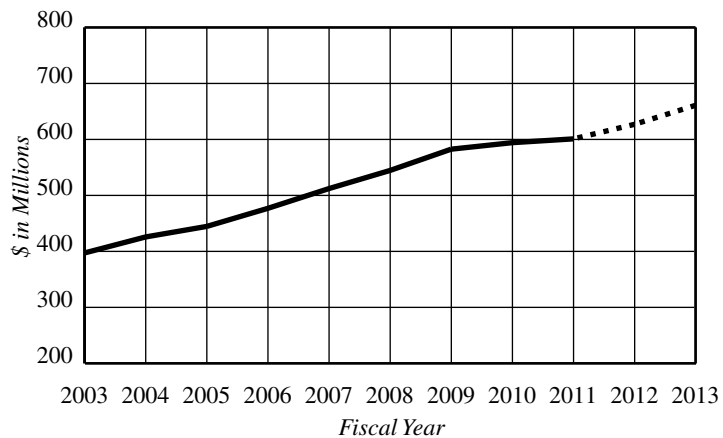
The commercial rent tax is projected to account for 1.5 percent of total tax revenue in 2013, or \$661 million.

2012 Forecast: Commercial rent tax revenue is forecast at \$627 million, growth of 4.3 percent. Since 2011, the commercial office market has shown signs of recovery from the collapse that began in 2008. The forecast of modest growth in tax revenue for 2012 reflects the improving commercial office market.

2013 Forecast: Commercial rent tax revenue is forecast at \$661 million, growth of 5.4 percent. Tax revenue growth forecast for 2013 reflects the continued improvement in commercial office leasing activity in New York City, as a result of employment gains and rising demand for office space.

Commercial rent tax revenue is projected to grow at an annual average rate of 5.2 percent from 2014 through 2016, reflecting continued improvement in the commercial office market driven by steady local economic expansion. The primary office market will benefit from increasing demand for office space as office-using employment continues to improve, resulting in higher asking rents and lower office vacancy rates during the forecast period.

COMMERCIAL RENT TAX 2003-2013



REAL PROPERTY TRANSFER TAX

The real property transfer tax is projected to account for 2.2 percent of total tax revenue in 2013, or \$948 million.

2012 Forecast: Real property transfer tax revenue is forecast at \$910 million, growth of 14.5 percent over the prior year.

In 2012, total tax collections year-to-date through March grew 23.7 percent over the prior year, reflecting a 3.6 percent decline in revenue from residential transactions offset by a 61.1 percent growth in revenue from commercial transactions.

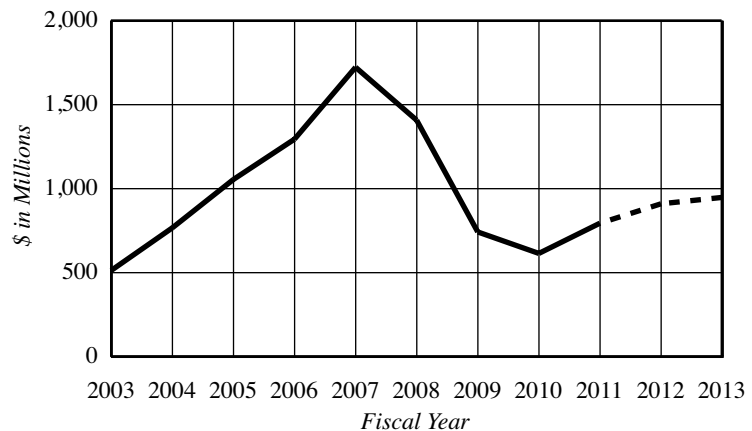
2013 Forecast: Real property transfer tax is forecast at \$948 million, growth of 4.2 percent over 2012. Revenue from residential transactions is forecast to grow 1.2 percent as the housing market stabilizes. Revenue from commercial transactions is forecast to continue to rebound with growth of 6.6 percent, as commercial properties remain attractive for investors.

Residential Forecast: Revenue from residential transactions in 2012 is forecast at \$413 million, a 4.3 percent decline from the prior year. Following the expiration of the Federal first-time homebuyer credit, both volume and average sales price dropped. Total residential transaction volume is expected to recover with growth of 14.7 percent in 2013 and an average of 9.7 percent in the out years of the forecast period. Average sales price typically lags transaction volume during housing market downturns and is expected to continue its decline in 2013 before returning to positive growth by 2014. With the recovery of the housing market, residential transaction tax collections are expected to average 13.4 percent growth from 2014 through 2016.

Commercial Forecast: Revenue from commercial transactions in 2012 is forecast at \$497 million, growth of 36.9 percent over 2011. Commercial transaction volume and average sales price exhibited strength beginning in 2011 and are expected to continue their recovery with expectations of higher leasing activity, lower vacancy rates and higher asking rents. As the commercial real estate market recovers, collections are estimated to grow an average of 9.2 percent through the forecast period.

Real property transfer tax revenue growth averages 11.1 percent from 2014 through 2016 as the real estate market continues to strengthen. However, the revenue forecast of \$1.300 billion in 2016 is still 24.5 percent below the peak level seen in 2007.

REAL PROPERTY TRANSFER TAX 2003-2013



MORTGAGE RECORDING TAX

The mortgage recording tax is projected to account for 1.4 percent of total tax revenue in 2013, or \$599 million.

2012 Forecast: Mortgage recording tax revenue is forecast at \$516 million, growth of 18.8 percent over the prior year.

In 2012, total tax collections year-to-date through March grew 22.2 percent over the prior year, reflecting 1.8 percent growth in revenue from residential mortgages and 48.5 percent growth in revenue from commercial mortgages.

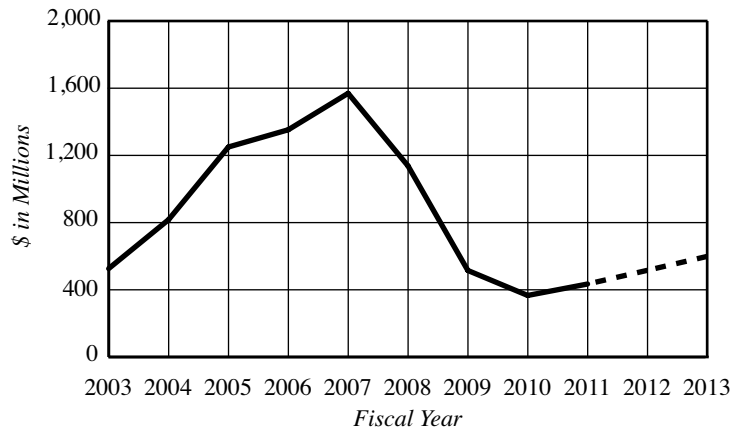
Revenue from residential mortgage recordings in 2012 is forecast at \$233 million, a decline of 1.9 percent from the prior year. The residential mortgage recording tax forecast follows the decline seen in the residential real property transfer tax forecast.

Revenue from commercial mortgage recordings in 2012 is forecast at \$283 million, growth of 43.8 percent over the prior year. The robust growth reflects improved credit market conditions for the commercial real estate market and the local economic recovery, which has led to continued strength in demand for investment property as well as improved ability to refinance existing properties.

2013 Forecast: Mortgage recording tax revenue is forecast at \$599 million, growth of 16.1 percent over 2012. Revenue from the residential mortgage recording tax is forecast to grow by 7.7 percent in 2013 and to average growth of 15.8 percent from 2014 through 2016. Revenue from commercial mortgage recordings is forecast to grow at 23.0 percent in 2013 and at an annual average of 9.6 percent from 2014 through 2016 as market and lending conditions continue to improve.

Mortgage recording tax revenue growth averages 12.3 percent from 2014 through 2016 in pace with the recovery of the real estate market and improving credit market conditions. However, the revenue forecast of \$848 million in 2016 is still 46.0 percent below the peak level seen in 2007.

MORTGAGE RECORDING TAX 2003-2013



PERSONAL INCOME TAX

The personal income tax is projected to account for 19.4 percent of tax revenue in 2013, or \$8.476 billion.

2012 Forecast: Personal income tax revenue is forecast at \$7.966 billion, growth of 4.2 percent over the prior year, or an increase of \$322 million above the prior year's level. This large increase in revenue reflects continued recovery in both wage and non-wage income. Employment growth throughout the fiscal year coupled with growth in private sector wage rates is expected to counteract a decline in bonus payout. Accounting for tax law changes, personal income tax revenue is forecast to grow 2.4 percent on a common rate and base in 2012.

Withholding collections are forecast to show a meager growth in 2012, following an increase of 6.0 percent in the prior year. In the July through November period, withholding collections were strong as a result of employment gains and an increase in the wage rate. In the December through March bonus period, withholding collections were weak, dropping about 5 percent from the same period in the prior year. Bonuses on 2011 earnings paid out in calendar year 2012 by private sector firms declined about 15 percent from the prior year stemming from a weak year for Wall Street firms and changing compensation practices that were triggered by the financial crisis of 2008. A challenging global equity market environment in late 2011 led NYSE member firms to post a loss of nearly \$5 billion in the second half of the calendar year, erasing a large chunk of profits that were accrued earlier in the calendar year.

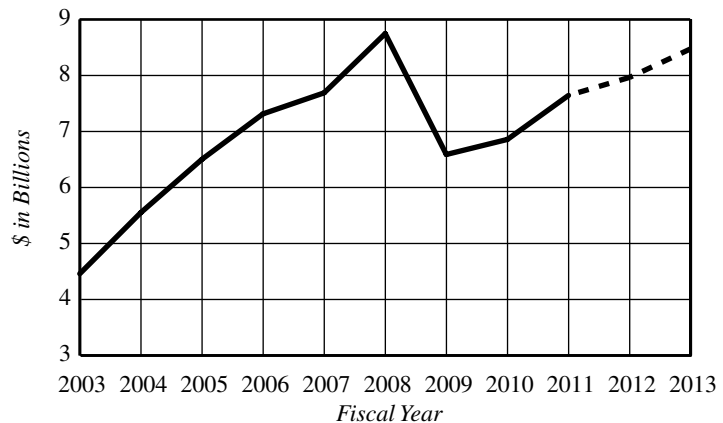
Furthermore, since the great recession, Wall Street firms have restructured their compensation packages. Whereas in past years over half of bonuses were paid out in cash, today a much larger portion is paid out in deferred cash or restricted shares, which generally vest from 1 to 3 years after their grant date. Consequently, large deferred compensation grants in calendar years 2010 and 2011 that vested in fiscal year 2012 have ameliorated the severe decrease in cash bonuses paid out on 2011 earnings.

This weakness in bonuses was partially offset by a continuation of the employment gains observed during the first half of the fiscal year. Non-bonus withholding (or base withholding) was estimated to increase nearly three percent during the December through March bonus payout. For the April through June quarter, withholding collections are expected to grow about five percent over the prior year, as employment gains continue and wage rates rise.

Installment payments on tax year 2011 grew 18.6 percent from continued recovery in non-wage income sources and taxpayers trueing up their liability with their installment payments.

Given that taxpayers had already started to true up their liability with their quarterly installment payments in tax year 2011, they did not have to catch up as much with their tax payments in the spring. As a result, extension payments fell about 20 percent from the prior year. Moreover, the retroactive implementation of the elimination of the STAR rate cut for high earners on tax year 2010 artificially inflated the prior year's extension payments and contributed to the current year's double-digit decline.

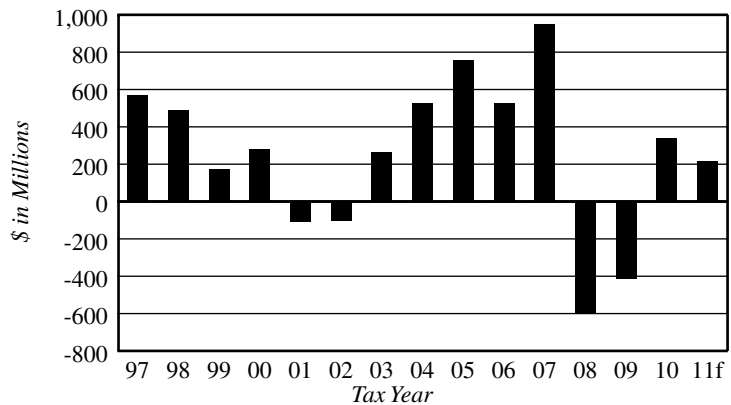
PERSONAL INCOME TAX 2003-2013



Although extension payments declined for liability year 2011, total estimated payments (installment and extension payments combined) grew almost three percent reflecting continuing recovery of non-wage income. Growth in capital gain realizations was sustained on tax year 2011, in spite of volatility in the equity markets. In addition, dividend, interest & rent as well as proprietor's income growth accelerated.

Settlement payments (final returns, extension payments, State/City offsets, and refunds) on liability year 2011 are expected to decline by about \$120 million from the prior year's level, largely attributable to the retroactive implementation of the elimination of the STAR tax cut for high earners in the prior year. The total net settlement is forecast to be approximately \$220 million on liability year 2011, reflecting continued recovery in non-wage income stemming from both the equity and real estate markets.

SETTLEMENT PAYMENTS



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

Total liability on tax year 2011 is forecast to increase 5.3 percent.

2013 Forecast: Personal income tax revenue is forecast at \$8.476 billion, growth of 6.4 percent over the prior year, \$510 million over the prior year's level. This strong growth arises from the continued national and local economic recovery and the expected acceleration of capital gains realizations from calendar year 2013 into calendar year 2012, due to both the expiration of the Bush tax cut on capital gains and the implementation of Medicare Tax on net investment income, which bring the Federal capital gains tax rate up to 23.8 percent from 15 percent for high earners.

Personal income tax withholding in 2013 is forecast to increase 2.8 percent and reflects an ongoing economic recovery, as employment gains continue to take hold in the local economy and wage rates remain stable in 2013. The additional private sector jobs and continued non-finance wage rate growth in 2013 are expected to lift base withholding collections. On the other hand, bonus payouts on calendar year 2012 earnings are forecast to be virtually flat from the prior year. This nearly unchanged level of bonus payout coupled with modest base wage earnings growth is forecast to result in tepid withholding growth for the December through March bonus period. For the remaining April through June quarter, withholding collections are forecast to grow 4.7 percent over the prior year, paralleling wage earnings.

Installment payments on liability year 2012 are expected to exhibit strong growth. The national and local economic recovery is expected to continue, and the expiration of the extension of the Bush tax cuts and the Medicare investment tax are forecast to spur installment payments growth in fiscal year 2013 as taxpayers accelerate capital gains realizations from calendar year 2013 into calendar year 2012 in order to take advantage of the lower Federal capital gains tax rates. Additionally, the S&P 500 is forecast to appreciate 5.4 percent over the prior year and proprietor's income is expected to show modest gains resulting in strength in non-wage income in tax year 2012.

Settlement payments (final returns, extension payments, State/City offsets, and refunds) in liability year 2012 are forecast to increase over the prior year's level by about \$140 million, reflecting continued recovery in the local economy.

Total liability on tax year 2012 is forecast to grow 5.0 percent.

Personal income tax revenue is forecast to remain nearly unchanged in 2014 from the prior year, reflecting the ongoing recovery in wage and non-wage income sources, but dampened by the expected spin-down effect from the higher tax rate on non-wage income. Personal income tax revenue is forecast to grow 7.1 percent and 4.0 percent in 2015 and 2016, respectively.

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

	2010	2011	2012 ^f	2013 ^f
Withholding	\$5,754	\$6,096	\$6,159	\$6,329
Estimated Payments ¹	1,690	2,110	2,096	2,439
Final Returns	288	317	341	366
Other ²	427	302	531	558
	<hr/>	<hr/>	<hr/>	<hr/>
Gross Collections	\$8,159	\$8,825	\$9,128	\$9,692
Refunds	(1,301)	(1,181)	(1,162)	(1,216)
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Net Collections	\$6,858	\$7,644	\$7,966	\$8,476
Less TFA Retention	0	0	0	0
	<hr/>	<hr/>	<hr/>	<hr/>
Total	\$6,858	\$7,644	\$7,966	\$8,476

1 Includes extension payments.

2 Offsets, charges, assessments less City audits.

^f = Forecast.

Totals may not add due to rounding.

GENERAL CORPORATION TAX

The general corporation tax is projected to account for 5.8 percent of tax revenue in 2013, or \$2.530 billion.

2012 Forecast: General corporation tax revenue is forecast at \$2.476 billion, growth of 8.7 percent over the prior year. This marks the second year of growth after three consecutive years of decline averaging 14.2 percent from fiscal year 2008 to 2010, although the growth has significantly slowed from the 15.3 percent realized in 2011.

In 2012, gross collections year-to-date through March grew 6.6 percent over the prior year. Payments through March from the finance sector fell sharply from the prior year, paralleling the steep decline in calendar year 2011 Wall Street profits. After generating \$27.6 billion in Wall Street profits in calendar year 2010, the second highest level on record, NYSE member firms reported \$7.7 billion in calendar year 2011. The reversal in fortunes of these large finance sector firms is mirrored among the smaller firms. Consequently, overall finance sector tax payments through March have declined nearly eight percent, and are expected to fall further through the quarter ending June 2012.

However, tax payments through March from a rebounding non-finance sector offset the decline seen in the finance sector. In 2012, gross collections year-to-date through March from the non-finance sector have grown almost nine percent over the prior year. The rebound in the non-finance sector collections, which began in 2011, follows two consecutive years of double-digit declines. The recovery in non-finance tax payments parallels the economic recovery and healthy levels of corporate profits.

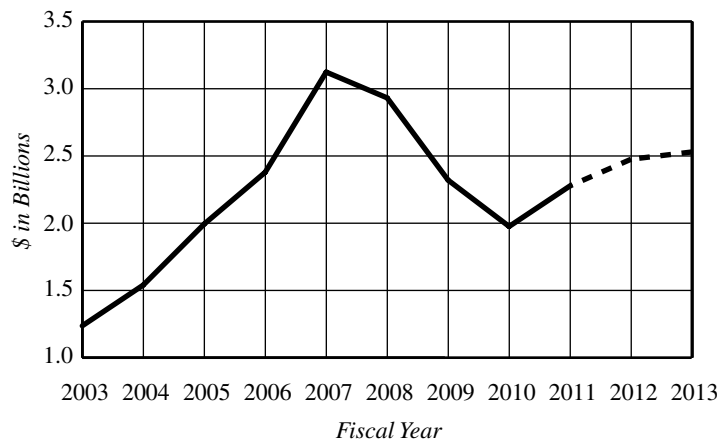
Refund payouts are forecast at \$344 million in 2012, continuing at a level well above the pre-recession average of approximately \$200 million per year, and about \$185 million below the peak refund level reached in 2009. Refunds since 2010 have steadily fallen, and the 2012 refund level declined over \$40 million from the level seen in 2011, which suggests that refunds are returning to trend levels.

2013 Forecast: General corporation tax revenue is forecast at \$2.530 billion, growth of 2.2 percent over the prior year.

In 2013, flat growth is forecast for tax payments from finance sector firms following two years of double-digit declines, and reflects a sustainable level of Wall Street profitability. After two years of rebounding growth, tax payments from non-finance sector firms are expected to rise modestly throughout 2013, tracking the steady growth in the economy.

Out-year revenue growth is expected to be subdued due to the implementation of regulatory changes on finance sector firms, and by the pace of the withdrawal of monetary support for the finance industry and its downstream effect on non-finance firms. However, net revenue growth is expected to be lifted by refund payouts returning to trend levels after reaching record highs from 2008 through 2010. General corporation tax revenue is forecast to average growth of 4.9 percent from 2014 through 2016 as Wall Street profitability and the economy return to trend growth.

GENERAL CORPORATION TAX 2003-2013



BANKING CORPORATION TAX

The banking corporation tax is projected to account for 2.7 percent of tax revenue in 2013, or \$1.191 billion.

2012 Forecast: Banking corporation tax revenue is forecast at \$1.286 billion, a decline of 4.5 percent from the prior year. The decline reflects tax payments lower than forecast for the quarter ending in March offset by a reduction in refunds paid out.

In 2012, year-to-date gross collections through March declined 9.0 percent from the prior year, with the recorded decline attributed to a strong prior year level that included several extraordinary cash payments.

Adjusted for these extraordinary payments, gross collections grew more than 10 percent. Despite the underlying strength in collections, gross collections in the final quarter of the fiscal year are expected to decline from the strong growth seen in the prior year. Gross collections in 2012 are forecast to decline approximately nine percent, but after accounting for the extraordinary payments received in 2011, collections grow approximately 4.4 percent. The underlying positive growth for 2012 can be partially attributed to the record low interest rates set by the Federal Reserve.

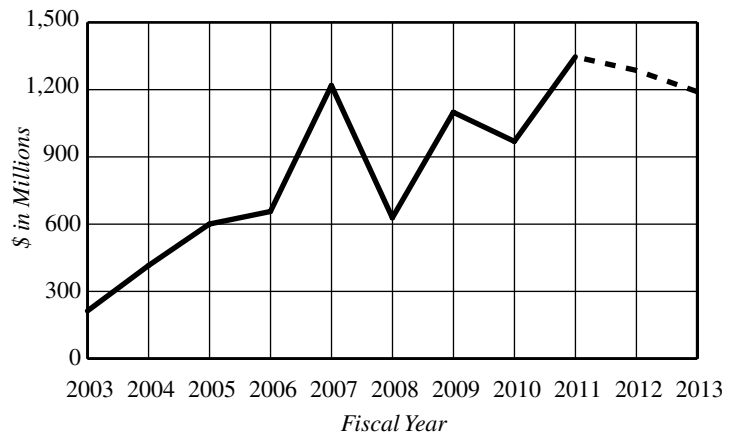
Refund payouts are forecast to decline over 40 percent, lifting net collections, as large overpayments on account by a few taxpayers have been reduced through lower tax payments than through refund payouts. Net collections in 2012 are forecast to decline 4.5 percent. After accounting for the extraordinary payments received in 2011, net collections are forecast to grow more than 10 percent.

2013 Forecast: Banking corporation tax revenue is forecast at \$1.191 billion, a decline of 7.4 percent from the prior year. Gross collections are forecast to decline 1.3 percent. The lack of growth over the prior year reflects the slow withdrawal of government support for the financial sector.

Refund payouts are forecast to increase over the prior year, further dampening net collections. Taxpayers, reflecting the decline in calendar year 2011 Wall Street profits, are expected to revise liability down, resulting in lower tax payments and additional refund payouts. Net collections in 2013 are forecast to decline 7.4 percent.

Banking corporation tax revenue growth is forecast to average 5.8 percent from 2014 through 2016. The rebound in revenue reflects the combined effect of the following: the gradual withdrawal of accommodative monetary policy from the nation's financial system; the return of Wall Street profitability to trend levels; and the continuation of steady economic growth.

BANKING CORPORATION TAX 2003-2013



UNINCORPORATED BUSINESS TAX

The unincorporated business tax is projected to account for 4.0 percent of tax revenue in 2013, or \$1.765 billion.

2012 Forecast: Unincorporated business tax revenue is forecast at \$1.638 billion, a decline of 2.2 percent from the prior year.

In 2012, unincorporated business tax net collections year-to-date through March declined 2.9 percent from the prior year. The decline reflects much weaker than expected finance sector tax payments, mitigated partially by relative strong non-finance sector payments. In the final

quarter of the fiscal year, as a consequence of depressed finance sector tax payments, the overall weakness in collections is forecast to continue at the same pace seen in the first three quarters of the fiscal year.

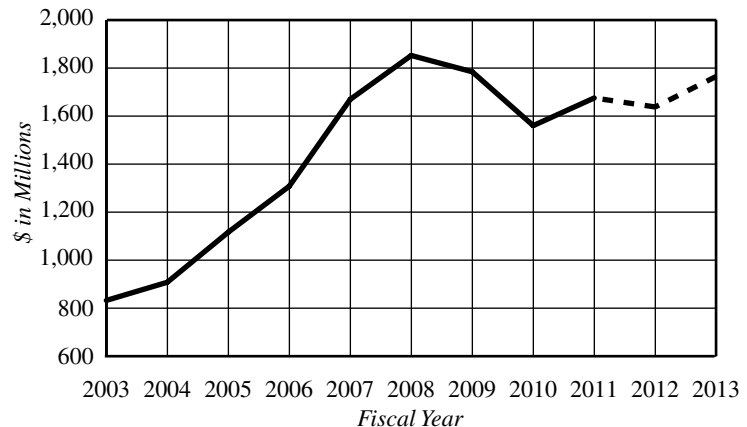
Finance sector tax payments in 2012 are forecast to have a steep decline of 15.5 percent from the prior year. This is largely attributed to a 17 percent reduction in finance sector tax payments recorded fiscal year-to-date through March supported by the fact that the hedge fund industry encountered its second worst historical performance in calendar year 2011. The decline in finance sector tax payments is forecast to continue through the last quarter of the fiscal year as taxpayers adjust payments to reflect their lower tax liability for calendar year 2011.

Non-finance sector tax payments in 2012 are forecast to grow 7.8 percent, the result of a rebound of several non-finance subsectors, particularly in professional services, leisure & hospitality, retail trade and health care. Non-finance sector tax payments through March have increased seven percent over the same period in 2011. Non-finance sector tax payment strength is expected to continue for the April through June quarter as the subsectors continue to benefit from the steady economic recovery in the City.

2013 Forecast: Unincorporated business tax revenue is forecast at \$1.765 billion, growth of 7.8 percent over the prior year. Finance sector payments are forecast to grow 8.3 percent over the depressed 2012 level due to a rebound by the hedge fund/private equity industry. Already, hedge fund assets under management in calendar year 2012 are approaching a new all-time high, attributable in part to institutional investors having gradually returned to riskier assets in search of higher returns. Tax payments from non-finance sector firms are forecast to grow a moderate 5.9 percent over the prior year, and reflect the continuing growth of non-finance sector jobs and wages.

Unincorporated business tax revenue is forecast to average growth of 4.8 percent from 2014 through 2016 as Wall Street profitability and the economy return to trend growth.

UNINCORPORATED BUSINESS TAX 2003-2013



SALES AND USE TAX

The sales and use tax is projected to account for 13.9 percent of total tax revenue in 2013, or \$6.064 billion.

2012 Forecast: Sales tax revenue is forecast at \$5.835 billion, growth of 4.5 percent over the prior year.

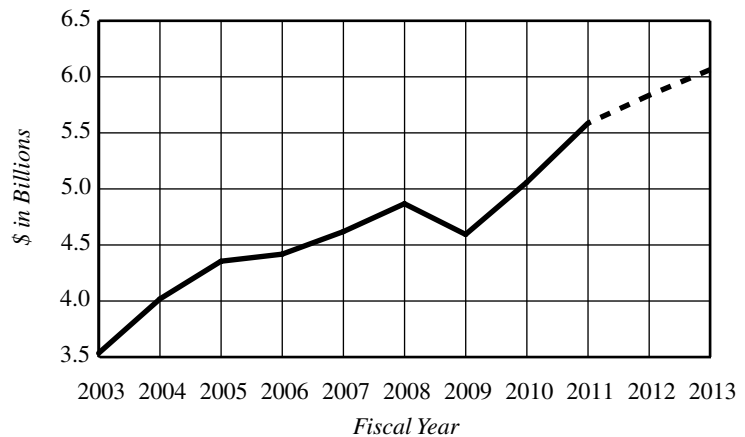
Sales tax collections year-to-date through March grew 4.4 percent. Taxable consumption, on a common rate and base, is forecast to grow 5.1 percent in 2012, surpassing the height of the pre-recession levels last seen in 2008. This strength in taxable consumption is fueled by a few different factors. The national economy continues to post moderate growth. Retail sales nationwide through March (not seasonally adjusted) have grown about 7.5 percent over the same prior year period. Local employment gains have also boosted taxable consumption. Tourism in the City has continued to boom as calendar year 2011 broke the record set in 2010 by welcoming over 50 million visitors. The weakness of the US dollar against foreign currencies allows visitors more purchasing power during their stay in the City, lifting sales tax revenue. However, offsetting some of the strength in consumption is a decline in sales tax collected on energy consumption. This is due to decreasing natural gas and electricity prices putting downward pressure on potential sales tax collected, and this year's warm winter decreased energy consumption. The negative effects from declining energy demand are not expected to continue for the rest of the fiscal year.

2013 Forecast: Sales tax revenue is forecast at \$6.064 billion, growth of 3.9 percent over the prior year.

Taxable consumption, on a common rate and base, is forecast to grow 4.3 percent in 2013. Local consumption is forecast to grow as the City continues to add more jobs. However, tourism spending is forecast to be more subdued paralleling the slight decline in the hotel tax.

Sales tax revenue growth is forecast to average 4.1 percent from 2014 through 2016.

SALES TAX 2003-2013



UTILITY TAX

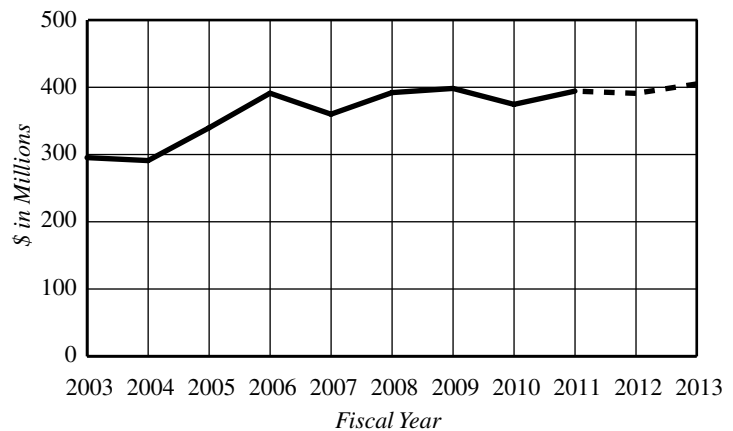
The utility tax is projected to account for 0.9 percent of total tax revenue in 2013, or \$405 million.

2012 Forecast: Utility tax revenue is forecast at \$391 million, a decline of 0.8 percent from the prior year. The year-over-year decrease stems mostly from the diminished winter demand for electric and natural gas, due to unusually mild winter weather. Further, natural gas prices have declined year-over-year due to record-high working inventories, adversely impacting utility revenue.

2013 Forecast: Utility tax revenue is forecast at \$405 million, growth of 3.6 percent over the prior year. The expectation of a return to historical utility consumption as well as modest growth in electric and other utilities revenues are the basis for the forecasted growth in revenue.

Utility tax collections are forecast to average annual growth of 3.3 percent from 2014 through 2016.

UTILITY TAX 2003-2013



CIGARETTE TAX

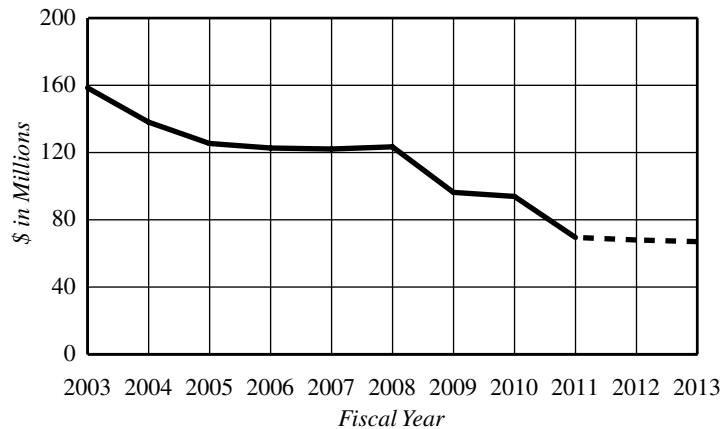
The cigarette tax is projected to account for 0.2 percent of total tax revenue in 2013, or \$67 million.

2012 Forecast: Cigarette tax revenue is forecast at \$68 million, a 2.2 percent decline from the prior year, reflecting the continuing reduction in cigarette consumption. Currently, the combined City/State cigarette taxes paid in the City are \$5.85 per pack, the highest cigarette tax levied in the country. This higher tax burden has led to a decline in the number of packs sold within the City, both from the diversion of purchases to jurisdictions outside the City with a lower cigarette tax rate as well as from smoking cessation.

2013 Forecast: Cigarette tax revenue is forecast at \$67 million, a 1.5 percent decline from the prior year.

Cigarette tax revenues are projected to decline at an annual average rate of 2.6 percent from 2014 through 2016, reflecting a long-term trend decline in the number of packs sold.

CIGARETTE TAX 2003-2013



HOTEL TAX

The hotel room occupancy tax is projected to account for 1.1 percent of tax revenue in 2013, or \$473 million.

2012 Forecast: Hotel tax revenue is forecast at \$478 million, growth of 13.2 percent over the prior year.

Hotel tax collections year-to-date through March grew 14.2 percent over the same prior year period. The strong year-to-date collections result from the record level of tourism in the City. The hotel occupancy rate grew 3.3 percent through March, despite adding about 3,500 rooms during this period. This strength is expected to continue through the remainder of fiscal year 2012. In addition, the large collections come as a result of the extension of the temporary hotel tax rate increase, bringing the hotel tax rate to 5.875 percent from 5.0 percent. The higher hotel tax rate was set to expire on November 30, 2011, but was extended through November 30, 2013. The forecast assumes that the higher hotel tax rate continues throughout the plan period. Further, tourism in the City has continued to strengthen in calendar year 2012 after a record-breaking year in calendar year 2011.

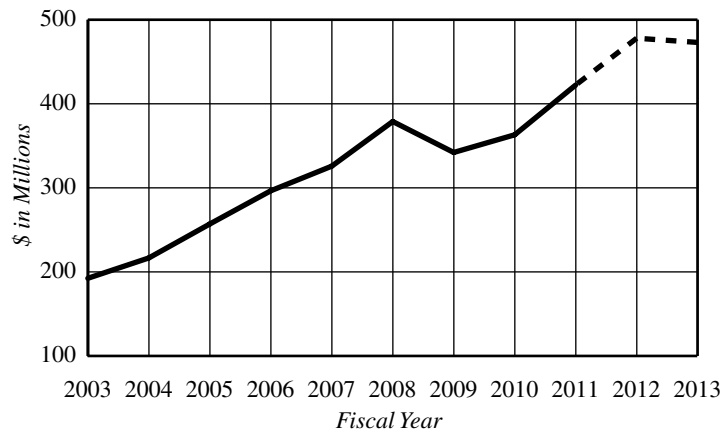
This strength is expected to continue through the remainder of fiscal year 2012. In addition, the large collections come as a result of the extension of the temporary hotel tax rate increase, bringing the hotel tax rate to 5.875 percent from 5.0 percent. The higher hotel tax rate was set to expire on November 30, 2011, but was extended through November 30, 2013. The forecast assumes that the higher hotel tax rate continues throughout the plan period. Further, tourism in the City has continued to strengthen in calendar year 2012 after a record-breaking year in calendar year 2011.

2013 Forecast: In 2013, hotel tax revenue is forecast at \$473 million, a decline of 1.0 percent from the prior year.

The tax revenue decline is partially attributable to budget rate hotel rooms coming on line in the City, thereby driving down the average daily room rate. Furthermore, the occupancy rate is forecast to decrease as hotel room inventory growth outpaces the growth of visitors staying overnight in the City. The decelerating growth in overnight visitors results from the uncertainty created by the European debt crisis that may have a negative impact on the European travel market, the City's largest origin market, reducing the number of international visitors.

From 2014 through 2016, hotel tax revenue is forecast to average growth of 4.3 percent.

HOTEL TAX 2003-2013



OTHER TAXES

All other taxes are projected to account for 1.1 percent of total tax revenue in 2012, or \$504.9 million.

All other taxes are forecast at \$500.3 million in 2013 and are projected to remain at \$501.3 million from 2014 through 2016.

2012–2013 Other Taxes Forecast (\$000s)

Tax	2012	2013	Increase/(Decrease) From 2012 to 2013 Amount	Percent Change
Auto Related Taxes				
Auto Use.....	\$29,000	\$29,000	—	0.0%
Commercial Motor Vehicle.....	48,800	50,000	1,200	2.5%
Taxi Medallion Transfer.....	8,000	8,000	—	0.0%
Excise Taxes				
Beer and Liquor.....	24,000	24,000	—	0.0%
Liquor License Surcharge.....	5,000	5,000	—	0.0%
Horse Race Admissions.....	20	20	—	0.0%
Off-Track Betting Surtax.....	1,250	1,250	—	0.0%
Miscellaneous				
Other Refunds.....	(31,000)	(29,000)	2,000	6.5%
Payment in Lieu of Taxes (PILOTs)	257,906	249,000	(8,906)	(3.5%)
Section 1127 (Waiver).....	120,900	121,000	100	0.1%
Penalty and Interest Real Estate				
(Current Year)	14,000	15,000	1,000	7.1%
Penalty and Interest Real Estate				
(Prior Year).....	30,000	30,000	—	0.0%
Penalty and Interest - Other Refunds.....	(3,000)	(3,000)	—	0.0%
Total.....	\$504,876	\$500,270	(4,606)	(0.9%)

AUTO RELATED TAXES

Auto Use Tax: This tax is expected to generate \$29 million in both 2012 and 2013.

Commercial Motor Vehicle Tax: This tax is expected to generate \$48.8 million in 2012 and \$50.0 million in 2013.

Taxi Medallion Transfer Tax: This tax is expected to generate \$8 million in both 2012 and 2013.

EXCISE TAXES

Beer and Liquor Excise Tax: This tax is expected to generate \$24 million in both 2012 and 2013.

Liquor License Surcharge: This tax is expected to generate \$5 million in both 2012 and 2013.

Horse Race Admissions Tax: This tax is expected to generate \$0.02 million in both 2012 and 2013.

Off-Track Betting Surtax: This tax is expected to generate \$1.3 million in both 2012 and 2013.

MISCELLANEOUS

Other Refunds: These refunds are primarily paid out on the commercial rent tax and Section 1127 (waiver) and are projected to be \$31 million in 2012 and \$29 million in 2013.

PILOTS: Payments in lieu of taxes (PILOTs) are contractual agreements between public agencies and private property owners. There are four primary sponsor agencies that serve as intermediaries between the City and the property owner: the New York City Housing Authority, the New York City Economic Development Corporation, the New York City Industrial Development Agency and the Battery Park City Authority. These agencies administer projects that comprise approximately 90 percent of PILOT payments received. PILOT revenue is expected to be \$257.9 million in 2012 and \$249.0 million in 2013.

Section 1127 (Waiver): Under section 1127 of the New York City Charter, the City may collect payments from nonresident employees of the City, or any of its agencies, in an amount which is equal to what their personal income tax liability would be if they were City residents. Revenue is projected to be \$120.9 million in 2012 and \$121.0 million in 2013.

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 \$14 million in 2012 and \$15 million in 2013, while penalty and interest collections from prior year delinquencies are expected to be \$30 million in both 2012 and 2013.

Penalty and Interest - Other Refunds: The City pays interest on refunds claimed for overpayment against business income taxes and on audits of General Corporation and Unincorporated Business Tax collections that have been subsequently overturned by Federal or State rulings. The cost of all these payments is projected at \$3 million in both 2012 and 2013.

TAX ENFORCEMENT REVENUE

As part of the City's program to reduce the projected budget gap, the Department of Finance targets delinquent taxpayers through agency audit activities, the selected use of collection agencies and computer matches. Audit revenue is forecast at \$699.7 million in 2012. The audit revenue for 2013 is forecast at \$723.5 million.

MISCELLANEOUS RECEIPTS

Forecast of Miscellaneous Receipts

The non-tax revenue portion of City Funds is referred to as miscellaneous revenues. The 2013 Executive Budget includes eleven classes of miscellaneous revenues which are discussed below.

Miscellaneous Revenues (\$ in Millions)

	2012 Forecast	2013 Executive Budget	Forecast to Executive Budget Increase (Decrease)
Licenses.....	\$59	\$73	14
Permits	168	160	(8)
Franchises and Privileges.....	327	318	(9)
Interest Income.....	17	19	2
Tuition and Charges for Services	831	887	56
Water and Sewer Revenues	1,387	1,514	127
Rental Income	286	280	(6)
Fines and Forfeitures	820	805	(15)
Miscellaneous.....	1,062	1,626	564
Total Miscellaneous Revenues	<u>\$4,957</u>	<u>\$5,682</u>	<u>725</u>

Miscellaneous revenues are estimated at \$5,682 million in 2013, an increase of \$725 million from 2012, 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 455,000 licenses. About 77,000 are non-recurring, 106,000 are renewed annually, 236,000 biennially, and 36,000 triennially. The major sources of license revenue are taxi and limousine licenses, pistol licenses, private carter licenses, marriage licenses, and various business licenses under the jurisdiction of the Department of Consumer Affairs.

The 2013 forecast for license revenue is \$73 million, \$14 million more than 2012. This increase is attributable to additional fees for a new class of street hail licenses to be issued by the Taxi and Limousine Commission.

Permits

Permits are issued to 1,045,000 individuals or entities for the use of facilities, premises or equipment. Approximately 334,000 permits are renewable on an annual, biennial or triennial basis. Seasonal or single occurrence permits, such as tennis and building permits, account for 711,000 additional permits, all of which are issued and regulated by twelve City agencies.

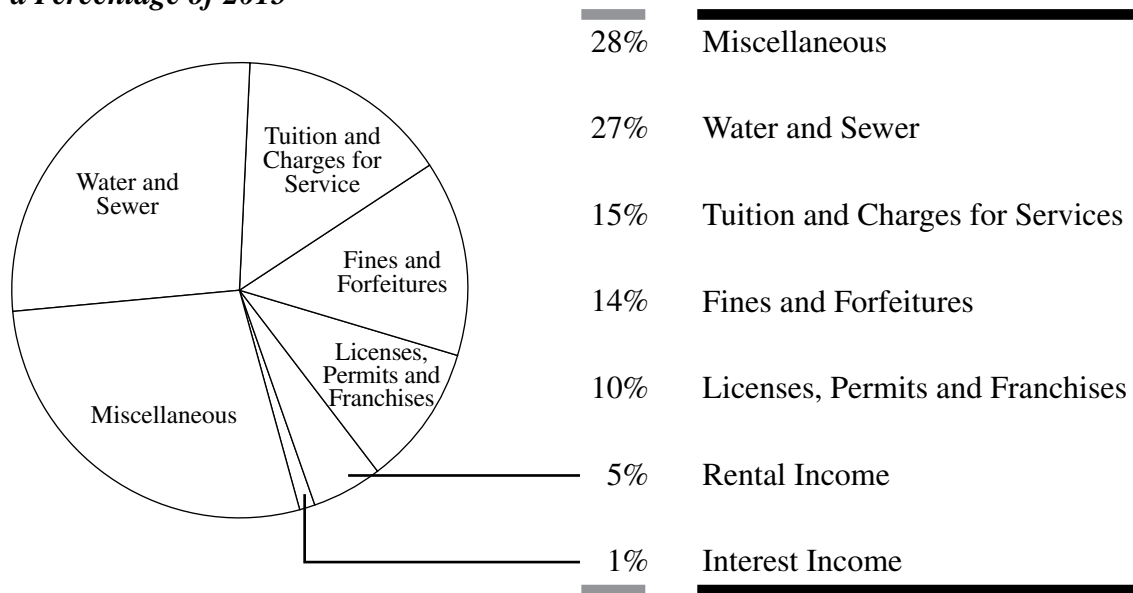
The major sources of revenue are permits for building construction and alterations, street openings, restaurants, hazardous materials, and air pollution control. The 2013 forecast for permit revenue is \$160 million, \$8 million less than 2012. The decrease is due to a decline in receipts for construction-related permits issued by the Department of Buildings.

Tuition and Charges for Services

The City collects tuition from students enrolled at community colleges. In addition, the City collects money from charges to the public and other governmental agencies for services rendered. There are over 100 different service fees in this category, including fees for parking, towing, provision of school lunches, copies of reports, processing applications, searches, and performing fire and building inspections. The 2013 forecast for tuition and charges for services is \$887 million, \$56 million more than 2012. The change is attributable to increases in tuition at community colleges and fees for citywide commercial parking meters. In addition, the Fire Department will establish a fee for periodic inspections performed by field units through the Building Inspection Safety Program.

COMPONENTS OF MISCELLANEOUS REVENUES

As a Percentage of 2013



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 7.0 percent rate increase for 2013. The forecast for Water Board revenue is \$3.4 billion, including a City payment of \$97 million for municipal water and sewer charges and \$42 million for interest on funds held by the New York City Municipal Water Finance Authority. The Water Board will pay \$1.228 billion for Water Board and Authority expenses and debt service. The City will receive \$1.277 billion for services rendered in the delivery of water and the collection, treatment, and disposal of waste water, and \$237 million for the rental of the water supply and sewer system plant, in accordance with the lease agreement between the Water Board and the City.

Other Income

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

Interest Income

The City earns interest income by investing funds from four sources: overnight cash balances, debt service accounts, sales tax, and cash bail balances. Overnight cash balances are invested and historically earn interest at approximately the federal funds rate. With the current Fed policy to hold that rate at near zero levels, the City has been able to invest in overnight instruments with earnings that exceed the federal funds rate. Property tax receipts are held by the State Comptroller to satisfy City debt service payments, and earnings are forwarded to the City monthly based on bond payment schedules. The determinants of the value of this revenue source are the value of cash balances, tax receipts, available investment instruments and the interest rate.

The 2013 forecast for interest earnings is \$19 million, an increase of \$2 million from 2012. Interest rates are forecast to remain at historically low levels over the next twelve months.

Franchises and Privileges

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

The 2013 forecast for franchise revenue is \$318 million, a decrease of \$9 million from 2012. The decrease is due to a one-time contractual payment in 2012 from the street furniture agreement in the Department of Transportation and decreased 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. Roughly 2,360 properties are rented from the City.

Approximately 575 are *in rem* or condemnation sites, 185 are covered by long term agreements, and nearly 1,600 are schools that are rented on a per event basis after school hours.

The 2013 forecast for rental income is \$280 million, \$6 million less than in 2012. The decrease is a result of declining rental income from HPD and DCAS managed properties partially offset by an increase in the minimum rent paid by the Port Authority on the airport lease.

Fines and Forfeitures

The City collects fine revenue through courts and administrative tribunals for violations issued under the Administrative Code, Vehicle and Traffic Law, and other laws. Forfeiture revenue is obtained from the surrender and conversion of bail and cash bonds, and contractors’ performance bonds. The 2013 forecast for forfeitures is \$3.1 million. The revenue expected from fines in 2012 and 2013 is listed below:

Fine Revenue

Type (\$ in 000's)	2012 FORECAST	2013 EXECUTIVE BUDGET
Parking Violations	\$513,300	\$518,200
Environmental Control Board Violations	87,330	91,322
Department of Health Violations	45,240	49,103
Red Light Camera Violations	48,500	48,500
Department of Buildings Penalties	28,000	22,689
Traffic Violations	14,567	20,567
Department of Consumer Affairs	13,070	11,137
Taxi and Limousine Commission Violations	8,400	10,480
State Court Fines	7,135	7,135
Bus Lane Violations	7,000	4,013
Other Sources	43,901	18,783
Total	<u>\$816,443</u>	<u>\$801,929</u>

The Parking Violation division of the Department of Finance is forecasted to collect \$518 million in parking fines in 2013, \$5 million more than 2012. Diversion of resources for traffic management and training resulted in a reduction in summons issuance in 2012.

The Parking Violation division also processes and adjudicates Red Light Camera violations. This program is designed to promote safe, responsible driving by photographing and fining registrants of vehicles “running” red lights. The Department of Transportation currently has 190 red light cameras operating at 150 intersections. Red Light Camera violations will generate \$48.5 million in 2013. In addition, the Department has implemented a bus lane camera enforcement program along MTA Select Service Bus Routes. There are currently two cameras at 20 locations along three of the six SBS routes. The Department will generate \$7 million in 2012 from these cameras, which is expected to decrease to \$4 million in 2013 due to increased compliance.

The Office of Administrative Trials and Hearings (OATH) collects revenue from fines imposed by several administrative tribunals. In 2012, both the Department of Health and Mental Hygiene and the Taxi and Limousine Commission were consolidated within OATH. OATH is expected to collect \$150.9 million in 2013, an increase of \$10 million over 2012. The Taxi and Limousine Commission will increase staff to enforce against illegal street hails in light of the new Five Borough Taxi Plan, and to protect the integrity of the Taxi Medallion industry. The increase in 2013 revenue is also a result of penalty schedule changes made by both the Department of Transportation and Fire Department for summonses returnable to the Environmental Control Board. The Environmental Control Board adjudicates violations issued by over a dozen City agencies for infractions of the

City's Administrative Code related to street cleanliness, waste disposal, street peddling, fire prevention, air, water and noise pollution, building safety and construction, and other quality of life issues.

The Department of Consumer Affairs (DCA) enforces the City's consumer protection, licensing, weights and measures and Truth-in-Pricing Laws. In 2013 the Department will generate \$11.1 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 2013 forecast for miscellaneous revenue is \$1,626 million, \$564 million more than in 2012. The increase is primarily related to one-time revenue from the sale of new accessible taxi medallions, anticipated debt service reimbursement from the Health and Hospitals Corporation and from the retainage by the City of what was previously the State share of child support payments collected on behalf of cash assistance families. This increase is partially offset by one-time settlement revenue in 2012.

Private Grants

The Executive Budget includes \$923 million in private grants in 2013, \$113 million less than 2012. 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 2013 expected reimbursements will be \$538 million.

CAPITAL BUDGET

The Executive Capital Budget and Four-Year Plan, 2013-2016

The 2013 Executive Capital Budget includes new appropriations of \$8.3 billion, of which \$7.0 billion are to be funded from City sources. These appropriations, together with available balances from prior years, authorize total commitments of \$10.8 billion for 2013, of which \$9.2 billion will be City-funded. City funds include proceeds from the New York City Municipal Water Finance Authority and the New York City Transitional Finance Authority as well as City general obligation bonds. As indicated in the following table, the targeted level for City-funded commitments is \$8.7 billion in 2013. The aggregate agency-by-agency authorized commitments of \$9.2 billion exceed the 2013 Financial Plan by \$432.0 million. Excess authorizations in this proportion have proven necessary to achieve commitment spending targets by accommodating such factors as project scope changes and delays.

Four-Year Plan Highlights

The 2013-2016 Capital Plan totals \$26.6 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, and improving major hospitals.

The Capital Plan provides \$7.8 billion for new school construction and expansion, as well as the modernization, rehabilitation and improvements to existing school buildings. The City will invest \$1.7 billion for the continued reconstruction and rehabilitation of the four East River Bridges and the reconstruction and rehabilitation of 44 other bridge structures. An investment of \$458.2 million will be provided for the development of a 911/Emergency Communications Transformation Project, including upgrades to telecommunications infrastructure.

To improve the delivery of health care services to New Yorkers, the City will invest approximately \$203.2 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 the North General/Coler-Goldwater consolidation.

**FY 2012 - 2016 Commitment Plan
(\$ in Millions)**

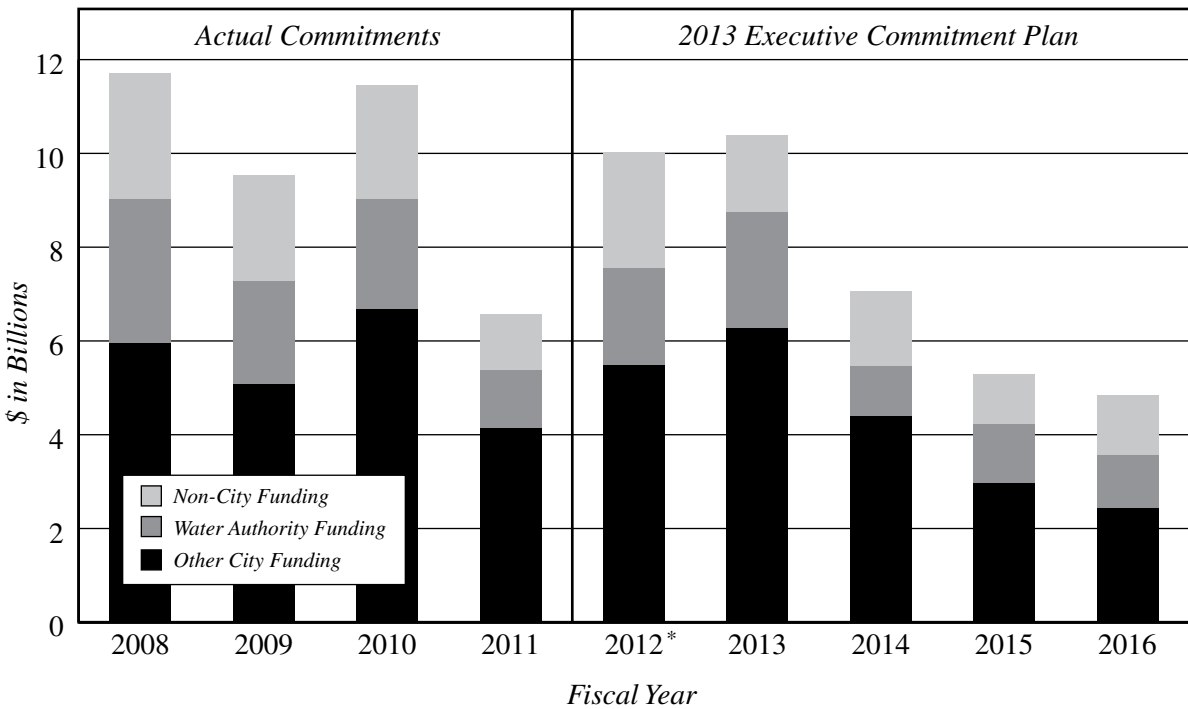
	2012		2013		2014		2015		2016	
	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds
<i>Environmental Protection</i>										
• Equipment	\$73	\$73	\$144	\$144	\$91	\$91	\$103	\$103	\$113	\$113
• Sewers	411	414	404	404	266	266	199	199	128	128
• Water Mains, Sources & Treatment	674	708	942	958	449	449	120	120	329	417
• Water Pollution Control	770	780	535	565	633	633	571	571	435	435
• Water Supply	146	146	440	440	194	194	359	359	40	40
Subtotal.....	\$2,073	\$2,121	\$2,465	\$2,512	\$1,632	\$1,632	\$1,352	\$1,352	\$1,045	\$1,133
<i>Transportation</i>										
• Mass Transit	\$195	\$254	\$100	\$100	\$100	\$100	\$100	\$100	\$40	\$40
• Bridges.....	34	286	464	651	279	463	141	269	175	275
• Highways.....	338	477	570	807	228	306	175	181	180	184
Subtotal.....	\$567	\$1,016	\$1,135	\$1,557	\$607	\$868	\$416	\$550	\$395	\$499
<i>Education & Hospitals</i>										
• Education.....	\$1,406	\$2,629	\$1,093	\$1,990	\$1,227	\$2,375	\$891	\$1,686	\$923	\$1,744
• Higher Education.....	239	245	54	55	4	4	3	3	3	3
Subtotal.....	\$1,645	\$2,874	\$1,147	\$2,045	\$1,230	\$2,378	\$893	\$1,688	\$925	\$1,747
<i>Housing & Economic Development</i>										
• Economic Development	\$822	\$969	\$419	\$419	\$34	\$34	\$40	\$40	\$15	\$15
• Housing	466	595	341	454	254	335	182	252	224	284
Subtotal.....	\$1,288	\$1,564	\$761	\$873	\$288	\$368	\$221	\$292	\$238	\$298
<i>Administration of Justice</i>										
• Corrections	\$173	\$173	\$271	\$271	\$540	\$540	\$17	\$17	\$53	\$53
• Courts	101	101	76	76	29	29	39	39	36	36
• Police.....	125	125	176	176	71	71	81	81	76	76
Subtotal.....	\$399	\$399	\$523	\$523	\$640	\$640	\$138	\$138	\$165	\$165
<i>City Operations and Facilities</i>										
• Cultural Institutions	\$345	\$384	\$248	\$248	\$33	\$33	\$16	\$16	\$9	\$9
• Fire.....	181	195	115	115	31	31	37	37	38	38
• Health & Hospitals	821	837	263	265	31	31	21	21	39	39
• Parks	841	1,048	332	339	74	74	117	117	65	65
• Public Buildings	363	363	461	461	65	65	37	37	59	59
• Sanitation	278	285	709	709	79	79	133	133	105	105
• Technology & Equipment....	1,040	1,071	703	703	139	139	81	81	64	64
• Other.....	658	810	317	468	167	282	100	161	54	268
Subtotal.....	\$4,528	\$4,994	\$3,148	\$3,309	\$618	\$734	\$540	\$602	\$432	\$646
Total Commitments	\$10,500	\$12,967	\$9,179	\$10,819	\$5,015	\$6,620	\$3,560	\$4,622	\$3,201	\$4,489
<i>Reserve for Unattained Commitments</i>										
	(\$2,950)	(\$2,950)	(\$432)	(\$432)	\$443	\$443	\$665	\$665	\$358	\$358
Commitment Plan.....	\$7,550	\$10,017	\$8,747	\$10,387	\$5,458	\$7,063	\$4,225	\$5,287	\$3,559	\$4,847
Total Expenditures	\$7,243	\$9,139	\$7,003	\$8,803	\$6,814	\$8,554	\$6,224	\$7,854	\$5,696	\$7,206

Non-City Funding Sources

Non-City capital funding sources include \$1.6 billion in the 2013 plan and \$5.6 billion over the 2013-2016 four-year plan period. The majority of non-City funding supports Education, Transportation, Housing, Environmental Protection and Human Resources.

Education programs anticipate receiving \$3.7 billion in State funding over the 2013-2016 period. Transportation programs are projected to receive non-City funding of \$1.4 billion over the 2013-2016 period, with \$1.1 billion from the Federal government, \$246.2 million from the State, and private funds of \$91.7 million. Housing programs are projected to receive \$323.1 million in Federal funding over the 2013-2016 period. Environmental Protection programs anticipate receiving \$134.7 million in non-City funding over the 2013-2016 period, consisting of \$89.6 million in private funds, \$44.7 million in Federal funds and \$350.0 thousand in State funds. Human Resources programs are projected to receive \$25.9 million in non-city funding over the 2013-2016 period, consisting of \$16.2 million in Federal funds and \$9.7 million in State funds.

FY 2008-2016 CAPITAL COMMITMENTS BY FUNDING SOURCE



* Projected

The Capital Program since 2008

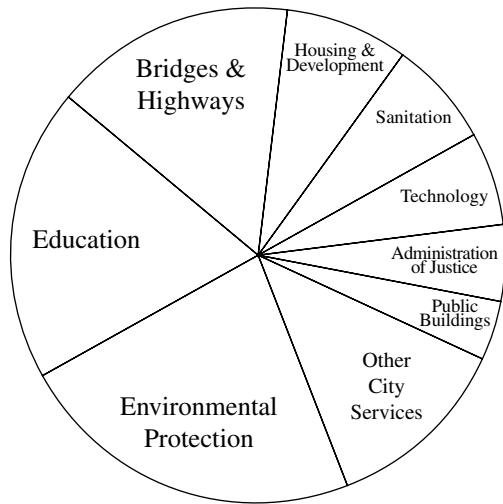
The table below illustrates the changes in the size of the City's capital program over the 2008-2011 period.

