

The City of New York
Executive Budget
Fiscal Year 2016

Bill de Blasio, Mayor

Office of Management and Budget
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May 7, 2015

Message of the Mayor

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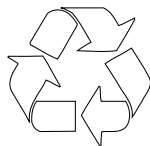
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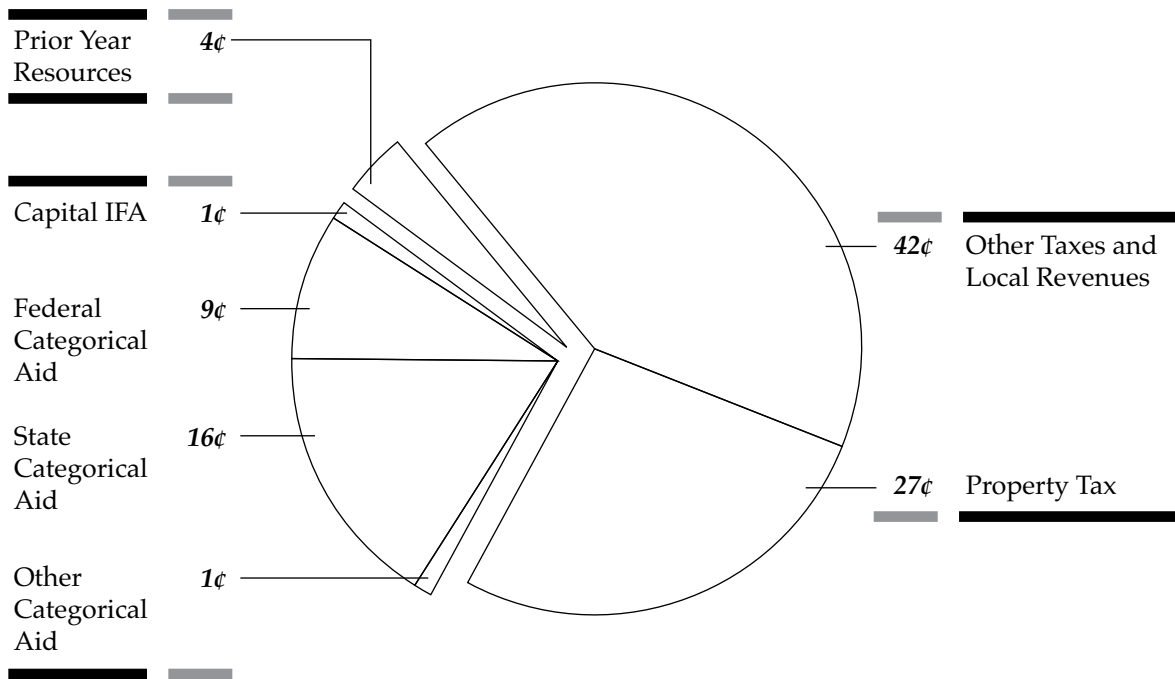


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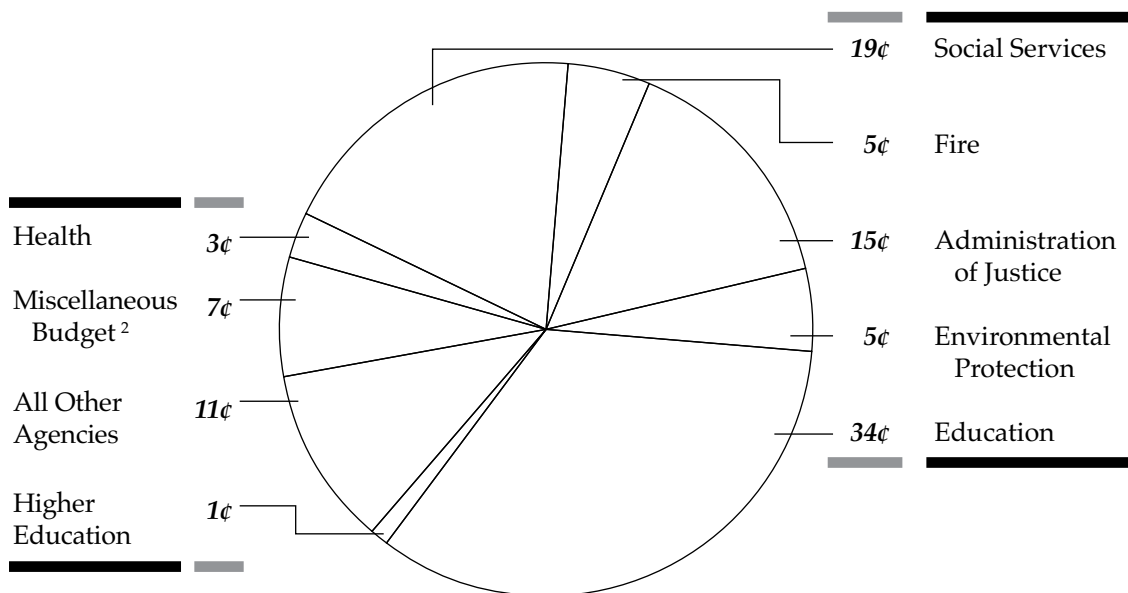


Budget and Financial Plan Summary

Where the 2016 Dollar Comes From



Where the 2016 Dollar Goes To¹



¹ Reflects the allocation of Fringe Benefits, Pensions and Debt Service to the agencies.

Excludes the impact of prepayments and debt defeasances.

² Includes Labor Reserve, Judgments and Claims, General Reserve, Capital Stabilization Reserve, MTA Subsidies, and Indigent Defense Services.

BUDGET AND FINANCIAL PLAN OVERVIEW

The Fiscal Year 2016 Executive Expense Budget is \$78.3 billion. This is the thirty-sixth 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. The following chart details the revenues and expenditures for the five year financial plan.

| | (\$ in Millions) | | | | |
|---|------------------|-----------------|------------------|------------------|------------------|
| | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 |
| <i>Revenues</i> | | | | | |
| Taxes: | | | | | |
| General Property Tax..... | \$21,270 | \$22,240 | \$23,267 | \$24,272 | \$25,336 |
| Other Taxes..... | 28,801 | 29,077 | 29,804 | 30,666 | 31,628 |
| Tax Audit Revenue | 982 | 711 | 711 | 711 | 711 |
| Subtotal - Taxes | \$51,053 | \$52,028 | \$53,782 | \$55,649 | \$57,675 |
| Miscellaneous Revenues..... | 8,188 | 6,560 | 6,715 | 6,815 | 6,875 |
| Unrestricted Intergovernmental Aid | — | — | — | — | — |
| Less: Intra-City Revenues..... | (2,003) | (1,791) | (1,794) | (1,805) | (1,800) |
| Disallowances Against | | | | | |
| Categorical Grants | (15) | (15) | (15) | (15) | (15) |
| Subtotal City Funds | \$57,223 | \$56,782 | \$58,688 | \$60,644 | \$62,735 |
| Other Categorical Grants | 888 | 831 | 839 | 844 | 841 |
| Inter-Fund Revenues..... | 559 | 575 | 546 | 548 | 548 |
| Federal Categorical Grants | 8,412 | 7,127 | 6,832 | 6,401 | 6,300 |
| State Categorical Grants | 12,569 | 12,993 | 13,364 | 13,771 | 14,102 |
| Total Revenues | <u>\$79,651</u> | <u>\$78,308</u> | <u>\$80,269</u> | <u>\$82,208</u> | <u>\$84,526</u> |
| <i>Expenditures</i> | | | | | |
| Personal Service | | | | | |
| Salaries and Wages..... | \$24,149 | \$25,152 | \$25,275 | \$26,619 | \$28,129 |
| Pensions | 8,621 | 8,755 | 8,719 | 8,725 | 8,823 |
| Fringe Benefits | 8,697 | 9,250 | 9,737 | 10,306 | 11,097 |
| Retiree Health Benefits Trust .. | 280 | — | — | — | — |
| Subtotal – Personal Service | \$41,747 | \$43,157 | \$43,731 | \$45,650 | \$48,049 |
| Other Than Personal Service | | | | | |
| Medical Assistance | 6,455 | 6,424 | 6,424 | 6,424 | 6,424 |
| Public Assistance | 1,472 | 1,481 | 1,464 | 1,464 | 1,464 |
| All Other | 25,044 | 24,040 | 24,196 | 24,269 | 24,563 |
| Subtotal – Other Than | | | | | |
| Personal Service..... | \$32,971 | \$31,945 | \$32,084 | \$32,157 | \$32,451 |
| Debt Service ^{1,2,3} | 5,954 | 6,637 | 6,820 | 7,173 | 7,707 |
| Debt Defeasances ¹ | (99) | (103) | — | — | — |
| FY 2014 Budget Stabilization ² | (2,006) | — | — | — | — |
| FY 2015 Budget Stabilization ³ | 3,037 | (3,037) | — | — | — |
| Capital Stabilization Reserve..... | — | 500 | — | — | — |
| General Reserve..... | 50 | 1,000 | 1,000 | 1,000 | 1,000 |
| Subtotal | \$81,654 | \$80,099 | \$83,635 | \$85,980 | \$89,207 |
| Less: Intra-City Expenses | (2,003) | (1,791) | (1,794) | (1,805) | (1,800) |
| Total Expenditures | <u>\$79,651</u> | <u>\$78,308</u> | <u>\$81,841</u> | <u>\$84,175</u> | <u>\$87,407</u> |
| Gap To Be Closed..... | \$— | \$— | \$(1,572) | \$(1,967) | \$(2,881) |

¹ Includes Debt Defeasances of TFA in Fiscal Year 2013 of \$196 million impacting Fiscal Year 2014 through Fiscal Year 2016.

² Fiscal Year 2014 Budget Stabilization totals \$2.006 billion, including GO of \$621 million, TFA of \$1.362 billion, and net equity contribution in bond refunding of \$23 million.

³ Fiscal Year 2015 Budget Stabilization totals \$3.037 billion, including GO of \$1.459 billion and TFA of \$1.578 billion.

STATE AND FEDERAL AGENDA

STATE

On April 1st, the Legislature passed the State Fiscal Year 2015-16 Budget. Several of the most significant actions in the State Budget are indicated below.

In education, the State Budget provides a \$505 million increase in State education aid for New York City from last year's budget; \$300 million for full-day universal pre-kindergarten; and \$9.3 million for CUNY community colleges including a \$6.2 million increase in base aid and \$2.5 million for the Accelerated Study in Associate Programs (ASAP).

Within human services, related actions provide \$235 million for homeless investments over four years; \$27 million over three years for the State share of funding to cap the rent contributions of HIV/AIDS clients; and \$40 million over four years for the State share of funding for the LINC 1 (working families) rental assistance program. Additionally, the State budget includes a 10 percent reduction in reimbursement to the City for homeless prevention and other emergency assistance programs for families with children, which will result in a funding loss of \$90 million over four years.

The State budget also authorizes \$100 million in funding for NYCHA.

FEDERAL

The 114th Congress is considering the fiscal 2016 budget, which begins on October 1, 2015.

If Congress cannot agree on funding levels within the spending caps set by the Budget Control Act (BCA), an automatic sequester is triggered, cutting spending across the board by the amount Congress has appropriated over the caps.

New York City faces risks if Congress stays within the caps or if Congress goes over the caps and triggers sequestration. Congress has discretion to make cuts or increases to programs as long as they keep overall spending below the caps. These spending cuts could reflect partisan priorities, and it is likely that social services programs will be targeted for cuts to allow for increased discretionary spending elsewhere.

On April 30th, the House passed a negotiated budget resolution that outlines \$496 billion in domestic cuts to programs like food stamps and Medicaid for the upcoming decade and raises military spending by \$38 billion. The resolution also sets spending below required spending caps set by the BCA. While the budget resolution does not have the force of law, and the president does not sign a resolution, budget resolutions provide some guidance on what will be included in the spending bills.

Additionally, a failure to raise the federal debt limit when the government again approaches that limit would have serious consequences for the City. The threat of a federal debt default would cause disruptions in the financial markets which could increase the City's cost of borrowing for critical capital projects and affect the financial sector which is an important source of revenue and employment in the City. In addition, it could delay or reduce federal subsidies to the City and precipitate a general economic slowdown, which would impact the City as a whole.

SANDY RECOVERY

Sandy's Impact on the City and its Communities

When Hurricane Sandy made landfall on October 29, 2012, it caused devastation in all five boroughs of New York City and claimed the lives of 44 people. The damage Sandy wrought upon the City's infrastructure was unprecedented and demonstrated the City's dependence on such systems, and their vulnerability. Sandy made clear the City's vulnerability to extreme weather events, which are expected to increase in frequency and intensity due to climate change. The City is seeking to maximize its ability to withstand future disasters by incorporating new hazard mitigation systems into Sandy recovery work. Now, over two-and-a-half years after Sandy, the City has made significant progress in its recovery. The City has secured historic funding agreements with the Federal government. Through active efforts by de Blasio administration leadership, the City is accelerating the process of repairing and rebuilding its communities, homes, businesses and designing resiliency measures into the municipal infrastructure.

Funding for Sandy Recovery: Infrastructure and Community Investment

Funding for Sandy Recovery comes primarily from two sources, the Federal Emergency Management Agency (FEMA), and the U.S. Department of Housing and Urban Development (HUD). FEMA funding supports the City's costs for emergency response and repairs to damaged infrastructure including resiliency improvements. HUD provides funding through the Community Development Block Grant program. This funding supports "unmet needs," such as repairs to privately-owned housing, assistance for businesses, and long-term resiliency improvements.

Infrastructure

The FEMA Public Assistance program supports costs of the City and its partners for emergency response and long-term infrastructure repairs, including qualifying hazard mitigation investments. These costs are expected to total \$9.8 billion. The City has applied to FEMA for emergency response grants totaling \$2.1 billion to pay for costs incurred in the aftermath of Hurricane Sandy. In addition the City is seeking Federal grants for an estimated \$5.0 billion in costs for long-term repairs and a further \$2.7 billion to cover costs for hazard mitigation investments.

To date, the City is on the threshold of securing \$9 billion in FEMA grant agreements. This includes \$3 billion in traditional FEMA grants, as well as \$6 billion through FEMA's 428 Public Assistance Alternate Procedures (428 PAAP) pilot program. The 428 PAAP grants include over 30 City projects totaling \$3 billion and another \$3 billion in grants for the New York City Housing Authority (NYCHA). The largest City repair and mitigation grant is \$1.7 billion for the Health and Hospitals Corporation's (HHC) four damaged hospitals, including Coney Island, Bellevue, Metropolitan and Coler. The NYCHA grant for repair and mitigation at 33 damaged housing developments, once finalized, is expected to be the largest grant to a single entity in FEMA's history. NYCHA and HHC both include FEMA grants in addition to these 428 projects. Finally, the City has begun implementing flood insurance coverage for City assets, as required by federal disaster assistance regulations.

Highlights of FEMA-funded infrastructure recovery projects include the repair and mitigation of:

- 33 NYCHA developments at \$3 billion
- 4 HHC hospitals (Coney Island, Bellevue, Metropolitan and Coler) at \$1.7 billion
- 43 public schools across the 5 boroughs at \$656 million
- Beaches and boardwalks at \$634 million

- Roads and lighting systems citywide at \$446 million
- Wastewater treatment plants and pump stations citywide at \$157 million

Hurricane Sandy Expense and Capital Cost Estimates by Agency
(\$ in millions)

| | Expense | Capital - Repair | Capital - Mitigation | Total |
|--|----------------|---------------------|-------------------------|----------------|
| Health & Hospitals (HHC) ¹ | \$187 | \$887 | \$757 | \$1,831 |
| Parks..... | 100 | 766 | 212 | 1078 |
| Transportation (DOT) ² | 68 | 443 | 4 | 514 |
| Education (DOE and SCA)..... | 80 | 461 | 195 | 736 |
| Fire Department..... | 36 | 187 | 4 | 228 |
| Correction | 6 | 70 | 15 | 172 |
| DEP | 774 | 132 | 25 | 931 |
| Cultural Affairs..... | 1 | 82 | 22 | 105 |
| Police Department..... | 207 | 54 | 6 | 267 |
| Sanitation | 144 | 26 | 3 | 173 |
| All Other Agencies | 300 | 213 | 31 | 545 |
| Subtotal | \$1,903 | \$3,321 | \$1,273 | \$6,497 |
| New York City Housing Authority ³ | 226 | 1,692 | 1,434 | 3,352 |
| Grand Total | <u>\$2,128</u> | <u>\$5,013</u> | <u>\$2,708</u> | <u>\$9,849</u> |

1. Total estimates include \$1.7 million consolidated 428 PAAP grant covering four HHC hospitals.

2. Transportation includes \$352 million of Federal Highway and Federal Transit Administration funding.

3. NYCHA's \$3.4 billion of total estimated damages expected to be partially covered by \$270 million in insurance.

Investing in Communities

The City is investing \$4.2 billion of HUD funding to make sure all New York City communities impacted by Hurricane Sandy recover fully, and recover quickly. This HUD funding comes in the form of Community Development Block Grant – Disaster Recovery (CDBG-DR), which the City is using to support a wide variety of disaster recovery activities that are not covered by traditional disaster recovery funding. These initiatives include restoring private housing stock, assisting businesses, and investing in long-term resiliency improvements.

CDBG-DR Funding
(\$ in millions)

| Program Area | Total Funding |
|--|------------------|
| Housing | \$2,459 |
| Business | 123 |
| Infrastructure and Other City Services | 755 |
| Resiliency..... | 630 |
| Planning/Admin | 247 |
| Total | <u>\$4,214</u> |

Source: CDBG-DR Action Plan, www.nyc.gov/cdbg

Overhaul of Build it Back Program Pays Dividends

As described in the “One City, Rebuilding Together” report, the de Blasio administration conducted a significant overhaul of Build it Back, the City’s housing repair and restoration program, to accelerate recovery for homeowners. Through Build it Back, the City has dedicated \$2.1 billion to repair private housing damaged by Hurricane Sandy, to elevate substantially damaged homes, to rebuild destroyed homes, and to perform other resiliency improvements. At the beginning of the de Blasio administration, no homes had begun construction and no reimbursement checks had been issued to homeowners. Now, over 3,000 reimbursement checks have been issued, over 1,000 homes have begun construction, and the City is entering into new construction contracts to increase significantly its capacity with a focus on elevating homes.

Neighborhood Businesses Will be Stronger than Ever

The City has dedicated \$123 million to help businesses recover from Hurricane Sandy stronger and more resilient. To date, over 330 businesses have been assisted through the Business Recovery Loan and Grant Program, accounting for \$37 million in grants and loan assistance of the total \$48 million program budget. As this program nears completion, the de Blasio administration has launched \$75 million in other business assistance programs, including the RISE : NYC program that promotes innovative technologies to help impacted small businesses. Other business programs target specific neighborhoods in Staten Island, Coney Island, and the Rockaways. Collectively, these programs will help businesses fund resiliency improvements, and will invest in key commercial corridors to help storm-damaged neighborhoods thrive.

Major Resiliency Improvements are Underway

Hurricane Sandy will not be the last time that New York City faces danger from climate change. To protect against future flooding, the de Blasio administration has dedicated \$630 million to coastal resiliency improvements. Chief among these is the \$335 million integrated flood protection system on the Lower East Side of Manhattan, which was a winner of the federal government’s Rebuild by Design competition. Other resiliency programs include \$159 million of coastal protection investments, particularly an integrated flood protection system in Red Hook, Brooklyn; \$45 million to safeguard Hunts Point including the critical Hunts Point Food Distribution Center, another winning Rebuild by Design project; and \$28 million to protect Staten Island University Hospital. HUD has recently approved the City’s revised Action Plan detailing these investments, and design work is underway.

For more information on Sandy recovery, including detailed performance metrics, please visit www.nyc.gov/recovery .

CONTRACT BUDGET

The Contract Budget is presented as part of the 2016 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 2016 Executive Contract Budget contains an estimated 17,512 contracts totaling over \$13.0 billion. Approximately 74 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 \$1.80 billion in contracts, approximately 71 percent of which represents contracts allocated for Children's Charitable Institutions (\$451 million) and Day Care (\$825 million). Of the over \$5.40 billion in Department of Education contracts, approximately 21 percent is allocated for pupil transportation contracts (\$1.13 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 2015 Modified Budget condition for these contract object codes.

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

| | Est # of Contracts | Dollars (Millions) | % Total Dollars |
|--|-----------------------|-----------------------|--------------------|
| Social Service Related and Health Services..... | 4,557 | \$4,217 | 32.5% |
| • 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 | 2,939 | 4,386 | 33.7% |
| • (including Transportation of Pupils and Payments to Contract Schools) | | | |
| Other Services..... | 3,016 | 1,935 | 14.9% |
| • Custodial, Security Services, Secretarial, Cultural Related, Employee Related, Economic Development, Transportation, Municipal Waste Exporting, etc. | | | |
| Professional Services/Consultant..... | 3,560 | 1,695 | 13.0% |
| • Accounting, Auditing, Actuarial, Education, Investment Analysis, Legal Engineering & Architectural, System Development & Management Analysis, etc. | | | |
| Maintenance & Operation of Infrastructure | 1,690 | 441 | 3.4% |
| • Lighting, Street Repair, Buildings, Parks, Water Supply, Sewage and Waste Disposal, etc. | | | |
| Maintenance of Equipment..... | 1,750 | 328 | 2.5% |
| • Data Processing, Office Equipment, Telecommunications & Motorized Equipment, etc. | | | |
| TOTAL | 17,512 | \$13,002 | 100.00% |

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 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 FY 2016 the uniform base budget for each community board is \$229,895. This excludes the cost of office rent and heat, light and power, which are in a separate unit of appropriation.

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 select nominees from which half the appointments are made. All fifty 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 up to 40 capital budget requests and their up to 25 expense budget requests. For FY 2016 community boards submitted 1,731 capital requests and 1,295 expense requests to 36 agencies. Two-thirds of the community board capital budget requests seek improvements to streets, sewers and parks. Community board expense budget requests concentrate on local services and personnel increases.

District specific budget information is available in the following geographic budget reports, which accompany the release of the FY 2016 budget.

Register of Community Board Budget Requests for the Executive Budget, Fiscal Year 2016 – 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 2016 – details the expense budgets of fourteen agencies that deliver local services by borough and service district. Includes FY 2016 Executive Budget information as well as FY 2015 current modified budget and budgeted headcount data.

Executive Capital Budget for Fiscal Year 2016 – 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 2016 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

After strong growth in the second half of 2014, the national economy hit a rough patch in the first quarter of 2015, due in part to another challenging winter. The preliminary estimate of first quarter U.S. GDP growth was only 0.2 percent. However, there are many indications that, like last year, growth will rebound in subsequent quarters. The housing market is recovering from a weak 2014, aided by exceptionally low borrowing rates and signs of strengthening sales. Consumers have enjoyed a windfall from low energy prices. However, it appears that much of the energy dividend was saved or used to pay down debt. Throughout the recovery, one peculiarity has been lackluster wage growth. However, recent evidence shows accelerating labor costs through the end of 2014 and into 2015, a trend which should boost consumption spending in near future.

While employment and housing are all positive factors, several issues continue to present challenges to the recovery. It is expected that the Fed will tighten monetary policy later this year, which has resulted in a strengthening of the U.S. dollar, impairing exports. In addition, while low energy prices are a fillip to consumers, spending by the oil and gas drilling industry has plummeted. These factors plus worries of weak global growth have further suppressed business investment, which has been patchy for most of the recovery. The path of fiscal policy is also a question since the federal government recently surpassed the official debt ceiling, requiring congressional action to raise the limit later this year.

Elevated volatility in energy, foreign exchange and equity markets lead to a downturn in activity at the end of 2014, encumbering Wall Street profits, which declined over four percent. Early signs point to a turnaround in 2015 as trading volume in equity and bond markets increased. Total debt issuance also climbed in the first quarter after two years of declines, with particular strength in corporate debt underwriting as firms continue to lock in favorable borrowing terms. Exchange rate volatility will likely persist, driven by weak global growth and the decoupling of monetary policy between the U.S. Fed and other central banks.

New York City's labor market set a new record in 2014, with the private sector adding 120,000 jobs, growing 3.5 percent over the prior year. Positive momentum in the labor market spilled into the first quarter of 2015, with additions of 28,900 private sector positions. Similar to 2014 patterns, the education and health services and the professional and business services sector continued to lead growth in the first quarter of 2015. The City is projected to continue generating jobs, with private employment increasing 1.9 and 1.7 percent in 2015 and 2016, respectively, and wage earnings accelerating to 8.3 percent growth before slowing to 3.5 percent in 2015.

The City's strength has also been evident in other parts of the economy as well. Office-using employment spurred activity in the commercial real estate market, resulting in a total of nearly 33 million square feet of new leasing signed in 2014, and above-average activity continued into the first quarter of 2015. Over six million square feet of new inventory is expected to open up in Hudson Yards and the World Trade Center over the next two years, keeping vacancy rates around 10 percent. Asking rents are expected to continue rising through the forecast horizon.

The residential real estate market followed national trends, pausing in 2014. Average prices have surpassed 2008 levels, posting double-digit increases in 2014. Transactions volume, however, still remains well below pre-crisis levels, and there was little change in sales over the prior year. The slack has been due in part to a shortage in inventory, but this should become less of a constraint as new developments are completed in the coming years. Issuance in residential building permits grew 12 percent in 2014 to over 20,000 units and is expected to maintain healthy growth rates.

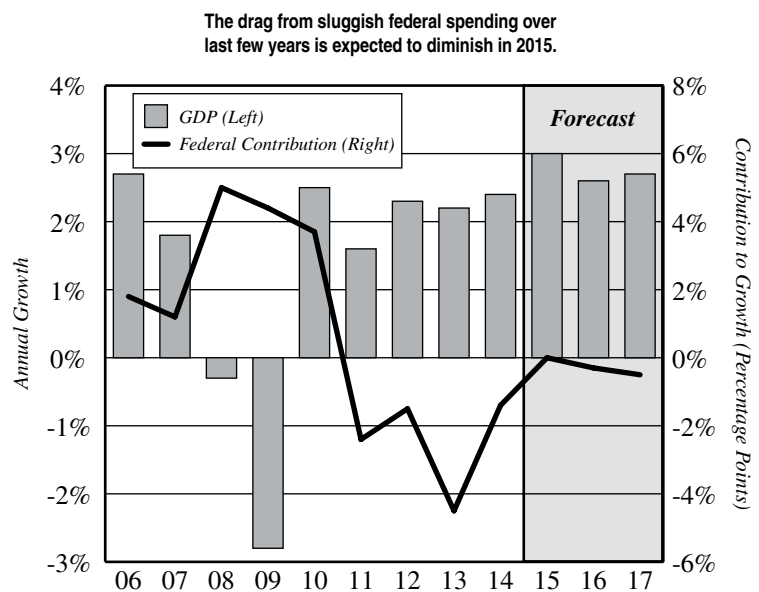
** All economic data are reported on a calendar year basis.*

THE U.S. ECONOMY

Echoing last year's pattern, the U.S. economy appears to have hit a rough patch in the first quarter. The preliminary estimate of real GDP growth over the first three months of 2015 was only 0.2 percent (annualized). Like last year, part of the blame lies in challenging winter weather that impaired the eastern half of the country – the Atlanta Fed estimates that the severe weather subtracted over half a percentage point from growth. However, while the first quarter 2014 saw a GDP contraction of 2.1 percent, activity rebounded over the subsequent three quarters. This year should be similar, with favorable conditions pushing annual GDP growth to three percent, up from 2.4 percent in 2014. Positive factors include continued job growth, accelerating wages, low energy prices, a housing turnaround and upbeat consumer confidence, albeit with some recent softness. Countervailing headwinds include a strong dollar, a recent slowdown in consumption spending and lethargic business investment, particularly in the oil and drilling sector. In addition, monetary and fiscal policies are also sources of uncertainty. The Fed will finally start raising the fed funds target rate sometime in the second half of 2015, a task that must be implemented smoothly and transparently to avoid upsetting markets. In Washington, the divided leadership raises the risks of further budget impasses. While it is projected that the fiscal drag created by the sequester cuts starting in 2013 will fade by 2015, federal borrowing surpassed the official debt ceiling in March. To forestall further fiscal tightening, Congress will have to raise this limit later this year. Finally, global growth continues to be a source of risk with uneven prospects in Europe, Asia and Latin America.

Employment and wage strength are key drivers of consumption, which accounts for over 70 percent of GDP. Total employment in 2014 grew by 1.9 percent while private payrolls jumped by 2.3 percent, the strongest advance since the tech boom of the late 1990's. However, the gains were unevenly distributed over the four quarters. The weak first quarter averaged only 193,000 total new jobs per month, but hiring accelerated to over 300,000 per month by the last quarter of the year. The first quarter of 2015 suffered a downshift to only 197,000 per month, nearly the same pace as a year ago. As a result, the unemployment rate, which dropped from 6.7 percent in December 2013 to 5.6 percent in December 2014, has only fallen by an additional 0.1 percentage point to 5.5 percent at the end of the first quarter. The forecast projects that non-farm total employment will grow by 2.3 percent (3.2 million) in 2015 before moderating to 1.8 percent in 2016.

GDP GROWTH AND FEDERAL CONTRIBUTION



Until recently, lackluster wage growth was at odds with the strong job market. Since the end of the recession, nominal hourly wage earnings grew at only two percent per year. Adjusted for inflation, real wage growth has been averaging less than half a percent per year. This is puzzling since the majority of labor market indicators have shown strength over the past year. In addition to the robust payroll growth and steady declines in the unemployment rate, the Bureau of Labor Statistics (BLS) job openings data in January and February recorded the strongest year-over-year increase since the survey started in 2000. Job openings in February were up 23 percent over last year and stand at the highest level since January 2001. Likewise, the number of unemployed workers per job opening has declined steeply, dropping from 2.5 job seekers per

opening in February last year to 1.7 in February 2015, approaching the level (1.5) seen at the height of the housing boom. Business owners responding to the National Federation of Independent Business survey now rank labor quality as one of their most important problems, eclipsing poor sales – which itself has dropped steadily in ranking over the past several years. Only government regulation and tax burdens are currently considered more significant challenges by small businesses than staffing problems.

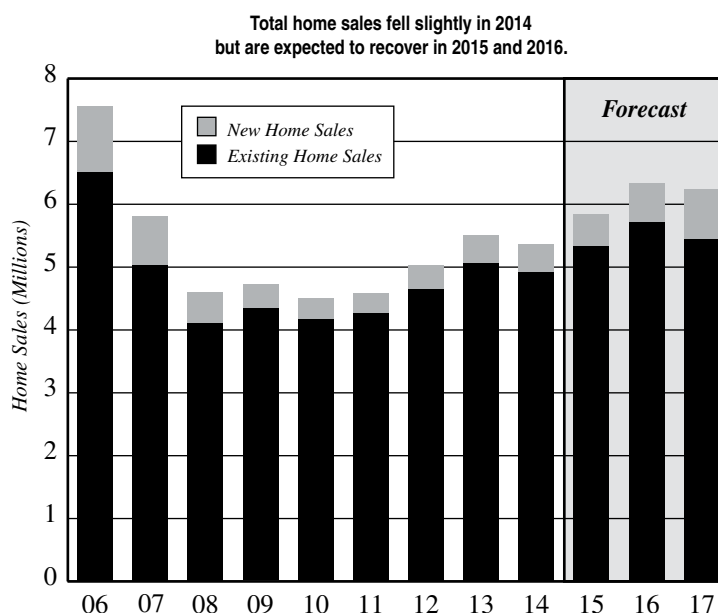
Nevertheless, there are some recent signs of stronger wage growth. Recently, Wal-Mart (the nation's largest private employer), Target, TJ Maxx and McDonald's all announced increases to their hourly wage rates, above the federal minimum. In addition, the wage component of the BLS's employment cost index (ECI) started to rise in 2014. From 2009 to 2013, the ECI wage measure grew at an annual rate of about 1.6 percent. Wages and salaries accelerated to an annual average of 2.5 percent in the last three quarters of 2014 and the first quarter 2015 saw further gains to 2.7 percent. In an environment of extremely low inflation, real purchasing power is growing strongly.

Another puzzling disconnect with the employment data has been the pattern of recent consumption spending. In addition to robust job growth and signs of wage strength, consumers received a large windfall from the dramatic decline in energy prices during the second half of 2014. If oil prices stay at their current levels for a full year, U.S. consumers will enjoy a surplus of \$100 to \$150 billion, equal to about one percent of disposable income. While this was expected to translate into stronger consumption spending, it appears that much of the energy dividend so far has been saved or used to pay down debt. Retail sales went through a three month slump from December through February, before rebounding with a 0.9 percent gain in March. Personal consumption expenditures followed the same U-shaped pattern, contracting in December and January, followed by small gains in February and March. Data on final sales of domestic product released in the first quarter GDP report actually fell 0.5 percent on an annual basis, only the fourth negative reading since the end of the recession. At the same time the personal saving rate (as a share of disposable income) jumped from 4.4 percent in November to 5.3 percent in March. In addition, Federal Reserve data on revolving credit balances (mainly credit cards and home equity credit lines) revealed a drop of 0.5 percent over the first two months of 2015, the largest drop since 2011.

The March upticks in retail sales and consumption expenditures are expected to continue and strengthen. Although the West Texas Intermediate oil benchmark gained nearly \$10 per barrel in April to about \$57, the Energy Information Administration (EIA) is reporting the highest crude-oil inventories since records began in 1982. Ample supply combined with weak global demand will likely mute price growth this year, providing further energy relief to consumers. The forecast projects that real consumption will accelerate in 2015 to 3.5 percent before slowing to 2.9 percent in 2016. Nonetheless, the Conference Board index of consumer confidence is showing a decline of over 8 percent between the beginning of the year and April (a four month low), highlighting the tentative nature of U.S. consumers.

Another factor that will help sustain consumption growth is the nascent recovery in the housing market since home purchases typically trigger additional spending on home improvements, furnishings and appliances. Housing activity in 2014

U.S. HOME SALES



slowed considerably, with new home sales growing only two percent after double-digit growth in the prior two years. However, sales of new homes have been accelerating recently, reaching a seasonally adjusted annual pace of 512,000 in the first quarter – up 19 percent from the same quarter last year. Although the volume of newly constructed units are only a tenth of all sales, new sales tend to be leading indicators since they are tallied when the contract is signed, while existing homes are recorded at the close of the transaction. Sales in the existing home market were up 7.0 percent in the first quarter, but the activity last year was impaired by unusually severe weather, producing an upward bias in growth rates. An alternative (leading) indicator that is also signaling a recovery is the National Association of Realtor's pending home sales index, which has climbed back to levels last seen in mid-2013, gaining 6.0 percent from December to March.

The exceptionally low borrowing rates should also help home sales this year. Conformable 30-year mortgage rates jumped nearly a full percentage point in 2013 to 4.5 percent after the Fed announced the tapering of its bond buying program (quantitative easing). Since then, rates have slumped to 3.7 percent in the first quarter 2015, down from an average of 4.2 percent in 2014. The expected tightening of monetary policy later this year should spur buyers to lock in these lower borrowing costs by closing earlier rather than later.