FY 2008-2011 COMMITMENTS (\$ in Millions)

	2008		2009		2010		2011	
	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds
<i>Environmental Protection</i>								
• Equipment	\$149	\$150	\$174	\$174	\$137	\$237	\$100	\$98
• Sewers	200	200	164	164	127	134	178	190
• Water Mains, Sources and Treatment	1,839	1,838	663	663	660	660	602	602
• Water Pollution Control	843	842	944	936	1,315	1,530	354	361
• Water Supply	20	20	237	237	89	89	1	1
Subtotal	\$3,051	\$3,051	\$2,182	\$2,175	\$2,327	\$2,650	\$1,235	\$1,252
<i>Transportation</i>								
• Mass Transit	\$40	\$40	\$71	\$71	\$100	\$117	\$130	\$130
• Bridges	443	783	338	513	532	1,165	137	137
• Highways	325	360	226	334	375	437	296	333
Subtotal	\$808	\$1,184	\$635	\$918	\$1,007	\$1,719	\$562	\$600
<i>Education</i>								
• Education	\$1,127	\$3,205	\$991	\$2,656	\$1,123	\$2,265	\$953	\$1,787
• Higher Education	129	132	205	210	29	31	58	58
Subtotal	\$1,255	\$3,337	\$1,196	\$2,866	\$1,152	\$2,296	\$1,011	\$1,845
<i>Housing & Economic Development</i>								
• Economic Development	\$380	\$398	\$300	\$373	\$399	\$461	\$143	\$190
• Housing	351	453	243	358	192	293	258	343
Subtotal	\$731	\$851	\$543	\$730	\$591	\$754	\$400	\$533
<i>Administration of Justice</i>								
• Correction	\$6	\$6	\$40	\$40	\$68	\$68	\$69	\$69
• Courts	540	540	11	11	77	77	97	97
• Police	101	101	146	146	805	805	80	80
Subtotal	\$647	\$647	\$197	\$197	\$950	\$950	\$246	\$246
<i>City Operations & Facilities</i>								
• Cultural Institutions	\$211	\$212	\$426	\$430	\$319	\$338	\$149	\$161
• Fire	121	153	71	71	120	136	90	94
• Health & Hospitals	231	231	281	281	175	175	279	286
• Parks	507	545	504	551	519	542	367	396
• Public Buildings	165	165	141	141	91	91	116	116
• Sanitation	172	173	170	171	503	503	319	320
• Technology & Equipment	864	864	656	664	1,035	1,033	462	475
• Other	246	294	261	336	225	276	132	248
Subtotal	\$2,517	\$2,638	\$2,510	\$2,644	\$2,986	\$3,094	\$1,914	\$2,097
Total Commitments	\$9,008	\$11,707	\$7,264	\$9,531	\$9,014	\$11,463	\$5,369	\$6,575
Total Expenditures	\$6,310	\$9,005	\$7,248	\$10,044	\$9,824	\$10,536	\$8,602	\$9,099

2013 AUTHORIZED CAPITAL COMMITMENTS, BY PROGRAM

(\$ in Millions - All Funds)



<i>% of Plan</i>	<i>Program</i>	<i>2013 Plan</i>
23%	Environmental Protection	\$2,512
19%	Education	2,045
16%	Bridges & Highways	1,685
8%	Housing & Development	897
7%	Sanitation	709
6%	Technology	703
5%	Administration of Justice	523
4%	Public Buildings	464
12%	Other City Services	1,281
	Total	\$10,819

2013 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 (\$155.4 million); consolidation of the City's data centers and other citywide IT infrastructure services (CITIServ) (\$35.2 million); and technology resources for FISA's Alternate Data Center to provide additional processing capacity and more secure emergency IT capabilities (\$23.6 million).

Environmental Protection and Sanitation

- Sewers: reconstruction and augmentation of the City's sewer system (\$404.3 million).
- Water Mains, Sources and Treatment: continued in-City water main construction and ancillary work (\$326.4 million), which includes \$78.4 million for 3rd Water Tunnel connection projects; continued filtration avoidance measures and land acquisition in the upstate watershed (\$143.9); and continued advancement of the Croton Water Filtration Plant and related projects (\$136.6 million). The total Water Mains, Sources and Treatment program for 2013 is \$957.7 million.
- Wastewater Treatment: conducting essential projects at waste water treatment plants and related infrastructure to sustain uninterrupted wastewater treatment operation (\$50.0 million); addressing water quality problems attributed to combined sewer overflow discharges into the City's surrounding waterways during wet weather conditions (\$47.3 million); and working with multiple City agencies to construct and install various Green Infrastructure projects for stormwater capture, such as bioswales, tree pits, constructed wetlands, and green roofs (\$31.6 million). The total Wastewater Treatment program for 2013 is \$565.2 million.

- Water Supply: continued dependability projects to ensure integrity of water supply during repair of the Delaware Aqueduct leak (\$413.4 million). The total Water Supply program for 2013 is \$440.4 million.
- Equipment: continued purchase, replacement and installation of water meters (\$49.1 million); and reconstruction and rehabilitation of water and sewer operations facilities (\$30.3 million). The total Equipment program for 2013 is \$144.3 million.
- Sanitation: purchase of vehicles and other equipment (\$104.9 million); construction and reconstruction of sanitation garages and other facilities, Citywide (\$84.3 million); construction of solid waste management facilities (\$476.2 million); and information technology and telecommunications projects (\$43.7 million).

Transportation

- Bridges: continued reconstruction/rehabilitation of the Belt Parkway Bridges (\$268.1 million); reconstruction of four major bridge structures rated “poor” (\$36.8 million); and reconstruction of two major bridges rated “fair” (\$166.7 million). The total Bridge Program for 2013 is \$650.5 million.
- Highways: reconstruction of 75.4 lane miles of streets (\$507.9 million); resurfacing of 762 lane miles of streets (\$154.1 million); reconstruction of sidewalks, retaining walls, step streets, and the installation of pedestrian ramps (\$99.8 million); and facility reconstruction (\$45.0 million). The total Highway program for 2013 is \$806.8 million.
- Traffic: modernization and expansion of the City’s computerized traffic signal network to improve traffic flow (\$62.8 million); installation of signals, streetlights, and lane markings associated with the Highway and Bridge Reconstruction Program (\$53.8 million); upgrade of the street lighting system (\$32.0 million); and reconstruction of parking lots and garages (\$10.7 million). The total Traffic program for 2013 is \$162.3 million.
- Ferries: reconstruction and improvement of various ferry vessels (\$25.4 million), ferry terminals (\$12.7 million); and general construction work at the ferry maintenance facility (\$5.6 million). The total Ferries program for 2013 is \$43.7 million.
- Transit: contribution to the MTA’s capital program, including subway and bus fleet enhancements, infrastructure improvements, in-house track rehabilitation, and reconstruction of bus and subway lines for New York City. The Transit program for 2013 is \$99.1 million.

Education, Health and Social Services

- Education: rehabilitate, replace and upgrade building components (\$555.5 million); construction of new schools (\$447.2 million); capital improvements that enhance educational programs (\$378.4 million); emergency projects, research and development, and prior plan completion costs (\$293.1 million); expand facilities through leases, building additions, site acquisition and facility replacement (\$286.1 million); and address the need for security systems, emergency lighting and code compliance (\$29.1 million). The total Education program for 2013 is \$2.0 billion.
- Higher Education: new school construction, miscellaneous reconstruction, and electrical, mechanical and HVAC systems (\$46.6 million); purchases of data processing and other equipment (\$6.3 million); and construction of athletic fields and gymnasiums (\$2.0 million). The total Higher Education program for 2013 is \$54.9 million.
- Health: design and construction of new Public Health Laboratory (\$105.1 million); Gouverneur Healthcare Services modernization (\$45.1 million); Harlem Hospital Center modernization (\$23.4 million); code compliance upgrades at Coler-Goldwater (\$11.5 million); ambulance purchases (\$8.4 million); and design and construction of new Bronx Mortuary (\$3.7 million).

- Aging: information technology upgrades to enhance the ability of older New Yorkers to access services and benefits electronically (\$1.1 million); and rehabilitation of senior centers, with a primary focus on improvements to fire suppression systems, heat and hot water systems, and renovations for handicapped accessibility (\$1.0 million).
- Administration for Children's Services: development of case management systems for child care and juvenile justice (\$21.1 million); development and expansion of the agency's automated systems, including planned computer replacements, upgrading of telecommunications networks, and maintenance of systems that are critical for meeting mandated program management reporting requirements (\$14.8 million); renovation and code compliance at various child care centers (\$6.2 million); renovation and upgrades for juvenile detention centers (\$5.1 million); and renovation and furniture purchases for the agency central office at 150 William Street and various field offices (\$4.5 million).
- Homeless Services: building upgrades and renovations for family shelters (\$13.5 million), including \$8.0 million for the rehabilitation of the Help 1 family shelter; renovations of adult shelters (\$7.1 million); and computer network upgrade and equipment purchases (\$6.3 million), including \$4.0 million for the completion of the CARES case management and client tracking system.
- Human Resources: façade restoration of six domestic violence and emergency intervention services sites (\$4.8 million); initial outfitting of warehouse, storage, and workshop space (\$4.0 million); renovation and equipping of a data center in Queens (\$1.4 million); and the reconstruction and initial outfitting of the Medicaid Model Office in Manhattan (\$1.2 million).

Housing and Development

- Housing: development of over 3,200 new rental and homeownership dwelling units through varied scattered site, large-scale, and multifamily initiatives (\$180.0 million); provision of low-interest loans to finance the rehabilitation and preservation of over 5,100 units in privately-owned buildings under the Low Income Housing Tax Credit Year 15 Preservation, Article 7A, Article 8A, Participation Loan, Senior Citizens Home Assistance, and other housing preservation programs (\$138.0 million); disposition and rehabilitation of approximately 400 *In Rem* dwelling units through various privatization initiatives (\$41.5 million); and production and rehabilitation of over 1,000 units for low-income and formerly homeless individuals, including those with special needs, through the Supportive Housing Loan Program (\$78.3 million).
- Housing Authority: upgrades to building systems, including the upgrade of security systems and conversions to instantaneous hot water heaters (\$10.7 million); and building exterior upgrades including roofing, entrances and brickwork (\$3.2 million).
- Economic Development: Governors Island redevelopment (\$106.9 million); campus construction and infrastructure improvements on Roosevelt Island for the new Applied Sciences campus (\$100.0 million); Hunts Point Market redevelopment (\$50.0 million); various development and infrastructure improvement projects at the Brooklyn Navy Yard (\$45.7 million); Willets Point site acquisition and offsite infrastructure development (\$40.4 million); and asset management of waterfront facilities, public markets, and other City-owned properties (\$22.5 million).

Administration of Justice and Public Safety

- Correction: improvements to building systems, infrastructure and support space (\$195.2 million); design of the new 1,500 bed jail facility on Rikers Island (\$45.6 million); and lifecycle replacement of equipment (\$30.5 million).
- Courts: HVAC upgrade work at the Supreme Court in Brooklyn and the Criminal and Supreme Courts in Manhattan (\$12.9 million); Local Law 11 compliance work at the Supreme Court in Brooklyn, the Civil Court in Manhattan, the County Courthouse in the Bronx, and the Criminal and Supreme Courts in Queens

(\$9.5 million); fire safety work at the Supreme Courts in Brooklyn and Manhattan, and the Criminal Court in Queens (\$7.1 million); elevator upgrade work at the Supreme Court in Queens (\$6.8 million); exterior reconstruction work at the Criminal Court in Manhattan and the Civil Court in Queens (\$4.9 million); interior renovation work at the Supreme Court and the Midtown Community Court in Manhattan (\$3.8 million); and roof reconstruction work at the Family/Criminal Court in the Bronx (\$1.2 million).

- Police: relocation and rehabilitation of facilities, Citywide (\$41.7 million); design and construction of a new Police Academy and 121st Precinct (\$40.3 million); replacement and upgrade of portable radios, radio equipment, infrastructures and systems (\$34.7 million); replacement and upgrade of critical network infrastructure equipment and data management systems (\$27.9 million); replacement and upgrade of general equipment, Citywide (\$23.6 million); and lifecycle replacement of vehicles (\$7.8 million).
- Fire: replacement of front-line fire-fighting apparatus, support vehicles, fireboats, and equipment (\$78.3 million); renovation of firehouse components such as boilers, electrical upgrades, kitchens, roofs, bathrooms, waterproofing, apparatus doors, floors, and windows (\$20.6 million); purchase of upgraded radio equipment (\$7.8 million); information technology systems improvements and equipment replacement (\$2.7 million); construction of EMS stations (\$2.4 million); other facility work, including fleet, training, and IT facilities (\$2.1 million); and cabling to support the Department's Voice Alarm system (\$1.2 million).

Recreation and Cultural

- Parks: Brooklyn Bridge Park Master Plan projects (\$67.5 million); planting of new street trees and park trees and the construction of greenstreets, Citywide (\$46.4 million); reconstruction of playgrounds, Citywide (\$11.3 million); reconstruction of Riverside Park in Manhattan (\$8.1 million); continued construction of Hudson River Park in Manhattan (\$7.0 million); reconstruction of Highbridge Park in Manhattan (\$5.6 million); waterfront development at Pelham Bay Park in the Bronx (\$5.2 million); design and construction of the Ridgewood Reservoir at Highland Park in Queens (\$3.7 million); construction of the Bronx Children's Museum (\$3.4 million); and flood control conversion of the open-air culvert box to a concrete box storm sewer at the Willowbrook Park Lake in Staten Island (\$1.0 million).
- Public Libraries: the Central Library Master Plan project at the Stephen A. Schwarzman Building in Manhattan (\$18.5 million, in addition to \$50.2 million in 2012); renovations and improvements at the Central Library building in Grand Army Plaza (\$10.0 million, in addition to \$10.6 million in 2012); a new Hunters Point Branch in Queens (\$8.1 million, in addition to \$5.2 million in 2012); and a new replacement Westchester Square Branch Library in the Bronx (\$4.0 million, in addition to \$9.3 million in 2012).
- Department of Cultural Affairs: renovations at Carnegie Hall in Manhattan (\$29.0 million, in addition to \$4.0 million in 2012); renovations at the Staten Island Historical Society (\$8.6 million, in addition to \$1.0 million in 2012); renovations at Cooper Hewitt in Manhattan (\$8.0 million, in addition to \$4.4 million in 2012); renovations at the East 125th Street Firehouse, for the Caribbean Cultural Center in Manhattan (\$3.5 million); renovations at the St. George Theater in Staten Island (\$3.3 million, in addition to \$0.4 million in 2012); heating, ventilation, and air conditioning upgrades at the Coney Island USA Museum in Brooklyn (\$1.4 million); renovation of three greenhouse structures at the Queens County Farm Museum (\$0.8 million in 2013, in addition to \$0.1 million in 2012); and renovations at BronxNet (\$0.5 million in 2013, in addition to \$0.5 million in 2012).

Department of Citywide Administrative Services

- Public Buildings: rehabilitation of City-owned space (\$217.4 million), including 21st Century Civic Center Plan projects (\$40.0 million), the Manhattan Municipal Building (\$27.3 million), the Brooklyn Municipal Building (\$21.5 million), and Staten Island Borough Hall (\$5.7 million); renovation of leased space (\$134.3 million), including 21st Century Civic Center Plan projects (\$18.0 million) and the relocation of 40 Rector Street tenant agencies to new leased space (\$10.8 million); legal mandates (\$30.0 million), including the replacement of fuel tanks, Citywide (\$10.6 million); equipment and interagency services

(\$39.6 million), including the development of a citywide e-procurement and inventory management system (\$13.8 million), and the development of a citywide fleet management system (\$7.0 million); miscellaneous construction in other facilities (\$33.2 million); renovation of other City-owned facilities (\$4.5 million); modernization of the Board of Elections (\$2.2 million); and reconstruction of waterfront properties and non-waterfront properties (\$2.8 million).

- Energy Efficiency and Sustainability: energy efficiency measures and building retrofits (\$161.0 million), including the rehabilitation of the Bronx Zoo hot water distribution loop (\$15.0 million); HVAC and lighting upgrades at 100 Gold Street (\$4.6 million); and various energy efficiency upgrades at the Brooklyn Central Library (\$4.2 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 2013-2016 Borough Presidents' Allocations* (City Funded Appropriations \$ in thousands)

	2013	2014	2015	2016
Bronx Program				
Cultural Affairs.....	\$1,103	—	—	—
Economic Development	1,000	—	—	—
Education	2,809	—	—	—
Higher Education.....	1,525	—	—	—
Hospitals.....	250	—	—	—
Housing	4,300	—	—	—
Housing Authority.....	850	—	—	—
New York Public Library	1,074	—	—	—
Parks	1,610	—	—	—
Public Buildings	900	—	—	—
GRAND TOTAL: BRONX.....	\$15,421	\$0	\$0	\$0
Brooklyn Program				
Brooklyn Public Library	\$1,500	—	—	—
Children's Services	200	—	—	—
Cultural Affairs	6,996	3,050	1,500	—
Economic Development	5,950	4,250	—	—
Education	1,105	—	—	—
Health	225	577	—	—
Higher Education	3,704	1,000	—	—
Hospitals	490	—	—	—
Housing	1,659	2,283	—	—
Human Resources	350	—	—	—
Parks	4,357	—	—	—
Public Buildings	3,354	3,750	1,000	—
Traffic	290	—	—	—
GRAND TOTAL: BROOKLYN	\$30,180	\$14,910	\$2,500	\$0

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

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

FY 2013-2016 Borough Presidents' Allocations*
(City Funded Appropriations \$ in thousands)

	2013	2014	2015	2016
Manhattan Program				
Cultural Affairs	\$2,433	—	—	—
Education	3,308	—	—	—
Higher Education	815	—	—	—
Highways	100	—	—	—
Human Resources	55	—	—	—
New York Public Library	1,000	1,000	—	—
Parks	410	—	—	—
Public Buildings	45	—	—	—
GRAND TOTAL: MANHATTAN	\$8,166	\$1,000	\$0	\$0
Queens Program				
Aging	\$1,553	\$1,000	—	—
Cultural Affairs	1,564	—	—	—
Health	83	—	—	—
Higher Education	5,865	—	—	—
Highways	—	41	—	—
Hospitals	1,600	—	—	—
Parks	7,700	—	—	—
Public Buildings	452	—	—	—
Queens Public Library	7,425	—	—	—
GRAND TOTAL: QUEENS	\$26,242	\$1,041	\$0	\$0
Staten Island Program				
Cultural Affairs	\$2,475	—	—	—
Economic Development	500	—	—	—
Education	445	—	—	—
Health	3,145	—	—	—
Higher Education	3	—	—	—
Highways	5,170	—	—	—
Parks	550	—	—	—
Public Buildings	50	—	—	—
Traffic	800	—	—	—
GRAND TOTAL: STATEN ISLAND	\$13,138	\$0	\$0	\$0

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

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

Management Initiatives

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

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

Capital Program Management

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

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

Capital Project Scope Development and Cost Estimation

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

Capital Asset Inventory and Maintenance Program

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

AIMS will be continually enhanced to allow for more agency access to asset data in order to enable them to improve the management of their facilities.

Value Engineering

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

Value Engineering is a collaborative effort between all concerned city agencies with budgetary and operational jurisdiction over a project, and outside consultants with expertise on critical project components. The City has utilized VE effectively in the last 30 years to review complex and costly capital projects to ensure they meet functional requirements and are cost effective and timely. These Value Management reviews enable agency

decision makers to reach informed conclusions about projects' scope, cost and schedule. In addition to defining potential cost reductions, the VE process frequently generates project improvements, and anticipates project risks and solves functional problems by raising relevant issues which adversely compromise the project's development, cost and schedule early in the design process. Particularly during this period of economic downturn, the City's VM program continues to be in the forefront in assisting client agencies in optimizing the overall return -on-investment on the reviewed projects in terms of significant capital and life-cycle cost containment, required functionally and meeting stated mission goals. Studies scheduled for upcoming VE reviews include environmental projects, dams, bridges, health facilities, water tunnel structures, and facility operations.

FINANCING PROGRAM

The City's financing program projects \$32 billion of long-term borrowing for the period 2012 through 2016 to support the City's current capital program. The portion of the capital program not financed by the New York City Municipal Water Finance Authority (NYW or the Authority) will be split between General Obligation (GO) bonds of the City and the Transitional Finance Authority (TFA). Figures below do not include state-funded financing for education capital purposes through TFA Building Aid Revenue Bonds (BARBs):

Financing Program (\$ in Millions)

	2012	2013	2014	2015	2016	Total
City General Obligation Bonds	\$2,725	\$1,700	\$2,600	\$2,430	\$2,160	\$11,615
TFA Bonds ¹	2,600	3,400	2,600	2,430	2,160	13,190
Water Authority Bonds ²	2,041	1,710	1,446	1,176	1,148	7,521
Total	\$7,366	\$6,810	\$6,646	\$6,036	\$5,468	\$32,326

1 TFA Bonds do not include BARBs issued for education capital purposes. TFA issued \$650 million of BARBs in the first half of fiscal year 2012, and expects to issue \$1.35 billion, \$1.1 billion, \$1 billion and \$939 million of such bonds in fiscal years 2013 through 2016, 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)

	2012	2013	2014	2015	2016
City General Obligation Bonds	\$42,520	\$42,168	\$42,547	\$42,651	\$42,453
TFA Bonds ¹	20,925	23,522	25,337	26,850	28,019
TSASC Bonds.....	1,253	1,241	1,230	1,217	1,205
Conduit Debt.....	1,772	1,698	1,616	1,534	1,445
Total	\$66,470	\$68,629	\$70,729	\$72,252	\$73,123
 Water Authority Bonds.....	 \$28,221	 \$29,639	 \$30,737	 \$31,583	 \$32,307

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

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

	2012	2013	2014	2015	2016
City General Obligation Bonds ¹	\$3,860	\$4,081	\$4,451	\$4,619	\$4,707
TFA Bonds ²	1,522	1,732	2,027	2,240	2,425
TSASC Bonds	71	74	74	74	74
Conduit Debt ³	241	316	321	313	319
Total Debt Service.....	\$5,694	\$6,203	\$6,873	\$7,246	\$7,525
 Water Authority Bonds ⁴	 \$1,472	 \$1,655	 \$1,833	 \$1,874	 \$2,028

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

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

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

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

Debt Burden

	2012	2013	2014	2015	2016
Total Debt Service ¹ as % of:					
a. Total Revenue ²	8.3%	8.9%	9.8%	10.0%	10.1%
b. Total Taxes ³	13.4%	14.1%	15.1%	15.2%	15.2%
c. Total NYC Personal Income.....	1.3%	1.3%	1.4%	1.5%	1.5%
 Total Debt Outstanding ¹ as % of:					
a. Total NYC Personal Income.....	14.7%	14.7%	14.7%	14.4%	14.0%

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 TFA's operating expenses.

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

The financing of the City capital program is split among GO, TFA and NYW bond issuance. The City and TFA will issue \$11.6 billion and \$13.2 billion, respectively, during the plan period. The City issuance supports 36 percent of the total, while TFA issuance supports 41 percent of the total. NYW's annual financing amount, excluding refundings, will average approximately \$1.5 billion. The aggregate NYW financing during the plan period will account for 23 percent of the total financing program.

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

Ratings

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

New York City General Obligation Bonds

Since July 1, 2011, the City has issued approximately \$1.23 billion in refunding bonds and \$2.73 billion in bonds for capital purposes, totaling approximately \$3.96 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>Total Par Amount</u>
2012 A	N	8/9/11	\$690	\$85	\$775
2012 BC	R	8/9/11	200	0	200
2012 D	N	10/13/11	655	65	720
2012 EF	R	3/8/12	1,031	0	1,031
2012 G	N	4/5/12	1,130	100	1,230
Total			\$3,706	\$250	\$3,956

The \$1.23 billion of refunding transactions the City has completed to date in fiscal year 2012 generated approximately \$153 million of debt service savings during the financial plan period.

In addition to the total issuance mentioned above, the City reoffered approximately \$150 million of floating rate bonds in a fixed rate mode in order to manage expiring bank facilities supporting that debt. Much of that bank capacity was redeployed on new debt issued concurrently with the reoffering. This enabled the City to maintain the benefit of floating rate exposure, which is discussed later.

The City does not plan to issue GO bonds for capital purposes in the remainder of 2012, but expects to issue \$1.7 billion, \$2.6 billion, \$2.4 billion and \$2.2 billion in 2013 through 2016, respectively.

Currently the debt service for the City, TFA (excluding BARBs), and City appropriation debt, or conduit debt, excluding the effect of pre-payments, is 8.3 percent of the City's total budgeted revenues in 2012. That ratio is projected rise to 10.1 percent in 2016. As a percentage of tax revenues, the debt service ratio is 13.4 percent in 2012 and is projected to increase to 15.2 percent in 2016.

In 2012, the City did not require a note issuance to satisfy cash flow needs. The City's financing program assumes the issuance of \$2.4 billion of notes annually through the remainder of the financial plan.

New York City Related Issuers - Variable Rate Debt

Floating rate bonds have been a reliable source of cost savings in the City's capital program. In considering the proportion of the City's debt which is in variable rather than fixed rates, it is useful to consider all sources of financing with the exception of NYW, which is typically considered separately for such purposes. Included would be not only City GO bonds but also TFA, TSASC bonds and conduit debt. The City and its related entities have approximately \$10.6 billion of floating rate exposure.

While bank facilities supporting floating rate debt have become more scarce and expensive, the City and other issuers supporting the City capital program have maintained, and even increased floating rate exposure to minimize interest costs. The City and related financing entities have managed bank facility expirations by obtaining renewals from existing providers or replacement facilities from new providers. In addition, the City and related financing entities have explored new floating rate structures not requiring bank facilities. In the prior fiscal year, the City and TFA entered into four private placements of index floating rate bonds bearing all-in costs comparable to publicly sold variable rate demand bonds with bank facilities. The City and TFA continue to explore these and other debt instruments which confer the benefit of floating rate exposure.

The City has not entered into any new interest rate swaps to date in fiscal year 2012. The total notional amount of swaps outstanding as of March 31, 2012 was \$2.04 billion, on which the termination value was negative \$176 million. This is the theoretical amount which the City would pay if all of the swaps terminated under market conditions as of March 31, 2012.

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.

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	\$6,751	\$3,301	\$30	\$0	10,083
Synthetic Fixed	223		31		255
Taxable Basis Swap	136				136
Enhanced Basis Swap	125				125
Total Floating-Rate	<u>\$7,235</u>	<u>\$3,301</u>	<u>\$61</u>	<u>\$0</u>	<u>\$10,598</u>
Total Debt Outstanding.....	\$42,520	\$20,925	\$1,772	\$1,253	\$66,470
% of Floating-Rate / Total Debt Outstanding.....					15.9%
Total Floating-Rate Less \$5.17 Average Billion Balance in General					
Fund (Floating-Rate Assets)					5,427
% of Net Floating Rate / Total Debt Outstanding					8.2%

¹ Debt Outstanding as of the 2013 Executive Budget excluding NYW, HYIC, and TFA BARBs

The 16 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 10 year average balance of \$5.17 billion of short-term assets in the City’s General Fund which are an offset to these floating rate liabilities. Net of these floating rate assets, the floating rate exposure of the City, excluding NYW, is 8.2 percent of its outstanding debt. Moreover, the City uses conservative assumptions in budgeting expenses from floating rate instruments.

During fiscal year 2012, short-term interest rates relating to the \$10.1 billion of floating rate debt have been 0.25 percent on average for tax-exempt and 1.5 percent for taxable floating rate debt. These rates have continued to provide extremely attractive financing costs relative to fixed rate debt despite the recent market turmoil. Tax exempt floating rate debt has traded recently at rates that are approximately 400 basis points lower than those for long term fixed-rate debt, resulting in an annual savings of over \$400 million.

The New York City Municipal Water Finance Authority

The New York City Municipal Water Finance Authority (NYW) was created in 1985 to finance capital improvements to the City’s water and sewer system. Since its first bond sale in November 1985, the Authority has sold \$48.4 billion in bonds. These bond issuances included a combination of general (first) resolution, second general resolution and subordinated special resolution crossover refunding water and sewer system revenue bonds. Of this aggregate bond par amount, \$28.1 billion is outstanding, \$17 billion was refinanced with lower cost debt, \$1 billion was defeased with Authority funds prior to maturity, and \$3.3 billion was retired with revenues as it matured. These amounts do not include \$93.6 million drawn on EFC loans.

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

NYW’s outstanding debt also includes floating rate bonds, which have been a reliable source of cost effective financing. NYW has \$3.4 billion of floating rate bonds or 12% of its outstanding debt, including \$401 million which was swapped to a fixed rate. NYW’s floating rate exposure primarily includes tax-exempt floating rate debt supported by liquidity facilities, and \$200 million of synthetic variable rate debt.

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

On November 19, 2009, EFC entered into an agreement to provide NYW a direct loan in an amount up to \$217.5 million, with funds made available through ARRA. NYW expects to receive these funds to pay for certain capital projects over the next several years. As of March 31, 2012, NYW has drawn on \$93.6 million of the loan.

On September 22, 2011, NYW issued \$450,900,000 of new money and refunding tax-exempt fixed rate Second Resolution bonds, Fiscal 2012 Series AA Bonds. The new money bonds included a term bond maturing in 2044. The refunding bonds refunded portions of NYW's outstanding First Resolution 2001C and 2002G bonds. The refunding bonds included serial bonds maturing from 2032 through 2034.

On September 29, 2011, NYW issued \$200 million of new money tax-exempt adjustable rate bonds under its First Resolution, Fiscal 2012 Series A-1 and A-2 bonds. The bonds are backed by a standby bond purchase agreement from a bank. These bonds will mature in 2044.

Additionally, on September 29, 2011, EFC entered into an agreement to provide NYW a direct loan in an amount up to \$30 million. NYW expects to receive these funds to pay for certain capital projects over the next several years. As of March 31, 2012, NYW has not drawn on this loan.

On November 29, 2011, NYW issued \$450 million of new money tax-exempt fixed rate Second Resolution Revenue bonds, Fiscal 2012 Series BB. This bond issue included term bonds maturing in 2039 and 2044.

On January 30, 2012, NYW issued \$350 million of new money tax-exempt fixed rate Second Resolution Revenue bonds, Fiscal 2012 Series CC and \$50 million of Fiscal 2012 Series DD bonds. The Series CC bond issue included a term bond maturing in 2045 and the Series DD bond issue included two refundable principal installment bonds maturing in 2018 and 2027.

On March 19, 2012, NYW issued \$522,505,000 of new money and refunding tax-exempt fixed rate Second Resolution Revenue Bonds, Fiscal 2012 Series EE bonds. The new money bonds included a term bond maturing in 2045. The refunding bonds refunded portions of NYW's outstanding First Resolution 2001 A, 2004 B, and 2004 C bonds and NYW's outstanding Second Resolution 2007 DD bonds. The refunding bonds included serial bonds maturing from 2019 through 2039.

On March 27, 2012, NYW issued \$325 million of new money tax-exempt adjustable rate First Resolution Revenue Bonds, Fiscal 2012 Series B bonds. The Series B bonds mature in 2045.

Summarized in the following table are eight bond series that closed to date in Fiscal Year 2012. The proceeds of the bonds refinanced commercial paper previously issued by NYW, paid costs of improvements to the water and sewer system or paid principal and interest on certain of the Authority's outstanding debt and paid the costs of issuance.

NYW Issuance

Series	(N)ew Money /(R)ef.	Issue Date	Par Amount	True Interest Cost (TIC)	Longest Maturity
2012 Series AA	N / R	9/22/11	\$450,900,000	4.53%	2044
2012 Series A-1	N	9/29/11	\$100,000,000	0.06% ⁽¹⁾	2044
2012 Series A-2	N	9/29/11	\$100,000,000	0.05% ⁽¹⁾	2044
2012 Series 1	N	9/29/11	\$30,000,000	0.00%	2016 ⁽²⁾
2012 Series BB	N	11/29/11	\$450,000,000	4.77%	2044
2012 Series CC & DD	N	1/30/12	\$400,000,000	4.41%	2045
2012 Series EE	N/R	3/19/12	\$522,505,000	3.84%	2045
2012 Series B-1	N	3/27/12	\$100,000,000	0.18% ⁽¹⁾	2045
2012 Series B-2	N	3/27/12	\$100,000,000	0.19% ⁽¹⁾	2045
2012 Series B-3	N	3/27/12	\$75,000,000	0.18% ⁽¹⁾	2045
2012 Series B-4	N	3/27/12	\$50,000,000	0.18% ⁽¹⁾	2045

(1) Bonds issued as variable rate demand bonds; rate shown is an average from the issue date through 3/31/2012 .

(2) Bond Anticipation Note issued to EFC

NYW is a party to four interest rate exchange agreements (swaps) with a total notional amount of \$621 million. As of March 31, 2012, the mark-to-market value of the swaps was negative \$91.0 million. This is the theoretical amount which NYW would pay if all swaps terminated as of March 31, 2012.

NYW expects to issue approximately \$400 million of new money bonds over the remainder of Fiscal 2012.

During the period from 2012 to 2016, NYW expects to sell an average of approximately \$1.6 billion of new money bonds (not including commercial paper note issuance) per year. Of this amount, NYW plans to issue a minimum of \$300 million per year through EFC, taking advantage of the interest rate subsidy available for qualifying projects, and minimizing the overall costs of its financing program. NYW expects to issue its remaining new debt in 2012 as fixed rate. After 2012, NYW expects to issue approximately 85 to 90 percent of its new debt per year as fixed rate debt with the remainder issued as variable rate debt, subject to market conditions.

The New York City Transitional Finance Authority

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

Since July 1, 2011, the TFA has issued approximately \$700 million in refunding bonds and \$1.8 billion in bonds for capital purposes. The dates and principal amounts are as follows:

NYC TFA Issuances
(\$ in Millions)

<u>Series</u>	<u>New\$/ Refunding</u>	<u>Issue Date</u>	<u>Tax Exempt Amount</u>	<u>Taxable Amount</u>	<u>Total Par Amount</u>
2012 A	R	8/23/11	\$450	\$0	\$450
2012 BC	R	11/1/11	250	0	250
2012 D ¹	N	11/17/11	600	300	900
2012 E ²	N	4/19/12	800	100	900
Total			<u>\$2,100</u>	<u>\$400</u>	<u>\$2,500</u>

1. 2012D is inclusive of \$100 million of QSCB issuance as taxable bonds.

2. 2012E is inclusive of \$100 million of QSCB issuance as taxable bonds.

The \$700 million of refunding transactions the TFA completed during fiscal year 2012 generated approximately \$50 million of debt service savings during the financial plan period.

In addition to the issuance mentioned above, the TFA reoffered nearly \$1.5 billion of bonds in various rate modes. Of this amount, approximately \$1.2 billion were step coupon bonds which were reoffered in fixed and floating rate modes. The remainder was floating rate bonds reoffered in fixed and floating rate modes in order to address expiring bank facilities.

In addition to the financings described above, the TFA plans to issue \$800 million of TFA bonds for capital purposes in the remainder of 2012, and \$3.4 billion, \$2.6 billion, \$2.4 billion and \$2.2 billion in years 2013 through 2016, 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 \$5.6 billion of BARBs to fund the capital program of the Department of Education. The \$5.6 billion is inclusive of \$650 million of BARBs that were issued in December of 2011. The TFA does not plan to issue BARBs for the educational capital program in the remainder of 2012, but expects to issue \$1.35 billion, \$1.1 billion, \$1 billion and \$939 million in 2013 through 2016, respectively.

Hudson Yards Infrastructure Corporation

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

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

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 FY2013

(\$ in Millions)

Agency	Personal Service Costs				Other than Personal Service Costs						Gross Total All Funds (Includes Intra-City)	Net Total All Funds (Excludes Intra-City)	City Fund Total
	Salaries & Wages	Fringe Benefits	PS Pensions	PS Subtotal	Agency OTPS	PA, MA & Other Mandates	Legal Services	Judgments & Claims	Debt Service	OTPS Subtotal			
UNIFORM AGENCIES													
Police Department	\$4,254	\$1,845	\$2,641	\$8,740	\$289	\$—	\$49	\$180	\$132	\$650	\$9,390	\$9,160	\$8,994
Fire Department	1,530	632	1,090	3,252	167	—	6	27	129	329	3,581	3,579	3,279
Department of Correction	905	421	369	1,695	121	—	8	33	190	352	2,047	2,047	2,012
Department of Sanitation	789	374	272	1,435	532	—	8	46	327	913	2,348	2,345	2,297
Subtotal	\$7,478	\$3,272	\$4,372	\$15,122	\$1,109	\$—	\$71	\$286	\$778	\$2,244	\$17,366	\$17,131	\$16,582
HEALTH AND WELFARE													
Administration for Children's Services	\$403	\$138	\$53	\$594	\$2,316	\$—	\$4	\$3	\$—	\$2,323	\$2,917	\$2,916	\$938
Department of Social Services	749	340	138	1,227	944	7,557	14	—	82	8,597	9,824	9,816	7,682
Department of Homeless Services	118	44	20	182	681	—	1	1	—	683	865	864	463
Department of Health and Mental Hygiene	371	123	66	560	1,156	—	2	1	85	1,244	1,804	1,799	830
Health and Hospitals Corporation ⁽¹⁾	—	27	—	27	169	—	5	190	150	514	541	439	213
Subtotal	\$1,641	\$672	\$277	\$2,590	\$5,266	\$7,557	\$26	\$195	\$317	\$13,361	\$15,951	\$15,834	\$10,126
EDUCATION													
Department of Education	\$9,336	\$3,494	\$2,935	\$15,765	\$7,082	\$—	\$17	\$52	\$1,479	\$8,630	\$24,395	\$24,187	\$13,608
City University	490	90	64	644	261	—	—	1	51	313	957	944	694
Subtotal	\$9,826	\$3,584	\$2,999	\$16,409	\$7,343	\$—	\$17	\$53	\$1,530	\$8,943	\$25,352	\$25,131	\$14,302
OTHER AGENCIES	\$2,198	\$794	\$419	\$3,411	\$4,059	\$—	\$79	\$199	\$3,038	\$7,375	\$10,786	\$9,766	\$8,042
ELECTED OFFICIALS	\$429	\$130	\$78	\$637	\$85	\$—	\$4	\$2	\$—	\$91	\$728	\$725	\$664
MISCELLANEOUS BUDGET													
	\$163	\$—	\$—	\$163	\$—	\$2,105 ⁽²⁾	\$—	\$—	\$314	\$2,419	\$2,582	\$2,582	\$2,053
DEBT SERVICE COSTS (Unallocated)													
	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$152	\$152	\$152	\$152	\$83
RESERVE FOR CLAIMS FROM PAST PERIODS													
	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—
RETIREE HEALTH BENEFITS TRUST													
	\$—	\$(1,000)	\$—	\$(1,000)	\$—	\$—	\$—	\$—	\$—	\$—	\$(1,000)	\$(1,000)	\$(1,000)
TOTAL - ALL FUNDS ⁽³⁾	\$21,735	\$7,452	\$8,145	\$37,332	\$17,862	\$9,662	\$197	\$735	\$6,129	\$34,585	\$71,917	\$70,321	
TOTAL - CITY FUNDS ⁽³⁾	\$13,561	\$5,675	\$7,988	\$27,224	\$8,827	\$8,311	\$187	\$545	\$5,758	\$23,628			\$50,852
Less: Prepayments	\$—	\$—	\$—	\$—	\$64	\$—	\$—	\$—	\$1,540	\$1,604	\$1,604	\$1,604	\$1,604
Total After Prepayments	\$21,735	\$7,452	\$8,145	\$37,332	\$17,798	\$9,662	\$197	\$735	\$4,589	\$32,981	\$70,313	\$68,717	\$49,248

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

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

(3) Excludes the impact of prepayments.

DEPARTMENT OF EDUCATION

The New York City Department of Education provides primary and secondary education for over one million school-age children. Through a network of elementary, 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 2013 operating budget is \$19,712 million, an increase of \$387 million over the 2012 forecast of \$19,325 million. In addition, education-related pension and debt service costs of \$4,670 million are budgeted in separate agencies. These additional costs include a pension increase of \$87 million from 2012 and a debt service increase of \$173 million. City funds including pensions and debt service support \$13,413 million of the Department of Education's expense budget in 2013, an increase of \$328 million, or 2.5 percent. State funds support \$8,916 million, an increase of \$374 million. The balance of the education budget is supported by \$1,947 million in Federal aid, an increase of \$11 million from the 2012 forecast, \$9 million in intra-city funds and \$97 million in other categorical funds. Including those funds budgeted centrally, total funds budgeted on behalf of the Department of Education increase from \$23,692 million in the 2012 forecast to \$24,372 million in the 2013 Executive Budget.

Total Department of Education Expenses 2006-2013 (\$ in Millions)

	2006	2007	2008	2009	2010	2011	Executive Forecast 2012	Executive Budget 2013	Change 2012 to 2013	Change 2006 to 2013
Department of Education										
Operating Budget										
City.....	\$6,306	\$6,780	\$6,998	\$7,259	\$7,140	\$7,737	\$9,099	\$9,226	\$127	\$2,920
Other Categorical	62	72	101	243	298	253	129	97	(32)	35
State.....	6,715	7,179	8,064	8,652	8,072	8,123	8,118	8,433	315	1,718
Federal.....	1,862	1,841	1,797	1,735	2,961	2,795	1,936	1,947	11	85
Intra-City	14	13	16	14	27	31	43	9	(34)	(5)
Total Operating Expenditures	\$14,960	\$15,885	\$16,976	\$17,904	\$18,499	\$18,939	\$19,325	\$19,712	\$387	\$4,752
Other City Funds Supporting Education										
Pensions	\$1,245	\$1,573	\$1,894	\$2,188	\$2,446	\$2,451	\$2,724	\$2,811	\$87	\$1,566
State Aid for Pensions	0	0	0	0	(5)	(5)	0	0	0	0
Federal Aid for Pensions	0	0	0	0	(0)	0	0	0	0	0
G.O. Bond Debt Service	796	770	804	844	930	934	1,100	1,042	(58)	246
State Aid for Debt Service	(3)	(84)	(3)	(99)	(3)	(3)	(222)	(103)	119	(100)
TFA Debt Service	260	304	485	506	661	720	586	817	231	557
State Aid for TFA Debt Service	0	(62)	(213)	(227)	(380)	(416)	(202)	(380)	(178)	(380)
Total Additional City Funds	\$2,299	\$2,501	\$2,967	\$3,212	\$3,649	\$3,681	\$3,986	\$4,187	\$201	\$1,888
TOTAL CITY FUNDS										
FOR EDUCATION	\$8,605	\$9,279	\$9,965	\$10,471	\$10,789	\$11,418	\$13,085	\$13,413	\$328	\$4,808
TOTAL STATE FUNDS										
FOR EDUCATION	\$6,718	\$7,325	\$8,280	\$8,978	\$8,460	\$8,547	\$8,542	\$8,916	\$374	\$2,198

The amounts shown for 2006 through 2011 represent actual expenditures including pensions and debt service funds budgeted in other agencies. The 2012 amounts represent the latest forecast as per the 2013 Executive Budget. G.O. Debt Service numbers have been corrected to reflect the impact of pre-payments.

Expense Budget Highlights

- restores 2,570 general education teaching positions in FY2013.
- recognizes a 3.9% increase of State funds in the operating budget. However, State operating support remains well below FY2009 funding levels.
- maintains effective school funding at the FY2012 level.

Summary of Agency Financial Data

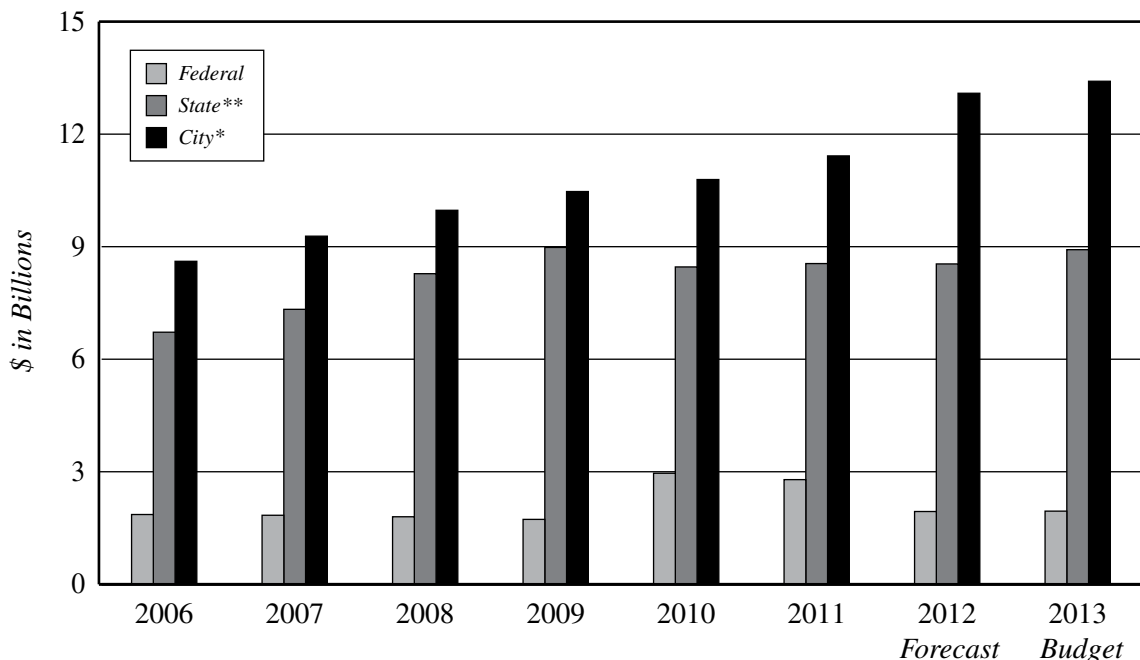
The following table compares the 2013 Executive Budget with the 2013 Preliminary Budget, the 2012 forecast and actual expenditures for 2011, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services and debt service.

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

	2011 Actual	2012 Forecast	2013		Increase/(Decrease)	
			Preliminary	Executive	2012	2013
			Budget	Budget	Forecast	Preliminary Budget
Expenditures						
Salary and Wages.....	\$9,561,219	\$9,367,801	\$9,398,391	\$9,336,084	(\$31,717)	(\$62,307)
Fringe Benefits.....	2,909,099	3,122,119	3,203,455	3,292,529	170,410	89,074
OTPS.....	6,468,581	6,834,335	7,031,649	7,082,384	248,049	50,735
Total.....	<u>\$18,938,899</u>	<u>\$19,324,255</u>	<u>\$19,633,495</u>	<u>\$19,710,997</u>	<u>\$386,742</u>	<u>\$77,502</u>
Funding						
City.....	\$7,737,415	\$9,099,102	\$9,222,108	\$9,225,770	\$126,668	\$3,662
Other Categorical Grants.....	253,246	128,619	96,619	96,619	(32,000)	—
State.....	8,122,800	8,117,750	8,349,454	8,433,294	315,544	83,840
Federal CD.....	6,835	5,000	4,500	4,500	(500)	—
Federal Other.....	2,787,563	1,930,879	1,952,030	1,942,030	11,151	(10,000)
Intra-City Other.....	31,040	42,905	8,784	8,784	(34,121)	—
Total.....	<u>\$18,938,899</u>	<u>\$19,324,255</u>	<u>\$19,633,495</u>	<u>\$19,710,997</u>	<u>\$386,742</u>	<u>\$77,502</u>
Additional Costs Centrally Funded						
Personal Services (PS).....						
Fringe Benefits.....	\$168,750	\$185,079	\$199,671	\$201,244	\$16,165	\$1,573
Pensions.....	2,580,827	2,848,423	2,935,102	2,935,102	86,679	—
Other Than Personal Service (OTPS)						
Legal Services.....	18,661	16,659	16,042	16,834	175	792
Judgments and Claims.....	59,313	52,000	50,000	52,000	—	2,000
Debt Service.....	1,236,958	1,484,352	1,708,661	1,479,033	(5,319)	(229,628)
Total Additional Costs.....	<u>\$4,064,509</u>	<u>\$4,586,513</u>	<u>\$4,909,476</u>	<u>\$4,684,213</u>	<u>\$97,700</u>	<u>(\$225,263)</u>
Funding						
City.....	3,863,647	4,168,402	4,607,062	4,381,773	213,371	(225,289)
Non-City.....	8,871	223,035	103,020	103,046	(119,989)	26
Intra-City Additional Cost*.....	191,991	195,076	199,394	199,394	4,318	—
Full Agency Costs (including Central Accounts)						
Salary and Wages.....	\$9,561,219	\$9,367,801	\$9,398,391	\$9,336,084	(\$31,717)	(\$62,307)
Fringe Benefits.....	3,077,849	3,307,198	3,403,126	3,493,773	186,575	90,647
Pensions.....	2,580,827	2,848,423	2,935,102	2,935,102	86,679	—
Total PS.....	<u>\$15,219,895</u>	<u>\$15,523,422</u>	<u>\$15,736,619</u>	<u>\$15,764,959</u>	<u>\$241,537</u>	<u>\$28,340</u>
OTPS.....	\$6,468,581	\$6,834,335	\$7,031,649	\$7,082,384	\$248,049	\$50,735
Legal Services.....	18,661	16,659	16,042	16,834	175	792
Judgments and Claims.....	59,313	52,000	50,000	52,000	—	2,000
Debt Service.....	1,236,958	1,484,352	1,708,661	1,479,033	(5,319)	(229,628)
Total OTPS.....	<u>\$7,783,513</u>	<u>\$8,387,346</u>	<u>\$8,806,352</u>	<u>\$8,630,251</u>	<u>\$242,905</u>	<u>(\$176,101)</u>
Total Agency Costs.....	\$23,003,408	\$23,910,768	\$24,542,971	\$24,395,210	\$484,442	(\$147,761)
Less Intra-City.....	\$31,040	\$42,905	\$8,784	\$8,784	(\$34,121)	\$0
Intra-City Additional Cost*.....	191,991	195,076	199,394	199,394	4,318	—
Net Agency Cost.....	<u>\$22,780,377</u>	<u>\$23,672,787</u>	<u>\$24,334,793</u>	<u>\$24,187,032</u>	<u>\$514,245</u>	<u>(\$147,761)</u>
Funding						
City.....	11,601,062	13,267,504	13,829,170	13,607,543	340,039	(221,627)
Non-City.....	11,179,315	10,405,283	10,505,623	10,579,489	174,206	73,866
Personnel (includes FTEs at fiscal year-end)						
City.....	116,304	113,008	111,447	113,655	647	2,208
Non-City.....	17,905	18,742	18,718	18,718	(24)	—
Total.....	<u>134,209</u>	<u>131,750</u>	<u>130,165</u>	<u>132,373</u>	<u>623</u>	<u>2,208</u>

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

FUNDING SOURCES 2006-2013



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

** State funds include debt service and pensions.

New York City Public School Enrollment School Year 2009-2013

	2009 Actual	2010 Actual	2011 Actual	2012 Actual	2013 Projections
DOE Facilities Enrollment					
General Education*	865,385	868,678	864,254	856,759	851,754
Special Education**	99,308	105,627	112,843	117,379	122,495
Pre-Kindergarten	21,768	22,673	22,484	21,979	21,590
Subtotal	986,461	996,978	999,581	996,117	995,839
Non-DOE Facilities Enrollment					
Charter Schools	25,489	30,519	39,217	47,658	58,979
Contract Schools	7,622	7,558	7,243	7,113	7,050
Pre-Kindergarten at CBOs	32,650	34,675	34,749	36,226	36,778
Special Ed Pre-Kindergarten	30,547	31,537	31,640	31,950	32,000
Subtotal	96,308	104,289	112,849	122,947	134,807
TOTAL	1,082,769	1,101,267	1,112,430	1,119,064	1,130,646

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

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

Programmatic Review and Service Impact

The Student Population

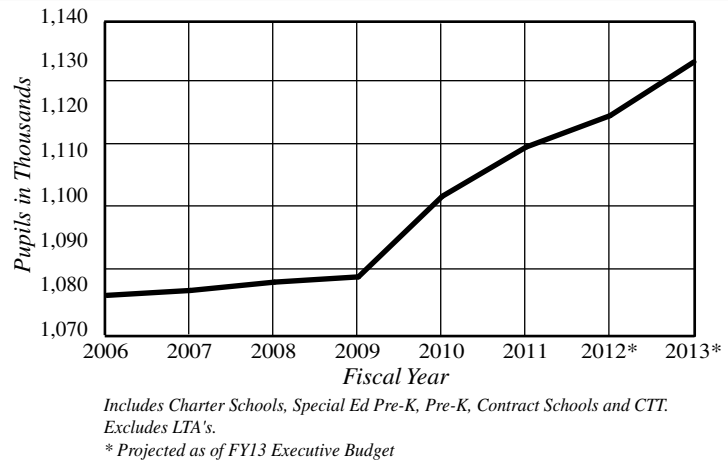
Total enrollment supported by the Department’s budget, including pre-kindergarten, charter school and contract school students, will increase by 11,582, from 1,119,064 in 2012 to a projected 1,130,646 in 2013. In the coming year, the City projects that general education public school enrollment for kindergarten through twelfth grade will be 905,345, or 4,829 greater than in 2012. Of these students, 851,754 are expected to attend schools run by the Department of Education, and 53,591 are expected to attend charter schools. Universal Pre-Kindergarten enrollment is expected to increase by 163 to a level of 58,368.

In 2013, the City projects that 134,934 school-age students will be enrolled in full-time special education programs. This projected enrollment level is 6,541 students higher than the 2012 full-time special education population of 128,393. Of these students, 122,495 are expected to attend Department of Education facilities, 5,389 are expected to attend charter schools, and 7,050 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 32,000 pre-kindergarten students, an increase of 50 from 2012, 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.

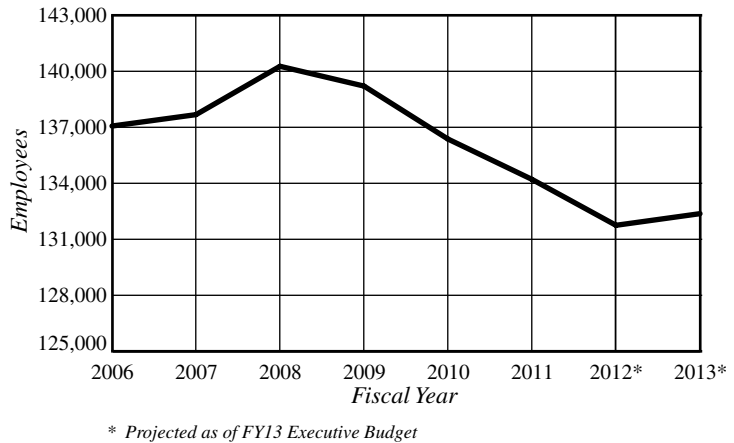
Staffing Levels

In 2013 the City projects that the Department’s staffing level will be 132,373. Of this count, 118,228 are full-time and 14,145 are Full Time Equivalents (FTEs). Pedagogical employees (which include teachers, superintendents, principals, assistant principals, guidance counselors, school secretaries, educational paraprofessionals and other school support staff) make up 107,307 of the full-time employees and 817

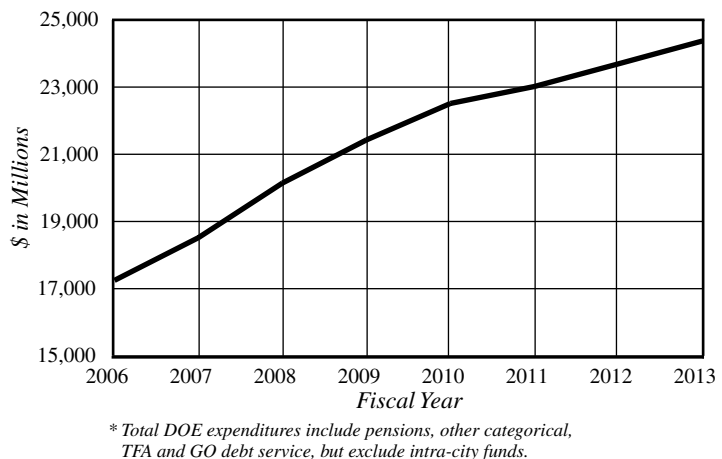
NYC PUBLIC SCHOOL ENROLLMENT 2006-2013



FULL TIME AND FULL TIME EQUIVALENT DEPARTMENT OF EDUCATION EMPLOYEES 2006-2013



TOTAL DEPARTMENT OF EDUCATION EXPENDITURES 2006-2013*



of the FTEs. Non-pedagogical employees represent 10,921 of the full-time employees and 13,328 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 2013-2016 anticipates spending \$7,794.0 million on school construction projects and is consistent with the last two years of the Department of Education’s (DOE’s) \$11,217.8 million Five-Year Plan for 2010-2014.

The table below shows planned capital commitments by program area over the 2011-2016 period.

Capital Commitments

(\$ in 000’s)

	2011 Actual		2012 Plan		2013 Plan		2014 Plan		2015 Plan		2016 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	\$48,138	\$246,214	\$261,740	\$636,740	\$244,502	\$447,157	\$479,503	\$930,726	\$229,301	\$434,345	\$124,732	\$235,409
System Expansion												
Other	95,275	134,171	201,075	402,150	156,428	286,082	267,180	518,602	99,298	188,092	96,692	182,489
School Modernization.....	1,323	1,939	85	170	157	288	0	0	3,607	6,832	1,110	2,095
Rehabilitation of School												
Components	283,296	569,685	311,660	572,760	306,546	555,496	192,562	375,113	402,627	765,677	434,533	823,313
Educational Enhancements	200,747	319,554	300,000	509,430	206,883	378,357	165,613	321,459	55,327	104,801	136,617	257,840
Emergency, Unspecified and Miscellaneous	248,944	417,949	314,827	474,411	162,886	293,077	106,022	198,262	87,257	160,812	106,378	200,768
Safety and Security	29,116	35,614	16,890	33,780	15,937	29,146	15,640	30,358	13,171	24,949	22,481	42,429
Total	<u>\$906,838</u>	<u>\$1,725,127</u>	<u>\$1,406,277</u>	<u>\$2,629,441</u>	<u>\$1,093,339</u>	<u>\$1,989,603</u>	<u>\$1,226,520</u>	<u>\$2,374,520</u>	<u>\$890,588</u>	<u>\$1,685,508</u>	<u>\$922,543</u>	<u>\$1,744,343</u>

Capital Highlights – The Fifth Five-Year Amended Plan

The Department of Education’s Capital Plan will provide:

- funding of \$4.5 billion for capacity, adding more than 33,888 new seats in an estimated 71 buildings (7,453 in Brooklyn; 4,673 in the Bronx; 4,382 in Manhattan; 15,676 in Queens; and 1,704 in Staten Island), which will help the Department respond to ongoing demographic growth in targeted neighborhoods, while continuing to alleviate school overcrowding, and strategically reduce its reliance on temporary facilities. In addition to new capacity, the Facility Replacement Program provides funding for replacing approximately 5,300 seats at facilities whose leases will expire during this Plan.
- funding of \$2.6 billion for the Capital Improvement Program, which includes exterior and interior building upgrades and other necessary capital repairs to the school buildings.
- funding of \$1.6 billion for Children First Initiatives designed to enhance the educational opportunities for our children. This category includes funding to support realignment of existing facilities to better suit instructional needs, large campus restructuring, physical fitness projects, science labs, accessibility and other necessary enhancements. It also includes prior plan funding for making school playgrounds available to the community when school is out of session.

- funding of \$2.0 billion for mandated programs such as remediation and building code compliance projects, insurance, and emergencies.
- funding of \$738 million to comprehensively improve energy efficiency while simultaneously replacing the PCB-containing fixtures associated with older lighting systems in more than 700 school buildings over the next ten years; this includes \$171 million over the last three years of the Department of Education's 2010-2014 Five-Year Capital Plan.

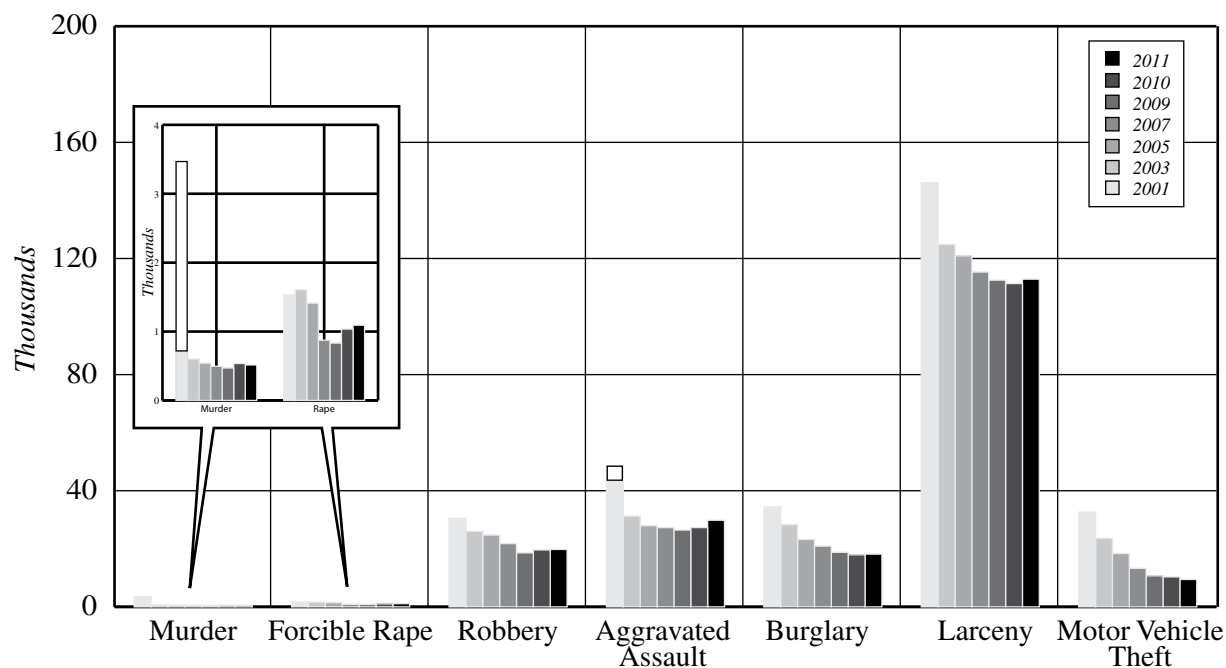
ADMINISTRATION OF JUSTICE

Overview

As measured by the FBI crime index, New York City remains the safest large city with the lowest rate of crime per capita among the ten largest U.S. cities. NYPD preliminary index crime data for the entire calendar year 2011 shows overall major felony crime decreased by 33.4 percent since calendar year 2001. There was a slight increase, 1.9 percent, in major felony crime as compared 2010. Due to a change in State law, second-degree strangulation was reclassified from a misdemeanor to a felony starting in November 2010. During the same period, murder dropped by 3.9 percent.

NEW YORK CITY FBI INDEX CRIMES

Calendar Years 2001-2011**



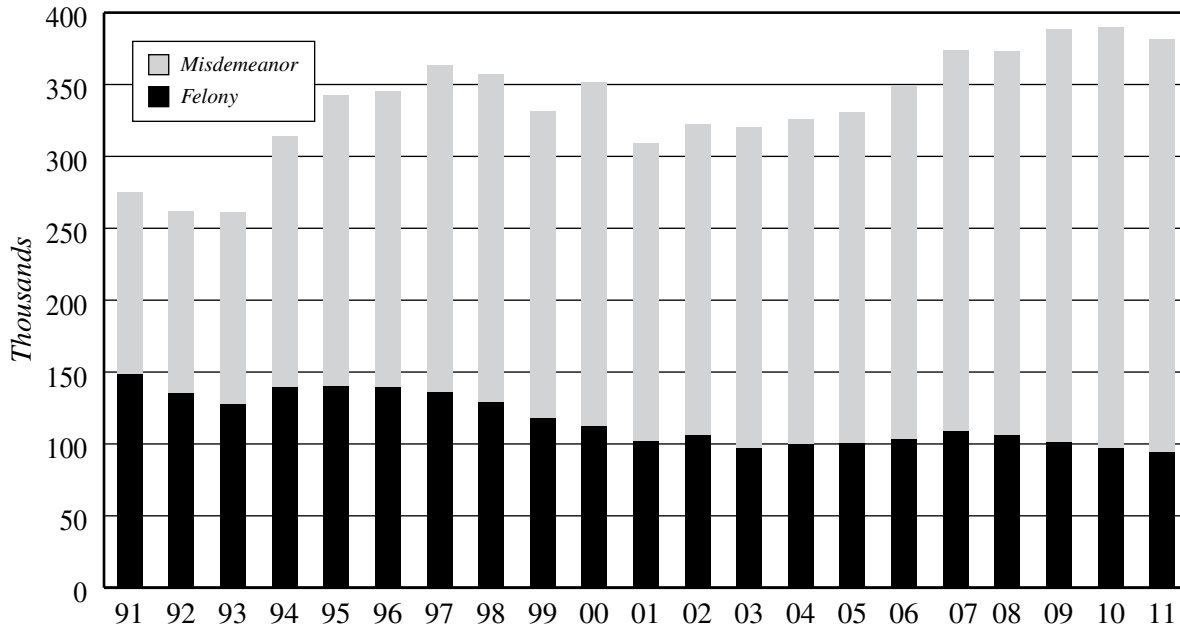
* In 2001, for Murder and Aggravated Assault, the unshaded portion represents World Trade Center victims.

** Preliminary estimates based on data from NYPD.

Arrests totaled 410,641 in calendar year 2011, decreasing by 8,641 from 2010. In 2011, the distribution of arrests was 23 percent felonies, 70 percent misdemeanors and 7 percent violations.

NEW YORK CITY FELONY & MISDEMEANOR ARRESTS

Calendar Years 1991-2011



In calendar year 2011, overall arrest levels decreased by 2.1 percent from 2010, felony arrests fell by 3.3 percent; misdemeanor arrests dropped by 1.8 percent and violations arrests decreased by 0.3 percent. Concomitantly, the Department of Correction’s population decreased. Through March 2012, the average daily inmate population was 12,386, as compared to 12,936 in 2011 – a reduction of 4.3 percent. The decline is comprised of a 7.8 percent decrease in the City-sentenced population, a 3.8 percent decrease in the State-sentenced population, and a 4.2 percent decrease in the pretrial detainee population.

POLICE DEPARTMENT

In 2012, the City continues to target the problem of illegal firearms and gun violence. The Church Gun Buy Back program continues to be one of the most effective outreach programs in reducing violence and making City streets safer. Held in 60 different churches throughout New York City since 2008, more than 7,600 weapons have been recovered by the Department through this program. A recent event, held in January 2012, brought in more than 100 firearms in a single day. Additionally, the Department continues to utilize the Gun Offender Registry to track high-risk individuals and expose illegal gun trafficking through undercover investigations.

The construction of the Joint Operation Center (JOC) was complete in the summer of 2011. The JOC is a state-of-the-art centralized command and control facility that provides oversight of critical functions Citywide in the event of an emergency. This facility was first activated during Hurricane Irene. In addition, construction of the new 121st Precinct in Staten Island is near completion. The facility is currently scheduled to open in November 2012. This new Precinct will help reduce response time in Staten Island as its population continues to grow. Finally, construction continues on the new Police Academy. The Police Academy, located in College

Point, Queens, will consolidate training facilities currently scattered across the City into one state-of-the-art campus. It includes an academic building, classrooms, tactical gyms, instructional offices and administrative support spaces.

DEPARTMENT OF CORRECTION

The Department of Correction's mission is to provide for the safety and security of staff, inmates, and the community at large. To this end, the Department continues to advance custody management and discharge planning by centralizing intake activities, improving assessments of prisoners' risks and needs, expanding pre-release preparation to include both pretrial and city-sentenced inmates, and focusing on the populations warranting special attention – high custody inmates, gang members, the mentally ill, and adolescents. To enhance its efficiency, the Department has focused on two core objectives in 2012: maximizing the available labor force and facility maintenance. To improve security and control overtime costs, the Department has added 332 permanent uniformed positions. A right-sized labor force enhances the Department's ability to staff operating posts on straight time, improving performance quality and conserving scarce resources. Further, aggressive recruitment and improved training processes allowed the Department to graduate three recruit classes in 2012; a fourth entered the academy in April and will graduate in the new fiscal year. Prospective hiring practices are critical for the Department to maintain adequate staffing levels. At the same time, the Department is on track to convert over 200 non-security uniform posts into civilian positions, ensuring that additional officers are assigned to security posts involving the care, custody, and control of inmates and achieving staffing efficiencies.

Another facet of safe jails is facility maintenance. The Department is committed to meeting standards for inmate environmental conditions. Its ambitious capacity replacement program includes the construction of a new jail on Rikers Island, which will centralize admission and intake processes. In the near term, the reopening of borough-based facilities in Brooklyn and Queens creates flexible capacity and allows the Department to make critical upgrades to existing facilities. The Department has also added staff dedicated to facility rehabilitation and preventive maintenance.

OTHER CRIMINAL JUSTICE PROGRAMS

In 2011, the Brownsville section of Brooklyn was second in the City in the number of homicides and third in the number of shootings. Building on the model created by the Red Hook Community Justice Center – which has been credited with reducing crime in that neighborhood – the City will work with the Center for Court Innovation and the New York State Unified Court System to develop the Brownsville Community Justice Center to handle delinquency and criminal cases for youth up to the age of 21. The Justice Center will work aggressively to prevent crime through a broad array of swift and certain responses, while at the same time offering criminal justice officials new tools and a broad array of services for offenders. Co-located at the Brownsville Community Justice Center is the Department of Probation's first Neighborhood Opportunity Network (NeON), which opened in December 2011. Part of the Mayor's Young Men's Initiative, NeONs bring probation services into communities where probation clients live, co-locating offices in sites where existing community-based organizations provide education programs, employment services, health care, and other supports. Additional NeONs are planned to open in Harlem, Jamaica, and the South Bronx.

In 2011, Supervised Release, a two year old alternative to incarceration pilot program continued to be a success; diverting 86% of nearly 300 program clients from incarceration in the City's jail system. Supervised Release is designed to offer judges in the Queens County Criminal Court an alternative to the current choices of recognizance release or the setting of bail at arraignment to moderate risk non-violent defendants. This program provides community-based pretrial supervision, needs assessments and program referrals as appropriate, and regular program compliance reports for clients who accept a judicial offer of Supervised Release as an alternative to incarceration.

In March 2012, the Mayor, the Police Department, and the City Council agreed to give the Civilian Complaint Review Board the authority to prosecute all substantiated complaints of police misconduct. Building on a successful pilot program, the CCRB will add a team of attorneys to its Administrative Prosecution Unit, enhancing the independence and transparency of a disciplinary process that is currently administered largely by the NYPD.

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 2013 Executive Budget provides for an operating budget of \$4.6 billion, a decrease of \$336 million from the \$5.0 billion forecast for 2012. This decrease is partially attributed to annual State, Federal, and private grant funding not yet recognized for 2013. Capital commitments of \$176 million are also provided in 2013.

Revenue Forecast

The Police Department collects revenue from fees charged for pistol licenses, rifle permits, fingerprint fees, accident report records, tow fees, and unclaimed cash and property that is abandoned or confiscated as a consequence of the commission of a crime. The City also collects an E-911 surcharge imposed on all New York City cellular telephones, land line telephones and voice over internet protocol service (VoIP). As of January 2012, the Department is recouping the cost associated with traffic control from non-charitable athletic parades. In 2013, the revenue estimate for the Police Department is \$103.1 million.

Expense Budget Highlights

Budgetary Priorities: Providing Core Services

- in 2013, the Department will maintain an average uniformed headcount of approximately 34,800.
- the Department expects to receive \$22.3 million for the protection of Foreign Missions as part of the Federal Fiscal Year 2012 Appropriations Act.
- in 2012, the Department received \$1.0 million in City funds as well as \$7.0 million in Federal and State funds to cover overtime costs associated with Hurricane Irene.
- the Department was funded with \$6.3 million in City funds to partially cover overtime costs associated with the Occupy Wall Street protests.
- in 2012, the Department opened a temporary facility for the World Trade Center Command which currently has approximately 200 uniformed personnel. The lease cost from 2012 to 2014 is approximately \$1.1 million.
- in December 2011, the Department rolled out the Property Evidence Tracking System that allows the Department to identify, locate, track, and route property and evidence on line in lieu of its previous paper-based system. The annual system maintenance cost is approximately \$1.2 million.

Streamlining and Restructuring

- the Department's Police Cadet Corps program has been reduced by 77 positions through attrition resulting in savings of \$1.5 million between 2012 and 2014.
- in 2012, the Department achieved \$4.3 million in savings associated with the hiring freeze for non-public safety titles.

Summary of Agency Financial Data

The following table compares the 2013 Executive Budget with the 2013 Preliminary Budget, the 2012 forecast and actual expenditures for 2011, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services and debt service.

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

	2011 Actual	2012 Forecast	2013		Increase/(Decrease)	
			Preliminary	Executive	2012	2013
			Budget	Budget	Forecast	Preliminary Budget
Expenditures						
Salary and Wages.....	\$4,333,307	\$4,349,445	\$4,253,935	\$4,254,262	(\$95,183)	\$327
Fringe Benefits.....	71,877	80,144	74,492	74,533	(5,611)	41
OTPS.....	399,575	524,724	284,263	289,362	(235,362)	5,099
Total.....	<u>\$4,804,759</u>	<u>\$4,954,313</u>	<u>\$4,612,690</u>	<u>\$4,618,157</u>	<u>(\$336,156)</u>	<u>\$5,467</u>
Funding						
City.....	\$4,260,736	\$4,328,359	\$4,278,415	\$4,283,882	(\$44,477)	\$5,467
Other Categorical Grants.....	111,109	94,874	69,082	69,082	(25,792)	—
IFA.....	1,797	—	—	—	—	—
State.....	17,867	17,791	4,935	4,935	(12,856)	—
Federal CD.....	—	—	—	—	—	—
Federal Other.....	178,374	277,747	30,674	30,674	(247,073)	—
Intra-City Other.....	234,876	235,542	229,584	229,584	(5,958)	—
Total.....	<u>\$4,804,759</u>	<u>\$4,954,313</u>	<u>\$4,612,690</u>	<u>\$4,618,157</u>	<u>(\$336,156)</u>	<u>\$5,467</u>
Additional Costs Centrally Funded						
Personal Services (PS).....						
Fringe Benefits.....	\$1,546,969	\$1,656,892	\$1,758,649	\$1,770,064	\$113,172	\$11,415
Pensions.....	2,251,145	2,631,755	2,641,196	2,641,196	9,441	—
Other Than Personal Service (OTPS)						
Legal Services.....	43,023	47,889	46,282	49,186	1,297	2,904
Judgments and Claims.....	190,235	154,450	162,573	180,137	25,687	17,564
Debt Service.....	98,051	127,694	141,461	132,112	4,418	(9,349)
Total Additional Costs.....	<u>\$4,129,423</u>	<u>\$4,618,680</u>	<u>\$4,750,161</u>	<u>\$4,772,695</u>	<u>\$154,015</u>	<u>\$22,534</u>
Funding						
City.....	4,048,491	4,545,692	4,687,157	4,709,873	164,181	22,716
Non-City.....	80,932	72,988	63,004	62,822	(10,166)	(182)
Intra-City Additional Costs.....	—	—	—	—	—	—
Full Agency Costs (including Central Accounts)						
Salary and Wages.....	\$4,333,307	\$4,349,445	\$4,253,935	\$4,254,262	(\$95,183)	\$327
Fringe Benefits.....	1,618,846	1,737,036	1,833,141	1,844,597	107,561	11,456
Pensions.....	2,251,145	2,631,755	2,641,196	2,641,196	9,441	—
Total PS.....	<u>\$8,203,298</u>	<u>\$8,718,236</u>	<u>\$8,728,272</u>	<u>\$8,740,055</u>	<u>\$21,819</u>	<u>\$11,783</u>
OTPS.....	\$399,575	\$524,724	\$284,263	\$289,362	(\$235,362)	\$5,099
Legal Services.....	43,023	47,889	46,282	49,186	1,297	2,904
Judgments and Claims.....	190,235	154,450	162,573	180,137	25,687	17,564
Debt Service.....	98,051	127,694	141,461	132,112	4,418	(9,349)
Total OTPS.....	<u>\$730,884</u>	<u>\$854,757</u>	<u>\$634,579</u>	<u>\$650,797</u>	<u>(\$203,960)</u>	<u>\$16,218</u>
Total Agency Costs.....	\$8,934,182	\$9,572,993	\$9,362,851	\$9,390,852	(\$182,141)	\$28,001
Less Intra-City.....	<u>\$234,876</u>	<u>\$235,542</u>	<u>\$229,584</u>	<u>\$229,584</u>	<u>(\$5,958)</u>	<u>\$—</u>
Net Agency Cost.....	<u>\$8,699,306</u>	<u>\$9,337,451</u>	<u>\$9,133,267</u>	<u>\$9,161,268</u>	<u>(\$176,183)</u>	<u>\$28,001</u>
Funding						
City.....	8,309,227	8,874,051	8,965,572	8,993,755	119,704	28,183
Non-City.....	390,079	463,400	167,695	167,513	(295,887)	(182)
Personnel (includes FTEs at fiscal year-end)						
City.....	49,390	49,965	49,820	49,761	(204)	(59)
Non-City.....	281	264	162	162	(102)	—
Total.....	<u>49,671</u>	<u>50,229</u>	<u>49,982</u>	<u>49,923</u>	<u>(306)</u>	<u>(59)</u>

Programmatic Review and Service Impact

New York City remains the safest big city in the United States. According to data from the latest FBI Uniform Crime Report released in September 2011, New York City recorded the lowest index crime rate among the ten largest U.S. cities. NYPD preliminary index crime data for the entire calendar year 2011 shows overall major felony crime decreased by 33.4 percent since calendar year 2001. There was a slight increase, 1.9 percent, in major felony crime from calendar year 2010 to 2011. Due to a change in State law, second-degree strangulation was reclassified from a misdemeanor to a felony starting in November 2010. During the same period, murder dropped by 3.9 percent.

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

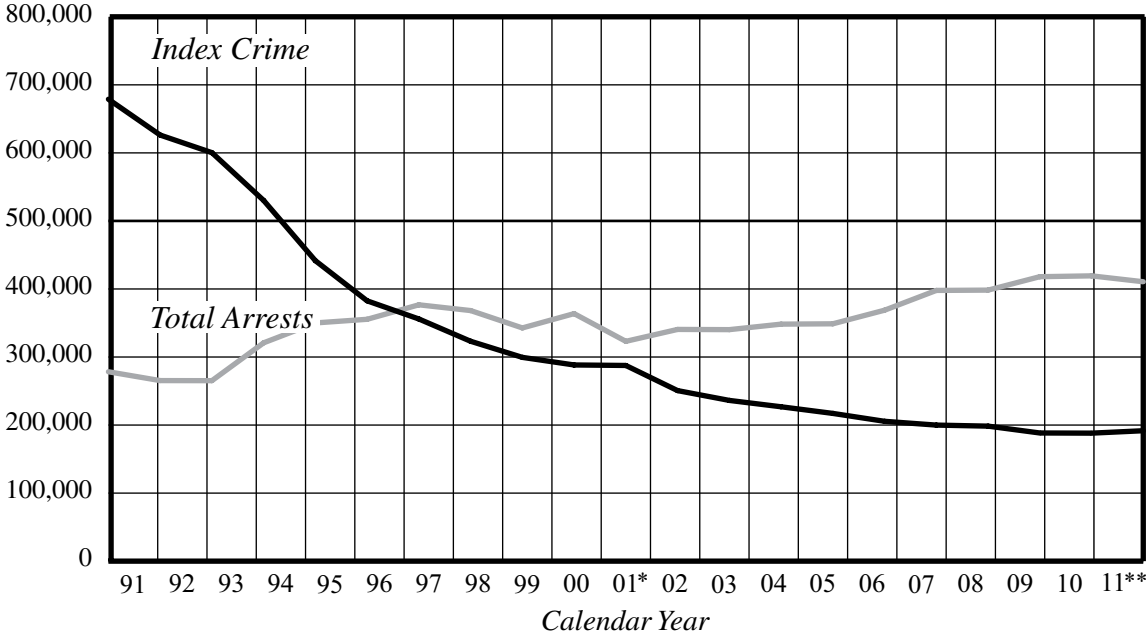
Despite current fiscal pressures, 1,519 new police officers completed six months of intensive training at the Police Academy in December 2011, the largest graduating class since calendar year 2005. These new graduates have been assigned to Operation Impact, a successful crime fighting initiative that deploys these officers with more experienced personnel to higher crime areas in order to reduce crime and improve the quality of life of City residents. Operation Impact, now in its ninth year, plays a key role in the Department's crime fighting efforts. So far in 2012, there has been a decrease of 1.7 percent in major felony crime within areas patrolled by personnel assigned to Operation Impact.

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

The Lower Manhattan Security Initiative (LMSI) and the Midtown Manhattan Security Initiative (MMSI) continue to play a key role in protecting New York City from future acts of terrorism. Currently, there are approximately 2,007 cameras feeding images from sensitive areas into the Lower Manhattan Security Coordination Center, with plans for an additional 1,000 to be installed. To further expand these counterterrorism efforts, the Police Department and the Port Authority signed the World Trade Center Strategic Security Plan in 2010. This agreement establishes a coordinated approach to security as the Port Authority has agreed to integrate all of the security technologies deployed throughout the site into the NYPD LMSI Coordination Center, which is staffed by Police Department personnel. Subsequently, the Department established a new World Trade Center Command within the Counterterrorism Bureau in order to manage the vast security needs of the World Trade Center complex.

The City is undertaking significant upgrades and enhancements to its 9-1-1 Emergency System. The majority of the capital funding for this initiative, known as the Emergency Communications Transformation Program (ECTP), is contained within DoITT's budget. In conjunction with the DoITT/Office of Citywide Emergency Communications and the Fire Department, the Police Department is working to develop an integrated 9-1-1 dispatch system that will bolster the City's critical emergency response capabilities. This project includes the development of a consolidated dispatch system, an upgraded telecommunications infrastructure, and redundant call-taking and dispatch centers. In 2012, the City completed the co-location of Police, Fire and EMS call taking and dispatch operations into a Public Safety Answering Center (PSAC 1). The City will also continue construction of a second fully redundant Public Safety Answering Center (PSAC 2) in the Bronx, anticipated to be completed in 2015.

ARRESTS VERSUS CRIME



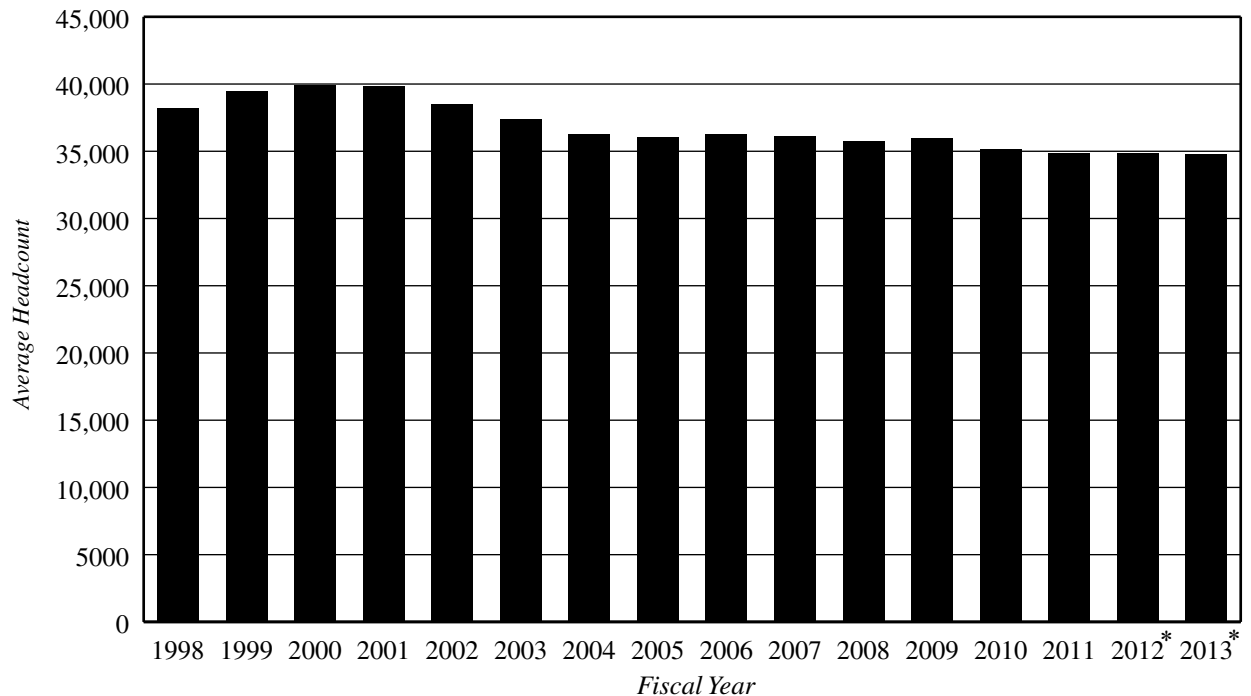
* In 2001, Index Crime data excludes World Trade Center victims.

** Preliminary estimates based on data from NYPD.

Uniformed Headcount

The Department hired 1,631 recruits in July 2011, of which 1,519 subsequently graduated. The Department hired an additional 898 recruits in January 2012. In 2013, the Department's authorized peak headcount is 35,367. The Department expects to reach this headcount in July 2012 and maintain an average headcount of approximately 34,800 in 2013.

TOTAL CITY, TRANSIT AND HOUSING POLICE FORCE



* Projection

Capital Review

The 2013-2016 Four Year Capital Commitment Plan totals \$404.4 million for the replacement, reconstruction, and rehabilitation of facilities citywide; replacement and upgrade of computer and communications equipment; and the replacement of vehicles.

The table below shows capital plan commitments by program area over the 2011-2016 time period.

Capital Commitments (\$ in 000's)

	2011 Actual		2012 Plan		2013 Plan		2014 Plan		2015 Plan		2016 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.....	\$47,736	\$47,736	\$33,122	\$33,122	\$81,978	\$81,978	\$22,202	\$22,202	\$14,500	\$14,500	\$14,500	\$14,500
Computer Equipment.....	8,355	8,355	22,663	22,663	45,234	45,234	17,366	17,366	32,759	32,759	33,373	33,373
Communications	19,560	19,560	37,281	37,281	34,744	34,744	25,365	25,365	15,105	15,105	24,730	24,730
Equipment	2,123	2,123	5,085	5,085	6,253	6,253	2,635	2,635	1,174	1,174	2,711	2,711
Vehicles.....	2,352	2,352	26,388	26,388	7,782	7,782	3,931	3,931	17,477	17,477	582	582
Total	\$80,126	\$80,126	\$124,539	\$124,539	\$175,991	\$175,991	\$71,499	\$71,499	\$81,015	\$81,015	\$75,896	\$75,896

Highlights of the 2013-2016 Four Year Capital Commitment Plan

The Four Year Plan provides \$133.2 million for the construction, rehabilitation, relocation and security of police facilities citywide. Scheduled commitments during this period include:

- design and construction of the first phase of a new Police Academy (\$36.3 million).
- relocation of various Department facilities citywide (\$16.4 million).
- facility rehabilitations Department-wide (\$80.5 million).

Communications and Computer Equipment

The Department allocates \$228.7 million for the upgrade and lifecycle replacement for all police communication and computer equipment citywide. Scheduled commitments during this period include:

- upgrade of network infrastructure (\$46.7 million).
- lifecycle replacement of the Department's portable radios (\$33.5 million), radio system (\$24.7 million) and mobile radios (\$10.0 million).
- enhancement of the MTA underground radio communication system (\$8.4 million).
- upgrade of Mobile Data Terminals (\$19.9 million).
- upgrade of Department technologies and equipment (\$85.6 million).

Miscellaneous Equipment

The Four Year Plan provides \$12.8 million for the upgrade and lifecycle replacement of a diverse range of support equipment. Scheduled commitments during this period include:

- upgrade of forensic lab equipment (\$6.3 million) and printing equipment (\$2.6 million).
- lifecycle replacement of diesel marine engines (\$1.5 million).
- upgrade of miscellaneous equipment (\$2.4 million).

Vehicles

The Department allocates \$29.8 million to replace operational and support vehicles. Scheduled commitments during this period include:

- replacement of helicopters (\$14.5 million), medium tow trucks (\$8.3 million), 55-foot launches (\$2.5 million) and high mileage over-aged patrol wagons (\$2.0 million).
- purchase and lifecycle replacement of other Department vehicles (\$2.5 million).

DEPARTMENT OF CORRECTION

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

Financial Review

The Department of Correction's 2013 Executive Budget provides for operating expenses of \$1.05 billion, a decrease of \$37 million from the amount forecast in 2012. Capital commitments of \$271.3 million are also planned in 2013.

Revenue Forecast

The Department of Correction collects revenue from jail commissary operations, vending machines and surcharges on inmate telephone calls. In 2013, the Department expects to collect approximately \$23.6 million from all revenue sources.

Expense Budget Highlights

Budgetary Priorities: Providing Core Services

- the Department is committed to expanding uniform staffing levels in order to maximize safety and security while reducing overtime expenses. Beginning in 2012, \$30 million in enhanced baseline funding will enable the Department to fill 332 previously-unfunded posts with permanent uniform officers.
- well-functioning recruitment processes are central to the Department's ability to remain optimally staffed. The Department graduated three recruit classes in 2012, including 188 recruits in September 2011, 125 recruits in December 2011, and 260 recruits in April 2012. A fourth class of 322 recruits began training in April 2012.
- in February 2012, the Department reopened the Brooklyn Detention Complex. Closed since 2003, this 759-bed facility accommodates pre-trial detainees with criminal cases in Brooklyn and Staten Island. It will serve as a cost-efficient source of flexible capacity as the Department makes critical upgrades to existing facilities and constructs a new jail on Rikers Island.
- the Department will reopen the Queens Detention Complex in 2013 to provide additional capacity while several facilities on Rikers Island undergo critical renovations to ensure the continued safety of staff and inmates. \$9.6 million supports the addition of 208 uniformed officers and 26 civilian staff in Queens.
- the Department will add seven civilian staff to its Investigations Unit, at a cost of \$425 thousand annually. The investigators will enhance the Department's ability to thoroughly investigate and swiftly address all incidents involving use of force in the City's jails.
- the Department will continue to prioritize facility maintenance and upkeep. In 2012, the infusion of \$2.8 million will provide for several critical upgrades, including installation of linear heat detection systems in modular units, resurfacing of inmate showers, and excavation of a damaged sewer line. Further, the Department will extend the tour of two Support Service Division crews for an additional year. Comprised of 16 staff and funded at \$1.2 million, these crews are tasked with remediating deteriorated conditions in inmate shower and bathroom facilities.

Streamlining and Restructuring

- the Department will allocate \$3.6 million to implement a new discharge planning program. Known as Individual Corrections Achievement Network (I-CAN), this procurement will focus on improving outcomes among City-sentenced inmates as well as high-risk and high-needs detainees.
- in an effort to conserve scarce resources, the Department has successfully implemented plans to replace over 200 non-security uniform posts with civilians. The Department will continue to identify staffing efficiencies in 2013, ensuring that uniform personnel are primarily assigned to the care, custody, and control of inmates. The Department will also eliminate 22 civilian positions through attrition, for savings of \$1.8 million.
- reform of the medically monitored staffing policy will provide for improved coverage of security posts and reduce overtime costs, saving \$2.4 million annually.

Summary of Agency Financial Data

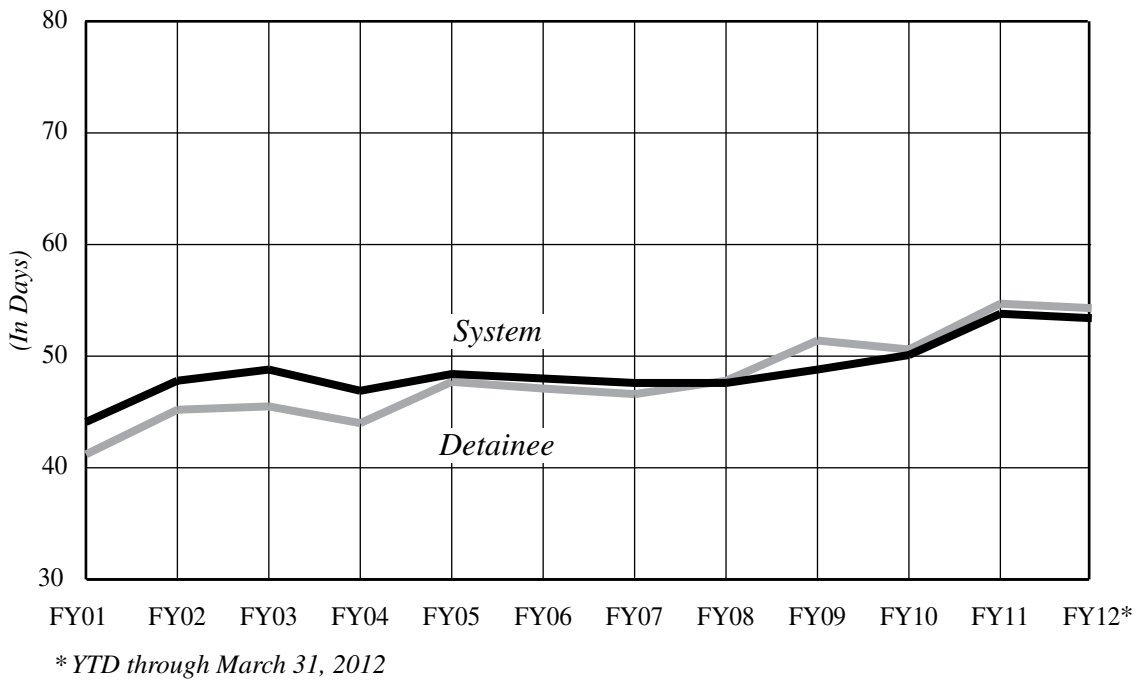
The following table compares the 2013 Executive Budget with the 2012 Preliminary Budget, the 2012 forecast and actual expenditures for 2011, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services and debt service.

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

	2011 Actual	2012 Forecast	2013		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2012 Forecast	2013 Preliminary Budget
Expenditures						
Salary and Wages.....	\$898,989	\$930,602	\$903,756	\$905,368	(\$25,234)	\$1,612
Fringe Benefits.....	22,824	24,455	23,868	23,868	(587)	—
OTPS.....	123,299	128,604	123,188	120,814	(7,790)	(2,374)
Total.....	<u>\$1,045,112</u>	<u>\$1,083,661</u>	<u>\$1,050,812</u>	<u>\$1,050,050</u>	<u>(\$33,611)</u>	<u>(\$762)</u>
Funding						
City.....	\$1,020,439	\$1,057,185	\$1,033,158	\$1,032,396	(\$24,789)	(\$762)
Other Categorical Grants.....	4,677	1,455	1,000	1,000	(455)	—
IFA.....	0	724	724	724	—	—
State.....	1,270	1,197	1,109	1,109	(88)	—
Federal CD.....	—	—	—	—	—	—
Federal Other.....	17,799	22,991	14,690	14,690	(8,301)	—
Intra-City Other.....	927	109	131	131	22	—
Total.....	<u>\$1,045,112</u>	<u>\$1,083,661</u>	<u>\$1,050,812</u>	<u>\$1,050,050</u>	<u>(\$33,611)</u>	<u>(\$762)</u>
Additional Costs Centrally Funded						
Personal Services (PS).....						
Fringe Benefits.....	\$341,626	\$369,453	\$394,947	\$397,359	\$27,906	\$2,412
Pensions.....	299,125	356,995	369,390	369,390	12,395	—
Other Than Personal Service (OTPS)						
Legal Services.....	7,341	8,478	8,093	8,405	(73)	312
Judgments and Claims.....	16,457	28,577	30,080	33,330	4,753	3,250
Debt Service.....	182,321	198,426	219,819	189,699	(8,727)	(30,120)
Total Additional Costs.....	<u>\$846,870</u>	<u>\$961,929</u>	<u>\$1,022,329</u>	<u>\$998,183</u>	<u>\$36,254</u>	<u>(\$24,146)</u>
Funding						
City.....	826,897	943,398	1,003,477	980,069	36,671	(23,408)
Non-City.....	19,918	18,375	18,852	18,114	(261)	(738)
Intra-City Additional Costs.....	55	156	—	—	(156)	—
Full Agency Costs (including Central Accounts)						
Salary and Wages.....	\$898,989	\$930,602	\$903,756	\$905,368	(\$25,234)	\$1,612
Fringe Benefits.....	364,450	393,908	418,815	421,227	27,319	2,412
Pensions.....	299,125	356,995	369,390	369,390	12,395	—
Total PS.....	<u>\$1,562,564</u>	<u>\$1,681,505</u>	<u>\$1,691,961</u>	<u>\$1,695,985</u>	<u>\$14,480</u>	<u>\$4,024</u>
OTPS.....	\$123,299	\$128,604	\$123,188	\$120,814	(\$7,790)	(\$2,374)
Legal Services.....	7,341	8,478	8,093	8,405	(73)	312
Judgments and Claims.....	16,457	28,577	30,080	33,330	4,753	3,250
Debt Service.....	182,321	198,426	219,819	189,699	(8,727)	(30,120)
Total OTPS.....	<u>\$329,418</u>	<u>\$364,085</u>	<u>\$381,180</u>	<u>\$352,248</u>	<u>(\$11,837)</u>	<u>(\$28,932)</u>
Total Agency Costs.....	\$1,891,982	\$2,045,590	\$2,073,141	\$2,048,233	\$2,643	(\$24,908)
Less Intra-City.....	<u>\$982</u>	<u>\$265</u>	<u>\$131</u>	<u>\$131</u>	<u>(\$134)</u>	<u>\$—</u>
Net Agency Cost.....	<u>\$1,891,000</u>	<u>\$2,045,325</u>	<u>\$2,073,010</u>	<u>\$2,048,102</u>	<u>\$2,777</u>	<u>(\$24,908)</u>
Funding						
City.....	1,847,336	2,000,583	2,036,635	2,012,465	11,882	(24,170)
Non-City.....	43,664	44,742	36,375	35,637	(9,105)	(738)
Personnel (includes FTEs at fiscal year-end)						
City.....	9,878	10,462	10,581	10,602	140	21
Non-City.....	1	33	8	8	(25)	—
Total.....	<u>9,879</u>	<u>10,495</u>	<u>10,589</u>	<u>10,610</u>	<u>115</u>	<u>21</u>

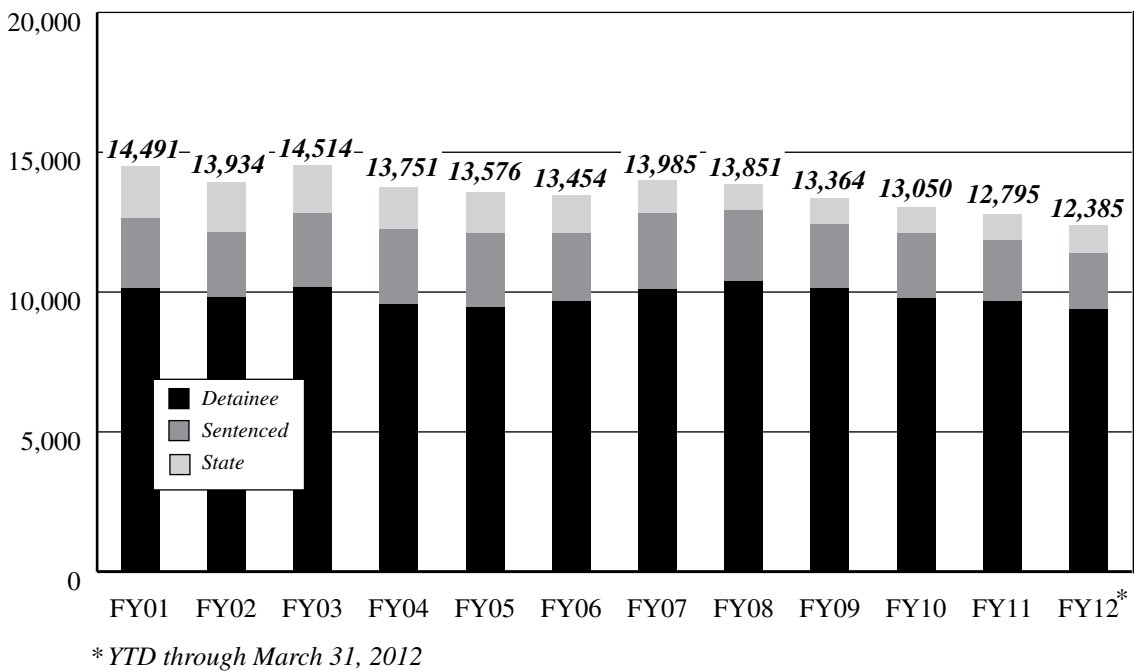
Programmatic Review

AVERAGE LENGTH OF STAY (By Fiscal Year)



AVERAGE DAILY INMATE POPULATION

By Fiscal Year



The average daily population through the first nine months of 2012 was 12,386, which is 4.3 percent lower than the same period in 2011. System admissions and overall system length of stay are both down 2.6 percent during this period.

Capital Review

The Department's 2013-2016 Four-Year Capital Plan totals \$881 million, including \$626 million for capacity replacement, \$36 million for construction of support space, \$169 million for major overhaul of building systems and infrastructure, and \$50 million for acquisition of new equipment.

The table below shows capital plan commitments by program area over the 2011-2016 period:

Capital Commitments

(\$ in 000's)

	2011 Actual		2012 Plan		2013 Plan		2014 Plan		2015 Plan		2016 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	\$3,709	\$3,709	-\$23,831	-\$23,831	\$63,471	\$63,471	\$527,217	\$527,217	\$5,000	\$5,000	\$30,600	\$30,600
Support Space	22,175	22,175	71,320	71,320	33,677	33,677	0	0	1,000	1,000	1,500	1,500
Building Systems and Infrastructure.....	38,498	38,498	88,386	88,386	143,673	143,673	8,120	8,120	4,250	4,250	12,954	12,954
Equipment	4,574	4,574	37,319	37,319	30,503	30,503	4,437	4,437	6,839	6,839	8,138	8,138
Total	<u>\$68,956</u>	<u>\$68,956</u>	<u>\$173,194</u>	<u>\$173,194</u>	<u>\$271,324</u>	<u>\$271,324</u>	<u>\$539,774</u>	<u>\$539,774</u>	<u>\$17,089</u>	<u>\$17,089</u>	<u>\$53,192</u>	<u>\$53,192</u>

Highlights of the 2013-2016 Four-Year Capital Commitment Plan

Capacity Replacement

The Department's capital program funds the replacement of aging structures originally designed as temporary housing with additions and upgrades to permanent structures. The Department's capacity replacement plan includes re-occupying borough-based facilities and building a 1,500-bed jail on Rikers Island. The design for the new Rikers Island jail began in March 2012. It will feature a centralized intake, new admission housing, and an infirmary.

The Four-Year Plan provides \$626.3 million for the capacity replacement program. Scheduled commitments include:

- the design and construction of a new detention center on Rikers Island (\$592.5 million).
- the reconstruction of the Brooklyn Detention Complex (\$33.8 million).

Building Systems, Infrastructure and Support Space

The Department will undertake \$205.2 million in improvements to building systems, infrastructure, and support space during the Four-Year Plan. Projects include:

- continuation of fire life safety upgrades at Rikers Island facilities (\$59.7 million).
- construction of a Rikers Island Co-generation Power Plant (\$14.2 million).

- installation of heating and ventilation systems at various facilities (\$52 million).
- window replacement, façade rehabilitation, and roof reconstruction at various facilities (\$18.8 million).
- improvements to Rikers Island perimeter security and fencing (\$5.6 million).
- replacement of Rikers Island showers and plumbing (\$10.2 million).
- other upgrades to the Department’s building systems, infrastructure, and support space (\$44.8 million).

Information Technology, Equipment, and Vehicles

The first phase of the Department’s new Jail Management System (JMS) is scheduled for completion in 2013. JMS will replace several outdated legacy systems and include information on inmate intake and classification, housing, warrants and detainers, discharges, and state ready processing.

The Four-Year Plan reserves \$50 million for vehicles, computers, security equipment, and communication systems. Priorities include:

- replacement of inmate transport vehicles (\$11.2 million).
- purchase of radios and personal body alarms compliant with Federal Communications Commission narrow-banding requirements (\$9.8 million).
- technology upgrades to servers and network infrastructure (\$14 million).
- replacement of food service and inmate security equipment (\$14.9 million).

DEPARTMENT OF SOCIAL SERVICES

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

Financial Review

The Department's 2013 Executive Budget provides for operating expenses of \$9.3 billion, of which \$7.2 billion are City funds, an increase of \$69 million in City funds from the 2012 forecast. Capital commitments of \$72.2 million, of which \$46.6 million are City funds, are also provided.

Expense Budget Highlights

Budgetary Priorities: Providing Core Services

- an increase of \$4.7 million in City funds and \$9.3 million in total funds will support additional staff in the Department's food stamps program. The food stamps program is administered through a network of neighborhood offices and provides technology options, including on-line applications, telephone interviews and automated telephone recertifications, for over 1.8 million New Yorkers.
- an additional \$3.8 million in City funds and \$7.7 million in total funds beginning in 2014 will fund the operation of 300 units of supportive housing for chronically homeless individuals living with HIV or AIDS as part of the New York/New York III (NY/NY III) agreement. Under NY/NY III, New York City and New York State agreed to jointly develop 9,000 new units of supportive housing over 10 years for chronically homeless individuals.
- a reestimate of the Cash Assistance caseload and expenditures will add an additional \$7.0 million in City funds in 2013, with savings of \$6.1 million in City funds in the out years. City funds added in 2012 will fund the local share of a 30 percent Cash Assistance grant increase provided by the New York State legislature in 2009.

Budgetary Priorities: Restructuring and Streamlining

- in 2013, the Department anticipates achieving \$18.9 million in cost avoidance savings by ensuring Medicaid dollars are not expended on applicants concealing information to receive benefits for which they are ineligible. An additional 59 staff will be added to expand the front end Medicaid eligibility determination process and enhance the integrity of the Medicaid program by addressing potential Medicaid fraud in the application process.
- beginning in 2013, the Department will relinquish multi-service centers within the agency's portfolio for savings of \$25 million in 2014. Multi-service centers are social services hubs where City agencies and not-for-profit providers serving similar populations can lease co-located space at below market-rate rents. The Department is currently in discussions with the Economic Development Corporation and the Department of Housing Preservation and Development to explore the best use of these properties.
- in 2013, the budget for supportive housing contracts in the HIV/AIDS Services Administration (HASA) will be reduced by \$7.1 million in total funds. HASA clients in supportive housing are currently assigned two case managers - one by HASA and one by the housing provider. This will reduce the number of on-site case managers assigned by the providers, eliminating duplication of services and bringing contracted caseload ratios in line with those in HASA. With medical advances and improved service coordination

within HRA, HASA staff perform fewer crisis management functions than they did in the early days of the HIV/AIDS epidemic. Under the high staffing to caseload ratio established by Local Law 49, HASA will be able to address the social services needs of this population despite the contract reductions.

- in 2013, the Department will request recovery of cash benefits provided to a subset of the Safety Net Assistance Program: legal immigrants who entered the United States through sponsorship by a friend or relative. These sponsors signed an Affidavit of Support that legally commits them to be financially responsible for the cost of public benefits provided to the individual they sponsored. The request will only be made to sponsors who have income above 250 percent of the Federal poverty level and the Department will also provide sponsors with the opportunity to negotiate a payment plan. This proposal does not seek recovery of Safety Net Assistance from sponsors of domestic violence victims, asylees or refugees, or seek repayment of Family Assistance or work supports such as food stamps and Medicaid.
- in 2013 the Department will save \$10 million in City funds through administrative efficiencies, including deployment of improved telecommunications technology and the elimination of 200 vacant positions throughout the agency.

Summary of Agency Financial Data

The following table compares the 2013 Executive Budget with the 2013 Preliminary Budget, the 2012 forecast and actual expenditures for 2011, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services and debt service.

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

	2011 Actual	2012 Forecast	2013		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2012 Forecast	2013 Preliminary Budget
Expenditures						
Salary and Wages.....	\$728,726	\$741,932	\$742,289	\$749,395	\$7,463	\$7,106
Fringe Benefits.....	687	2,193	5,079	5,079	2,886	—
Medical Assistance.....	4,841,453	6,247,306	6,320,620	6,282,732	35,426	(37,888)
Public Assistance.....	1,508,785	1,326,930	1,344,919	1,274,081	(52,849)	(70,838)
Other OTPS.....	989,103	1,004,936	937,464	944,658	(60,278)	7,194
Total.....	<u>\$8,068,754</u>	<u>\$9,323,297</u>	<u>\$9,350,371</u>	<u>\$9,255,945</u>	<u>(\$67,352)</u>	<u>(\$94,426)</u>
Funding						
City.....	\$5,659,488	\$7,166,010	\$7,225,619	\$7,235,077	\$69,067	\$9,458
Other Categorical Grants.....	136	160	—	—	(160)	—
IFA.....	—	—	—	—	—	—
State.....	909,547	653,200	620,806	589,476	(63,724)	(31,330)
Federal CD.....	394	262	—	—	(262)	—
Federal Other.....	1,493,844	1,495,446	1,499,265	1,426,438	(69,008)	(72,827)
Intra-City Other.....	5,345	8,219	4,681	4,954	(3,265)	273
Total.....	<u>\$8,068,754</u>	<u>\$9,323,297</u>	<u>\$9,350,371</u>	<u>\$9,255,945</u>	<u>(\$67,352)</u>	<u>(\$94,426)</u>
Additional Costs Centrally Funded						
Personal Services (PS).....						
Fringe Benefits.....	\$294,148	\$315,979	\$331,086	\$334,739	\$18,760	\$3,653
Pensions.....	110,328	124,461	137,530	137,530	13,069	—
Other Than Personal Service (OTPS)						
Legal Services.....	6,025	13,283	17,020	13,967	684	(3,053)
Judgments and Claims.....	70,054	29	31	34	5	3
Debt Service.....	66,454	70,460	78,042	82,118	11,658	4,076
Total Additional Costs.....	<u>\$547,009</u>	<u>\$524,212</u>	<u>\$563,709</u>	<u>\$568,388</u>	<u>\$44,176</u>	<u>\$4,679</u>
Funding						
City.....	408,764	362,040	434,809	446,469	84,429	11,660
Non-City.....	135,406	159,479	126,207	119,226	(40,253)	(6,981)
Intra-City Additional Costs.....	2,839	2,693	2,693	2,693	—	—
Full Agency Costs (including Central Accounts)						
Salary and Wages.....	\$728,726	\$741,932	\$742,289	\$749,395	\$7,463	\$7,106
Fringe Benefits.....	294,835	318,172	336,165	339,818	21,646	3,653
Pensions.....	110,328	124,461	137,530	137,530	13,069	—
Total PS.....	<u>\$1,133,889</u>	<u>\$1,184,565</u>	<u>\$1,215,984</u>	<u>\$1,226,743</u>	<u>\$42,178</u>	<u>\$10,759</u>
Medical Assistance.....	\$4,841,453	\$6,247,306	\$6,320,620	\$6,282,732	\$35,426	(\$37,888)
Public Assistance.....	1,508,785	1,326,930	1,344,919	1,274,081	(52,849)	(70,838)
Other OTPS.....	989,103	1,004,936	937,464	944,658	(60,278)	7,194
Legal Services.....	6,025	13,283	17,020	13,967	684	(3,053)
Judgments and Claims.....	70,054	29	31	34	5	3
Debt Service.....	66,454	70,460	78,042	82,118	11,658	4,076
Total OTPS.....	<u>\$7,481,874</u>	<u>\$8,662,944</u>	<u>\$8,698,096</u>	<u>\$8,597,590</u>	<u>(\$65,354)</u>	<u>(\$100,506)</u>
Total Agency Costs.....	\$8,615,763	\$9,847,509	\$9,914,080	\$9,824,333	(\$23,176)	(\$89,747)
Less Intra-City.....	<u>\$8,184</u>	<u>\$10,912</u>	<u>\$7,374</u>	<u>\$7,647</u>	<u>(\$3,265)</u>	<u>\$273</u>
Net Agency Cost.....	<u>\$8,607,579</u>	<u>\$9,836,597</u>	<u>\$9,906,706</u>	<u>\$9,816,686</u>	<u>(\$19,911)</u>	<u>(\$90,020)</u>
Funding						
City.....	6,068,252	7,528,050	7,660,428	7,681,546	153,496	21,118
Non-City.....	2,539,327	2,308,547	2,246,278	2,135,140	(173,407)	(111,138)
Personnel (includes FTEs at fiscal year-end)						
City.....	9,973	10,615	10,469	10,469	(146)	—
Non-City.....	3,867	4,043	4,041	4,041	(2)	—
Total.....	<u>13,840</u>	<u>14,658</u>	<u>14,510</u>	<u>14,510</u>	<u>(148)</u>	<u>—</u>

Programmatic Review and Service Impact

Family Independence Administration (FIA)

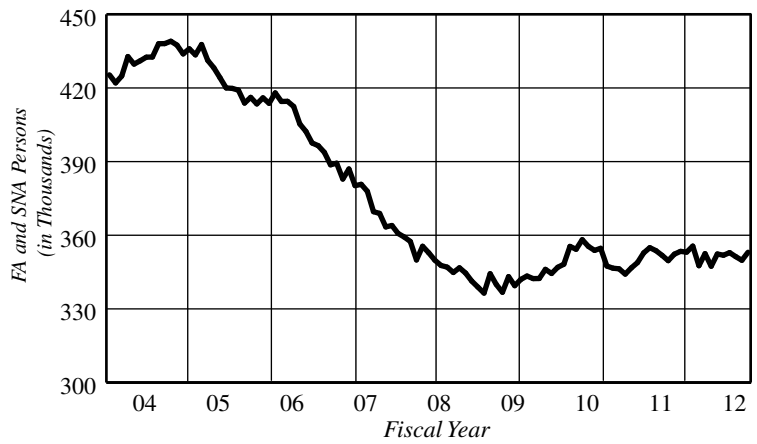
The Family Independence Administration (FIA) administers Cash Assistance (CA) and employment programs, including Family Assistance, Safety Net Assistance and the Supplemental Nutrition Assistance Program (SNAP), known in New York State as the food stamp program. FIA assists individuals in obtaining employment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

Cash Assistance (CA)

The Department projects expenditures of \$1.3 billion on CA benefits in 2013, of which \$532.0 million will be City funds. The Family Assistance (FA) program, which is funded entirely with Federal Temporary Assistance for Needy Families (TANF) funds in 2013, assisted 144,956 adults and children in March 2012. Projected FA expenditures in 2013 are \$484.2 million.

The Safety Net Assistance (SNA) program, which is supported with City (71 percent) and State (29 percent) funds, serves families who have reached the five-year time limit for TANF-funded benefits or who do not otherwise meet Federal eligibility rules and single adults. In March 2012, 208,106 individuals received SNA, of which 86,363 were adults and children who had reached the TANF time limit. In 2013, the Department projects spending \$789.8 million on SNA.

CASH ASSISTANCE CASELOAD 2004-2012

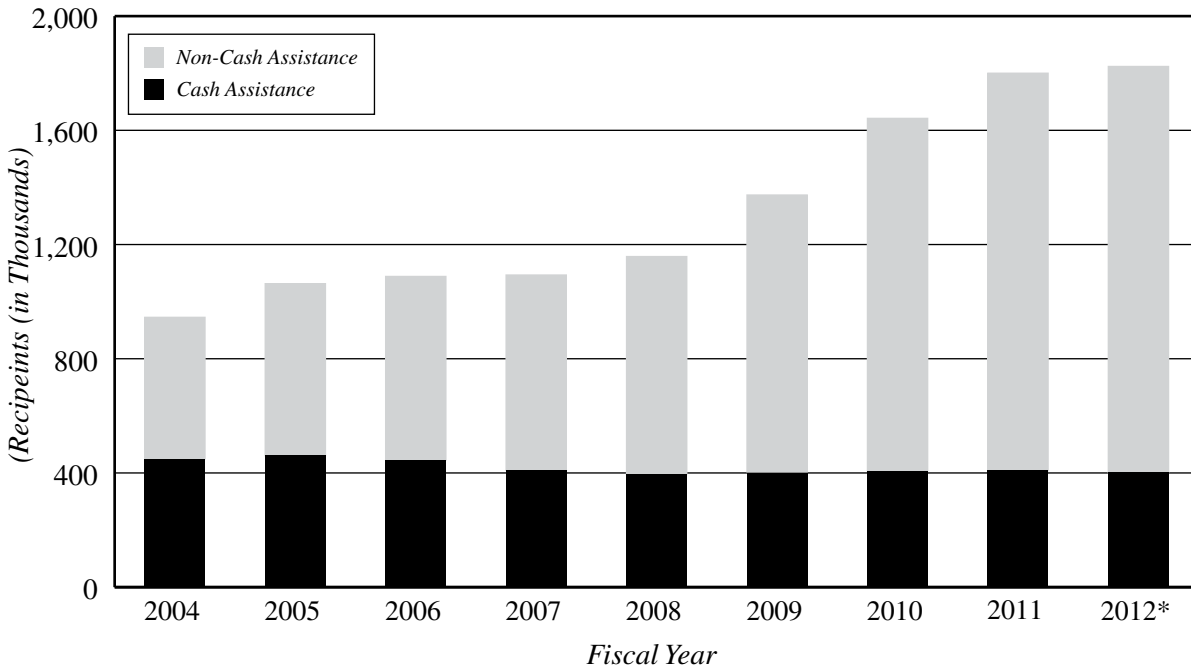


Supplemental Nutrition Assistance Program (SNAP)

SNAP, also known as food stamps, is designed to provide nutritional security to low income New Yorkers. Benefits, excluding administrative costs, are entirely funded by the Federal government. In March 2012, monthly benefit issuances were \$286.0 million for over 1.8 million recipients. The Department expects to provide \$3.5 billion in SNAP benefits in 2013.