While the housing recovery will boost residential investment, the path of non-residential investment continues to be patchy, driven by volatility in energy production, the strong dollar and uneven international growth. The most recent GDP figures revealed the effect of plunging energy prices on the oil and gas drilling industry. Investment in commercial structures, which includes spending on mining and wells, plunged 23 percent in the first quarter, subtracting 0.75 percentage points from overall growth. Likewise, export performance has been challenged by the appreciation of the dollar and weak prospects abroad. On a trade weighted basis, the dollar has appreciated by 13 percent in 2014. At the same time, global growth is looking spotty. The IMF is forecasting very weak growth in Europe and Japan, and outright recessions in Brazil, Argentina and Russia. After struggling to remain positive through the last three quarters of 2014, U.S. export growth finally turned negative in the first quarter. Net exports subtracted 1.25 percentage points from first quarter GDP growth. These trends explain why investment in core nondefense capital goods (excluding aircraft) has been negative for the last seven months, dropping by a cumulative 6.7 percent from August 2014 through March 2015. While energy prices are expected to eventually strengthen moderately later this year, the dollar is likely to remain strong due to the decoupling of monetary policy between the U.S. Fed and other central banks. As a result, investment spending is projected to remain slow over the near term.

The slumps in first quarter growth this year and last highlight the lumpiness of the current recovery. This unevenness makes the Fed's job extremely challenging, given that markets are now expecting consistent guidance from monetary authorities on their next step – raising the fed funds rate (FFR). The Fed's dual mandate requires it to maximize employment and maintain stable prices. There has been significant progress towards the employment goal; inflation, however, has been significantly below target. After shuttering its quantitative easing (QE) program in October 2014, the key question is when will the Fed begin increasing the FFR, which has been suppressed at unprecedented levels near zero percent since the end of 2008. The transition will be difficult since the Fed risks adding substantial volatility to the economy and financial markets if it acts unexpectedly. At the same time, monetary policymakers would like to maintain discretion to alter their decisions based on indicators of current conditions.

The forecast projects that the Fed will lift the FFR starting in the second half of 2015, although the exact date is uncertain. At the March meeting, fifteen of the seventeen FOMC members indicated 2015 as the appropriate year to begin removing policy accommodation. The forecasters in the Blue Chip consensus survey expect liftoff to occur at the September meeting. Should labor markets improve further, the FOMC could lift the FFR sooner. Typically, when the unemployment rate normalizes, wage pressure builds thereby driving up inflation. The unemployment rate in March held steady at 5.5 percent slightly above the Fed's March projection of the longer-run normal rate of unemployment (5.0 to 5.2 percent). At the current twelve-month average pace of job creation of 260,000 per month, the unemployment rate would converge to

five percent in less than six months. Benchmark 10-year Treasury yields are projected to begin rising as the Fed tightens, passing three percent in the first quarter of 2016, a full percentage point higher than current levels.

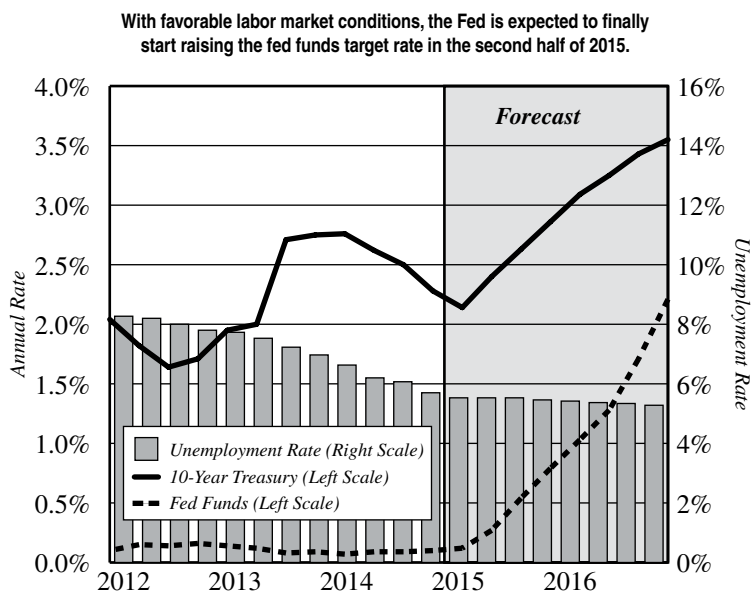
Headline inflation measures, unlike the labor market, have been consistently under the Fed's two percent target rate, mainly due to plummeting energy prices over the latter part of 2014. The Fed believes these effects to be transitory, and there is some emerging evidence to support that argument. The consumer-price index (CPI) has increased for two consecutive months. Furthermore, March's personal consumption expenditure price index (PCE), the Fed's preferred inflation measure, was 0.3 percent (year-over-year), up marginally from February's value.

However, the core index, excluding food and energy, has held constant at 1.3 percent for the last four months. Market-based inflation expectations, such as the spread between a treasury inflation protected security and a treasury bond with the same maturity, and survey-based inflation expectations, such as the Blue Chip Indicators, are two other price measures watched by the Fed. The market's inflation expectations have been consistently below target, but survey-based measures remain anchored at two percent. CPI is forecasted to climb to 2.5 percent in 2016; PCE, on the other hand, is expected to remain below two percent through the end of the forecast horizon.

The coming shift in monetary policy is already posing challenges and opportunities for financial markets. In the fourth quarter 2014, volatility in energy, foreign exchange and equity markets jumped, driving many investors to the sidelines. As a consequence, Wall Street firms suffered deep declines in their trading and investment revenue, which fell from \$2.6 billion in Q4 2013 to only \$60 million in Q4 2014. As a group, NYSE member firms earned total profits of \$16 billion in 2014, down 4.1 percent from the previous year. Profits are expected to decline further to \$14.5 billion in 2015 and 2016. Compensation for 2014 increased by 3.2 percent, pushing the ratio of compensation to net revenue to 47.9 percent – still below the long run average of 53 percent.

Initial evidence indicates that continued volatility helped bank revenues in the first quarter as investors reposition portfolios, producing heightened trading activity. Although first quarter results for the entire industry are not yet available, the Big Five banks recently released their quarterly earnings, revealing considerable strength.¹ Their investment banking units reported an 11 percent increase in pretax earnings compared to the first quarter a year ago. Performance in their trading operations reflected better conditions. JP Morgan, Morgan Stanley and Goldman Sachs reported strong gains in fixed income, commodities and currency operations, while Bank of America and Citigroup experienced slowdowns. In particular, Citi's trading revenue was hurt when it was caught off balance by the unexpected lifting of the Swiss franc cap in January. The earnings reports also revealed another trend that should help their bottom line: expenses associated with ongoing litigation are starting to shrink. In 2014, the Big Five averaged about \$8.5 billion per quarter for legal expenses. In the first quarter earnings reports, aggregate outlays for legal costs dropped to \$2.3 billion.

U.S. INTEREST RATES AND UNEMPLOYMENT



¹ Bank of America, Citigroup, Goldman Sachs, JPMorgan Chase, and Morgan Stanley

Volume in equity markets is rebounding after five years of declines. Trading activity on the NYSE was up in 2014 by 0.5 percent due to a steep 21 percent (year-over-year) increase in fourth quarter volume. The strength continued into 2015 with first quarter volume up 10 percent. However, prices were mixed and volatile. The S&P 500 index gained 4.4 percent in the fourth quarter but decelerated to only 0.4 percent in the first quarter. The trading day ratio – the share of S&P 500 market days with an increase or decrease in excess of one percent – reflected increasing fluctuations over the last two quarters. Over 26 percent of trading days in the fourth quarter 2014 saw swings greater than one percent, increasing to 31 percent in the first quarter 2015. By way of comparison, the ratio was only 15 percent in 2013 and 2014.

Activity in bond markets also increased. While the average daily bond trading volume declined in 2014 (down 10.5 percent over 2013), the first quarter 2015 saw a small turnaround, with trades rising 6.4 percent compared to the same quarter in 2014. Total debt issuance contracted in 2013 and 2014 but appears to be rebounding. First quarter issuance jumped by 11 percent (year-over-year), with strong growth in municipal, mortgage-related, and federal agency securities. Corporate bond issuance has been the lone standout among the various fixed income categories, setting new records from 2012 through 2014 as highly rated companies locked in borrowing at historically low rates. This trend continued into the first quarter, with new corporate debt up 14 percent.

Foreign exchange markets have been choppy, primarily due to the divergence of U.S. monetary policy from that of most other central banks. While the Fed is signaling its intentions to start tightening later this year, the European Central Bank (ECB) and other central banks are sticking to their accommodative policies. In March the ECB launched its version of quantitative easing, promising to purchase billions of euros of government bonds in order to suppress interest rates and stimulate activity. As a result, the dollar-euro exchange rate has plummeted over 20 percent from April 2014 to April 2015 with over half of the decline occurring in the first quarter this year. Furthermore, the decision by the Swiss National Bank in January to stop defending its exchange rate cap against the euro added further uncertainty to the euro market. Continued weak growth in China, Japan and other major trading countries and the specter of more European volatility from unresolved issues such as Greece, promise to extend current exchange rate fluctuations.

The big banks recently completed their annual stress tests, which the Fed began administering in 2009. The exercise entails two separate stages. The first examines how a bank would fare in a hypothetical economic downturn. This year's "severely adverse" scenario featured a global recession, falling housing and equity prices, a jump in oil prices, and the U.S. unemployment rate spiking to 10 percent. The second phase then examines the impact of capital-distribution proposals on each bank's performance in the stressed environment. In particular, the Fed wants each firm to stay above certain minimum capital cushions in order to avoid costly bailouts. In the past, it has been the second phase of the test that gave the banks the most trouble. For instance, Citigroup failed this stage last year and had to withdraw a planned increase in dividends. This year, JP Morgan, Morgan Stanley and Goldman Sachs all scaled back capital payout plans after guidance from the Fed that their proposals would bring their capital levels below the Fed's minimum in the event of an extreme downturn. Of the 31 large financial firms included in the test, all but two companies eventually received the green light for their capital plans.

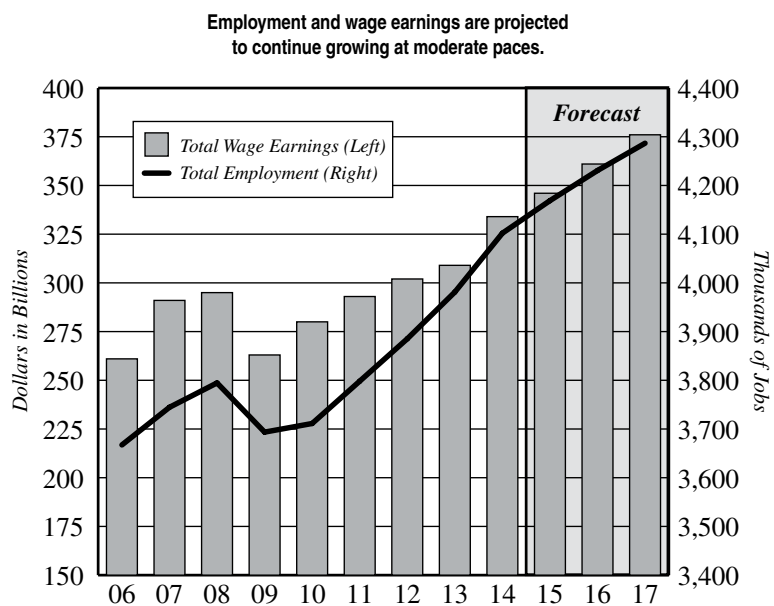
THE NEW YORK CITY ECONOMY

Despite the first quarter stumble at the national level, New York City's economy continued to expand strongly in early 2015. Through March, 28,900 private sector jobs have been added. This positive momentum was carried over from last year's vigorous job market. On an annual average basis, the private sector added 120,000 jobs in 2014, growing 3.5 percent from the prior year and surpassing its previous record of 3.2 percent set in 2000. The City is projected to sustain moderate levels of growth, with private employment increasing 1.9 and 1.7 percent in 2015 and 2016, respectively.

Wage patterns in New York City are reflecting national trends. The third quarter 2014 is the latest available data point for wage earnings in the City. Growth rates of average wages for the first three quarters of 2014 compared to same period a year ago show a distinct acceleration. Private sector wages grew by 6.1 percent in 2014 compared to only 0.8 percent the year before. This jump in compensation stands in stark contrast to the prior wage patterns during the recovery. However, some of the large wage increases were concentrated in the high-wage financial activities, and information industries. If these sectors are removed from the calculation, the average wage increase falls to a less robust 2.7 percent, which is nevertheless still above the average from 2010 to 2013 of 2.2 percent per year. With the record increase in employment in 2014 and stronger wages, wage earnings growth is expected to accelerate to 8.3 percent growth before slowing to 3.6 percent in 2015.

In 2014, the education and health services sector led growth with 33,500 job gains, which accounted for approximately one in three new private sector hires. Through the first quarter of 2015, the sector has reported a quarterly average of 7,600 new jobs, approximately 4.1 percent growth over the same quarter last year. Driven by population growth, this sector is less susceptible to business cycle fluctuations. It was one of only two sectors that did not suffer employment losses during the 2009 financial crisis. According to the Census Bureau, the percentage of the New York City population above 65 was 12.4 percent in 2013, an increase from 11.7 percent in 2000. The forecast for 2015 through 2017 expects the sector's employment gains to slow to a more moderate pace, averaging 9,000 jobs per year.

NYC WAGE EARNINGS AND EMPLOYMENT



Professional and business services, which includes computer systems design, management, advertising and employment services, continued to be an engine of employment growth and a prolific source of high-wage jobs. With the addition of 25,300 positions in 2014, this sector has surpassed its pre-recession peak by 79,100 jobs as of March 2015. Benefitting from the City's momentum, this sector is expected to grow at an average of 15,000 jobs per year from 2015 through 2017.

Hiring in the financial activities sector rebounded, with employment levels starting to build following two years of contractions. In 2014, the financial services sector added an annual average of 8,000 jobs. In the first quarter of 2015, the sector added a quarterly average of 3,300 positions, approximately 2.2 percent growth over the same quarter last year. The securities industry, one of the major components of the financial activities sector, will continue its nascent recovery and is expected to add 6,000 jobs over the next two years. However, even with improvement in the industry underway, as of March 2015, securities sector headcounts still remained 9.9 percent

below their pre-recession peak. Securities wages are also forecast to drop modestly with the anticipated decline in Wall Street profits. Average securities wages are projected to fall one percent in 2015 from an estimated all-time high of \$406,000 in 2014.

The expansion of finance and professional and business services, the two largest office-using sectors, resulted in robust activity in Manhattan office leasing, with deals covering 32.8 million square feet (msf) in 2014, the highest level since 1998. Leasing activity cooled in the first quarter of 2015 with about seven msf of space signed. While this rate is well above the historic first quarter average, it declined measurably from the same period a year ago. The vacancy rate for the overall market was 9.7 in 2014 and is forecast to stay around 10 percent in the next two years – new supply from Hudson Yards and the World Trade Center is expected to be absorbed by new and expanding firms.

The fervor to lock in Manhattan office space along with the addition of new high-end inventory has pushed up asking rents. The average rental rate for primary market space has reached \$74 per square foot (psf) in 2014, a seven percent increase from the prior year. As of March 2015, primary market asking rents have increased by nearly 25 percent from the September 2010 trough and are forecast to rise to an average of \$84 psf by 2017. In Midtown South, dubbed affectionately as Silicon Alley for its huge concentration of tech startups and powerhouses, primary asking rents are currently at \$72 psf, a growth of 52 percent from their prior trough in May 2010. As this relatively small market is beginning to reach full occupancy, the Downtown area, which offers lower rents for primary space than the secondary Midtown South market, has begun to draw in tech, advertising, media, and information firms.

Despite possible risks to tourism from the appreciation of the dollar and sluggish global growth, the industry has fared well even through the harsh winter. Through February, 16.3 million air passengers transited New York City area airports, a five percent increase from last year. Sleet and snow also did not discourage Broadway attendance in the first quarter, which was up 3.5 percent over the same quarter last year. Construction in lodging accommodations is also expected to pick up in the coming years, with over 10,000 new hotel rooms planned through 2017. The hotel industry is expected to see occupancy rates of around 80 percent over the next three years and room rates averaging \$288 per night. However, there is a significant risk of moderating activity due to the strengthening dollar, which will continue to rise against other currencies, driven by the divergent paths of monetary policy between the U.S. Fed and other central banks.

Leisure and hospitality, a sector which derives its strength from tourism, increased its workforce by 21,500 positions in 2014. This industry has also been a key driver in the job market's recovery from the financial crisis, growing by over 20,000 positions, or nearly six percent each year on an average annual basis. Since the industry's performance is intrinsically tied to tourism, it faces the same economic risks as the hotel sector. For this reason, the sector's expansion is forecast to decelerate to 13,000 positions per year through 2016.

Retail trade, the other sector also heavily reliant on tourism, has gotten off to a strong start, adding 5,200 jobs through March. This sector has also been a significant contributor to growth over the past four years, adding 9,700 jobs in 2014. Since this sector is vulnerable to slumps in tourism, it is forecast to add an average of approximately 8,000 jobs per annum between 2015 and 2017.

New York City's residential housing market is still recovering from a soft 2014 with underperforming sales and escalating prices. Since the beginning of 2015, there have been positive signs in the market, including a cut in annual mortgage insurance premiums for Federal Housing Administration loans in late January and a return of mortgage rates to sub-four percent levels. Against the backdrop of record employment growth, the market is expected to strengthen over the forecast horizon.

During the financial crisis, the City's residential market suffered a 49 percent decline in sales volume. Since the trough, activity has advanced but is still 34 percent below its 2005 peak. More recently, total residential sales have followed national trends, with a decline of 0.8 percent in 2014. Volume decreased for both condos and co-ops by 7.2 percent and 0.8 percent, respectively, while 1-3 family homes saw transactions increase by 3.4 percent. Over the next three years, more favorable conditions along with the projected rise in housing inventory

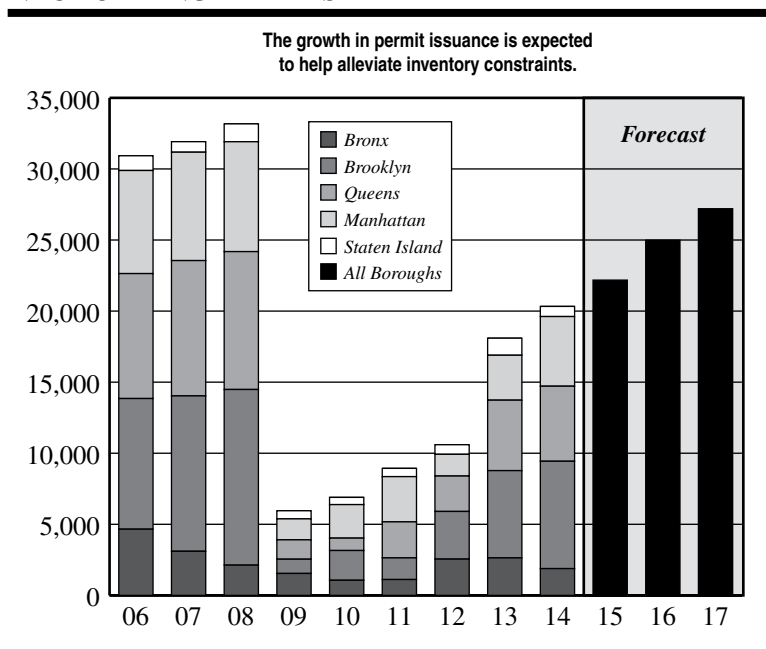
are expected to stimulate transactions. Condos are projected to lead the increase in activity, with growth of 18 percent and 16.7 percent for 2015 and 2016, respectively.

Compared to sales volume, average housing prices have appreciated rapidly and have already exceeded their pre-crisis peaks. In the fourth quarter of 2014, the City's average house price was \$905,600, eclipsing the pre-crisis price peak of \$880,300 (Q1 2008). The tight housing inventory and low mortgage rates are both major factors in the escalation of prices. In 2015, prices are forecast to continue strong growth of 8.1 percent, but will moderate in 2016 to 3.6 percent as new completions alleviate some of the supply constraints. Of the three housing categories (condo, co-op and single family), the condo prices grew the fastest (18.6 percent) in 2014. This is not a recent trend as the price levels for condos and co-ops have accelerated faster over the last decade relative to single family houses. As a consequence, the average price gap between condo/co-ops and single family homes is expected to widen further.

Building permits are a measure of future housing supply. Issuance plummeted over 80 percent during the financial crisis, and then rebounded at double-digit rates for five straight years. In 2014, permits were issued for 20,300 units, up 12.4 percent from 2013. Through the first quarter of 2015, there were 6,183 permits issued across the five boroughs, approximately 22.6 percent growth over the same quarter last year. Permit issuance is projected to maintain solid growth for most of the forecast horizon and help mitigate the ongoing inventory shortage.

By most measures, the economic health of the City continues to be robust and growth is expected to persist through the end of the forecast horizon. However, there are several risks that could alter these positive projections. On the national level, the expansion from the end of the last recession is now 70 months long, nine months longer than the average post-WWII recovery. In addition, the forthcoming tightening of monetary policy presents a significant challenge to the Fed. It will need to deftly manage the transition since there is significant potential that an unexpected move would upset financial markets. Likewise, the disconnect between the Fed's policy stance and that of other central banks will continue to pressure exchange rates, affecting the manufacturing and tourism industries both nationally and in New York City.

NYC BUILDING PERMITS



New York City Job Growth Forecast

| NYC Employment (Ths., SA) | 2014 | 2015 | 2016 |
|----------------------------------|-------|--------------|--------------|
| | Level | Level Change | Level Change |
| Total | 4,102 | 67 | 62 |
| Private | 3,557 | 67 | 62 |
| Financial Activities | 449 | 5 | 8 |
| Securities | 168 | 3 | 3 |
| Professional & Business Services | 669 | 19 | 15 |
| Information | 185 | 5 | 4 |
| Education | 202 | 2 | 2 |
| Health & Social Services | 645 | 6 | 6 |
| Leisure & Hospitality | 407 | 13 | 13 |
| Wholesale & Retail Trade | 493 | 7 | 8 |
| Transportation & Utilities | 125 | 3 | 1 |
| Construction | 128 | 3 | 3 |
| Manufacturing | 76 | — | 1 |
| Other Services | 179 | 3 | 1 |
| Government | 545 | — | — |

**Forecasts of Selected Economic Indicators for the United States and New York City
Calendar Year 2014-2019**

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 1979- 2013* |
|---|--------|--------|--------|--------|--------|--------|----------------|
| NATIONAL ECONOMY | | | | | | | |
| Real GDP | | | | | | | |
| Billions of 2009 Dollars | 16,085 | 16,562 | 16,999 | 17,461 | 17,906 | 18,427 | |
| Percent Change | 2.4 | 3.0 | 2.6 | 2.7 | 2.5 | 2.9 | 2.6% |
| Non-Agricultural Employment | | | | | | | |
| Millions of Jobs | 139.0 | 142.2 | 144.7 | 146.6 | 147.8 | 149.2 | |
| Level Change | 2.6 | 3.2 | 2.5 | 1.8 | 1.2 | 1.5 | |
| Percent Change | 1.9 | 2.3 | 1.8 | 1.3 | 0.8 | 1.0 | 1.2% |
| Consumer Price Index | | | | | | | |
| All Urban (1982-84=100)..... | 236.7 | 235.9 | 241.7 | 247.2 | 252.9 | 258.7 | |
| Percent Change | 1.6 | -0.3 | 2.5 | 2.2 | 2.3 | 2.3 | 3.5% |
| Wage Rate | | | | | | | |
| Dollars Per Year | 53,559 | 54,918 | 56,692 | 58,820 | 61,171 | 63,651 | |
| Percent Change | 2.5 | 2.5 | 3.2 | 3.8 | 4.0 | 4.1 | 4.0% |
| Personal Income | | | | | | | |
| Billions of Dollars | 14,729 | 15,306 | 16,038 | 16,901 | 17,734 | 18,644 | |
| Percent Change | 4.0 | 3.9 | 4.8 | 5.4 | 4.9 | 5.1 | 5.8% |
| Before-Tax Corporate Profits | | | | | | | |
| Billions of Dollars | 2,411 | 2,538 | 2,544 | 2,421 | 2,424 | 2,513 | |
| Percent Change | 7.9 | 5.2 | 0.2 | -4.8 | 0.1 | 3.7 | 6.1% |
| Unemployment Rate | | | | | | | |
| Percent | 6.2 | 5.5 | 5.3 | 5.2 | 5.3 | 5.3 | 6.4% avg |
| 10-Year Treasury Note | | | | | | | |
| Percent | 2.5 | 2.5 | 3.3 | 3.9 | 4.0 | 4.0 | 6.8% avg |
| Federal Funds Rate | | | | | | | |
| Percent | 0.1 | 0.4 | 1.6 | 3.3 | 3.8 | 3.8 | 5.5% avg |
| NEW YORK CITY ECONOMY | | | | | | | |
| Real Gross City Product** | | | | | | | |
| Billions of 2009 Dollars | 724.9 | 734.5 | 746.6 | 759.0 | 773.8 | 790.6 | |
| Percent Change | 4.2 | 1.3 | 1.6 | 1.7 | 1.9 | 2.2 | 2.6% |
| Non-Agricultural Employment*** | | | | | | | |
| Thousands of Jobs | 4,102 | 4,169 | 4,231 | 4,287 | 4,336 | 4,383 | |
| Level Change | 121 | 67 | 62 | 56 | 49 | 47 | |
| Percent Change | 3.0 | 1.6 | 1.5 | 1.3 | 1.2 | 1.1 | 0.5% |
| Consumer Price Index | | | | | | | |
| All Urban (1982-84=100)..... | 260.2 | 261.0 | 267.7 | 274.1 | 280.8 | 287.5 | |
| Percent Change | 1.3 | 0.3 | 2.6 | 2.4 | 2.5 | 2.4 | 3.7% |
| Wage Rate | | | | | | | |
| Dollars Per Year | 84,687 | 86,379 | 88,640 | 91,278 | 94,137 | 97,204 | |
| Percent Change | 5.2 | 2.0 | 2.6 | 3.0 | 3.1 | 3.3 | 3.8% |
| Personal Income | | | | | | | |
| Billions of Dollars | 505.1 | 519.4 | 538.5 | 562.7 | 586.1 | 610.1 | |
| Percent Change | 4.9 | 2.8 | 3.7 | 4.5 | 4.2 | 4.1 | 5.7% |
| NEW YORK CITY REAL ESTATE MARKET | | | | | | | |
| Manhattan Primary Office Market | | | | | | | |
| Asking Rental Rate**** | | | | | | | |
| Dollars per Square Feet | 73.70 | 77.17 | 82.00 | 83.62 | 86.77 | 88.61 | |
| Percent Change | 7.0 | 4.7 | 6.3 | 2.0 | 3.8 | 2.1 | 2.3% |
| Vacancy Rate**** | | | | | | | |
| Percent | 10.5 | 11.2 | 10.8 | 11.2 | 11.4 | 12.0 | 10.6% avg |

* Compound annual growth rates for 1979-2009. Compound growth rate for Real Gross City Product covers the period 1980-2013; Personal Income 1978-2013.

** 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 1987-2014 data published by Cushman & Wakefield.

TAX REVENUE¹

OVERVIEW

Total tax revenue, including audits, is forecast to increase 5.5 percent in 2015 and 1.9 percent in 2016.

Forecast Summary for 2015

Non-property tax revenues are forecast to increase 4.8 percent, after an increase of 5.9 percent in 2014.²

In 2015, *personal income tax* revenue is forecast to grow 5.5 percent, following 4.0 percent growth in 2014. Gains are driven by growth in both wage and non-wage income, as New York City posted record employment growth in calendar year 2014 and strong equity and real estate markets boosted capital gains.

In April 2015, New York State passed a comprehensive corporate reform bill that includes several major changes effective for tax years beginning on or after January 1, 2015 including the merging of the *banking corporation tax* and the *general corporation tax*. Combined general corporation and banking corporation tax revenues are forecast to grow 2.4 percent, reflecting modest growth in the non-finance sector.

Unincorporated business tax revenue is forecast to increase 4.6 percent.

Sales tax revenue is forecast to increase 4.0 percent, as employment gains and rising consumer confidence lift taxable consumption in the City. Sales tax revenue growth continues to be supported by strong tourist activity as the number of City visitors, both foreign and domestic, broke another record in calendar year 2014. The continued strength in tourism also lifts *hotel room occupancy tax* revenue, which is forecast to grow 5.8 percent in 2015.

Real property transfer tax revenue and *mortgage recording tax* revenue remain substantial, approaching the historic levels seen in 2007. *Real property transfer tax* revenue is forecast to increase 6.4 percent in 2015, with momentum from high levels of large commercial transactions. *Mortgage recording tax* revenue is forecast to increase 13.8 percent, with strong effects seen from high value commercial transaction activity.

Property tax revenue is forecast to increase 6.5 percent, based upon 6.1 percent growth in billable assessed value.

Commercial rent tax revenue is forecast to increase 4.2 percent.

Forecast Summary for 2016

Non-property tax revenues are forecast to grow at 1.0 percent in 2016 as slower employment gains and lower levels of Wall Street profitability put downward pressure on the overall growth of the local economy. In addition, the commercial real estate market is expected to settle down at a more sustainable level.

Personal income tax revenue is expected to increase 2.4 percent in 2016. Total withholding is expected to increase at a moderate pace, while non-wage income is expected to remain at high levels.

Business tax growth is expected to slow to 2.3 percent, with a decrease in Wall Street profitability being slightly offset by strong economic activity in the non-finance sector.

Sales tax revenue is forecast to increase 4.2 percent as local consumption and tourism growth both remain steady.

1 All years referenced in the Tax section are City fiscal years unless otherwise noted.

2 The total non-property tax revenue excludes audits.

Real property transfer tax revenue is forecast to decline 6.9 percent in 2016 and *mortgage recording tax* revenue is forecast to decline 10.0 percent, as the high levels of commercial activity from the prior year are not expected to repeat and higher mortgage rates subdue the pace of refinancing.

Property tax revenue is forecast to increase 4.6 percent, based upon 5.8 percent growth in billable assessed value.

Commercial rent tax revenue is forecast to increase 4.1 percent, supported by a combination of improved office-using employment growth and higher asking rents for commercial office space in Manhattan.

Tax Program Summary

The Executive Budget includes an adjustment to the personal income tax. Previously, filers in New York City earning over \$500,000 were entitled to the STAR rate cut for their first \$500,000 of income, and as of tax year 2011 the rate cut was eliminated for all of their income over \$500,000. The State of New York's enacted budget for State Fiscal Year 2015/2016 includes a provision, budget bill S2009-B/A3009-B, to eliminate the entire STAR rate cut for these filers, removing their ability to take advantage of the lower marginal rates for the first \$500,000 of income. This change will contribute to increased collections in withholding as well as estimated payments, but overall is revenue neutral as New York State's reimbursement to New York City for the STAR programs will be reduced by the same amount.

Corporate Tax Reform

On April 13, 2015, New York State budget bill S4610-A/A6721-A became law and significantly reformed New York City's corporate income tax system.

The new corporate tax includes several major changes effective for tax years beginning on or after January 1, 2015:

The new tax law merges the banking corporation tax with the general corporation tax. The revised law can be found in subchapter 3-A of chapter 6 of title 11 of the City's administrative code. It applies to all corporations and banks that are not S corporations under subchapter S of the Internal Revenue Code. The changes are retroactive to January 1, 2015, and are forecast to be revenue neutral.

The new corporate tax law eliminates the entire net income tax base and replaces it with a business income tax base. The concepts of subsidiary capital and income are eliminated. The definitions of investment capital and investment income have been narrowed, and both categories are exempt from tax.

The City will phase-in single receipts apportionment factor (fully effective January 1, 2018), but will allow small and mid-sized businesses a one-time election to continue using property and payroll at the 2017 formula levels to apportion income in tax years beginning on or after January 1, 2018. New York City will apply customer based sourcing rules when determining which receipts accrue to the City.

The generally applicable tax rate under the new tax is 8.85 percent. However, the tax rate for corporations with less than one million dollars of New York City business income is 6.5 percent, and the rate for manufacturing corporations with less than ten million dollars of New York City business income is 4.425 percent. Also, the tax rate for large financial businesses with over one-hundred billion dollars in assets is 9.0 percent.

The alternative minimum tax bases are restructured. In particular, the tax on assets for banks is eliminated, and the alternative minimum tax base for income plus compensation is repealed. The maximum tax for the tax on capital base is increased to ten million dollars and provides relief to small businesses by reducing the computed tax by ten thousand dollars.

The new corporate tax adopts combined reporting for unitary corporations that meet a greater than fifty percent ownership test. There is also an election for non-unitary companies to file a combined return if they meet the ownership test. Corporations generating business income in the United States, or treated as United States domestic entities are eligible for combined reporting.

More information on New York City corporate tax reform can be found at the Department of Finance website.³

2015 and 2016 Tax Revenue Forecast
(\$ in Millions)

| Tax | 2015 | 2016 | Increase/(Decrease) From 2015 to 2016 | |
|--|-----------------|-----------------|--|----------------|
| | | | Amount | Percent Change |
| Real Property | \$21,270 | \$22,240 | \$970 | 4.6% |
| Commercial Rent | 740 | 770 | 30 | 4.1% |
| Real Property Transfer | 1,625 | 1,513 | (112) | (6.9%) |
| Mortgage Recording | 1,093 | 984 | (109) | (10.0%) |
| Personal Income | 10,067 | 10,309 | 242 | 2.4% |
| General Corporation ¹ | 4,089 | 4,142 | 53 | 1.3% |
| Unincorporated Business | 1,969 | 2,054 | 85 | 4.3% |
| Sales and Use | 6,756 | 7,038 | 282 | 4.2% |
| Utility | 398 | 398 | — | 0.0% |
| Cigarette | 49 | 48 | (1) | (2.0%) |
| Hotel | 567 | 539 | (28) | (4.9%) |
| All Other | 588 | 516 | (72) | (12.2%) |
| Subtotal | \$49,211 | \$50,552 | \$1,341 | 2.7% |
| STAR Aid | 860 | 765 | (95) | (11.0%) |
| Tax Audit Revenue | 982 | 711 | (271) | (27.6%) |
| Total (After Tax Program)[†] | \$51,053 | \$52,028 | \$974 | 1.9% |

1. General Corporation Tax Includes Banking Corporation Tax revenue.
† Totals may not add due to rounding.

³ <http://www1.nyc.gov/site/finance/taxes/corporate-tax-reform.page>

REAL PROPERTY TAX

Real property tax revenue is projected to account for 42.7 percent of total tax revenue in 2016, or \$22.240 billion.