Since July 2007, there has been a 69 percent increase in the number of individuals receiving SNAP benefits to supplement the purchase of food. The Department has managed this increase with minimal additional staffing by replacing most traditional face-to-face interviews with more efficient phone interviews and automated phone recertifications. Expanded call centers and updated information systems will allow the Department to continue to process this increased workload in a timely manner while minimizing errors that could affect the delivery of benefits.

AVERAGE FOOD STAMP RECIPIENTS 2004-2012



* Year to date through February 2012

Employment Services

FIA offers a wide array of programs and services to help families and individuals achieve self-sufficiency. Services include basic education, training, work experience, job search, placement, and retention services. FIA also provides targeted services for those with barriers to employment. At the end of March 2012, 61,909 individuals were engaged in employment, training, or other work related activities. In calendar year 2011, 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 80 percent achieved this outcome for at least six months.

In 2013 the Department will continue to operate a comprehensive employment program portfolio that provides employable clients a continuum of services. The Job Training Participant program places individuals in paid employment at the Department of Parks and Recreation and the Department of Sanitation. The Back to Work program provides job search and short-term training services to Cash Assistance applicants and to recipients who are also participating in the Work Experience Program. The College Opportunity to Prepare for Employment (COPE) program offers academic advisement, support and job search services for Cash Assistance recipients attending City University of New York (CUNY) colleges.

Specialized Job Centers and Other Services

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

Services are offered at specialized Job Centers, including the Veterans Center; the East River Job Center, which serves homeless single adults and families; the Refugee and Immigrant Center; the Substance Abuse

Service Center (SASC), which serves patients in outpatient substance abuse treatment centers; the Residential Treatment Service Center (RTSC); and the Senior Works Center.

Office of Child Support Enforcement (OCSE)

The primary role of OCSE is to ensure that children are supported by both parents. OCSE services include establishing paternity, obtaining child support orders, and collecting and enforcing child support from noncustodial parents. As of March 2012, there were 285,425 cases with support orders, including 33,991 CA cases and 251,434 non-Cash Assistance (NCA) cases. Of the NCA cases 136,709 were former CA recipients. In 2011, OCSE established 14,616 new orders, an eight percent increase over 2010.

Child support collections in calendar year 2011 totaled \$731.1 million, a four percent increase over the prior year. In addition, over 175,000 families received a child support payment in 2011, nearly a three percent increase over the prior year. In 2011, over 90 percent of support collections went directly to families, and more than \$215 million was collected on behalf of families who formerly received CA. When combined with earnings and work supports, child support payments can help needy families become or remain self-sufficient.

Medical Insurance and Community Services Administration (MICSA)

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

Medical Assistance Program (MAP)

Over 2.9 million New York City residents received Medicaid as of March 2012, an increase of 74 percent since January 2002. MAP is responsible for enrollment and recertification for consumers who require Medicaid products only. As of March 2012 MAP had more than 2.2 million Medicaid enrollees who do not receive Cash Assistance or SSI. Medicaid consumers receive a wide range of services including primary care, hospital inpatient, emergency room, physician, pharmacy, clinic, nursing home, personal care, dental, rehabilitation, transportation, vision care, laboratory services and x-rays.

MAP continues to simplify and streamline the public health insurance application and renewal process. Mail renewals for non-disabled, aged or blind consumers are processed via the Electronic Data and Image Transfer System (EDITS), which was specifically designed to automate and streamline the process. MAP sends out approximately 110,000 renewals per month with a 72 percent response rate, and a 90 percent acceptance rate for those cases returned. The program has implemented an online renewal option for Medicaid and Family Health Plus that receives six thousand renewals per month. With online renewal, families can recertify for public health insurance using ACCESS NYC, the online resource providing New Yorkers a single point of entry to health and human services programs.

Home Care Services Program (HCSP)

HCSP assists frail, elderly and disabled individuals remain safely in their homes with non-institutional alternatives to nursing home care. In 2012, HCSP provided Personal Care services, including home attendant and housekeeping services and case management, to about 35,000 beneficiaries. HCSP also approves service plans and authorizes service for over 15,000 participants in the Long Term Home Health Care Program (LTHHCP), and 2,000 participants in the Assisted Living Program (ALP). Medicaid eligibility reviews are handled for these groups and for approximately 44,000 participants in the Managed Long Term Care Program (MLTC). HCSP staff provides guidance to help consumers navigate among managed long-term care options and find an appropriate program. The State is planning a phased takeover of the Home Care program and has already transitioned 4,000 clients into Medicaid Managed Care to receive their personal care services.

HIV/AIDS Services Administration (HASA)

HASA provides a range of services to individuals and families living with HIV or AIDS. HASA clients receive case management, assessments and referrals, and can receive homemaking services. As of February 2012, HASA served 32,397 cases.

Approximately 26,500 households receive ongoing rental assistance subsidies to facilitate and maintain housing stability, typically in private market apartments. HASA also provides emergency housing placements in supportive transitional facilities and single room occupancy (SRO) units for homeless clients. Non-emergency supportive housing is provided in congregate facilities and scattered site apartments. These facilities are operated by community-based organizations that provide case management and support services. In 2013, HASA will support over 2,100 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. As part of an internal restructuring, HASA is now part of Customized Assistance Services (CAS), a division that provides clinical expertise in the fields of health, mental health, substance abuse and vocational rehabilitation. CAS provides psychiatric evaluation and crisis intervention services, determines eligibility for supportive housing and assists clients in obtaining federal disability benefits.

Customized Assistance Services (CAS)

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

The Visiting Psychiatric Service Program provides home-based psychiatric assessments and crisis intervention services to HRA clients. In 2011, the program made 6,619 home visits and court appearances.

The Wellness, Comprehensive Assessment, Rehabilitation and Employment (WeCARE) program works with Cash Assistance recipients who have medical or mental health conditions that pose barriers to employment. WeCARE's integrated services 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 2011, 2,544 WeCARE clients obtained jobs and 6,305 were approved for Federal disability benefits.

Office of Citywide Health Insurance Access (OCHIA)

OCHIA links New York City residents and small business owners with health insurance coverage and care. It provides information about free or low-cost health insurance options to the recently unemployed and ensures that low-income New Yorkers, especially those transitioning from CA to work, have access to public health insurance enrollment assistance as well as affordable private health insurance options. OCHIA administers HealthStat, which facilitated more than 43,000 enrollments in public health insurance in 2011.

OCHIA manages NYC Health Insurance Link (NYC HI Link), a resource for freelancers, small business owners, and residents searching for private health insurance options. NYC HI 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 links to ACCESS NYC, where consumers can screen themselves for public health insurance. In 2013, OCHIA will add a series of health insurance fact sheets for immigrants, young adults and small business owners and will continue to introduce NYC HI Link to new users through trainings and presentations for public and private organizations.

Emergency and Intervention Services

Emergency and Intervention Services is a new responsibility area created in March 2012, joining the Adult Protective Services program with the Office of Domestic Violence and Emergency Intervention Services.

Adult Protective Services (APS)

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

In calendar year 2011, APS received 20,021 referrals. Approximately 50 percent of the referrals involve eviction and about 15 percent include one or more allegations of abuse. APS maintains an average of 5,614 undercare clients each month. In addition, the contracted community guardian program has an average monthly caseload of 1,362 clients. APS is a member of the Steering Committee for New York City's first Elder Abuse Center, which began operations in September 2010. The Center's Brooklyn Multidisciplinary Team meets three times a month in the APS Brooklyn Borough Office. The Team Coordinator provides support to APS staff on elder abuse issues.

In 2011, APS implemented Phase 1 of its Financial Focus system, a comprehensive fund accounting system for the 2,300 clients for whom APS is a Representative Payee. In 2013 APS will launch a new case-management system called APSNet that will streamline the process and will provide managers with in-depth statistical analysis of the APS caseload to more effectively serve clients.

Office of Domestic Violence (ODV)

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

ODV oversees 45 State-licensed emergency shelters, including one directly operated by the Department, which provide 2,228 beds for survivors of domestic violence and their children. ODV also administers seven Tier II shelters that provide 243 units for clients who require additional services before transitioning back to the community. Shelters provide safe environments and a range of support services including counseling, advocacy and referrals to 1,000 families a day. In addition, community based non-residential programs provide telephone hotlines, counseling, advocacy, legal services, and referrals to other supportive services. In 2011, these programs maintained an average monthly caseload of 3,000 individuals.

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

The HEAP program assists low-income homeowners and renters to pay energy costs and heating equipment repair bills. The program provided over 876,000 benefit issuances totaling approximately \$53 million for the 2010-2011 season. Most benefits are provided to Cash Assistance, SNAP, and SSI recipients who receive automatic payments each season. HEAP also receives 100 emergency calls per day and staff provides assistance with gas and utility shut-offs, obtaining service extensions, and payment for emergency oil deliveries and furnace repairs. Additional programs include the Heat-Line program which offers HEAP applications and other public benefits to the homebound population and the disconnected; and the Department of Environmental Conservation Safety Net program which assists low income home owners with their water bills.

Office of Food Programs and Policy Coordination

This office administers the Emergency Food Assistance Program (EFAP) which provides funding and support to over approximately 500 food pantries and soup kitchens to improve the nutritional status of low-income New Yorkers. The office also administers the Food Stamp and Nutrition Outreach Program (FSNOP) which specializes in educating the public about the benefits and application process for the food stamps program. Recent initiatives include establishing community based locations where food stamp applications can be electronically transmitted for eligibility review. Currently there are 74 designated facilitated enrollment sites that directly submit applications and accompanying documents to DSS. This offers applicants an alternative to applying through food stamp offices. Nutrition education is an important component of the food stamps program that is accomplished through the SNAP-Ed program. The goal of SNAP-Ed is to educate persons eligible for SNAP to make healthy food choices within a limited budget.

Crisis and Disaster Unit

The Crisis and Disaster Unit responds to Citywide disasters and emergencies. The unit is responsible for the Disaster Task Force consisting of 450 DSS trained volunteers who respond under the unit’s direction to open shelters or provide DSS services as needed. The unit helps to coordinate the Agency response to emergencies and to directions given by the New York City Office of Emergency Management.

Capital Review

The Department’s Four-Year Capital Strategy for 2013-2016 totals \$72.2 million, of which \$46.4 are City funds. The Four-Year Capital Strategy includes \$24 million for technology to streamline Department operations; \$34 million for facilities maintenance, equipment and improvements; \$14 million for the installation of telecommunications equipment; and \$0.4 million for vehicles. The table below reflects capital commitments by program area over the 2013-2016 period.

Capital Commitments
(**\$000’s**)

	2011 Actual		2012 Plan		2013 Plan		2014 Plan		2015 Plan		2016 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.....	\$14,832	\$15,383	\$10,801	\$18,466	\$21,831	\$25,340	\$1,712	\$1,810	\$2,424	\$2,857	\$2,424	\$2,857
Computers.....	2,949	6,241	10,929	22,344	3,384	6,916	3,074	6,279	2,941	6,006	2,342	4,785
Telecommunications.....	866	1,767	5,711	11,659	2,461	7,791	1,055	2,156	656	1,340	1,336	2,729
Equipment.....	135	277	39	44	486	931	0	0	0	0	0	0
Vehicles.....	0	0	525	940	143	247	0	0	0	0	93	191
Total.....	<u>\$18,782</u>	<u>\$23,668</u>	<u>\$28,005</u>	<u>\$53,453</u>	<u>\$28,305</u>	<u>\$41,225</u>	<u>\$5,841</u>	<u>\$10,245</u>	<u>\$6,021</u>	<u>\$10,203</u>	<u>\$6,195</u>	<u>\$10,562</u>

Highlights of the Four-Year Capital Strategy

- agency-wide data processing and telecommunications improvements (\$38.0 million).
- replacement of Voice Over Internet Protocol (VOIP) telecom system and Wide Area Implementation Technology and Network telecom system (\$4.4 million).
- initial outfitting of a new Vanderbilt Avenue site in Brooklyn that will consolidate several other locations (\$1.0 million).
- renovation of domestic violence shelters (\$4.8 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 provides custody and care for children who are involved in the juvenile justice system. The Department also administers early childhood education programs through the Division of Child Care and Head Start.

In 2012 the Department of Juvenile Justice was fully integrated into ACS as the newly created Division of Youth and Family Justice (DYFJ). DYFJ coordinates comprehensive services for youth involved in the juvenile justice system, while maintaining a commitment to public safety. DYFJ works closely with the Department of Probation and the New York State Office of Children and Family Services (OCFS) to improve outcomes for young people in both residential and alternative settings.

In 2013, ACS will begin implementation of Close to Home. Enacted by the New York State legislature in the State Fiscal Year 2012-13 budget, Close to Home authorizes New York City to take legal responsibility for the placement of adjudicated juvenile delinquents. ACS will develop a system of placement facilities in the City for youth that have been convicted of less serious crimes and will continue to provide community-based alternatives for young people when appropriate. Youth convicted of the most serious crimes will remain in OCFS operated secure facilities.

In 2013, ACS will introduce EarlyLearn NYC, a new early childhood education system designed to raise educational standards, increase family supports and strengthen professional development for teachers. EarlyLearn will include center and home-based programs designed to prepare children for success in elementary school and beyond. EarlyLearn programs will be expected to meet enhanced standards and will be reimbursed through a blend of funding streams, including the Federal/State Child Care Block Grant, Head Start, Universal Pre-Kindergarten, City tax levy and private dollars. The anticipated total annual funding for Early Learn contracts is \$487 million.

Financial Review

ACS's 2013 Executive Budget provides for operating expenses of \$2.7 billion, \$781.9 million of which are City funds. Capital commitments of \$52.4 million are provided, of which \$7.4 million are for Youth and Family Justice.

Expense Budget Highlights

Budgetary Priorities: Providing Core Services

- in 2013, ACS will receive the initial component of a new State block grant to fund the Close to Home initiative. The legislature appropriated \$8.6 million for the phased-in takeover of non-secure youth beginning in September 2012. State funding will be supplemented with City and Federal IV-E dollars.

Budgetary Priorities: Restructuring and Streamlining

- in 2013, the number of children receiving adoption subsidies is expected to decline, producing savings of \$3.4 million in City funds and \$15.5 million in total funds. The number of children in adoptive homes has declined both as children adopted in the 1990's age out of the system and as the lower foster care census results in fewer adoptions.

- in 2012, ACS improvements in record keeping, technology data matching, and timely eligibility determinations resulted in an increase in the number of foster care children eligible for federal reimbursement for the services ACS provides. The increase in the eligibility rate will produce City savings of \$4.5 million annually.

Summary of Agency Financial Data

The following table compares the 2013 Executive Budget with the 2013 Preliminary Budget, the 2012 forecast and actual expenditures for 2011, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services and debt service.

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

	2011 Actual	2012 Forecast	2013		Increase/(Decrease)	
			Preliminary	Executive	2012	2013
			Budget	Budget	Forecast	Preliminary Budget
Expenditures						
Salary and Wages.....	\$364,194	\$412,660	\$402,511	\$403,475	(\$9,185)	\$964
Fringe Benefits.....	96	(371)	—	—	371	—
OTPS.....	2,396,514	2,492,050	2,303,137	2,316,401	(175,649)	13,264
Total.....	<u>\$2,760,804</u>	<u>\$2,904,372</u>	<u>\$2,705,648</u>	<u>\$2,719,909</u>	<u>(\$184,463)</u>	<u>\$14,261</u>
Funding						
City.....	\$695,156	\$847,824	\$781,744	\$781,967	(\$65,857)	\$223
Other Categorical Grants.....	—	—	—	—	—	—
IFA.....	—	—	—	—	—	—
State.....	661,402	673,847	647,247	652,695	(21,152)	5,448
Federal CD.....	3,292	3,292	2,963	2,963	(329)	—
Federal Other.....	1,343,779	1,323,241	1,272,589	1,281,179	(42,062)	8,590
Intra-City Other.....	57,175	56,168	1,105	1,105	(55,063)	—
Total.....	<u>\$2,760,804</u>	<u>\$2,904,372</u>	<u>\$2,705,648</u>	<u>\$2,719,909</u>	<u>(\$184,463)</u>	<u>\$14,261</u>
Additional Costs Centrally Funded						
Personal Services (PS).....						
Fringe Benefits.....	\$113,470	\$133,262	\$139,624	\$138,428	\$5,166	(\$1,196)
Pensions.....	54,935	65,017	53,293	53,293	(11,724)	—
Other Than Personal Service (OTPS)						
Legal Services.....	2,949	3,543	3,512	3,580	37	68
Judgments and Claims.....	1,014	2,284	2,404	2,664	380	260
Debt Service.....	—	—	—	—	—	—
Total Additional Costs.....	<u>\$172,368</u>	<u>\$204,106</u>	<u>\$198,833</u>	<u>\$197,965</u>	<u>(\$6,141)</u>	<u>(\$868)</u>
Funding						
City.....	132,178	121,903	159,314	155,539	33,636	(3,775)
Non-City.....	40,190	82,203	39,519	42,426	(39,777)	2,907
Intra-City Additional Costs.....	—	—	—	—	—	—
Full Agency Costs (including Central Accounts)						
Salary and Wages.....	\$364,194	\$412,660	\$402,511	\$403,475	(\$9,185)	\$964
Fringe Benefits.....	113,566	132,891	139,624	138,428	5,537	(1,196)
Pensions.....	54,935	65,017	53,293	53,293	(11,724)	—
Total PS.....	<u>\$532,695</u>	<u>\$610,568</u>	<u>\$595,428</u>	<u>\$595,196</u>	<u>(\$15,372)</u>	<u>(\$232)</u>
OTPS.....	\$2,396,514	\$2,492,050	\$2,303,137	\$2,316,401	(\$175,649)	\$13,264
Legal Services.....	2,949	3,543	3,512	3,580	37	68
Judgments and Claims.....	1,014	2,284	2,404	2,664	380	260
Debt Service.....	—	—	—	—	—	—
Total OTPS.....	<u>\$2,400,477</u>	<u>\$2,497,877</u>	<u>\$2,309,053</u>	<u>\$2,322,645</u>	<u>(\$175,232)</u>	<u>\$13,592</u>
Total Agency Costs.....	\$2,933,172	\$3,108,445	\$2,904,481	\$2,917,841	(\$190,604)	\$13,360
Less Intra-City.....	\$57,175	\$56,168	\$1,105	\$1,105	(\$55,063)	\$—
Net Agency Cost.....	<u>\$2,875,997</u>	<u>\$3,052,277</u>	<u>\$2,903,376</u>	<u>\$2,916,736</u>	<u>(\$135,541)</u>	<u>\$13,360</u>
Funding						
City.....	827,334	969,727	941,058	937,506	(32,221)	(3,552)
Non-City.....	2,048,663	2,082,550	1,962,318	1,979,230	(103,320)	16,912
Personnel (includes FTEs at fiscal year-end)						
City.....	5,514	6,483	6,395	6,395	(88)	—
Non-City.....	111	166	166	166	—	—
Total.....	<u>5,625</u>	<u>6,649</u>	<u>6,561</u>	<u>6,561</u>	<u>(88)</u>	<u>—</u>

Programmatic Review and Service Impact

Division of Child Protection (DCP)

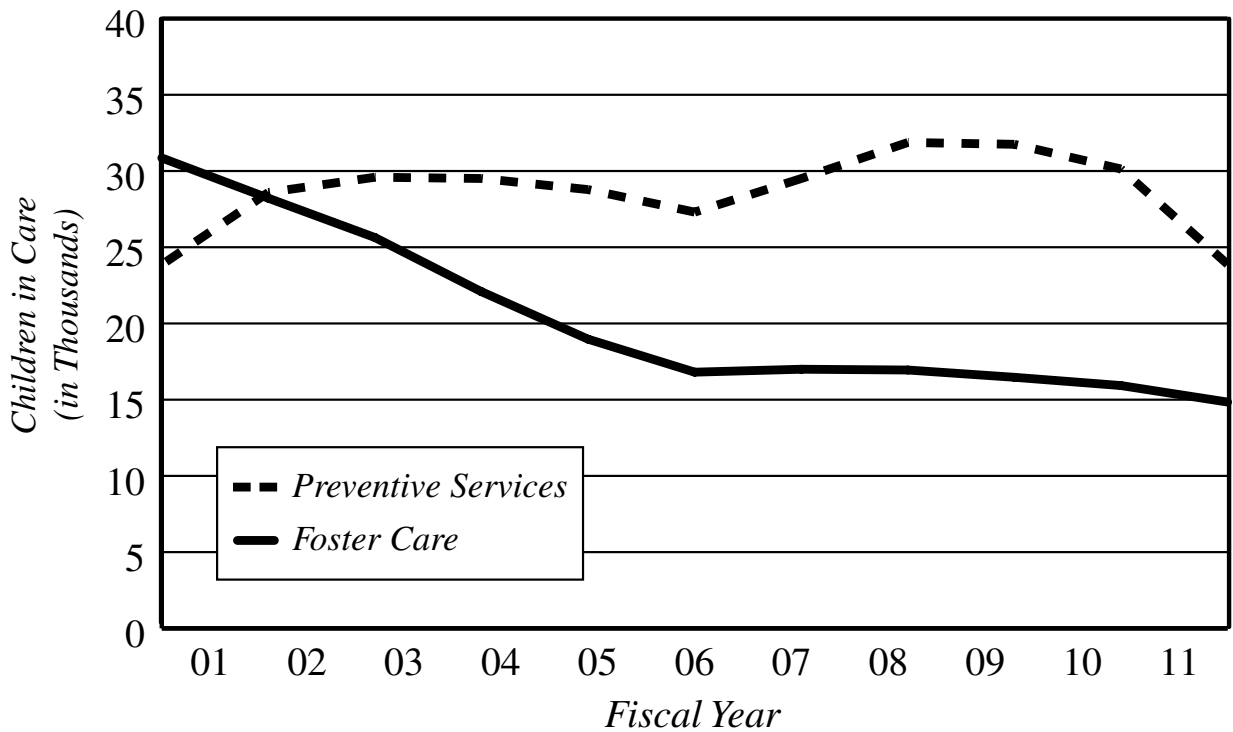
DCP investigates allegations of child abuse and neglect and makes determinations about the safety and risk to children. The Division monitors children and families in court-ordered supervision cases until it is determined whether children may remain safely in their homes or must be placed in foster care.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

The protective/diagnostic unit of DCP is the core unit tasked with investigating the majority of the approximately 65,000 reports of abuse and neglect that ACS receives each year. Protective/diagnostic field offices are located in each of the five boroughs and child protective personnel oversee more than 12,000 active cases each month on average.

Preventive Services for Children and Families

The Department provides both direct and contracted preventive services designed to prevent foster care placement and reduce the time that children spend in foster care. Preventive services include general preventive services, specialized programs for adolescents, programs for youth with juvenile justice involvement, the Family Treatment/Rehabilitation Program (FT/R) for families with substance abuse issues, and programs for families with special needs. Services include parenting education, domestic violence counseling, housing subsidies, employment and job training services, substance abuse treatment and mental health guidance. In 2012, ACS transitioned to a new contract portfolio of preventive services. Providers are required to help families connect to other services in their communities and are encouraged to engage families in achieving their service goals within 12 months in order to increase the availability of programs to all families in need. In January 2012 more than 23,000 children and their families received preventive services.

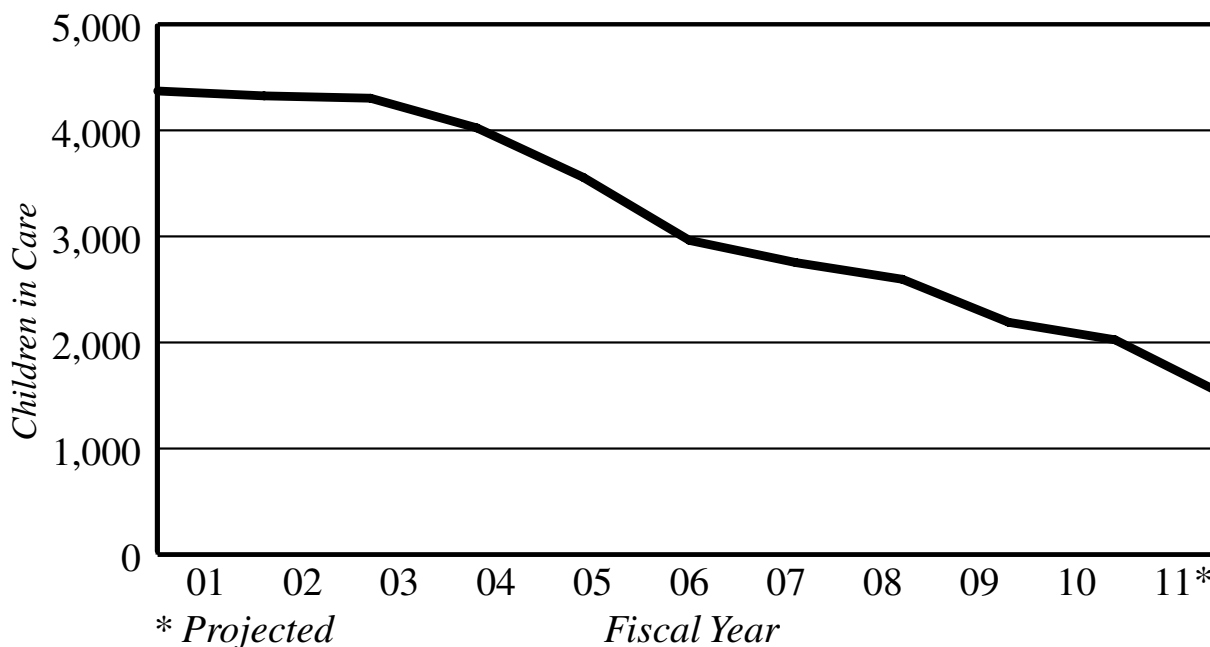
CHILDREN IN FOSTER CARE AND PREVENTIVE SERVICES 2001-2011



Foster Care

Placements in family foster care, residential settings or specialized care facilities are provided on a temporary basis until children can be reunified with their families. If reunification is not an option, children receive services that will lead to adoption or development of independent living skills. In 2011, an average total of 14,843 children were living in out-of-home placements, a seven percent decline since 2010. During this same period, the number of children in congregate residential settings declined by 23 percent, from 1,969 to 1,521 on average due to the Agency's continued efforts to place children in family settings whenever possible.

RESIDENTIAL CASELOAD 2001-2012



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

Adoption Services

Adoption provides a stable and permanent home for children who cannot return to their birth parents. As of January 2012, over 25,000 children were living in adoptive homes. ACS's efforts to recruit adoptive parents, including the adoption hotline and the award winning "Wednesday's Child" television segment, have contributed to continued placement of children in adoptive homes.

Division of Youth and Family Justice

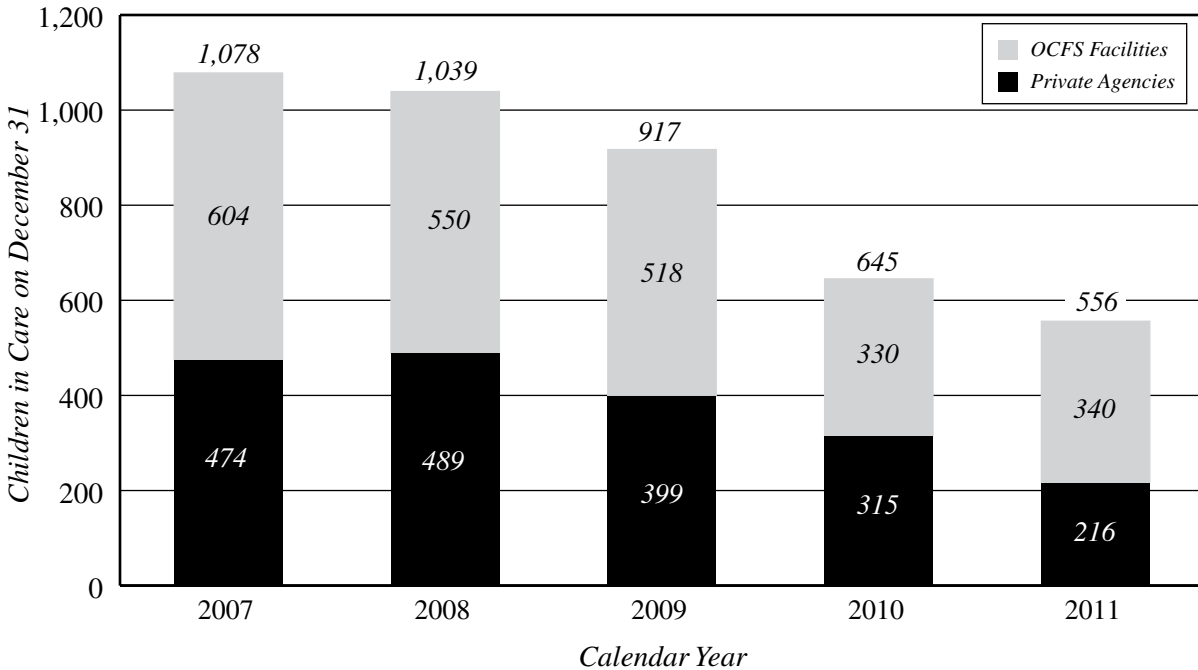
The Division of Youth and Family Justice (DYFJ) provides secure and non-secure detention services for alleged juvenile delinquents and offenders whose cases are pending in Family or Criminal Court and present a risk to public safety. Non-secure detention services are provided through a network of two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

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

Under Close to Home, beginning in 2013 DYFJ will assume authority for juvenile delinquents once they have been adjudicated to placement. DYFJ will provide care through a new system of not-for profit providers who will serve youth closer to their families and communities. Providers will offer an array of general and specialized juvenile justice residential care programs including intensive clinical services and educational programs. In the

first phase of Close to Home, scheduled to begin in September 2012, DYFJ will assume custody of youth placed in non-secure settings. The second phase, for limited secure placements, is scheduled to begin in April 2013, pending approval from OCFS.

JUVENILES IN RESIDENTIAL PLACEMENT 2007-2011



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 assists 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 70 delegate agencies. As of January 2012, more than 115,000 children were enrolled in child care Citywide, including approximately 18,500 in Head Start programs.

Ongoing collaborative efforts between ACS and the Department of Education have expanded Universal Pre-Kindergarten (UPK) programming to almost 17,000 children in Child Care and Head Start contracted centers. UPK funding supports enhancements such as classroom supplies, instructional materials, field trips, and educational consultants. In 2013, the EarlyLearn initiative will consolidate Head Start, UPK and other child care funding for a new blended model of subsidized care, offering higher quality services to children and families.

Capital Review

The 2013-2016 Four-Year Capital Strategy totals \$52.4 million: \$9.2 million for child care facilities, \$9.2 million for administrative offices, \$7.0 million for construction and renovation projects at secure and non-secure juvenile detention sites, and \$27.0 million for information systems.

The table below reflects capital commitments by program area over the 2013-2016 period.

Capital Commitments

(\$ in 000's)

	2011 Actual		2012 Plan		2013 Plan		2014 Plan		2015 Plan		2016 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	\$5,805	\$5,805	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Child Care.....	3,920	3,920	5,356	5,356	5,574	5,574	1,807	1,807	1,838	1,838	0	0
Buildings.....	211	211	4,614	9,457	8,386	10,246	1,476	2,220	1,080	1,904	1,551	1,807
MIS.....	2,445	3,663	53,563	65,014	11,746	14,818	3,360	3,781	3,238	3,799	3,358	4,632
Total.....	<u>\$6,597</u>	<u>\$7,815</u>	<u>\$69,338</u>	<u>\$85,632</u>	<u>\$25,706</u>	<u>\$30,638</u>	<u>\$6,643</u>	<u>\$7,808</u>	<u>\$6,156</u>	<u>\$7,541</u>	<u>\$4,909</u>	<u>\$6,439</u>

Highlights of the Four-Year Capital Plan

- \$21.1 million will support development of 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.
- \$9.2 million will support renovations of administrative and field offices.
- \$9.2 million will support renovations of child care centers Citywide to correct code violations and provide for handicapped accessibility.

DEPARTMENT OF YOUTH AND COMMUNITY DEVELOPMENT

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

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

Financial Review

The Department's 2013 Executive Budget provides for operating expenses of \$244.8 million, of which \$150.0 million are City funds.

Expense Budget Highlights

Budgetary Priorities: Providing Core Services

- in 2013, \$5.0 million in City funds will support programs as part of the Young Men's Initiative including a mentoring program for youth at New York City Housing Authority (NYCHA) sites through DYCD's Cornerstone Initiative, and expansion of the Young Adult Internship and Youth Adult Literacy programs.
- in 2013, a new procurement for the Summer Youth Employment Program will enhance job preparation, provide age-appropriate work and educational assignments, expand opportunities for vulnerable youth and engage the private sector to employ more of the City's young adults.
- in 2013, new Out-of-School Time (OST) contracts will include year-round programming and additional elements such as Science, Technology, Engineering and Math (STEM), to help young people compete in the 21st Century economy.

Summary of Agency Financial Data

The following table compares the 2013 Executive Budget with the 2013 Preliminary Budget, the 2012 forecast and actual expenditures for 2011, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services and debt service.

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

	2011 Actual	2012 Forecast	2013		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2012 Forecast	2013 Preliminary Budget
Expenditures						
Salary and Wages.....	\$26,518	\$27,686	\$26,664	\$26,671	(\$1,015)	\$7
Fringe Benefits.....	—	—	—	—	—	—
OTPS.....	323,746	301,448	218,142	218,142	(83,306)	—
Total.....	<u>\$350,264</u>	<u>\$329,134</u>	<u>\$244,806</u>	<u>\$244,813</u>	<u>(\$84,321)</u>	<u>\$7</u>
Funding						
City.....	\$223,489	\$212,144	\$150,037	\$150,044	(\$62,100)	\$7
Other Categorical Grants.....	1,996	6,161	—	—	(6,161)	—
IFA.....	—	—	—	—	—	—
State.....	8,251	14,083	4,675	4,675	(9,408)	—
Federal CD.....	7,402	8,306	7,138	7,138	(1,168)	—
Federal Other.....	85,811	62,706	57,441	57,441	(5,265)	—
Intra-City Other.....	23,315	25,734	25,515	25,515	(219)	—
Total.....	<u>\$350,264</u>	<u>\$329,134</u>	<u>\$244,806</u>	<u>\$244,813</u>	<u>(\$84,321)</u>	<u>\$7</u>
Additional Costs Centrally Funded						
Personal Services (PS).....						
Fringe Benefits.....	\$7,986	\$8,368	\$8,773	\$8,693	\$325	(\$80)
Pensions.....	3,525	4,093	4,443	4,443	350	—
Other Than Personal Service (OTPS)						
Legal Services.....	177	30	22	30	—	8
Judgments and Claims.....	—	222	234	259	37	25
Debt Service.....	—	—	—	—	—	—
Total Additional Costs.....	<u>\$11,688</u>	<u>\$12,713</u>	<u>\$13,472</u>	<u>\$13,425</u>	<u>\$712</u>	<u>(\$47)</u>
Funding						
City.....	10,628	12,338	13,113	13,065	727	(48)
Non-City.....	1,060	375	359	360	(15)	1
Intra-City Additional Costs.....	—	—	—	—	—	—
Full Agency Costs (including Central Accounts)						
Salary and Wages.....	\$26,518	\$27,686	\$26,664	\$26,671	(\$1,015)	\$7
Fringe Benefits.....	7,986	8,368	8,773	8,693	325	(80)
Pensions.....	3,525	4,093	4,443	4,443	350	—
Total PS.....	<u>\$38,029</u>	<u>\$40,147</u>	<u>\$39,880</u>	<u>\$39,807</u>	<u>(\$340)</u>	<u>(\$73)</u>
OTPS.....	\$323,746	\$301,448	\$218,142	\$218,142	(\$83,306)	\$—
Legal Services.....	177	30	22	30	—	8
Judgments and Claims.....	—	222	234	259	37	25
Debt Service.....	—	—	—	—	—	—
Total OTPS.....	<u>\$323,923</u>	<u>\$301,700</u>	<u>\$218,398</u>	<u>\$218,431</u>	<u>(\$83,269)</u>	<u>\$33</u>
Total Agency Costs.....	\$361,952	\$341,847	\$258,278	\$258,238	(\$83,609)	(\$40)
Less Intra-City.....	\$23,315	\$25,734	\$25,515	\$25,515	(\$219)	\$—
Net Agency Cost.....	<u>\$338,637</u>	<u>\$316,113</u>	<u>\$232,763</u>	<u>\$232,723</u>	<u>(\$83,390)</u>	<u>(\$40)</u>
Funding						
City.....	234,117	224,482	163,150	163,109	(61,373)	(41)
Non-City.....	104,520	91,631	69,613	69,614	(22,017)	1
Personnel (includes FTEs at fiscal year-end)						
City.....	322	320	313	312	(8)	(1)
Non-City.....	76	74	74	74	—	—
Total.....	<u>398</u>	<u>394</u>	<u>387</u>	<u>386</u>	<u>(8)</u>	<u>(1)</u>

Programmatic Review and Service Impact

Out-of-School Time (OST)

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

OST will operate approximately 261 programs in neighborhoods across the City and is projected to serve 27,000 children in 2013.

Beacon Community Centers

These collaborative, school-based community centers were pioneered in the early 1990s and have been replicated nationally. The Beacon model combines a youth development framework with a strong community focus and is recognized as a flagship for positive youth development. Beacons focus on middle school students receiving academic enhancement, life skills, career awareness/school to work transition, civic engagement/community building, recreation/health and fitness, and culture/art. In 2012, Beacons served approximately 86,000 participants.

Cornerstone Program

Cornerstone programs provide activities year-round for adults and young people at 25 New York City Housing Authority (NYCHA) Community Centers in the five boroughs. Cornerstone youth programs are designed to help participants acquire the skills they need to graduate from high school, succeed in their chosen careers, and give back to the community. In 2013, the program will serve 5,119 participants.

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

Youth Workforce Development

The Summer Youth Employment Program (SYEP) provides New York City youth between the ages of 14 and 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 \$20.6 million will provide more than 13,000 SYEP slots, which will be supplemented by a projected \$4.2 million in Federal CSBG and WIA funding. DYCD will also receive \$13.7 million in State funds. In total, these funds will support approximately 26,503 participants in 2013.

The Young Adult Internship Program (YAIP) promotes social and professional skills and features a combination of educational workshops, counseling, and short-term paid internships. YAIP operates three 14-week cycles each year and received \$3 million through the YMI program for a total budget of \$11.4 million in 2013. The program is expected to serve 1,740 participants.

The Department also provides employment services through federal Workforce Investment Act (WIA) funding. The In-School Youth (ISY) program is intended to improve literacy, job readiness, and other workplace preparation skills. Programs for Out-of-School Youth (OSY) focus on educational goals and placement in employment or advanced occupational training. In 2013, the Department projects that OSY will serve 1,328 youth, and that ISY will serve 1,613 youth annually.

Runaway and Homeless Youth Services

DYCD funds programs to protect runaway and homeless youth and, whenever possible, reunite them with their families. For youth in need of intensive residential assistance, Crisis Shelters offer safe and welcoming environments on a short-term basis, while Transitional Independent Living facilities combine longer-term shelter with training and support designed to place formerly homeless youth on the path to independence. Charged with giving vulnerable young people the resources they need to stabilize their lives, services also include Referral Services and Drop-In Centers. In 2013, DYCD will provide funding for 37 crisis shelter beds and 53 Transitional Independent beds.

Literacy Services

In 2012, Adult Literacy services will be supported by a projected \$3.3 million in Community Services Block Grant and Community Development Block Grant funding. The literacy services will provide English for Speakers of Other Languages (ESOL), Adult Basic Education, and General Education Development (GED) Courses to over 3,500 adults.

Through YMI, the Young Adult Literacy Program received an additional \$1.0 million, for a total program budget of nearly \$2.0 million funding 17 sites. The program serves young people who need help acquiring the reading and writing skills needed to take the GED exam. It also provides paid internships to students who maintain 80% or better attendance rates.

Neighborhood Development Programs

DYCD administers the Federal Community Services Block Grant program to fund anti-poverty initiatives in 43 designated low-income Neighborhood Development Areas (NDAs) across the five boroughs of New York City. The NDA programs are designed to allow individual neighborhoods to fund the social services they determine best meet their particular needs. In 2012, the Department allocated \$15.7 million to these programs, which provided immigrant services, family support services, youth development, senior support, and housing assistance.

Fatherhood Programs

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

DEPARTMENT OF HOMELESS SERVICES

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

In 2013, the Department will continue to utilize innovative strategies to prevent homelessness, reduce the length of shelter stay and assist families and individuals in achieving self-sufficiency in permanent housing. DHS will also provide targeted assistance to individuals with medical, substance abuse and mental health issues so that they successfully move off the City's streets and into housing.

Financial Review

The Department's 2013 Executive Budget provides for operating expenses of \$801.0 million, of which \$409.7 million are City funds. Capital commitments of \$57.6 million are also provided.

Expense Budget Highlights

Budgetary Priorities: Providing Core Services

- in 2013, an additional \$8.1 million in City funds will support 200 units of shelter for single homeless adults. As of March 2012, there were 8,810 single adults served in City shelter.
- in 2013, an additional \$9.1 million in City funds and \$21.3 million in total funds will support 617 homeless family units. As of March 2012, there were 10,005 homeless families served in City shelter.

Budgetary Priorities: Restructuring and Streamlining

- in 2012, the Department implemented a new electronic case management and bed management system – Client Assistance and Re-Housing Enterprise System (CARES), that will track clients from intake to shelter placement and through their return to the community.
- in 2012, the Department expanded Client Responsibility to ensure that all shelter clients receive assistance in transitioning to suitable housing by enhancing the focus on Cash Assistance enrollment, employment, training and rehabilitative programs.
- in cooperation with contracted providers, in 2013 the Department will implement changes to the Homebase Prevention program, including a new screening and assessment process that will allow the program to serve more individuals.

Summary of Agency Financial Data

The following table compares the 2013 Executive Budget with the 2013 Preliminary Budget, the 2012 forecast and actual expenditures for 2011, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services and debt service.

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

	2011 Actual	2012 Forecast	2013		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2012 Forecast	2013 Preliminary Budget
Expenditures						
Salary and Wages.....	\$115,361	\$116,675	\$118,496	\$118,495	\$1,820	(\$1)
Fringe Benefits.....	1,322	1,585	1,482	1,585	—	103
OTPS.....	902,499	795,837	647,826	680,882	(114,955)	33,056
Total.....	<u>\$1,019,182</u>	<u>\$914,097</u>	<u>\$767,804</u>	<u>\$800,962</u>	<u>(\$113,135)</u>	<u>\$33,158</u>
Funding						
City.....	\$417,276	\$421,090	\$390,710	\$409,719	(\$11,371)	\$19,009
Other Categorical Grants.....	15	—	—	—	—	—
IFA.....	—	—	—	—	—	—
State.....	126,893	109,662	105,184	106,830	(2,832)	1,646
Federal CD.....	5,769	4,553	4,098	4,098	(455)	—
Federal Other.....	293,259	334,826	264,912	279,415	(55,411)	14,503
Intra-City Other.....	175,970	43,966	2,900	900	(43,066)	(2,000)
Total.....	<u>\$1,019,182</u>	<u>\$914,097</u>	<u>\$767,804</u>	<u>\$800,962</u>	<u>(\$113,135)</u>	<u>\$33,158</u>
Additional Costs Centrally Funded						
Personal Services (PS).....						
Fringe Benefits.....	\$39,308	\$41,849	\$42,717	\$42,654	\$805	(\$63)
Pensions.....	16,454	17,994	19,550	19,550	1,556	—
Other Than Personal Service (OTPS)						
Legal Services.....	1,344	1,239	1,392	1,252	13	(140)
Judgments and Claims.....	210	839	883	979	140	96
Debt Service.....	—	—	—	—	—	—
Total Additional Costs.....	<u>\$57,316</u>	<u>\$61,921</u>	<u>\$64,542</u>	<u>\$64,435</u>	<u>\$2,514</u>	<u>(\$107)</u>
Funding						
City.....	44,840	50,057	53,794	53,698	3,641	(96)
Non-City.....	12,476	11,864	10,748	10,737	(1,127)	(11)
Intra-City Additional Costs.....	—	—	—	—	—	—
Full Agency Costs (including Central Accounts)						
Salary and Wages.....	\$115,361	\$116,675	\$118,496	\$118,495	\$1,820	(\$1)
Fringe Benefits.....	40,630	43,434	44,199	44,239	805	40
Pensions.....	16,454	17,994	19,550	19,550	1,556	—
Total PS.....	<u>\$172,445</u>	<u>\$178,103</u>	<u>\$182,245</u>	<u>\$182,284</u>	<u>\$4,181</u>	<u>\$39</u>
OTPS.....	\$902,499	\$795,837	\$647,826	\$680,882	(\$114,955)	\$33,056
Legal Services.....	1,344	1,239	1,392	1,252	13	(140)
Judgments and Claims.....	210	839	883	979	140	96
Debt Service.....	—	—	—	—	—	—
Total OTPS.....	<u>\$904,053</u>	<u>\$797,915</u>	<u>\$650,101</u>	<u>\$683,113</u>	<u>(\$114,802)</u>	<u>\$33,012</u>
Total Agency Costs.....	\$1,076,498	\$976,018	\$832,346	\$865,397	(\$110,621)	\$33,051
Less Intra-City.....	<u>\$175,970</u>	<u>\$43,966</u>	<u>\$2,900</u>	<u>\$900</u>	<u>(\$43,066)</u>	<u>(\$2,000)</u>
Net Agency Cost.....	<u>\$900,528</u>	<u>\$932,052</u>	<u>\$829,446</u>	<u>\$864,497</u>	<u>(\$67,555)</u>	<u>\$35,051</u>
Funding						
City.....	462,116	471,147	444,504	463,417	(7,730)	18,913
Non-City.....	438,412	460,905	384,942	401,080	(59,825)	16,138
Personnel (includes FTEs at fiscal year-end)						
City.....	1,786	1,802	1,937	1,935	133	(2)
Non-City.....	52	98	—	—	(98)	—
Total.....	<u>1,838</u>	<u>1,900</u>	<u>1,937</u>	<u>1,935</u>	<u>35</u>	<u>(2)</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 2012, the average daily census in single adult shelters was 8,810; comparable to March 2011, when the average census was 8,844.

The Department also maintains a commitment to low demand housing and other alternative program options for individuals living on the streets. In 2013, DHS will continue to operate 482 safe haven beds and 300 stabilization beds as well as four drop-in centers. In March 2012, an average of 438 clients were served each day in safe havens and 504 were served in drop-in centers.

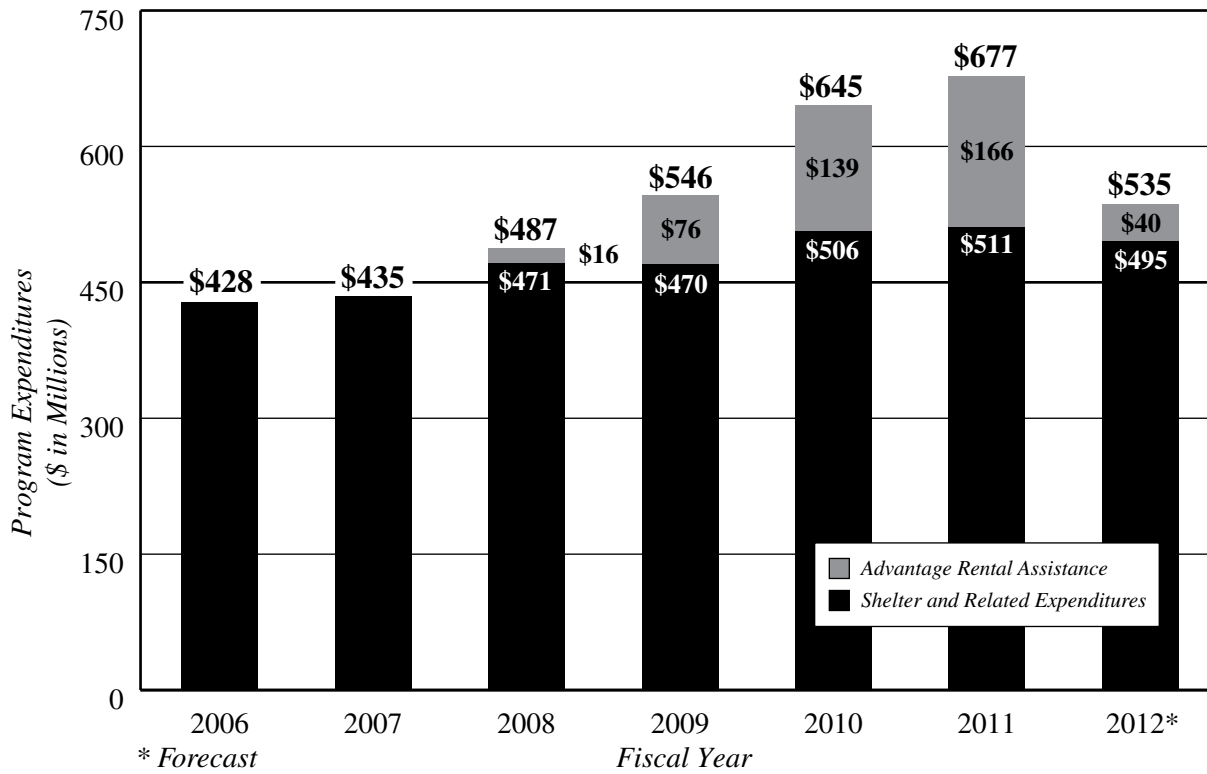
Family Services

The Department serves homeless families through a network of facilities that provide families with transitional housing and support services designed to help them move back to the community as quickly as possible. DHS' goal is to minimize the disruptions associated with homelessness for shelter residents and to maximize family stability.

The State eliminated all State and Federal financial participation in the City's Advantage rental subsidy program in 2011. As a result, the City terminated the program in March 2011. While the average length of stay has increased in the family shelter system, placements into the community have stayed strong, with only a five percent decline in the six months after Advantage placements ended, compared to the previous six months. In addition, since the end of Advantage, the number of applications for shelter has declined by an average of 15 percent. As of March 2012, there were an average of 8,480 families with children and 1,525 adult families in shelter, a four percent increase from the prior year, primarily due to the increase in the length of stay.

The Department continues to ensure that clients have access to all supports available to help them achieve self-sufficiency. They are required to apply for Cash Assistance and, through this process, receive access to a full range of employment and rehabilitative programs to help prepare for and obtain employment. Through its network of providers, the Department also helps families gain access to food stamps, child support and tax credits. In 2011, over 700 families obtained child support, with a collection of close to \$4,000 per family. The Cash Assistance system also offers mental health diagnoses and counseling as well as rehabilitative services to help clients work whenever possible.

HOMELESS FAMILIES - PROGRAM EXPENDITURES: 2006-2012



Homelessness Prevention

The Homebase prevention program, located at 15 store fronts throughout the five boroughs, serves families and individuals with customized assistance specifically tailored to address housing crises. Homebase is a “single-stop” model, offering a full array of services and case management including eviction prevention counseling, free legal assistance, short-term financial assistance, and help in obtaining employment and public benefits. Since its inception in 2004, the program has served over 35,000 families and individuals, and over 90 percent of those served have avoided entering shelter. The Department also funds anti-eviction legal services, through ten not-for-profit organizations in all five boroughs, that help over 6,000 families a year avoid eviction and remain stably housed in their community.

Capital Review

The Four Year Capital Strategy for 2013-2016 totals \$57.6 million, including \$21.4 million for homeless family facilities, \$26.1 million for single adult facilities, \$9.1 million allocated for computer systems and equipment purchases, and \$10.5 million in City Council and Borough President items. The table below reflects capital commitments by program area over the 2013-2016 period.

Capital Commitments

(\$ in 000's)

	2011 Actual		2012 Plan		2013 Plan		2014 Plan		2015 Plan		2016 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.....	\$7,532	\$7,532	\$12,664	\$12,664	\$13,544	\$13,544	\$6,909	\$6,909	\$1,001	\$1,001	\$0	\$0
Homeless Individuals.....	6,926	6,926	20,671	20,671	8,000	8,000	17,504	17,504	1,001	1,001	492	492
Equipment and Vehicles.....	0	0	608	608	250	250	256	256	264	264	264	264
Information Technology	4,602	4,602	11,516	11,516	6,100	6,100	400	400	1,600	1,600	0	0
Total.....	<u>\$19,060</u>	<u>\$19,060</u>	<u>\$45,459</u>	<u>\$45,459</u>	<u>\$27,894</u>	<u>\$27,894</u>	<u>\$25,069</u>	<u>\$25,069</u>	<u>\$3,866</u>	<u>\$3,866</u>	<u>\$756</u>	<u>\$756</u>

Highlights of the Four-Year Capital Plan

- exterior and interior building upgrades at shelter facilities for homeless adults (\$26.1 million), including relocation of shelter operations to the fourth floor at the Park Avenue Armory to accommodate the Park Avenue Conservatory occupancy (\$5 million), and the design and installation of an independent heating system for eight buildings on Wards Island (\$4.9 million).
- exterior and interior building upgrades at shelter facilities for homeless families (\$21.4 million), including replacement of the roof at the Jackson Avenue Family Residence (\$1.5 million), building upgrades at the HELP 1 Family Shelter (\$8 million), Nelson Avenue Family Shelter (\$3.8 million), and consolidating multiple entrances to one central entry point at the Jennie Clark Residence (\$0.7 million).
- information technology and equipment purchases (\$9.1 million), including the completion of the \$22 million Client Assistance and Rehousing Enterprise System (CARES), 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 (\$4 million).

DEPARTMENT FOR THE AGING

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

Financial Review

The Department's 2013 Executive Budget provides for operating expenses of \$235.3 million, of which \$117.3 million are City funds. Capital commitments of \$19 million are also provided.

Expense Budget Highlights

Budgetary Priorities: Providing Core Services

- in 2012 the Department opened eight new Innovative Senior Centers. These centers provide enhanced services including wellness programs and services to special populations. Two additional Innovative Senior Centers are expected to open in 2013.
- in 2013 the Department will continue to collaborate with other City agencies and private partners to maximize seniors' access to services. In 2012, DFTA, in collaboration with the New York City Taxi and Limousine Commission (TLC), the Mayor's Office for People with Disabilities (MOPD), and community-based organizations, began providing vouchers to individuals with disabilities to utilize existing taxicabs and livery services.

Summary of Agency Financial Data

The following table compares the 2013 Executive Budget with the 2013 Preliminary Budget, the 2012 forecast and actual expenditures for 2011, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services and debt service.

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

	2011 Actual	2012 Forecast	2013		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2012 Forecast	2013 Preliminary Budget
Expenditures						
Salary and Wages.....	\$27,369	\$25,708	\$25,197	\$24,959	(\$749)	(\$238)
Fringe Benefits.....	—	—	242	242	242	—
OTPS.....	236,343	245,635	207,860	210,097	(35,538)	2,237
Total.....	<u>\$263,712</u>	<u>\$271,343</u>	<u>\$233,299</u>	<u>\$235,298</u>	<u>(\$36,045)</u>	<u>\$1,999</u>
Funding						
City.....	\$141,246	\$141,575	\$116,027	\$117,310	(\$24,265)	\$1,283
Other Categorical Grants.....	33	—	—	—	—	—
IFA.....	—	—	—	—	—	—
State.....	37,972	37,794	36,968	36,968	(826)	—
Federal CD.....	1,067	2,495	2,235	2,235	(260)	—
Federal Other.....	81,008	86,286	76,846	77,562	(8,724)	716
Intra-City Other.....	2,386	3,193	1,223	1,223	(1,970)	—
Total.....	<u>\$263,712</u>	<u>\$271,343</u>	<u>\$233,299</u>	<u>\$235,298</u>	<u>(\$36,045)</u>	<u>\$1,999</u>
Additional Costs Centrally Funded						
Personal Services (PS).....						
Fringe Benefits.....	\$7,125	\$7,090	\$7,637	\$7,556	\$466	(\$81)
Pensions.....	3,652	4,013	4,586	4,586	573	—
Other Than Personal Service (OTPS)						
Legal Services.....	31	29	14	29	—	15
Judgments and Claims.....	—	89	93	103	14	10
Debt Service.....	—	—	—	—	—	—
Total Additional Costs.....	<u>\$10,808</u>	<u>\$11,221</u>	<u>\$12,330</u>	<u>\$12,274</u>	<u>\$1,053</u>	<u>(\$56)</u>
Funding						
City.....	9,914	10,595	11,716	11,661	1,066	(55)
Non-City.....	894	626	614	613	(13)	(1)
Intra-City Additional Costs.....	—	—	—	—	—	—
Full Agency Costs (including Central Accounts)						
Salary and Wages.....	\$27,369	\$25,708	\$25,197	\$24,959	(\$749)	(\$238)
Fringe Benefits.....	7,125	7,090	7,879	7,798	708	(81)
Pensions.....	3,652	4,013	4,586	4,586	573	—
Total PS.....	<u>\$38,146</u>	<u>\$36,811</u>	<u>\$37,662</u>	<u>\$37,343</u>	<u>\$532</u>	<u>(\$319)</u>
OTPS.....	236,343	245,635	207,860	210,097	(35,538)	2,237
Legal Services.....	31	29	14	29	—	15
Judgments and Claims.....	—	89	93	103	14	10
Debt Service.....	—	—	—	—	—	—
Total OTPS.....	<u>\$236,374</u>	<u>\$245,753</u>	<u>\$207,967</u>	<u>\$210,229</u>	<u>(\$35,524)</u>	<u>\$2,262</u>
Total Agency Costs.....	\$274,520	\$282,564	\$245,629	\$247,572	(\$34,992)	\$1,943
Less Intra-City.....	\$2,386	\$3,193	\$1,223	\$1,223	(\$1,970)	\$—
Net Agency Cost.....	<u>\$272,134</u>	<u>\$279,371</u>	<u>\$244,406</u>	<u>\$246,349</u>	<u>(\$33,022)</u>	<u>\$1,943</u>
Funding						
City.....	151,160	152,170	127,743	128,971	(23,199)	1,228
Non-City.....	120,974	127,201	116,663	117,378	(9,823)	715
Personnel (includes FTEs at fiscal year-end)						
City.....	57	44	54	78	34	24
Non-City.....	977	747	760	655	(92)	(105)
Total.....	<u>1,034</u>	<u>791</u>	<u>814</u>	<u>733</u>	<u>(58)</u>	<u>(81)</u>

Programmatic Review and Service Impact

Senior Centers

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

In addition, DFTA initiated a streamlined procurement process for the procurement of neighborhood senior centers. New contracts for these centers will be awarded in 2013. In 2012, senior centers served almost 9.5 million congregate meals and are expected to serve approximately the same number in 2013. In 2013, \$96 million will support senior center services and meals.