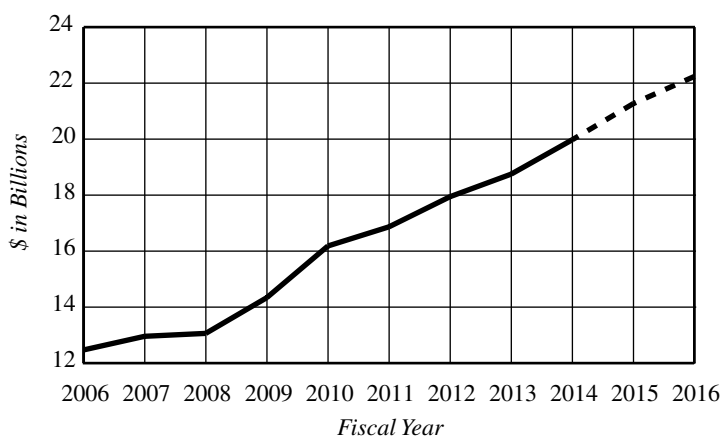
2015 Forecast: Property tax revenue is forecast at \$21.270 billion, growth of 6.5 percent over the prior year, an increase of \$100 million from the February 2015 Plan. The 2015 revenue growth is based on billable assessed value growth of 6.1 percent seen on the 2015 final roll (before accounting for the veterans' and STAR exemptions). The plan change results from a decrease in refunds forecast of \$100 million from a lower than expected refunds payout this year through March 2015.

2016 Forecast: Property tax revenue is forecast at \$22.240 billion, growth of 4.6 percent over the current year, an increase of \$127 million over the February 2015 Plan, resulting primarily from a decrease in the refunds forecast and a reduction in the reserve for uncollectible taxes arising from revisions to STAR benefit estimates.

In 2016, the levy is expected to increase by \$1.316 billion to \$23.908 billion, growth of 5.8 percent over the current year. The property tax levy forecast is based on the 2016 tentative roll released by the Department of Finance on January 15, 2015. Citywide, total billable assessed value on the 2016 final roll (before accounting for the veterans' and STAR exemptions) is forecast to increase by \$10.7 billion over 2015 to \$194.8 billion, growth of 5.8 percent.

In the out-years, with a forecast rise in long-term interest rates, capitalization rates are projected to increase, putting downward pressure on future market value growth. As a result, Class 2 and Class 4 market value growths are forecast to moderate. This slower market value growth partially offsets the existing 'pipeline' of deferred assessment increases yet to be phased in from prior years, resulting in property tax levy growth that is expected to average 4.8 percent from 2017 through 2019. Tax revenue growth is forecast to average 4.4 percent during the same period.

REAL PROPERTY TAX 2006-2016



Distribution of Property Parcels by Class

| | Parcels* | Percentage Share |
|----------|-----------|------------------|
| Class 1 | 703,610 | 66.76% |
| Class 2 | 251,669 | 23.88% |
| Class 3 | 301 | 0.03% |
| Class 4 | 98,369 | 9.33% |
| Citywide | 1,053,949 | 100.00% |

* FY 2015 final roll

COMMERCIAL RENT TAX

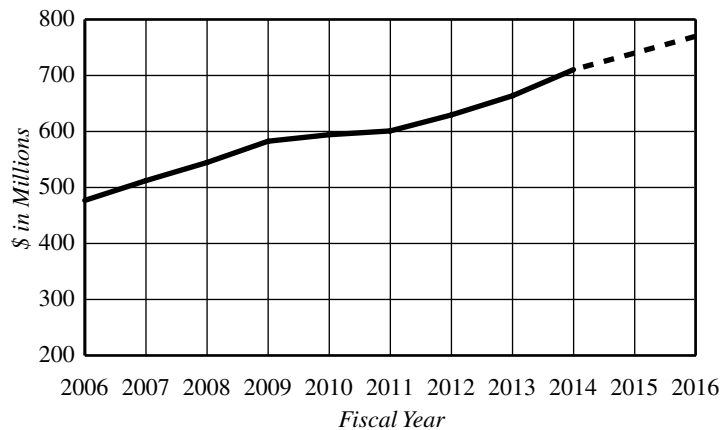
The commercial rent tax is projected to account for 1.5 percent of total tax revenue in 2016, or \$770 million.

2015 Forecast: Commercial rent tax revenue is forecast at \$740 million, growth of 4.2 percent over the prior year, resulting from record levels of leasing activity in 2014 not seen since the dotcom boom in 2000. Primary Market asking rents are forecast to grow 4.7 percent in calendar year 2015, while vacancy rates are expected to remain stable even as new inventory is added at a steady rate.

2016 Forecast: Commercial rent tax revenue is forecast at \$770 million, growth of 4.1 percent over the current year, reflecting strong growth in asking rents. As the market moves toward equilibrium, a moderate improvement in vacancy rates results in a healthy increase in asking rents.

Commercial rent tax revenue is projected to grow at an average of 4.4 percent from 2017 through 2019, reflecting continued improvement in the commercial real estate market as the local economy continues to expand. 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 stable office vacancy rates during the forecast period.

COMMERCIAL RENT TAX 2006-2016



REAL PROPERTY TRANSFER TAX

The real property transfer tax is projected to account for 2.9 percent of total tax revenue in 2016, or \$1.513 billion.

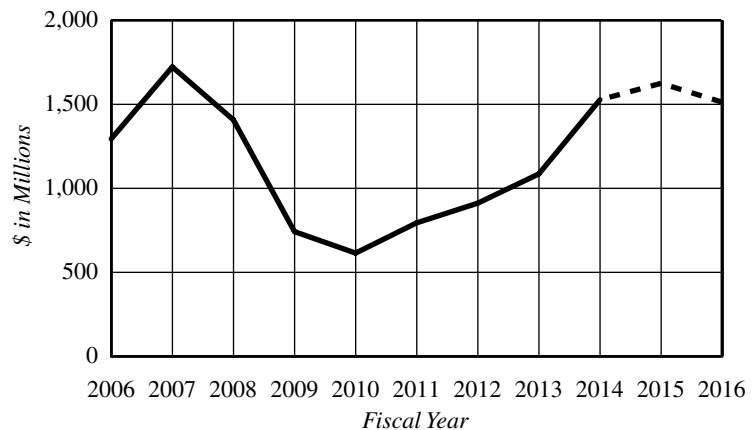
2015 Forecast: Real property transfer tax revenue is forecast at \$1.625 billion, growth of 6.4 percent over the prior year. In 2015, total tax collections year-to-date through March grew 15.5 percent over the prior year, resulting from a 1.0 percent growth in revenue from residential transactions and 9.1 percent growth in revenue from commercial transactions. This reflects a slowdown compared to the 29.6 percent growth in revenue seen in year-to-date collections through March in 2014.

Collections through March indicate that the City's real estate market remains strong but growth has slowed compared to prior years. In the first half of 2015, residential market sales volume declined 5.6 percent, while average sale price grew 9.4 percent. For the commercial market in the first half of 2015, high value (sale price of over \$100 million) commercial transaction sales volume grew 16.9 percent over the prior year, while average sale price declined 18.8 percent.

Revenue from residential transactions is forecast to grow 0.2 percent, while revenue from commercial transactions is forecast to grow 10.7 percent.

2016 Forecast: Real property transfer tax is forecast at \$1.513 billion, a decline of 6.9 percent from the current year. Revenue from residential transactions in 2016 is forecast to grow 24.3 percent over the current year as thousands of new condo units are completed and reach the market. However, after five years of double-digit growth rates, revenue from commercial transactions in 2016 is forecast to decline 26.8 percent from the current year to a more sustainable level as interest rates rise and international demand wanes. Residential transaction tax collections are expected to average 5.9 percent growth from 2017 through 2019, while commercial transaction tax collections are expected to remain essentially flat from 2017 through 2019.

REAL PROPERTY TRANSFER TAX 2006-2016



MORTGAGE RECORDING TAX

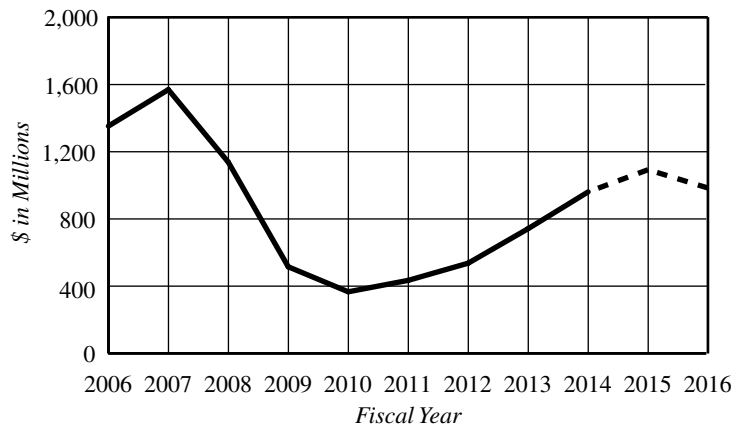
The mortgage recording tax is projected to account for 1.9 percent of total tax revenue in 2016, or \$984 million.

2015 Forecast: Mortgage recording tax revenue is forecast at \$1.093 billion, growth of 13.8 percent over the prior year. In 2015, total tax collections year-to-date through March grew 18.4 percent over the prior year, reflecting a 1.3 percent decline in revenue from residential mortgages offset by 29.6 percent growth in revenue from commercial mortgages. This reflects a slowdown compared to the 29.7 percent growth in revenue seen in year-to-date collections through March in 2014.

Revenue from residential mortgage recordings in 2015 is forecast to grow 4.2 percent. Revenue from commercial mortgage recordings is forecast to grow 18.9 percent.

2016 Forecast: Mortgage recording tax is forecast at \$984 million, a decline of 10.0 percent from the current year. Revenue from the residential mortgage recording tax is forecast to grow 24.1 percent. However, revenue from commercial mortgage recordings is forecast to decline 25.9 percent, which mirrors the forecast decline in commercial real property transaction tax. Residential mortgage recording tax collections are expected to average 6.0 percent growth from 2017 through 2019, while the commercial mortgage recording tax collections are expected to remain essentially flat from 2017 through 2019 as the heightened real estate market stabilizes.

MORTGAGE RECORDING TAX 2006-2016



PERSONAL INCOME TAX

The personal income tax is projected to account for 19.8 percent of tax revenue in 2016, or \$10.309 billion.

2015 Forecast: Personal income tax revenue is forecast at \$10.067 billion, an increase of \$528 million over the prior year (5.5 percent).

Personal income tax *withholding* is forecast to grow by 6.8 percent in 2015. New York City residents' withholding is based on their total wage earnings, which is a function of both employment and average wages. While the City has

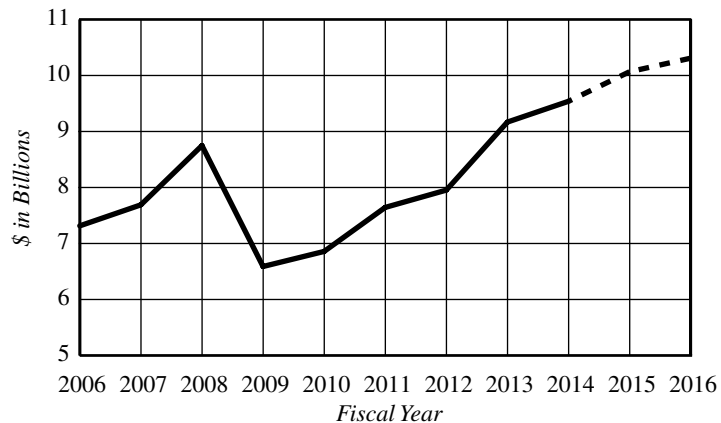
recovered all of the jobs lost since the recession, the recovery has not reached everyone. In fact, real wage growth has been slow since 2008, as real wages in most industries are still below their 2007 level. The strength in the 2015 withholding forecast is due to record employment growth of 3.0 percent in calendar year 2014 coupled with growth in nominal average wages of 5.2 percent, disproportionately caused by an 11.2 percent increase in financial sector payments. The non-finance sector saw growth of only 3.2 percent. In real terms, total average wages rose 3.9 percent, while non-finance wages increased less than two percent.

In the July-through-November period, withholding collections increased 8.3 percent over the same prior year period. In the December-through-March bonus period, withholding collections grew 6.5 percent. The lower growth in withholding during the December-through-March period reflects zero growth in bonuses over the high bonus levels seen in 2014. Bonuses were flat in 2015, after two years of double-digit growth due to a few factors. Overall, Wall Street posted profits of \$16.0 billion in 2014, down slightly from the \$16.7 billion earned in 2013. As a result, compensation packages were generally held flat. In addition, a smaller amount of deferred compensation vested in 2015 than in prior years, as firms shifted away from the deferred compensation models that they used immediately after the financial crisis.

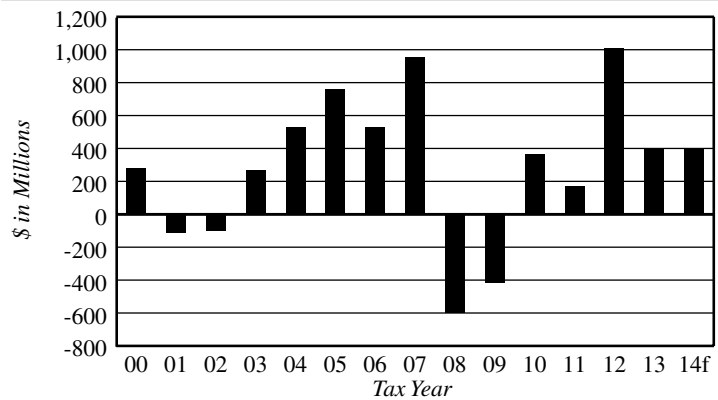
For the April-through-June quarter, withholding collections are expected to grow 5.1 percent from the same prior year period, reflecting growth in the wage earnings forecast.

Installment payments on tax year 2014 grew 10.4 percent over the prior year. The strength in installment payments appears to be the result of safe harbor rules, as high-income taxpayers calculate their installment payments on 110 percent of their prior year's total liability (installments, extension payments, and final returns) to avoid penalties. Liability for tax year 2014 has increased due to strong equity and real estate markets. As filers have been paying the default amount in their installments, the increase in total liability will be seen in higher extension payments. Overall, total settlements (final returns, extension payments, City/State offsets, and refunds) are expected to fall from last year's level as increased extension payments are counterbalanced by a decline in offsets and an increase in refunds.

PERSONAL INCOME TAX 2006-2016



SETTLEMENT PAYMENTS



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

2016 Forecast: Personal income tax revenue is forecast at \$10.309 billion, an increase of 2.4 percent over the current year. The slower personal income tax revenue growth can be attributed to moderate withholding growth coupled with flat growth in estimated payments.

Withholding in 2016 is forecast to increase 4.6 percent over the prior year. Continued employment gains are offset by slightly lower wage growth. For the July-November base withholding calculation period, collections are forecast to increase 4.2 percent. In the December-through-March bonus period, withholding is forecast to increase 4.8 percent. This growth is primarily due to continued strength in base withholding, as bonuses are not expected to increase significantly. For the final April-through-June 2016 quarter, withholding collections are forecast to grow 4.8 percent over the same prior year period, in line with the wage earnings forecast.

Installment payments on tax year 2015 are expected to decrease from the prior year's level as liability drops off slightly after a stronger than expected 2014, which was near the level of the high seen in 2007. Extension payments are forecast to be slightly lower than the prior year. As a result, total settlements (final returns, extension payments, City/State offsets, and refunds) are expected to be lower than the previous year.

Personal income tax revenue is forecast to average growth of 2.1 percent from 2017 through 2019, as the national and local economy continues to expand.

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

| | 2011 | 2012 | 2013 | 2014 | 2015 ^f | 2016 ^f |
|---------------------------------------|---------|---------|----------|----------|-------------------|-------------------|
| Withholding | \$6,096 | \$6,157 | \$6,542 | \$6,976 | \$7,451 | \$7,790 |
| Estimated Payments ¹ | 2,110 | 2,109 | 2,893 | 2,680 | 2,908 | 2,918 |
| Final Returns | 317 | 327 | 382 | 380 | 394 | 397 |
| Other ² | 302 | 527 | 576 | 810 | 698 | 605 |
| Gross Collections | \$8,825 | \$9,119 | \$10,393 | \$10,846 | \$11,451 | \$11,710 |
| Refunds | (1,181) | (1,166) | (1,225) | (1,307) | (1,384) | (1,402) |
| Net Collections Less TFA Retention | \$7,644 | \$7,953 | \$9,168 | \$9,539 | \$10,067 | \$10,309 |
| Total | \$7,644 | \$7,953 | \$9,168 | \$9,539 | \$10,067 | \$10,309 |

1 Includes extension payments.

2 Offsets, charges, assessments less City audits.

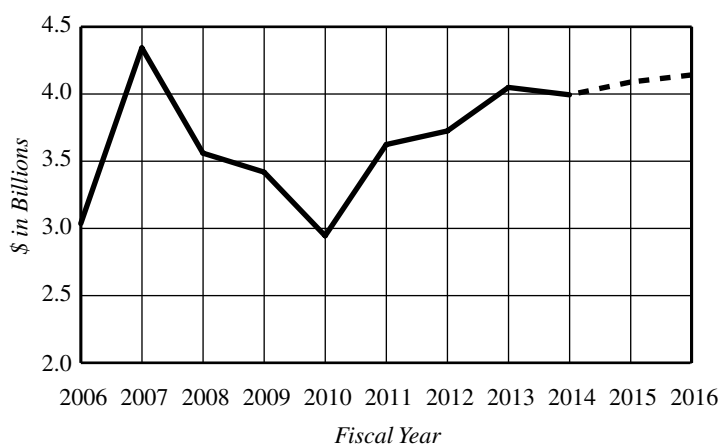
f = Forecast.

Totals may not add due to rounding.

GENERAL CORPORATION TAX

The general corporation tax and banking tax are projected to account for 8.0 percent of tax revenue in 2016, or \$4.142 billion. In April 2015, the State of New York's enacted budget for State Fiscal Year 2015/2016 imposed major changes to the City's corporate tax structure. These changes included the merging of the New York City franchise tax with the New York City banking franchise tax as well as modifications to other sections of the New York City corporate tax code. Beginning in liability year 2015 all New York City bank tax filers will be paying under the general corporation tax. As a result, beginning in fiscal year 2016 nearly all of the bank tax will be reported as general corporation tax. Any remaining bank tax collections beyond fiscal year 2016 will only reflect collections from liabilities prior to 2015. Please see the Corporate Tax Reform section for more detail.

GENERAL CORPORATION TAX 2006-2016



2015 Forecast: General corporation tax revenue is forecast at \$3.236 billion. It is assumed that a significant portion of the June 2015 bank tax payments (approximately \$330 million) will represent declarations for liability year 2015 and therefore will be shifted to the general corporation tax. Excluding the shift, the general corporation tax is expected to grow 5.0 percent. This reflects strong non-finance sector growth.

In 2015, gross collections year-to-date through March grew 4.5 percent over the prior year. Fiscal year collections declined significantly in the finance sector while increasing substantially in the non-finance sector. The majority of the decline in the finance sector stemmed from lower Wall Street profitability and higher legal expenses in tax year 2014. Tax payments through March from large non-finance sector taxpayers increased over 20 percent. The increase through the first three quarters of the fiscal year is the result of strong economic activity.

Banking corporation tax revenue is forecast at \$853 million. Excluding the shift in collections due to corporate tax reform, banking corporation tax revenue is expected to decline 3.5 percent in fiscal year 2015. The decline is in part due to lower Wall Street profitability and higher legal expenses in tax year 2014.

2016 Forecast: In fiscal year 2016, the general corporation tax assumes 99 percent of the bank corporation tax liability. General corporation tax and banking tax revenue are forecast at \$4.142 billion, 1.3 percent growth over the current year. In 2016, tax payments from finance sector firms are expected to be constrained by a decrease in Wall Street profitability. Tax payments from non-finance sector firms are expected to grow moderately, reflecting continued economic growth.

UNINCORPORATED BUSINESS TAX

The unincorporated business tax is projected to account for 3.9 percent of tax revenue in 2016, or \$2.054 billion.

2015 Forecast: Unincorporated business tax revenue is forecast at \$1.969 billion, growth of 4.6 percent over the prior year. In 2015, gross collections year-to-date through March increased 4.5 percent over the prior year, reflecting the continuation of positive growth in finance sector tax payments and trend growth of tax payments from the non-finance sector.

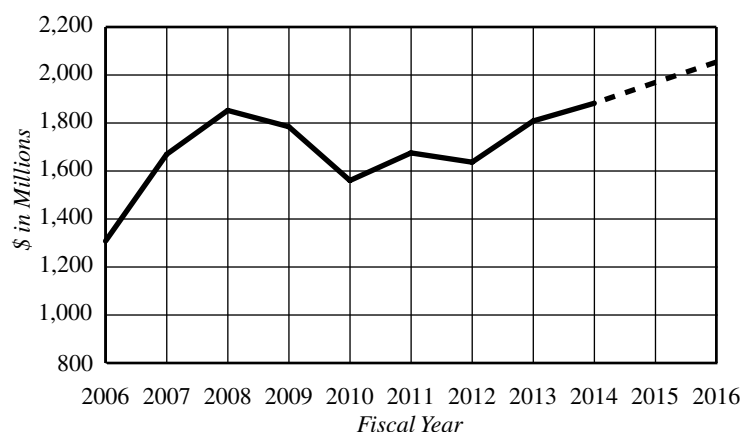
Finance sector tax payments are forecast to grow 6.2 percent this year. The growth is associated with continued financial market expansion. The hedge fund industry, with positive growth in recent years, has seen total assets under management remaining at an all-time high, aiding the strength of finance sector tax payments. The pace of finance sector tax payment growth is expected to slow for the final quarter of the fiscal year as estimated tax payments converge with the downward revision of liability, which may have been set up high for the past two years in April final returns.

Following a four-year average of nearly seven percent annual growth from 2011 through 2014, non-finance sector tax payments are forecast to grow 2.9 percent, reflecting moderate non-finance sector growth in construction, healthcare and retail trade, as well as the expansion of sectors such as professional and business services, food services and leisure and hospitality.

2016 Forecast: Unincorporated business tax revenue is forecast at \$2.054 billion, growth of 4.3 percent over the current year. Finance sector payments are forecast to grow 3.9 percent, reflecting the modest current financial returns on Wall Street and continued growth in assets under management by hedge funds as investors search for alternative investments in the current low-yield fixed income environment. Tax payments from non-finance sector firms are forecast to grow 4.6 percent over the current year's level, reflecting the continued growth of the local economy.

In 2017 through 2019, unincorporated business tax revenue is forecast to return to trend, averaging annual growth of 4.2 percent.

UNINCORPORATED BUSINESS TAX 2006-2016



SALES AND USE TAX

The sales and use tax is projected to account for 13.5 percent of total tax revenue in 2016, or \$7.038 billion.

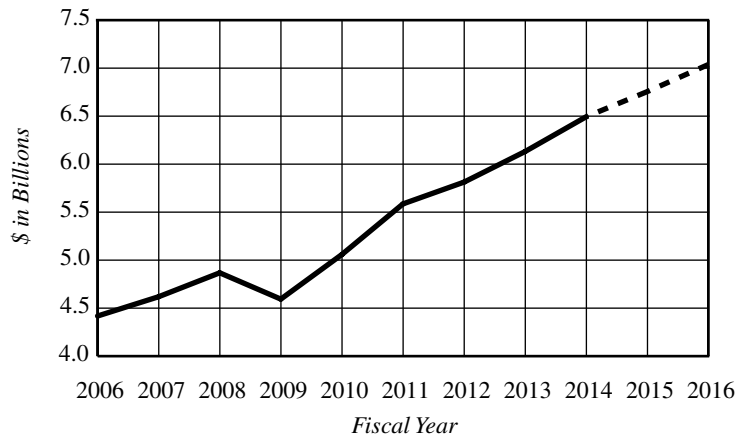
2015 Forecast: Sales tax revenue is forecast at \$6.756 billion, growth of 4.0 percent over the prior year. Visitor spending continues to be an economic driver for sales tax as New York City welcomed a record 56.4 million visitors in 2014. Sales tax collections year-to-date through March grew 3.5 percent. Prior to the third quarter, sales tax collections had growth of over four percent for eight consecutive quarters. Third quarter growth has slowed to just 1.3 percent over the prior year. Several factors have contributed to the third quarter slowdown in consumption. Gas prices have declined considerably since last year, leading to a reduction in tax revenue. Additionally, natural gas has declined in price contributing to lower collections. Overall, consumption is weaker than in the prior year due to this year's harsh winter weather and inflated collections last year that were the result of an increase in visitor spending due to the Super Bowl, which was played in New Jersey in early February 2014.

Sales tax revenue growth is forecast to rebound to 6.3 percent in the fourth quarter. With employment holding up, and wages and consumer confidence rising, spending levels are anticipated to increase.

2016 Forecast: Sales tax revenue is forecast at \$7.038 billion, growth of 4.2 percent over the current year. Growth should remain relatively steady as local employment and wage growth boosts consumer sentiment and spending. In addition, tourism is expected to remain strong with high volumes of visitors continuing to stay and spend in the New York metropolitan area.

Sales tax revenue growth is forecast to average 3.9 percent from 2017 through 2019, paralleling the steady growth in the economy.

SALES TAX 2006-2016



UTILITY TAX

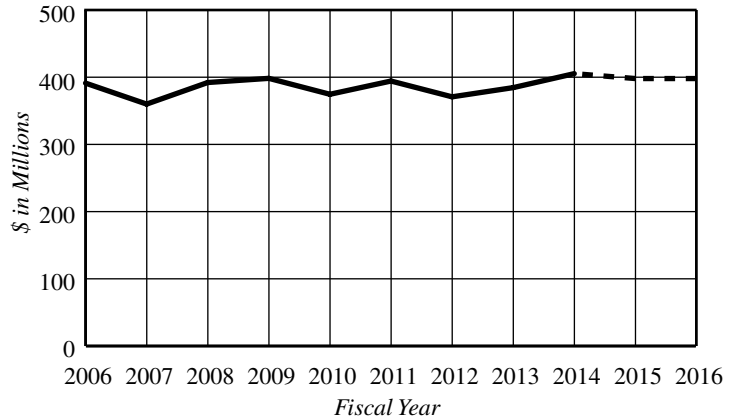
The utility tax is projected to account for 0.8 percent of total tax revenue in 2016, or \$398 million.

2015 Forecast: Utility tax revenue is forecast at \$398 million, a 1.8 percent decline from the prior year. Year-to-date collections through March were \$254 million, a decline of 4.7 percent from the prior year, the result of significantly lower natural gas prices throughout the winter season. Fourth quarter utility tax revenue is forecast to exhibit flat growth from last year's level, reflecting persisting low price levels for natural gas.

2016 Forecast: Utility tax revenue is forecast at \$398 million, flat growth from the current year, the result of low price levels for natural gas and electricity continuing through 2016.

Utility tax collections are forecast to average annual growth of 2.8 percent from 2017 through 2019, reflecting a return to higher energy prices.

UTILITY TAX 2006-2016



CIGARETTE TAX

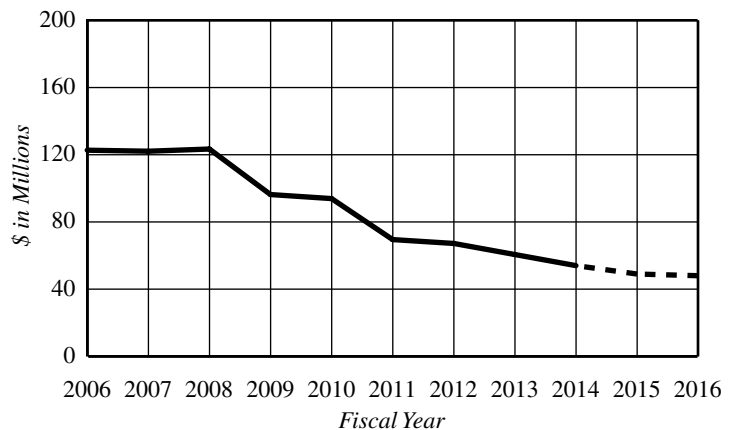
The cigarette tax is projected to account for 0.1 percent of total tax revenue in 2016, or \$48 million.

2015 Forecast: Cigarette tax revenue is forecast at \$49 million, a 9.2 percent decline from the prior year, reflecting the continued reduction in cigarette consumption. Currently, the combined City/State cigarette taxes paid in the City are \$5.85 per pack, the highest City/State cigarette tax levied in the country. The high 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 smoking cessation or reduction.

2016 Forecast: Cigarette tax revenue is forecast to decline to \$48 million for 2016.

Cigarette tax revenues are projected to decline at an average annual rate of 2.1 percent from 2017 through 2019, reflecting the long-term decline in the number of packs sold.

CIGARETTE TAX 2006-2016



HOTEL TAX

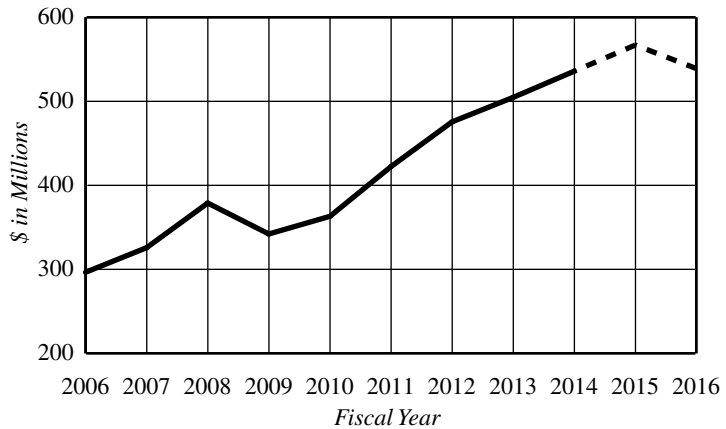
The hotel room occupancy tax is projected to account for 1.0 percent of tax revenue in 2016, or \$539 million.

2015 Forecast: Hotel tax revenue is forecast at \$567 million, growth of 5.8 percent over the prior year. Collections year-to-date through March grew 7.2 percent over the same prior year period. Calendar year 2014 saw an all-time record 56.4 million visitors to New York City, resulting in approximately 32 million hotel room nights sold. The considerable growth in collections can be explained by the rise in visitors (particularly international visitors) along with the continued expansion of hotel room inventory and high occupancy rates at hotels throughout the City. The forecast assumes steady year-over-year collections growth through the remainder of the fiscal year as the weather becomes warmer and tourism increases. Additionally, over 5,000 rooms have been added to the City's inventory in 2015, increasing the capacity to absorb tourists.

2016 Forecast: Hotel tax revenue is forecast at \$539 million, a 4.9 percent decline from the current year. Global economic uncertainty along with the rising value of the U.S. dollar results in reduced international tourism. At the same time over 5,000 additional hotel rooms are expected to come on the market. The weakened demand and increased supply puts downward pressure on room rates, which are expected to fall 3.5 percent.

From 2017 through 2019, hotel tax revenue is forecast to average growth of 1.9 percent, reflecting a return to stable global economic conditions.

HOTEL TAX 2006-2016



OTHER TAXES

All other taxes are projected to account for 1.0 percent of total tax revenue in 2016, or \$516.5 million.

2015–2016 Other Taxes Forecast Excluding Tax Audit Revenue (\$000s)

| Tax | 2015 | 2016 | Increase/(Decrease) From 2015 to 2016 Amount | Percent Change |
|--|------------------|------------------|--|-------------------|
| Auto Related Taxes | | | | |
| Auto Use | \$29,000 | \$29,000 | — | 0.0% |
| Commercial Motor Vehicle | 53,000 | 50,000 | (3,000) | (5.7%) |
| Taxi Medallion Transfer | 4,000 | 8,000 | 4,000 | 100.0% |
| Excise Taxes | | | | |
| Beer and Liquor | 24,000 | 24,000 | — | 0.0% |
| Liquor License Surcharge | 5,000 | 5,000 | — | 0.0% |
| Horse Race Admissions | 35 | 20 | (15) | (42.9%) |
| Off-Track Betting Surtax | 1,250 | 1,250 | — | 0.0% |
| Miscellaneous | | | | |
| Other Refunds | (32,000) | (29,000) | 3,000 | 9.4% |
| Payment in Lieu of Taxes (PILOTs) ... | 317,900 | 246,200 | (71,700) | (22.6%) |
| Section 1127 (Waiver) | 134,000 | 130,000 | (4,000) | (3.0%) |
| Penalty and Interest Real Estate (Current Year) | 19,000 | 19,000 | — | 0.0% |
| Penalty and Interest Real Estate (Prior Year) | 36,000 | 36,000 | — | 0.0% |
| Penalty and Interest - Other Refunds | (3,000) | (3,000) | — | 0.0% |
| Total | \$588,185 | \$516,470 | (\$71,715) | (12.2%) |

AUTO RELATED TAXES

Auto Use Tax: This tax is expected to generate \$29.0 million in both 2015 and 2016.

Commercial Motor Vehicle Tax: This tax is expected to generate \$53.0 million in 2015 and \$50.0 million in 2016.

Taxi Medallion Transfer Tax: This tax is expected to generate \$4.0 million in 2015 and \$8.0 million in 2016.

EXCISE TAXES

Beer and Liquor Excise Tax: This tax is expected to generate \$24.0 million in both 2015 and 2016.

Liquor License Surcharge: This tax is expected to generate \$5.0 million in both 2015 and 2016.

Horse Race Admissions Tax: This tax is expected to generate \$35 thousand in 2015 and \$20 thousand in 2016.

Off-Track Betting Surtax: This tax is expected to generate \$1.3 million in both 2015 and 2016.

MISCELLANEOUS

Other Refunds: These refunds are primarily paid out on the commercial rent tax and Section 1127 (waiver) and are projected to be \$32.0 million in 2015 and \$29.0 million in 2016.

Payments in Lieu of Taxes (PILOTs): 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 \$317.9 million in 2015 and \$246.2 million in 2016. Beginning in 2016, PILOT revenue reflects reductions in New York City Housing Authority PILOT payments amounting to \$32.7 million from 2016 through 2019.

Section 1127 (Waiver): Under Section 1127 of the New York City Charter, the City may collect payments from non-resident 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 \$134.0 million in 2015 and \$130.0 million in 2016.

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 \$19.0 million in both 2015 and 2016, while penalty and interest collections from prior year delinquencies are expected to be \$36.0 million in both 2015 and 2016.

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 \$3.0 million in both 2015 and 2016.

TAX ENFORCEMENT REVENUE

As part of the City's tax enforcement efforts, 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 \$982.3 million in 2015. The audit revenue for 2016 is forecast at \$711.1 million.

MISCELLANEOUS RECEIPTS

Forecast of Miscellaneous Receipts

The non-tax revenue portion of City Funds is referred to as miscellaneous revenues. The 2016 Executive Budget includes eleven classes of miscellaneous revenues which are discussed below.

Miscellaneous Revenues (\$ in Millions)

| | 2015 Forecast | 2016 Executive Budget | Forecast to Executive Budget Increase (Decrease) |
|--|------------------|-----------------------------|---|
| Licenses..... | \$80 | \$89 | 9 |
| Permits | 248 | 220 | (28) |
| Franchises and Privileges..... | 337 | 332 | (5) |
| Interest Income..... | 21 | 29 | 8 |
| Tuition and Charges for Services | 948 | 948 | 0 |
| Water and Sewer Revenues | 1,537 | 1,516 | (21) |
| Rental Income | 284 | 271 | (13) |
| Fines and Forfeitures | 921 | 810 | (111) |
| Miscellaneous..... | 1,809 | 554 | (1,255) |
| Total Miscellaneous Revenues | <u>\$6,185</u> | <u>\$4,769</u> | <u>(1,416)</u> |

Miscellaneous revenues are estimated at \$4,769 million in 2016, a decrease of \$1,416 million from 2015, 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 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 527,000 licenses. About 81,000 are non-recurring, 104,000 are renewed annually, 301,000 biennially, and 41,000 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 2016 forecast for license revenue is \$89 million, \$9 million more than 2015. This increase is attributable to an increase in licenses issued by the Taxi and Limousine Commission.

Permits

Permits are issued to 1,200,000 individuals or entities for the use of facilities, premises or equipment. Approximately 332,000 permits are renewable on an annual, biennial or triennial basis. Seasonal or single occurrence permits, such as tennis and building permits, account for 868,000 additional permits, all of which are issued and regulated by twelve City agencies.

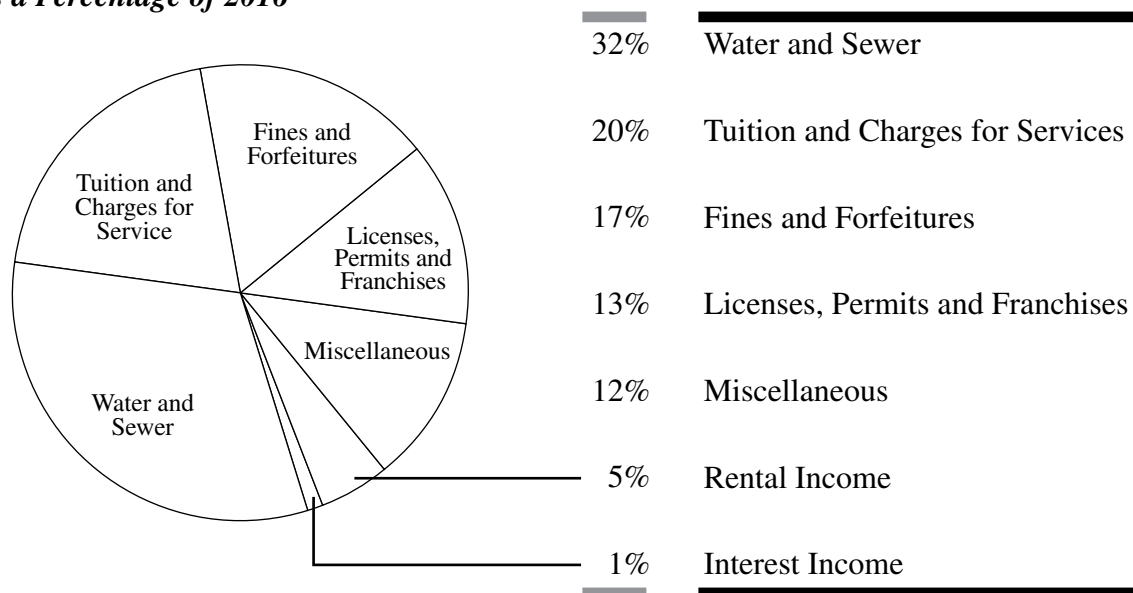
The major sources of revenue are permits for building construction and alterations, street openings, restaurants, hazardous materials, and air pollution control. The 2016 forecast for permit revenue is \$220 million, \$28 million less than 2015. The decrease is due to a decline in receipts for construction-related permits issued by the Department of Buildings and the Department of Transportation.

Tuition and Charges for Services

The City collects tuition from students enrolled at community colleges. In addition, the City collects money from charges to the public and other governmental agencies for services rendered. There are over 100 different service fees in this category, including fees for parking, towing, provision of school lunches, copies of certificates, processing applications, searches, and performing fire and building inspections. The 2016 forecast for tuition and charges for services is \$948 million, equal to that of 2015. Increases in tuition at community colleges are offset by non-recurring revenue from civil service exam fees, various building and fire department fees and the processing of 421-a tax exemption applications.

COMPONENTS OF MISCELLANEOUS REVENUES

As a Percentage of 2016



Water and Sewer Revenues

Water and Sewer charges are collected by the New York City Water Board. From these charges the Board pays 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 up to 15 percent of Water Finance Authority debt service. On a pilot program basis beginning in 2012 and ending in 2015, the City returned part of the rental payment to the Water Board. The Water Board recognized this rental return payment as revenue. As of 2016, the returned rental payment will be 40 percent of the prior year's rental payment with an incremental increase of 10 percent in each of the following years so that by 2023 there will be no rental payment to the City.

The Water Board has proposed a 2.97 percent rate increase for 2016. The forecast for Water Board revenue is \$3.8 billion, including a City payment of \$111 million for municipal water and sewer charges and \$26 million for interest on funds held by the New York City Municipal Water Finance Authority. The Water Board will pay \$892.7 million for Water Board and Authority expenses and debt service. The City will receive \$1.354 billion for O&M services rendered in the delivery of water and the collection, treatment, and disposal of waste water. The City will offset the rental return amounts from the rental payment for net rental revenue in 2016 of \$162.3 million.

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. 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 2016 forecast for interest earnings is \$29 million, an increase of \$8 million from 2015. This increase is attributable to the expectation that the Federal Reserve will begin raising the federal funds rate in 2016, partially offset by conservative assumptions for anticipated cash available for investment.

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 2016 forecast for franchise revenue is \$332 million, a decrease of \$5 million from 2015.

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 2,480 properties are rented from the City. Approximately 500 are in rem or condemnation sites, 180 are covered by long term agreements, and nearly 1,800 are schools that are rented on a per event basis after school hours.

The 2016 forecast for rental income is \$271 million, \$13 million less than in 2015. The decrease is a result of declining rental income from DCAS managed properties.

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 2016 forecast for forfeitures is \$2.1 million. The revenue expected from fines in 2015 and 2016 is listed below:

| Fine Revenue | | |
|--|------------------|-----------------------------|
| Type (\$ in 000's) | 2015 Forecast | 2016 Executive Budget |
| Parking Violations | \$556,000 | \$518,800 |
| Environmental Control Board Violations | 89,510 | 89,510 |
| Department of Health Violations | 30,000 | 30,000 |
| Speed Camera Revenue | 29,000 | 29,000 |
| Red Light Camera Violations | 30,000 | 27,000 |
| Department of Buildings Penalties | 45,000 | 22,689 |
| Taxi and Limousine Commission Violations | 20,471 | 15,416 |
| Bus Lane Violations..... | 19,000 | 15,096 |
| Traffic Violations..... | 12,567 | 12,567 |
| Department of Consumer Affairs | 9,300 | 9,300 |
| State Court Fines..... | 7,135 | 7,135 |
| Department of Finance Penalties | 22,540 | 4,400 |
| Other Sources..... | 48,125 | 26,791 |
| Total | <u>\$918,648</u> | <u>\$807,704</u> |

The Parking Violation division of the Department of Finance is forecasted to collect \$590 million in parking, red light camera, bus lane and speed camera fines in 2016, \$44 million less than in 2015.

The Parking Violation division 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 \$27 million in 2016. In addition, the Department has implemented a bus lane camera enforcement program along MTA Select Service Bus Routes (SBS). Bus lane photo devices can only operate on designated bus lanes that are select bus service lanes within the bus rapid transit demonstration program and only during weekdays from 7:00 am to 7:00 p.m. The Department will generate \$15 million in 2016. Despite a planned expansion of the bus lane camera initiative, revenue is expected to decline in 2016 from levels experienced in 2015 as a result of compliance. Most recently the Department was authorized to use speed camera enforcement. Currently speed cameras must be placed within a quarter mile of a school and can operate on days when school is in session (one hour before and one hour after the school day), and during student activities

at the school (up to thirty minutes immediately before and up to thirty minutes immediately after such student activities). Currently, 57 out of 140 cameras are placed and the Department will continue to increase the number of speed cameras in 2016 resulting in \$29 million in collections. Despite a planned expansion in the number of speed cameras revenue is expected to stay consistent with 2015 as a result of compliance.

The Office of Administrative Trials and Hearings (OATH) is comprised of several administrative tribunals: Health, Taxi and Limousine Commission, and 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. Revenue from these violations is expected to generate \$135 million in 2016.

The Department of Consumer Affairs (DCA) enforces the City's consumer protection, licensing, weights and measures and Truth-in-Pricing Laws. In 2016 the Department will generate \$9.3 million in fine revenue, equal to that of 2015. The Department of Consumer Affairs will continue its change in enforcement strategy which includes an emphasis on education and outreach.

The Department of Finance assesses penalties for failure to timely file Real Property Income and Expense statements and Real Property Transfer documents. The Department enhanced enforcement efforts in 2013 and penalties collected have grown to \$22.5 million in 2015. The Department's enforcement efforts are expected to improve compliance with filing guidelines and it is anticipated that penalties issued will drop in 2016.

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 2016 forecast for miscellaneous revenue is \$554 million, \$1,255 million less than in 2015. The decrease is primarily related to one-time revenue in 2015 from property sales, settlement revenue and the release of funds from the health stabilization reserve. The City will delay the sale of additional Taxi medallions for one year as the Taxi and Limousine Commission continues to update rules and monitor the trends in the taxi and other for-hire industries.

Private Grants

The Executive Budget includes \$831 million in private grants in 2016, \$57 million less than 2015. 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 2016 expected reimbursements will be \$575 million.

CAPITAL BUDGET

The Executive Capital Budget and Four-Year Plan, 2016-2019

The 2016 Executive Capital Budget includes new appropriations of \$13.1 billion, of which \$11.5 billion are to be funded from City sources. These appropriations, together with available balances from prior years, authorize total commitments of \$13.3 billion for 2016, of which \$11.4 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.

Four-Year Plan Highlights

The 2016-2019 Capital Plan totals \$43.2 billion for the construction and rehabilitation of the City's infrastructure. This will provide funding targeted to building and improving schools, investments in housing, improving transportation, and maintaining the sewer system. In addition, damages to critical infrastructure throughout New York City caused by Hurricane Sandy are estimated at \$2.3 billion in the 2016-2019 Capital Program.

The Capital Plan provides \$10.6 billion for new school construction and expansion, as well as the modernization, rehabilitation and improvements to existing school buildings. The Capital Plan also provides \$2.8 billion for the preservation and construction of affordable housing for low to moderate incomes and those with special needs. The City will invest \$3.1 billion for the continued reconstruction and rehabilitation of 40 bridge structures. An investment of \$2.1 billion will be provided for the reconstruction and augmentation of the City's sewer system, which will include construction of a comprehensive sewer system in Southeast Queens to alleviate chronic flooding condition, continuation of the Staten Island Bluebelt Program, infrastructure work for neighborhood re-zonings, and other sewer related work.

FY 2015 - 2019 Commitment Plan
(\$ in Millions)

| | 2015 | | 2016 | | 2017 | | 2018 | | 2019 | |
|---|------------------|------------------|------------------|------------------|----------------|-----------------|----------------|-----------------|----------------|-----------------|
| | 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 | \$109 | \$109 | \$79 | \$79 | \$52 | \$52 | \$114 | \$114 | \$73 | \$73 |
| • Sewers | 439 | 456 | 516 | 532 | 675 | 684 | 464 | 464 | 400 | 400 |
| • Water Mains, Sources & Treatment | 665 | 666 | 786 | 789 | 503 | 503 | 421 | 421 | 429 | 429 |
| • Water Pollution Control | 584 | 596 | 816 | 816 | 452 | 466 | 679 | 945 | 500 | 500 |
| • Water Supply | 795 | 795 | 30 | 30 | 19 | 19 | 229 | 229 | 191 | 191 |
| Subtotal..... | \$2,591 | \$2,623 | \$2,227 | \$2,246 | \$1,702 | \$1,725 | \$1,905 | \$2,171 | \$1,594 | \$1,594 |
| <i>Transportation</i> | | | | | | | | | | |
| • Mass Transit | \$350 | \$375 | \$129 | \$133 | \$125 | \$125 | \$125 | \$125 | \$125 | \$125 |
| • Bridges..... | 339 | 862 | 612 | 846 | 629 | 934 | 445 | 513 | 900 | 900 |
| • Highways..... | 395 | 513 | 531 | 840 | 694 | 824 | 492 | 512 | 247 | 328 |
| Subtotal..... | \$1,084 | \$1,750 | \$1,273 | \$1,819 | \$1,448 | \$1,883 | \$1,063 | \$1,150 | \$1,273 | \$1,353 |
| <i>Education</i> | | | | | | | | | | |
| • Education..... | \$1,740 | \$3,100 | \$2,465 | \$2,783 | \$2,405 | \$2,600 | \$1,975 | \$2,647 | \$2,405 | \$2,600 |
| • Higher Education..... | 181 | 191 | 63 | 63 | 82 | 82 | 50 | 50 | 70 | 70 |
| Subtotal..... | \$1,921 | \$3,291 | \$2,528 | \$2,846 | \$2,487 | \$2,682 | \$2,025 | \$2,697 | \$2,475 | \$2,670 |
| <i>Housing & Economic Development</i> | | | | | | | | | | |
| • Economic Development | \$339 | \$519 | \$648 | \$667 | \$709 | \$727 | \$409 | \$427 | \$257 | \$275 |
| • Housing | 562 | 609 | 827 | 827 | 645 | 671 | 661 | 687 | 675 | 707 |
| Subtotal..... | \$901 | \$1,128 | \$1,475 | \$1,494 | \$1,353 | \$1,397 | \$1,070 | \$1,114 | \$932 | \$982 |
| <i>Administration of Justice</i> | | | | | | | | | | |
| • Correction | \$210 | \$211 | \$398 | \$469 | \$144 | \$144 | \$706 | \$706 | \$76 | \$76 |
| • Courts | 167 | 167 | 161 | 161 | 220 | 220 | 119 | 119 | 94 | 94 |
| • Police | 259 | 293 | 338 | 351 | 284 | 284 | 138 | 138 | 132 | 132 |
| Subtotal..... | \$636 | \$670 | \$897 | \$981 | \$649 | \$649 | \$962 | \$963 | \$302 | \$302 |
| <i>City Operations and Facilities</i> | | | | | | | | | | |
| • Cultural Institutions | \$554 | \$647 | \$105 | \$113 | \$27 | \$27 | \$50 | \$50 | \$4 | \$4 |
| • Fire..... | 145 | 150 | 180 | 205 | 85 | 155 | 122 | 185 | 84 | 84 |
| • Health & Hospitals | 280 | 381 | 209 | 439 | 175 | 441 | 75 | 549 | 79 | 401 |
| • Parks | 802 | 1,266 | 588 | 803 | 486 | 516 | 260 | 265 | 117 | 117 |
| • Public Buildings | 250 | 250 | 264 | 264 | 177 | 177 | 115 | 115 | 84 | 84 |
| • Sanitation | 311 | 330 | 264 | 265 | 200 | 200 | 136 | 136 | 286 | 286 |
| • Technology & Equipment.... | 885 | 893 | 683 | 683 | 500 | 500 | 439 | 439 | 371 | 371 |
| • Other..... | 639 | 786 | 731 | 1,158 | 533 | 760 | 374 | 480 | 179 | 223 |
| Subtotal..... | \$3,866 | \$4,702 | \$3,025 | \$3,930 | \$2,183 | \$2,776 | \$1,570 | \$2,219 | \$1,204 | \$1,571 |
| <i>Total Commitments</i> | \$10,999 | \$14,165 | \$11,425 | \$13,316 | \$9,822 | \$11,112 | \$8,595 | \$10,314 | \$7,780 | \$8,473 |
| <i>Reserve for Unattained Commitments.....</i> | (\$2,946) | (\$2,946) | (\$1,304) | (\$1,304) | (\$675) | (\$675) | \$193 | \$193 | \$353 | \$353 |
| <i>Commitment Plan.....</i> | \$8,053 | \$11,219 | \$10,121 | \$12,012 | \$9,147 | \$10,437 | \$8,788 | \$10,507 | \$8,133 | \$8,826 |
| <i>Total Expenditures.....</i> | \$6,278 | \$8,244 | \$6,587 | \$7,961 | \$7,688 | \$9,199 | \$8,323 | \$9,914 | \$8,631 | \$10,151 |

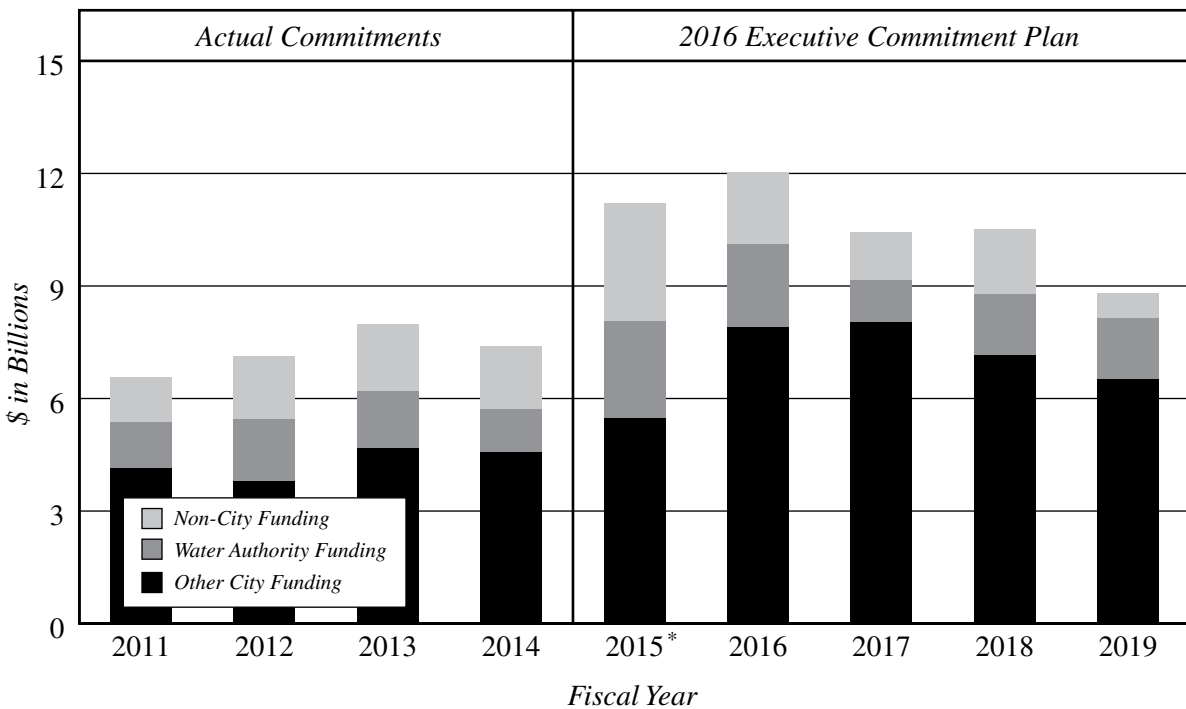
Note: Individual items may not add up due to rounding.

Non-City Funding Sources

Non-City capital funding sources include \$1.9 billion in the 2016 plan and \$5.6 billion over the 2016-2019 four-year plan period. The majority of non-City funding supports Transportation, Education, Hospitals, Housing Authority, and Environmental Protection.

Transportation programs are projected to receive non-City funding of \$1.6 billion over the 2016-2019 period, with \$1.3 billion from the Federal government, \$185.5 million from the State, and \$145.4 million from private funds. Education programs anticipate receiving \$1.3 billion in State funding and \$122.7 million in Federal funding over the 2016-2019 period. Hospital programs are projected to receive \$1.3 billion in Federal funding over the 2016-2019 period. Housing Authority programs are projected to receive \$308.0 million in Federal funding over the 2016-2019 period. Environmental Protection programs are projected to receive \$307.6 million from the Federal government over the 2016-2019 period.

FY 2011-2019 CAPITAL COMMITMENTS BY FUNDING SOURCE



* Projected

The Capital Program since 2011

The table below illustrates the changes in the size of the City's capital program over the 2011-2014 period.

FY 2011-2014 Commitments (\$ in Millions)

| | 2011 | | 2012 | | 2013 | | 2014 | |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | City Funds | All Funds | City Funds | All Funds | City Funds | All Funds | City Funds | All Funds |
| <i>Environmental Protection</i> | | | | | | | | |
| • Equipment | \$100 | \$98 | \$59 | \$59 | \$65 | \$58 | \$84 | \$84 |
| • Sewers | 178 | 190 | 366 | 368 | 279 | 288 | 300 | 302 |
| • Water Mains, Sources and Treatment | 602 | 602 | 578 | 590 | 402 | 402 | 343 | 345 |
| • Water Pollution Control | 354 | 361 | 571 | 570 | 454 | 456 | 412 | 408 |
| • Water Supply | 1 | 1 | 97 | 97 | 316 | 316 | 21 | 21 |
| Subtotal | \$1,235 | \$1,252 | \$1,670 | \$1,685 | \$1,516 | \$1,521 | \$1,160 | \$1,160 |
| <i>Transportation</i> | | | | | | | | |
| • Mass Transit | \$130 | \$130 | \$5 | \$35 | \$125 | \$133 | \$35 | \$35 |
| • Bridges | 137 | 137 | 6 | 125 | 249 | 361 | 131 | 234 |
| • Highways | 296 | 333 | 278 | 300 | 298 | 438 | 325 | 415 |
| Subtotal | \$563 | \$600 | \$290 | \$460 | \$672 | \$931 | \$491 | \$684 |
| <i>Education</i> | | | | | | | | |
| • Education | \$953 | \$1,787 | \$1,263 | \$2,481 | \$1,282 | \$2,345 | \$1,040 | \$2,060 |
| • Higher Education | 58 | 58 | 70 | 70 | 48 | 48 | 74 | 74 |
| Subtotal | \$1,011 | \$1,845 | \$1,332 | \$2,551 | \$1,330 | \$2,394 | \$1,113 | \$2,134 |
| <i>Housing & Economic Development</i> | | | | | | | | |
| • Economic Development | \$143 | \$190 | \$205 | \$244 | \$272 | \$282 | \$255 | \$278 |
| • Housing | 258 | 343 | 192 | 298 | 308 | 376 | 336 | 415 |
| Subtotal | \$400 | \$533 | \$397 | \$542 | \$580 | \$657 | \$590 | \$694 |
| <i>Administration of Justice</i> | | | | | | | | |
| • Correction | \$69 | \$69 | \$95 | \$95 | \$104 | \$104 | \$114 | \$125 |
| • Courts | 97 | 97 | 63 | 63 | 17 | 17 | 123 | 123 |
| • Police | 80 | 80 | 63 | 63 | 83 | 89 | 164 | 170 |
| Subtotal | \$246 | \$246 | \$221 | \$221 | \$204 | \$210 | \$401 | \$418 |
| <i>City Operations & Facilities</i> | | | | | | | | |
| • Cultural Institutions | \$149 | \$161 | \$133 | \$135 | \$172 | \$176 | \$211 | \$215 |
| • Fire | 90 | 94 | 83 | 87 | 143 | 157 | 52 | 63 |
| • Health & Hospitals | 279 | 286 | 292 | 298 | 264 | 315 | 244 | 307 |
| • Parks | 367 | 396 | 256 | 290 | 310 | 533 | 255 | 365 |
| • Public Buildings | 116 | 116 | 154 | 154 | 190 | 190 | 144 | 144 |
| • Sanitation | 319 | 320 | 222 | 222 | 392 | 400 | 276 | 277 |
| • Technology & Equipment | 462 | 475 | 260 | 276 | 277 | 279 | 571 | 573 |
| • Other | 132 | 248 | 147 | 187 | 147 | 215 | 216 | 356 |
| Subtotal | \$1,914 | \$2,097 | \$1,548 | \$1,651 | \$1,894 | \$2,265 | \$1,969 | \$2,298 |
| <i>Total Commitments</i> | \$5,369 | \$6,575 | \$5,458 | \$7,111 | \$6,196 | \$7,978 | \$5,725 | \$7,387 |
| <i>Total Expenditures</i> | \$8,602 | \$9,099 | \$6,994 | \$8,431 | \$6,888 | \$8,385 | \$7,468 | \$7,903 |

Note: Individual items may not add up due to rounding.

Comprehensive Planning Process

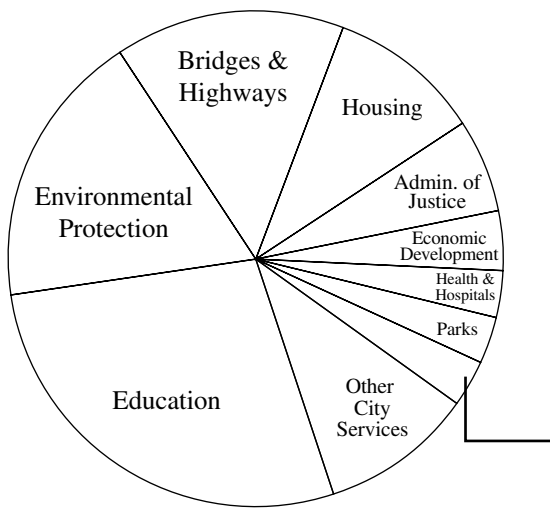
Developing a long-term capital investment strategy to improve, expand and sustain the City's physical plant requires comprehensive planning. The Ten-Year Capital Strategy, updated by OMB and the Department of City Planning every two years through consultation with City agencies, establishes overall programmatic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

Ten-Year Capital Strategy 2016-2025 (\$ in 000's)

| | City Funds | Non-City Funds | Total Funds |
|--|---------------------|--------------------|---------------------|
| <i>Environmental Protection</i> | | | |
| • Sewers..... | \$4,036,897 | \$24,306 | \$4,061,203 |
| • Water Mains, Sources and Treatment..... | 3,330,095 | 3,000 | 3,333,095 |
| • Water Pollution Control..... | 5,308,012 | 280,308 | 5,588,320 |
| • Water Supply | 1,179,744 | 0 | 1,179,744 |
| • DEP Equipment | 526,047 | 0 | 526,047 |
| Subtotal Environmental Protection | \$14,380,795 | \$307,614 | \$14,688,409 |
| <i>Education</i> | | | |
| • Education | \$20,343,548 | \$2,686,042 | \$23,029,590 |
| • CUNY | 405,343 | 372 | 405,715 |
| Subtotal Education | \$20,748,891 | \$2,686,414 | \$23,435,305 |
| <i>Transportation</i> | | | |
| • Mass Transit..... | \$833,312 | \$3,863 | \$837,175 |
| • Highways & Transit Operations..... | 3,590,893 | 1,230,499 | 4,821,392 |
| • Bridges | 6,553,718 | 1,209,532 | 7,763,250 |
| Subtotal Transportation | \$10,977,923 | \$2,443,894 | \$13,421,817 |
| <i>Housing & Economic Development</i> | | | |
| • Housing..... | \$7,181,717 | \$275,832 | \$7,457,549 |
| • Housing Authority | 591,308 | 308,000 | 899,308 |
| • Economic Development..... | 3,288,956 | 91,046 | 3,380,002 |
| Subtotal Housing & Economic Development..... | \$11,061,981 | \$674,878 | \$11,736,859 |
| <i>Administration of Justice</i> | | | |
| • Correction | \$1,630,316 | \$71,030 | \$1,701,346 |
| • Police | 1,463,137 | 13,518 | 1,476,655 |
| • Courts..... | 1,537,174 | 0 | 1,537,174 |
| Subtotal Administration of Justice | \$4,630,627 | \$84,548 | \$4,715,175 |
| <i>Health & Social Services</i> | | | |
| • Health | \$457,369 | \$23,184 | \$480,553 |
| • Hospitals | 841,273 | 1,562,079 | 2,403,352 |
| • Homeless Services..... | 212,004 | 0 | 212,004 |
| • Human Resources | 137,484 | 54,341 | 191,825 |
| • Children's Services..... | 145,542 | 25,323 | 170,865 |
| • Aging..... | 47,497 | 0 | 47,497 |
| Subtotal Health & Social Services | \$1,841,169 | \$1,664,927 | \$3,506,096 |
| <i>Other City Services</i> | | | |
| • Sanitation | \$2,300,787 | \$1,813 | \$2,302,600 |
| • Public Buildings..... | 1,153,348 | 0 | 1,153,348 |
| • Fire | 1,093,058 | 158,130 | 1,251,188 |
| • Parks & Recreation | 2,264,998 | 249,420 | 2,514,418 |
| • Cultural Institutions & Libraries | 825,939 | 7,726 | 833,665 |
| • Technology & Equipment..... | 4,219,448 | 0 | 4,219,448 |
| Subtotal Other City Services | \$11,857,578 | \$417,089 | \$12,274,667 |
| Total | \$75,498,964 | \$8,279,364 | \$83,778,328 |

TEN-YEAR CAPITAL STRATEGY FOR 2016-2025

(\$ in Millions - All Funds)



| % of Plan | Program | FY 2016 to 2025 |
|-----------|--------------------------------|-----------------|
| 28% | Education | \$23,435 |
| 18% | Environmental Protection | 14,688 |
| 15% | Bridges & Highways | 12,585 |
| 10% | Housing | 8,357 |
| 6% | Administration of Justice | 4,715 |
| 4% | Economic Development | 3,380 |
| 3% | Health & Hospitals | 2,884 |
| 3% | Parks | 2,514 |
| 3% | Resiliency & Energy Efficiency | 2,492 |
| 10% | Other City Services | 8,728 |
| | Total | \$83,778 |

2016 Ten-Year Capital Strategy Highlights

Technology

- Information and Communication Systems: 911/Emergency Communications Transformation Program (ECTP) facilities, software, and equipment to update and integrate the City's computer aided dispatch capabilities (\$116.6 million); Broadband Initiative including expansion of wireless access for low-income residents (\$70.0 million); and hardware and software security upgrades required to safeguard the City's information technology assets (\$66.3 million).

Environmental Protection and Sanitation

- Sewers: reconstruction and augmentation of the City's sewer system (\$4.1 billion), including the construction of a comprehensive sewer system in Southeast Queens (\$1.4 billion), emergency replacement of malfunctioning or collapsed cement combined sewers (\$621.4 million), to purchase property and continuation of the Staten Island Bluebelt program (\$430.3 million), and the Neighborhood Development Fund to help provide for critical water and sewer related infrastructure work for re-zonings proposed in neighborhood plans developed by the Department of City Planning (\$329.0 million).
- Water Mains, Sources and Treatment: replace and extend trunk and distribution water mains and ancillary work (\$2.0 billion), including replacement and rehabilitation of below ground infrastructure specifically related to the accelerated replacement schedule for aging water mains (\$365.0 million), and construction in Southeast Queens (\$99.3 million); and continued improvements and repairs to infrastructure in the City's upstate watersheds (\$1.5 billion), including projects related to the Filtration Avoidance Determination (\$203.4 million), the rehabilitation of the lower Catskill Aqueduct (\$121.0 million), and the reconstruction of the New Croton Dam (\$114.0 million). The total Water Mains, Sources and Treatment program for 2016-2025 is \$3.3 billion.

- **Wastewater Treatment:** investments to maintain the operational integrity of existing wastewater treatment facilities (\$2.8 billion); combined sewer overflow (CSO) capture through the optimization of existing grey infrastructure (\$1.5 billion) and the use of Green Infrastructure (\$804.5 million); ongoing stabilization and upgrades of in-City wastewater treatment plants (WWTP) and systems to ensure compliance with State and Federal mandates for operating permit requirements (\$294.6 million), studies and facility upgrades to reduce nitrogen levels in treated wastewater (\$86.5 million), and the enhancement of the existing chlorination system at various WWTP in order to meet stricter chlorine discharge limits (\$100.0 million); The total Wastewater Treatment program for 2016-2025 is \$5.6 billion.
- **Water Supply:** construction of a tunnel connecting the Kensico Reservoir to the Catskill/Delaware Ultraviolet Light Facility, necessary to provide redundancy in the water supply system (\$511.0 million); modification of chambers at Hillview Reservoir (\$339.5 million); and implementation of water augmentation projects in preparation of the temporary shutdown of the Delaware Aqueduct, including the rehabilitation of Queens groundwater wells (\$148.0 million) and the optimization of the Catskill Aqueduct (\$130.8 million). The total Water Supply program for 2016-2025 is \$1.2 billion.
- **Equipment:** continued water conservation programs (\$148.3 million), including the installation of large water meters (\$51.1 million) and water meters at City-owned facilities (\$38.5 million). The total Equipment program for 2016-2025 is \$526.0 million.
- **Sanitation:** replacement of vehicles (\$1.1 billion); component rehabilitation at garages and other facilities, Citywide (\$213.4 million); construction of a new garage for Bronx Community Districts 9, 10, and 11 (\$206.9 million); construction of a new garage for Manhattan Community Districts 6 and 8 (\$200.0 million); construction of a new garage for Brooklyn Community District 3 (\$149.3 million); construction and renovation of transfer stations and other facilities in accordance with the City's Long Term Solid Waste Management Plan (\$119.1 million); construction of a new garage for Staten Island Community District 1 (\$111.0 million); major rehabilitation of five garages including: the garage for Queens Community Districts 8, 10 and 12, the Queens Community District 1 garage, the Queens Community District 7 garage, the Bronx Community District 6 garage, and the Brooklyn Community District 6 garage (\$77.9 million); reconstruction of the garage for Queens Community Districts 11 and 13 (\$72.9 million); and purchases of information technology and telecommunications equipment (\$61.4 million).

Transportation

- **Bridges:** rehabilitation of bridges in fair or good condition, including the Brooklyn-Queens Expressway (BQE) – Triple Cantilever Bridge (\$1.7 billion) and the Shore Road Bridge (\$357.1 million); bridge life extension rehabilitation projects, including the Broadway Bridge (\$99.4 million) and the West 79th Street Bridge over Amtrak (\$66.0 million); and bridge protective coating projects, including the Hutchinson River Parkway Bridge (\$15.9 million). The total Bridge program for 2016-2025 is \$7.8 billion.
- **Highways:** street and arterial resurfacing of 7,524 lane miles (\$1.6 billion); street reconstruction of approximately 407 lane miles (\$1.4 billion), which includes reconstruction of Worth Street – Hudson Street to East Broadway (\$68.9 million) and Vision Zero Great Streets projects (\$298.8 million); replacement of approximately 41.3 million square feet of sidewalk (\$413.4 million); and installation of pedestrian ramps at approximately 3,902 corners (\$98.6 million). The total Highways program for 2016-2025 is \$3.7 billion.
- **Traffic:** signal installation and maintenance (\$235.1 million); upgrade and replacement of lampposts, luminaires, and associated infrastructure (\$180.4 million); and installation of streetlights, signals and lane markings associated with the Highway and Bridge programs (\$121.9 million). The total Traffic program for 2016-2025 is \$641.5 million.
- **Ferries:** reconstruction and replacement of ferry boats (\$311.8 million); and ferry terminal and facility improvements (\$135.1 million). The total Ferries program for 2016-2025 is \$446.9 million.