Case Management and Home Delivered Meals Services

Case management services connect older New Yorkers to social service resources in the community. In 23 service areas in the City, case management workers perform comprehensive in-home assessments of homebound seniors. Following the assessment, eligible seniors may receive home delivered meals, home care, and other benefits. Seniors are referred to case management providers from senior centers, meal providers, hospitals and other community-based social service and health care agencies. In 2013, \$15 million will support case management services for approximately 17,000 clients.

DFTA has 22 contracts citywide for home-delivered meals, which offer seniors the option of frozen or hot meal deliveries. DFTA serves approximately 3.8 million meals annually to 16,000 clients. In 2013, \$27 million will support home-delivered meals.

Employment Services

DFTA addresses the employment needs of older New Yorkers through its Senior Community Service Employment Program, a \$5 million initiative, that provides part-time on-the-job training to over 900 low income participants annually. 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. ReServe, an initiative targeting career professionals, places retirees at City agencies and non-profit providers where they contribute their expertise to short term projects that benefit the public.

Naturally Occurring Retirement Communities

Naturally Occurring Retirement Communities (NORCs) are on-site collaborations among housing entities, social service providers, and healthcare networks that allow seniors to remain in their own homes. The Department provides \$5.4 million to NORC supported social services programs for over 9,000 residents in the Bronx, Brooklyn, Manhattan, and Queens. The NORCs program model has gained national recognition, placing New York City in the forefront of adapting programs to meet the changing needs of the elderly population.

Capital Review

The Department's Four-Year Capital Strategy for 2013-2016 totals \$19 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 computer lab expansions and the installation of high-speed Internet connections in senior centers. The table below reflects capital commitments by program area over the 2013-2016 period.

Capital Commitments

(\$ in 000's)

	2011 Actual		2012 Plan		2013 Plan		2014 Plan		2015 Plan		2016 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	\$226	\$226	\$10,851	\$10,851	\$3,182	\$3,182	\$0	\$0	\$0	\$0	\$0	\$0
Building Renovations												
and Vehicles.....	\$856	\$856	\$13,629	\$13,629	\$9,225	\$9,225	\$2,943	\$2,943	\$1,703	\$1,703	\$1,741	\$1,741
Total	<u>\$1,082</u>	<u>\$1,082</u>	<u>\$24,480</u>	<u>\$24,480</u>	<u>\$12,407</u>	<u>\$12,407</u>	<u>\$2,943</u>	<u>\$2,943</u>	<u>\$1,703</u>	<u>\$1,703</u>	<u>\$1,741</u>	<u>\$1,741</u>

Highlights of the Four-Year Capital Plan

- infrastructure improvements to the City's senior center network, including renovations and repairs to existing facilities (\$18 million).
- information technology upgrades that bridge the digital divide by enhancing the ability of seniors to access entitlement programs and other services electronically (\$1 million).
- a new Client Data System to better manage and track the services provided to older New Yorkers, and to more efficiently report statistical information to oversight agencies.

DEPARTMENT OF HEALTH AND MENTAL HYGIENE

The mission of the New York City Department of Health and Mental Hygiene (the Department) is to protect and promote the health of all New Yorkers, to support the recovery of individuals with mental illness and chemical dependencies, and to promote the realization of the full potential of individuals with 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 2013, the Department will continue its focus on reducing the incidence of preventable and treatable conditions; reducing smoking; decreasing obesity rates; decreasing dependence on alcohol and drugs; conducting inspections to ensure the safety of food, water and air; responding to and remediating environmental hazards that threaten the safety and health of New Yorkers; improving primary medical care through electronic health record implementation; improving HIV prevention and the care, housing, and treatment of individuals with HIV/AIDS; 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 2013 Executive Budget provides for operating expenses of \$1.5 billion, of which \$584 million are City funds. The Department will add additional funding of approximately \$60 million to the budget during the fiscal year when Federal and State award notifications are received. Capital commitments of \$152.9 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 2013, the Department will generate \$35.9 million from these sources, \$2.0 million more than the amount for 2012. This change is primarily due to the projected increase of the dog license fee.

Expense Budget Highlights

Budgetary Priorities: Providing Core Services

- to expand correctional health services due to the reopening of the Queens House of Detention.
- to enhance and modernize the mobile food inspection program.
- to expand the frequency of Health Academy classes offered due to the increasing demand of those seeking a Food Protection Certificate.

Summary of Agency Financial Data

The following compares the 2013 Executive Budget with the 2013 Preliminary Budget, the 2012 forecast and actual expenditures for 2011, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services, and debt service.

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

	2011 Actual	2012 Forecast	2013		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2012 Forecast	2013 Preliminary Budget
Expenditures						
Salary and Wages.....	\$391,476	\$405,283	\$367,090	\$371,492	(\$33,791)	\$4,402
Fringe Benefits.....	893	875	451	449	(426)	(2)
Medical Assistance.....	400	400	400	400	—	—
Other OTPS.....	1,234,138	1,257,644	1,146,575	1,155,924	(101,720)	9,349
Total.....	\$1,626,907	\$1,664,202	\$1,514,516	\$1,528,265	(\$135,937)	\$13,749
Funding						
City.....	\$606,403	\$614,805	\$582,097	\$584,492	(\$30,313)	\$2,395
Other Categorical Grants.....	287,235	13,357	9,319	9,747	(3,610)	428
IFA.....	—	—	—	—	—	—
State.....	429,802	570,374	532,996	530,266	(40,108)	(2,730)
Federal CD.....	—	—	—	—	—	—
Federal Other.....	287,322	452,253	386,837	399,093	(53,160)	12,256
Intra-City Other.....	16,145	13,413	3,267	4,667	(8,746)	1,400
Total.....	\$1,626,907	\$1,664,202	\$1,514,516	\$1,528,265	(\$135,937)	\$13,749
Additional Costs Centrally Funded						
Personal Services (PS).....						
Fringe Benefits.....	\$113,634	\$118,218	\$121,982	\$122,949	\$4,731	\$967
Pensions.....	53,697	61,575	65,740	65,740	4,165	—
Other Than Personal Service (OTPS)						
Legal Services.....	2,110	1,994	2,127	2,016	22	(111)
Judgments and Claims.....	1,488	1,229	1,294	1,433	204	139
Debt Service.....	43,013	50,443	55,882	85,364	34,921	29,482
Total Additional Costs.....	\$213,942	\$233,459	\$247,025	\$277,502	\$44,043	\$30,477
Funding						
City.....	183,786	202,617	216,215	245,340	42,723	29,125
Non-City.....	30,156	30,842	30,810	32,162	1,320	1,352
Full Agency Costs (including Central Accounts)						
Salary and Wages.....	\$391,476	\$405,283	\$367,090	\$371,492	(\$33,791)	\$4,402
Fringe Benefits.....	114,527	119,093	122,433	123,398	4,305	965
Pensions.....	53,697	61,575	65,740	65,740	4,165	—
Total PS.....	\$559,700	\$585,951	\$555,263	\$560,630	(\$25,321)	\$5,367
Medical Assistance.....	\$400	\$400	\$400	\$400	\$—	\$—
Other OTPS.....	1,234,138	1,257,644	1,146,575	1,155,924	(101,720)	9,349
Legal Services.....	2,110	1,994	2,127	2,016	22	(111)
Judgments and Claims.....	1,488	1,229	1,294	1,433	204	139
Debt Service.....	43,013	50,443	55,882	85,364	34,921	29,482
Total OTPS.....	\$1,281,149	\$1,311,710	\$1,206,278	\$1,245,137	(\$66,573)	\$38,859
Total Agency Costs.....	\$1,840,849	\$1,897,661	\$1,761,541	\$1,805,767	(\$91,894)	\$44,226
Less Intra-City.....	\$16,145	\$13,413	\$3,267	\$4,667	(\$8,746)	\$1,400
Net Agency Cost.....	\$1,824,704	\$1,884,248	\$1,758,274	\$1,801,100	(\$83,148)	\$42,826
Funding						
City.....	790,189	817,422	798,312	829,832	12,410	31,520
Non-City.....	1,034,515	1,066,826	959,962	971,268	(95,558)	11,306
Personnel (includes FTEs at fiscal year-end)						
City.....	4,352	4,793	4,659	4,661	(132)	2
Non-City.....	1,524	1,725	1,263	1,271	(454)	8
Total.....	5,876	6,518	5,922	5,932	(586)	10

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.

The Department will release a final progress report on TCNY 2012 in the spring of 2013 and will be developing a new 2016 health policy agenda set to release in the fall of 2013. The Department continues to work strategically with its more than 550 partners to implement TCNY and strategic agency initiatives to make New York City even healthier.

The Executive Budget includes proposals to help reduce the budget gap for 2013 and out. Potential impacts on the public include:

- improved efficiency and strengthening of appropriate eligibility determinations and service authorizations for Early Intervention program services.
- reduction in HIV prevention services provided by contracted nonprofit organizations, with no impact to treatment services.
- elimination of the Nicotine Replacement Therapy distribution to callers to the City's 311 call center. The center will redirect callers to the NY State Quitline.

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

Alcohol and Drug Use Prevention, Care and Treatment

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

and drug use, the Department will continue to expand and promote patient screening and brief intervention in diverse venues and locations.

Early Intervention Services and Mental Retardation and Developmental Disabilities

The Department provides services for individuals with developmental disabilities and their families. Mental Retardation and Developmental Disabilities services include transitional employment, work readiness, family support, counseling, recreation services for children and adults, education, information and referral, summer camp, and respite care.

The Early Intervention program identifies and serves children from birth to age three with developmental delays or disabilities. Services are designed to reduce or eliminate delays and enable families to manage their children's needs and support their development. A network of approximately 100 contracted agencies provides services to more than 30,000 children and their families annually. In 2011, the Department and the providers began using the New York Early Intervention System (NYEIS). NYEIS is the State's new comprehensive, web-based system, which is designed to support administrative, fiscal and programmatic management of Early Intervention services.

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, promotion of early antiretroviral treatment to persons living with HIV, and HIV/AIDS surveillance and program planning, as well as distributing the tools to sexually active New Yorkers who need to stay safe from disease and unintended pregnancy, including male and female condoms. The Department and its more than 3,500 community partners have continued to expand the condom distribution program and since 2007, have distributed some 200 million condoms. The Department will also focus on keeping HIV-infected New Yorkers in care, through direct outreach and by working with contracted agencies. In addition, the Department will continue to focus on populations with disproportionate rates of HIV infection, through a wide range of education, outreach, and prevention strategies.

Sexually Transmitted Disease Control provides testing and treatment services to curtail the spread of infections, supports outreach activities and targeted screening through community-based organizations, conducts provider training, and sponsors a partner self-notification website. 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). TB continues to decline with only 689 cases reported in calendar year 2011. 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 that will support day-to-day public health needs of the City and respond to emergency events that may endanger the public health more broadly.

The Bureau of Immunization conducts activities to promote on time and up-to-date vaccination of children, adolescents, and adults through vaccine distribution, clinical services, provider outreach and support, public

communication and monitoring coverage rates and conducts surveillance to identify cases of vaccine preventable diseases and outbreak control. The Department is at the forefront using Immunization Information Systems (IIS) to facilitate reporting of vaccinations and improve coverage rates. In the coming year, the Department will continue to promote real-time, bidirectional interoperability between electronic health records and the City's IIS, the Citywide Immunization Registry.

Epidemiology

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

Key activities during 2013 will include analyses of data examining adult physical activity and transportation patterns, Fitnessgram data exploring weight, fitness and academic performance among NYC schoolchildren over time, and fresh longitudinal data from World Trade Center Health Registry enrollees; planning for the 2013 NYC Health and Nutrition Examination Survey, a pioneering initiative to evaluate electronic health records as a public health surveillance tool of the future; increasing electronic delivery of the City Health Information among local healthcare providers; and continuing the national expansion of the competitive Epi Scholars internship program, already successfully replicated in Los Angeles. The Division also will scale up its Electronic Vital Events Registration System to minimize birth and death reporting errors, enhance security and improve service for customers ordering certificates.

Health Promotion and Disease Prevention

In 2013, 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 declined by 35 percent since 2002, an estimated 850,000 New York City adults still smoke, and tobacco use remains one of the City's leading causes of preventable death. The Department will continue to promote evidence-based tobacco control interventions, 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.

Improving nutrition and increasing physical activity are critical to reducing the burden of chronic disease. In 2013, the Department will continue to work to decrease consumption of unhealthy food items by a continuing a Centers for Disease Control and Prevention's grant funded educational campaign aimed at reducing sugar-sweetened beverage consumption. The Department will also encourage everyday physical activity like stair climbing, walking and biking, and promote the City's Active Design Guidelines for creating healthier buildings, streets and neighborhoods. A top priority of the Department is its joint effort with the Department of Education to expand healthy food and beverage options and physical education among students.

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. 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.

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, completing studies of neighborhood air quality, local pollution sources, and health impacts that informed PlaNYC air quality initiatives, and full rollout and evaluation of the popular restaurant grading program, which has now issued grades to all 24,000 of the City's restaurants. The successful Rat Indexing Initiative continues in the Bronx and Manhattan and has expanded to Brooklyn and Queens.

Health Care Access and Improvement

The Primary Care Information Project (PCIP) extends prevention-oriented electronic health record (EHR) systems into underserved communities to improve the quality of health care. PCIP has worked to develop tools that bring life-saving information to the point of care through clinical decision support on Take Care New York prevention priorities. 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 4,187 providers to adopt and meaningfully use an EHR. The City's prevention-oriented EHR is already in use by over 3,000 primary care providers who care for more than two million New Yorkers. PCIP is also the nation's largest Patient Centered Medical Home project with more than 600 physicians receiving Level One, Two, or Three Certification over the last two years, reflecting quality care, enabled by Health Information Technology, delivered in a patient-centric manner.

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

Office of Chief Medical Examiner

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

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

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

The OCME also plays a key role in planning and leading efforts in the event of a mass fatality incident. Working closely with the NYPD, OEM, DEP, and FDNY, the OCME has developed inter-agency teams and protocols to respond to and mitigate the effects of a mass fatality disaster. To this end the OCME is spearheading

a multi-state effort to prepare the region in the event there is another large scale incident in the Metropolitan New York area such as a plane crash, terrorist attack, or an outbreak of pandemic influenza. In the case of an infectious disease outbreak, the health of survivors and the family members of the deceased are of paramount importance to stem possible spread.

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

Capital Review

The 2013-2016 Four-Year Plan totals \$152.9 million. The plan includes allocations for renovating facilities, new construction, information technology improvements, and the purchase of equipment. The focus of the Department’s 2013-2016 Four-Year Plan 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 2013-2016 period.

Capital Commitments

(\$ in 000’s)

	2011 Actual		2012 Plan		2013 Plan		2014 Plan		2015 Plan		2016 Plan	
	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds
Administration	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Animal Care	\$220	\$220	\$12,488	\$12,488	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Information Technology	\$2,613	\$4,600	\$9,621	\$17,806	\$640	\$1,000	\$864	\$1,350	\$1,541	\$1,541	\$1,500	\$1,500
Laboratories	\$75	\$75	\$44,441	\$44,441	\$105,105	\$105,105	\$1,403	\$1,403	\$0	\$0	\$0	\$0
OCME	\$500	\$500	\$9,101	\$9,101	\$5,966	\$5,966	\$140	\$140	\$1,052	\$1,052	\$1,810	\$1,810
Equipment	\$21,238	\$26,489	\$94,776	\$101,389	\$6,126	\$6,126	\$506	\$790	\$400	\$400	\$0	\$0
Renovation	107,036	107,036	97,592	97,793	22,805	22,805	1,651	1,651	0	0	250	250
Total	<u>\$131,682</u>	<u>\$138,920</u>	<u>\$268,019</u>	<u>\$283,018</u>	<u>\$140,642</u>	<u>\$141,002</u>	<u>\$4,564</u>	<u>\$5,334</u>	<u>\$2,993</u>	<u>\$2,993</u>	<u>\$3,560</u>	<u>\$3,560</u>

Highlights of the Four year plan:

The Department’s 2013-2016 Plan features several important projects, including:

- the new Public Health Laboratory (\$106.5 million).
- information technology improvements, which include upgrades to the Department’s network and security systems, and the purchase of critical technologies needed to maintain and improve services (\$5.4 million).
- the new Bronx Mortuary on the Health and Hospitals Corporation’s Jacobi Medical Center Campus for the Office of Chief Medical Examiner (\$3.7 million). The OCME will also upgrade facilities to comply with code standards, network/IT infrastructure and vehicle purchases (\$5.3 million).

FIRE DEPARTMENT

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

Financial Review

The Fire Department's 2013 Executive Budget provides for operating expenses of \$1.7 billion, a decrease of \$92.8 million from the amount forecasted for 2012. This variance is in part the result of \$68.8 million in Federal grant funding that has not been reflected in 2013.

Capital commitments of \$115.1 million are also provided in 2013. This represents a decrease of \$80.3 million, a 41.1 percent change, from the amount forecasted for 2012. The 2012 forecast is greater in part because it includes Federal funding for a Marine Simulator at Randall's Island and fireboat purchases; the additional variance is primarily due to the number of vehicles replaced each year as per the mandated vehicle replacement cycle, as well as the anticipated completion of a number of information technology and facility projects in 2012.

Revenue Forecast

The Fire Department issues permits and collects fees for the inspection of fire suppression and electrical systems, places of public assembly, laboratories, high-rise buildings, and the storage and use of combustible materials. In addition, the Department realizes revenues from fees charged to out-of-state fire insurers that issue policies in New York City and to private fire alarm companies. In 2013, the revenue estimate for the Fire Department is \$93.0 million.

The Department also collects revenue from Emergency Medical Services (EMS) ambulance transports. In 2013, the Fire Department will pursue a cost-sharing arrangement with hospitals that provide ambulance tours within the 911 system to recoup a portion of shared dispatch and telemetry costs. In 2013, total EMS revenue is projected at \$202.5 million, which is \$21.8 million more than 2012. This is due to the cost-sharing initiative, the EMS ambulance rate increase and the assumption of Montefiore North ambulance tours.

Expense Budget Highlights

Budgetary Priorities: Providing Core Services

- continue to provide fire extinguishment and rescue services, investigate suspicious fires, promote fire prevention, and conduct building safety inspections.
- continue to provide on-site emergency medical care and ambulance transport services Citywide.
- maintain the Department's public CPR training program through 2013, in partnership with NYC Service, at a cost of \$0.3 million.
- provide training for the rollout of the Risk Based Inspection System Citywide, at a cost of \$1.8 million.

- provide OTPS funding for safety upgrades for facepieces and seatbelts, at a cost of \$0.3 million.
- add four new Basic Life Support (BLS) and six Advanced Life Support (ALS) ambulance tours to replace tours no longer provided by the Montefiore North Division, along with funding for three lieutenants for supervision, at a net cost of \$0.2 million.
- provide OTPS funding due to an increase in IT maintenance costs associated with new applications/systems, at a cost of \$5.0 million.
- additional funding for recruitment, EEO, and other support positions, at a cost of \$1.8 million.

Restructuring and Streamlining

- increase fine amounts for several violation codes returnable to the Environmental Control Board, for net revenue increase of \$1.4 million.
- reduce discretionary overtime by 15 percent, saving \$3.0 million.
- eliminate 35 civilian vacancies, excluding EMS and Fire Prevention, saving \$2.3 million.
- the Building Inspection Safety Program (BISP) is a periodic inspection program currently performed by field units. All buildings, with the exception of private dwellings, are inspected on a schedule that places priority on each building's potential for loss of life or property damage. In 2013, the Fire Department will begin charging for these inspections, generating a net revenue increase of \$7.5 million.
- raise EMS ambulance transport rates, for net revenue increase of \$15.3 million.
- increase the Plan Review fee from \$210 to \$420, for net revenue increase of \$1.1 million.

Summary of Agency Financial Data

The following table compares the 2013 Executive Budget with the 2013 Preliminary Budget, the 2012 forecast and actual expenditures for 2011, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services and debt service.

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

	2011 Actual	2012 Forecast	2013		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2012 Forecast	2013 Preliminary Budget
Expenditures						
Salary and Wages.....	\$1,544,948	\$1,561,428	\$1,521,488	\$1,530,296	(\$31,132)	\$8,808
Fringe Benefits.....	18,689	33,633	27,053	32,463	(1,170)	5,410
OTPS.....	169,964	227,654	152,399	167,202	(60,452)	14,803
Total.....	<u>\$1,733,601</u>	<u>\$1,822,715</u>	<u>\$1,700,940</u>	<u>\$1,729,961</u>	<u>(\$92,754)</u>	<u>\$29,021</u>
Funding						
City.....	\$1,487,887	\$1,513,537	\$1,459,836	\$1,469,572	(\$43,965)	\$9,736
Other Categorical Grants.....	176,846	180,764	202,535	202,535	21,771	—
IFA.....	245	240	240	240	—	—
State.....	1,479	1,938	1,800	1,800	(138)	—
Federal CD.....	—	—	—	—	—	—
Federal Other.....	56,047	122,610	34,500	53,785	(68,825)	19,285
Intra-City Other.....	11,097	3,626	2,029	2,029	(1,597)	—
Total.....	<u>\$1,733,601</u>	<u>\$1,822,715</u>	<u>\$1,700,940</u>	<u>\$1,729,961</u>	<u>(\$92,754)</u>	<u>\$29,021</u>
Additional Costs Centrally Funded						
Personal Services (PS).....						
Fringe Benefits.....	\$533,065	\$561,137	\$598,797	\$599,400	\$38,263	\$603
Pensions.....	966,521	1,088,830	1,090,477	1,090,477	1,647	—
Other Than Personal Service (OTPS)						
Legal Services.....	7,420	6,938	7,300	5,883	(1,055)	(1,417)
Judgments and Claims.....	23,566	23,541	24,779	27,456	3,915	2,677
Debt Service.....	113,496	128,266	141,971	128,538	272	(13,433)
Total Additional Costs.....	<u>\$1,644,068</u>	<u>\$1,808,712</u>	<u>\$1,863,324</u>	<u>\$1,851,754</u>	<u>\$43,042</u>	<u>(\$11,570)</u>
Funding						
City.....	1,586,058	1,760,478	1,820,551	1,809,571	49,093	(10,980)
Non-City.....	58,010	48,234	42,773	42,183	(6,051)	(590)
Intra-City Additional Costs.....	—	—	—	—	—	—
Full Agency Costs (including Central Accounts)						
Salary and Wages.....	\$1,544,948	\$1,561,428	\$1,521,488	\$1,530,296	(\$31,132)	\$8,808
Fringe Benefits.....	551,754	594,770	625,850	631,863	37,093	6,013
Pensions.....	966,521	1,088,830	1,090,477	1,090,477	1,647	—
Total PS.....	<u>\$3,063,223</u>	<u>\$3,245,028</u>	<u>\$3,237,815</u>	<u>\$3,252,636</u>	<u>\$7,608</u>	<u>\$14,821</u>
OTPS.....	\$169,964	\$227,654	\$152,399	\$167,202	(\$60,452)	\$14,803
Legal Services.....	7,420	6,938	7,300	5,883	(1,055)	(1,417)
Judgments and Claims.....	23,566	23,541	24,779	27,456	3,915	2,677
Debt Service.....	113,496	128,266	141,971	128,538	272	(13,433)
Total OTPS.....	<u>\$314,446</u>	<u>\$386,399</u>	<u>\$326,449</u>	<u>\$329,079</u>	<u>(\$57,320)</u>	<u>\$2,630</u>
Total Agency Costs.....	\$3,377,669	\$3,631,427	\$3,564,264	\$3,581,715	(\$49,712)	\$17,451
Less Intra-City.....	\$11,097	\$3,626	\$2,029	\$2,029	(\$1,597)	\$—
Net Agency Cost.....	<u>\$3,366,572</u>	<u>\$3,627,801</u>	<u>\$3,562,235</u>	<u>\$3,579,686</u>	<u>(\$48,115)</u>	<u>\$17,451</u>
Funding						
City.....	3,073,945	3,274,015	3,280,387	3,279,143	5,128	(1,244)
Non-City.....	292,627	353,786	281,848	300,543	(53,243)	18,695
Personnel (includes FTEs at fiscal year-end)						
City.....	15,680	15,613	15,122	15,147	(466)	25
Non-City.....	72	30	19	19	(11)	—
Total.....	<u>15,752</u>	<u>15,643</u>	<u>15,141</u>	<u>15,166</u>	<u>(477)</u>	<u>25</u>

Programmatic Review and Service Impact

In 2013 the Department expects that 86 percent of the responses by fire companies will be to potentially life threatening medical and other non-fire emergencies. The Department's City-wide response time to structural fires is projected to be about four minutes in 2013; given the reduction in fire companies planned for 2013, response times may be impacted. The Department anticipates that its ambulances will respond to over 1.3 million medical incidents in 2013.

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 2013, it is anticipated that the City will eliminate 20 companies.

Emergency Medical Services

The Department is budgeted for 624 daily ambulance tours, including the ten new EMS tours as noted above. Engine company personnel have received CFR training, and re-certification continues for those whose initial certification will expire.

Fire Prevention

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

Fire Investigation

The Bureau of Fire Investigation is responsible for investigating and determining the cause and origin of all suspicious fires, and for the apprehension of arsonists. The Department will deploy 80 City-funded Fire Marshals and 20 City-funded Supervising Fire Marshals to field duty in 2013.

Emergency Communication

The City is undertaking significant upgrades and enhancements to its 9-1-1 Emergency System. The majority of the capital funding for this initiative, known as the Emergency Communications Transformation Program (ECTP), is contained within DoITT's budget. In conjunction with the NYPD and DoITT/Office of Citywide Emergency Communications (OCEC), the Fire Department is working to develop an integrated 9-1-1 dispatch system that will bolster the City's critical emergency response capabilities. This project includes the development of a consolidated dispatch system, an upgraded telecommunications infrastructure, and redundant call-taking and dispatch centers. In 2012, the City completed the co-location of Police, Fire and EMS call taking and dispatch operations into a Public Safety Answering Center (PSAC 1). The City will also continue construction of a second fully redundant Public Safety Answering Center (PSAC 2) in the Bronx, anticipated to be completed in 2015.

Capital Review

The 2013-2016 Four-Year Plan totals \$221.2 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)

	2011 Actual		2012 Plan		2013 Plan		2014 Plan		2015 Plan		2016 Plan	
	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds
Communications	\$1,191	\$2,700	\$2,606	\$2,606	\$9,043	\$9,043	\$4,234	\$4,234	\$285	\$285	\$325	\$325
Electronic Data Processing...	6,448	6,448	24,695	24,695	2,666	2,666	510	510	300	300	300	300
Reconstruction/Modernization of Facilities	24,850	24,850	61,705	65,044	25,093	25,093	13,997	13,997	4,661	4,661	4,754	4,754
Vehicles and Equipment	57,541	60,371	92,151	103,110	78,333	78,333	12,166	12,166	31,520	31,520	33,015	33,015
Total	<u>\$90,030</u>	<u>\$94,369</u>	<u>\$181,157</u>	<u>\$195,455</u>	<u>\$115,135</u>	<u>\$115,135</u>	<u>\$30,907</u>	<u>\$30,907</u>	<u>\$36,766</u>	<u>\$36,766</u>	<u>\$38,394</u>	<u>\$38,394</u>

Highlights of the 2013-2016 Four-Year Plan

- the replacement of front-line fire-fighting apparatus according to mandated replacement cycles as well as support vehicles and equipment (\$155.0 million).
- the renovation of firehouse components such as boilers, electrical upgrades, kitchens, roofs, bathrooms, waterproofing, apparatus doors, floors, and windows (\$44.0 million).
- the construction of EMS stations (\$2.4 million), including a new station in the Soundview section of the Bronx.
- other facility work, including fleet, training, and IT facilities (\$2.1 million).
- the purchase of upgraded radio equipment (\$11.8 million).
- cabling to support the Department's Voice Alarm system (\$2.1 million).
- information technology systems improvements and equipment replacement (\$3.8 million).

The 2013 Plan for the Department totals \$115.1 million and highlights include:

- the replacement of front-line fire-fighting apparatus, support vehicles, fireboats, and equipment (\$78.3 million).
- the renovation of firehouse components such as boilers, electrical upgrades, kitchens, roofs, bathrooms, waterproofing, apparatus doors, floors, and windows (\$20.6 million).
- the construction of EMS stations (\$2.4 million), in addition to \$1.4 million in 2012 for EMS Station 13 in Washington Heights.
- other facility work, including fleet, training, and IT facilities (\$2.1 million).
- information technology systems improvements and equipment replacement (\$2.7 million).
- the purchase of upgraded radio equipment (\$7.8 million).
- cabling to support the Department's Voice Alarm system (\$1.2 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 2013 Executive Budget provides for operating expenses of \$1.35 billion, an increase of \$57.6 million from the 2012 forecast.

Capital commitments of \$709 million are also provided in 2013, an increase of \$424 million from the 2012 Plan amount.

Revenue Forecast

The Department of Sanitation generates revenue from contracts for the removal of abandoned vehicles from City streets and property, from concession fees on methane gas extracted from the Fresh Kills landfill, from the sale of recycled paper and metal to private processors, and from an assortment of miscellaneous fees and minor sales. The Department's 2013 revenue estimate is \$38.4 million from these sources.

Expense Budget Highlights

Budgetary Priorities: Providing Core Services

- providing curbside and containerized refuse and recycling collection service to residential properties and eligible institutions.
- maintaining the cleanliness of the City by sweeping 6,000 miles of streets and collecting waste from 25,000 litter baskets located at street corners Citywide.
- responding to winter weather emergencies and keeping the City's streets clear of snow and ice. The Department's 2013 snow removal budget, as required to be set by the City Charter, has been increased by \$21.6 million, based on the previous five-year spending average.
- the costs of certain interim and long-term export contracts are lower than previously budgeted. As a result, the waste export budget has been reduced by \$28.7 million in 2013.
- the Department will provide funding for new recycling outreach initiatives and will expand recycling and waste reduction programs, including increasing the number of Stop N Swap events, and expanding food scrap and textile collection programs to new Greenmarket locations.

Summary of Agency Financial Data

The following table compares the 2013 Executive Budget with the 2013 Preliminary Budget, the 2012 forecast and actual expenditures for 2011, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services and debt service.

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

	2011 Actual	2012 Forecast	2013		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2012 Forecast	2013 Preliminary Budget
Expenditures						
Salary and Wages.....	\$821,784	\$759,254	\$789,037	\$789,015	\$29,761	(\$22)
Fringe Benefits.....	29,900	31,479	31,093	31,093	(386)	—
OTPS.....	556,698	503,681	523,643	531,922	28,241	8,279
Total.....	<u>\$1,408,382</u>	<u>\$1,294,414</u>	<u>\$1,343,773</u>	<u>\$1,352,030</u>	<u>\$57,616</u>	<u>\$8,257</u>
Funding						
City.....	\$1,370,065	\$1,260,265	\$1,317,306	\$1,328,389	\$68,124	\$11,083
Other Categorical Grants.....	2,484	1,399	750	750	(649)	—
IFA.....	8,204	7,038	8,238	5,412	(1,626)	(2,826)
State.....	10,074	4,781	25	25	(4,756)	—
Federal CD.....	14,596	16,468	14,844	14,844	(1,624)	—
Federal Other.....	135	774	—	—	(774)	—
Intra-City Other.....	2,824	3,689	2,610	2,610	(1,079)	—
Total.....	<u>\$1,408,382</u>	<u>\$1,294,414</u>	<u>\$1,343,773</u>	<u>\$1,352,030</u>	<u>\$57,616</u>	<u>\$8,257</u>
Additional Costs Centrally Funded						
Personal Services (PS).....						
Fringe Benefits.....	\$310,772	\$317,817	\$348,672	\$342,839	\$25,022	(\$5,833)
Pensions.....	220,480	262,601	272,410	272,410	9,809	—
Other Than Personal Service (OTPS)						
Legal Services.....	5,002	7,757	7,953	7,839	82	(114)
Judgments and Claims.....	0	39,343	41,412	45,886	6,543	4,474
Debt Service.....	247,877	270,923	300,133	327,036	56,113	26,903
Total Additional Costs.....	<u>\$784,131</u>	<u>\$898,441</u>	<u>\$970,580</u>	<u>\$996,010</u>	<u>\$97,569</u>	<u>\$25,430</u>
Funding						
City.....	760,260	874,067	944,931	968,969	94,902	24,038
Non-City.....	23,841	24,374	25,649	27,041	2,667	1,392
Intra-City Additional Costs.....	30	—	—	—	—	—
Full Agency Costs (including Central Accounts)						
Salary and Wages.....	\$821,784	\$759,254	\$789,037	\$789,015	\$29,761	(\$22)
Fringe Benefits.....	340,672	349,296	379,765	373,932	24,636	(5,833)
Pensions.....	220,480	262,601	272,410	272,410	9,809	—
Total PS.....	<u>\$1,382,936</u>	<u>\$1,371,151</u>	<u>\$1,441,212</u>	<u>\$1,435,357</u>	<u>\$64,206</u>	<u>(\$5,855)</u>
OTPS.....	\$556,698	\$503,681	\$523,643	\$531,922	\$28,241	\$8,279
Legal Services.....	5,002	7,757	7,953	7,839	82	(114)
Judgments and Claims.....	—	39,343	41,412	45,886	6,543	4,474
Debt Service.....	247,877	270,923	300,133	327,036	56,113	26,903
Total OTPS.....	<u>\$809,577</u>	<u>\$821,704</u>	<u>\$873,141</u>	<u>\$912,683</u>	<u>\$90,979</u>	<u>\$39,542</u>
Total Agency Costs.....	\$2,192,513	\$2,192,855	\$2,314,353	\$2,348,040	\$155,185	\$33,687
Less Intra-City.....	\$2,854	\$3,689	\$2,610	\$2,610	(\$1,079)	\$—
Net Agency Cost.....	<u>\$2,189,659</u>	<u>\$2,189,166</u>	<u>\$2,311,743</u>	<u>\$2,345,430</u>	<u>\$156,264</u>	<u>\$33,687</u>
Funding						
City.....	2,130,325	2,134,332	2,262,237	2,297,358	163,026	35,121
Non-City.....	59,334	54,834	49,506	48,072	(6,762)	(1,434)
Personnel (includes FTEs at fiscal year-end)						
City.....	8,742	9,005	9,056	9,039	34	(17)
Non-City.....	280	304	283	244	(60)	(39)
Total.....	<u>9,022</u>	<u>9,309</u>	<u>9,339</u>	<u>9,283</u>	<u>(26)</u>	<u>(56)</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 2013-2016 Four-Year Capital Plan provides \$476.2 million for the implementation of the City's Solid Waste Management Plan.

Bureau of Waste Prevention, Reuse, and Recycling

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

In 2012, the paper recycling program will generate an average of \$24.05 of revenue per ton from various vendors, or \$7.5 million per year. The City is paying \$70.62 per ton for MGP processing.

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

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 2012, the Department's curbside collection program has averaged 9.9 tons per truck.

Bureau of Waste Disposal

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

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

Support Bureaus

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

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 2013-2016 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 four components — equipment purchases; marine transfer station renovation and construction; garage rehabilitation, site acquisition, and construction; and information technology and telecommunications.

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

The table below shows capital commitments by program area over the 2011-2016 period.

Capital Commitments
(\$ in 000’s)

	2011 Actual		2012 Plan		2013 Plan		2014 Plan		2015 Plan		2016 Plan	
	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds
Solid Waste Management.....	10,541	10,541	46,227	50,827	476,199	476,199	0	0	0	0	0	0
Garages and Facilities.....	199,361	199,361	129,689	129,689	84,292	84,292	3,020	3,020	7,371	7,371	3,510	3,510
Equipment.....	101,426	102,374	86,625	88,874	104,865	104,865	74,608	74,608	124,888	124,888	100,000	100,000
Information Technology and Telecommunications.....	7,607	7,607	15,689	15,689	43,686	43,686	1,000	1,000	833	833	1,000	1,000
Total.....	<u>\$318,934</u>	<u>\$319,882</u>	<u>\$278,230</u>	<u>\$285,079</u>	<u>\$709,042</u>	<u>\$709,042</u>	<u>\$78,628</u>	<u>\$78,628</u>	<u>\$133,092</u>	<u>\$133,092</u>	<u>\$104,510</u>	<u>\$104,510</u>

Highlights of the 2013-2016 Four-Year Plan

The 2013-2016 Four-Year Plan includes \$1.0 billion for equipment purchases, marine transfer station renovation and construction, garage rehabilitation and construction, site acquisition, and information technology and telecommunications, including:

- construction and rehabilitation of garages and other facilities (\$98.2 million), including: component rehabilitation and construction of garages citywide (\$67.9 million), site acquisition for Department facilities (\$20 million) and construction of salt storage facilities (\$10.3 million).
- construction and renovation of transfer stations and other facilities in accordance with the City's Long Term Solid Waste Management Plan (\$476.2 million).
- replacement of vehicles (\$404.4 million).
- information technology and telecommunications (\$46.5 million).

The 2013 Capital Plan provides \$709 million in 2013 including:

- component rehabilitation and construction of garages citywide (\$54 million), and construction of salt storage facilities (\$10.3 million).
- site acquisition for Department facilities, including salt sheds and garages (\$20 million).
- construction and renovation of transfer stations and other facilities in accordance with the City's Long Term Solid Waste Management Plan (\$476.2 million).
- replacement of mechanical brooms, collection trucks, salt spreaders and other vehicles (\$104.9 million).
- information technology and telecommunications projects (\$43.7 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, more than 1,000 playgrounds, 550 tennis courts, 66 public pools, 50 recreational facilities, 17 nature centers, 14 miles of beaches, and 13 golf courses. The Department is also responsible for 800 monuments and 23 historic house museums and the care and maintenance of over 650,000 street trees and two million trees in parks.

Financial Review

The 2013 Executive Budget for the Department provides for operating expenses of \$304.9 million. This represents a net decrease of \$66.2 million from the amount forecasted for 2012. 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 reflected in 2012 is not yet reflected in 2013. Capital commitments of \$339.3 million are also provided in 2013.

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 \$85.6 million from these sources in 2013.

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 during the summer months.
- maintaining street trees, park flora and fauna including tree pruning, dead tree removal, reforestation, foresters, contract inspection, and administration to support a variety of forestry initiatives, including increasing the City's street tree inventory. In addition, the budget includes funding for the removal of wood waste in areas affected by the Asian Longhorned Beetle throughout the City and to prevent further infestation and damage to the City's trees.
- designing and supervising park construction. The 2013 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 2013 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 2013 Executive Budget with the 2013 Preliminary Budget, the 2012 forecast and actual expenditures for 2011, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services and debt service.

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

	2011 Actual	2012 Forecast	2013		Increase/(Decrease)	
			Preliminary	Executive	2012	2013
			Budget	Budget	Forecast	Preliminary Budget
Expenditures						
Salary and Wages.....	\$288,494	\$259,946	\$220,836	\$227,683	(\$32,263)	\$6,847
Fringe Benefits.....	1,795	5,775	233	1,876	(3,899)	1,643
OTPS.....	103,453	105,364	70,843	75,361	(30,003)	4,518
Total.....	<u>\$393,742</u>	<u>\$371,085</u>	<u>\$291,912</u>	<u>\$304,920</u>	<u>(\$66,165)</u>	<u>\$13,008</u>
Funding						
City.....	\$267,588	\$250,794	\$234,161	\$238,731	(\$12,063)	\$4,570
Other Categorical Grants.....	36,610	14,334	450	450	(13,884)	—
IFA.....	34,798	34,833	30,312	37,339	2,506	7,027
State.....	1,024	3,712	—	—	(3,712)	—
Federal CD.....	3,134	2,642	2,378	2,378	(264)	—
Federal Other.....	1,467	22,969	—	—	(22,969)	—
Intra-City Other.....	49,121	41,801	24,611	26,022	(15,779)	1,411
Total.....	<u>\$393,742</u>	<u>\$371,085</u>	<u>\$291,912</u>	<u>\$304,920</u>	<u>(\$66,165)</u>	<u>\$13,008</u>
Additional Costs Centrally Funded						
Personal Services (PS).....						
Fringe Benefits.....	\$104,934	\$111,500	\$107,391	\$107,130	(\$4,370)	(\$261)
Pensions.....	39,650	45,899	48,637	48,637	2,738	—
Other Than Personal Service (OTPS)						
Legal Services.....	4,946	4,610	4,221	4,659	49	438
Judgments and Claims.....	928	21,859	23,008	25,494	3,635	2,486
Debt Service.....	218,455	276,911	306,766	292,142	15,231	(14,624)
Total Additional Costs.....	<u>\$368,913</u>	<u>\$460,779</u>	<u>\$490,023</u>	<u>\$478,062</u>	<u>\$17,283</u>	<u>(\$11,961)</u>
Funding						
City.....	342,234	436,882	461,266	452,185	15,303	(9,081)
Non-City.....	26,679	23,897	28,757	25,877	1,980	(2,880)
Intra-City Additional Costs.....	—	—	—	—	—	—
Full Agency Costs (including Central Accounts)						
Salary and Wages.....	\$288,494	\$259,946	\$220,836	\$227,683	(\$32,263)	\$6,847
Fringe Benefits.....	106,729	117,275	107,624	109,006	(8,269)	1,382
Pensions.....	39,650	45,899	48,637	48,637	2,738	—
Total PS.....	<u>\$434,873</u>	<u>\$423,120</u>	<u>\$377,097</u>	<u>\$385,326</u>	<u>(\$37,794)</u>	<u>\$8,229</u>
OTPS.....	\$103,453	\$105,364	\$70,843	\$75,361	(\$30,003)	\$4,518
Legal Services.....	4,946	4,610	4,221	4,659	49	438
Judgments and Claims.....	928	21,859	23,008	25,494	3,635	2,486
Debt Service.....	218,455	276,911	306,766	292,142	15,231	(14,624)
Total OTPS.....	<u>\$327,782</u>	<u>\$408,744</u>	<u>\$404,838</u>	<u>\$397,656</u>	<u>(\$11,088)</u>	<u>(\$7,182)</u>
Total Agency Costs.....	\$762,655	\$831,864	\$781,935	\$782,982	(\$48,882)	\$1,047
Less Intra-City.....	\$49,121	\$41,801	\$24,611	\$26,022	(\$15,779)	\$1,411
Net Agency Cost.....	<u>\$713,534</u>	<u>\$790,063</u>	<u>\$757,324</u>	<u>\$756,960</u>	<u>(\$33,103)</u>	<u>(\$364)</u>
Funding						
City.....	609,822	687,676	695,427	690,916	3,240	(4,511)
Non-City.....	103,712	102,387	61,897	66,044	(36,343)	4,147
Personnel (includes FTEs at fiscal year-end)						
City.....	6,297	4,944	4,080	4,031	(913)	(49)
Non-City.....	510	580	457	565	(15)	108
Total.....	<u>6,807</u>	<u>5,524</u>	<u>4,537</u>	<u>4,596</u>	<u>(928)</u>	<u>59</u>

Programmatic Review and Service Impact

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

Maintaining Parks

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

Expanding Partnerships

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

Recreational Services

The Recreation Division's mission is to enable all New Yorkers to lead physically active lives through sports, fitness and outdoor adventure. In addition to operating 32 recreation centers, the Division offers a wide range of programs for seniors, adults and children. Most programs are free or low-cost and include fitness and sports, afterschool programming, teen programs, computer access and instruction. Recreation is also in the process of expanding two of its flagship programs – Shape Up NYC and Swim for Life.

Shape Up NYC, a program providing free, innovative fitness activities, embarked on a major expansion in 2011 and now offers more than 160 free fitness classes every week at 35 locations across the five boroughs, including parks, recreation centers, housing and health facilities, schools and community centers. In 2011, the Shape Up NYC program had more than 155,000 visits to more than 7,500 fitness classes and attracted local and national media attention.

In 2011, Parks launched the Swim for Life initiative, a new water safety program. Support from corporations, individuals, and foundations across the City, notably the Heckscher Foundation for Children and the Mayors Fund to Advance New York City, has enabled the Department to advance efforts to ensure New York City public school children know the basics of water safety before leaving the second grade. Since the program's launch in January 2011, more than 13,900 second graders have participated in Swim for Life.

Capital Review

The 2013-2016 Four-Year Capital Plan totals \$594.6 million, including \$7.4 million in non-City funds. The table below reflects capital commitments by program area over the 2011-2016 period.

Capital Commitments

(\$000's)

	2011 Actual		2012 Plan		2013 Plan		2014 Plan		2015 Plan		2016 Plan	
	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds
Beaches and Boardwalks	\$2,492	\$2,492	\$3,814	\$6,374	\$1,595	\$1,595	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Land Acquisition and Tree Planting.....	125,541	127,143	51,787	53,507	58,226	58,226	27,895	27,895	25,041	25,041	30,549	30,549
Major Recreation Facilities and Facility Reconstruction .	34,664	36,192	73,025	75,679	15,756	15,756	4,550	4,550	4,550	4,550	4,550	4,550
Neighborhood Parks and Playgrounds.....	61,518	67,355	210,361	263,066	33,590	36,047	0	0	10,571	10,571	11,000	11,000
Vehicles and Equipment	5,141	5,141	35,801	36,129	5,877	5,877	5,200	5,200	5,217	5,217	5,200	5,200
Large, Major and Regional Park Reconstruction.....	137,030	157,057	453,059	600,368	216,628	221,599	34,872	34,872	69,680	69,680	12,250	12,250
Zoos.....	553	553	13,139	13,139	200	200	210	210	500	500	500	500
Total	<u>\$366,940</u>	<u>\$395,933</u>	<u>\$840,986</u>	<u>\$1,048,262</u>	<u>\$331,872</u>	<u>\$339,300</u>	<u>\$73,727</u>	<u>\$73,727</u>	<u>\$116,559</u>	<u>\$116,559</u>	<u>\$65,049</u>	<u>\$65,049</u>

Highlights of the 2013-2016 Four-Year Plan.

- planting of new street trees and park trees Citywide (\$112.8 million).
- acquisition and development of open space along the Greenpoint and Williamsburg waterfronts in Brooklyn (\$54.7 million).
- construction of a new park at Fresh Kills in Staten Island (\$15.0 million).
- construction of a new golf course and a new waterfront park at Ferry Point Park in the Bronx (\$12.9 million).
- reconstruction of lake landscapes and facilities at Central Park in Manhattan (\$5.8 million).
- design and construction of the Ridgewood Reservoir at Highland Park in Queens (\$3.7 million).
- construction of new parkland at Gateway Estates in Flatlands, Brooklyn (\$10 million).

The 2013 Plan for the Department totals \$339.3 million (including \$7.4 million in non-City funding) and highlights include:

- Brooklyn Bridge Park Master Plan projects (\$67.5 million).
- planting of new street trees and park trees and the construction of greenstreets Citywide (\$46.4 million).
- continued construction of Hudson River Park in Manhattan (\$7.0 million).
- reconstruction of playgrounds, Citywide (\$11.3 million).

- reconstruction of Riverside Park in Manhattan (\$8.1 million).
- reconstruction of Highbridge Park in Manhattan (\$5.6 million).
- design and construction of the Ridgewood Reservoir at Highland Park in Queens (\$3.7 million).
- construction of the Bronx Children's Museum (\$3.4 million).
- flood control and conversion of the open-air culvert box to a concrete box storm sewer at the Willowbrook Park Lake in Staten Island (\$1.0 million).
- waterfront development at Pelham Bay Park in the Bronx (\$5.15 million).

DEPARTMENT OF ENVIRONMENTAL PROTECTION

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

Financial Review

The Department of Environmental Protection's 2013 Executive Budget provides for operating expenses of \$1.1 billion. It also provides capital commitments of \$2.5 billion in Water Finance Authority Funds and \$46.8 million in non-City funds.

Revenue Forecast

The Department collects revenue from the sale of hydro-energy to upstate power utilities, property rentals, and other fees. The Department also regulates air and noise, performs inspections, issues licenses and permits, and reviews technical plans related to asbestos control, air quality, noise abatement laws, and the storage of hazardous substances. The revenue estimate for 2013 is \$23.2 million.

In addition, DEP also gathers the data used to generate bills for customers of, and collects water and sewer fees for, the New York City Water Board. DEP projects approximately \$3.4 billion in water and sewer revenue for 2013.

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 2,137 personnel and \$468.5 million are dedicated to this function. In addition, there are 295 police and security force personnel (\$26.3 million), including 218 environmental police officers, who protect the upstate watershed and respond to hazardous materials emergencies.
- DEP treats an average of 1.3 billion gallons of dry-weather sewage per day at the City's 14 Waste Water Treatment Plants (WWTPs). Approximately 1,952 personnel and \$383.9 million are dedicated to this function.
- the Department enforces the City's air and noise codes in addition to asbestos regulations with 172 personnel and \$11.2 million dedicated to this function.
- the Catskill/Delaware Ultraviolet Disinfection Facility will come online in October 2012. In order to fully staff the new facility, 11 new positions will be added to the existing 40 personnel. In total, 51 positions will be dedicated to this function.
- the Croton Water Filtration Plant will come online in May 2013. For the start-up and initial operation of the facility, \$14.9 million will be added to the budget for operational, managerial, and functional expenses

and 18 new positions will be added to the 25 existing personnel. In 2013, 43 positions will be dedicated to this function.

- for security at the Catskill/Delaware Ultraviolet Disinfection Facility and at the Croton Water Filtration Plant, the Department will hire 30 additional environmental police officers (\$1.2 million).
- the Department will continue to fund a contract with IBM to provide overall technical assistance to the Bureau of Customer Service in order to ensure continued quality assurance and operation of the billing system, which includes updating and maintaining the billing system to current databases and platforms (\$3.8 million).
- the continued implementation of the City's Green Infrastructure Plan requires an additional \$1.9 million to purchase, install, and maintain green infrastructure components. Overall, this plan will result in savings of approximately \$2.4 billion over 20 years.
- in order to improve customer service and keep the system in a state of good repair, DEP is enhancing the Capacity, Management, Operations, & Maintenance (CMOM) program to proactively clean and maintain the City's sewers (\$5.1 million). The program will optimize sewer capacity, reducing sewer level-of-service issues, thus improving service and quality of life.
- the Department will roll out a voucher-based toilet replacement program to encourage homeowners and landlords to replace inefficient toilets with models that use less water (\$10.0 million). This water conservation effort will complement DEP's Water for the Future program.

Restructuring and Streamlining

- in an effort to limit the 2013 water-rate increase, DEP will reallocate within the Agency 55 budgeted positions. DEP will move these positions to high priority tasks including shaft maintenance and the CMOM program in the Bureau of Water & Sewer Operations; and computer programming functions within DEP's Office of Information Technology.
- the Agency will reallocate \$26.5 million within its other than personal services budget. Reductions from lower sludge disposal costs and the ending of the ConEd water meter reading contract will be used to offset the funding shortfall in baseline Agency operations including WWTP maintenance contracts and security guard services.

Summary of Agency Financial Data

The following table compares the 2013 Executive Budget with the 2013 Preliminary Budget, the 2012 forecast and actual expenditures for 2011, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services and debt service.

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

	2011 Actual	2012 Forecast	2013		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2012 Forecast	2013 Preliminary Budget
Expenditures						
Salary and Wages.....	\$470,384	\$457,363	\$452,383	\$455,117	(\$2,246)	\$2,734
Fringe Benefits.....	3,145	4,525	3,269	3,273	(1,252)	4
OTPS.....	548,047	586,268	563,981	675,495	89,227	111,514
Total.....	<u>\$1,021,576</u>	<u>\$1,048,156</u>	<u>\$1,019,633</u>	<u>\$1,133,885</u>	<u>\$85,729</u>	<u>\$114,252</u>
Funding						
City.....	\$924,669	\$958,633	\$954,305	\$1,065,725	\$107,092	\$111,420
Other Categorical Grants.....	20,010	—	—	—	—	—
IFA.....	67,311	64,010	64,010	66,833	2,823	2,823
State.....	137	393	—	—	(393)	—
Federal CD.....	—	—	—	—	—	—
Federal Other.....	7,975	23,519	123	123	(23,396)	—
Intra-City Other.....	1,474	1,601	1,195	1,204	(397)	9
Total.....	<u>\$1,021,576</u>	<u>\$1,048,156</u>	<u>\$1,019,633</u>	<u>\$1,133,885</u>	<u>\$85,729</u>	<u>\$114,252</u>
Additional Costs Centrally Funded						
Personal Services (PS).....						
Fringe Benefits.....	\$144,240	\$151,093	\$159,843	\$161,050	\$9,957	\$1,207
Pensions.....	57,119	102,323	79,338	79,338	(22,985)	—
Other Than Personal Service (OTPS)						
Legal Services.....	14,748	16,598	14,860	15,158	(1,440)	298
Judgments and Claims.....	32,730	14,194	14,941	16,555	2,361	1,614
Debt Service.....	96,498	91,672	101,556	76,330	(15,342)	(25,226)
Total Additional Costs.....	<u>\$345,335</u>	<u>\$375,880</u>	<u>\$370,538</u>	<u>\$348,431</u>	<u>(\$27,449)</u>	<u>(\$22,107)</u>
Funding						
City.....	324,011	354,605	350,958	329,524	(25,081)	(21,434)
Non-City.....	20,448	19,298	19,580	18,557	(741)	(1,023)
Intra-City Additional Costs.....	876	1,977	—	350	(1,627)	350
Full Agency Costs (including Central Accounts)						
Salary and Wages.....	\$470,384	\$457,363	\$452,383	\$455,117	(\$2,246)	\$2,734
Fringe Benefits.....	147,385	155,618	163,112	164,323	8,705	1,211
Pensions.....	57,119	102,323	79,338	79,338	(22,985)	—
Total PS.....	<u>\$674,888</u>	<u>\$715,304</u>	<u>\$694,833</u>	<u>\$698,778</u>	<u>(\$16,526)</u>	<u>\$3,945</u>
OTPS.....	\$548,047	\$586,268	\$563,981	\$675,495	\$89,227	\$111,514
Legal Services.....	14,748	16,598	14,860	15,158	(1,440)	298
Judgments and Claims.....	32,730	14,194	14,941	16,555	2,361	1,614
Debt Service.....	96,498	91,672	101,556	76,330	(15,342)	(25,226)
Total OTPS.....	<u>\$692,023</u>	<u>\$708,732</u>	<u>\$695,338</u>	<u>\$783,538</u>	<u>\$74,806</u>	<u>\$88,200</u>
Total Agency Costs.....	\$1,366,911	\$1,424,036	\$1,390,171	\$1,482,316	\$58,280	\$92,145
Less Intra-City.....	\$2,350	\$3,578	\$1,195	\$1,554	(\$2,024)	\$359
Net Agency Cost.....	<u>\$1,364,561</u>	<u>\$1,420,458</u>	<u>\$1,388,976</u>	<u>\$1,480,762</u>	<u>\$60,304</u>	<u>\$91,786</u>
Funding						
City.....	1,248,680	1,313,238	1,305,263	1,395,249	82,011	89,986
Non-City.....	115,881	107,220	83,713	85,513	(21,707)	1,800
Personnel (includes FTEs at fiscal year-end)						
City.....	203	219	219	219	—	—
Non-City.....	5,599	5,873	5,842	5,900	27	58
Total.....	<u>5,802</u>	<u>6,092</u>	<u>6,061</u>	<u>6,119</u>	<u>27</u>	<u>58</u>

Programmatic Review and Service Impact

Water Supply Strategies

The Department will continue the implementation of programs related to the Filtration Avoidance Determination (FAD) for the City's Catskill and Delaware water supplies. In 2007, the Environmental Protection Agency issued an administrative determination providing the City with a waiver from filtering the Catskill and Delaware water supplies through 2017. The ten-year FAD calls for a midterm assessment of the City's programs and commitments, which DEP submitted in 2011. DEP anticipates that an updated FAD will be issued in summer 2012. The current FAD is based on DEP's ongoing long-term watershed protection program. As part of the FAD, DEP will complete the construction of an ultraviolet-light disinfection facility in 2012 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 in the last 100 years. Coliform bacterial counts, which are indicators of water pollution from sewage, continue on a downward trend. Improvements have also been realized in the measure of dissolved oxygen, as concentration levels in most harbor areas have been notably higher than in past years. These advancements are attributed to the following DEP initiatives: continued reconstruction and upgrades at City WWTPs, implementation of advanced treatment technologies for nitrogen removal, the abatement of illegal discharges, improved sewer maintenance, decreased water consumption, and increased capture of wet weather flows.

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

Customer Services Programs

As required by the New York State Department of Environmental Conservation and the NYC Water Board, the Department is progressing toward its goal of universally metering all properties. The major objectives of universal metering include water conservation, improved water supply system management and rate equity. DEP services approximately 836,000 water and sewer customer accounts—818,000 metered (of which 29,000 are billed on a flat-rate system) and 18,000 un-metered.

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

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

Through a Water Board initiative, customers will have the opportunity to purchase service line protection insurance for those water and sewer connections that are a customer's responsibility.

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; and issues permits for boilers, other combustion equipment, and other potential sources of air pollution.

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

Energy Policy

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

Bureau of Police and Security

The Bureau of Police and Security is responsible for protecting the New York City water supply and the associated critical infrastructure from terrorism, pollution, and crime. Since February 1, 2010, the Bureau has been responsible for responding to hazardous material emergencies within the City by evaluating the characteristics of the materials involved and making technical decisions concerning containment, abatement, and disposal, when that role was shifted from the Bureau of Environmental Compliance. The DEP Police Department patrols the upstate water supply, with 218 personnel dedicated to this function.

Capital Review

Overview

The Four-Year Capital Plan for 2013 through 2016 provides a total of \$6.6 billion from the following sources: \$6.5 billion in Water Finance Authority funds and \$134.7 million in non-City funds.

The table below shows capital commitments by program area over the 2011-2016 period.