- Transit: contribution to the MTA's capital program, including subway and bus fleet enhancements, infrastructure improvements, in-house track rehabilitations, and reconstruction of bus and subway lines for New York City. The Transit program for 2016-2025 is \$837.2 million.

Education, Health and Social Services

- Education: rehabilitate, replace and upgrade building components (\$10.6 billion); construct new schools (\$3.7 billion); cover emergency projects, research and development, and prior plan completion costs (\$2.9 billion); capital improvements that enhance educational programs (\$2.7 billion); expand facilities through leases, building additions, and new athletic fields and playgrounds (\$1.8 billion); technological enhancements, expansion of pre-kindergarten capacity, and removal of transportable classroom units (\$780.0 million); and address the need for security systems, emergency lighting and code compliance (\$566.9 million). The total Education program for 2016-2025 is \$23.0 billion.
- Higher Education: miscellaneous reconstruction (\$383.1 million); data processing and other equipment (\$17.8 million); energy conservation projects (\$2.8 million); athletic fields, gymnasiums and facilities renovation (\$1.6 million); electrical, mechanical and HVAC (\$0.2 million); and Federal, State and Local Mandates (\$0.2 million). The total Higher Education program for 2016-2025 is \$405.7 million.
- Health: HHC's corporate-wide construction projects associated with ongoing maintenance, code compliance, and equipment purchases (\$424.7 million); ambulance purchases (\$283.3 million); laboratories (\$168.8 million); various DOHMH facility renovations and rehabilitation (\$88.1 million); automation and technology infrastructure improvements (\$68.1 million); technology and laboratory equipment upgrades for the Office of the Chief Medical Examiner (\$42.5 million); and HHC's new Electronic Health Record system (\$14.0 million).
- Aging: rehabilitation of senior centers, with a focus on structural and accessibility issues (\$27.9 million); and computer network upgrades and equipment purchases (\$16.7 million).
- Administration for Children's Services: telecommunications and data infrastructure upgrades and improvements (\$55.7 million); renovation and upgrades at Crossroads and Horizon (\$36.7 million); renovation and code compliance at various child care centers (\$32.2 million); and renovation and upgrade of facilities (\$29.7 million).
- Homeless Services: renovation and upgrade of adult shelters (\$112.2 million); renovation and upgrade of family shelters (\$80.5 million); and computer network upgrades and equipment purchases (\$19.3 million).
- Human Resources: data infrastructure upgrades and improvements (\$78.6 million); construction and initial outfitting for citywide facilities (\$76.1 million); telecommunications infrastructure upgrades and improvements (\$33.9 million), including the agency's Client Services Re-engineering initiative (\$20.4 million); and automotive equipment (\$3.2 million).

Housing and Development

- Housing: provision of low-interest loans to finance the rehabilitation and preservation of approximately 22,400 units in privately-owned buildings under Low Income Housing Tax Credit Year 15 Preservation, Multifamily Housing Rehabilitation, Participation Loan, and other housing preservation programs (\$1.1 billion); production and rehabilitation of approximately 7,900 units for low-income formerly homeless individuals, seniors, and persons with special needs, through Senior Affordable Rental, and Supportive Housing Loan programs (\$790.9 million); new construction of approximately 28,000 rental and homeownership dwelling units through varied scattered site, large-scale, and multifamily initiatives (\$766.2 million); and disposition and rehabilitation of approximately 2,500 *In Rem* dwelling units through various privatization initiatives (\$105.5 million).

- Housing Authority: upgrades to building exteriors and systems, including roof work and mold remediation, elevators, conversion to instantaneous hot water heaters, exterior lighting, and other general capital maintenance (\$570.7 million).
- Economic Development: funding for infrastructure work to support affordable housing sites, Citywide (\$1.2 billion); Neighborhood Development Fund to help provide for critical infrastructure work for re-zonings proposed in neighborhood plans developed by the Department of City Planning (\$702.0 million); development, management and rehabilitation of City owned waterfront, industrial and other properties, Citywide (\$416.0 million); various development and infrastructure improvements at the Brooklyn Navy Yard, including the rehabilitation of Building 77 to create new spaces for manufacturing and industrial tenants (\$303.0 million); upgrades at the Hunts Point Food Distribution Terminal in the South Bronx (\$150.0 million); rehabilitation of existing structures, public access improvements, and infrastructure upgrades to support public open space and future redevelopment at Governors Island (\$137.0 million); and construction of ferry landings for ferry expansion (\$55.0 million).

Administration of Justice and Public Safety

- Correction: improvements to building systems, infrastructure and support space (\$1.1 billion); construction of a new jail facility on Rikers Island (\$481.8 million); and lifecycle replacement of equipment (\$167.7 million).
- Courts: interior renovations and operational improvements of courts facilities (\$997.3 million); fire/life safety work (\$303.2 million); exterior renovations (\$64.7 million); HVAC improvements (\$57.3 million); electrical upgrades (\$51.4 million); elevator upgrades (\$51.1 million); roof reconstruction (\$6.8 million); and site work (\$5.5 million).
- Police: relocation and rehabilitation of facilities, Citywide (\$867.3 million); replacement and upgrade of communication equipment (\$250.7 million); replacement and upgrade of critical network infrastructure and computer equipment (\$221.2 million); lifecycle replacement of vehicles (\$113.3 million); and replacement and upgrade of general equipment, Citywide (\$24.2 million).
- Fire: the replacement of front-line fire-fighting apparatus according to mandated replacement cycles as well as support vehicles and equipment (\$569.9 million); the renovation of firehouse components such as boilers, electrical systems, kitchens, roofs, bathrooms, waterproofing, apparatus doors, floors, and windows, and EMS Station acquisition, construction, renovation, and support facility reconstruction (\$319.8 million); the replacement of conduit and wiring in inundation zones for the Department's outside cable plant that was damaged during Hurricane Sandy (\$153.5 million); the replacement of end of life information technology and communications equipment (\$80.4 million); upgrade of the 911 communications system infrastructure as it approaches the end of its useful life (\$80.0 million); the replacement of the building information and billing system used by Fire Prevention (\$29.2 million); and the construction and outfitting of a new Rescue 2 firehouse in Brooklyn (\$18.4 million).

Recreation and Cultural

- Parks: rehabilitation of Parks-owned pedestrian bridges, Citywide (\$739.6 million), including the reconstruction of the Promenade over the FDR Drive (\$313.0 million), the reconstruction of the Brooklyn Promenade (\$167.4 million), and the reconstruction of the Passerelle Pedestrian Bridge (\$125.1 million); implementation of the Community Parks Initiative (CPI), which directs capital funding to historically underfunded parks in areas with high population density, high concentration of poverty, and above average population growth (\$273.2 million), and green infrastructure improvements associated with CPI Phase 1 (\$137.3 million) and CPI Phase 2 (\$151.0 million); long-term reconstruction of parks, playgrounds, buildings, waterfront properties, and other infrastructure damaged by Hurricane Sandy (\$145.1 million); planting of new street trees, park trees, and greenstreets, Citywide (\$144.8 million).

million); reconstruction of recreation centers, Citywide (\$59.7 million), including \$16.6 million for the reconstruction of the Brownsville Recreation Center in Brooklyn, \$4.0 million for the reconstruction of the Lost Battalion Recreation Center in Queens, \$3.5 million for the reconstruction of the Hansborough Recreation Center in Manhattan, and \$3.4 million for the reconstruction of the St. Mary's Recreation Center in the Bronx; and implementation of Parks Without Borders, a new Parks program that will reduce visual and physical barriers to encourage entry into parks and improve circulation and interaction between spaces (\$50.0 million).

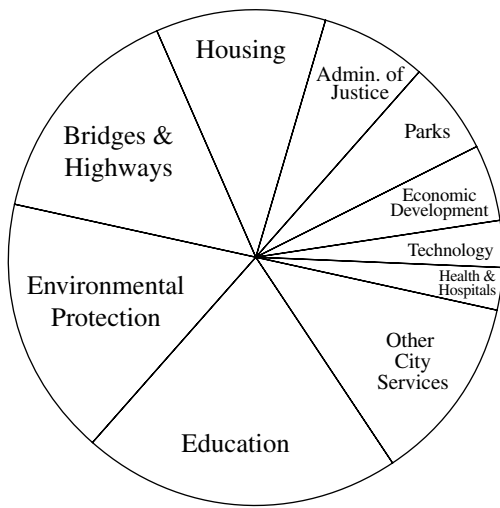
- **Public Libraries:** New York Public Library, Brooklyn Public Library, and Queens Borough Public Library will each receive \$100.0 million for comprehensive renovations, new construction, and expansion of branches; renovation of the Mid-Manhattan Campus branch (\$130.2 million); construction of a new Far Rockaway branch (\$19.3 million) and expansion and furnishing of the East Elmhurst branch in Queens (\$4.5 million); renovation of the DeKalb branch (\$3.2 million) and renovation of the Borough Park branch in Brooklyn (\$2.9 million); renovation of the St. George branch in Staten Island (\$2.9 million); and replacement of the HVAC system at the Van Nest branch in the Bronx (\$0.5 million).
- **Department of Cultural Affairs:** various upgrades and improvements at the Snug Harbor Cultural Center (\$16.1 million); various upgrades and improvements at the Bronx Zoo (\$15.7 million); construction of the new Gilder Center for Science, Education, and Innovation at the American Museum of Natural History (\$10.5 million); construction of artist studio and rehearsal space for Spaceworks, Citywide (\$10.0 million); various improvements at the Dance Theatre of Harlem (\$5.9 million); various improvements at the Clemente Soto Velez Cultural Center (\$5.8 million); improvements to the Amsterdam Avenue corner of the Lincoln Center campus (\$5.1 million); reconstruction of the Staten Island Zoo aquarium (\$4.6 million); improvements to the South Wing Atrium at the Bronx Museum of the Arts (\$4.3 million); renovation of the Helen Hayes Theater for the Second Stage Theatre company (\$3.6 million); a second phase of HVAC system upgrades at MoMA PS1 (\$1.6 million); and renovation of the lobby at the Queens Theatre in the Park (\$0.4 million).

Department of Citywide Administrative Services

- **Public Buildings:** rehabilitation of City-owned space (\$336.9 million), including 21st Century Civic Center Plan projects (\$37.4 million), the Brooklyn Municipal Building (\$36.8 million), the Manhattan Municipal Building (\$21.0 million), and Queens Borough Hall (\$9.6 million); legal mandates (\$297.8 million), including fire and life safety projects (\$194.2 million); renovation of leased space (\$184.5 million), including 21st Century Civic Center Plan projects (\$7.3 million); reconstruction of waterfront properties and non-waterfront properties (\$140.6 million); equipment and interagency services (\$82.9 million), including the development of a citywide Inventory Management System (\$13.8 million) and Computerized Maintenance Management System (\$4.1 million); miscellaneous construction in other facilities (\$48.8 million); renovation of other City-owned facilities (\$48.4 million); modernization of the Board of Elections (\$11.8 million); communications equipment (\$0.8 million); acquisition of real property (\$0.5 million); and rehabilitation of court buildings (\$0.3 million).
- **Energy Efficiency and Sustainability:** energy efficiency measures and building retrofits (\$2.5 billion), including the Accelerated Conservation and Efficiency ("ACE") Program (\$1.2 billion), Local Law 87 deep retrofits (\$1.1 billion), cogeneration systems at local hospitals (\$76.0 million), DOT street lighting upgrades (\$56.0 million), and Solar panels at citywide facilities (\$44.4 million).
- **Citywide Agency Facility and Operational Protective Measures:** flood protection (\$16.8 million).

2016 AUTHORIZED CAPITAL COMMITMENTS, BY PROGRAM

(\$ in Millions - All Funds)



| <i>% of Plan</i> | <i>Program</i> | <i>2016 Plan</i> |
|------------------|---------------------------|------------------|
| 21% | Education | \$2,846 |
| 17% | Environmental Protection | 2,246 |
| 15% | Bridges & Highways | 1,964 |
| 11% | Housing | 1,390 |
| 7% | Administration of Justice | 981 |
| 6% | Parks | 803 |
| 5% | Economic Development | 667 |
| 3% | Technology | 440 |
| 3% | Health & Hospitals | 439 |
| 12% | Other City Services | 1,540 |
| Total | | \$13,316 |

2016 Agency Highlights

Technology

- Information and Communication Systems: 911/Emergency Communications Transformation Program (ECTP) facilities, software, and equipment to update and integrate the City's computer aided dispatch capabilities (\$78.8 million); hardware and software security upgrades required to safeguard the City's information technology assets (\$18.9 million); and Broadband Initiative including expansion of wireless access for low-income residents (\$2.5 million).

Environmental Protection and Sanitation

- Sewers: reconstruction and augmentation of the City's sewer system (\$531.7 million), including the construction of a comprehensive sewer system in Southeast Queens (\$66.9 million).
- Water Mains, Sources and Treatment: continued in-City water main construction and ancillary work (\$530.4 million), including 3rd Water Tunnel connection projects (\$51.8 million) and Southeast Queens related work (\$33.1 million); and continued improvements and repairs to infrastructure in the City's upstate watersheds (\$267.7 million), including projects related to the Filtration Avoidance Determination (\$46.7 million). The total Water Mains, Sources and Treatment program for 2016 is \$789.0 million.
- Wastewater Treatment: addressing water quality problems attributed to combined sewer overflow discharges into the City's surrounding waterways during wet weather conditions (\$135.5 million); conduct essential projects at water pollution control plants and related infrastructure to sustain uninterrupted wastewater treatment operation (\$73.9 million); and working with multiple City agencies to construct, install, and maintain various Green Infrastructure projects for stormwater capture, such as bioswales, tree pits, constructed wetlands, and green roofs (\$68.2 million). The total Wastewater Treatment program for 2016 is \$816.1 million.

- Water Supply: continued work on the rehabilitation of Queens groundwater wells to augment the City's water supply in preparation of the temporary shutdown of the Delaware Aqueduct in 2022 (\$21.9 million). The total Water Supply program for 2016 is \$29.8 million.
- Equipment: continued water conservation programs (\$28.9 million). The total Equipment program for 2016 is \$79.4 million.
- Sanitation: replacement of vehicles and equipment (\$114.6 million); component rehabilitation and construction of garages, Citywide (\$95.2 million); construction and renovation of transfer stations and other facilities in accordance with the City's Long Term Solid Waste Management Plan (\$41.6 million); and information technology and telecommunications projects (\$14.0 million).

Transportation

- Bridges: rehabilitation of bridges in fair or good condition, including the Bruckner Expressway over Westchester Creek (\$125.0 million); bridge life extension rehabilitation projects, including the Macombs Dam Bridge (\$53.0 million) and the Westchester Avenue Bridge over the Hutchinson River Parkway (\$51.1 million); and bridge protective coating projects, including the Hutchinson River Parkway Bridge (\$15.9 million). The total Bridge program for 2016 is \$846.0 million.
- Highways: street reconstruction of 126 lane miles (\$422.6 million), which includes reconstruction of West 33rd – Hudson Yard vicinity (\$39.5 million), reconstruction of South Beach Area Phase II (\$30.0 million), reconstruction of Owl's Head – Brooklyn Greenway (\$13.4 million), and reconstruction of Rockaway Beach due to Hurricane Sandy (\$13.2 million); street and arterial resurfacing of 1,200 lane miles of streets (\$296.2 million); and reconstruction of sidewalks and pedestrian ramps at (\$93.9 million). The total Highways program for 2016 is \$840.0 million.
- Traffic: installation of streetlights, signals and lane markings associated with the Highway Program (\$37.7 million); signal installation and maintenance (\$20.9 million); upgrading Central Park street lighting infrastructure (\$14.0 million). The total Traffic program for 2016 is \$169.5 million.
- Ferries: reconstruction of the Ferry Maintenance Facility seawall and sinkhole in Staten Island (\$5.0 million). The total Ferries program for 2016 is \$71.8 million.
- Transit: contribution to the MTA's capital program, including subway and bus fleet enhancements, infrastructure improvements, in-house track rehabilitations, and reconstruction of bus and subway lines for New York City. The Transit program for 2016 is \$133.2 million.

Education, Health and Social Services

- Education: rehabilitate, replace, and upgrade building components (\$1.2 billion); cover emergency projects, research and development, and prior plan completion costs (\$657.4 million); expand facilities through leases, building additions, and new athletic fields and playgrounds (\$276.2 million); capital improvements that enhance educational programs (\$256.9 million); technological enhancements, expansion of pre-kindergarten capacity, and removal of transportable classroom units (\$195.0 million); construct new schools (\$164.5 million); and address the need for security systems, emergency lighting and code compliance (\$53.8 million). The total Education program for 2016 is \$2.8 billion.
- Higher Education: miscellaneous reconstruction (\$51.7 million); data processing and other equipment (\$9.3 million); athletic fields, gymnasiums and facilities renovation (\$1.6 million); electrical, mechanical and HVAC (\$0.2); and Federal, State and Local Mandates (\$0.2). The total Higher Education program for 2016 is \$63.0 million.

- Health: HHC projects related to Hurricane Sandy (\$222.4 million); ambulance purchases (\$25.4 million); HHC's new Electronic Health Record system (\$14.0 million); and new electronic vital event registration system (\$3.4 million).
- Aging: rehabilitation of senior centers (\$5.7 million); and computer network upgrades and equipment purchases (\$2.4 million).
- Administration for Children's Services: telecommunications and data infrastructure upgrades and improvements (\$9.5 million); renovation and upgrades at Crossroads and Horizon (\$3.3 million); and renovation and code compliance at various child care centers (\$3.1 million).
- Homeless Services: renovation and upgrade of adult shelters (\$28.5 million); renovation and upgrade of family shelters (\$6.7 million); and computer network upgrades and equipment purchases (\$1.0 million).
- Human Resources: telecommunications and data infrastructure upgrades and improvements (\$20.0 million), including the agency's Client Services Re-engineering initiative (\$10.8 million); and construction and initial outfitting for citywide facilities (\$18.3 million).

Housing and Development

- Housing: provision of low-interest loans to finance the rehabilitation and preservation of over 8,400 units in privately-owned buildings under the Low Income Housing Tax Credit Year 15 Preservation, Multifamily Housing Rehabilitation, Participation Loan, and other housing preservation programs (\$297.1 million); development of over 7,200 new rental and homeownership dwelling units through varied scattered site, large-scale, and multifamily initiatives (\$226.7 million); production and rehabilitation of over 1,700 units for low-income formerly homeless individuals, seniors, and persons with special needs, through Senior Affordable Rental, and Supportive Housing Loan programs (\$199.7 million); and disposition and rehabilitation of over 600 *In Rem* dwelling units through various privatization initiatives (\$15.5 million).
- Housing Authority: upgrades to building exteriors and systems (\$234.4 million).
- Economic Development: funding for infrastructure work to support affordable housing sites, Citywide (\$108.7 million); infrastructure development and environmental services at Willets Point (\$103.0 million); various infrastructure improvements at the Brooklyn Navy Yard, including the rehabilitation of Building 77 to create new spaces for manufacturing and industrial tenants (\$65.7 million); construction of ferry landings for ferry expansion (\$55.0 million); funding for the creation of new industrial and commercial space, Citywide, including at the Brooklyn Army Terminal (\$47.8 million); funding for infrastructure improvements and modernization of facilities at the Hunts Point Market (\$44.6 million); development, management and rehabilitation of the City's waterfront properties, Citywide (\$27.0 million); and rehabilitation of existing structures, public access improvements and infrastructure upgrades to support public open space and future redevelopment at Governors Island (\$23.0 million).

Administration of Justice and Public Safety

- Correction: improvements to building systems, infrastructure and support space (\$305.1 million); construction of a new jail facility on Rikers Island (\$83.4 million); and lifecycle replacement of equipment (\$80.7 million).
- Courts: interior renovations and operational improvements of courts facilities (\$93.1 million); exterior renovations (\$25.8 million); elevator upgrades (\$10.3 million); electrical upgrades (\$8.6 million); fire/life safety work (\$8.5 million); HVAC improvements (\$8.1 million); roof reconstruction (\$3.2 million); and site work (\$3.2 million).

- Police: construction, rehabilitation and relocation of facilities, Citywide (\$183.9 million); replacement and upgrade of critical network infrastructure equipment and data management systems (\$89.4 million); replacement and upgrade of portable radios, radio equipment, infrastructure and systems (\$53.1 million); lifecycle replacement of vehicles (\$15.1 million); and replacement and upgrade of general equipment, Citywide (\$9.1 million).
- Fire: the renovation of firehouse components such as boilers, electrical systems, kitchens, roofs, bathrooms, waterproofing, apparatus doors, floors, and windows, and EMS Station acquisition, construction, and renovation, and support facility reconstruction (\$94.9 million); the replacement of front-line fire-fighting apparatus according to mandated replacement cycles as well as support vehicles and equipment (\$41.1 million); the replacement of conduit and wiring in inundation zones for the Department's outside cable plant that was damaged during Hurricane Sandy (\$20.0 million); the construction of a new Rescue 2 firehouse in Brooklyn (\$18.3 million); the replacement of end of life information technology and communications equipment (\$17.2 million); and the replacement of the building information and billing system used by Fire Prevention (\$13.6 million).

Recreation and Cultural

- Parks: implementation of the Community Parks Initiative (\$82.3 million); planting of new street trees and park trees and the construction of greenstreets, Citywide (\$36.9 million); construction of North Park at Fresh Kills in Staten Island (\$27.5 million); construction of Andrew Haswell Green Park in Manhattan (\$25.6 million); reconstruction of Marine Park in Brooklyn (\$6.2 million); reconstruction of Roy Wilkins Square Park in Queens (\$4.3 million); and reconstruction of Mount Hope Garden in the Bronx (\$3.6 million).
- Public Libraries: renovation of the Mid-Manhattan Campus branch (\$22.5 million); construction of a new Far Rockaway branch (\$19.3 million) and expansion and furnishing of the East Elmhurst branch in Queens (\$4.5 million); renovation of the DeKalb branch (\$3.2 million) and the Borough Park branch in Brooklyn (\$2.9 million); renovation of the St. George branch in Staten Island (\$2.9 million); and replacement of the HVAC system at the Van Nest branch in the Bronx (\$0.5 million).
- Department of Cultural Affairs: various upgrades and improvements at the Snug Harbor Cultural Center (\$16.0 million); various upgrades and improvements at the Bronx Zoo (\$14.2 million); various improvements at the Dance Theatre of Harlem (\$5.9 million); various improvements at the Clemente Soto Velez Cultural Center (\$5.1 million); reconstruction of the Staten Island Zoo aquarium (\$4.6 million); improvements to the South Wing Atrium at the Bronx Museum of the Arts (\$4.3 million); and renovation of the lobby at the Queens Theatre in the Park (\$0.4 million).

Department of Citywide Administrative Services

- Public Buildings: rehabilitation of City-owned space (\$115.9 million), including 21st Century Civic Center Plan projects (\$26.9 million), the Brooklyn Municipal Building (\$23.5 million), Queens Borough Hall (\$2.2 million), and the Manhattan Municipal Building (\$1.2 million); renovation of leased space (\$46.5 million), including 21st Century Civic Center Plan projects (\$1.6 million); legal mandates (\$39.0 million), including fire and life safety projects (\$7.6 million); miscellaneous construction in other facilities (\$35.8 million); reconstruction of waterfront properties and non-waterfront properties (\$29.0 million); equipment and interagency services (\$16.6 million), including the development of a citywide Inventory Management System (\$2.0 million); renovation of other City-owned facilities (\$7.8 million); modernization of the Board of Elections (\$1.2 million); communications equipment (\$0.5 million); acquisition of real property (\$0.5 million); and rehabilitation of court buildings (\$0.3 million).

- Energy Efficiency and Sustainability: energy efficiency measures and building retrofits (\$243.3 million), including Local Law 87 deep retrofits (\$103.6 million), the Accelerated Conservation and Efficiency (“ACE”) Program (\$91.5 million), Solar panels at Citywide facilities (\$44.4 million) , and cogeneration systems at local hospitals (\$1.1 million).

Borough Presidents’ Allocations

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

FY 2016-2019 Borough Presidents’ Allocations* (City Funded Appropriations \$ in 000’s)

| | 2016 | 2017 | 2018 | 2019 |
|------------------------------|----------|---------|------|---------|
| Bronx Program | | | | |
| Cultural Affairs..... | \$2,004 | — | — | — |
| Education..... | 6,435 | — | — | — |
| Higher Education..... | 1,050 | — | — | — |
| Highways..... | 1,000 | — | — | — |
| Hospitals..... | 205 | — | — | — |
| Housing | 8,250 | — | — | — |
| Housing Authority | 900 | — | — | — |
| Human Resources..... | 150 | — | — | — |
| New York Public Library..... | 565 | — | — | — |
| Parks... .. | 3,566 | — | — | — |
| Public Buildings | 825 | — | — | — |
| GRAND TOTAL: BRONX | \$24,950 | \$0 | \$0 | \$0 |
| Brooklyn Program | | | | |
| Aging | — | \$1,000 | — | — |
| Brooklyn Public Library..... | 1,850 | — | — | — |
| Children’s Services..... | 1 | — | — | — |
| Cultural Affairs..... | 5,243 | — | — | 1,000 |
| Economic Development | 3,017 | — | — | — |
| Education..... | 13,766 | — | — | — |
| Health | 712 | — | — | — |
| Higher Education..... | 801 | — | — | — |
| Highways..... | 2,285 | — | — | 1,000 |
| Hospitals..... | 1,496 | — | — | — |
| Housing..... | 2,288 | — | — | — |
| Housing Authority | 350 | — | — | — |
| Human Resources..... | 54 | — | — | — |
| Parks | 5,345 | 850 | — | — |
| Public Buildings | 923 | 4,500 | — | — |
| Traffic..... | 2 | — | — | 1,000 |
| GRAND TOTAL: BROOKLYN | \$38,133 | \$6,350 | \$0 | \$3,000 |

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

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

FY 2016-2019 Borough Presidents' Allocations*
(City Funded Appropriations \$ in 000's)

| | 2016 | 2017 | 2018 | 2019 |
|----------------------------------|----------|---------|------|------|
| Manhattan Program | | | | |
| Cultural Affairs..... | \$3,846 | — | — | — |
| Economic Development | 56 | — | — | — |
| Education..... | 6,460 | — | — | — |
| Health | 35 | — | — | — |
| Higher Education..... | 628 | — | — | — |
| Homeless | 268 | — | — | — |
| Hospitals..... | 480 | — | — | — |
| Housing Authority..... | 470 | — | — | — |
| Human Resources..... | 36 | — | — | — |
| New York Public Library..... | 1,150 | — | — | — |
| Parks | 1,718 | — | — | — |
| Public Buildings | 625 | — | — | — |
| GRAND TOTAL: MANHATTAN | \$15,772 | \$0 | \$0 | \$0 |
| Queens Program | | | | |
| Children's Services..... | \$103 | — | — | — |
| Cultural Affairs..... | 2,851 | — | — | — |
| Education..... | 5,305 | — | — | — |
| Health | 103 | — | — | — |
| Higher Education..... | 4,750 | — | — | — |
| Hospitals..... | 2,000 | — | — | — |
| Housing..... | 2,000 | — | — | — |
| Housing Authority..... | 495 | — | — | — |
| Human Resources..... | 1,230 | — | — | — |
| Parks | 16,677 | 2,000 | — | — |
| Public Buildings | 500 | — | — | — |
| Traffic | 200 | — | — | — |
| GRAND TOTAL: QUEENS | \$36,214 | \$2,000 | \$0 | \$0 |
| Staten Island Program | | | | |
| Cultural Affairs..... | \$1,793 | — | — | — |
| Education..... | 8,078 | — | — | — |
| Fire..... | 250 | — | — | — |
| Health | 610 | — | — | — |
| Higher Education..... | 400 | — | — | — |
| Highways..... | 500 | — | — | — |
| Hospitals..... | 500 | — | — | — |
| Housing Authority..... | 2,000 | — | — | — |
| New York Public Library..... | 900 | — | — | — |
| Parks | 4,556 | — | — | — |
| Public Buildings | 150 | — | — | — |
| GRAND TOTAL: STATEN ISLAND | \$19,737 | \$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.

The AIMS Program was enhanced by an intranet portal that allows for more agency access to asset data. This provides the client agencies with additional information with which to improve 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 at the lowest life-cycle project cost. From its inception in 1982

OMB's VE program has utilized innovations in value management methodology 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 33 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. OMB's Value Management Program continues to be successful, both as an operational and capital management tool. The benefits of VE and the overall returns on the reviewed projects have proven to be effective in terms of both significant capital and life cycle cost reductions while protecting projects' required functionality and mission. VA enables improved operational processes and more efficient time management. Studies scheduled for upcoming VE reviews include environmental projects, dams, bridges, water tunnel structures, hospitals, garages, and operational reviews.

FINANCING PROGRAM

The City financing program projects \$34.7 billion of long-term borrowing for the period fiscal years 2015 through 2019 to support the City 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 bonds of the New York City Transitional Finance Authority (TFA). Given the TFA is approaching its statutory limit on Building Aid Revenue Bonds (BARB) debt outstanding, the financing program reflects a reduction in BARB issuance so as to remain under the limit. Correspondingly, the portion of the education capital program previously planned to be financed with BARBs will be financed by GO or TFA Future Tax Secured (FTS) bonds.

Figures below do not include state funded financing for education capital purposes through BARBs:

Financing Program (\$ in Millions)

| | 2015 | 2016 | 2017 | 2018 | 2019 | Total |
|--|----------------|----------------|----------------|----------------|----------------|-----------------|
| City General Obligation Bonds | \$800 | \$2,300 | \$3,070 | \$3,350 | \$3,490 | \$13,010 |
| TFA Bonds ¹ | 2,890 | 2,300 | 3,070 | 3,350 | 3,490 | 15,100 |
| Water Authority Bonds ² | 1,186 | 1,333 | 1,314 | 1,383 | 1,353 | 6,569 |
| Total | <u>\$4,876</u> | <u>\$5,933</u> | <u>\$7,454</u> | <u>\$8,083</u> | <u>\$8,333</u> | <u>\$34,679</u> |

¹ TFA Bonds do not include BARBs issued for education capital purposes. TFA expects to continue to issue BARBs under the current legislative authorization.

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.

Capital Stabilization Reserve

The Mayor's Executive Budget includes \$500 million in fiscal year 2016 for a new Capital Stabilization Reserve in the operating budget to complement and support the release of the Ten-Year Capital Strategy. Expenditures from the Capital Stabilization Reserve will be directed in support of the streamlining and modernization of the Capital Program proposed by the Mayor. The Capital Stabilization Reserve will be used in part in the early stages of capital project planning and design for necessary up-front expenses including pre-scoping, whether capitally eligible or not. The Capital Stabilization Reserve can also be used to defease City debt if not needed in total for other capital purposes. The Capital Stabilization Reserve can be used to prevent debt service costs from rising unduly as a percent of total taxes when revenues come under stress or there is an increase in interest rates or project costs. The Capital Stabilization Reserve is consistent with the Mayor's commitment to build up various reserves.

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)

| | 2015 | 2016 | 2017 | 2018 | 2019 |
|-------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| City General Obligation Bonds | \$40,378 | \$40,424 | \$41,189 | \$42,223 | \$43,404 |
| TFA Bonds ¹ | 26,434 | 28,038 | 30,237 | 32,659 | 34,889 |
| TSASC Bonds..... | 1,216 | 1,203 | 1,190 | 1,168 | 1,145 |
| Conduit Debt..... | 1,534 | 1,445 | 1,365 | 1,284 | 1,206 |
| Total | <u>\$69,562</u> | <u>\$71,110</u> | <u>\$73,981</u> | <u>\$77,334</u> | <u>\$80,644</u> |
| Water Authority Bonds..... | \$29,752 | \$30,755 | \$31,778 | \$32,854 | \$33,873 |

1 Figures above do not include state funded financing for education capital purposes through the TFA BARBs.

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

| | 2015 | 2016 | 2017 | 2018 | 2019 |
|--|----------------|----------------|----------------|----------------|----------------|
| City General Obligation Bonds ¹ | \$3,748 | \$4,365 | \$4,460 | \$4,549 | \$4,633 |
| TFA Bonds ² | 1,982 | 2,051 | 2,150 | 2,354 | 2,779 |
| TSASC Bonds..... | 74 | 74 | 74 | 82 | 82 |
| Conduit Debt ³ | 224 | 221 | 210 | 269 | 295 |
| Total Debt Service | <u>\$6,028</u> | <u>\$6,711</u> | <u>\$6,894</u> | <u>\$7,255</u> | <u>\$7,789</u> |
| Water Authority Bonds ⁴ | \$1,434 | \$1,698 | \$1,780 | \$1,867 | \$1,968 |

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

2 Figures above do not include state funded financing for education capital purposes through the TFA 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

| | 2015 | 2016 | 2017 | 2018 | 2019 |
|--|-------|-------|-------|-------|-------|
| Total Debt Service ¹ as % of: | | | | | |
| a. Total Revenue | 7.5% | 8.5% | 8.5% | 8.7% | 9.1% |
| b. Total Taxes | 11.7% | 12.8% | 12.7% | 12.9% | 13.4% |
| c. Total NYC Personal Income..... | 1.2% | 1.3% | 1.2% | 1.2% | 1.3% |
| Total Debt Outstanding ¹ as % of: | | | | | |
| a. Total NYC Personal Income..... | 13.3% | 13.2% | 13.2% | 13.2% | 13.3% |

1 Total Debt Service and Debt Outstanding include GO, conduit debt and TFA FTS bonds. Not included are BARBs.

The financing of the City capital program is split among GO, TFA and NYW bond issuance. The City and TFA will issue \$13.0 billion and \$15.1 billion, respectively, during the plan period. The City issuance supports 37 percent of the total, while TFA issuance supports 44 percent of the total. NYW's annual financing amount, excluding refundings, will average approximately \$1.3 billion. The aggregate NYW financing during the plan period will account for 19 percent of the total financing program.

The City, TFA, and NYW have enjoyed continued strong investor demand which has allowed the City capital program to be financed at reasonable interest rates. All of the issuers financing the City capital program have maintained credit ratings in the AA category or better 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 | Aa2 | 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+ | Aaa | AAA |

New York City General Obligation Bonds

Since July 1, 2014, the City has issued approximately \$1.8 billion in refunding bonds and \$100 million in bonds for capital purposes, totaling approximately \$1.9 billion. The dates and principal amounts are as follows:

| NYC GO Issuances (\$ in Millions) | | | | | |
|--------------------------------------|----------------------|---------------|----------------------|-------------------|---------------------|
| Series | New \$/ Refunding | Issue Date | Tax Exempt Amount | Taxable Amount | Total Par Amount |
| 2015 AB | R | 9/4/2014 | \$980 | \$0 | \$980 |
| 2015 CD | R | 3/31/2015 | 800 | 0 | \$800 |
| 2015 E | N | 3/31/2015 | 0 | 100 | \$100 |
| Total | | | \$1,780 | \$100 | \$1,880 |

The \$1.8 billion of refunding transactions the City has completed to date in fiscal year 2015 generated approximately \$257 million of debt service savings during the financial plan period.

In addition to the total issuance mentioned above, the City took steps to manage its outstanding floating rate debt. The City reoffered approximately \$525 million of floating rate bonds in order to manage expiring bank facilities supporting that debt. Of that amount, \$100 million was reoffered in a fixed rate mode, and \$125 million was reoffered as an index bond directly to a bank. Within the refunding issues mentioned above, the City refunded approximately \$33 million of floating rate bonds using the same rationale as for the reoffered issues.

The City plans to issue GO bonds for capital purposes of approximately \$2.3 billion, \$3.1 billion, \$3.4 billion, and \$3.5 billion in fiscal years 2016 through 2019, respectively.

Currently the debt service for the City, TFA (excluding BARBs), and City appropriation debt, or conduit debt, excluding the effect of pre-payments, is 7.5 percent of the City's total budgeted revenues in fiscal year 2015. That ratio is projected to rise to 9.1 percent in fiscal year 2019. As a percentage of tax revenues, the debt service ratio is 11.7 percent in fiscal year 2015 and is projected to increase to 13.4 percent in fiscal year 2019.

In fiscal year 2015, the City does not project a note issuance to satisfy cash flow needs. The City 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 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 \$10.5 billion of floating rate exposure.

Despite changes in the floating rate market, the City and other issuers supporting the City capital program have maintained 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. The City and TFA entered into private placements and public offerings of index floating rate bonds bearing all-in costs comparable to 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 2015. The total notional amount of swaps outstanding as of March 31, 2015 was \$1.75 billion, on which the termination value was negative \$134 million. This is the theoretical amount which the City would pay if all of the swaps terminated under market conditions as of March 31, 2015.

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, 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>Conduit</u> | <u>TSASC</u> | <u>Total</u> |
|---|----------------|----------------|----------------|--------------|-----------------|
| Floating Rate Bonds | \$6,090 | \$3,963 | \$30 | \$0 | 10,083 |
| Synthetic Fixed | 212 | | 31 | | 243 |
| Taxable Basis Swap | 91 | | | | 91 |
| Enhanced Basis Swap | 125 | | | | 125 |
| Total Floating-Rate | <u>\$6,518</u> | <u>\$3,963</u> | <u>\$61</u> | <u>\$0</u> | <u>\$10,542</u> |
| Total Debt Outstanding..... | \$40,378 | \$26,434 | \$1,534 | \$1,216 | \$69,561 |
| | | | | | |
| % of Floating-Rate / Total Debt Outstanding..... | 15.2% | | | | |
| Total Floating-Rate Less \$6.14 Billion Balance in | | | | | |
| General Fund (Floating-Rate Assets) | 4,399 | | | | |
| % of Net Floating Rate / Total Debt Outstanding | 6.3% | | | | |

¹ Debt Outstanding as of the 2016 Executive Budget excluding NYW, HYIC, and TFA BARBs

The 15.2 percent floating rate exposure, including the risk from the synthetic fixed rate swaps and the basis swaps, is even more manageable after taking into account the 10 year average balance of \$6.14 billion of short-term assets in the City's General Fund which are an offset to these floating rate liabilities. Net of these floating rate assets, the floating rate exposure of the City, excluding NYW, is 6.3 percent of its outstanding debt. Moreover, the City uses conservative assumptions in budgeting expenses from floating rate instruments.

During fiscal year 2015, short-term interest rates relating to the \$10.5 billion of floating rate debt have been 0.07 percent on average for tax-exempt and 0.44 percent for taxable floating rate debt. These rates have continued to provide extremely attractive financing costs relative to fixed rate debt. Tax exempt floating rate debt has traded recently at rates that are approximately 325 basis points lower than those for long term fixed-rate debt, resulting in an annual savings of over \$340 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 \$57.4 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, \$30 billion is outstanding, \$23 billion was refinanced with lower cost debt, \$2.1 billion was defeased with revenues prior to maturity, and \$4.4 billion was retired with revenues as it matured.

In addition to this long-term debt, NYW uses a \$600 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 \$200 million of notes backed by a line of credit from a bank.

NYW's outstanding debt also includes floating rate bonds, which have been a reliable source of cost effective financing. NYW has \$4.7 billion of floating rate bonds or 15% of its outstanding debt, including \$401 million which was swapped to a fixed rate. NYW's floating rate exposure includes tax-exempt floating rate debt supported by liquidity facilities.

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 July 10, 2014, NYW issued \$200 million of new money tax-exempt fixed rate Second Resolution Bonds, Fiscal 2015 Series AA. The bonds included term bonds maturing in 2044.

On July 10, 2014, NYW issued \$400 million of new money tax-exempt adjustable rate Second Resolution Bonds, Fiscal 2015 Series BB. The bonds are backed by standby bond purchase agreements provided by four banks. This bond issue included term bonds maturing in 2049 and 2050.

On September 24, 2014, NYW issued \$200 million of new money tax-exempt fixed rate Second Resolution bonds, Fiscal 2015 Series CC. This bond issue included a term bond maturing in 2045.

On September 24, 2014, NYW issued \$300 million of refunding tax-exempt fixed rate Second Resolution bonds, Fiscal 2015 Series DD. The bonds refunded portions of NYW's First Resolution bonds, Fiscal 2005 Series B. The refunding bonds included serial and term bonds maturing in 2028, 2029 and 2036.

On November 20, 2014, NYW issued \$392.1 million of refunding and new money tax-exempt fixed rate Second Resolution bonds, Fiscal 2015 Series EE. The new money bonds included serial bonds maturing in 2045. The refunding bonds refunded portions of NYW's First Resolution bonds, Fiscal 2005 Series B. The refunding bonds included serial bonds maturing in 2028, 2029, and 2036.

On March 17, 2015, NYW issued \$530.0 million of refunding tax-exempt fixed rate Second Resolution bonds, Fiscal 2015 Series FF. The bonds refunded portions of NYW's First Resolution bonds, Fiscal 2005 Series C, Fiscal 2005 Series D and Fiscal 2006 Series A. The refunding bonds included a serial bonds maturing from 2025 to 2037 and a term bond maturing in 2039.

On April 9, 2015, NYW issued \$450.3 million of refunding tax-exempt fixed rate Second Resolution bonds, Fiscal 2015 Series GG. The bonds refunded portions of NYW's First Resolution bonds, Fiscal 2005 Series C, Fiscal 2005 Series D and Fiscal 2006 Series A. The refunding bonds included a serial bonds maturing from 2025 to 2039 and a term bond maturing in 2039.

In fiscal year 2015, NYW has drawn on short-term loans from EFC, pursuant to agreements entered into in fiscal years 2012, 2014, and 2015. To date, NYW has drawn \$351.06 million against these loans.

Summarized in the following table are seven bond series that have closed to date in fiscal year 2015. 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 |
|---------|---------------------------|---------------|---------------|--------------------------------|---------------------|
| 2015 AA | N | 7/10/14 | \$200,000,000 | 4.18% | 2044 |
| 2015 BB | N | 7/10/14 | \$400,000,000 | 0.03% ⁽¹⁾ | 2050 |
| 2015 CC | N | 9/24/14 | \$200,000,000 | 3.99% | 2045 |
| 2015 DD | R | 9/24/14 | \$300,000,000 | 3.96% | 2036 |
| 2015 EE | N/R | 11/20/14 | \$392,110,000 | 4.07% | 2045 |
| 2015 FF | R | 3/17/15 | \$530,000,000 | 3.61% | 2039 |
| 2015 GG | R | 4/9/15 | \$450,285,000 | 3.62% | 2039 |

(1) Bonds issued as variable rate demand bonds; rate shown is an average from the issue date through April 2, 2015.

NYW is a party to two interest rate exchange agreements (swaps) with a total notional amount of \$401 million. As of March 31, 2015, the mark-to-market value of the swaps was negative \$128.8 million. This is the theoretical amount which NYW would pay if all swaps were terminated as of March 31, 2015.

NYW expects to issue an additional \$300 million of new money bonds over the remainder of fiscal year 2015.

During the period from fiscal years 2015 to 2019, NYW expects to sell an average of approximately \$1.3 billion of new money bonds 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. After fiscal year 2015, NYW expects to issue approximately 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 public authority of New York State created by the New York Transitional Finance Authority Act. The TFA was created to issue debt, primarily secured with the City's personal income tax, 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. Currently, TFA is 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, 2014, the TFA has issued approximately \$790 million in refunding bonds and \$2.9 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> |
| 2015 A | N | 8/1/2014 | \$875 | \$125 | \$1,000 |
| 2015 B | N | 11/13/2014 | 700 | 150 | 850 |
| 2015 CD | R | 3/12/2015 | 786 | 0 | 786 |
| 2015 E | N | 4/23/2015 | 840 | 200 | 1,040 |
| Total | | | \$3,201 | \$475 | \$3,676 |

The \$790 million refunding transaction the TFA completed during fiscal year 2015 generated approximately \$100 million of debt service savings during the financial plan period.

Beyond the financings described above, the TFA plans to issue TFA FTS bonds for capital purposes of approximately \$2.3 billion, \$3.1 billion, \$3.4 billion, and \$3.5 billion in years 2016 through 2019, 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. The TFA currently has approximately \$6.7 billion of BARBs outstanding which fund the capital program of the Department of Education. As mentioned previously, the financing program reflects reduced BARB issuance to remain under the statutory cap. The TFA plans to issue BARBs of approximately \$494 million, \$281 million, \$299 million, and \$270 million in fiscal years 2016 through 2019, respectively. The reduction of BARB issuance is offset by an increase in GO and TFA FTS bonds.

Since June 2014, the TFA BARBs received several credit rating upgrades. Moody's Investor Service upgraded the BARBs from Aa3 to Aa2 and Fitch, Inc. upgraded the BARBs from AA- to AA. Standard & Poor's subsequently upgraded the BARBs from AA- to AA.

Hudson Yards Infrastructure Corporation

Hudson Yards Infrastructure Corporation (HYIC), a not-for-profit local development corporation, 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.

In December 2006, HYIC, issued its first series of bonds in the principal amount of \$2 billion. HYIC issued its second issuance of \$1 billion of bonds in October 2011. 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.

Given the ongoing development in the Manhattan's far west side, revenues received by HYIC have accelerated. HYIC has begun to receive recurring PILOT revenue. Additionally, HYIC recently received approximately \$130 million from the sale of Transferrable Development Rights as well as District Improvement Bonus related to the Related Companies' project located at 55 Hudson Yards. These revenues, along with other revenues, will eliminate the interest support the City would have to provide on the HYIC bonds for fiscal years 2016 and 2017. However, these revenues are not ongoing, and the City financial plan reflects appropriation for interest support on the HYIC bonds in the future.

The subway extension, which is being constructed by the MTA, is projected to begin revenue service in 2015. As of April 2015, nearly 100% of the construction work and 97% of the systems and finishes work necessary for passenger service was complete, and operational testing has commenced.

Construction is almost complete on the HYIC-funded first phase of Hudson Park and Boulevard. As of April 2015, construction of the boulevard was nearly 100% complete, and the park was 98% complete with minor punchlist items to be completed as well as the exterior cladding of the cafe. Construction began in 2012 and is proceeding for completion in 2015. The construction work is being performed by the New York City Economic Development Corporation with oversight by the Hudson Yards Development Corporation.

Sales Tax Asset Receivable Corporation

The Sales Tax Receivable Asset Corporation (STAR), received credit rating upgrades related to the upgrade of New York State. In June 2014, Moody's Investor Service upgraded STAR from Aa2 to Aa1 and Fitch, Inc. upgraded STAR from AA to AA+. Standard and Poor's had previously rated STAR AAA since 2006.

In October 2014, STAR executed a refunding of all of its outstanding debt. The refinancing generated approximately \$650 million of savings, which was applied to benefit fiscal years 2015 through 2018.

Analysis of Agency Budgets

The following table reflects the allocation of fringe benefits, pensions, and debt service costs against the City to each agency to derive the total cost of agency operations.

Full Agency Costs for FY 2016
(\$ in Millions)

| 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 |
|--|------------------------|--------------------|----------|----------------|-----------------------------------|-------------------------------|-----------------|------------------|--|--|-----------------------|
| Agency | Salaries & Wages | Fringe Benefits | Pensions | PS Subtotal | Agency OTPS | PA, MA & Other Mandates | Debt Service | OTPS Subtotal | | | |
| UNIFORMED AGENCIES | | | | | | | | | | | |
| Police Department | \$4,428 | \$1,969 | \$2,522 | \$8,919 | \$388 | \$— | \$148 | \$536 | \$9,455 | \$9,211 | \$9,121 |
| Fire Department..... | 1,622 | 671 | 1,123 | 3,416 | 176 | — | 143 | 319 | 3,735 | 3,733 | 3,470 |
| Department of Correction .. | 1,019 | 485 | 390 | 1,894 | 173 | — | 204 | 377 | 2,271 | 2,271 | 2,241 |
| Department of Sanitation ... | 854 | 401 | 291 | 1,546 | 657 | — | 410 | 1,067 | 2,613 | 2,610 | 2,559 |
| Subtotal..... | \$7,923 | \$3,526 | \$4,326 | \$15,775 | \$1,394 | \$— | \$905 | \$2,299 | \$18,074 | \$17,825 | \$17,391 |
| HEALTH AND WELFARE | | | | | | | | | | | |
| Administration for Children’s Services..... | \$496 | \$152 | \$67 | \$715 | \$2,438 | \$— | \$— | \$2,438 | \$3,153 | \$3,065 | \$1,085 |
| Department of Social Services | 799 | 357 | 138 | 1,294 | 1,159 | 7,905 | 83 | 9,147 | 10,441 | 10,430 | 8,157 |
| Department of Homeless Services | 148 | 51 | 21 | 220 | 927 | — | — | 927 | 1,147 | 1,146 | 617 |
| Department of Health and Mental Hygiene..... | 406 | 132 | 64 | 602 | 1,075 | — | 55 | 1,130 | 1,732 | 1,730 | 928 |
| Health and Hospitals Corporation | — | 33 | — | 33 | 232 | — | 192 | 424 | 457 | 388 | 346 |
| Subtotal..... | \$1,849 | \$725 | \$290 | \$2,864 | \$5,831 | \$7,905 | \$330 | \$14,066 | \$16,930 | \$16,759 | \$11,133 |
| EDUCATION | | | | | | | | | | | |
| Department of Education | \$10,414 | \$3,693 | \$3,402 | \$17,509 | \$7,812 | \$608 | \$1,672 | \$10,092 | \$27,601 | \$27,591 | \$15,406 |
| City University..... | 535 | 168 | 73 | 776 | 267 | — | 73 | 340 | 1,116 | 1,100 | 823 |
| Subtotal..... | \$10,949 | \$3,861 | \$3,475 | \$18,285 | \$8,079 | \$608 | \$1,745 | \$10,432 | \$28,717 | \$28,691 | \$16,229 |
| OTHER AGENCIES | \$2,671 | \$903 | \$457 | \$4,031 | \$5,685 | \$— | \$3,118 | \$8,803 | \$12,834 | \$11,709 | \$9,158 |
| ELECTED OFFICIALS..... | \$519 | \$145 | \$83 | \$747 | \$115 | \$— | \$— | \$115 | \$862 | \$857 | \$783 |
| MISCELLANEOUS | | | | | | | | | | | |
| BUDGET | \$1,241 | \$90 | \$124 | \$1,455 | \$— | \$3,828 ⁽¹⁾ | \$337 | \$4,165 | \$5,620 | \$5,405 | \$5,105 |
| DEBT SERVICE COSTS | | | | | | | | | | | |
| (Unallocated) | \$— | \$— | \$— | \$— | \$— | \$— | \$202 | \$202 | \$202 | \$202 | \$123 |
| TOTAL - ALL FUNDS ⁽²⁾ | \$25,152 | \$9,250 | \$8,755 | \$43,157 | \$21,104 | \$12,341 | \$6,637 | \$40,082 | \$83,239 | \$81,448 | |
| TOTAL - CITY FUNDS ⁽²⁾ | \$17,117 | \$7,387 | \$8,599 | \$33,103 | \$9,962 | \$10,514 | \$6,343 | \$26,819 | | | \$59,922 |
| Less: Prepayments and | | | | | | | | | | | |
| Debt Defeasances..... | \$— | \$— | \$— | \$— | \$— | \$— | \$3,140 | \$3,140 | \$3,140 | \$3,140 | \$3,140 |
| Total After Prepayments and Debt Defeasances..... | \$25,152 | \$9,250 | \$8,755 | \$43,157 | \$21,104 | \$12,341 | \$3,497 | \$36,942 | \$80,099 | \$78,308 | \$56,782 |

(1) Includes subsidies to the MTA, General Reserve, Capital Stabilization Reserve, Judgments and Claims, Indigent Defense Services and Other Contractual Services.

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

DEPARTMENT OF EDUCATION

The New York City Department of Education provides primary and secondary education for over one million school-age children. Through a network of elementary, junior high, intermediate, and high schools as well as full day pre-kindergarten programs and special education schools, the Department provides basic instructional services, offering students special education, 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 1,800 schools.

Financial Review

The Department of Education's 2016 operating budget is \$21,757 million, an increase of \$867 million over the 2015 forecast of \$20,890 million. In addition, education-related pension, debt service, and other fringe costs of \$5,845 million are budgeted in separate agencies. These additional costs include a pension increase of \$129 million from 2015, an increase in other fringe benefits of \$16 million and a debt service increase of \$245 million. City funds including pensions, debt service and other fringe support \$15,406 million of the Department of Education's expense budget in 2016, an increase of \$765 million, or 5.2 percent. State funds support \$10,345 million, an increase of \$533 million. The balance of the education budget is supported by \$1,718 million in Federal aid, an increase of \$29 million from the 2015 forecast, \$10 million in intra-city funds and \$123 million in other categorical funds. Including those funds budgeted centrally, total funds budgeted on behalf of the Department of Education increase from \$26,345 million in the 2015 forecast to \$27,602 million in the 2016 Executive Budget.

Total Department of Education Expenses 2009-2016 (\$ in Millions)

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | Forecast 2015 | Executive Budget 2016 | Change 2015 to 2016 | Change 2009 to 2016 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|-----------------------------|---------------------------|---------------------------|
| Department Of Education Operating Budget | | | | | | | | | | |
| City..... | \$7,259 | \$7,140 | \$7,737 | \$9,076 | \$9,771 | \$9,548 | \$9,756 | \$10,172 | \$416 | \$2,913 |
| Other Categorical | 243 | 298 | 253 | 215 | 246 | 309 | 158 | 123 | (34) | (120) |
| State..... | 8,652 | 8,072 | 8,123 | 8,033 | 7,982 | 8,480 | 9,241 | 9,734 | 493 | 1,082 |
| Federal..... | 1,735 | 2,961 | 2,794 | 1,918 | 1,889 | 1,714 | 1,688 | 1,718 | 29 | (17) |
| Intra-City | 14 | 27 | 31 | 42 | 42 | 35 | 47 | 10 | (37) | (4) |
| Total Operating Expenditures | \$17,903 | \$18,499 | \$18,939 | \$19,283 | \$19,929 | \$20,085 | \$20,890 | \$21,757 | \$867 | \$3,854 |
| Other City Funds Supporting Education | | | | | | | | | | |
| Pensions | \$2,188 | \$2,452 | \$2,457 | \$2,672 | \$2,830 | \$2,971 | \$3,273 | \$3,402 | \$129 | \$1,214 |
| State Aid for Pensions | 0 | (5) | (5) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Federal Aid for Pensions | 0 | (0) | (0) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Fringe..... | 86 | 96 | 102 | 113 | 126 | 133 | 146 | 162 | 16 | 76 |
| G.O. Bond Debt Service | 844 | 930 | 934 | 1,085 | 944 | 885 | 997 | 1,185 | 188 | 341 |
| State Aid for Debt Service | (99) | (3) | (3) | (222) | (146) | (3) | (3) | (3) | 0 | 97 |
| TFA Debt Service | 506 | 661 | 720 | 637 | 816 | 918 | 1,039 | 1,096 | 58 | 590 |
| State Aid for TFA Debt Service..... | (227) | (380) | (416) | (209) | (345) | (525) | (568) | (608) | (40) | (382) |
| Total Additional City Funds | \$3,298 | \$3,750 | \$3,787 | \$4,076 | \$4,226 | \$4,379 | \$4,884 | \$5,235 | \$350 | \$1,936 |
| TOTAL CITY FUNDS | | | | | | | | | | |
| FOR EDUCATION | \$10,557 | \$10,890 | \$11,525 | \$13,152 | \$13,997 | \$13,927 | \$14,640 | \$15,406 | \$765 | \$4,848 |
| TOTAL STATE FUNDS | | | | | | | | | | |
| FOR EDUCATION | \$8,978 | \$8,460 | \$8,547 | \$8,464 | \$8,472 | \$9,007 | \$9,812 | \$10,345 | \$533 | \$1,367 |

The amounts shown for 2009 through 2014 represent actual expenditures including pensions and debt service funds budgeted in other agencies. Numbers may not add due to rounding.

Expense Budget Highlights

The FY2016 Executive Budget includes major new policy initiatives for the Department of Education, as well as the impact of New York State's Enacted Budget. State education funding for New York City will grow by \$505 million in FY2016. This growth includes an increase of \$462 million of net foundation aid and \$43 million in other school aid. The FY2016 budget provides \$149 million in funding to support a major initiative to transform 96 of New York City's low-performing schools, an additional \$40 million over the initial commitment. This budget also includes an additional \$114 million to continue the expansion and enhancement of Universal Pre-Kindergarten.

Renewal and Persistently Failing Schools

The City of New York is embarking on a new approach to fixing the most troubled public schools. Partnering with school leaders, staff, families and community partners, New York City will transform 94 schools through the School Renewal Program. The NYCDOE will work intensively with each Renewal School community through the 2016-17 school year, setting clear goals, and holding each school community accountable for rapid improvement. Key components of the Renewal Schools plan include:

Transforming Every Renewal School into a Community School

NYC will partner with Community Based Organizations (CBOs) to transform each Renewal School into a Community School. The Community School approach is based on a growing body of evidence showing that an integrated focus on academics, mental health services, social services, afterschool and summer enrichment activities and family and community supports all have a positive impact on youth development, and are critical to improving student achievement. The FY16 budget ensures that every Renewal School has dedicated funding for high quality mental health clinics, parent and family engagement and after school and summer school programming.

Extended Learning

All schools will have an additional hour of instructional time, giving all students access to well-designed, engaging activities that complement school-day instruction.

Strong School Leadership & Support

Based on the Capacity Framework Review and Assessment each school will receive targeted support services. Services include executive coaching for principals and educators, additional resources to enhance professional learning and additional guidance counselors and social workers.

Persistently Failing Schools will receive increased funding for services along the same model as Renewal Schools. Additional investments to Renewal and Persistently Failing Schools provided in this budget include:

- Increasing the Fair Student Funding formula to 100% over 2 years
- Expanding Urban Advantage science programs
- Intensive academic intervention support for over-age 8th graders
- Increased funding for academic intervention services for ELA and math
- Vision screening for all students
- Ensuring that every school has access to a Substance Abuse Prevention & Intervention Specialist

Universal Pre-Kindergarten

In FY2015 NYC led a major initiative to provide access to high quality Universal Pre-Kindergarten programs for all four-year-olds. DOE created 51,721 full day seats in UPK programs in school year 2014-2015 and plans to expand to 70,000 full day seats in school year 2015-2016. The FY2016 Executive budget continues to support this expansion, with funding growing from 294.5 million in FY15 to 408.8 million in FY16.

Other Initiatives

Along with Renewal Schools and UPK several other initiatives will be funded or expanded in FY2016. These include:

- The creation of 51 classes to serve students with autism or students needing bilingual special education services.
- Funding for 63 additional guidance counselors at high need schools.
- Funding for 150 new ESL teachers to comply with new State Education Department mandates.
- Expansion of the Learning Partners' program, which pairs high and low performing schools in order to share best practices.
- Funding for 444 additional Public School Athletic League (PSAL) sports programs.

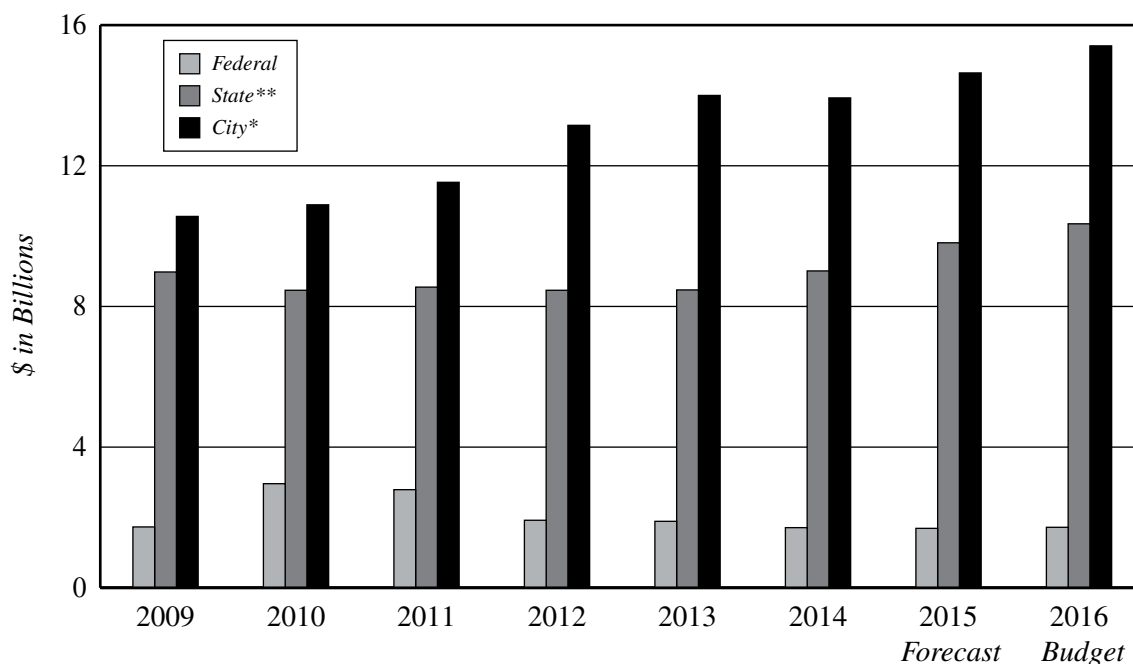
Summary of Agency Financial Data

The following table compares the 2016 Executive Budget with the 2016 Preliminary Budget, the 2015 forecast and actual expenditures for 2014, including costs budgeted centrally for fringe benefits, pensions and debt service.

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

| | (2016-2015) | | | | Increase/(Decrease) | |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|--------------------|
| | 2014 | 2015 | 2016 | | 2015 | 2016 |
| | Actual | Forecast | Preliminary Budget | Executive Budget | Forecast | Preliminary Budget |
| Expenditures | | | | | | |
| Salary and Wages..... | \$9,855,876 | \$10,040,143 | \$10,340,921 | \$10,413,550 | \$373,407 | \$72,629 |
| Fringe Benefits..... | 3,208,389 | 3,320,626 | 3,466,182 | 3,531,037 | 210,411 | 64,855 |
| OTPS..... | 7,021,023 | 7,528,879 | 7,781,257 | 7,812,205 | 283,326 | 30,948 |
| Total..... | <u>\$20,085,288</u> | <u>\$20,889,648</u> | <u>\$21,588,360</u> | <u>\$21,756,792</u> | <u>\$867,144</u> | <u>\$168,432</u> |
| Funding | | | | | | |
| City..... | \$9,546,810 | \$9,755,756 | \$10,188,680 | \$10,171,602 | \$415,846 | (\$17,078) |
| Other Categorical Grants..... | 308,803 | 157,557 | 123,082 | 123,082 | (34,475) | — |
| IFA..... | — | — | — | — | — | — |
| State..... | 8,479,540 | 9,240,906 | 9,566,309 | 9,734,250 | 493,344 | 167,941 |
| Federal CD..... | 5,642 | 4,500 | 4,500 | 4,500 | — | — |
| Federal Other..... | 1,709,019 | 1,683,875 | 1,695,794 | 1,713,350 | 29,475 | 17,556 |
| Intra-City Other..... | 35,474 | 47,054 | 9,995 | 10,008 | (37,046) | 13 |
| Total..... | <u>\$20,085,288</u> | <u>\$20,889,648</u> | <u>\$21,588,360</u> | <u>\$21,756,792</u> | <u>\$867,144</u> | <u>\$168,432</u> |
| Additional Costs Centrally Funded | | | | | | |
| Personal Services (PS)..... | | | | | | |
| Fringe Benefits..... | \$132,505 | \$146,188 | \$160,153 | \$162,225 | \$16,037 | \$2,072 |
| Pensions..... | 2,970,818 | 3,273,103 | 3,278,858 | 3,401,959 | 128,856 | 123,101 |
| Other Than Personal Service (OTPS) | | | | | | |
| Debt Service (incl. BARBs)..... | 1,803,020 | 2,036,162 | 2,210,011 | 2,280,879 | 244,717 | 70,868 |
| Total Additional Costs..... | <u>\$4,906,343</u> | <u>\$5,455,453</u> | <u>\$5,649,022</u> | <u>\$5,845,063</u> | <u>\$389,610</u> | <u>\$196,041</u> |
| Funding | | | | | | |
| City..... | 4,379,260 | 4,884,478 | 5,041,178 | 5,234,118 | 349,640 | 192,940 |
| Non-City..... | 527,083 | 570,975 | 607,844 | 610,945 | 39,970 | 3,101 |
| Full Agency Costs (including Central Accounts) | | | | | | |
| Salary and Wages..... | \$9,855,876 | \$10,040,143 | \$10,340,921 | \$10,413,550 | \$373,407 | \$72,629 |
| Fringe Benefits..... | 3,340,894 | 3,466,814 | 3,626,335 | 3,693,262 | 226,448 | 66,927 |
| Pensions..... | 2,970,818 | 3,273,103 | 3,278,858 | 3,401,959 | 128,856 | 123,101 |
| Total PS | <u>\$16,167,588</u> | <u>\$16,780,060</u> | <u>\$17,246,114</u> | <u>\$17,508,771</u> | <u>\$728,711</u> | <u>\$262,657</u> |
| OTPS..... | \$7,021,023 | \$7,528,879 | \$7,781,257 | \$7,812,205 | \$283,326 | \$30,948 |
| Debt Service (incl. BARBs)..... | 1,803,020 | 2,036,162 | 2,210,011 | 2,280,879 | 244,717 | 70,868 |
| Total OTPS | <u>\$8,824,043</u> | <u>\$9,565,041</u> | <u>\$9,991,268</u> | <u>\$10,093,084</u> | <u>\$528,043</u> | <u>\$101,816</u> |
| Total Agency Costs..... | \$24,991,631 | \$26,345,101 | \$27,237,382 | \$27,601,855 | \$1,256,754 | \$364,473 |
| Less Intra-City..... | <u>\$35,474</u> | <u>\$47,054</u> | <u>\$9,995</u> | <u>\$10,008</u> | <u>(\$37,046)</u> | <u>\$13</u> |
| Net Agency Cost..... | <u>\$24,956,157</u> | <u>\$26,298,047</u> | <u>\$27,227,387</u> | <u>\$27,591,847</u> | <u>\$1,293,800</u> | <u>\$364,460</u> |
| Funding | | | | | | |
| City..... | 13,926,070 | 14,640,234 | 15,229,858 | 15,405,720 | 765,486 | 175,862 |
| Non-City..... | 11,030,087 | 11,657,813 | 11,997,529 | 12,186,127 | 528,314 | 188,598 |
| Personnel (includes FTEs at fiscal year-end) | | | | | | |
| City..... | 114,896 | 114,689 | 114,571 | 112,064 | (2,625) | (2,507) |
| Non-City..... | 19,530 | 20,759 | 22,226 | 25,540 | 4,781 | 3,314 |
| Total..... | <u>134,426</u> | <u>135,448</u> | <u>136,797</u> | <u>137,604</u> | <u>2,156</u> | <u>807</u> |

FUNDING SOURCES 2009-2016



* City funds include TFA and GO debt service, pensions and other fringe.

** State funds include debt service and pensions.

New York City Public School Enrollment School Year 2012-2016

| | 2012 Actual | 2013 Actual | 2014 Actual | 2015 Projections | 2016 Projections |
|--------------------------------------|------------------|------------------|------------------|---------------------|---------------------|
| DOE Facilities Enrollment | | | | | |
| General Education* | 856,759 | 849,312 | 845,077 | 832,497 | 824,548 |
| Special Education** | 117,379 | 121,823 | 123,069 | 131,278 | 136,009 |
| Pre-Kindergarten | 21,979 | 21,910 | 23,082 | 25,612 | 30,173 |
| Subtotal | 996,117 | 993,045 | 991,228 | 989,387 | 990,730 |
| Non-DOE Facilities Enrollment | | | | | |
| Charter Schools | 47,572 | 58,187 | 70,882 | 83,663 | 93,222 |
| Contract Schools | 7,208 | 7,235 | 7,342 | 7,177 | 7,127 |
| Pre-Kindergarten at CBOs | 36,226 | 33,730 | 34,320 | 40,082 | 45,827 |
| Special Ed Pre-Kindergarten | 36,760 | 37,500 | 37,642 | 38,164 | 38,664 |
| Subtotal | 127,766 | 136,652 | 150,186 | 169,086 | 184,840 |
| TOTAL | 1,123,883 | 1,129,697 | 1,141,414 | 1,158,473 | 1,175,570 |

* General Education enrollment includes General Education students served in ICT 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 ICT settings.