Capital Commitments

(\$ in 000’s)

	2011 Actual		2012 Plan		2013 Plan		2014 Plan		2015 Plan		2016 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.....	353,695	360,982	769,647	780,039	534,880	565,230	633,126	633,126	570,654	570,654	434,662	434,662
Water Mains.....	601,973	601,973	673,968	708,188	941,552	957,748	448,635	448,635	119,904	119,904	329,499	417,351
Sewers.....	178,208	\$190,135	411,166	413,873	404,031	404,285	265,767	265,767	198,964	198,964	127,690	127,690
Water Supply.....	1,411	1,411	145,699	145,699	440,435	440,435	193,893	193,893	358,859	358,859	40,111	40,111
Equipment.....	99,797	97,868	72,943	72,943	144,278	144,278	90,636	90,636	103,458	103,458	112,739	112,739
Total.....	<u>1,235,084</u>	<u>1,252,369</u>	<u>2,073,423</u>	<u>2,120,742</u>	<u>2,465,176</u>	<u>2,511,976</u>	<u>1,632,057</u>	<u>1,632,057</u>	<u>1,351,839</u>	<u>1,351,839</u>	<u>1,044,701</u>	<u>1,132,553</u>

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

- construction of a bypass for the Rondout-West Branch Tunnel (RWBT) and related projects associated with repairing the Delaware Aqueduct leak (\$1.2 billion). This cost includes \$644.9 million for the construction of the bypass tunnel and shaft work and \$557.5 million for supplemental water projects necessary during the dewatering and shutdown of the RWBT to provide augmentation measures such as additional sources of water and conservation.
- ongoing stabilization and upgrade contracts of in-City WWTPs and systems to ensure compliance with State and Federal mandates for: operating permit requirements (\$203.1 million, including \$151.5 million budgeted for 26th Ward); the mandated studies and facility upgrades to reduce nitrogen levels in treated wastewater (\$96.0 million, all of which is in 2013 to 2014); and the enhancement of the existing chlorination system at various WWTPs in order to meet stricter chlorine discharge limits (\$58.3 million).
- investments to maintain the operational integrity of existing wastewater treatment facilities (\$1.2 billion).
- implementation of the NYC Green Infrastructure Plan, a strategy for CSO capture through the use of green infrastructure (\$166.1 million) and the optimization of existing grey infrastructure (\$479.2 million). In 2013, the Department has planned \$41.0 million for green infrastructure projects, such as bioswales, tree pits, constructed wetlands, and green roofs, including \$31.6 million in intra-agency projects.
- extending and reconstructing 170 miles of sewers (\$996.7 million). This total includes the emergency replacement of malfunctioning or collapsed cement combined sewers (\$227.0 million).
- replacing and extending approximately 254 miles of trunk and distribution water mains and ancillary work (\$810.5 million).
- reconstructing upstate dams, roads and bridges (\$358.2 million). Included is \$160.8 million for projects associated with the reconstruction of the Gilboa Dam in the Catskill Watershed.
- connecting City Water Tunnel No. 3 to the distribution system (\$347.0 million).
- continuation of various filtration avoidance measures and land acquisition in the upstate watershed (\$300.9 million, \$143.9 million in 2013).
- continuation of water conservation programs (\$214.1 million), including the purchase and installation of large water meters (\$100.0 million), both of which are components of the augmentation measures.
- continuing small but numerous projects to keep the wastewater system in a state of good repair (\$210.0 million).
- continuing the construction of the Croton Water Filtration Plant and related projects (\$180.0 million, \$136.5 million of which is in 2013). The Department has \$28.8 million budgeted in 2013 for Parks Department projects in the Bronx.
- installing new and upgrading existing centrifuges at various WWTPs (\$179.5 million).
- dredging in various waterbodies, including Flushing Bay, Gowanus Canal, Paerdegat Basin and Bergen/Thurston Basin (\$98.7 million).
- installation and upgrade of generators at various WWTPs (\$83.5 million).

- continuation of land acquisition for the award-winning Staten Island Bluebelt program (\$70.3 million).
- reconstruction of the main sewage pump at the Bowery Bay WWTP (\$55.5 million in 2013 to 2015) and reconstruction of main sewage pump engines and controls at the North River WWTP (\$35.0 million in 2013).
- constructing the Catskill Pressurization Tunnel (\$35.0 million).
- continuing construction of Stage Two of City Water Tunnel No. 3 (\$30.7 million).

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, and manages street use franchises.

Financial Review

The Department of Transportation's 2013 Executive Budget provides for operating expenses of \$710.9 million, a decrease of \$136.5 million from the amount forecast for 2012. This is mainly a result of a decrease in Federal and State grant funding included in 2012 that has not yet been allocated to the Department's 2013 operating budget. Capital commitments of approximately \$1.7 billion are also provided in 2013, including \$549.2 million in Federal, State, and private funding.

Revenue Forecast

The Department of Transportation collects revenue from parking meters and parking garages, franchises, concessions, and street opening permits. In 2013 the Department will collect \$335.8 million in revenue.

Expense Budget Highlights

Budgetary Priorities: Providing Core Services

- an allocation of \$135.8 million for the resurfacing of 762 lane miles of streets and the repair of approximately 314,000 street defects (potholes), in addition to approximately \$18.1 million in 2013 for the maintenance and cleaning of arterial highways throughout the five boroughs.
- funding of \$270.8 million for the Traffic program, including \$60.9 million for energy costs associated with all streetlights and traffic signals throughout the City, and \$82 million for the maintenance of 12,571 signalized intersections and over 300,000 streetlights Citywide.
- funding of \$98 million for the operation of the Staten Island Ferry and for overseeing private ferry service, including \$5.3 million in additional funding for ferry security contracts.
- an allocation of \$24.9 million for the preventive maintenance, cleaning, and spot and splash zone painting of City bridges in addition to Federal funding for the maintenance of East River Bridges.
- approximately \$16.8 million and 143 positions for the in-house bridge flag/corrective repair program.

Restructuring and Streamlining

- the reduction of \$4.9 million and 50 parking collections and maintenance staff in 2013 due to munification. This reduction will be achieved through attrition and redeployment.
- the reduction of \$2.8 million and 62 parking collections, maintenance, and administrative staff in 2013 due to munification. This reduction will be achieved through layoffs.
- savings of \$10.5 million in 2013 from raising commercial parking rates from \$3.00 to \$4.00 for one hour, \$9.00 for two hours, and \$15.00 for three hours for multi-spaced meters located in Manhattan between 14th and 60th Streets and First and Eighth Avenues, as well as additional parking meter efficiencies.

- savings of \$268 thousand from the replacement of 2,380 existing street lights with high efficiency light emitting diodes (LEDs) at Central Park, Eastern Parkway, and along the underdecks of the FDR Drive.

Summary of Agency Financial Data

The following table compares the 2013 Executive Budget with the 2013 Preliminary Budget, the 2012 forecast and actual expenditures for 2011, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services, and debt service.

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

	2011 Actual	2012 Forecast	2013		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2012 Forecast	2013 Preliminary Budget
Expenditures						
Salary and Wages.....	\$378,965	\$371,929	\$320,881	\$320,881	(\$51,048)	\$—
Fringe Benefits.....	4,002	8,239	4,293	4,293	(3,946)	—
OTPS.....	481,945	467,229	360,203	385,723	(81,506)	25,520
Total.....	<u>\$864,912</u>	<u>\$847,397</u>	<u>\$685,377</u>	<u>\$710,897</u>	<u>(\$136,500)</u>	<u>\$25,520</u>
Funding						
City.....	\$421,005	\$417,242	\$430,903	\$436,722	\$19,480	\$5,819
Other Categorical Grants.....	72,542	1,679	159	159	(1,520)	—
IFA.....	182,479	191,020	175,030	173,110	(17,910)	(1,920)
State.....	92,850	115,561	47,928	50,215	(65,346)	2,287
Federal CD.....	—	—	—	—	—	—
Federal Other.....	94,461	120,439	29,974	49,308	(71,131)	19,334
Intra-City Other.....	1,575	1,456	1,383	1,383	(73)	—
Total.....	<u>\$864,912</u>	<u>\$847,397</u>	<u>\$685,377</u>	<u>\$710,897</u>	<u>(\$136,500)</u>	<u>\$25,520</u>
Additional Costs Centrally Funded						
Personal Services (PS).....						
Fringe Benefits.....	\$121,416	\$122,165	\$125,126	\$125,547	\$3,382	\$421
Pensions.....	49,216	57,050	64,165	64,165	7,115	—
Other Than Personal Service (OTPS)						
Legal Services.....	23,379	22,703	21,938	23,004	301	1,066
Judgments and Claims.....	18,893	111,254	117,106	129,757	18,503	12,651
Debt Service.....	600,364	655,532	726,209	740,012	84,480	13,803
Total Additional Costs.....	<u>\$813,268</u>	<u>\$968,704</u>	<u>\$1,054,544</u>	<u>\$1,082,485</u>	<u>\$113,781</u>	<u>\$27,941</u>
Funding						
City.....	771,412	915,122	1,012,717	1,037,356	122,234	24,639
Non-City.....	41,856	53,564	41,827	45,129	(8,435)	3,302
Intra-City Additional Costs.....	—	18	—	—	(18)	—
Full Agency Costs (including Central Accounts)						
Salary and Wages.....	\$378,965	\$371,929	\$320,881	\$320,881	(\$51,048)	\$0
Fringe Benefits.....	125,418	130,404	129,419	129,840	(564)	421
Pensions.....	49,216	57,050	64,165	64,165	7,115	—
Total PS.....	<u>\$553,599</u>	<u>\$559,383</u>	<u>\$514,465</u>	<u>\$514,886</u>	<u>(\$44,497)</u>	<u>\$421</u>
OTPS.....	\$481,945	\$467,229	\$360,203	\$385,723	(\$81,506)	\$25,520
Legal Services.....	23,379	22,703	21,938	23,004	301	1,066
Judgments and Claims.....	18,893	111,254	117,106	129,757	18,503	12,651
Debt Service.....	600,364	655,532	726,209	740,012	84,480	13,803
Total OTPS.....	<u>\$1,124,581</u>	<u>\$1,256,718</u>	<u>\$1,225,456</u>	<u>\$1,278,496</u>	<u>\$21,778</u>	<u>\$53,040</u>
Total Agency Costs.....	\$1,678,180	\$1,816,101	\$1,739,921	\$1,793,382	(\$22,719)	\$53,461
Less Intra-City.....	\$1,575	\$1,474	\$1,383	\$1,383	(\$91)	\$—
Net Agency Cost.....	<u>\$1,676,605</u>	<u>\$1,814,627</u>	<u>\$1,738,538</u>	<u>\$1,791,999</u>	<u>(\$22,628)</u>	<u>\$53,461</u>
Funding						
City.....	1,192,417	1,332,364	1,443,620	1,474,078	141,714	30,458
Non-City.....	484,188	482,263	294,918	317,921	(164,342)	23,003
Personnel (includes FTEs at fiscal year-end)						
City.....	2,198	2,023	1,998	2,022	(1)	24
Non-City.....	2,655	3,054	2,290	2,265	(789)	(25)
Total.....	<u>4,853</u>	<u>5,077</u>	<u>4,288</u>	<u>4,287</u>	<u>(790)</u>	<u>(1)</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 2013, the Bureau of Bridges will be staffed with 779 positions and have an operating budget of \$73.5 million, a decrease of \$22.2 million from the amount forecast for 2012. This reduction is primarily due to Federal and State grants expiring at the end of 2012. Most of these grants are expected to be renewed during 2013, including Federal grants for preventive maintenance on the Manhattan, Williamsburg, Queensboro, and Brooklyn Bridges.

The Bridge program in the 2013 Executive Budget continues the City's commitment to preserve and maintain its infrastructure. The Bridge "Flag" and Correction Repair program corrects mostly structural ("red" and "yellow" flags, in descending order of priority) and safety deficiencies on bridges by using both in-house and contract forces. Furthermore, the Preventive Maintenance program includes the oiling, sweeping, cleaning, washing, electrical maintenance, and spot and salt splash zone painting of the City's bridges.

Highway Operations

The Roadway Repair and Maintenance Division is responsible for maintaining approximately 19,324 lane miles of streets and 1,175 lane miles of arterial highways within the five boroughs, 72.3 percent of which are in good condition as of 2011. The Permits Management and Construction Control programs are responsible for regulating the excavation and various other uses of City streets and sidewalks. In 2013, Highway Operations will be staffed by approximately 1,118 full-time and approximately 240 seasonal positions with a budget totaling \$189.9 million, a decrease of \$35.7 million over the 2012 agency forecast. The expiration of Federal and State grants at the end of 2012 contributes to this decrease. These grants are expected to be renewed during 2013.

The Department also manages the New York City Plaza program, a community-based program to improve the public realm by creating pedestrian plazas. In total, the Department oversees 50 plazas that are now in various phases of planning, design, and construction. Twenty-four permanent and temporary plazas have been completed to date.

Traffic Operations

The Bureau of Traffic Operations maintains and collects revenue from approximately 85,000 metered spaces and operates 42 municipal parking facilities. It also installs and maintains an estimated 1.3 million traffic signs, 12,571 signalized intersections, and over 300,000 streetlights. The 2013 Executive Budget for the Bureau of Traffic provides for 965 positions and an operating budget of \$270.8 million, a decrease of \$52.7 million from the amount forecast for 2012. This reduction is primarily due to Federal and State grants expiring at the end of 2012. A number of these grants are expected to be renewed during 2013.

In tandem with current safety engineering projects completed by the Department, the Bureau of Traffic Operations continues conducting audits and inspections of high pedestrian accident, injury, and fatality locations Citywide. 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, as well as regulates private ferry operations. The 2013 Executive Budget for Ferries provides for 643 positions and an operating budget of \$98 million, a decrease of \$17 million from the amount forecast for 2012. This decrease is the result of Federal and State grants expiring at the end of 2012, 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 2013.

The Staten Island Ferry is expected to carry approximately 22 million passengers and the Department anticipates that the Ferry program will continue to achieve an on-time performance rate of 90 percent in 2013. The Department currently estimates annual ridership on privately operated commuter ferries to be approximately 10 million passengers.

Capital Review

The Department of Transportation's 2013-2016 Four-Year Capital Commitment Plan totals \$3.9 billion for the reconstruction of transportation infrastructure, of which approximately 63.1 percent is City-funded. The table below shows commitments by program area over the 2011-2016 period.

Capital Commitments

(\$000's)

	2011 Actual		2012 Plan		2013 Plan		2014 Plan		2015 Plan		2016 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	\$255,228	\$292,461	\$337,554	\$476,744	\$570,071	\$806,790	\$228,419	\$305,555	\$174,860	\$181,280	\$179,515	\$184,015
Highway Bridges	100,062	100,062	90,144	250,127	432,596	618,688	272,293	456,137	133,161	229,161	175,352	275,352
Waterway Bridges.....	37,003	37,003	-55,833	35,725	31,855	31,855	6,714	6,714	8,000	40,000	0	0
Traffic	46,476	139,372	65,934	136,526	62,939	162,267	20,101	77,295	14,018	66,012	13,991	43,991
Vehicles/Equipment	11,238	11,238	11,471	13,187	17,697	21,297	6,488	6,488	1,797	1,797	1,915	1,915
Ferries	5,185	20,316	19,481	49,164	20,269	43,694	40,310	92,750	10,287	14,587	12,050	190,250
Total	<u>\$455,192</u>	<u>\$600,452</u>	<u>\$468,751</u>	<u>\$961,473</u>	<u>\$1,135,427</u>	<u>\$1,684,591</u>	<u>\$574,325</u>	<u>\$944,939</u>	<u>\$342,123</u>	<u>\$532,837</u>	<u>\$382,823</u>	<u>\$695,523</u>

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

- complete reconstruction/rehabilitation of eight bridges currently or projected to be rated “poor” (\$336.2 million), including the Belt Parkway Bridge over Mill Basin (\$221.5 million).
- complete reconstruction/rehabilitation of 16 bridges rated “fair” (\$781.4 million), such as the Bruckner Expressway over Westchester Creek (\$146 million), and the Roosevelt Avenue Bridge over Van Wyck Expressway (\$111.6 million).
- complete rehabilitative work for bridge life extension projects (\$394.5 million), including the Westchester Avenue Bridge over Hutchinson Parkway (\$54.8 million), the Macombs Dam Bridge (\$47.1 million), and the Pelham Parkway Bridge (\$6.1 million).
- street reconstruction of 129.4 lane miles (\$652.4 million), including sections of Broadway in Lower Manhattan (\$41.5 million), the Times Square area in Manhattan (\$41.0 million), 94th Street in Queens (\$38.4 million), and Woodrow Road in Staten Island (\$17.4 million).
- street and arterial resurfacing of 2,862 lane miles (\$539.7 million).
- installation of pedestrian ramps at 1,940 corners (\$60.6 million), and the replacement or reconstruction of sidewalks (\$110.9 million).
- signal installation and maintenance, as well as the computerization and modernization of signalized intersections (\$145.8 million).

- installation of approximately 37.8 million linear feet of thermoplastic markings for traffic control (\$10.1 million).
- upgrade and replacement of lampposts, luminaires, and associated infrastructure (\$72 million).
- replacement of 54,000 linear feet of electrical distribution systems along the City's streets (\$18 million).
- reconstruction and replacement of ferry boats (\$309.3 million).
- ferry terminal and facility improvements (\$32 million).
- replacement of vehicles for field forces and the upgrading of computer equipment (\$31.5 million).

The highlights of the 2013 Capital Plan include:

- reconstruction of "poor" bridge structures (\$284.2 million), including the Belt Parkway Bridge over Mill Basin (\$219.5 million).
- reconstruction of "fair" rated bridge structures (\$246.7 million), including the City Island Bridge over Eastchester Bay (\$112.5 million).
- reconstruction of sidewalks and pedestrian ramps (\$69.8 million).
- street reconstruction (\$507.9 million), including the Times Square (\$41 million) and Gansevoort Street (\$38.4 million) areas in Manhattan, 94th Street in Queens (\$17.2 million), and the Grand Concourse Service Road in the Bronx (\$20 million).
- upgrade of the street lighting system and associated infrastructure (\$32 million).
- modernization and expansion of the City's computerized traffic signal network (\$62.8 million).
- upgrade of one Austen ferryboat fuel system to liquefied natural gas (\$5 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 2013 Executive Budget provides for operating expenses of \$562 million. The budgeted headcount of 2,397, including full-time and full-time equivalent positions, is funded at \$136 million, \$33 million of which is City funds. Funding for other than personal services amounts to \$426 million, \$21 million of which is City funds. HPD also provides for capital commitments of \$454 million in 2013, including \$341 million in City funds and \$112 million in Federal HOME funds. This represents an increase of \$61 million from the amount planned for 2013 during the FY12 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 \$18.8 million in 2013, \$20.2 million less than the amount for 2012. The 2013 decrease is primarily attributable to the one-time collection of application fees and rental income in 2012.

Expense Budget Highlights

Providing Core Services

The agency will maintain its core services in 2013 including the reduction of lead hazards, enforcement of the housing maintenance code, and the preservation of privately-owned housing.

- HPD will continue to reduce lead hazards within the City's housing stock and within the private housing market.
- Community Development Block Grant (CDBG) funding is maintained for HPD's Code Enforcement Program to allow for prompt inspection of perceived violations of the Housing Maintenance Code.
- Community Development Block Grant (CDBG) funding is maintained for HPD's Emergency Repair Program (ERP) to remove hazardous conditions in private buildings where landlords have been negligent in correcting violations detrimental to life, health and safety.
- HPD administers a portion of New York City's allotment of Federal Section 8 subsidies to eligible New Yorkers. Over \$314 million worth of subsidy payments, serving over 36,000 households, are planned in 2013.

Summary of Agency Financial Data

The following table compares the 2013 Executive Budget with the 2013 Preliminary Budget, the 2012 forecast and actual expenditures for 2011, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services and debt service.

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

	2011 Actual	2012 Forecast	2013		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2012 Forecast	2013 Preliminary Budget
Expenditures						
Salary and Wages.....	\$142,518	\$142,176	\$135,420	\$135,463	(\$6,713)	\$43
Fringe Benefits.....	46	2	155	155	153	—
OTPS.....	562,865	689,165	425,265	426,394	(262,771)	1,129
Total.....	<u>\$705,429</u>	<u>\$831,343</u>	<u>\$560,840</u>	<u>\$562,012</u>	<u>(\$269,331)</u>	<u>\$1,172</u>
Funding						
City.....	\$59,108	\$62,431	\$53,548	\$53,892	(\$8,539)	\$344
Other Categorical Grants.....	12,459	64,650	1,776	1,776	(62,874)	—
IFA.....	15,305	16,673	16,673	16,673	—	—
State.....	1,719	2,705	1,968	1,968	(737)	—
Federal CD.....	138,872	149,944	129,450	129,450	(20,494)	—
Federal Other.....	476,798	534,091	356,521	357,349	(176,742)	828
Intra-City Other.....	1,168	849	904	904	55	—
Total.....	<u>\$705,429</u>	<u>\$831,343</u>	<u>\$560,840</u>	<u>\$562,012</u>	<u>(\$269,331)</u>	<u>\$1,172</u>
Additional Costs Centrally Funded						
Personal Services (PS).....						
Fringe Benefits.....	\$52,333	\$54,577	\$58,097	\$57,844	\$3,267	(\$253)
Pensions.....	20,671	22,502	23,886	23,886	1,384	—
Other Than Personal Service (OTPS)						
Legal Services.....	4,252	3,686	3,381	3,724	38	343
Judgments and Claims.....	5,803	14,525	15,289	16,941	2,416	1,652
Debt Service.....	378,875	479,496	531,193	724,628	245,132	193,435
Total Additional Costs.....	<u>\$461,934</u>	<u>\$574,786</u>	<u>\$631,846</u>	<u>\$827,023</u>	<u>\$252,237</u>	<u>\$195,177</u>
Funding						
City.....	415,667	520,068	574,348	760,478	240,410	186,130
Non-City.....	46,267	54,718	57,498	66,545	11,827	9,047
Intra-City Additional Costs.....	—	—	—	—	—	—
Full Agency Costs (including Central Accounts)						
Salary and Wages.....	\$142,518	\$142,176	\$135,420	\$135,463	(\$6,713)	\$43
Fringe Benefits.....	52,379	54,579	58,252	57,999	3,420	(253)
Pensions.....	20,671	22,502	23,886	23,886	1,384	—
Total PS.....	<u>\$215,568</u>	<u>\$219,257</u>	<u>\$217,558</u>	<u>\$217,348</u>	<u>(\$1,909)</u>	<u>(\$210)</u>
OTPS.....	\$562,865	\$689,165	\$425,265	\$426,394	(\$262,771)	\$1,129
Legal Services.....	4,252	3,686	3,381	3,724	38	343
Judgments and Claims.....	5,803	14,525	15,289	16,941	2,416	1,652
Debt Service.....	378,875	479,496	531,193	724,628	245,132	193,435
Total OTPS.....	<u>\$951,795</u>	<u>\$1,186,872</u>	<u>\$975,128</u>	<u>\$1,171,687</u>	<u>(\$15,185)</u>	<u>\$196,559</u>
Total Agency Costs.....	\$1,167,363	\$1,406,129	\$1,192,686	\$1,389,035	(\$17,094)	\$196,349
Less Intra-City.....	\$1,168	\$849	\$904	\$904	\$55	\$—
Net Agency Cost.....	<u>\$1,166,195</u>	<u>\$1,405,280</u>	<u>\$1,191,782</u>	<u>\$1,388,131</u>	<u>(\$17,149)</u>	<u>\$196,349</u>
Funding						
City.....	474,775	582,499	627,896	814,370	231,871	186,474
Non-City.....	691,420	822,781	563,886	573,761	(249,020)	9,875
Personnel (includes FTEs at fiscal year-end)						
City.....	485	500	499	487	(13)	(12)
Non-City.....	1,797	1,934	1,930	1,910	(24)	(20)
Total.....	<u>2,282</u>	<u>2,434</u>	<u>2,429</u>	<u>2,397</u>	<u>(37)</u>	<u>(32)</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.

Development

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 Asset Management is responsible for ensuring the longevity and affordability of units the agency has created and preserved. Its programs are geared to proactively identify at-risk buildings and portfolios and to stabilize mismanaged assets. With the help of the MacArthur Foundation, HPD is building a new database to assist the Division in this work. The system will track real-time information on the condition of properties and will serve as an early warning system to detect potential risks to buildings.

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

or vacate orders issued by the Department of Buildings, the Fire Department or HPD.

Capital Review

The 2013-2016 Capital Plan for HPD totals \$1.3 billion, including \$1 billion in City funding and \$323 million in Federal funds. The agency continues to use its City capital resources to leverage State and Federal funds as well as substantial private equity (that does not flow through the City’s capital budget). The table below reflects capital commitments by program area over the FY 2011 - 2016 period.

Capital Commitments

(\$ in 000’s)

	2011		2012		2013		2014		2015		2016	
	Actual		Plan		Plan		Plan		Plan		Plan	
	City	All	City	All	City	All	City	All	City	All	City	All
	Funds	Funds	Funds	Funds	Funds	Funds	Funds	Funds	Funds	Funds	Funds	Funds
New Construction	\$124,713	\$157,044	\$208,675	\$240,094	\$112,260	\$128,622	\$53,740	\$55,740	\$73,756	\$92,836	\$82,291	\$100,762
Preservation.....	81,303	96,445	\$147,767	\$168,856	\$106,573	\$117,773	\$128,193	\$147,918	\$80,108	\$83,198	\$93,816	\$96,999
Supportive Housing	11,956	57,700	\$13,765	\$88,455	\$3,539	\$78,427	\$1,000	\$56,375	\$3,308	\$51,583	\$22,349	\$60,849
Disposition	0	-8,164	\$24,326	\$26,428	\$31,960	\$41,618	\$29,134	\$32,464	\$18,576	\$18,576	\$19,134	\$19,134
Other Housing Support.....	39,841	39,841	\$70,978	\$70,978	\$87,109	\$87,109	\$42,068	\$42,068	\$5,948	\$5,948	\$6,050	\$6,050
Total	<u>\$257,813</u>	<u>\$342,866</u>	<u>\$465,511</u>	<u>\$594,811</u>	<u>\$341,441</u>	<u>\$453,549</u>	<u>\$254,135</u>	<u>\$334,565</u>	<u>\$181,696</u>	<u>\$252,141</u>	<u>\$223,640</u>	<u>\$283,794</u>

Ongoing Programs

Under the 2013-2016 Capital Plan, the City will invest a total of \$445.8 million (\$408.7 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 \$377.9 million (\$322 million in City funds) for new construction projects that create rental and homeownership opportunities for families at various income levels. Additionally, HPD will allocate a total of \$247.2 million (\$30.2 million in City funds) to supportive housing initiatives, including those to end chronic homelessness through execution of the New York/ New York III agreement with the State. Finally, the City will continue with the rehabilitation and disposition of its remaining in rem residential stock to return these buildings to responsible private owners. The Capital Plan allocates a total of \$111.8 million (\$98.8 million in City funds) to fund these tasks.

- Utilizing a variety of preservation financing programs, including the Article 8A, Mitchell Lama Preservation, Participation Loan, Low Income Housing Tax Credit Year 15, and Senior Citizens’ Home Improvement Program, HPD will preserve approximately 16,000 units.
- Through various new construction initiatives, HPD will produce approximately 11,000 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. 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 Multifamily Preservation Loan Program (MPLP) and the Affordable Neighborhood Cooperative Program (ANCP).

DEPARTMENT OF CITYWIDE ADMINISTRATIVE SERVICES

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

Financial Review

The 2013 Executive Budget for the Department of Citywide Administrative Services provides \$1.2 billion, an increase of \$57.7 million over the amount forecasted for 2012. This increase is primarily attributable to additional funding for the Citywide heat, light, and power budget. The \$1.0 billion DCAS Four-Year Capital Plan includes \$622.8 million for Public Buildings, \$367.8 million for energy efficiency and other greenhouse gas reducing efforts, and \$10.4 million for Real Property.

Revenue Forecast

In 2013, the Department of Citywide Administrative Services will collect \$83.4 million in revenue, approximately \$29.5 million less than the amount forecasted for 2012. This decrease is partially due to the one-time collections of a State court reimbursement and a land sale in 2012. DCAS Asset Management/Real Estate Services will generate \$65.0 million from land sales and rents from commercial properties.

Expense Budget Highlights

Budgetary Priorities: Providing Core Services

- the 2013 Executive Budget provides total funds of \$1.2 billion for the Department, of which \$827.9 million is for goods and services that agencies purchase from DCAS through intra-city agreements, including the following: utilities (\$735.0 million), leases (\$65.7 million), storehouse supplies (\$19.1 million), maintenance and repair of facilities and vehicles (\$4.6 million), personnel training (\$0.8 million), and other services (\$2.5 million).
- the 2013 Executive Budget provides a total of \$1.06 billion for DCAS Asset Management. Included in this total is \$860.2 million for utilities, \$81.2 million for leases, and \$27.7 million for building maintenance.
- the 2013 Executive Budget provides a total of \$189.0 million for DCAS Asset Management – Public Facilities (excluding the \$860.2 million for utilities). Included in the \$189.0 million total is \$26.6 million in State funding for court facilities. Asset Management – Public Facilities provides overall facilities management, including maintenance and construction services for 55 public buildings including court facilities.
- the 2013 Executive Budget provides a total of \$14.7 million for DCAS Asset Management – Real Estate Services. Real Estate Services purchases, sells, and leases real property; and locates space for City agencies.
- the 2013 Executive Budget provides a total of \$10.9 million for security services in DCAS-managed buildings.

Restructuring and Streamlining

- in 2013, DCAS will continue implementing its Lease Efficiency Initiative, identifying opportunities for Citywide lease savings through consolidation, rent renegotiations, and lease terminations. To date, this initiative has identified reductions in City office space totaling 403,000 square feet resulting in \$14.9 million in annual recurring savings and \$29.4 million in cumulative savings.
- DCAS recognizes that more efficient use of office space is an important cost-saving action that also has a positive impact on delivering City services. Therefore, in 2013, DCAS will continue to maximize opportunities for streamlining the current office space portfolio, while improving the management of the City's real estate assets. The Mayor announced in his State of the City address this year the plan to sell three City-owned office buildings in Lower Manhattan. This project is known as the 21st Century Civic Center Plan, and is spearheaded by DCAS Asset Management. The goal of the plan is to consolidate City government operations into modern, efficient office space through the disposition of inefficient office buildings located in the Civic Center area. DCAS Asset Management expects the plan to yield significant savings and revenue over the next 20 years by converting these public buildings into private buildings, and moving current occupants to efficient, new space. Moreover, the plan will stimulate job creation and further economic development within Lower Manhattan.
- DCAS has completed over 140 energy efficiency retrofits with PlaNYC capital funding since the Plan's release in 2007, avoiding more than 14,000 metric tons of CO₂e and saving \$5.4 million in Citywide energy costs. There are currently an additional 114 projects in various stages of design and construction as well as over 60 energy audits underway, with more to begin in FY 2013 that will form the next round of energy efficiency retrofits in 2013 and 2014. This work will include, but is not limited to, installing energy efficient lighting, implementing heating system and cooling system upgrades, and deploying building management systems.
- In 2013, DCAS will work with the major fleet-owning agencies, OLR and OMB to implement a Citywide Fleet Consolidation effort. DCAS's NYC Fleet Line of Service will lead an effort to share services and reduce costs in both light duty vehicle repair, and servicing for medium, heavy and specialized pieces of equipment. NYPD will take a lead in light duty fleet repair Citywide, and DSNY will take the lead in medium and heavy duty fleet repair. DCAS will coordinate the initiative in general and manage procurement and service contracting for the Citywide fleet. DCAS will consolidate or close over 15 garage and fleet facilities and save money in areas such as facility construction, garage and fleet leasing, car share, fuel tracking, and parts procurement.
- DCAS will further advance the City's Provisional Reduction Plan in 2013. This plan will reduce the number of City employees serving in provisional status by: 1) strategically scheduling civil service examinations for titles with large numbers of provisionals and for titles where agencies require a significant number of eligibles to meet their hiring needs; and 2) broad-banding, consolidating and conducting other reclassifications of existing titles. Also, DCAS will expand the Online Education and Experience Test (OLEE) and computer-based testing programs, allowing candidates to take Education and Experience (E&E) tests online and expanding the number of walk-in computer-based multiple-choice tests at the DCAS Computerized Testing Centers (CTCs). Candidates who take OLEE and walk-in CTC exams receive immediate tentative test results.
- In 2011 DCAS began to roll out the new Citywide Diversity and Equal Employment Opportunity (EEO) computer-based training (CBT) for employees. This CBT builds on the success of the 2009 CBT DCAS launched for City managers and supervisors, ultimately training over 15,000 managers in over 57 agencies. The new CBT will allow City agencies to train all their employees with up-to-date information on their rights and responsibilities under the City's EEO Policy through a low-cost, accessible method. Thus far, over 23,000 employees have completed the 2011 CBT.

- DCAS's Office of Citywide Purchasing (OCP) is developing and expanding a Citywide service contracting unit by identifying services that lend themselves to being awarded as large scale requirement contracts. To date, OCP has identified more than 40 different areas where Citywide service contracts could realize significant cost savings and administrative efficiencies and improve the quality of service for client agencies. By aggregating and standardizing Citywide agency needs, OCP can further leverage the City's buying power to improve services and generate savings. In addition to new contracts for standard, office and fleet service procurements, OCP is also exploring opportunities to consolidate professional and other services that would reduce the number of agency-specific contracts.

Summary of Agency Financial Data

The following table compares the 2013 Executive Budget with the 2013 Preliminary Budget, the 2012 forecast and actual expenditures for 2011, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services and debt service.

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

	2011 Actual	2012 Forecast	2013		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2012 Forecast	2013 Preliminary Budget
Expenditures						
Salary and Wages.....	\$141,477	\$141,839	\$143,686	\$144,085	\$2,246	\$399
Fringe Benefits.....	1,806	1,701	1,701	1,701	—	—
OTPS.....	974,326	994,845	976,669	1,050,273	55,428	73,604
Total.....	<u>\$1,117,609</u>	<u>\$1,138,385</u>	<u>\$1,122,056</u>	<u>\$1,196,059</u>	<u>\$57,674</u>	<u>\$74,003</u>
Funding						
City.....	\$210,887	\$191,285	\$203,690	\$210,829	\$19,544	\$7,139
Other Categorical Grants.....	89,641	91,432	91,642	101,588	10,156	9,946
IFA.....	10,898	10,784	8,928	8,928	(1,856)	0
State.....	50,023	48,619	44,878	44,805	(3,814)	(73)
Federal CD.....	—	—	—	—	—	—
Federal Other.....	15,048	47,058	2,000	2,000	(45,058)	—
Intra-City Other.....	741,112	749,207	770,918	827,909	78,702	56,991
Total.....	<u>\$1,117,609</u>	<u>\$1,138,385</u>	<u>\$1,122,056</u>	<u>\$1,196,059</u>	<u>\$57,674</u>	<u>\$74,003</u>
Additional Costs Centrally Funded						
Personal Services (PS).....						
Fringe Benefits.....	\$46,802	\$48,094	\$50,988	\$50,675	\$2,581	(\$313)
Pensions.....	17,629	21,374	24,006	24,006	2,632	—
Other Than Personal Service (OTPS)						
Legal Services.....	3,315	2,134	1,681	1,934	(200)	253
Judgments and Claims.....	27	641	675	748	107	73
Debt Service.....	613,584	678,897	771,197	706,191	27,294	(65,006)
Total Additional Costs.....	<u>\$681,357</u>	<u>\$751,140</u>	<u>\$848,547</u>	<u>\$783,554</u>	<u>\$32,414</u>	<u>(\$64,993)</u>
Funding						
City.....	634,092	707,729	802,703	739,858	32,129	(62,845)
Non-City.....	46,138	43,191	45,844	43,696	505	(2,148)
Intra-City Additional Costs.....	1,127	220	—	—	(220)	—
Full Agency Costs (including Central Accounts)						
Salary and Wages.....	\$141,477	\$141,839	\$143,686	\$144,085	\$2,246	\$399
Fringe Benefits.....	48,608	49,795	52,689	52,376	2,581	(313)
Pensions.....	17,629	21,374	24,006	24,006	2,632	—
Total PS.....	<u>\$207,714</u>	<u>\$213,008</u>	<u>\$220,381</u>	<u>\$220,467</u>	<u>\$7,459</u>	<u>\$86</u>
OTPS.....	\$974,326	\$994,845	\$976,669	\$1,050,273	\$55,428	\$73,604
Legal Services.....	3,315	2,134	1,681	1,934	(200)	253
Judgments and Claims.....	27	641	675	748	107	73
Debt Service.....	613,584	678,897	771,197	706,191	27,294	(65,006)
Total OTPS.....	<u>\$1,591,252</u>	<u>\$1,676,517</u>	<u>\$1,750,222</u>	<u>\$1,759,146</u>	<u>\$82,629</u>	<u>\$8,924</u>
Total Agency Costs.....	\$1,798,966	\$1,889,525	\$1,970,603	\$1,979,613	\$90,088	\$9,010
Less Intra-City.....	\$742,239	\$749,427	\$770,918	\$827,909	\$78,482	\$56,991
Net Agency Cost.....	<u>\$1,056,727</u>	<u>\$1,140,098</u>	<u>\$1,199,685</u>	<u>\$1,151,704</u>	<u>\$11,606</u>	<u>(\$47,981)</u>
Funding						
City.....	844,979	899,014	1,006,393	950,687	51,673	(55,706)
Non-City.....	211,748	241,084	193,292	201,017	(40,067)	7,725
Personnel (includes FTEs at fiscal year-end)						
City.....	1,334	1,445	1,470	1,497	52	27
Non-City.....	794	871	824	824	(47)	—
Total.....	<u>2,128</u>	<u>2,316</u>	<u>2,294</u>	<u>2,321</u>	<u>5</u>	<u>27</u>

Programmatic Review and Service Impact

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

Office of the Commissioner

The Office of the Commissioner includes Office of the General Counsel, Communications, Intergovernmental Affairs, Internal Audit, External Publications and Retail, Project and Planning Office, Special Events, Security and Information Technology. 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. Citywide Occupational Safety and Health (COSH), a unit within the Office of the General Counsel, is responsible for the oversight of Citywide occupational safety and health issues, and provides related training in conjunction with City agency safety officers. The Commissioner's Office is also in charge of production of official City publications such as the City Record and the Green Book; and 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.

Diversity and EEO

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

Energy Management

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

Human Capital

Human Capital is responsible for Citywide 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, the Urban Fellows Program, Public Service Corps, and the Leadership Institute. This office also conducts professional development and employee training. There were 750 classes taken by 8,302 City employees from 88 agencies to date in 2012. Human Capital also manages the New York City Automated Personnel System (NYCAPS), which is used by 82 City agencies for human resources and benefits administration. The DCAS Office of Human Resources, Payroll and Timekeeping is also overseen by this Line of Service.

Examinations are administered by Human Capital for City agencies and other organizations such as the New York City Housing Authority. This office anticipates administering 99 examinations in 2013, including both civil service examinations and examinations for building trades licenses. In 2013, Human Capital will continue to provide a sufficient number of exams to help meet the City's hiring needs and continue to reduce the number of provisional employees Citywide.

Asset Management

The former Division of Real Estate Services has merged with the former Division of Facilities Management and Construction and is now DCAS Asset Management. This line of service is working to achieve the efficiency goal of shedding unneeded City real estate and leased space occupied by City agencies, while also maximizing revenue from City owned properties and providing quality facilities management and construction services for DCAS-managed buildings. Asset Management now has 7 major units – Acquisitions & Leasing, Financial Services, Facilities Operations, Building Services, Design & Project Management, Construction Services, and Land Use Planning. Several are highlighted below.

Asset Management/Acquisitions and Leasing (A&L) oversees the commercial real estate portfolio for space utilized by City agencies, which includes leasing or purchasing privately-owned properties for government use, managing properties surrendered by other City agencies as surplus, long and short-term leasing of City-owned properties, and disposition of real estate by means of sales and lease auctions. A&L administers approximately 442 leases for City agencies in private buildings. This unit also manages a rental property portfolio of 533 leases and licenses.

Asset Management/Financial Services audits leases to ensure proper lease billing and has identified savings of \$1.8 million in rent credits to date in Fiscal Year 2012.

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

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

Office of Citywide Purchasing

The Office of Citywide Purchasing (OCP) is the City's chief goods procurement entity, responsible for procuring a wide range of goods and select services, and warehousing and distributing goods and supplies necessary for City agencies to fulfill their missions. OCP is strategically transforming DCAS and Citywide procurement by revamping its contract portfolio, realigning staffing structures, re-engineering processes, improving communications and customer service, and leveraging technology. OCP is implementing a model that is focusing on strategic sourcing and consolidation where it benefits the City. In Fiscal Year 2012, OCP was granted access to Citywide FMS data for the purpose of maximizing savings on the City's Other Than Personal Service (OTPS) spending. Since then, OCP has begun using the data to uncover contract consolidation opportunities, provide purchasing staff with insightful information for pre- and post-award vendor negotiation, and develop data dashboards and other spend visibility tools and resources. OCP is also responsible for ensuring the quality of goods, operating the City's Central Storehouse, and salvaging and selling City surplus goods and vehicles.

Fiscal and Business Management

DCAS Fiscal and Business Management (FBM) is responsible for providing the Department with the fiscal management and coordination needed to carry out its mandate. This line of service includes the Capital Budget Office, and the Office of Financial Services, which includes budget control, audits and accounts, and State Court reimbursement.

NYC Fleet

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

Capital Review

The 2013-2016 Capital Commitment Plan for the Department is \$1.0 billion, with \$625.2 million provided in 2013.

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 2011-2016 period.

Capital Commitments

(\$ in 000's)

	2011 Actual		2012 Plan		2013 Plan		2014 Plan		2015 Plan		2016 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	\$68,209	\$68,209	\$175,877	\$175,877	\$217,380	\$217,380	\$36,550	\$36,550	\$31,625	\$31,625	\$33,511	\$33,511
Renovation of Other City-Owned Facilities	0	0	410	410	4,533	4,533	0	0	0	0	0	0
Rehabilitation of Court Facility System	0	0	0	0	310	310	0	0	0	0	0	0
Legal Mandates and Correction of Unsafe Conditions	15,348	15,348	33,893	33,893	29,957	29,957	3,332	3,332	3,370	3,370	16,551	16,551
Renovation of Leased Space	10,113	10,113	28,789	28,789	134,280	134,280	20,350	20,350	0	0	6,042	6,042
Equipment and Interagency Services	4,422	4,422	45,486	45,528	39,581	39,581	1,312	1,312	1,312	1,312	2,978	2,978
Communications Equipment	166	166	4,857	4,857	100	100	100	100	100	100	100	100
Board of Elections	11,682	11,682	12,240	12,240	2,150	2,150	0	0	0	0	0	0
Miscellaneous Construction	6,364	6,364	61,208	61,208	33,174	33,174	3,000	3,000	1,000	1,000	0	0
Acquisition of Real Property	0	0	0	0	0	0	0	0	0	0	0	0
Energy Efficiency and Sustainability	33,495	44,185	60,869	74,748	160,997	160,997	79,140	79,140	63,840	63,840	63,840	63,840
Rehabilitation of Waterfront & Non-Waterfront Properties	890	890	4,610	4,610	2,751	2,751	1,605	1,605	3,242	3,242	3,336	3,336
Total	\$150,690	\$161,380	\$428,239	\$442,160	\$625,213	\$625,213	\$145,389	\$145,389	\$104,489	\$104,489	\$126,358	\$126,358

The 2013-2016 Capital Commitment Plan provides a total of \$1.0 billion, including \$622.7 million for the renovation, reconstruction, and outfitting of Public Buildings, \$367.8 million for energy efficiency initiatives and \$10.4 million for Real Property.

Highlights of the Four-Year Plan include:

- reconstruction and rehabilitation of public buildings and City-owned facilities (\$319.0 million), including renovations to the Manhattan Municipal Building (\$50.4 million), 21st Century Civic Center Plan projects (\$40.0 million), renovations to the Brooklyn Municipal Building (\$38.3 million), Queens Borough Hall (\$17.2 million), Staten Island Borough Hall (\$5.9 million), and the Bergen Building in the Bronx (\$3.9 million).
- renovation of leased space (\$160.7 million), including 21st Century Civic Center Plan projects (\$27.0 million), the relocation of 40 Rector Street tenant agencies to new leased space (\$10.8 million), and the renovation of long-term leased space at 42 Broadway for the Department of Consumer Affairs (\$7.7 million).

- energy efficiency measures and building retrofits, Citywide (\$367.8 million), including energy retrofit projects in City buildings (\$76.0 million).
- legal mandates (\$53.2 million), including the expansion of sprinkler systems, building fire alarm systems and fire safety provisions throughout DCAS buildings to comply with NYC Building Code (\$15.1 million), and the replacement of fuel tanks, Citywide (\$10.6 million).
- equipment and interagency services (\$45.2 million), including the development of a municipal supplies inventory management system (\$13.8 million) and the development of a Citywide fleet management system (\$7.0 million).
- miscellaneous construction in other facilities (\$37.2 million).
- reconstruction of waterfront properties (\$10.4 million) including various pier improvements.
- renovation of other City-owned facilities (\$4.5 million).
- modernization of the Board of Elections (\$2.2 million).
- reconstruction of non-waterfront properties (\$0.5 million).
- rehabilitation of court buildings (\$0.3 million).

The 2013 Plan provides \$625.2 million and includes:

- reconstruction and rehabilitation of public buildings and City-owned facilities (\$217.4 million), including 21st Century Civic Center Plan projects (\$40.0 million), the Manhattan Municipal Building (\$27.3 million), the Brooklyn Municipal Building (\$21.5 million), and Staten Island Borough Hall (\$5.7 million).
- renovation of leased space (\$134.3 million), including 21st Century Civic Center Plan projects (\$18.0 million) and the relocation of 40 Rector Street tenant agencies to new leased space (\$10.8 million).
- energy efficiency measures and building retrofits, Citywide (\$161.0 million), including the Bronx Zoo Hot Water Distribution Loop (\$15.0 million).
- legal mandates (\$30.0 million), including the replacement of fuel tanks, Citywide (\$10.6 million).
- equipment and interagency services (\$39.6 million), including the development of a Citywide e-procurement and inventory management system (\$13.8 million), and the development of a Citywide fleet management system (\$7.0 million).
- miscellaneous construction in other facilities (\$33.2 million).
- renovation of other City-owned facilities (\$4.5 million).
- modernization of the Board of Elections (\$2.2 million).
- reconstruction of waterfront properties (\$2.2 million) including various pier improvements.
- reconstruction of non-waterfront properties (\$0.5 million).
- rehabilitation of court buildings (\$0.3 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 2013 Executive Budget provides for an operating budget of \$442.5 million, a decrease of \$26.5 million over the amount forecasted for 2012. This change is largely attributable to the fact that much of the Federal, State and private grant funding in 2012 has not yet been reflected in 2013. In addition, the Department's IFA and Intra-City funding is reduced due to ongoing changes in operations, such as the transfer of HHS-Connect to the Human Resources Administration (HRA).

Revenue Forecast

The Department collects revenue from cable television and high capacity telecommunications franchises, public pay telephone franchises, recovery of overpayments of City telephone billings, and international programming fees for use of the City's NYC TV cable television network. The Department will generate \$159.1 million in revenue for 2013.

Expense Budget Highlights

Budgetary Priorities: Providing Core Services

- the Department's 2013 Executive Budget includes \$121.1 million for services that DoITT purchases on behalf of client agencies, including telecommunications, data, and consultant services.
- the Department's 2013 Executive Budget provides \$56.6 million for the Information Utility Technology Services Division. This Division is responsible for the data center operations and fiber optic network that provide data processing and networking services to over 120 City agencies and entities, 24 hours a day, seven days a week.
- the Department's 2013 Executive Budget provides \$43.5 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 2013 Executive Budget provides \$6.6 million for the administration of the City's five cable television channels, a broadcast station, and a radio station on the NYC TV Media Group network. The City produces programming designed to inform the public on City affairs.

Restructuring and Streamlining

- in 2013 the management of HHS-Connect, the application that coordinates agency practices to more effectively provide health and human services to New Yorkers, will complete its transfer from DoITT to HRA.

Summary of Agency Financial Data

The following table compares the 2013 Executive Budget with the 2013 Preliminary Budget, the 2012 forecast and actual expenditures for 2011, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services, and debt service.

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

	2011 Actual	2012 Forecast	2013		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2012 Forecast	2013 Preliminary Budget
Expenditures						
Salary and Wages.....	\$86,795	\$88,454	\$77,744	\$91,018	\$2,564	\$13,274
Fringe Benefits.....	—	120	—	—	(120)	—
OTPS.....	328,589	380,458	339,847	351,489	(28,969)	11,642
Total.....	<u>\$415,384</u>	<u>\$469,032</u>	<u>\$417,591</u>	<u>\$442,507</u>	<u>(\$26,525)</u>	<u>\$24,916</u>
Funding						
City.....	\$261,626	\$264,995	\$287,442	\$298,570	\$33,575	\$11,128
Other Categorical Grants.....	4,014	11,518	2,605	2,605	(8,913)	—
IFA.....	10,324	10,374	290	12,917	2,543	12,627
State.....	30	64	—	—	(64)	—
Federal CD.....	1,594	1,667	1,433	1,433	(234)	—
Federal Other.....	11,341	38,486	4,737	4,737	(33,749)	—
Intra-City Other.....	126,455	141,928	121,084	122,245	(19,683)	1,161
Total.....	<u>\$415,384</u>	<u>\$469,032</u>	<u>\$417,591</u>	<u>\$442,507</u>	<u>(\$26,525)</u>	<u>\$24,916</u>
Additional Costs Centrally Funded						
Personal Services (PS).....						
Fringe Benefits.....	\$22,577	\$24,650	\$23,802	\$23,901	(\$749)	\$99
Pensions.....	11,172	13,052	14,542	14,542	1,490	—
Other Than Personal Service (OTPS)						
Legal Services.....	952	981	787	991	10	204
Judgments and Claims.....	0	358	377	418	60	41
Debt Service.....	—	—	—	—	—	—
Total Additional Costs.....	<u>\$34,701</u>	<u>\$39,041</u>	<u>\$39,508</u>	<u>\$39,852</u>	<u>\$811</u>	<u>\$344</u>
Funding						
City.....	18,934	29,987	37,051	32,714	2,727	(4,337)
Non-City.....	15,767	9,054	2,457	7,138	(1,916)	4,681
Intra-City Additional Costs.....	—	—	—	—	—	—
Full Agency Costs (including Central Accounts)						
Salary and Wages.....	\$86,795	\$88,454	\$77,744	\$91,018	\$2,564	\$13,274
Fringe Benefits.....	22,577	24,770	23,802	23,901	(869)	99
Pensions.....	11,172	13,052	14,542	14,542	1,490	—
Total PS.....	<u>\$120,544</u>	<u>\$126,276</u>	<u>\$116,088</u>	<u>\$129,461</u>	<u>\$3,185</u>	<u>\$13,373</u>
OTPS.....	\$328,589	\$380,458	\$339,847	\$351,489	(\$28,969)	\$11,642
Legal Services.....	952	981	787	991	10	204
Judgments and Claims.....	—	358	377	418	60	41
Debt Service.....	—	—	—	—	—	—
Total OTPS.....	<u>\$329,541</u>	<u>\$381,797</u>	<u>\$341,011</u>	<u>\$352,898</u>	<u>(\$28,899)</u>	<u>\$11,887</u>
Total Agency Costs.....	\$450,085	\$508,073	\$457,099	\$482,359	(\$25,714)	\$25,260
Less Intra-City.....	\$126,455	\$141,928	\$121,084	\$122,245	(\$19,683)	\$1,161
Net Agency Cost.....	<u>\$323,630</u>	<u>\$366,145</u>	<u>\$336,015</u>	<u>\$360,114</u>	<u>(\$6,031)</u>	<u>\$24,099</u>
Funding						
City.....	280,560	294,982	324,493	331,284	36,302	6,791
Non-City.....	43,070	71,163	11,522	28,830	(42,333)	17,308
Personnel (includes FTEs at fiscal year-end)						
City.....	1,012	1,012	1,034	1,015	3	(19)
Non-City.....	145	192	38	159	(33)	121
Total.....	<u>1,157</u>	<u>1,204</u>	<u>1,072</u>	<u>1,174</u>	<u>(30)</u>	<u>102</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. Executive Order 140, issued in October 2010, codifies these goals by authorizing DoITT to centralize the coordination of information technology planning and policy for the City. DoITT developed the Citywide IT Infrastructure Services (CITIServ) initiative, allowing the City to leverage expertise, personnel, and enterprise architecture practice to avoid duplicative efforts across agencies and improve efficiency. DoITT also manages 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 the Mayor's Office of Media and Entertainment (MOME), NYC.gov, the 311 Customer Service Center, and various other 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. CITIServ is part of a broader effort to make City government more efficient and more customer-focused.

In 2011, DoITT opened the City's new data center in Downtown Brooklyn. The facility will allow the City to centralize the technology infrastructure of more than 40 agencies over the next five years. Currently, migrations for 11 agencies are complete or underway, with 25 percent of all data centers on track to be migrated by the middle of 2013. To date, DoITT completed migration of more than 50,000 email accounts with the final agencies planned for completion by the end of 2012.

Emergency Communications Transformation Program

The City is undertaking significant upgrades and enhancements to its 9-1-1 Emergency System. The majority of the capital funding for this initiative, known as the Emergency Communications Transformation Program (ECTP), is contained within DoITT's budget. In conjunction with the NYPD and the Fire Department, DoITT/Office of Citywide Emergency Communications is working to develop an integrated 9-1-1 dispatch system that will bolster the City's critical emergency response capabilities. This project includes the development of a consolidated dispatch system, an upgraded telecommunications infrastructure, and redundant call-taking and dispatch centers. In 2012, the City completed the co-location of Police, Fire and EMS call taking and dispatch operations into a Public Safety Answering Center (PSAC 1). The City will also continue construction of a second fully redundant Public Safety Answering Center (PSAC 2) in the Bronx, anticipated to be completed in 2015.

New York City Wireless Network

The New York City Wireless Network (NYCWiN) is a high-speed, mobile data network representing a commitment to provide a next-generation public safety infrastructure. NYCWiN provides first responders high-speed data access to support large file transfers, including fingerprints, mug shots, City maps, automatic vehicle location, and full-motion streaming video. The network is also leveraged by City agencies to improve service delivery to New Yorkers. Automated water meter reading, traffic signal control and various other programs are now underway, allowing the City's mobile workforce to not only function more efficiently, but also to realize substantial cost savings across agencies. Today, NYCWiN supports more than 300 applications and 750,000 devices spanning dozens of agencies. Usage of the network is increasing by more than 40 percent each year, with further capacity available to support new public safety and service functions.

Citywide Radio Network

The Citywide Radio Network (CRN) supports FDNY and EMS dispatch communications as well as the day-to-day and emergency-related communications of multiple City agencies, replacing existing agency legacy radio systems. More than 15,000 subscribers have been migrated to CRN to date, allowing agencies to create 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. Additionally, CRN promotes spectral efficiency incorporating Narrowband technology as mandated by the Federal Communications Commission. The network uses TV Channel 16 radio spectrum, UHF 482 to 488-MHz and is capable of both analog and digital communications.

Geographic Information Systems

DoITT's Citywide Geographic Information Systems (GIS) Unit develops and maintains a repository of current, accurate spatial data and applications. This includes NYCityMap, a physical base map and planimetrics of the City derived from aerial photography. The unit also develops GIS tools and applications and provides services for use by all City agencies. The GIS internet hosting environment provides the public with an expanding array of geographic-based information on NYC.gov. In 2012, DoITT leveraged NYCityMap to reduce time and development costs on agency mapping applications, including launch of the Zoning and Land Use (ZoLa) tool with the Department of City Planning, and NYC Street Closures, which provides real-time information regarding current and future street closures obstructing normal vehicular traffic due to road work, street fairs, block parties or festivals, and allows users to conduct searches based on date, time, and location.

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 180 languages. DoITT will continue to improve the capability of 311 through enhancements to 311 Online (the call center's web-based counterpart), texting capabilities, and development of mobile and social media applications allowing customers to access information and file complaints anywhere from their handheld devices.

Sustainable Broadband Adoption

DoITT leads the City's comprehensive efforts to enhance broadband adoption in underserved communities across the City. By tapping the City's regulatory authority over cable franchise providers, the agency helps to bring free and low-cost Wi-Fi and other technological improvements to public parks, community centers, and commercial sectors across the City valued at more than \$60 million. DoITT has also secured \$42 million in Federal Stimulus monies to increase broadband access for public school students and families, and to create free public computing centers citywide.

Mayor's Office of Media and Entertainment and NYC.gov

The Mayor's Office of Media and Entertainment (MOME) is responsible for coordinating and unifying the City's media channel communications, including television, web, mobile applications and other media platforms to enhance government communications by making information more accessible to the public and to leverage technology to aid in transparency. MOME aims to develop the City's diverse media functions, encourage local economic activity in the entertainment industry as well as spur the development of new media. MOME consists of the Office of Film, Theatre and Broadcasting; NYC Media, the official network of the City of New York; and NYC Digital.

The Office of Film, Theatre and Broadcasting is responsible for the permitting and logistical support of all film, television and commercial production in the five boroughs supporting jobs for over 100,000 New Yorkers and more than \$5 billion in economic activity each year.

NYC Media includes a broadcast television station reaching approximately 19 million people in New York, New Jersey, and Connecticut; five New York City cable television stations; and one FM radio station (Radio New York, WNYE 91.5 FM), NYC Media also produces New York City-themed original programming designed to showcase the City's neighborhoods, arts, culture, history, and diverse communities.

NYC Digital is responsible for directing the format, content, style, and message frequency of the NYC.gov home page, which reaches approximately 25 million visitors per year and coordinates with City agencies and the Social Media Advisory and Research Taskforce (SMART) to operate over 200 social media channels including Citywide sites for Facebook, Tumblr, Twitter and Youtube. MOME partners with DoITT to maintain the NYC.gov environment along with the associated network of agency websites.

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 2013-2015 includes \$97 million for infrastructure improvements associated with these Citywide initiatives.

DoITT also will continue to build its internal Project Management capacity in an effort to better control the dollars spent on consultant resources. Additionally, DoITT will continue expanding its Vendor Management organization to allow the City to interact at an enterprise level with its vendors. This will give the City a comprehensive window into a vendor's interactions across projects, and will create opportunities to maximize the City's leverage in negotiating better services and pricing.

ECONOMIC DEVELOPMENT

Together, the Department of Small Business Services (SBS) and the New York City Economic Development Corporation (EDC) oversee programming to achieve the City's economic development initiatives. 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 and local commercial development opportunities, 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.

Under contract with SBS, EDC coordinates the City's commercial, industrial, market, waterfront and intermodal transportation development projects. EDC is the City's primary vehicle for promoting economic growth in each of the five boroughs, and the organization works with diverse industries and sectors to help businesses locate and expand in the City. To 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.

Additionally, SBS contracts with, and the City allocates capital resources for, the Brooklyn Navy Yard Development Corporation (BNYDC) and the Trust for Governors Island (TGI) for the purposes of economic development and rehabilitating City-owned assets.

Financial Review

The 2013 Executive Budget provides \$121.1 million in operating expenses at SBS, with Federal funds of \$48 million, including Workforce Investment Act (WIA) funds, and City funds of \$70.1 million. The SBS operating budget includes allocations for EDC, NYC & Company, the Trust for Governors Island, and other SBS programs such as the Avenue NYC commercial revitalization program and the NYC Business Express interactive website. EDC funds the majority of its operating budget through income earned from its management of the City's real estate portfolio.

City-funded capital commitments of \$507.2 million are forecast in the 2013-2016 capital plan. Of this amount, \$476.9 million reflect Mayoral commitments. The remaining \$30.3 million reflect Elected Officials commitments.

Revenue Forecast

The Department of Small Business Services collects revenue from the rental and sale of commercial, industrial, maritime, and market properties administered by EDC, and from other miscellaneous fees. The 2013 revenue estimate is \$77 million.

Expense Budget Highlights

- the Workforce Development Division runs the City's job training and placement programs through 15 Workforce1 Career Centers in all five boroughs, including Workforce Expansion Centers (some of which are located at public libraries) and two sector-specific Career Centers. In addition, the City's Business Solutions Centers, some of which are co-located with the Workforce1 Centers, provide businesses with access to hiring and training opportunities. Adult and Dislocated Worker job training and placement

programs are currently budgeted at \$39 million in 2013, but this amount may change depending on decisions made at the Federal government level.

- the Business and District Development Division oversees and supports the City's network of 67 Business Improvement Districts, Business Incentives programs, the Energy Cost Savings Program, and Avenue NYC. The 2013 Executive Budget provides \$4.5 million in City and Federal funds.
- the Division of Economic and Financial Opportunity focuses on outreach and technological assistance to certify minority- and women-owned businesses for government contracts and to ensure parity in the City's hiring practices. The 2013 Executive Budget provides \$2.6 million in City and Federal funds.
- through a contract with SBS, NYC & Company will receive \$13.3 million in City funding in 2013 for its work to promote the City as the country's premier tourist destination, to serve as the City's official marketing organization, and to provide partnership services.
- in 2011, the City of New York assumed responsibility for the development and operations of Governors Island, located in Upper New York Harbor. The City will contribute \$10.3 million towards the management and operations of the island in 2013, and will provide capital funds for investments in infrastructure and the construction of a park and public open space.

Summary of Agency Financial Data

The following table compares the 2013 Executive Budget with the 2013 Preliminary Budget, the 2012 forecast and actual expenditures for 2011, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services and debt service.

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

	2011 Actual	2012 Forecast	2013		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2012 Forecast	2013 Preliminary Budget
Expenditures						
Salary and Wages.....	\$18,808	\$17,277	\$16,992	\$18,260	\$983	\$1,268
Fringe Benefits.....	—	37	37	(6)	(43)	(43)
OTPS.....	129,938	138,585	96,494	103,158	(35,427)	6,664
Total.....	<u>\$148,746</u>	<u>\$155,899</u>	<u>\$113,523</u>	<u>\$121,412</u>	<u>(\$34,487)</u>	<u>\$7,889</u>
Funding						
City.....	\$60,588	\$81,132	\$62,534	\$70,385	(\$10,747)	\$7,851
Other Categorical Grants.....	18,559	519	56	56	(463)	—
IFA.....	—	—	—	—	—	—
State.....	—	4,046	—	—	(4,046)	—
Federal CD.....	3,162	3,112	2,481	2,481	(631)	—
Federal Other.....	61,900	62,267	47,942	47,980	(14,287)	38
Intra-City Other.....	4,537	4,823	510	510	(4,313)	—
Total.....	<u>\$148,746</u>	<u>\$155,899</u>	<u>\$113,523</u>	<u>\$121,412</u>	<u>(\$34,487)</u>	<u>\$7,889</u>
Additional Costs Centrally Funded						
Personal Services (PS).....						
Fringe Benefits.....	\$5,413	\$5,282	\$5,781	\$5,874	\$592	\$93
Pensions.....	2,672	3,217	3,151	3,151	(66)	—
Other Than Personal Service (OTPS)						
Legal Services.....	5,549	5,046	4,521	5,118	72	597
Judgments and Claims.....	5	3	3	3	—	—
Debt Service.....	126,407	225,751	285,554	276,862	51,111	(8,692)
Total Additional Costs.....	<u>\$140,046</u>	<u>\$239,299</u>	<u>\$299,010</u>	<u>\$291,008</u>	<u>\$51,709</u>	<u>(\$8,002)</u>
Funding						
City.....	133,664	231,178	290,280	282,494	51,316	(7,786)
Non-City.....	6,382	8,121	8,730	8,514	393	(216)
Intra-City Additional Costs.....	—	—	—	—	—	—
Full Agency Costs (including Central Accounts)						
Salary and Wages.....	\$18,808	\$17,277	\$16,992	\$18,260	\$983	\$1,268
Fringe Benefits.....	5,413	5,319	5,818	5,868	549	50
Pensions.....	2,672	3,217	3,151	3,151	(66)	—
Total PS.....	<u>\$26,893</u>	<u>\$25,813</u>	<u>\$25,961</u>	<u>\$27,279</u>	<u>\$1,466</u>	<u>\$1,318</u>
OTPS.....	\$129,938	\$138,585	\$96,494	\$103,158	(\$35,427)	\$6,664
Legal Services.....	5,549	5,046	4,521	5,118	72	597
Judgments and Claims.....	5	3	3	3	—	—
Debt Service.....	126,407	225,751	285,554	276,862	51,111	(8,692)
Total OTPS.....	<u>\$261,899</u>	<u>\$369,385</u>	<u>\$386,572</u>	<u>\$385,141</u>	<u>\$15,756</u>	<u>(\$1,431)</u>
Total Agency Costs.....	\$288,792	\$395,198	\$412,533	\$412,420	\$17,222	(\$113)
Less Intra-City.....	\$4,537	\$4,823	\$510	\$510	(\$4,313)	\$—
Net Agency Cost.....	<u>\$284,255</u>	<u>\$390,375</u>	<u>\$412,023</u>	<u>\$411,910</u>	<u>\$21,535</u>	<u>(\$113)</u>
Funding						
City.....	194,252	312,310	352,814	352,879	40,569	65
Non-City.....	90,003	78,065	59,209	59,031	(19,034)	(178)
Personnel (includes FTEs at fiscal year-end)						
City.....	119	128	123	137	9	14
Non-City.....	119	115	106	106	(9)	—
Total.....	<u>238</u>	<u>243</u>	<u>229</u>	<u>243</u>	<u>—</u>	<u>14</u>

Programmatic Review and Service Impact

Department of Small Business Services

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

District Development

- the District Development Unit supports community-based economic development organizations throughout New York City in order to create the conditions under which local businesses thrive and residents enjoy access to a vibrant mix of goods and services. Through its network of 67 Business Improvement Districts (BIDs), SBS' District Development unit oversees contracts with BIDs that led to the provision of more than \$100 million in supplemental services across 1,262 City blocks in 2011. 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 planning and business attraction efforts, district marketing campaigns, BID formation initiatives, and other economic development activities, in all five boroughs.

NYC Business Solutions

NYC Business Solutions 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 in accessing financing, fulfilling business staffing needs, and providing access to services not directly provided by the Centers through partnerships. Centers are open in the South Bronx, Upper Manhattan, Queens, Downtown Brooklyn, Washington Heights, and Lower Manhattan. In 2011, NYC Business Solutions Centers facilitated over \$39.8 million in loans for 627 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 2011, outreach staff provided assistance for 897 businesses, in interacting with other City agencies, including the Department of Buildings, the Department of Consumer Affairs, the Department of Finance, and the Department of Sanitation.
- NYC Business Solutions Hiring provides customized recruitment and hiring services to New York City businesses. The unit works with large scale employers in growing industries to assist them in finding qualified candidates to fulfill their citywide employment needs.
- NYC Business Solutions' Curriculum Development Unit facilitates the provision of business education courses at all of the City's NYC Business Solutions Centers. Courses are offered in different languages across the Centers and cover topics such as business basics, computer applications, financing, and marketing. In 2011, free business education courses were provided to over 4,500 attendees.

Business Incentives

- the Business Incentives Unit coordinates the Lower Manhattan Energy Program (LMEP), which offers reduced regulated electricity costs for up to 12 years. From its inception, through 2011, over 50 office towers with 1,403 commercial tenants have received LMEP benefits. The Energy Cost Savings Program

(ECSP), which helps businesses lower their energy costs in targeted areas around the City, affected 1,083 jobs and generated approximately \$433,000 in annual savings in 2011.

New Business Acceleration Team and NYC Business Express

Coordinated by the Office of the Mayor, the New Business Acceleration Team (NBAT) and NYC Business Express help businesses to obtain the City licenses, permits, and certifications they need to open and operate in New York City. NBAT assists customers by navigating many City agency processes on their behalf, accelerating plan reviews, and coordinating plan review appointments and inspections with City agencies. NYC Business Express (www.nyc.gov/BusinessExpress) assists customers via a website that provides a single source of customized information and instructions on City, State, and Federal government requirements required to start, operate or expand a business in New York City.

- in 2011, NBAT enabled 329 establishments to open; NYC Business Express was accessed by 191,137 unique users who applied for 6,666 licenses and certifications online. Taken together, NBAT and NYC Business Express make opening and operating a business in New York City clearer, faster, and simpler.
- in Fiscal Year 2013, NBAT will grow its capabilities with additional funds passing through SBS, including expanding to offer services to all new restaurants in New York City, acceptance of payments on behalf of multiple City agencies, and the ability to file plans electronically. NYC Business Express will continue to provide a single source of comprehensive, accurate, and up-to-date information encompassing nearly all business sectors in New York City.

Economic and Financial Opportunity

- the Division of Economic and Financial Opportunity is responsible for the implementation and oversight of the City's Minority and Women-owned Business Enterprise (M/WBE) program. The current M/WBE program was established by Local 129 in 2005 to level the competitive playing field by setting citywide M/WBE utilization goals for City contracting. It is also responsible for the oversight of the City's Executive Order 50 requiring City contractors to comply with applicable equal employment opportunity laws. To date, 3,418 companies have certified as M/WBE and are eligible to receive exclusive services offered by SBS such as business classes, one-on-one technical assistance, and access to networking events.

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 2011, the 15 Career Centers registered 80,083 new jobseekers, providing workshops, pre-vocational skills training, on-site recruitments and job referral services. Additionally, New Yorkers were placed in 28,402 jobs in 2011 through the Workforce1 system (including Career Centers, Sector Centers, Expansion Centers, Training Fund, and Employment Works programs).
- through partnerships with private employers, SBS provides NYC Business Solutions Training Funds to upgrade the skill sets of employees in growth industries. In 2011, SBS served 16 companies through this program, in sectors such as manufacturing, healthcare, and information technology. Since the program's inception, SBS has awarded more than \$8 million in training funds to over 110 companies to train over 4,800 workers, matched by over \$7.9 million in employer contributions.
- since 2007, SBS has partnered with the Center for Economic Opportunity (CEO) to implement employment programs that support advancement of the City's working poor. With \$3.9 million in the 2013 Executive Budget, SBS will continue a suite of initiatives that have been funded by CEO. These programs include the Employment Works employment and training program for individuals with criminal records, 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, and sector-specific workforce training for the healthcare, transportation and industrial fields. Additionally, through CEO's Young Men's Initiative (YMI), SBS will provide \$645,000 in jobs training and various initiatives targeting male youth.

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. In 2013, \$996,000 is available for the City to contract with various NYC Industrial Business Solution Providers (IBSPs) to offer industrial firms free, quick and reliable business assistance services to help these companies grow.

New York City Economic Development Corporation

EDC coordinates with both the private and public sectors to promote job generating initiatives across a diverse set of industries and neighborhoods. To support improved transportation, commercial development and the revitalization of the City's waterfront properties, EDC also manages and develops marine terminals, public markets, rail yards, and industrial parks.

The financing arm of EDC includes several small business lending, guarantee, and bond programs. The purpose of these programs is to create jobs and retain and expand businesses through financial assistance offered at market or below market rates. EDC also contracts with the New York City Industrial Development Agency (IDA), the New York City Capital Resource Corporation (CRC), and the Build NYC Resource Corporation (Build NYC) to provide financing for capital expansion projects for industrial and commercial companies and not-for-profit organizations.

- IDA closed seven projects in 2011. In total, these projects will generate \$230.5 million in City tax revenues and more than 1,443 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 not-for-profit community, including arts and social service organizations and cultural, healthcare, and educational institutions. In 2011, CRC did not approve any projects. CRC's activity has been dramatically impacted by the continued suspension of a portion of State law governing CRC activities, which halted the CRC's ability to issue tax-exempt bonds for not-for-profit organizations' capital projects since January 2008.
- the Build NYC Resource Corporation was created in December 2011 to facilitate the ability of not-for-profit institutions to access the private credit market in order to finance their capital projects. These institutions will be able to use triple tax-exempt bonds to finance their capital needs. These bonds can be repaid over a 20-30 year term.

Under its contract with SBS, EDC acts as a managing agent for City-sponsored projects, funded primarily through the capital budget, as described below. Additionally, SBS contracts with the Brooklyn Navy Yard Development Corporation (BNYDC) and the Trust for Governors Island (TGI) for the purposes of economic development and rehabilitating City-owned assets.

Capital Review

The primary goal of the 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 2013-2016 Four Year Plan totals \$507.2 million.

The following chart shows Capital plan commitments by major function over the 2013-2016 period. Actual commitments are provided for 2011.

Capital Commitments (\$ in 000's)

	2011 Actual		2012 Plan		2013 Plan		2014 Plan		2015 Plan		2016 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	\$73,607	\$91,792	\$274,747	\$348,170	\$172,309	\$172,309	\$1,058	\$1,058	\$28,097	\$28,097	\$664	\$664
Industrial Development.....	22,792	25,292	114,756	115,076	45,968	45,968	6,725	6,725	2,470	2,470	2,565	2,565
Market Development	1,542	1,542	3,350	3,350	52,000	52,000	1,552	1,552	152	152	161	161
Neighborhood Revitaliz'n.....	15,593	20,627	112,941	148,909	3,500	3,500	2,000	2,000	2,000	2,000	434	434
Port Development	1,576	11,254	14,676	18,298	5,000	5,000	10,000	10,000	0	0	0	0
Rail Development	269	5,169	193	193	0	0	0	0	0	0	0	0
Waterfront Development	12,899	18,893	38,333	65,161	21,229	21,229	5,182	5,182	4,231	4,231	7,384	7,384
Cultural Development.....	3,858	3,858	15,852	15,852	175	175	0	0	0	0	0	0
Community Development.....	5,891	5,891	25,214	25,229	305	305	0	0	0	0	0	0
Miscellaneous	4,481	6,109	222,359	228,615	118,808	118,808	7,154	7,154	2,615	2,615	3,457	3,457
Total	\$142,508	\$190,427	\$822,421	\$968,853	\$419,294	\$419,294	\$33,671	\$33,671	\$39,565	\$39,565	\$14,665	\$14,665

Highlights of the 2013-2016 Four Year Capital Plan (including uncommitted 2012 funds):

- campus construction and infrastructure improvements for the new Applied Sciences campus on Roosevelt Island (\$100 million).
- development in and around the Hunts Point section of the Bronx, including \$50 million in Administration support for reconstruction of the Hunts Point Produce Market (\$82.1 million).
- site acquisition and offsite infrastructure development at Willets Point (\$154.3 million).
- various development and infrastructure improvements at the Brooklyn Navy Yard (\$111.1 million).
- rehabilitation and maintenance of existing structures, public access improvements, and upgrades to the island's infrastructure to support a park and future redevelopment at Governors Island (\$257.5 million).

LIBRARIES

The City of New York funds three independently operated public library systems, each administered by a separate board of trustees. The Brooklyn Public Library (BPL) oversees the operation of 58 branches, a Business Library, and a Central Library. The New York Public Library (NYPL) manages a three-borough library system with 35 branches in the Bronx, 40 branches in Manhattan, and 12 branches in Staten Island. NYPL also oversees four research libraries: the Stephen A. Schwarzman Building at 5th Avenue & 42nd Street, the Library for the Performing Arts at Lincoln Center, the Schomburg Center for Research in Black Culture, and the Science, Industry, and Business Library. The Queens Borough Public Library (QBPL) is comprised of 61 community libraries, seven Adult Literacy Centers, two Family Literacy Centers, and a Central Library.

Financial Review

The 2013 Executive Budget for Libraries provides total operating funds of \$211.4 million, a decrease of \$92.3 million from the 2012 forecast of \$303.8 million after adjusting for \$164.1 million that was prepaid to all library systems in 2011 and the \$64.5 million that will be prepaid to all three library systems in 2012. The Executive Budget also provides for City funded capital commitments of \$95.0 million in 2013.

Expense Budget Highlights

Budgetary Priorities: Providing Core Services

- in 2013, the operating subsidy for BPL will be \$41.0 million. Adjusting for the prepayments, the City's 2013 subsidy of \$59.4 million will be \$26.2 million less than the 2012 forecast of \$85.6 million.
- in 2013, the operating subsidy for NYPL will be \$54.5 million. Adjusting for the prepayments, the City's 2013 subsidy of \$78.3 million will be \$33.6 million less than the 2012 forecast of \$111.9 million.
- in 2013, the operating subsidy for the NYPL Research Libraries will be \$11.9 million. Adjusting for the prepayments, the City's 2013 subsidy of \$16.0 million will be \$6.1 million less than the 2012 forecast of \$22.1 million.
- in 2013, the operating subsidy for QBPL will be \$39.6 million. Adjusting for the prepayments, the City's 2013 subsidy of \$57.7 million will be \$26.6 million less than the 2012 forecast of \$84.3 million.

Summary of Agency Financial Data

The following table compares the 2013 Executive Budget with the 2013 Preliminary Budget, the 2012 forecast and actual expenditures for 2011, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services and debt service.

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

	2011 Actual	2012 Forecast	2013		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2012 Forecast	2013 Preliminary Budget
Expenditures						
Salary and Wages.....	\$—	\$—	\$—	\$—	\$—	\$—
Fringe Benefits.....	—	—	—	—	—	—
OTPS.....	296,588	204,104	208,531	146,987	(57,117)	(61,544)
Total.....	<u>\$296,588</u>	<u>\$204,104</u>	<u>\$208,531</u>	<u>\$146,987</u>	<u>(\$57,117)</u>	<u>(\$61,544)</u>
Funding						
City.....	\$295,620	\$199,739	\$206,970	\$145,426	(\$54,313)	(\$61,544)
Other Categorical Grants.....	370	—	—	—	—	—
IFA.....	—	—	—	—	—	—
State.....	—	—	—	—	—	—
Federal CD.....	—	—	—	—	—	—
Federal Other.....	—	—	—	—	—	—
Intra-City Other.....	598	4,365	1,561	1,561	(2,804)	—
Total.....	<u>\$296,588</u>	<u>\$204,104</u>	<u>\$208,531</u>	<u>\$146,987</u>	<u>(\$57,117)</u>	<u>(\$61,544)</u>
Additional Costs Centrally Funded						
Other Than Personal Services (OTPS)						
Fringe Benefits.....	\$1,563	\$1,665	\$1,889	\$1,835	\$170	(\$54)
Pensions.....	19,300	22,054	26,408	26,408	4,354	0
Legal Services.....	2	20	13	20	—	7
Judgments and Claims.....	157	35	37	41	6	4
Debt Service.....	38,348	52,789	58,483	69,880	17,091	11,397
Total Additional Costs.....	<u>\$59,370</u>	<u>\$76,563</u>	<u>\$86,830</u>	<u>\$98,184</u>	<u>\$21,621</u>	<u>\$11,354</u>
Funding						
City.....	58,108	74,354	84,301	95,090	20,736	10,789
Non-City.....	1,262	2,209	2,529	3,094	885	565
Full Agency Costs (including Central Accounts)						
Fringe Benefits.....	\$1,563	\$1,665	\$1,889	\$1,835	\$170	(\$54)
OTPS.....	296,588	204,104	208,531	146,987	(57,117)	(61,544)
Pensions.....	19,300	22,054	26,408	26,408	4,354	0
Legal Services.....	2	20	13	20	—	7
Judgments and Claims.....	157	35	37	41	6	4
Debt Service.....	38,348	52,789	58,483	69,880	17,091	11,397
Total OTPS.....	<u>\$355,958</u>	<u>\$280,667</u>	<u>\$295,361</u>	<u>\$245,171</u>	<u>(\$35,496)</u>	<u>(\$50,190)</u>
Total Agency Costs.....	\$355,958	\$280,667	\$295,361	\$245,171	(\$35,496)	(\$50,190)
Less Intra-City.....	<u>\$598</u>	<u>\$4,365</u>	<u>\$1,561</u>	<u>\$1,561</u>	<u>(\$2,804)</u>	<u>\$—</u>
Net Agency Cost.....	<u>\$355,360</u>	<u>\$276,302</u>	<u>\$293,800</u>	<u>\$243,610</u>	<u>(\$32,692)</u>	<u>(\$50,190)</u>
Funding						
City.....	353,728	274,093	291,271	240,516	(33,577)	(50,755)
Non-City.....	1,632	2,209	2,529	3,094	885	565
Personnel (includes FTEs at fiscal year-end)*						
City.....	—	—	—	—	—	—
Non-City.....	—	—	—	—	—	—
Total.....	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

* The 2013 Executive Budget provides an estimated 2,187 full-time and full-time equivalent positions, which are funded with City subsidies.

Programmatic Review and Service Impact

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

- the Children’s Library Discovery Center in Queens opened in September 2011.
- the Stapleton Branch Library in Staten Island, which is expected to open by Fall 2012.
- the Kensington Branch Library in Brooklyn, which is expected to open by Summer 2012.
- the Park Slope Branch Library in Brooklyn, which is expected to reopen by Fall 2012.

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

- the Brooklyn Public Library opened two Workforce 1 Career Centers, in partnership with the Department of Small Business Services. These new centers add a job placement component to the services and resources that BPL provides to jobseekers, ranging from one on one readiness counseling and workshops, to print and electronic career resources. With the help of librarians who were trained as part of the initiative, the centers have served more than 2,500 jobseekers, and have made over 300 job placements, since opening.
- the New York Public Library offered more than 44,900 programs and classes system-wide, with an attendance of 967,300, during 2011. Among these programs, NYPL provided interactive story times for babies and their caregivers, SAT testing practice to help students prepare for college, and Adult Literacy classes. 47,676 New Yorkers attended job-related classes at NYPL libraries. These classes remain vital to New Yorkers who are out of work, looking to change careers, or start a new business.
- the Queens Borough Public Library continued its Adult Learner program, which includes seven Adult Learning Centers and professional staff and volunteers who tutor literacy groups and facilitate ESOL (English for Speakers of Other Languages) conversations. Classes for disconnected youth are also offered, and take place in Long Island City, Jamaica, South Jamaica, and Far Rockaway. QBPL also operates “Literacy Zones,” which provide adults with basic education, financial literacy, health literacy, and citizenship classes.

Days and hours of library branch service remain a priority for all three library systems. In 2012, on average, each branch provides at least 5.6 days of service per week (approximately 43 hours per week). The decrease in City subsidies to the library systems due to the 2013 November Plan PEG and the loss of the \$83.0 million restoration to the 2012 budget will result in a reduction of overall service hours in 2013. The impact on specific branches will be determined by each of the library systems.

Capital Review

The 2013-2016 Capital Commitment Plan for the Libraries totals \$200.0 million, of which 97 percent is City funded. The table below reflects capital commitments by system over the 2011-2016 period.

Capital Commitments
(\$ in 000's)

	2011 Actual		2012 Plan		2013 Plan		2014 Plan		2015 Plan		2016 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.....	\$4,684	\$4,910	\$43,464	\$44,654	\$20,550	\$20,550	\$572	\$572	\$589	\$589	\$606	\$606
New York Public Library.....	3,078	4,091	145,261	146,442	30,062	30,062	49,748	49,748	40,872	40,872	794	794
NYPL Research Libraries	-1,135	-1,135	13,684	16,684	2,251	2,251	0	0	0	0	0	0
Queens Borough Public Library ..	12,984	13,312	77,926	80,330	42,120	48,693	600	600	4,089	4,089	645	645
Total	<u>\$19,611</u>	<u>\$21,178</u>	<u>\$280,335</u>	<u>\$288,110</u>	<u>\$94,983</u>	<u>\$101,556</u>	<u>\$50,920</u>	<u>\$50,920</u>	<u>\$45,550</u>	<u>\$45,550</u>	<u>\$2,045</u>	<u>\$2,045</u>

Several major renovations took place in 2012. Other major projects will be undertaken in 2013. Highlights of the 2013-2016 Capital Commitment Plan include:

Brooklyn Public Library:

- renovations and improvements at the Central Library building in Grand Army Plaza (\$10.0 million in 2013, in addition to \$10.6 million in 2012).
- renovation of the East Flatbush Branch Library (\$1.0 million in 2013).
- various system-wide reconstruction and infrastructure improvement projects (\$3.8 million in 2013-2016, in addition to \$8.4 million in 2012).

New York Public Library, which includes projects in the Bronx, Manhattan, and Staten Island:

- the Central Library Master Plan project at the Stephen A. Schwarzman Building in Manhattan (\$100.0 million in 2013-2015, in addition to \$50.2 million in 2012).
- site acquisition and new branch construction of the Rossville Branch Library in Staten Island (\$7.4 million in 2013, in addition to \$1.0 million in 2012).
- a new replacement Westchester Square Branch Library in the Bronx (\$4.0 million in 2014-2015, in addition to \$9.3 million in 2012).

NYPL Research Libraries:

- renovations at the Stephen A. Schwarzman Building in Manhattan (\$2.3 million in 2013, in addition to \$3.6 million in 2012).

Queens Borough Public Library:

- a new replacement facility for the Far Rockaway Community Library (\$17.5 million in 2013, in addition to \$1.5 million in 2012).
- the completion of the new Children's Library Discovery Center at the Central Library (\$4.8 million in 2013, in addition to \$2.4 million in 2012).
- various system-wide equipment purchases and infrastructure improvement projects (\$2.9 million in 2013-2016, in addition to \$24.8 million in 2012).

THE DEPARTMENT OF CULTURAL AFFAIRS

The Department of Cultural Affairs (DCLA) is responsible for supporting and strengthening the City's vibrant cultural life through funding, technical assistance and advocacy for more than 1,200 non-profit cultural organizations across New York City, including museums, dance companies, theatres, performing arts organizations, botanical gardens, zoos and a wide array of other cultural organizations.

The City supports operations at the 33 City-owned cultural institutions known as the Cultural Institutions Group (CIG). This group includes such diverse organizations as the Metropolitan Museum of Art, the Brooklyn Academy of Music, Queens Theatre in the Park, the Staten Island Museum and the New York Botanical Gardens.

DCLA provides support for capital improvements at approximately 197 cultural organizations throughout the five boroughs. Funding is provided for infrastructure, renovation, expansion, equipment and public art projects. DCLA also provides program grants and support services to more than 880 cultural organizations citywide, which includes groups like the Pregones Theater of the Bronx, the Brooklyn Waterfront Artists Coalition, the Signature Theater, the Alley Pond Environmental Center and the Staten Island Ballet Theater.

Financial Review

The Department of Cultural Affairs' 2013 Executive Budget provides for operating expenses of \$103.1 million, which is a \$49.0 million decrease from the 2012 forecast of \$152.1 million. It also provides for City funded capital commitments of \$247.6 million in 2013.

Expense Budget Highlights

Budgetary Priorities: Providing Core Services

- the City's 33 Cultural Institutions will receive operating support of \$82.1 million, including \$52.4 million in energy subsidies, a decrease of \$24.3 million from the 2012 forecast.
- in the 2013 Executive Budget, various cultural organizations citywide will receive program grants totaling \$15.4 million, a decrease of \$20.9 million from the 2012 forecast.
- the 2013 Executive Budget contains \$4.8 million in operating funds for the Department of Cultural Affairs' staff, rent, supplies and equipment.

Summary of Agency Financial Data

The following table compares the 2013 Executive Budget with the 2013 Preliminary Budget, the 2012 forecast and actual expenditures for 2011, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services and debt service.

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

	2011 Actual	2012 Forecast	2013		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2012 Forecast	2013 Preliminary Budget
Expenditures						
Salary and Wages.....	\$3,910	\$4,108	\$4,160	\$4,160	\$52	\$—
Fringe Benefits.....	—	—	—	—	—	—
OTPS.....	140,141	148,010	90,611	98,988	(49,022)	8,377
Total.....	\$144,051	\$152,118	\$94,771	\$103,148	(\$48,970)	\$8,377
Funding						
City.....	\$141,449	\$147,638	\$94,000	\$102,377	(\$45,261)	\$8,377
Other Categorical Grants.....	630	—	—	—	—	—
IFA.....	76	237	237	237	—	—
State.....	7	247	0	0	(247)	—
Federal CD.....	286	736	237	237	(499)	—
Federal Other.....	0	1,477	0	0	(1,477)	—
Intra-City Other.....	1,603	1,783	297	297	(1,486)	—
Total.....	\$144,051	\$152,118	\$94,771	\$103,148	(\$48,970)	\$8,377
Additional Costs Centrally Funded						
Personal Services (PS).....						
Fringe Benefits.....	\$991	\$1,066	\$1,118	\$1,117	\$51	(\$1)
Pensions.....	8,246	8,631	9,009	9,009	378	—
Other Than Personal Service (OTPS)						
Legal Services.....	103	90	77	91	1	14
Judgments and Claims.....	3	7	7	8	1	1
Debt Service.....	84,466	107,408	118,988	151,170	43,762	32,182
Total Additional Costs.....	\$93,809	\$117,202	\$129,199	\$161,395	\$44,193	\$32,196
Funding						
City.....	90,908	112,620	123,974	154,626	42,006	30,652
Non-City.....	2,901	4,582	5,225	6,769	2,187	1,544
Intra-City Additional Costs.....	—	—	—	—	—	—
Full Agency Costs (including Central Accounts)						
Salary and Wages.....	\$3,910	\$4,108	\$4,160	\$4,160	\$52	\$—
Fringe Benefits.....	991	1,066	1,118	1,117	51	(1)
Pensions.....	8,246	8,631	9,009	9,009	378	—
Total PS.....	\$13,147	\$13,805	\$14,287	\$14,286	\$481	(\$1)
OTPS.....	\$140,141	\$148,010	\$90,611	\$98,988	(\$49,022)	\$8,377
Legal Services.....	103	90	77	91	1	14
Judgments and Claims.....	3	7	7	8	1	1
Debt Service.....	84,466	107,408	118,988	151,170	43,762	32,182
Total OTPS.....	\$224,713	\$255,515	\$209,683	\$250,257	(\$5,258)	\$40,574
Total Agency Costs.....	\$237,860	\$269,320	\$223,970	\$264,543	(\$4,777)	\$40,573
Less Intra-City.....	\$1,603	\$1,783	\$297	\$297	(\$1,486)	\$—
Net Agency Cost.....	\$236,257	\$267,537	\$223,673	\$264,246	(\$3,291)	\$40,573
Funding						
City.....	232,357	260,258	217,974	257,003	(3,255)	39,029
Non-City.....	3,900	7,279	5,699	7,243	(36)	1,544
Personnel (includes FTEs at fiscal year-end)*						
City.....	52	53	53	53	—	—
Non-City.....	4	5	5	5	—	—
Total.....	56	58	58	58	—	—

* The 2013 Executive Budget provides an estimated 632 full-time and full-time equivalent positions, which are funded with City subsidies.

Programmatic Review and Service Impact

- building on the Agency's launch of an online application process for 2010 Programs funding, DCLA has expanded its system to encompass online reporting. Like the online application functionality, the additional reporting feature improves on the Agency's data collection capacity and makes the process of reporting on the expenditure of City funds more expeditious and efficient for both the funded organizations and DCLA. Approximately 890 organizations will be reporting on line at the conclusion of 2012. The Agency is currently managing the 2013 competitive peer review panel process for 725 applicants, and will be receiving and reviewing 331 renewal submissions later this spring from organizations that are on a multi-year funding cycle for 2013.
- DCLA continues to provide technical assistance to the cultural field. In 2011, the Agency sponsored several programs to guide organizations in applying for City funding and navigating the funding processes in order to emphasize funding eligibility and the attendant obligations of City support.
- a program called Seniors Partnering with Artists Citywide (SPARC) is a community arts project developed with the Department for the Aging that places artists in senior centers across the five boroughs. The program began in 2009 as a pilot with 12 artists and 9 centers and, thanks to a grant from the National Endowment for the Arts (NEA), has expanded this year to 50 artist residencies at 44 senior centers citywide. In addition to providing seniors with interactive arts activities, resident artists will produce public programs at their centers that are open to all New Yorkers.
- Materials for the Arts (MFTA) continues to serve 4,250 organizations and public schools throughout the five boroughs by providing free materials from its Long Island City warehouse and through its online donations system. In addition to supplying Department of Education (DOE) schools with millions of dollars worth of furniture and supplies, MFTA also supports various City Agencies such as the Department of Sanitation, the Department for the Aging, and the Department of Parks and Recreation.
- since July, 2011, MFTA has redistributed over 429 tons of materials valued at over \$3.6 million to 1,686 non-profit organizations and DOE schools. Through social media tools such as Twitter, Facebook, and its blog, MFTA engages recipients, donors, and volunteers by highlighting their work and how they serve the larger community. In the Winter of 2012, MFTA expanded its public program offerings through a series of open studio workshops. Also new at MFTA is a gallery featuring work made of reusable materials, with two exhibitions in 2012, Creative Reuse in New York City and WasteDivisions.
- in 2012, the Percent for Art program has installed projects by nine artists in seven locations, and anticipates completing installations by four more artists in three sites by the end of the fiscal year, including artworks by Art Spiegelman and Lawrence Weiner at the High School of Art and Design in Manhattan, and a piece called Time Cast by Nobuho Nagasawa for streetscape improvements in Red Hook, Brooklyn. The Percent for Art Program has selected artists for new commissions at eleven sites in 2012, and anticipates selecting artists for as many as five more new city construction projects by the end of the fiscal year.

Capital Review

The 2013-2016 Capital Commitment Plan for the Department of Cultural Affairs totals \$305.3 million, of which 99.97 percent is City funded, for approximately 200 different cultural organizations in all five boroughs. The table below reflects capital commitments over the 2011-2016 period.

Capital Commitments

(\$ in 000's)

	2011 Actual		2012 Plan		2013 Plan		2014 Plan		2015 Plan		2016 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	\$148,684	\$161,334	\$345,366	\$384,379	\$247,598	\$247,698	\$33,498	\$33,498	\$15,532	\$15,532	\$8,585	\$8,585
Total	<u>\$148,684</u>	<u>\$161,334</u>	<u>\$345,366</u>	<u>\$384,379</u>	<u>\$247,598</u>	<u>\$247,698</u>	<u>\$33,498</u>	<u>\$33,498</u>	<u>\$15,532</u>	<u>\$15,532</u>	<u>\$8,585</u>	<u>\$8,585</u>

Highlights of the 2013-2016 Capital Commitment Plan include:

- renovations at Carnegie Hall in Manhattan (\$29.0 million in 2013, in addition to \$4.0 million in 2012).
- renovations at Cooper Hewitt in Manhattan (\$8.0 million in 2013, in addition to \$4.4 million in 2012).
- renovations of the East 125th Street Firehouse, for the Caribbean Cultural Center in Manhattan (\$3.5 million in 2013).
- heating, ventilation, and air conditioning upgrade at the Coney Island USA museum in Brooklyn (\$1.4 million in 2013).
- renovations at the Staten Island Historical Society (\$8.6 million in 2013, in addition to \$1.0 million in 2012).
- renovations at the St. George Theater in Staten Island (\$3.3 million in 2013, in addition to \$0.4 million in 2012).
- renovation of three greenhouse structures at the Queens County Farm Museum (\$0.8 million in 2013, in addition to \$0.1 million in 2012).
- renovations at BronxNet (\$0.5 million in 2013, in addition to \$0.5 million in 2012).

CITY UNIVERSITY OF NEW YORK

The City University of New York (CUNY) includes eleven senior colleges, seven community colleges, the School of Professional Studies, the Graduate Center, the Graduate School of Journalism, the Macaulay Honors College, a law school, and an affiliated medical school. CUNY also sponsors the Hunter College Campus Schools. The CUNY colleges, some of which date back to the nineteenth century, were federated in 1961. The University is governed by a 17-member Board of Trustees. Ten members are appointed by the Governor with the advice and consent of the New York State Senate, five are appointed by the Mayor, and two (the chairpersons of the Faculty and Student Senates) serve as ex-officio members.

CUNY is the largest municipal university system in the United States and ranks third in number of students among the public university systems in the nation. In 2012 CUNY's enrollment reached its highest level, with an increase of two percent over the last academic year. In 2013 CUNY will serve approximately 269,000 students in degree programs with approximately 172,000 in the senior colleges and 97,000 in the community colleges. In addition, CUNY will serve approximately 258,000 non-degree students. Sustained levels of enrollment are anticipated in 2013.

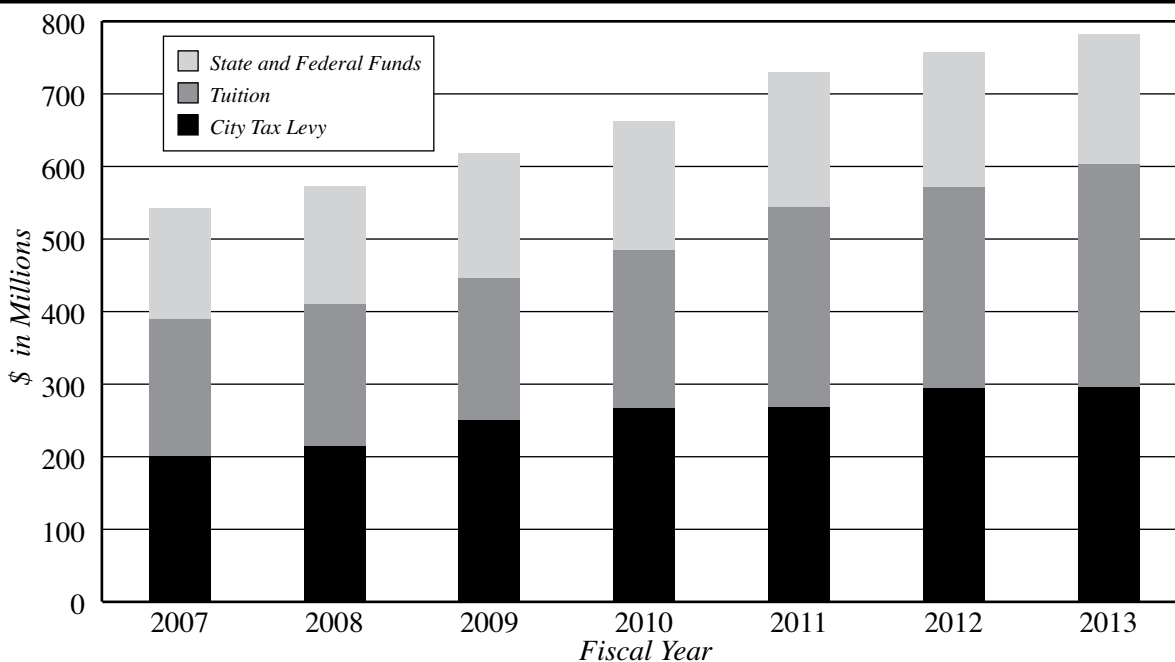
Financial Review

The City University of New York's 2013 Executive Budget totals \$837.5 million, a net increase of \$14.5 million from the 2012 forecast of \$823.0 million. This increase reflects additions in City funds of \$16.3 million from \$560.0 million in 2012 to \$576.3 million in 2013, and in State aid of \$21.9 million from \$213.6 million in 2012 to \$235.5 million in 2013, and a decline of \$23.0 million in Intra-City funds, from \$35.7 million in 2012 to \$12.7 million in 2013. The total budget increase of \$14.5 million consists of a \$14.6 million increase in the CUNY community college budget, from \$772.2 million in 2012 to \$786.8 million in 2013, and a slight decrease in funding for Hunter Campus Schools, from \$15.8 million in 2012 to \$15.7 million in 2013. The Senior College lump sum appropriation of \$35 million remains unchanged for both 2012 and 2013.

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 2013, State and Federal funds increase by \$20.8 million from \$177.9 million in 2012 to \$198.7 million in 2013. Also in 2013, increased tuition rates result in additional tuition, fees and miscellaneous revenue, bringing the budget to \$328.4 million.

COMMUNITY COLLEGE FUNDING 2007-2013



* Funding which supports senior college and Hunter Campus Schools activities is not included here. City tax levy includes pension contributions which are budgeted in the Pension Agency and Collective Bargaining, Medicare Part B and Stabilization Fund contributions which are budgeted in the Miscellaneous Agency. Tuition includes Tuition and Fees, Miscellaneous Revenues, Adult Continuing Education fees and Other Categorical funds. State and Federal dollars are combined and include Community Development funds. The 2012 amounts are as per the Executive forecast.

Expense Budget Highlights

Budgetary Priorities: Providing Core Services

- an additional \$2 million for operating support for the New Community College, scheduled to begin classes Fall 2012.
- an additional \$2 million for community college lease and energy adjustments.
- an additional \$800 thousand for support of community college operations.

Center for Economic Opportunities and Young Men's Initiative

- nearly \$10 million of additional funding for targeted educational programs.

Summary of Agency Financial Data

The following table compares the 2013 Executive Budget with the 2013 Preliminary Budget, the 2012 forecast and actual expenditures for 2011, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services and debt service.

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

	2011 Actual	2012 Forecast	2013		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2012 Forecast	2013 Preliminary Budget
Expenditures						
Salary and Wages.....	\$461,117	\$470,644	\$490,365	\$490,115	\$19,471	(\$250)
Fringe Benefits.....	107,731	86,763	86,628	86,878	115	250
OTPS.....	208,269	265,566	210,448	260,518	(5,048)	50,070
Total.....	<u>\$777,117</u>	<u>\$822,973</u>	<u>\$787,441</u>	<u>\$837,511</u>	<u>\$14,538</u>	<u>\$50,070</u>
Funding						
City.....	\$539,275	\$560,013	\$547,321	\$576,315	\$16,302	\$28,994
Other Categorical Grants.....	10,245	12,516	13,000	13,000	484	—
IFA.....	—	—	—	—	—	—
State.....	153,802	213,590	213,535	235,462	21,872	21,927
Federal CD.....	849	1,142	868	—	(1,142)	(868)
Federal Other.....	32,836	—	—	—	—	—
Intra-City Other.....	40,110	35,712	12,717	12,734	(22,978)	17
Total.....	<u>\$777,117</u>	<u>\$822,973</u>	<u>\$787,441</u>	<u>\$837,511</u>	<u>\$14,538</u>	<u>\$50,070</u>
Additional Costs Centrally Funded						
Personal Services (PS).....						
Fringe Benefits.....	\$2,366	\$2,572	\$2,844	\$2,826	\$254	(\$18)
Pensions.....	56,580	63,467	64,005	64,005	538	—
Other Than Personal Service (OTPS)						
Legal Services.....	409	355	379	359	4	(20)
Judgments and Claims.....	690	1,000	1,000	1,000	—	—
Debt Service.....	42,856	44,889	45,739	51,363	6,474	5,624
Total Additional Costs.....	<u>\$102,901</u>	<u>\$112,283</u>	<u>\$113,967</u>	<u>\$119,553</u>	<u>\$7,270</u>	<u>\$5,586</u>
Funding						
City.....	102,251	111,303	112,848	118,160	6,857	5,312
Non-City.....	650	980	1,119	1,393	413	274
Intra-City Additional Costs.....	—	—	—	—	—	—
Full Agency Costs (including Central Accounts)						
Salary and Wages.....	\$461,117	\$470,644	\$490,365	\$490,115	\$19,471	(\$250)
Fringe Benefits.....	110,097	89,335	89,472	89,704	369	232
Pensions.....	56,580	63,467	64,005	64,005	538	—
Total PS.....	<u>\$627,794</u>	<u>\$623,446</u>	<u>\$643,842</u>	<u>\$643,824</u>	<u>\$20,378</u>	<u>(\$18)</u>
OTPS.....	\$208,269	\$265,566	\$210,448	\$260,518	(\$5,048)	\$50,070
Legal Services.....	409	355	379	359	4	(20)
Judgments and Claims.....	690	1,000	1,000	1,000	—	—
Debt Service.....	42,856	44,889	45,739	51,363	6,474	5,624
Total OTPS.....	<u>\$252,224</u>	<u>\$311,810</u>	<u>\$257,566</u>	<u>\$313,240</u>	<u>\$1,430</u>	<u>\$55,674</u>
Total Agency Costs.....	\$880,018	\$935,256	\$901,408	\$957,064	\$21,808	\$55,656
Less Intra-City.....	<u>\$40,110</u>	<u>\$35,712</u>	<u>\$12,717</u>	<u>\$12,734</u>	<u>(\$22,978)</u>	<u>\$17</u>
Net Agency Cost.....	<u>\$839,908</u>	<u>\$899,544</u>	<u>\$888,691</u>	<u>\$944,330</u>	<u>\$44,786</u>	<u>\$55,639</u>
Funding						
City.....	641,526	671,316	660,169	694,475	23,159	34,306
Non-City.....	198,382	228,228	228,522	249,855	21,627	21,333
Personnel (includes FTEs at fiscal year-end)						
City.....	7,648	7,595	7,635	7,635	40	—
Non-City.....	5	31	31	31	—	—
Total.....	<u>7,653</u>	<u>7,626</u>	<u>7,666</u>	<u>7,666</u>	<u>40</u>	<u>—</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. Included in this effort are funds to rebuild Fiterman Hall at the Borough of Manhattan Community 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 Center for Economic Opportunities (CEO) initiatives and the Young Men's Initiative (YMI) are also incorporated by the City into the CUNY agenda. Three programs: CUNY Prep, CUNY Accelerated Study in Associate Programs (ASAP), and Civic Justice Corps are products of the CEO initiatives. YMI, in addition to supporting expansion of Civic Justice Corps, has developed three new programs: YMI Incentives and Work Supports, Mentoring Tools and Technical Assistance, and Peer Mentoring in Adult Literacy. All of these initiatives 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. In the 2010-11 academic year, the College Now/College program served 27,923 students in college credit courses, skill development courses and workshops and various enrichment activities. The programs operate in all seventeen undergraduate colleges with students participating at the high school and college campuses. College Now helps ninth through twelfth graders acquire the skills necessary to graduate from high school, enter college without the need for remediation, and ultimately succeed in college. In addition, the University's campuses are home to the Early College Initiative, which operates twelve affiliated high schools at Brooklyn, City, Lehman, Queens, Hunter, New York City Technical and York colleges, and Hostos, LaGuardia, and Kingsborough community colleges. New York City public school students enter into CUNY's early college schools in the 6th and 9th grade. They study with a mix of high school and college faculty. Upon graduation, they earn both a high school diploma and an associate degree (or two years of transferable credit).
- Language Immersion Program — This program provides up to 900 hours of classroom work over three or four annual cycles to immigrant students who require better knowledge of academic English to be more effective students. The program has served over 30,000 students since its inception.
- Workforce Development Initiative (WDI) — This program promotes and supports small businesses by retraining and upgrading employee skills, meeting qualified teacher shortages, preparing undergraduates for skill-shortage occupations, creating jobs, providing for economic development, and performing labor market research, planning and coordination.

- Adult Literacy Program — This program will help approximately 12,000 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 2013-2016 Four-Year Plan Capital Strategy totals \$64.5 million (\$63.5 million in City funds and \$1 million in Non-City funds). The majority of CUNY's capital funds, \$244.8 million, reside in the current year (\$238.7 million in City funds and \$6.1 million in Non-City funds). CUNY expects a significant portion of these funds to roll into 2013.

Community college critical maintenance and new capital construction projects approved by the City are eligible for an equal amount of State matching funds. The State provides its 50 percent share for such projects through annual State budget capital appropriations. A portion of State matching funds from annual appropriations are reflected in the City's capital plan. However, a majority of the State matching funds, provided through the independent sale of New York State Dormitory Authority (DASNY) bonds, are not represented in the City's capital plan.

Construction continues on the Borough of Manhattan Community College's Fiterman Hall replacement project. This \$325 million project will be completed in the fall of 2012, replacing the original which was irreparably damaged on September 11, 2001.

The new North Instructional Building at Bronx Community College (\$102.4 million total project) is expected to be completed in September of 2012. This will be the first new academic building built on the campus since it was acquired from NYU in the 1970s.

Also at Bronx Community College, construction is beginning this spring on the first two phases of a multi-phase major upgrade of the campus' outdated utilities (\$50.5 million).

Design of the Center 3 Building Façade Replacement at LaGuardia Community College (\$10 million) is underway as of March 2012. (\$39 million for phase I design and construction).

At LaGuardia Community College, construction is underway on the new Admissions/Bursar's office (\$6.5 million total project).

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

- construction of electrical infrastructure upgrades at Queensborough Community College (\$35 million).
- construction of a green roof at the Borough of Manhattan Community College (\$12 million).
- upgrade of mechanical systems at Hunter Campus schools (\$6.7 million).

We anticipate rolling resources from 2012 to 2013 to fund significant projects that will be accomplished during the next four-year plan period. Highlights of 2013 commitments include:

- upgrade of mechanical systems and the central plant at Kingsborough Community College (\$18.6 million).
- construction of a new cafeteria and central kitchen at Queensborough Community College (\$14.5 million)

- renovation of the 500 Grand Concourse building at Hostos Community College (\$12 million).

The table below shows the capital commitments by program area over the 2011-2016 period.

Capital Commitments

(\$ in 000's)

	2011 Actual		2012 Plan		2013 Plan		2014 Plan		2015 Plan		2016 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	\$184	\$642	\$4,693	\$4,734	\$664	\$664	\$0	\$0	\$0	\$0	\$0	\$0
Renovation/Rehabilitation of Roofs, Classrooms, etc	17,485	17,626	173,676	178,778	44,076	44,946	3,728	3,783	2,813	2,869	2,694	2,752
Purchase & Installation of EDP and Other Equipment...	22,254	22,253	39,208	40,122	6,283	6,283	0	0	0	0	0	0
Electrical, Mechanical & HVAC	16,807	16,807	19,630	19,630	1,015	1,015	0	0	0	0	0	0
Other Projects	543	671	1,520	1,521	2,030	2,030	0	0	0	0	200	200
Total	<u>\$57,273</u>	<u>\$57,999</u>	<u>\$238,727</u>	<u>\$244,785</u>	<u>\$54,068</u>	<u>\$54,938</u>	<u>\$3,728</u>	<u>\$3,783</u>	<u>\$2,813</u>	<u>\$2,869</u>	<u>\$2,894</u>	<u>\$2,952</u>

PENSIONS AND OTHER FRINGE BENEFITS

Pension Overview

The Executive Budget for 2013 provides for \$8,145 million in City pension contributions, an increase of \$146 million from the amount forecast for 2012. As listed on the table below, of the total amount for 2013, \$8,015 million represents contributions to the City's five actuarial retirement systems, \$77 million represents contributions to pension systems covering certain non-City employees of the library system, day care centers, and certain cultural institutions, and approximately \$53 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)

	2011 Actual	2012 Forecast	2013		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2012 Forecast	Preliminary Budget
<i>Expenditures</i>						
Personal Service						
• City Actuarial	\$6,883,820	\$7,876,644	\$8,014,899	\$8,014,899	\$138,255	\$—
• Non-City Systems....	66,939	71,808	77,104	77,104	5,296	—
• Non-Actuarial	49,073	50,667	52,667	52,667	2,000	—
Total	<u>\$6,999,832</u>	<u>\$7,999,119</u>	<u>\$8,144,670</u>	<u>\$8,144,670</u>	<u>\$145,551</u>	<u>\$—</u>
<i>Funding</i>						
City.....	\$6,834,496	\$7,842,829	\$7,985,369	\$7,988,380	\$145,551	\$3,011
State	38,411	32,025	32,511	32,025	—	(486)
Federal	2,660	—	2,525	—	—	(2,525)
Intra-City Other.....	124,265	124,265	124,265	124,265	—	—
Total	<u>\$6,999,832</u>	<u>\$7,999,119</u>	<u>\$8,144,670</u>	<u>\$8,144,670</u>	<u>\$145,551</u>	<u>\$—</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. These systems cover 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. Annual pension contributions are made as required by statute based on an actuarial valuation of liabilities and assets.

In February 2012, the Chief Actuary of the City proposed a revised set of assumptions and actuarial methods for funding the five major retirement systems. Highlights of the Actuary's proposed new assumptions and methods include a seven percent actuarial interest rate assumption, updated tabular assumptions including decrement tables to account for both improvements in life expectancy and more recent experience relating to rates of retirement and disability, the use of a different, but commonly-used, funding method known as the Entry-Age Normal Cost Method, and the implementation of a market value restart. Certain components of the Actuary's proposals require legislative approval such as the actuarial interest rate assumption and the funding method, while the other components do not require legislative approval.

The City's retirement systems provide defined retirement benefits (as well as death and disability benefits) to members based on final average pay times years of service. Retirement benefits vary by system and by date

of pension membership. 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 investment gains reduce employer contributions.

Landmark pension reforms were enacted with the passage of the Tier 6 pension plan on March 16, 2012 (Chapter 18). Tier 6 impacts employees who become pension members on or after April 1, 2012. Highlights of the Tier 6 pension reforms include: 1) non-uniformed civilians and teachers will be required to work until age 63 to retire and receive a full pension. They can retire as early as age 55 but their pensions would be reduced by 6.5% for each year they retire before age 63; 2) 10 year vesting for all new civilian employees (new teachers have 10 year vesting since 2009); 3) civilians and teachers will be required to pay basic member contributions for their entire careers. Such basic member contributions will follow a five stage progressive (graduated) schedule based on salary level (e.g. starting at a three percent member contribution for salaries less than \$45,000, increasing to a maximum of six percent for salaries above \$100,000; 4) reforms in the salary base from which pensions are calculated – all employees will now be subject to 5 year final average salary (FAS) with statutory limits on year-to-year salary growth, and the FAS as it applies to non-uniformed employees, cannot exceed the Governor's salary; and 5) an optional defined-contribution for non-represented employees who have a starting salary of \$79,000 or greater.

In addition, the Tier 6 reforms included a harmonization of the pension plans for all four of the City's uniformed forces. The Tier 3 pension plan for new Police and Fire employees in effect since July 2009, as modified by the new FAS rules under Tier 6, was extended to the City's other uniformed forces (Correction and Sanitation) as well as to Investigator titles in the District Attorney offices. All new uniformed employees will need to work 22 years to receive a half-pay pension (25 years to be eligible for full cost of living adjustments). All the other reforms, such as reduced disability pensions, also apply to the four forces. Correction and Sanitation employees will now pay, like Police and Fire, only three percent of their pay towards their pensions for the first 25 years of service.

Prior to the landmark reforms achieved under Tier 6, there had been previous attempts to reform benefits under different tiers. There have also been, at the same time, numerous pension benefit enhancements that were enacted through state legislation over the years. Some of the enhancements eroded the intent and impact of such prior reforms.

Under Tier 1, civilian employees who had attained age 55 with 25 years of service, would receive a retirement benefit of 55 percent of final pay. Under Tier 2, in 1973, new civilian employees could still retire at age 55, but their benefits would be subject to statutory reductions. Tier 3 for civilians and teachers was enacted in 1976 but was substantially replaced by Tier 4 in 1983. Tier 4 provided unreduced pensions at age 62, as opposed to 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, half-pay pension based on a final three year average pay, as opposed to the Tier 1 final year salary basis.

In 1998, the vesting period for civilians was reduced from 10 years to 5 years (Chapter 389), and the service credit formula was raised to two percent at 20 years of service as opposed to waiting until 25 years of service (Chapter 266). In 2000, civilian Tier 1 and 2 members received an additional two years of service credit (Chapter 126), and basic employee contributions were completely removed for Tier 3 and 4 members having 10 years of membership service.

In 2000, Tier 4 civilian members who met certain service requirements were enabled to retire prior to age 62 with reduced benefits (Chapter 553). Tier 1 and 2 police and fire members received additional Increase Take Home Pay (Chapter 373), and 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).

Also in 2000, significant upward cost of living adjustments (COLAs) were granted to the pensions of existing retirees. The same legislation also provided for future annual COLAs to be permanent and automatic based on actual changes in the consumer price index (Chapter 125).

In 2009 however, certain reforms were achieved for new employees of the state and its localities. With respect to the City of New York, a result of the veto of extending Tier 2, new uniformed police officers and firefighters hired on or after July 1, 2009 would be covered under Tier 3. Tier 3 still provides a half-pay pension plan, but requires members to render 22 years of service to receive unreduced benefits. Tier 3 features a 50% social security offset at age 62, but provides 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 2011, the Trust paid approximately \$1.7 billion to cover the cost of these retiree benefits.

The following table sets forth the fringe benefit amounts carried in the Miscellaneous Budget for 2012 and 2013.

Fringe Benefits

(\$ in 000's)

	2012 Forecast	2013 Executive	Increase/ (Decrease)
Workers' Compensation	\$166,396	\$174,396	\$8,000
Health Insurance Plans	2,258,402	2,182,050	(76,352)
Social Security Contributions	886,322	914,550	28,228
Unemployment Insurance Benefits.....	43,617	26,986	(16,631)
Supplementary Employee Welfare Benefits.....	530,922	537,537	6,615
Workers' Compensation - Other.....	47,200	51,100	3,900
Total	\$3,932,859	\$3,886,619	\$(46,240)
Funding			
City	\$3,310,745	\$3,377,222	\$66,477
Other Categorical.....	154,707	154,625	(82)
State.....	114,672	66,270	(48,402)
Interfund Agreements	51,481	49,041	(2,440)
Intra-City.....	70,810	75,129	4,319
Federal.....	230,444	164,332	(66,112)
• CD	30,500	30,500	—
• Other	199,944	133,832	(66,112)
Total	\$3,932,859	\$3,886,619	\$(46,240)

JUDGMENTS AND CLAIMS

The Executive Budget for 2013 provides an appropriation of \$735 million for Judgments and Claims. These expenditures represent the City's costs for tort and contract liability and are projected to reach \$815 million by 2016. 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 2013 through 2016.