Programmatic Review and Service Impact

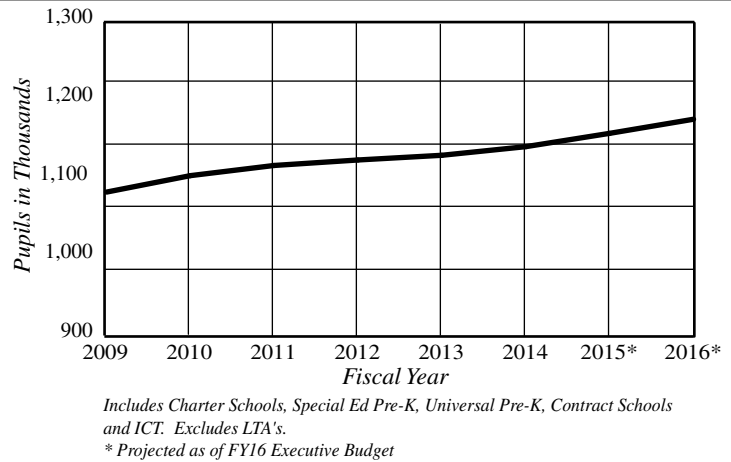
The Student Population

Total enrollment supported by the Department's budget, including Pre-Kindergarten, charter school and contract school students, will increase by 17,097 from 1,158,473 in 2015 to a projected 1,175,570 in 2016. Of this total, the City projects that general education public school enrollment for Kindergarten through grade 12 will be 904,086 (an 85% share of total K-12 enrollment) or an increase of 106 from 2015. Of these students, 824,548 (a 91% share of GE K-12 enrollment) are expected to attend schools run by the Department of Education and 79,538 (a 9% share of GE K-12 enrollment) are expected to attend charter schools.

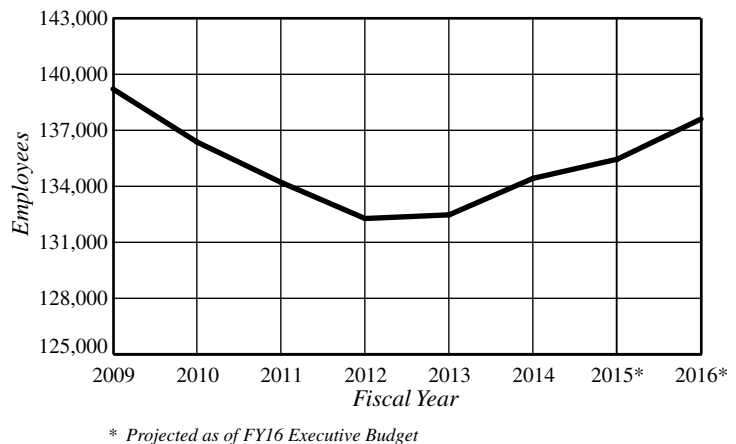
In 2016, the City projects that 156,820 school-age students will be enrolled in special education programs (a 15% share of total K-12 enrollment). This projected enrollment level is 6,185 students higher than the 2015 special education population of 150,635. Of these students, 136,009 (an 87% share of total SE K-12 enrollment) are expected to attend Department of Education facilities, 13,684 (a 9% share of total SE K-12 enrollment) are expected to attend charter schools, and 7,127 (a 5% share of total SE K-12 enrollment) are expected to attend specialized private facilities ("contract schools") paid for through the Department's budget.

In 2016, Universal Pre-Kindergarten full-day enrollment is expected to increase by 18,279 while half-day enrollment falls by 7,973, for a net increase of 10,306 to a level of 76,000. Of this total, 30,173 (a 40% share of total UPK enrollment) are expected to enroll at Department of Education facilities and 45,827 (a 60% share of total UPK enrollment) will attend programs at NYC Early Education Centers (NYCEECs). Special Education Pre-Kindergarten enrollment is expected to increase by 500 to 38,664 in 2016.

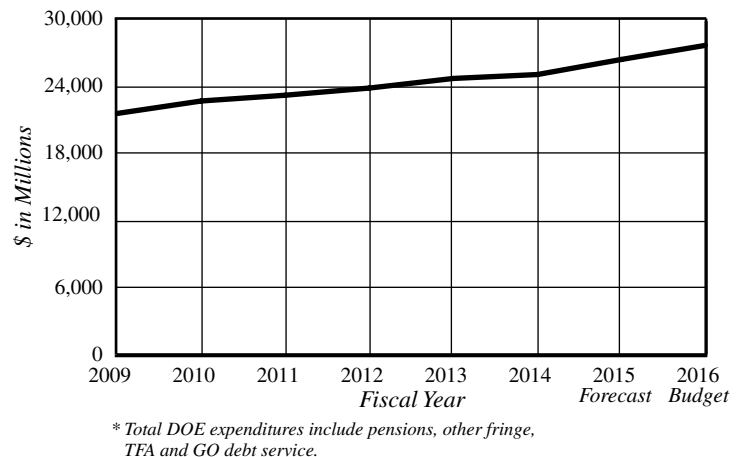
NYC PUBLIC SCHOOL ENROLLMENT 2009-2016



FULL TIME AND FULL TIME EQUIVALENT DEPARTMENT OF EDUCATION EMPLOYEES 2009-2016



TOTAL DEPARTMENT OF EDUCATION EXPENDITURES 2009-2016*



Staffing Levels

In 2016 the City's financial plan supports a staffing level of 137,604. Of this count, 124,204 are full-time and 13,400 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 113,512 of the full-time employees and 857 of the FTEs. Civilian employees represent 10,692 of the full-time employees and 12,453 of the FTEs.

Capital Review

The City's Four-Year Plan for 2016-2019 anticipates spending \$10,629.6 million on school construction projects and is consistent with final four years of the Department of Education's (DOE's) \$13,463.7 million Five-Year Plan for 2015-2019.

The table below shows planned capital commitments by program area over the 2016-2019 period.

Capital Commitments (\$ in 000's)

| | 2016 Plan | | 2017 Plan | | 2018 Plan | | 2019 Plan | |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | City Funds | All Funds | City Funds | All Funds | City Funds | All Funds | City Funds | All Funds |
| System Expansion New Schools | \$164,450 | \$164,450 | \$567,570 | \$567,570 | \$593,630 | \$593,630 | \$562,514 | \$562,514 |
| System Expansion Other..... | 276,180 | 276,180 | 345,600 | 345,600 | 304,640 | 304,640 | 181,154 | 181,154 |
| Rehabilitation of School Components | 1,178,790 | 1,178,790 | 873,710 | 873,710 | 548,300 | 1,025,130 | 1,079,880 | 1,079,880 |
| Educational Enhancements | 256,950 | 256,950 | 241,650 | 241,650 | 277,610 | 277,610 | 272,880 | 272,880 |
| Emergency, Unspecified and Miscellaneous | 534,718 | 657,400 | 323,820 | 323,820 | 194,800 | 194,800 | 250,822 | 250,822 |
| Safety and Security | 53,820 | 53,820 | 52,650 | 52,650 | 56,190 | 56,190 | 57,750 | 57,750 |
| Smart Schools Bond Act..... | 0 | 195,000 | 0 | 195,000 | 0 | 195,000 | 0 | 195,000 |
| Total | <u>\$2,464,908</u> | <u>\$2,782,590</u> | <u>\$2,405,000</u> | <u>\$2,600,000</u> | <u>\$1,975,170</u> | <u>\$2,647,000</u> | <u>\$2,405,000</u> | <u>\$2,600,000</u> |

Capital Highlights – The Sixth Five-Year Amended Plan

The Department of Education's Capital Plan is modeled after the School Construction Authority's 2015 – 2019 proposal. This \$13.5 billion program will provide:

- funding of \$4.5 billion for capacity, adding more than 40,000 seats and reducing overcrowding by 75%. This includes 32,629 planned seats for K-12 classrooms in an estimated 61 buildings (9,686 in Brooklyn; 4,656 in the Bronx; 3,882 in Manhattan; 13,148 in Queens; and 1,257 in Staten Island). In addition, a further 4,900 seats will be built in areas yet to be identified around the city. Finally, more than 3,000 seats will be added to support a historic expansion of Pre-Kindergarten.
- funding of \$480 million to continue the removal of Transportable Classroom Units (TCUs).
- funding of \$3.3 billion for the Capital Improvement Program, allowing for exterior and interior building upgrades and other necessary capital repairs to school buildings.
- funding of \$1.6 billion for School Enhancement Projects. This category contains funding to support technology projects, realignment of existing facilities, bathroom upgrades, physical fitness projects, science labs, accessibility and other necessary improvements. In addition, funding is included for the continued installation of Point of Service (POS) systems in school cafeterias, which will reduce the stigma associated with subsidized lunch by having all students pay with a standard card.

- funding of \$3.7 billion for mandated programs such as remediation and building code compliance projects, insurance, and emergencies.
- funding of \$47.0 million for construction of new academic space at SUNY Fashion Institute of Technology (FIT). This will add 100,000 square feet of space, addressing overcrowding for 10,000 students. The funding will supplement an existing \$27.0 million City commitment and \$74.0 million State match.

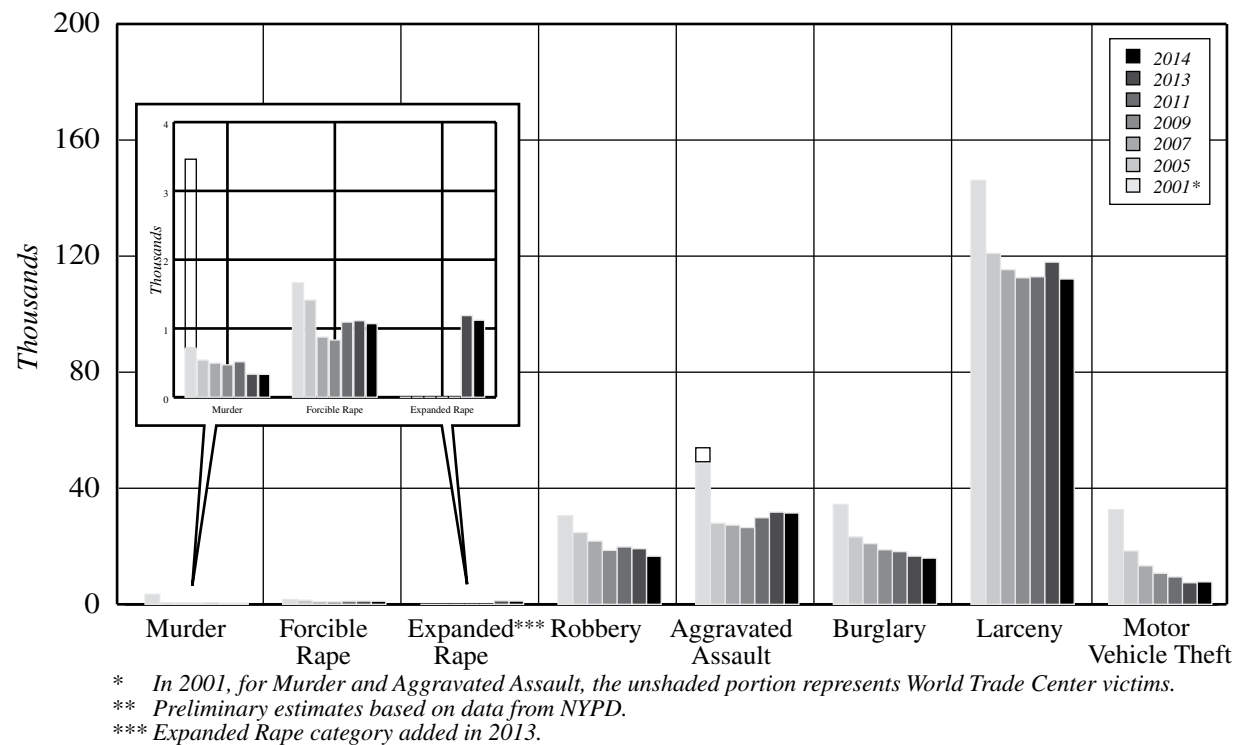
ADMINISTRATION OF JUSTICE

Overview

As measured by the FBI crime index for calendar year 2013, 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 calendar year 2014 shows overall major felony crime decreased by 4.7 percent compared to calendar year 2013. Murder decreased to a historically low total of 333. Robbery decreased 13.5 percent in calendar year 2014, as compared to calendar year 2013. Furthermore, there was a decrease in all crime categories except for Motor Vehicle Theft, which increased by 3.9 percent.

NEW YORK CITY FBI INDEX CRIMES

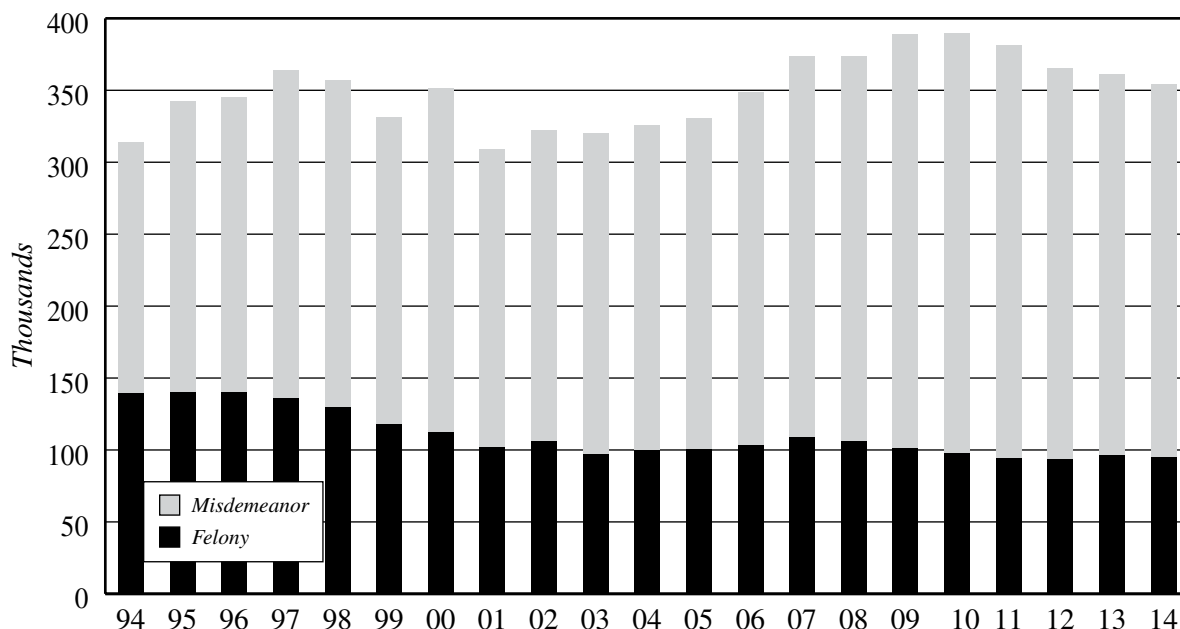
Calendar Years 2001*-2014**



Arrests totaled 384,474 in calendar year 2014, decreasing by 6,889 from 2013. In 2014, the distribution of arrests was 24.7 percent felonies, 67.5 percent misdemeanors and 7.8 percent violations.

NEW YORK CITY FELONY & MISDEMEANOR ARRESTS

Calendar Years 1994-2014



In calendar year 2014, overall arrest levels decreased by 1.8 percent from the same period in 2013; felony arrests decreased by 1.3 percent; misdemeanor arrests decreased by 2.2 percent and violations arrests increased by 0.5 percent.

POLICE DEPARTMENT

Under the continued leadership of Police Commissioner William J. Bratton, the NYPD continues to work towards its goal of keeping major crime at historically low levels, while also transforming itself into a more open, collaborative Department, committed to building strong community relations through mutual respect and understanding.

The major re-engineering process of the Department which began last year is nearing completion. This process involved a comprehensive review to identify areas to improve upon, new areas to move into, and areas where the NYPD could further enhance what they are already achieving. One of these operational changes is to move forward with a plan to outfit personnel with body worn cameras. A pilot program is underway, with a select group of personnel assigned to six different commands wearing body cameras.

DEPARTMENT OF CORRECTION

The Department of Correction's core mission is to provide for a safe and secure environment for both staff and persons accused of crimes or convicted and sentenced to one year or less of jail time. Officially launched in 2015, the Department embarked on a historic transformation effort and developed a reform agenda to make New York City a national leader in best correctional practices. The Department has identified a 14-point reform plan to aggressively combat violence and promote a culture of safety in its jail facilities. The key areas of focus of the reform plan are to ensure weapons, drugs and contraband are kept out of the jail facilities, create an integrated

classification and housing strategy, provide comprehensive security camera coverage, design effective inmate education opportunities and program services to reduce idle time, and redefine first line incident response. Underlying these reforms, DOC continues to maximize the available labor force and invest in infrastructure to ensure all facilities and building systems function properly and safely. In support of that goal, the Department has begun enhancing its recruitment process which enabled the graduation of approximately 700 recruits in 2015 and anticipates hiring 1,800 more in 2016. The DOC will strive to integrate the new personnel with the more experienced staff to create a balanced workforce that helps move the Department forward while maintaining its institutional knowledge.

OTHER CRIMINAL JUSTICE PROGRAMS

The Mayor's Office of Criminal Justice (MOCJ) works with law enforcement and City agencies, non-profits, foundations, and others to implement data-driven strategies that address current crime conditions, prevent offending, and build the strong neighborhoods that ensure enduring safety. To ensure effective results, the office draws on various disciplines, such as behavioral economics to "nudge" conduct and machine learning to develop reliable predictive analytics. Examples of MOCJ's work include: Justice Reboot, making the system fairer and more efficient by safely driving down the jail population. These reforms include reducing case processing times in the courts and making the summons process easier and more transparent; The Mayor's Action Plan on Behavioral Health and the Criminal Justice System, a set of interlocking public health and public safety strategies that aim to reduce the number of people with behavioral health needs cycling through the criminal justice system; The Mayor's Action Plan for Neighborhood Safety, a comprehensive initiative to reduce crime and strengthen neighborhoods in and around the 15 New York City Housing Authority developments that account for 20 percent of all violent crime in the City's public housing; and The Mayor's Citywide Initiative to Reduce Gun Violence, a comprehensive, neighborhood-based strategy to prevent gun violence in 14 precincts that account for 51 percent of shootings in New York City.

Understanding that improving the administration of justice entails interventions long before and after an individual interacts with the criminal justice system, the Mayor's Office is partnering with City agencies and service providers to deepen its commitment to a number of initiatives that will address behavioral health needs and engage with victims, youth, and families to provide support and education. The City also has plans to leverage state-of-the-art technology to improve forensic technology to ensure more efficient investigations. At multiple intervention points throughout the criminal justice system, these initiatives use 21st century evidence-based practices and technology to increase fairness while also driving gains in public safety and crime reduction.

In 2015, the Mayor's Office will expand the Court-based Intervention Resource Teams (CIRT) initiative to serve individuals with mental health needs in Brooklyn, Queens, Staten Island and the Bronx after piloting the program in Manhattan in 2014. In partnership with the Department of Correction and the Department of Health and Mental Hygiene, CIRTs collect and quickly relay information on defendants' mental health care needs, risk of flight, and risk of re-offense to the court-based teams to recommend appropriate judicial responses for each defendant's specific risks and mental health needs. The CIRT program is funded at \$2.8 million for 2016.

The City has also expanded its investment in services for victims of crime. Annual funding for Mayor's Office to Combat Domestic Violence (OCDV) has been increased by \$3.5 million to bolster outreach and programming. OCDV plans to open a fifth Family Justice Center (FJC) for victims of domestic violence on Staten Island in 2015. FJCs are safe, one-stop locations that co-locate a range of supportive services. Victims can safely meet with case managers, counselors, and prosecutors; obtain legal assistance and public benefits; and connect with other services and programs to become economically independent. OCDV currently operates FJCs in Manhattan, Brooklyn, Queens and the Bronx. On-site clinical psychiatric support, already piloted at the Bronx FJC in partnership with the NYC Health and Hospitals Corporation (HHC), will expand in 2016 to the other 4 FJCs in the City. The NYCHA Domestic Violence Response Team (DVRT) will also grow to ensure each borough is provided with the ability to rapidly respond to high risk cases of domestic violence. DVRT partners with various City agencies

and community-based organizations to provide a critical component of the Mayor's Action Plan (MAP) for Neighborhood Safety. DVRT responders are trained with the skills to identify various forms of domestic violence and other forms of abuse.

Of course, addressing domestic violence extends well before a violent incident occurs. In 2016, OCDV will expand the Healthy Relationship Training Academy to also serve youth in the foster care system. Currently, the Academy provides workshops in both English and Spanish on the topics of dating violence and healthy relationships to adolescents and to organizations that work with adolescents throughout the City.

To ensure assistance to physically and sexually abused children and their families in a safe, child-friendly setting, the City plans to complete a fifth Child Advocacy Center (CAC) in the Bronx in 2015. In partnership with Safe Horizon, the four existing CACs are fully co-located, and operate with a budget of \$3.2 million. Child protective caseworkers, detectives, pediatricians, prosecutors, advocates, and mental health professionals work as a team to treat and counsel these victims and collect evidence. These centers ensure that the number of times the child is interviewed during investigations is minimized, and facilitate access to appropriate medical and mental health support.

The Mayor's Office also enhanced its investment in programs for young residents of NYCHA for 2015 through the Green City Force program. Green City Force provides full-time opportunities for service in energy efficiency, urban agriculture, and resiliency to 100 youth between the ages of 18 and 24 who hold a high school diploma or GED. The program provides an alternative to gang involvement and inactivity, while also promoting healthy and safe communities. The Green City Force is a part of the National AmeriCorps program and provides stipends and college awards to the NYCHA youth who participate. The City has funded \$500,000 for the continuation of the program in 2016 and beyond.

To ensure the fair and efficient functioning of criminal investigations in the City, the Mayor's Office is partnering with the New York County District Attorney and Office of the Chief Medical Examiner to allocate \$1.7 million in funding for the development of state of the art equipment, training, and process improvements in forensic biology, pathology, and histology. The funding will also improve the handling of forensic evidence and train medical examiners, coroners, and death investigators.

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 2016 Executive Budget provides for an operating budget of \$4.9 billion, a decrease of \$330 million from the \$5.2 billion forecast for 2015. This decrease is primarily attributed to annual State, Federal, and private grant funding not yet recognized for 2016. Capital commitments of \$351 million are also provided in 2016.

Revenue Forecast

The Police Department collects revenue from fees charged for pistol licenses, rifle permits, fingerprint fees, 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). The Department is also recouping 100 percent of traffic control costs from non-charitable athletic parades. In 2016, the revenue estimate for the Police Department is \$95.3 million.

Expense Budget Highlights

Budgetary Priorities: Providing Core Services

- in 2016, the Department will maintain an average uniformed headcount of approximately 35,078.
- the Department expects to receive up to \$25.6 million for the protection of Foreign Missions as part of the Federal Fiscal Year 2015 Appropriations Act.

Streamlining and Restructuring

- the Department received \$10.1 million in City funds to hire an additional 520 Police Cadets.
- the Department received \$6.3 million in City funds to baseline the additional 151 Police Communication Technicians hired to address increases in workload and operational overtime.
- the Department received \$4.2 million in City funds to replace bullet resistant vests.
- the Department received \$4.2 million in City funds to provide security coverage at New York City Housing Authority community centers during the summer extended hours.
- the Department received \$3.2 million in City funds to provide victim advocate services to victims of domestic violence and general crime at precincts and Housing Bureau Police Service Areas.
- the Department received \$72.4 million in City funds to relieve New York City Housing Authority of the payments to NYPD for providing police services at NYCHA developments.

Summary of Agency Financial Data

The following table compares the 2016 Executive Budget with the 2016 Preliminary Budget, the 2015 forecast and actual expenditures for 2014, including costs budgeted centrally for fringe benefits, pensions, and debt service.

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

(\$ in 000 \$)

| | | | 2016 | | Increase/(Decrease) | |
|---|--------------------|--------------------|-----------------------|---------------------|---------------------|-------------------------------|
| | 2014 Actual | 2015 Forecast | Preliminary Budget | Executive Budget | 2015 Forecast | 2016 Preliminary Budget |
| Expenditures | | | | | | |
| Salary and Wages..... | \$4,377,014 | \$4,482,324 | \$4,361,148 | \$4,428,004 | (\$54,320) | \$66,856 |
| Fringe Benefits..... | 71,650 | 78,812 | 74,451 | 74,451 | (4,361) | — |
| OTPS..... | 463,609 | 658,593 | 362,545 | 387,674 | (270,919) | 25,129 |
| Total..... | <u>\$4,912,273</u> | <u>\$5,219,729</u> | <u>\$4,798,144</u> | <u>\$4,890,129</u> | <u>(\$329,600)</u> | <u>\$91,985</u> |
| Funding | | | | | | |
| City..... | \$4,372,951 | \$4,610,764 | \$4,532,588 | \$4,619,627 | \$8,863 | \$87,039 |
| Other Categorical Grants..... | 47,199 | 19,608 | — | — | (19,608) | — |
| IFA..... | — | — | — | — | — | — |
| State..... | 10,825 | 11,919 | 732 | 770 | (11,149) | 38 |
| Federal CD..... | 2,234 | — | — | — | — | — |
| Federal Other..... | 247,887 | 331,819 | 24,165 | 25,501 | (306,318) | 1,336 |
| Intra-City Other..... | 231,177 | 245,619 | 240,659 | 244,231 | (1,388) | 3,572 |
| Total..... | <u>\$4,912,273</u> | <u>\$5,219,729</u> | <u>\$4,798,144</u> | <u>\$4,890,129</u> | <u>(\$329,600)</u> | <u>\$91,985</u> |
| Additional Costs Centrally Funded | | | | | | |
| Personal Services (PS)..... | | | | | | |
| Fringe Benefits..... | \$1,807,550 | \$1,779,956 | \$1,893,124 | \$1,894,132 | \$114,176 | \$1,008 |
| Pensions..... | 2,543,948 | 2,531,111 | 2,429,309 | 2,521,986 | (9,125) | 92,677 |
| Other Than Personal Service (OTPS) | | | | | | |
| Debt Service..... | 123,213 | 128,808 | 150,808 | 148,226 | 19,418 | (2,582) |
| Total Additional Costs..... | <u>\$4,474,711</u> | <u>\$4,439,875</u> | <u>\$4,473,241</u> | <u>\$4,564,344</u> | <u>\$124,469</u> | <u>\$91,103</u> |
| Funding | | | | | | |
| City..... | 4,397,213 | 4,379,216 | 4,409,372 | 4,500,890 | 121,674 | 91,518 |
| Non-City..... | 77,498 | 60,659 | 63,869 | 63,454 | 2,795 | (415) |
| Full Agency Costs (including Central Accounts) | | | | | | |
| Salary and Wages..... | \$4,377,014 | \$4,482,324 | \$4,361,148 | \$4,428,004 | (\$54,320) | \$66,856 |
| Fringe Benefits..... | 1,879,200 | 1,858,768 | 1,967,575 | 1,968,583 | 109,815 | 1,008 |
| Pensions..... | 2,543,948 | 2,531,111 | 2,429,309 | 2,521,986 | (9,125) | 92,677 |
| Total PS | <u>\$8,800,162</u> | <u>\$8,872,203</u> | <u>\$8,758,032</u> | <u>\$8,918,573</u> | <u>\$46,370</u> | <u>\$160,541</u> |
| OTPS..... | \$463,609 | \$658,593 | \$362,545 | \$387,674 | (\$270,919) | \$25,129 |
| Debt Service..... | 123,213 | 128,808 | 150,808 | 148,226 | 19,418 | (2,582) |
| Total OTPS | <u>\$586,822</u> | <u>\$787,401</u> | <u>\$513,353</u> | <u>\$535,900</u> | <u>(\$251,501)</u> | <u>\$22,547</u> |
| Total Agency Costs..... | \$9,386,984 | \$9,659,604 | \$9,271,385 | \$9,454,473 | (\$205,131) | \$183,088 |
| Less Intra-City..... | <u>\$231,177</u> | <u>\$245,619</u> | <u>\$240,659</u> | <u>\$244,231</u> | <u>(\$1,388)</u> | <u>\$3,572</u> |
| Net Agency Cost..... | <u>\$9,155,807</u> | <u>\$9,413,985</u> | <u>\$9,030,726</u> | <u>\$9,210,242</u> | <u>(\$203,743)</u> | <u>\$179,516</u> |
| Funding | | | | | | |
| City..... | 8,770,164 | 8,989,980 | 8,941,962 | 9,120,517 | 130,537 | 178,557 |
| Non-City..... | 385,643 | 424,005 | 88,766 | 89,725 | (334,280) | 959 |
| Personnel (includes FTEs at fiscal year-end) | | | | | | |
| City..... | 50,433 | 51,029 | 51,190 | 51,329 | 300 | 139 |
| Non-City..... | 132 | 122 | 20 | 20 | (102) | — |
| Total..... | <u>50,565</u> | <u>51,151</u> | <u>51,210</u> | <u>51,349</u> | <u>198</u> | <u>139</u> |

Programmatic Review and Service Impact

As measured by the FBI crime index for calendar year 2013, 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 calendar year 2014 shows overall major felony crime decreased by 4.7 percent compared to calendar year 2013. Murder decreased to a historically low total of 333. Robbery decreased 13.5 percent in calendar year 2014, as compared to calendar year 2013. Furthermore, there was a decrease in all crime categories except for Motor Vehicle Theft, which increased by 3.9 percent.

Guns and gun violence remain a key concern for the Department. An array of enforcement and outreach initiatives are utilized in efforts to reduce violent crime and the number of firearms on city streets. Operation “Crew Cut,” which combines personnel from precincts, the Gang and Narcotics Divisions, the Detective Bureau and other commands, uses a collaborative program to take down existing “crews” and to proactively intervene in preventing the formation of new ones. The initiative uses focused enforcement and the gathering of intelligence to target the most disruptive groups.

NYC “Cease-Fire” is a comprehensive violence prevention strategy to address group violence in New York City. It is a partnership of community members, social service providers, and law enforcement that directly engages with groups (e.g., gangs and street crews) and clearly communicates a clear message against violence, the consequences of further violence and a genuine offer of help for those who want it.

The Department is also in the process of deploying the ShotSpotter gunshot detection system in several areas of the Bronx and Brooklyn. When installation of the system is complete, hundreds of audio sensors will instantly detect incidents of suspected gunfire, allowing for police personnel to be quickly dispatched and to queue up video surveillance cameras that may be in the area.

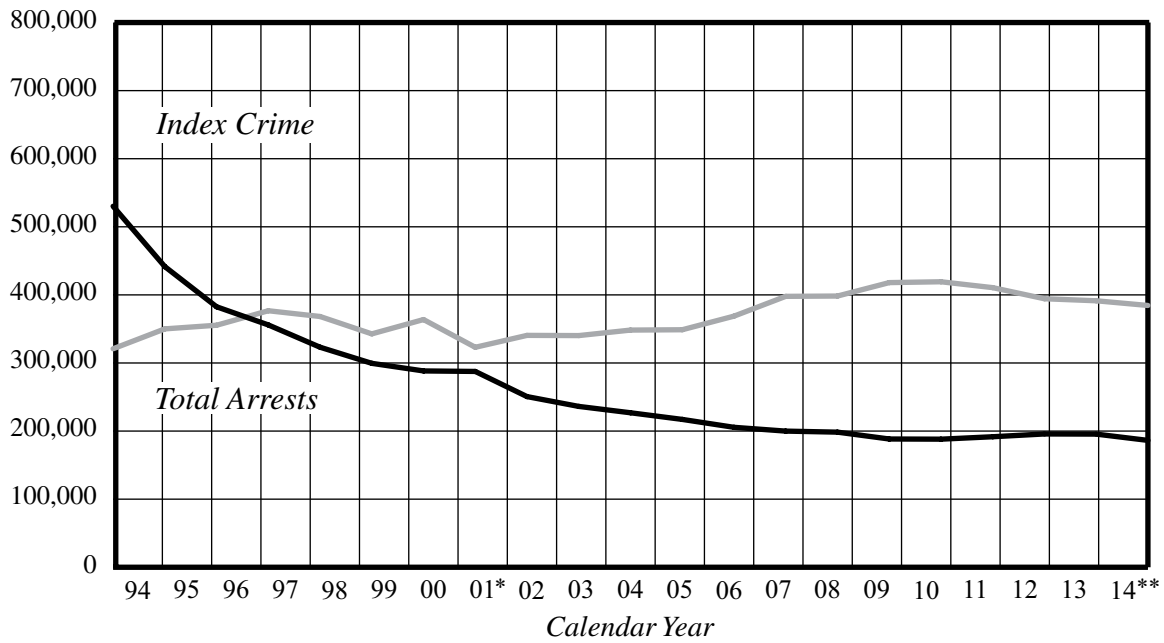
The Police Department has played a leading role during the first year of the Vision Zero initiative, a collaborative and comprehensive approach aimed at reducing the number of traffic fatalities. Aggressive traffic enforcement efforts have focused on dangerous moving violations, including speeding, failing to yield to pedestrians, signal violations and phoning/texting while driving. Over one million moving summonses were issued in calendar year 2014, with approximately 118,000 summonses issued for speeding and over 139,000 summonses issued for texting or using a cell phone while driving. Traffic fatalities decreased 15 percent in calendar year 2014, as compared to calendar year 2013.

There are 891 new police recruits currently training at the Police Academy. They are scheduled to graduate and be deployed in July of 2015.

The Domain Awareness System is a powerful tool for retrieving and displaying information from cameras, license plate readers, environmental sensors and law enforcement databases. Using an intelligent and intuitive graphical interface, it provides real time alerts and the means to quickly call up relevant information to guide and inform police action. For example, analysts are quickly notified of suspicious packages and vehicles, and Department personnel can search for suspects using advanced technologies like smart cameras and license plate readers. The system receives data from thousands of CCTV cameras throughout the City.

The City continues work on Stage 2 of planned 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 December 2011, in collaboration with the Police Department and the Fire Department, the Office of Citywide Emergency Communications completed Stage 1, which included significant upgrades to the call-taking systems and telecommunications infrastructure, as well as co-location of the Police, Fire and EMS call taking and dispatch operations into the Public Safety Answering Center in Brooklyn. ECTP’s work on Stage 2 continues as the City develops a new, consolidated Fire and EMS dispatch system in a second, fully redundant Public Safety Answering Center (PSAC 2) in the Bronx. Most of the major components of the program (i.e., the Fire dispatch system and the start of NYPD call taking) will be completed in 2016, with completion of PSAC 2 in 2017.