The Office of Management and Budget (OMB) employs various statistical methods and financial models to estimate claims costs. In addition, OMB consults the Law Department to provide cost estimates for cases that are expected to settle for \$1 million or greater. These are mainly serious personal injury cases that have been in litigation or on appeal for a considerable period of time. These cases represent a significant portion of total tort costs, but their relatively small volumes do not lend themselves to statistical analysis. Historical claim data contained on the Comptroller's Omnibus Automated Image Storage and Information System (OASIS) are analyzed to determine annual settlement volumes and average cost per claim. Total costs are the product of the volume and average cost projections.

Analysis of Agency Budgets: Covered Organizations

NEW YORK CITY HEALTH AND HOSPITALS CORPORATION

The New York City Health and Hospitals Corporation (the Corporation) provides comprehensive medical, mental health and substance abuse services to New York City residents, regardless of their ability to pay. Through its seven regional health care networks, the Corporation operates 11 acute care hospitals, four long-term care facilities, six diagnostic and treatment centers, a certified home health program, and more than 70 community-based health clinics throughout the five boroughs. In addition, MetroPlus, the wholly-owned health maintenance organization, provides care to more than 425,000 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 4,845 inpatient beds and 2,850 long-term care facility beds. In 2011, the Corporation's facilities had more than 225,000 patient discharges, 5.1 million clinic visits and 1.1 million emergency room visits. The Corporation served more than 1.3 million people last year, of which more than 478,000 lacked any form of health insurance.

Financial Review

The 2011 ending cash balance was \$553 million as reported in the New York City Financial Plan; the projected ending cash balance for 2012 is \$603 million. The ending cash balance includes receipt of \$1.9 billion in 2012 of City and Federally-funded Upper Payment Limit and Disproportionate Share payments. Total expenses in the 2013 Executive Budget are projected at \$6.7 billion, and total revenue is projected to be \$6.1 billion. Revenue derived from third party payers is projected to be \$5.5 billion. City support for the Corporation in 2013, excluding the City portion of Medicaid and prepayments, is anticipated to be \$169 million. This support funds the treatment of prisoners and uniformed services personnel at the Corporation's facilities and care for the uninsured. In 2013, the City will make payments of approximately \$848 million for the local share of the Corporation's Medicaid collections and bad debt and charity care pool payments.

Expense Budget Highlights

Since 2009, the Corporation has worked to implement their multi-year cost containment restructuring plan that will ultimately trim \$600 million from their budget deficit. To date, the Corporation has achieved over \$400 million of that goal. The Corporation's budget deficit is attributable to a combination of factors that are outside of their control, including: the loss of Federal Medicaid and Medicare Disproportionate Share funding; continued reductions to already inadequate Medicaid reimbursements; and steeply rising fringe pension and health insurance costs. The Corporation's facilities continue to serve increasing numbers of uninsured patients. In 2011, these facilities treated 478,731 uninsured patients – a 20 percent increase since 2006 – representing more than one-third of their total patient population.

In addition, the Medicaid program rate cuts and reforms adopted in last year's State budget as recommended by the State's Medicaid Redesign Team also reduced the Corporation's reimbursement by more than \$174 million for State fiscal years 2011-12 and 2012-13. Over the past five years, the Corporation has absorbed cuts in Medicaid funding of \$500 million on an annualized basis.

The Corporation's multi-year cost containment and restructuring plan includes more than 35 discrete initiatives that must be fully implemented by the end of 2014. The Corporation is presently on track to meet their 2012 fiscal objectives and work is underway on initiatives slated for completion in 2013 and 2014 that are complex or require significant lead time for execution.

One of the ways in which the Corporation has been able to sustain their capacity despite these budgetary challenges is through the use of a system for process improvement entitled Breakthrough. This process improvement methodology empowers frontline staff – the people who do the work – to determine ways to improve processes, remove inefficient steps and activities, and increase efficiency. When new processes and procedures

are implemented, Breakthrough teams evaluate and monitor them on an ongoing basis, creating opportunities for continuous improvement.

The Corporation's Breakthrough work not only continues to contribute significantly to operational efficiency, it has reduced costs and helped to optimize revenue collection. The Corporation estimates the improvement devised by Breakthrough teams over the past four years have resulted in more than \$215 million in combined savings and new revenue. Some Breakthrough teams have achieved truly impressive results, such as decreased waiting times for appointments and increased access to health care services.

Programmatic Review

Quality of Care

Even as they have focused on making their operations more efficient, the Corporation continues to build upon significant gains made in the areas of patient safety, quality and access. The Corporation has made significant improvement in reducing urinary tract infection associated with urinary catheter use and further reducing central line-associated blood stream infections. In addition, over the past two years, seven of the Corporation's facilities have demonstrated a reduction in patient falls and five hospitals have reduced their rates of hospital-acquired pressure ulcers.

Mirroring these positive achievements, the patient satisfaction scores of several of the Corporation's hospitals have improved significantly. The Corporation's hospitals now have the highest patient satisfaction scores among all hospitals in each of the boroughs of Brooklyn, the Bronx and Queens; and Metropolitan Hospital has the third highest score of the 12 hospitals in Manhattan.

As they have worked to become one of the safest healthcare systems in the country, the Corporation has also continued to focus on reducing health disparities and improving the health status of New Yorkers by providing extensive primary and preventive care to more than one million patients.

The Corporation has pioneered the expansion of rapid HIV testing to become a routine service across many care settings – primary care, specialty care, the emergency department, inpatient units, and even at dental clinics. The Corporation's facilities tested 195,516 individuals, more than three times the number tested just six years ago. For those patients who test positive, more than 90 percent are linked to appropriate medical treatment within their system. In December 2011, the Corporation reached the milestone of performing their one millionth rapid HIV test. The Federal Centers for Disease Control formally recognized this accomplishment and has featured the Corporation's testing initiative on its website as an example of a best practice. Last year, the Corporation expanded testing and improved care coordination further to better manage all of the chronic diseases that many HIV patients suffer, including Hepatitis C.

Recognizing that lesbian, gay, bisexual and transgender (LGBT) individuals often lack access to truly patient-centered care, the Corporation launched a mandatory employee-training program in 2011. This training will help all staff to provide respectful, patient-centered and culturally competent healthcare services to the thousands of LGBT New Yorkers served by the Corporation each year. More than 15,000 new and incumbent staff have been trained already. By understanding the unique clinical and non-clinical needs of individuals within the LGBT community, the Corporation will be more accessible and better able to reduce health disparities that correlate with sexual orientation and gender identification.

Patient Centered Medical Homes

Over the past several years, the Corporation has worked on innovative care models to align with State and Federal policies focused on improving quality, patient outcomes and reducing Medicaid and Medicare costs. At the center of their efforts is the patient-centered medical home (PCMH). The PCMH is an advanced primary care practice model that employs a physician-led, team-based approach to ensuring comprehensive primary and

preventive care, continuity, ready access, coordination of care and a systems-based approach to quality, safety and chronic disease management. PCMH is a foundation component of any healthcare delivery model that seeks to be both financially and clinically accountable for a patient's long-term health. All 39 of the Corporation's primary care sites – both hospital and community-based – applied to the National Committee for Quality Assurance and New York State for PCMH certification and were certified at level three, the highest level.

Health Homes

In 2011, New York State established a "Health Home" program focused on better care coordination for Medicaid patients with two or more chronic illnesses or serious and persistent mental illness. The goal is to have designated "Health Home" networks use multidisciplinary teams of medical, mental health, and chemical dependency providers, together with social workers, nurses, and others, to ensure that enrollees receive needed medical, behavioral, and social services in accordance with a single care plan. There is an expectation that the Health Home program will decrease unnecessary visits to the Corporation's emergency rooms and trim long-term healthcare costs by preventing costly inpatient stays and/or eliminating the need for other expensive healthcare services that typically result from poorly managed chronic disease.

To date, New York State has awarded the Corporation the Health Home designation for eligible Medicaid patients in the Bronx, Brooklyn and recently in Queens.

Capital Investments that Support Better Healthcare

The 2013-2016 Four-Year Plan totals \$203.2 million. During the past year, the Corporation achieved several milestones in its campaign to modernize its infrastructure. Several important facility modernization projects are nearing completion.

The work at Harlem Hospital Center is on track for substantial completion by the end of this summer. This includes a new patient pavilion, the renovation to some spaces in the existing Martin Luther King Jr. Pavilion, and preservation of the hospital's historic WPA Murals. Along Lenox Avenue, the spectacular multi-story glass facade that replicates one of the murals is already a Harlem landmark and a source of pride for one of the Corporation's most venerable and beloved institutions. Last November, Gouverneur Healthcare Services, in Manhattan's Lower East Side, completed the first phase of its major modernization, which includes a new Ambulatory Care Pavilion. The balance of the project, which includes a renovated, state-of-the-art skilled nursing facility with an additional 85 beds, will be completed by late 2013. For many years, Lincoln Hospital Center has been New York City's busiest single site emergency department. The final phase of Lincoln's emergency department renovation will be undertaken this year. The Corporation anticipates completion of an expanded and modernized Emergency Department next May.

The Corporation is also in the midst of an exciting project that involves their Roosevelt Island-based long term care facilities, Goldwater and Coler Specialty Hospitals and Nursing Facilities. By the end of 2013, the Corporation will have relocated Goldwater's long-term acute care hospital and skilled nursing facility operations to new facilities on the former North General Hospital Campus in Manhattan. "Goldwater North" will provide more program space and greater privacy for patients and residents, while also accommodating a new model of resident-centered programming. Goldwater North will have 164 skilled nursing facility beds and 201 acute long-term acute care hospital beds. The Corporation is also engaged in identifying community-based housing resources and support services for Coler-Goldwater skilled nursing facility (SNF) residents for whom non-institutional long term health services are appropriate. There are more than 300 SNF residents who could live in the community with health care and other supports if affordable housing options were available to them. Most have very low incomes. Their average length of stay at Coler-Goldwater exceeds four years. Therefore, the Corporation is partnering with seasoned housing providers and developers to secure housing options for these individuals over the next 18 months.

Highlights of the Four year plan:

The Corporation's 2013-2016 Plan features several important projects, including:

- funding of \$15.3 million for code compliance upgrades to the current Coler campus on Roosevelt Island.
- funding of \$36.2 million for a campus-wide major modernization of Harlem Hospital Center. This project involves the construction of a new Diagnostic, Treatment, Emergency and Critical Care Pavilion of approximately 195,000 square feet as well as an FDNY EMS station.
- funding of \$45.1 million for the expansion and modernization of the Diagnostic and Treatment Center and long-term care facilities at Gouverneur Healthcare Services.
- funding of \$60.6 million for the purchase of EMS ambulances for the FDNY.
- funding of \$5.0 million for the renovation of the emergency room at Lincoln Medical and Mental Health Center.
- funding of \$263.6 million for the consolidation and relocation of the long-term acute care beds and skilled nursing facility beds on the Coler and Goldwater campuses to North General Hospital in Harlem.

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 2011, with over 1.6 billion passengers riding the subway system. NYCT has been a component of the Metropolitan Transportation Authority (MTA) since the Authority's inception in 1968. The MTA is a New York State public authority responsible for coordinating and implementing a mass transportation program for New York City and the seven adjacent counties. Other components of the MTA primarily serving New York City are the Staten Island Railway (SIR) and the MTA Bus Company (MTABC). The MTA also includes the Long Island Railroad and the Metro North Railroad.

The NYCT's subway system operates 24 hours a day, 7 days a week, on 659 miles of mainline track, serving 468 stations throughout the Bronx, Brooklyn, Manhattan, and Queens. The NYCT bus system consists of a fleet of 4,348 buses on 191 local, four Select Bus Service, and 26 express routes servicing 1,796 route miles in all five boroughs. System expansions currently underway by NYCT include the Second Avenue Subway and the westward extension of the #7 subway train to 11th Avenue and 34th Street.

SIR operates a 14-mile rapid transit line which links 22 communities on Staten Island and provides a connection to the Staten Island Ferry. SIR serves approximately 4.5 million passengers per year.

The MTABC operates an extensive public bus transportation system throughout New York City, primarily in the Bronx, Brooklyn, and Queens. Over 118 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 1,245 buses owned by the City along 821 route miles. Service on 46 local and 35 express routes is available 24 hours a day, 7 days a week. Since beginning operations in 2005, the MTABC has significantly improved service and the City expects the MTABC to continue making improvements to all facets of its operations, ensuring service levels are up to MTA's standards.

Financial Review

The City's financial plan includes \$346.5 million for NYCT in fiscal year 2013. As NYCT operates on a calendar year (CY) basis, the financial plan below is presented in that format. The plan for CY 2012 incorporates the following key elements:

- CY 2012 fare revenue is projected to be \$3.7 billion, a four percent increase over the CY 2011 total.
- tax revenues dedicated for NYCT's use are projected to total \$3.1 billion; \$887.5 million from the regional Metropolitan Mass Transportation Operating Assistance Account (MMTOA), \$536 million from the State "Lock Box" Petroleum Business Tax, \$393.4 million from the Urban Mass Transportation Operating Assistance Account (Urban Account) and \$1.3 billion in new State taxes and fees, which includes \$1.1 billion from the Payroll Mobility Tax and \$189.6 million from license, vehicle registration, taxi, and vehicle rental fees.
- the City's contribution to NYCT's operating budget for CY 2012 totals \$329.9 million, including \$159 million in operating assistance as part of the City match to State "18b" aid, \$45 million for student fare discounts, \$106.6 million for the Paratransit program, \$13.8 million for elderly and disabled fare discounts, and \$5.5 million for Transit Police. In addition, the City contributes over \$90 million directly to the MTA to maintain Long Island Railroad and Metro-North Commuter Railroad stations in the five boroughs and for operating assistance for the commuter railroads as part of the local match of State "18b" aid. Starting in 2012, the City is setting aside \$30 million for liabilities related to the Staten Island Rapid Transit Operating Authority.

In addition to the very large indirect contributions the City makes to various MTA revenue sources, the following chart summarizes the City’s direct subsidies to NYCT for CY 2012:

City Subsidies to NYCT, CY 2012
(\$ in millions)

• Elderly and Disabled Subsidy	\$13.8
• School Fare Subsidy	45.00
• Operating Assistance	159.00
• Police Reimbursement	5.50
• Paratransit	<u>106.60</u>
TOTAL	<u><u>329.9</u></u>

Based on recent financial reports, NYCT closed CY 2011 with a cash surplus of \$93.7 million. Despite this, NYCT has projected substantial budget shortfalls in the future, which are expected to be offset by gap-closing and other government actions including potential tax, fee, and further fare increases.

New York City Transit Financial Plan
(\$ in millions)

	Calendar Years [1]				
	2011A	2012E	2013E	2014E	2015E
REVENUES					
Subway / Bus Fare Revenue	\$3,628.5	\$3,704.5	\$3,748.3	\$3,805.0	\$3,860.0
Other Operating Revenue	105.8	108.6	112.4	116.3	120.5
Transit Tax and Other Subsidies.....	3,160.9	3,116.0	3,262.0	3,494.0	3,597.3
City Subsidies	344.1	329.9	350.0	375.4	406.2
State Subsidies	183.4	183.4	183.4	183.4	183.4
TBTA Surplus Transfer	180.4	172.9	158.3	132.3	102.5
Capital and Other Reimbursements ...	911.8	877.5	840.0	836.5	851.1
TOTAL REVENUES	\$8,514.8	\$8,492.8	\$8,654.3	\$8,943.0	\$9,120.9
EXPENSES					
Salaries & Wages	\$3,107.1	\$3,116.1	\$3,115.8	\$3,135.6	\$3,189.8
Fringes.....	1,827.7	2,078.7	2,180.2	2,325.3	2,474.6
Reimbursable Overhead.....	(\$211.4)	(\$197.1)	(\$185.3)	(\$182.4)	(\$185.3)
OTPS [2]	1,483.8	1,413.9	1,533.2	1,623.4	1,785.8
Paratransit Expenses	356.0	404.2	468.1	550.0	637.0
Capital Reimbursable Expenses.....	911.8	877.5	840.0	836.5	851.1
Transit Police	3.2	5.5	4.2	4.2	4.2
Debt Service	934.5	1,062.2	1,150.7	1,225.8	1,283.9
Depreciation [3]	1,370.0	1,445.0	1,520.0	1,595.0	1,670.0
Other Post Employment Benefits [3].	918.7	929.9	943.8	962.6	979.8
Environmental Remediation [3].....	0.0	0.0	0.0	0.0	0.0
TOTAL EXPENSES	\$10,701.5	\$11,135.8	\$11,570.6	\$12,076.1	\$12,691.0
OTHER ACTIONS					
Balance before Adjustments	(\$2,186.7)	(\$2,643.1)	(\$2,916.2)	(\$3,133.1)	(\$3,570.1)
Gap-Closing Actions [4]	0.0	60.0	429.6	481.6	869.8
Cash Flow Adjustments [5]	2,280.4	2,489.4	2,519.7	2,618.6	2,700.4
Net Cash from Prior Year	0.0	93.7	0.0	33.0	0.0
SURPLUS/(DEFICIT)	\$93.7	\$0.0	\$33.0	\$0.0	\$0.0

[1] All Financial Plan figures were provided by NYCT in February 2012; this table shows modified accrual-basis CY 2011 Actuals (A) and CY 2012-2015 estimates (E). Because the MTA operates on a Calendar Year basis (January-December) that is not directly comparable to the City's Fiscal year (July-June).

[2] Includes NYCT Charge back of MTA Bus Debt Service, CY11 and 12 Forward Energy Contracts, Repayment of Loan to Capital Financing Fund and Commitments to Capital.

[3] Since February 2004, NYCT has included depreciation in its financial plan. As of 2007, NYCT also reports other post employment benefits (OPEB) obligations and environmental remediation liabilities.

[4] Includes Below the Line Items and Items not yet provided by the MTA. Typically includes Increased Ridership, Fare Collection, Expense Reduction, Management Initiatives, Cash Reserve, & Other Governmental Assistance.

[5] Cash flow adjustments include operating, depreciation, environmental remediation and OPEB cash flow adjustments.

Capital Review

The City's 2013-2016 Four-Year Capital Plan totals \$340 million, including \$337.3 million for NYCT and \$2.7 million for SIR. These funds will be used to support MTA's most essential work: bringing the mass transit system to a state of good repair, maintaining a normal replacement cycle, and helping expand the transit system. City capital funds are used in conjunction with other sources (Federal, State, and Private) towards MTA's Capital Program.

The City's Four-Year Plan for NYCT, SIR, and MTABC includes the following key elements:

- funds to help provide for various NYCT infrastructure improvements, system enhancements, and bus and subway car upgrades, \$177.3 million for 2013-2016.
- funds for NYCT trackwork, \$140 million for 2013-2016.
- funds for SIR's track replacement and infrastructure programs, \$2.7 million for 2013-2016.

The table below outlines the City's Capital Commitments to NYCT, SIR and MTABC for the 2011-2016 period:

Capital Commitments (\$ in 000's)

	2011 Actual		2012 Plan		2013 Plan		2014 Plan		2015 Plan		2016 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.....	\$94,058	\$94,058	\$118,450	\$118,450	\$59,100	\$59,100	\$59,100	\$59,100	\$59,100	\$59,100	\$0	\$0
Trackwork.....	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000
Revolving Fund.....	0	0	15,000	15,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
SIRTOA.....	942	942	3,300	3,300	900	900	900	900	900	900	0	0
Miscellaneous.....	0	0	-758	31,413	0	0	0	0	0	0	0	0
MTABC.....	0	0	24,335	50,658	0	0	0	0	0	0	0	0
Total.....	<u>\$130,000</u>	<u>\$130,000</u>	<u>\$195,327</u>	<u>\$253,821</u>	<u>\$100,000</u>	<u>\$100,000</u>	<u>\$100,000</u>	<u>\$100,000</u>	<u>\$100,000</u>	<u>\$100,000</u>	<u>\$40,000</u>	<u>\$40,000</u>

Appendix

**EXHIBIT 1
EXPENDITURE ASSUMPTIONS**

Personal Services

The estimates for Personal Services over the five-year period of the plan are as follows:

	(\$ in Millions)				
	2012	2013	2014	2015	2016
Salaries and Wages	\$21,859	\$21,572	\$21,637	\$21,653	\$21,759
Pensions	7,999	8,145	8,181	8,084	8,166
Other Fringe Benefits	8,014	8,452	9,043	9,647	10,323
Retiree Health Benefits Trust	(672)	(1,000)	(1,000)	—	—
Reserve for Collective Bargaining	81	163	322	539	795
Total	\$37,281	\$37,332	\$38,183	\$39,923	\$41,043

Salaries and Wages

The projections for salaries and wages reflect personnel costs associated with current and projected headcount levels assuming implementation of projected PEG initiatives, and also including recognized needs and any wage adjustments from rounds of collective bargaining that have been implemented.

Pensions and Other Fringe Benefits

Pension expenditures reflect actuarial valuation estimates of the City’s five major retirement systems prepared by the Office of the Actuary, and other pension program costs. Adjustments are made to reflect changes in the City’s planned payroll and changes in the number of pension members.

Expenditures for the five major retirement systems reflect a revised set of funding assumptions and actuarial methods recommended by the Chief Actuary as a result of his review of independent audits required by the City Charter. The most recent audit was performed by the Hay Group which was released in December of 2011. The Actuary’s recommendations include the use of a seven percent actuarial interest rate assumption, updated mortality tables, and revised tables regarding rates of retirement, disability and other experience (tabular assumptions). The Actuary is also implementing a market value restart and utilizing an alternative, but commonly-used, funding method known as the Entry Age Normal Cost Method. Under this method, the Actuary would calculate and establish unfunded pension liabilities which would be amortized over a twenty-two year period. Certain components of the Actuary’s proposals, such as the actuarial interest rate change and the funding method change, require legislative approval. Other changes, including the tabular assumptions and the market restart, do not require legislative approval.

The financial plan for pensions also includes savings commencing in 2015 associated with a new pension tier (Tier 6) that was recently enacted into State law. The Tier 6 reforms would only impact City employees who join the pension system on or after April 1, 2012. Highlights of the reforms include: 1) increasing the age requirement to 63 for most civilians and teachers to retire and receive a full pension; 2) requiring member contributions for all years of active service from non-uniformed employees; 3) instituting progressive member contributions for non-uniform employees such that members will make contributions corresponding to a five stage salary schedule – ranging from three percent below \$45,000, to a maximum six percent for salaries above \$100,000; 4) lengthening the final average salary (FAS) period used for determining pension benefits from three to five years, together with statutory limits on year-to-year salary growth; 5) pegging the FAS for non-uniform employees not to exceed the Governor’s salary; 6) extending and harmonizing the Tier 3 retirement plan for uniformed Police and Fire employees, as modified

by the recent Tier 6 legislation, to the City's other uniformed forces (Correction and Sanitation), and to District Attorney Investigators; and 7) offering an optional defined-contribution plan to non-represented employees who have a starting salary of \$79,000 or greater. These reforms are effective for new pension members on or after April 1, 2012 and savings in the financial plan commence in 2015 at \$49 million. Over the next thirty years the City will save approximately \$21 billion resulting from Tier 6 pension reform.

Total pension expenses for the financial plan are shown below:

	(\$ in Millions)				
	2012	2013	2014	2015	2016
City Actuarial Systems	\$7,877	\$8,015	\$8,045	\$7,940	\$8,018
Non-City Systems	72	77	83	91	94
Non-Actuarial	50	53	53	53	54
Total	\$7,999	\$8,145	\$8,181	\$8,084	\$8,166

Social Security cost estimates reflect the projected tax rates and wage ceilings issued by the Social Security Administration as well as planned payroll adjustments. Unemployment Insurance costs are consistent with the statutory maximum weekly benefit levels and planned payroll levels. Workers' Compensation costs are consistent with the compensation rate schedule mandated by State law and the projected growth in medical costs. Health Insurance estimates reflect current levels of coverage based on the latest population and premium data available from the City's health insurance providers. The financial plan also reflects a drawdown of approximately \$2.7 billion from the Retiree Health Benefits Trust over a three year period: \$672 million in 2012, \$1 billion in 2013 and \$1 billion in 2014.

Reserve for Collective Bargaining

The Reserve for Collective Bargaining contains funding for the cost of undistributed collective bargaining increases. The reserve contains no funding for wage increases for the first three years beyond the 2008-2010 round. After that three-year period, the reserve contains funding for wage increases assumed to be 1.25 percent per year.

Other Than Personal Services

The following items are included in this category:

	(\$ in Millions)				
	2012	2013	2014	2015	2016
Administrative OTPS	\$17,769	\$17,311	\$17,663	\$18,059	\$18,452
Public Assistance	1,327	1,274	1,279	1,279	1,279
Medical Assistance	6,248	6,283	6,366	6,447	6,416
Health & Hospital Corporation	204	169	166	165	165
Covered Agency Support & Other Subsidies*	2,936	3,119	3,340	3,565	3,738
City Debt Service*	5,623	6,129	6,799	7,172	7,450
General Reserve	40	300	300	300	300
Prepayments	(2,014)	(1,604)	(124)	—	—
Total	\$32,133	\$32,981	\$35,789	\$36,987	\$37,800

* Numbers adjusted for prepayments

Administrative OTPS

Administrative OTPS costs in each agency’s baseline four-year financial plan include the ongoing cost of existing programs, planned increases or decreases from PEG initiatives and other adjustments. For 2014 through 2016, 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 2014 through 2016.

Energy

The financial plan includes a Citywide appropriation to provide for the changing cost of energy for 2014 through 2016. Energy costs in each agency, with the exception of HPD, are held constant for 2013 through 2016. Price and usage changes for HPD’s *In-Rem/DAMP* Programs are budgeted in HPD’s four-year plan.

Gasoline costs are expected to increase by \$11 million from 2012 to 2016. Fuel oil and heat, light and power is expected to increase by \$142 million between 2012 and 2013 due to the mild winter weather and low natural gas prices in 2012. Fuel oil and heat, light and power is expected to increase another \$135 million between 2013 and 2016.

	Energy Costs (\$ in Millions)				
	2012	2013	2014	2015	2016
Gasoline	\$110	\$121	\$121	\$121	\$121
Fuel Oil	103	137	155	157	158
HPD-In Rem/DAMP	8	7	7	7	7
HPD-Emergency Repairs	7	4	3	3	3
Heat, Light and Power	770	878	930	961	992
Total	\$998	\$1,147	\$1,216	\$1,249	\$1,281

Leases

In each agency, the cost of leases is budgeted at a constant level from 2013 through 2016. A citywide adjustment for 2014 through 2016 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 \$828 million for leases in 2013, \$859 million in 2014, \$921 million in 2015 and \$949 million in 2016. Of these amounts, the citywide adjustment is \$31 million, \$93 million, and \$121 million respectively in 2014 through 2016.

Public Assistance

In 2013, 352,956 persons are projected to receive cash assistance on average each month, an increase of 1,481 from the projected 2012 average.

Medical Assistance

The financial plan for Medical Assistance assumes decreasing growth and baselined funds consistent with the New York State enacted budget effective April 1, 2013, in which the State slowly takes over Medicaid growth from localities. The financial plan also includes the City share of Disproportionate Share and Upper Payment Limit payments which fall outside of the Medicaid cap.

Health and Hospitals Corporation

Revenue and expenditure projections for 2013 through 2016 include assumptions related to actual collections experience, the impact of rates by third party payers, and collections performance through a variety of revenue enhancement efforts. Included in the Corporation's baseline revenue assumption is the continued receipt of the Disproportionate Share and Upper Payment Limit transactions. Corporation revenue increases are reliant on Medicaid receipts, which continue to grow steadily. Expenditure increases are driven by growth in pension and health insurance costs.

Covered Agency Support and Other Subsidies

Included in this category are the contributions made by the City to the Transit Authority, Libraries and various Cultural Institutions. Also included in this category are the estimated projections for the cost of Judgments and Claims.

General Reserve

The General Reserve is projected at \$40 million for 2012 and \$300 million for 2013 through 2016 to provide for uncontrollable increases in expenditures as well as shortfalls in revenue. The General Reserve for 2013 through 2016 has been increased above the required \$100 million to allow for any further uncertainties that may occur in the future.

Debt Service

Debt Service projections cover payments of debt service on currently outstanding City's TFA and Conduit debt as well as future issuances in accordance with the 2012 through 2016 financing program (See Financing Program). Actual debt service payments in these years will be affected by the timing of bond sales and by market conditions. Estimates of City debt service costs on debt to be issued are based on estimates of the periods of probable usefulness of the capital assets for which the debt will be issued.

A Budget Stabilization Account has been established for the prepayment of future years' debt service costs. Funding of \$1.664 billion in 2012 and \$124 million in 2013 has been provided for this purpose.

Below are the detailed estimates for debt service for 2012 through 2016 after prepayments:

(\$ in Millions)

	Long Term	Short Term	Lease Purchase	Budget Stabilization*	Total City and Lease	TFA	Prepayment Adjustment	Total City Lease and TFA
2012	\$1,072	\$—	\$241	\$1,664	\$2,977	\$732	\$1,914	\$5,623
2013	2,399	18	316	124	\$2,857	1,732	1,540	\$6,129
2014	4,252	75	321	—	\$4,648	2,027	124	\$6,799
2015	4,544	75	313	—	\$4,932	2,240	—	\$7,172
2016	4,632	75	318	—	\$5,025	2,425	—	\$7,450

* Amounts in the Budget Stabilization Account are used to prepay the succeeding year's debt service.

EXHIBIT 2

**FISCAL YEAR 2013 EXECUTIVE BUDGET AND PROJECTIONS,
FISCAL YEAR 2014 THROUGH FISCAL YEAR 2016**

(\$ in thousands)

Dept. No.	Agency	FY 2011 Actual Expenditures	Fiscal Year 2012		FY 2013 Executive Budget	FY 2014 Estimate	FY 2015 Estimate	FY 2016 Estimate	
			Executive Budget	8 Month Actuals July - Feb. Forecast					
002	Mayoralty.....	\$94,885	\$92,946	\$60,624	\$100,459	\$91,792	\$89,039	\$88,849	\$88,832
003	Board of Elections.....	102,874	99,688	80,187	132,338	72,590	72,590	72,590	72,590
004	Campaign Finance Board.....	11,279	12,250	7,087	12,251	55,077	13,288	13,288	13,288
008	Office of the Actuary.....	4,997	6,055	3,272	6,852	6,293	6,246	6,248	6,250
010	President,Borough of Manhattan.....	4,354	2,860	3,204	4,723	2,715	2,593	2,599	2,604
011	President,Borough of the Bronx.....	4,860	3,845	3,225	5,247	3,612	3,441	3,441	3,441
012	President,Borough of Brooklyn.....	5,373	3,677	3,371	5,452	3,464	3,171	3,171	3,171
013	President,Borough of Queens.....	4,700	3,495	2,979	4,646	3,343	3,000	3,000	3,000
014	President,Borough of S.I.....	3,769	2,694	2,334	3,898	2,524	2,437	2,437	2,437
015	Office of the Comptroller.....	67,137	73,590	45,554	74,616	75,490	75,826	76,075	76,486
017	Dept. of Emergency Management.....	33,825	30,532	17,689	54,881	20,902	11,577	6,534	6,544
021	Office of Admin. Tax Appeals.....	3,712	3,859	2,473	3,997	4,180	4,260	4,260	4,260
025	Law Department.....	135,034	140,034	98,138	141,676	142,101	132,924	132,924	132,924
030	Department of City Planning.....	23,663	24,667	15,570	25,910	22,669	20,570	20,466	20,475
032	Department of Investigation.....	21,738	20,280	14,881	22,301	20,179	20,179	20,179	20,179
035	NY Public Library - Research.....	22,023	5,938	9,771	15,417	11,886	16,015	16,015	16,015
037	New York Public Library.....	110,850	21,374	45,849	74,502	54,534	77,643	77,643	77,643
038	Brooklyn Public Library.....	82,451	16,185	13,365	57,246	40,976	58,150	58,150	58,150
039	Queens Borough Public Library.....	81,264	15,859	9,555	56,939	39,591	57,023	57,023	57,023
040	Department of Education.....	18,938,899	19,218,076	11,041,152	19,324,255	19,710,997	20,373,459	20,956,116	21,596,197
042	City University.....	777,117	744,741	405,288	822,973	837,511	811,786	809,892	798,632
054	Civilian Complaint Review Bd.....	9,623	9,610	5,087	9,342	10,550	10,562	10,565	10,565
056	Police Department.....	4,804,759	4,544,921	3,245,619	4,954,313	4,618,157	4,609,355	4,608,125	4,607,294
057	Fire Department.....	1,733,601	1,625,917	1,158,924	1,822,715	1,729,961	1,678,316	1,615,309	1,615,356
068	Admin. for Children Services.....	2,760,804	2,752,174	2,316,057	2,904,372	2,719,909	2,720,472	2,721,038	2,721,038
069	Department of Social Services.....	8,068,754	9,162,737	6,178,078	9,323,297	9,255,945	9,311,959	9,409,031	9,377,879
071	Dept. of Homeless Services.....	1,019,182	788,803	737,054	914,097	800,962	792,316	792,305	792,305
072	Department of Correction.....	1,045,112	1,022,096	712,640	1,083,661	1,050,050	1,058,782	1,038,971	1,038,790
073	Board of Correction.....	929	1,000	588	980	940	1,000	1,000	1,000
095	Citywide Pension Contributions.....	6,999,832	8,424,119	4,942,889	7,999,119	8,144,670	8,180,664	8,084,079	8,165,756
098	Miscellaneous.....	6,025,254	6,553,260	3,000,061	6,231,129	6,599,278	7,385,851	9,239,639	10,119,750
099	Debt Service.....	5,255,121	2,861,464	466,853	3,709,254	4,589,577	6,674,886	7,172,372	7,450,063
101	Public Advocate.....	2,212	1,714	1,533	2,255	1,607	1,610	1,610	1,610
102	City Council.....	52,112	52,090	37,143	52,090	52,090	49,442	49,442	49,442
103	City Clerk.....	4,445	4,323	2,677	4,435	4,356	4,359	4,362	4,362
125	Department for the Aging.....	263,712	218,363	231,518	271,343	235,298	232,853	232,851	232,851
126	Department of Cultural Affairs.....	144,051	100,856	125,180	152,118	103,148	103,148	103,148	103,148
127	Financial Info. Serv. Agency.....	61,769	87,824	68,736	88,790	99,519	91,787	90,554	91,054
130	Department of Juvenile Justice.....	203,357	—	—	—	—	—	—	—
131	Office of Payroll Admin.....	57,618	61,070	9,105	57,856	44,349	29,627	29,680	29,680
132	Independent Budget Office.....	3,397	4,450	2,552	4,391	4,359	4,345	4,338	4,334
133	Equal Employment Practices Com.....	726	789	384	789	790	790	790	790
134	Civil Service Commission.....	491	751	397	734	751	751	751	751
136	Landmarks Preservation Comm.....	4,479	4,759	2,756	4,758	4,727	4,733	4,733	4,733
138	Districting Commission.....	—	—	—	—	1,661	—	—	—

EXHIBIT 2

**FISCAL YEAR 2013 EXECUTIVE BUDGET AND PROJECTIONS,
FISCAL YEAR 2014 THROUGH FISCAL YEAR 2016**

(\$ in thousands)

Dept. No.	Agency	FY 2011 Actual Expenditures	Fiscal Year 2012		FY 2013 Executive Budget	FY 2014 Estimate	FY 2015 Estimate	FY 2016 Estimate	
			Executive Budget	8 Month Actuals July - Feb. Forecast					
156	Taxi & Limousine Commission.....	30,177	31,067	20,440	35,439	64,846	59,848	55,844	42,344
226	Commission on Human Rights.....	6,136	7,111	3,371	7,238	6,498	6,498	6,498	6,498
260	Youth & Community Development,...	350,264	259,233	240,509	329,134	244,813	233,613	228,677	228,677
312	Conflicts of Interest Board.....	1,981	2,119	1,255	2,012	2,087	2,087	2,087	2,087
313	Office of Collective Barg.....	2,013	2,220	1,099	2,154	2,257	2,159	2,160	2,162
499	Community Boards (All).....	14,020	14,617	9,840	15,550	15,225	15,219	15,222	15,225
781	Department of Probation.....	81,890	75,803	53,375	83,664	77,923	76,132	71,738	71,738
801	Dept. Small Business Services.....	148,746	128,465	86,098	155,899	121,412	96,992	89,454	89,459
806	Housing Preservation & Dev.....	705,429	565,271	539,229	831,343	562,012	554,918	553,494	553,453
810	Department of Buildings.....	98,974	94,474	63,044	96,218	95,972	91,769	89,751	89,751
816	Dept Health & Mental Hygiene.....	1,626,907	1,544,283	1,268,746	1,664,202	1,528,265	1,523,812	1,515,143	1,515,100
819	Health and Hospitals Corp.....	184,402	164,146	104,490	204,452	168,596	166,325	165,269	165,269
820	Office Admin Trials & Hearings.....	23,322	33,519	20,476	33,918	35,440	35,441	35,443	35,445
826	Dept of Environmental Prot.....	1,021,576	1,036,086	730,103	1,048,156	1,133,885	1,116,898	1,101,421	1,097,787
827	Department of Sanitation.....	1,408,382	1,300,794	974,944	1,294,414	1,352,030	1,457,766	1,455,992	1,455,247
829	Business Integrity Commission.....	6,851	7,190	4,991	7,315	7,119	7,119	7,119	7,119
836	Department of Finance.....	219,737	222,516	137,249	228,764	225,772	224,531	224,046	224,046
841	Department of Transportation.....	864,912	685,388	618,782	847,397	710,897	693,016	693,015	693,015
846	Dept of Parks and Recreation.....	393,742	299,913	240,540	371,085	304,920	305,017	305,262	305,262
850	Dept. of Design & Construction.....	111,876	106,261	88,074	127,936	107,056	107,080	107,080	107,080
856	Dept of Citywide Admin Srvces.....	1,117,609	1,115,096	1,003,801	1,138,385	1,196,059	1,200,999	1,200,795	1,200,795
858	D.O.I.T.T.....	415,384	420,224	324,459	469,032	442,507	416,044	413,384	412,565
860	Dept of Records & Info Serv.....	5,179	5,252	3,731	6,033	5,439	5,354	5,218	5,222
866	Department of Consumer Affairs.....	21,829	26,003	15,950	28,586	25,568	25,338	25,252	25,252
901	District Attorney - N.Y.....	104,690	76,520	70,734	92,880	76,699	76,747	76,747	76,747
902	District Attorney - Bronx.....	51,068	47,505	32,346	50,591	49,234	51,213	51,213	51,213
903	District Attorney - Kings.....	84,986	77,060	57,161	79,862	79,989	82,579	82,579	82,579
904	District Attorney - Queens.....	48,036	46,211	32,679	49,893	46,861	49,142	49,142	49,142
905	District Attorney - Richmond.....	8,610	7,672	5,085	8,416	7,809	8,129	8,129	8,129
906	Off. of Prosec. & Spec. Narc.....	17,898	16,328	11,655	17,824	17,338	17,338	17,338	17,338
941	Public Administrator - N.Y.....	1,127	1,181	971	1,268	1,260	1,271	1,279	1,279
942	Public Administrator - Bronx.....	388	425	295	510	474	485	493	493
943	Public Administrator- Brooklyn.....	553	526	300	605	563	574	582	582
944	Public Administrator - Queens.....	426	400	283	473	437	448	456	456
945	Public Administrator -Richmond.....	375	307	237	389	349	360	367	367
	Prior Payable Adjustment.....	(508,344)	—	—	(500,000)	—	—	—	—
	General Reserve.....	—	—	—	40,000	300,000	300,000	300,000	300,000
	Energy Adjustment.....	—	—	—	—	—	70,336	102,661	134,478
	Lease Adjustment.....	—	—	—	—	—	30,842	92,873	120,502
	OTPS Inflation Adjustment.....	—	—	—	—	—	55,519	111,038	166,557
	TOTAL EXPENDITURES.....	\$67,727,295	\$67,246,921	\$41,897,741	\$69,413,454	\$70,312,691	\$73,971,783	\$76,909,854	\$78,843,152
	LESS: INTRA-CITY EXPENDITURES.....	1,851,037	1,532,357	699,963	1,789,685	1,595,574	1,594,856	1,597,842	1,602,942
	NET TOTAL EXPENDITURES.....	\$65,876,258	\$65,714,564	\$41,197,778	\$67,623,769	\$68,717,117	\$72,376,927	\$75,312,012	\$77,240,210

EXHIBIT 3

**ACTUAL REVENUE
(\$ in Millions)**

	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011
Taxes:				
Real Property	\$13,204	\$14,487	\$16,369	\$17,086
Personal Income.....	9,697	7,489	7,576	8,138
General Corporation	2,932	2,320	1,976	2,278
Banking Corporation.....	628	1,099	969	1,346
Unincorporated Business	1,852	1,785	1,561	1,675
Sales and Use.....	4,868	4,594	5,059	5,586
Commercial Rent.....	545	583	594	601
Real Property Transfer.....	1,408	742	615	795
Mortgage Recording	1,138	515	366	434
Utility.....	392	398	375	394
Cigarette.....	124	96	93	70
Hotel.....	379	342	363	422
All Other	418	475	516	537
Tax Audit Revenue.....	1,016	948	769	988
Total Taxes	38,601	35,873	37,201	40,350
Miscellaneous Revenues:				
Licenses, Franchises, Etc.....	502	493	487	525
Interest Income	377	124	22	21
Charges for Services.....	638	687	746	776
Water and Sewer Charges.....	1,202	1,284	1,540	1,295
Rental Income.....	257	255	234	253
Fines and Forfeitures	830	802	833	820
Miscellaneous	1,238	981	828	698
Intra-City Revenue.....	1,477	1,631	1,782	1,851
Total Miscellaneous.....	6,521	6,257	6,472	6,239
Unrestricted Intergovernmental Aid:				
Federal Revenue Sharing.....	—	—	—	—
N.Y. State Per Capita Aid.....	242	327	(26)	—
Other Federal and State Aid.....	—	—	8	39
Total Unrestricted Intergovernmental Aid	242	327	(18)	39
Provision for Disallowance of Categorical Grants.....	(114)	—	—	(112)
Less Intra-City Revenue	(1,477)	(1,631)	(1,782)	(1,851)
Sub Total City Funds.....	43,773	40,826	41,873	44,665
Other Categorical Grants	1,090	1,280	1,579	1,523
Transfers from Capital Fund:				
Inter Fund Agreements	454	475	583	561
Total City Funds & Capital Budget Transfers.....	45,317	42,581	44,035	46,749
Federal Categorical Grants:				
Community Development.....	260	251	263	241
Social Services.....	2,619	2,758	3,084	3,209
Education	1,739	1,717	2,911	2,762
Other	1,074	1,215	1,458	1,665
Total Federal Grants	5,692	5,941	7,716	7,877
State Categorical Grants:				
Social Services.....	2,060	2,034	2,099	1,743
Education	8,011	8,639	8,078	8,110
Higher Education	174	178	173	154
Department of Health and Mental Hygiene.....	487	468	448	397
Other	689	805	847	851
Total State Grants	11,421	12,124	11,645	11,255
Total Revenues	\$62,430	\$60,646	\$63,396	\$65,881

EXHIBIT 4
REVENUE ESTIMATES
(\$ in Millions)

	Fiscal Year 2012 8 Months Actuals	Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016
Taxes:						
Real Property	\$16,403	\$17,902	\$18,354	\$18,956	\$19,617	\$20,259
Personal Income	5,289	7,966	8,476	8,521	9,129	9,497
General Corporation	1,193	2,476	2,530	2,685	2,788	2,917
Banking Corporation	564	1,286	1,191	1,241	1,268	1,412
Unincorporated Business...	863	1,638	1,765	1,900	1,971	2,034
Sale and Use	3,747	5,835	6,064	6,326	6,599	6,839
Commercial Rent.....	317	627	661	694	731	770
Real Property Transfer	590	910	948	1,055	1,174	1,300
Mortgage Recording	334	516	599	686	767	848
Utility.....	220	391	405	421	434	446
Cigarette.....	41	68	67	66	64	62
Hotel	254	478	473	489	513	536
All Other	218	505	500	502	502	502
Tax Audit Revenue.....	388	700	724	706	706	706
State Tax Relief Program - STAR	390	790	824	859	859	859
Total Taxes	30,811	42,088	43,581	45,107	47,122	48,987
Miscellaneous Revenue:						
Licenses, Franchises, Etc.	394	554	551	563	566	577
Interest Income	10	17	19	12	21	91
Charges for Services.....	472	831	887	881	882	883
Water and Sewer Charges .	1,027	1,387	1,514	1,525	1,516	1,535
Rental Income.....	159	286	280	290	293	293
Fines and Forfeitures	553	820	805	804	803	803
Miscellaneous	285	1,062	1,626	551	527	524
Intra-City Revenue	628	1,790	1,596	1,595	1,598	1,603
Total Miscellaneous	3,528	6,747	7,278	6,221	6,206	6,309
Unrestricted Intergovernmental Aid:						
N.Y. State Per Capita Aid .	—	—	—	—	—	—
Other Federal and State Aid	25	25	—	—	—	—
Total Unrestricted Intergovernmental Aid:	25	25	—	—	—	—
Reserve for Disallowance of Categorical Grants						
Less: Intra-City Revenue...	(628)	(1,790)	(1,596)	(1,595)	(1,598)	(1,603)
Sub Total City Funds	33,736	47,055	49,248	49,718	51,715	53,678
Other Categorical Grants	421	1,036	923	919	916	902
Inter Fund Agreements	284	555	538	510	509	509
Total City Funds & Inter-Fund Revenues ...	\$34,441	\$48,646	\$50,709	\$51,147	\$53,140	\$55,089

REVENUE ESTIMATES

(\$ in Millions)

	Fiscal Year 2012 8 Months Actuals	Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016
Community Development .	\$128	\$255	\$226	\$219	\$219	\$219
Social Services.....	1,365	3,279	3,074	3,063	3,063	3,063
Education.....	688	1,928	1,942	1,932	1,857	1,856
Other.....	558	2,204	1,353	1,259	1,234	1,234
Total Federal Grants.....	2,739	7,666	6,595	6,473	6,373	6,372
State Categorical Grants:						
Social Services.....	556	1,540	1,413	1,412	1,412	1,412
Education.....	4,263	8,120	8,436	8,701	9,033	9,429
Higher Education.....	95	214	235	235	235	235
Department of Health and Mental Hygiene.....	96	571	531	529	529	529
Other.....	115	867	798	836	910	1,023
Total State Grants.....	5,125	11,312	11,413	11,713	12,119	12,628
TOTAL REVENUE.....	\$42,305	\$67,624	\$68,717	\$69,333	\$71,632	\$74,089

EXHIBIT 5
FULL-TIME and PART-TIME POSITIONS (FTEs)

	12/31/2001		6/30/2012		6/30/2013		6/13 vs 12/01	
	Actual [1] [4]		Executive Budget		Executive Budget		Inc/(Dec)	
	Total	City	Total	City	Total	City	Total	City
MAYORAL AGENCIES:								
<i>Uniformed Forces:</i>								
Police -Uniform	39,297	39,297	34,413	34,309	34,413	34,309	(4,884)	(4,988)
-Civilian	14,779	14,166	15,816	15,656	15,510	15,452	731	1,286
Fire -Uniform	11,120	11,113	10,787	10,779	10,282	10,274	(838)	(839)
-Civilian	1,582	1,581	1,586	1,568	1,615	1,608	33	27
-EMS	2,913	2,910	3,270	3,266	3,269	3,265	356	355
Sanitation -Uniform	7,957	7,810	7,197	7,056	7,178	7,061	(779)	(749)
-Civilian	2,265	2,053	2,112	1,949	2,105	1,978	(160)	(75)
Correction -Uniform	10,617	9,874	8,765	8,744	8,854	8,854	(1,763)	(1,020)
-Civilian	1,603	1,488	1,730	1,718	1,756	1,748	153	260
<i>Subtotal</i>	<i>92,133</i>	<i>90,292</i>	<i>85,676</i>	<i>85,045</i>	<i>84,982</i>	<i>84,549</i>	<i>(7,151)</i>	<i>(5,743)</i>
<i>Health and Welfare:</i>								
Social Services	16,836	13,293	14,658	10,615	14,510	10,469	(2,326)	(2,824)
Admin. for Children's Services	8,286	8,232	6,649	6,483	6,561	6,395	(1,725)	(1,837)
Homeless Services	2,090	2,081	1,900	1,802	1,935	1,935	(155)	(146)
Health & Mental Hygiene	5,442	4,398	6,518	4,793	5,932	4,661	490	263
<i>Subtotal</i>	<i>32,654</i>	<i>28,004</i>	<i>29,725</i>	<i>23,693</i>	<i>28,938</i>	<i>23,460</i>	<i>(3,716)</i>	<i>(4,544)</i>
<i>Other Mayoral:</i>								
Housing Preservation and Development	2,720	645	2,434	500	2,397	487	(323)	(158)
Environmental Protection	5,760	376	6,092	219	6,119	219	359	(157)
Finance	2,685	2,685	1,944	1,932	1,945	1,933	(740)	(752)
Transportation	4,415	2,498	5,077	2,023	4,287	2,022	(128)	(476)
Parks	6,630	6,231	5,524	4,944	4,596	4,031	(2,034)	(2,200)
Citywide Administrative Services	1,879	1,296	2,316	1,445	2,321	1,497	442	201
All Other Mayoral	18,103	13,776	18,694	14,956	17,982	14,563	(121)	787
<i>Subtotal</i>	<i>42,192</i>	<i>27,507</i>	<i>42,081</i>	<i>26,019</i>	<i>39,647</i>	<i>24,752</i>	<i>(2,545)</i>	<i>(2,755)</i>
EDUCATION:								
Dept. of Education - Pedagogical	112,810	95,407	107,273	90,795	108,124	91,670	(4,686)	(3,737)
- Civilian	25,442	22,174	24,477	22,213	24,249	21,985	(1,193)	(189)
City University - Pedagogical	4,273	4,273	5,034	5,013	5,034	5,013	761	740
- Civilian	2,300	2,299	2,592	2,582	2,632	2,622	332	323
<i>Sub-Total</i>	<i>144,825</i>	<i>124,153</i>	<i>139,376</i>	<i>120,603</i>	<i>140,039</i>	<i>121,290</i>	<i>(4,786)</i>	<i>(2,863)</i>
Total	311,804	269,956	296,858	255,360	293,606	254,051	(18,198)	(15,905)
COVERED ORGANIZATION AND NON-CITY EMPLOYEES SUBSTANTIALLY PAID BY CITY SUBSIDIES [2]:								
Health and Hospital Corp.	37,941	37,941	38,298	38,298	37,748	37,748	(193)	(193)
Housing Authority	14,863	-	11,829	-	11,837	-	(3,026)	-
Libraries	4,428	4,428	3,640	3,640	2,187	2,187	(2,241)	(2,241)
Cultural Institutions [3]	1,728	1,728	1,310	1,310	632	632	(1,096)	(1,096)
School Construction Authority	933	933	715	715	715	715	(218)	(218)
New York City Employees Retirement System	368	368	378	378	378	378	10	10
Economic Development Corporation	344	344	423	423	423	423	79	79
Teachers Retirement System	308	308	390	390	390	390	82	82
Police Pension Fund	66	66	138	138	140	140	74	74
All Other	155	155	256	251	257	252	102	97
<i>Sub-total</i>	<i>61,134</i>	<i>46,271</i>	<i>57,377</i>	<i>45,543</i>	<i>54,707</i>	<i>42,865</i>	<i>(6,427)</i>	<i>(3,406)</i>
Total	372,938	316,227	354,235	300,903	348,313	296,916	(24,625)	(19,311)

[1] Adjusted for transfers.

[2] Includes non-city employees substantially paid by city subsidies. For these agencies the December 2001 data reflects staffing as of February 2002.

[3] Includes only those employees of the Cultural Institutions Group paid by city fund subsidies.

[4] Includes restatements for positions formerly funded under vendor contracts and for Education part-time positions not previously included in the city headcount.

EXHIBIT 6
FY 2013 EXECUTIVE BUDGET
CITY GAP CLOSING PROGRAM - 5 YEAR VALUE
(City \$ in 000's)

	2012	2013	2014	2015	2016
MAYORAL AGENCIES:					
<i>Uniformed Forces:</i>					
Police	\$8,296	\$74,613	\$57,041	\$58,357	\$59,249
Fire	16,741	38,036	39,532	39,569	39,613
Correction	13,369	16,569	17,122	17,483	17,834
Sanitation	14,365	53,953	6,434	6,441	6,449
<i>Health and Welfare:</i>					
Administration for Children's Services	57,170	7,898	7,898	7,898	7,898
Social Services	41,641	10,038	32,388	7,222	7,222
Homeless Services	1,875	10,169	13,195	13,195	13,195
Youth and Community Development	3,433	8,991	8,991	8,991	8,991
Health and Mental Hygiene	8,038	21,001	21,155	21,250	21,361
<i>Other Mayoral:</i>					
Housing Preservation and Development	4,361	3,512	3,320	3,350	3,385
Finance	7,965	43,506	19,754	20,463	22,272
Transportation	12,322	28,490	26,280	27,291	28,534
Parks and Recreation	2,687	21,719	13,000	13,000	13,000
Citywide Administrative Services	17,067	3,395	4,470	4,497	4,528
Other	51,945	80,698	76,044	76,790	78,363
MAJOR ORGANIZATIONS:					
Department of Education	147,012	301,212	180,462	189,212	122,300
Health and Hospitals Corporation	-	4,265	4,265	4,265	4,265
OTHER:					
Debt Service	56,097	228,807	29,989	43,733	14,152
Procurement Savings	-	55,519	55,519	55,519	55,519
Total Agency Programs	\$464,384	\$1,012,391	\$616,859	\$618,526	\$528,130

Technical Note: Gap closing program includes initiatives from the May 3, 2012 Executive Budget, February 2, 2012 Preliminary Budget and the November 18, 2011 Financial Plan.

EXHIBIT 6A
FY 2013 EXECUTIVE BUDGET
CITY GAP CLOSING PROGRAM - 5 YEAR VALUE
(City \$ in 000's)

	2012	2013	2014	2015	2016
OTHER:					
Mayoralty	\$2,168	\$4,053	\$4,670	\$4,675	\$4,680
Board of Elections	2,162	5,067	5,067	5,067	5,067
Office of the Actuary	133	407	407	407	407
Emergency Management	126	326	326	326	326
Administrative Tax Appeals	300	200	200	200	200
Law Department	4,180	255	—	—	—
City Planning	471	571	502	516	516
Investigation	819	678	678	678	678
New York Research Library	451	1,004	1,004	1,004	1,004
New York Public Library	2,259	4,903	4,903	4,903	4,903
Brooklyn Public Library	1,691	3,662	3,662	3,662	3,662
Queens Borough Public Library	1,666	3,588	3,588	3,588	3,588
Civilian Complaint Review Board	354	121	94	95	97
Board of Correction	25	78	—	—	—
Cultural Affairs	3,056	6,059	6,059	6,059	6,059
FISA	3,705	3,004	803	810	818
Payroll Administration	4,525	—	—	—	—
Equal Employment Practices	18	56	56	56	56
Civil Service Commission	17	—	—	—	—
Landmarks Preservation	99	304	304	304	304
Taxi & Limousine Commission	908	2,678	2,678	2,678	2,678
Human Rights	53	159	159	159	159
Conflicts of Interest	154	52	53	54	56
Probation	1,364	2,381	2,425	2,468	2,518
Small Business Services	2,597	8,287	5,870	5,578	5,797
Department of Buildings	2,297	6,689	6,689	6,689	6,689
Administrative Trials and Hearings	750	2,273	2,273	2,273	2,273
Environmental Protection	426	1,287	1,287	1,287	1,287
Business Integrity Commission	169	521	521	521	521
DOITT	12,786	9,043	9,069	10,094	11,323
DORIS	110	355	355	355	355
Department of Consumer Affairs	641	1,685	1,743	1,685	1,743
PA - Bronx	76	207	207	207	207
Subtotal	\$50,556	\$69,953	\$65,652	\$66,398	\$67,971
OTHER ELECTED:					
BP - Manhattan	\$—	\$225	\$208	\$208	\$208
BP - Bronx	—	280	280	280	280
BP - Brooklyn	—	263	263	263	263
BP - Queens	—	242	242	242	242
BP - Staten Island	—	201	201	201	201
Comptroller	1,389	4,241	200	200	200
Public Advocate	—	127	127	127	127
City Council	—	—	3,705	3,705	3,705
DA - Manhattan	—	1,485	1,485	1,485	1,485
DA - Bronx	—	907	907	907	907
DA - Brooklyn	—	1,463	1,463	1,463	1,463
DA - Queens	—	863	863	863	863
DA - Staten Island	—	144	144	144	144
Prosec. & Spec. Narc	—	304	304	304	304
Subtotal	\$1,389	\$10,745	\$10,392	\$10,392	\$10,392
Total Other	\$51,945	\$80,698	\$76,044	\$76,790	\$78,363

Technical Note: Gap closing program includes initiatives from the May 3, 2012 Executive Budget, February 2, 2012 Preliminary Budget and the November 18, 2011 Financial Plan.

EXHIBIT 6B
FY 2013 EXECUTIVE BUDGET
CITY GAP CLOSING PROGRAM - BY EXPENSE AND REVENUE
(City \$ in 000's)

	Expense	Revenue	Total
MAYORAL AGENCIES:			
<i>Uniformed Forces:</i>			
Police	\$70,228	\$4,385	\$74,613
Fire	23,793	14,243	38,036
Correction	16,411	158	16,569
Sanitation	51,046	2,907	53,953
<i>Health & Welfare:</i>			
Administration for Children's Services	7,898	—	7,898
Social Services	6,255	3,783	10,038
Homeless Services	10,169	—	10,169
Youth and Community Development	8,991	—	8,991
Health and Mental Hygiene	17,061	3,940	21,001
<i>Other Mayoral:</i>			
Housing Preservation and Development	3,076	436	3,512
Finance	(2,964)	46,470	43,506
Transportation	12,496	15,994	28,490
Parks and Recreation	8,719	13,000	21,719
Citywide Administrative Services	3,240	155	3,395
Other	48,670	32,028	80,698
MAJOR ORGANIZATIONS:			
Department of Education	301,212	—	301,212
Health and Hospitals Corporation	4,265	—	4,265
OTHER:			
Debt Service	228,807	—	228,807
Procurement Savings	55,519	—	55,519
Total Agency Programs	<u>\$874,892</u>	<u>\$137,499</u>	<u>\$1,012,391</u>

Technical Note: Gap closing program includes initiatives from the May 3, 2012 Executive Budget, February 2, 2012 Preliminary Budget and the November 18, 2011 Financial Plan.