ARRESTS VERSUS CRIME



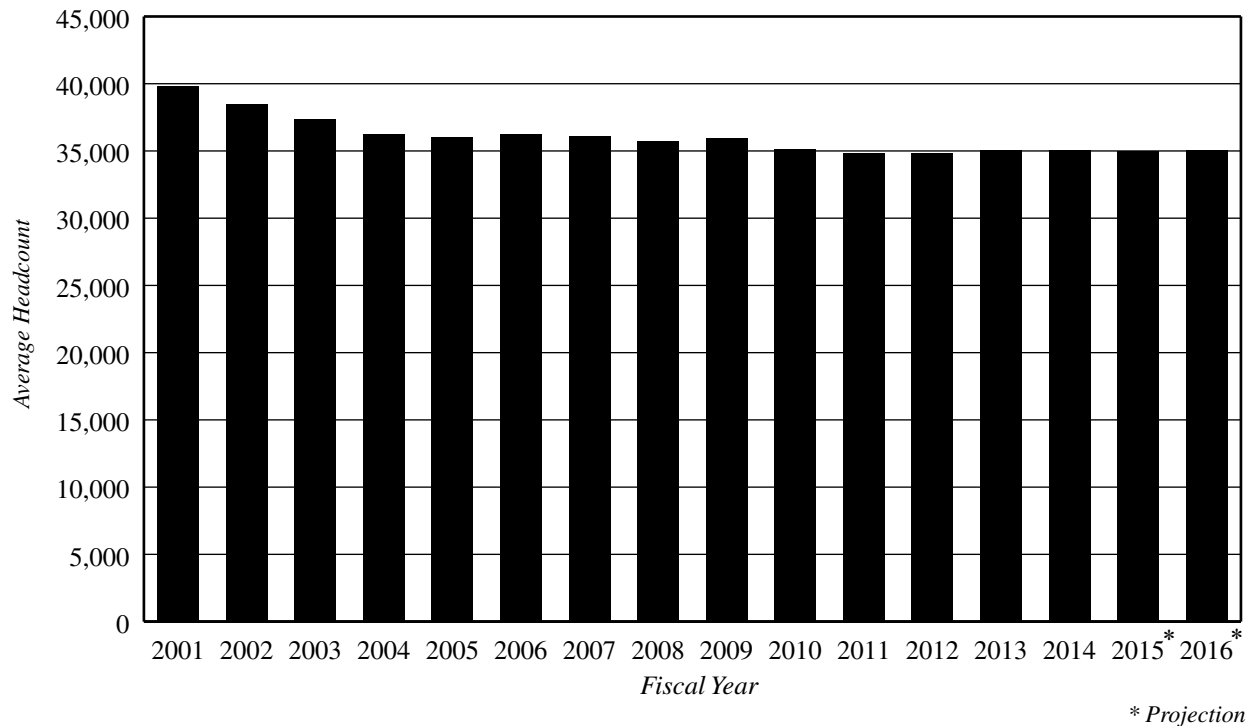
* In 2001, Index Crime data excludes World Trade Center victims.

** Preliminary estimates based on data from NYPD.

Uniformed Headcount

The Department hired 944 recruits in July 2014, of which 884 subsequently graduated. The Department hired an additional 891 recruits in January 2015. In 2015, the Department's authorized peak headcount is 35,437. The Department expects to reach this headcount in July 2015 and maintain an average headcount of approximately 35,078 in 2016.

TOTAL CITY, TRANSIT AND HOUSING POLICE FORCE



Capital Review

The Ten-Year Capital Strategy for the Police Department in total provides the Department with \$1,476.7 million for the replacement, reconstruction, and maintenance of facilities Citywide; replacement and upgrade of computer and communication equipment; and the replacement of transportation equipment. Of this amount, 61 percent or \$905.5 million is allocated in the Four-Year Plan, which covers 2016 through 2019.

The table below shows capital plan commitments by program area over the 2014-2019 time period.

Capital Commitments (\$ in 000's)

| | 2014 Actual | | 2015 Plan | | 2016 Plan | | 2017 Plan | | 2018 Plan | | 2019 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..... | \$89,602 | \$93,653 | \$107,900 | \$141,568 | \$171,059 | \$183,942 | \$162,982 | \$162,982 | \$21,482 | \$22,117 | \$75,000 | \$75,000 |
| Computer Equipment..... | 28,125 | 28,125 | 108,948 | 108,948 | 89,444 | 89,444 | 71,017 | 71,017 | 12,023 | 12,023 | 18,302 | 18,302 |
| Communications | 7,020 | 7,020 | 23,747 | 23,747 | 53,144 | 53,144 | 36,471 | 36,471 | 74,850 | 74,850 | 32,798 | 32,798 |
| Equipment..... | 9,568 | 9,568 | 4,830 | 4,830 | 9,125 | 9,125 | 2,112 | 2,112 | 1,445 | 1,445 | 1,415 | 1,415 |
| Vehicles..... | 29,691 | 31,755 | 13,238 | 13,843 | 15,054 | 15,054 | 11,759 | 11,759 | 27,709 | 27,709 | 4,506 | 4,506 |
| Total | <u>\$164,007</u> | <u>\$170,121</u> | <u>\$258,663</u> | <u>\$292,936</u> | <u>\$337,826</u> | <u>\$350,709</u> | <u>\$284,341</u> | <u>\$284,341</u> | <u>\$137,509</u> | <u>\$138,144</u> | <u>\$132,021</u> | <u>\$132,021</u> |

Highlights of the 2016-2019 Four Year Capital Commitment Plan

Police Facilities (total commitment, \$444 million)

- construction of a new consolidated Property Clerk warehouse facility (\$185 million).
- construction of a new 40th precinct in the South Bronx (\$65.2 million).
- renovation of precinct bathrooms Department-wide (\$22.3 million).
- renovation of the Brooklyn North Narcotics facility in Brooklyn (\$20.3 million).
- renovation of the 13th Precinct in Manhattan (\$17.3 million).
- renovation of the façade at One Police Plaza (\$13.3 million).
- construction of the World Trade Center Security Plan (\$12.7 million)
- facility maintenance and reconstruction Department-wide (\$108.1 million).

Communications and Computer Equipment (total commitment, \$388 million)

- purchase and upgrade of miscellaneous computer equipment as a part of Phase One of the Sustainable Technology Initiative (\$123.2 million).
- replacement of core radio infrastructure (\$71 million) and radio repeater sites (\$25 million).
- lifecycle replacement of portable radios (\$41.6 million) and mobile radios (\$17.7 million).
- replacement and upgrade of various Department technologies and equipment (\$109.5 million).

Miscellaneous Equipment (total commitment, \$14.1 million)

- purchase and upgrade of miscellaneous equipment such as forensic lab equipment, printers and diesel marine engines (\$14.1 million).

Vehicles (total commitment, \$59 million)

- purchase of a fifty-five foot launch (\$14.3 million).
- lifecycle replacement of all other vehicles (\$44.7 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 2016 Executive Budget provides for operating expenses of \$1.22 billion, an increase of \$72.6 million from the amount forecast in 2015. Capital commitments of \$469.3 million are also planned in 2016.

Revenue Forecast

The Department of Correction collects revenue from jail commissary operations, vending machines and surcharges on inmate telephone calls. In 2016, the Department expects to collect approximately \$21.7 million from all revenue sources.

Expense Budget Highlights

Budgetary Priorities: Providing Core Services

- well-functioning recruitment processes are central to the Department's ability to remain optimally staffed. The Department will graduate three recruit classes in 2015, resulting in approximately 700 new officers on duty in 2015.
- the Department is adding resources to implement its 14-Point Rikers Anti-Violence Agenda. The additional resources include funding to keep contraband out of facilities, improve housing classification strategy, reduce inmate idle time, and more quickly respond to violent incidents. Beginning in 2016, \$36.4 million and an additional 212 positions will enable the Department to achieve these objectives.
- improved the officer to inmate ratio to 1 to 15 for adolescent and young adult housing areas. Additional baseline funding of \$34.3 million and 387 personnel is intended to reduce violence among inmates and provide for a safer working environment for the Department's employees.
- implemented Enhanced Supervision Housing (ESH) to closely monitor the most dangerous inmates in the Department's custody. Baseline funding of \$11 million and 138 positions will allow the Department to keep inmates and staff safe and reduce the need for punitive segregation.

Summary of Agency Financial Data

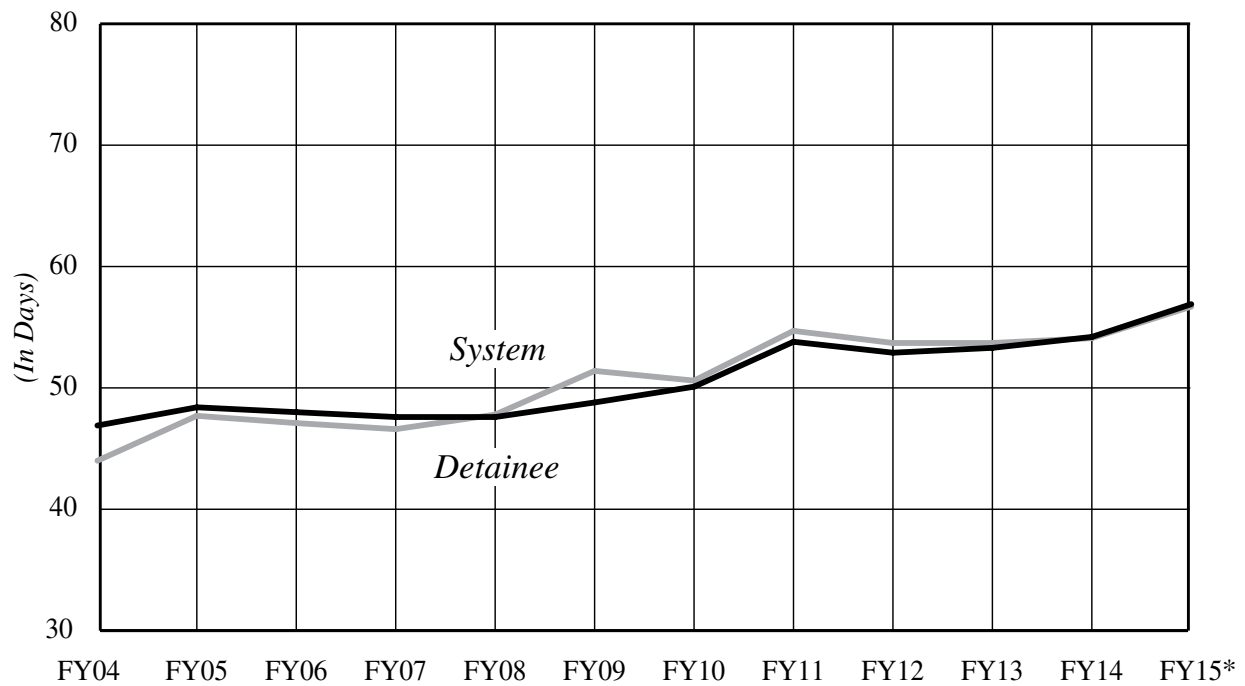
The following table compares the 2016 Executive Budget with the 2016 Preliminary Budget, the 2015 forecast and actual expenditures for 2014, including costs budgeted centrally for fringe benefits, pensions, and debt service.

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

| (\$ in 000 \$) | | | | | | |
|---|--------------------|--------------------|-----------------------|---------------------|---------------------|-------------------------------|
| | | | 2016 | | Increase/(Decrease) | |
| | 2014 Actual | 2015 Forecast | Preliminary Budget | Executive Budget | 2015 Forecast | 2016 Preliminary Budget |
| Expenditures | | | | | | |
| Salary and Wages..... | \$948,864 | \$972,766 | \$996,900 | \$1,019,240 | \$46,474 | \$22,340 |
| Fringe Benefits..... | 22,760 | 24,111 | 24,095 | 24,095 | (16) | — |
| OTPS..... | 131,473 | 146,961 | 149,462 | 173,154 | 26,193 | 23,692 |
| Total..... | <u>\$1,103,097</u> | <u>\$1,143,838</u> | <u>\$1,170,457</u> | <u>\$1,216,489</u> | <u>\$72,651</u> | <u>\$46,032</u> |
| Funding | | | | | | |
| City..... | \$1,088,986 | \$1,130,067 | \$1,159,908 | \$1,205,929 | \$75,862 | \$46,021 |
| Other Categorical Grants..... | 3,339 | 184 | — | — | (184) | — |
| IFA..... | 845 | 724 | 724 | 724 | — | — |
| State..... | 1,153 | 1,175 | 1,109 | 1,109 | (66) | — |
| Federal CD..... | 71 | — | — | — | — | — |
| Federal Other..... | 8,257 | 9,931 | 8,573 | 8,584 | (1,347) | 11 |
| Intra-City Other..... | 446 | 1,757 | 143 | 143 | (1,614) | — |
| Total..... | <u>\$1,103,097</u> | <u>\$1,143,838</u> | <u>\$1,170,457</u> | <u>\$1,216,489</u> | <u>\$72,651</u> | <u>\$46,032</u> |
| Additional Costs Centrally Funded | | | | | | |
| Personal Services (PS)..... | | | | | | |
| Fringe Benefits..... | \$424,713 | \$423,937 | \$464,190 | \$461,104 | \$37,167 | (\$3,086) |
| Pensions..... | 376,108 | 419,263 | 391,096 | 390,396 | (28,867) | (700) |
| Other Than Personal Service (OTPS) | | | | | | |
| Debt Service..... | 164,893 | 163,880 | 191,871 | 203,632 | 39,752 | 11,761 |
| Total Additional Costs..... | <u>\$965,714</u> | <u>\$1,007,080</u> | <u>\$1,047,157</u> | <u>\$1,055,132</u> | <u>\$48,052</u> | <u>\$7,975</u> |
| Funding | | | | | | |
| City..... | 950,179 | 991,036 | 1,028,634 | 1,035,535 | 44,499 | 6,901 |
| Non-City..... | 15,535 | 16,044 | 18,523 | 19,597 | 3,553 | 1,074 |
| Full Agency Costs (including Central Accounts) | | | | | | |
| Salary and Wages..... | \$948,864 | \$972,766 | \$996,900 | \$1,019,240 | \$46,474 | \$22,340 |
| Fringe Benefits..... | 447,473 | 448,048 | 488,285 | 485,199 | 37,151 | (3,086) |
| Pensions..... | 376,108 | 419,263 | 391,096 | 390,396 | (28,867) | (700) |
| Total PS | <u>\$1,772,445</u> | <u>\$1,840,077</u> | <u>\$1,876,281</u> | <u>\$1,894,835</u> | <u>\$54,758</u> | <u>\$18,554</u> |
| OTPS..... | \$131,473 | \$146,961 | \$149,462 | \$173,154 | \$26,193 | \$23,692 |
| Debt Service..... | 164,893 | 163,880 | 191,871 | 203,632 | 39,752 | 11,761 |
| Total OTPS | <u>\$296,366</u> | <u>\$310,841</u> | <u>\$341,333</u> | <u>\$376,786</u> | <u>\$65,945</u> | <u>\$35,453</u> |
| Total Agency Costs..... | \$2,068,811 | \$2,150,918 | \$2,217,614 | \$2,271,621 | \$120,703 | \$54,007 |
| Less Intra-City..... | \$446 | \$1,757 | \$143 | \$143 | (\$1,614) | \$— |
| Net Agency Cost..... | <u>\$2,068,365</u> | <u>\$2,149,161</u> | <u>\$2,217,471</u> | <u>\$2,271,478</u> | <u>\$122,317</u> | <u>\$54,007</u> |
| Funding | | | | | | |
| City..... | 2,039,165 | 2,121,103 | 2,188,542 | 2,241,464 | 120,361 | 52,922 |
| Non-City..... | 29,200 | 28,058 | 28,929 | 30,014 | 1,956 | 1,085 |
| Personnel (includes FTEs at fiscal year-end) | | | | | | |
| City..... | 10,312 | 11,313 | 11,295 | 11,580 | 267 | 285 |
| Non-City..... | 7 | 9 | 8 | 8 | (1) | — |
| Total..... | <u>10,319</u> | <u>11,322</u> | <u>11,303</u> | <u>11,588</u> | <u>266</u> | <u>285</u> |

Programmatic Review

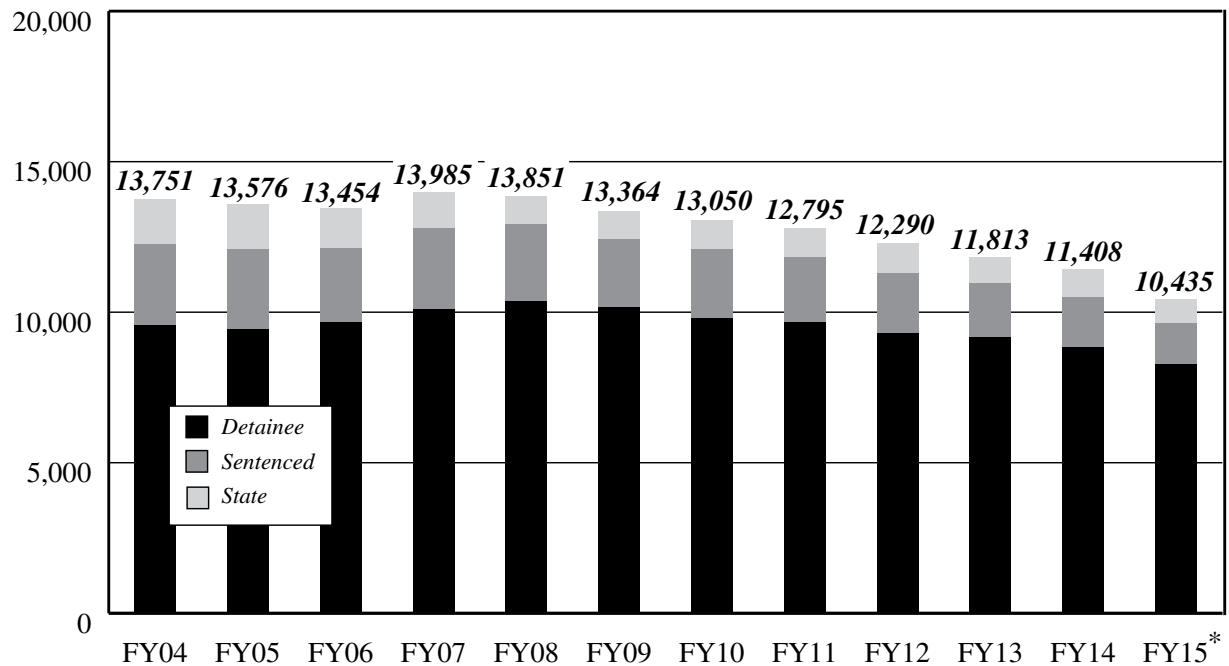
AVERAGE LENGTH OF STAY (By Fiscal Year)



* YTD through March 31, 2015

AVERAGE DAILY INMATE POPULATION

By Fiscal Year



* YTD through March 31, 2015

The average daily population through the first nine months of 2015 was 10,435, which is 9.8 percent lower than the same period in 2014. System admissions are down 8.8 percent and overall system length of stay increased from 54.2 to 56.9 days.

Capital Review

The Ten-Year Capital Strategy totals \$1.7 billion, including \$482 million for capacity replacement, \$78 million for construction of support space, \$974 million for building systems and infrastructure, and \$168 million for the lifecycle replacement of equipment.

The table below shows capital plan commitments by program area over the 2014-2019 period:

| Capital Commitments (\$ in 000's) | | | | | | | | | | | | |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|-----------------|-----------------|
| | 2014 Actual | | 2015 Plan | | 2016 Plan | | 2017 Plan | | 2018 Plan | | 2019 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 | \$1,315 | \$1,315 | \$76,278 | \$76,278 | \$83,422 | \$83,422 | \$0 | \$0 | \$398,354 | \$398,354 | \$0 | \$0 |
| Support Space | 37,146 | 44,445 | 1,007 | 1,007 | 19,493 | 43,725 | 18,959 | 18,959 | 9,574 | 9,574 | 2,000 | 2,000 |
| Building Systems and Infrastructure..... | 63,823 | 67,232 | 96,577 | 96,791 | 214,650 | 261,448 | 117,075 | 117,075 | 291,623 | 291,623 | 59,239 | 59,239 |
| Equipment..... | 11,769 | 11,769 | 36,468 | 36,468 | 80,729 | 80,729 | 8,229 | 8,229 | 6,062 | 6,062 | 14,998 | 14,998 |
| Total | <u>\$114,053</u> | <u>\$124,762</u> | <u>\$210,330</u> | <u>\$210,544</u> | <u>\$398,294</u> | <u>\$469,324</u> | <u>\$144,263</u> | <u>\$144,263</u> | <u>\$705,613</u> | <u>\$705,613</u> | <u>\$76,237</u> | <u>\$76,237</u> |

Highlights of the 2016-2019 Four Year Capital Commitment Plan

Capacity Replacement

The Department's capacity replacement plan includes building a new jail on Rikers Island, which will allow the Department to permanently replace aging structures. The design for the new Rikers Island jail began in March 2012. The Four-Year Plan provides \$481.8 million for the capacity replacement program. Scheduled commitments include:

- the design and construction of a new detention center on Rikers Island (\$481.8 million).

Building Systems, Infrastructure and Support Space

The Department will undertake \$803.6 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 (\$218.6 million).
- window replacement, façade rehabilitation, and roof reconstruction at various facilities (\$124.6 million).
- installation and rehabilitation of heating and ventilation systems at various facilities (\$120 million).
- security camera installation, entry point modification and other items related to the 14-Point Rikers Anti-Violence Agenda (\$84.7 million).
- repair of damage associated with Hurricane Sandy (\$79.6 million).

- replacement of Rikers Island showers and plumbing (\$39.5 million).
- improvements to Rikers Island perimeter security and fencing (\$14 million).
- other upgrades to the Department's building systems, infrastructure, and support space (\$122.6 million).

Information Technology, Equipment, and Vehicles

The Department is developing a new Jail Management System (JMS). JMS will replace several outdated legacy systems and include information on inmate intake and classification, movement and housing, warrants and detainers, discharges, and State ready processing.

The Four-Year Plan provides \$110 million for vehicles, computers, security equipment, and communication systems. Priorities include:

- technology upgrades to servers and network infrastructure (\$41.8 million).
- replacement of vehicles (\$21.1 million).
- data analytics system and security camera recording hardware/software related to the 14-Point Rikers Anti-Violence Agenda (\$17.3 million).
- replacement of generators (\$16.4 million).
- replacement of food service and security equipment (\$7.1 million).
- laundry and other equipment (\$6.3 million).

DEPARTMENT OF SOCIAL SERVICES

The Department of Social Services (DSS) provides a range of services and programs to fight poverty, inequality and homelessness and to increase the economic well-being of families and individuals. The Department administers benefit programs including Cash Assistance, Emergency and Rent Arrears Grants, Supplemental Nutrition Assistance (SNAP) and Medical Assistance to help working families stay in the workforce when their jobs do not pay enough to live on. The Department also aids those struggling to return to or enter the workforce by providing a variety of employment-related services, including access to education and job training, and help with job search and placement. The Department's programs for survivors of domestic violence, people with symptomatic HIV or AIDS, the frail and elderly, and individuals with disabilities provide a safety net for those permanently or temporarily unable to work.

Financial Review

The Department's 2016 Executive Budget provides for operating expenses of \$9.9 billion, of which \$7.7 billion are City funds. Capital commitments of \$191.8 million are also provided, of which \$137.5 million are City funds.

Expense Budget Highlights

Budgetary Priorities: Providing Core Services

Economic Security

- an additional \$49.9 million in City funds and \$51.5 million in total funds in 2016 will support an average of 360,215 recipients receiving ongoing Cash Assistance benefits and 8,654 receiving one-time emergency assistance each month.
- the annual 12-month unduplicated number of recipients receiving recurring Cash Assistance is expected to remain stable at approximately 500,000 in 2016. However, the monthly caseload is projected to fluctuate modestly as the Department increases the payment of rent arrears to prevent evictions and homelessness, and reduces the counter-productive churning of children and adults off and on and off the caseload.
- \$507,000 in 2015 and \$13.1 million in 2016 will permit the Department to implement significant reforms to improve assessments of Cash Assistance clients and provide greater access to the Department's services for clients with disabilities. These changes are the result of a legal settlement that would end nine years of litigation in a class action lawsuit, known as "Lovely H. v. Eggleston," related to violations of the Americans with Disabilities Act (ADA). The Department will develop and implement policies and procedures and modify programs to provide clients with disabilities meaningful access to programs and services.

Homelessness Prevention

- additional funding for the Living In Communities (LINC) rental assistance program supports a shift to higher rent levels and a projection of additional placements into the program in 2016. LINC helps families and adults move out of shelters administered by the Department and the Department of Homeless Services (DHS). There are six LINC programs in total that serve different groups, including survivors of domestic violence, working families and adults, seniors and persons with disabilities, and long-term shelter residents. Since October 2014, 1,865 households, comprised of 4,710 individuals, have exited shelter through one of six targeted LINC programs.
- an additional \$2.5 million in City funds in 2016 is provided for a new homeless prevention rental assistance pilot program, modeled after the Family Eviction Prevention Supplement (FEPS).

- a new Tenant-Based Rental Assistance (TBRA) program, supported with federal funding of \$10.6 million in 2016 and \$18.6 million in 2017 and beyond, will provide assistance to 1,250 households that are either currently residing in shelter or are chronically street homeless. Households eligible for the program will have at least one member in receipt of federal supplemental security income or social security benefits.
- an additional \$2.8 million in City funds in 2016 will support shelter prevention and aftercare programs, including services for especially vulnerable families at risk of shelter entry and programs to help stabilize LINC clients once they have moved to permanent housing.
- an increase of \$4.9 million will support the LINC program and provide for 132 staff to facilitate shelter move-outs, increase homeless prevention efforts, and process emergency rent payments.
- \$5 million in City funds in 2015, increasing to \$20 million in 2016 and \$36 million in the baseline, is added for anti-harassment legal services for residents of neighborhoods in 13 zip codes identified for rezoning. An additional \$4.3 million will support this effort with outreach to inform residents of the upcoming changes and ensure that they are aware of their legal rights.

Partnerships and Civic Engagement

- an additional \$11.6 million in 2015 and \$18.9 million in 2016 in total and City funds will support expansion of the IDNYC initiative, which issues Municipal Identification Cards to all City residents, including the most vulnerable communities, such as homeless persons, youth, senior citizens, undocumented immigrants, and the formerly incarcerated. The cards provide numerous benefits, particularly for those without a current government-issued ID, by enabling them to open bank accounts, sign leases, receive a library card, and gain access to all New York City government offices. Through April 2015, over 461,000 New Yorkers have made an appointment for an ID NYC and over 176,000 cards have been issued or approved for print. Enhanced staffing and resources will enable New Yorkers to reserve an appointment within 90 days.

Budgetary Priorities:

Restructuring and Streamlining

- restoration of 515 positions in 2015 and 361 in 2017 to the SNAP program will ensure that the Department has sufficient staff to assist everyone who qualifies for federal food assistance receive it.
- beginning in 2015 and continuing in 2016, the Department will realign staffing throughout the agency to enhance and improve client services through reductions in unnecessary administrative processes and functions. Repurposing of \$21.3 million in total funds (\$9.6 million in City funds) and 474 positions in 2016 will allow the Department to more fully support homeless prevention, disability accommodations, client telephone access and other programs.

Summary of Agency Financial Data

The following table compares the 2016 Executive Budget with the 2016 Preliminary Budget, the 2015 forecast and actual expenditures for 2014, including costs budgeted centrally for fringe benefits, pensions, and debt service.

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

| | (\$ in 000's) | | | | Increase/(Decrease) | |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|--------------------|
| | 2014 | 2015 | 2016 | | 2015 | 2016 |
| | Actual | Forecast | Preliminary Budget | Executive Budget | Forecast | Preliminary Budget |
| Expenditures | | | | | | |
| Salary and Wages..... | \$726,496 | \$793,040 | \$788,116 | \$798,880 | \$5,840 | \$10,764 |
| Fringe Benefits..... | 721 | 913 | 913 | 913 | — | — |
| Medical Assistance..... | 6,478,721 | 6,455,193 | 6,415,364 | 6,424,041 | (31,152) | 8,677 |
| Public Assistance..... | 1,338,908 | 1,471,979 | 1,407,442 | 1,480,852 | 8,873 | 73,410 |
| Other OTPS..... | 986,249 | 1,188,142 | 1,088,893 | 1,159,060 | (29,082) | 70,167 |
| Total..... | <u>\$9,531,095</u> | <u>\$9,909,267</u> | <u>\$9,700,728</u> | <u>\$9,863,746</u> | <u>(\$45,521)</u> | <u>\$163,018</u> |
| Funding | | | | | | |
| City..... | \$7,482,195 | \$7,659,520 | \$7,561,892 | \$7,692,913 | \$33,393 | \$131,021 |
| Other Categorical Grants..... | 216 | — | — | — | — | — |
| IFA..... | — | — | — | — | — | — |
| State..... | 565,001 | 613,632 | 612,894 | 641,709 | 28,077 | 28,815 |
| Federal CD..... | 14,683 | 82,701 | — | — | (82,701) | — |
| Federal Other..... | 1,460,995 | 1,544,683 | 1,515,112 | 1,518,294 | (26,389) | 3,182 |
| Intra-City Other..... | 8,005 | 8,731 | 10,830 | 10,830 | 2,099 | — |
| Total..... | <u>\$9,531,095</u> | <u>\$9,909,267</u> | <u>\$9,700,728</u> | <u>\$9,863,746</u> | <u>(\$45,521)</u> | <u>\$163,018</u> |
| Additional Costs Centrally Funded | | | | | | |
| Personal Services (PS)..... | | | | | | |
| Fringe Benefits..... | \$344,047 | \$332,272 | \$363,390 | \$356,101 | \$23,829 | (\$7,289) |
| Pensions..... | 139,021 | 137,578 | 144,455 | 138,422 | 844 | (6,033) |
| Other Than Personal Service (OTPS) | | | | | | |
| Debt Service..... | 95,897 | 107,539 | 125,906 | 83,109 | (24,430) | (42,797) |
| Total Additional Costs..... | <u>\$578,965</u> | <u>\$577,389</u> | <u>\$633,751</u> | <u>\$577,632</u> | <u>\$243</u> | <u>(\$56,119)</u> |
| Funding | | | | | | |
| City..... | 430,028 | 387,303 | 518,736 | 464,116 | 76,813 | (54,620) |
| Non-City..... | 148,937 | 190,086 | 115,015 | 113,516 | (76,570) | (1,499) |
| Full Agency Costs (including Central Accounts) | | | | | | |
| Salary and Wages..... | \$726,496 | \$793,040 | \$788,116 | \$798,880 | \$5,840 | \$10,764 |
| Fringe Benefits..... | 344,768 | 333,185 | 364,303 | 357,014 | 23,829 | (7,289) |
| Pensions..... | 139,021 | 137,578 | 144,455 | 138,422 | 844 | (6,033) |
| Total PS | <u>\$1,210,285</u> | <u>\$1,263,803</u> | <u>\$1,296,874</u> | <u>\$1,294,316</u> | <u>\$30,513</u> | <u>(\$2,558)</u> |
| Medical Assistance..... | \$6,478,721 | \$6,455,193 | \$6,415,364 | \$6,424,041 | (\$31,152) | \$8,677 |
| Public Assistance..... | 1,338,908 | 1,471,979 | 1,407,442 | 1,480,852 | 8,873 | 73,410 |
| Other OTPS..... | 986,249 | 1,188,142 | 1,088,893 | 1,159,060 | (29,082) | 70,167 |
| Debt Service..... | 95,897 | 107,539 | 125,906 | 83,109 | (24,430) | (42,797) |
| Total OTPS | <u>\$8,899,775</u> | <u>\$9,222,853</u> | <u>\$9,037,605</u> | <u>\$9,147,062</u> | <u>(\$75,791)</u> | <u>\$109,457</u> |
| Total Agency Costs..... | \$10,110,060 | \$10,486,656 | \$10,334,479 | \$10,441,378 | (\$45,278) | \$106,899 |
| Less Intra-City..... | <u>\$8,005</u> | <u>\$8,731</u> | <u>\$10,830</u> | <u>\$10,830</u> | <u>\$2,099</u> | <u>\$—</u> |
| Net Agency Cost..... | <u>\$10,102,055</u> | <u>\$10,477,925</u> | <u>\$10,323,649</u> | <u>\$10,430,548</u> | <u>(\$47,377)</u> | <u>\$106,899</u> |
| Funding | | | | | | |
| City..... | 7,912,223 | 8,046,823 | 8,080,628 | 8,157,029 | 110,206 | 76,401 |
| Non-City..... | 2,189,832 | 2,431,102 | 2,243,021 | 2,273,519 | (157,583) | 30,498 |
| Personnel (includes FTEs at fiscal year-end) | | | | | | |
| City..... | 10,038 | 10,631 | 10,404 | 10,725 | 94 | 321 |
| Non-City..... | 3,521 | 3,941 | 3,976 | 3,754 | (187) | (222) |
| Total..... | <u>13,559</u> | <u>14,572</u> | <u>14,380</u> | <u>14,479</u> | <u>(93)</u> | <u>99</u> |

Programmatic Review and Service Impact

Family Independence Administration (FIA)

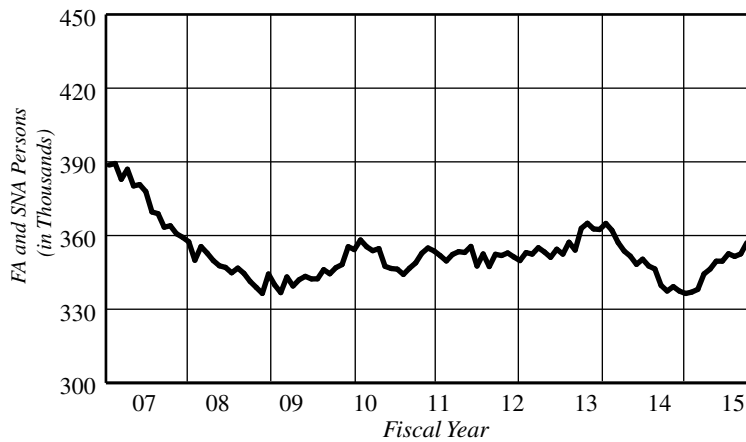
The Family Independence Administration (FIA) administers Cash Assistance (CA) and the Supplemental Nutrition Assistance Program (SNAP). FIA assists individuals in obtaining employment, provides access to education and training; provides support services including childcare and carfare for working families; and provides one-time grants for emergencies, including rent and utility arrears, security deposits and moving expenses.

Cash Assistance (CA)

The Department projects expenditures of \$1.48 billion on Cash Assistance (CA) benefits in 2016, of which \$651.4 million will be City funds.

These expenses support approximately 500,000 New Yorkers who receive recurring assistance over the course of a 12 month period, and another approximately 100,000 who receive one-time emergency assistance for a single month. The annual unduplicated caseload receiving recurring CA has remained steady at the 500,000 level over the past year, consistent with the past several years

CASH ASSISTANCE CASELOAD 2007-2015



In any given month, there are 350,000 New Yorkers receiving ongoing CA benefits, about half of whom are children. Many of these recipients are seniors or individuals with permanent or temporary disabilities. This number fluctuates month-to-month, particularly as the Department reduces the counter-productive churning of children and adults off and on the caseload. In March 2015, 349,639 individuals were in receipt of recurring CA benefits and another 7,462 received one-time assistance, primarily emergency funds to prevent eviction and homelessness.

The Family Assistance (FA) program, which is funded entirely with Federal Temporary Assistance for Needy Families (TANF) funds, assisted 143,035 adults and children in March 2015. Projected FA expenditures in 2016 are \$551 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, single adults, and childless couples. In March 2015, 214,066 individuals received SNA, of whom 81,214 were adults and children who had reached the TANF time limit. In 2016, the Department projects spending \$932 million on SNA.

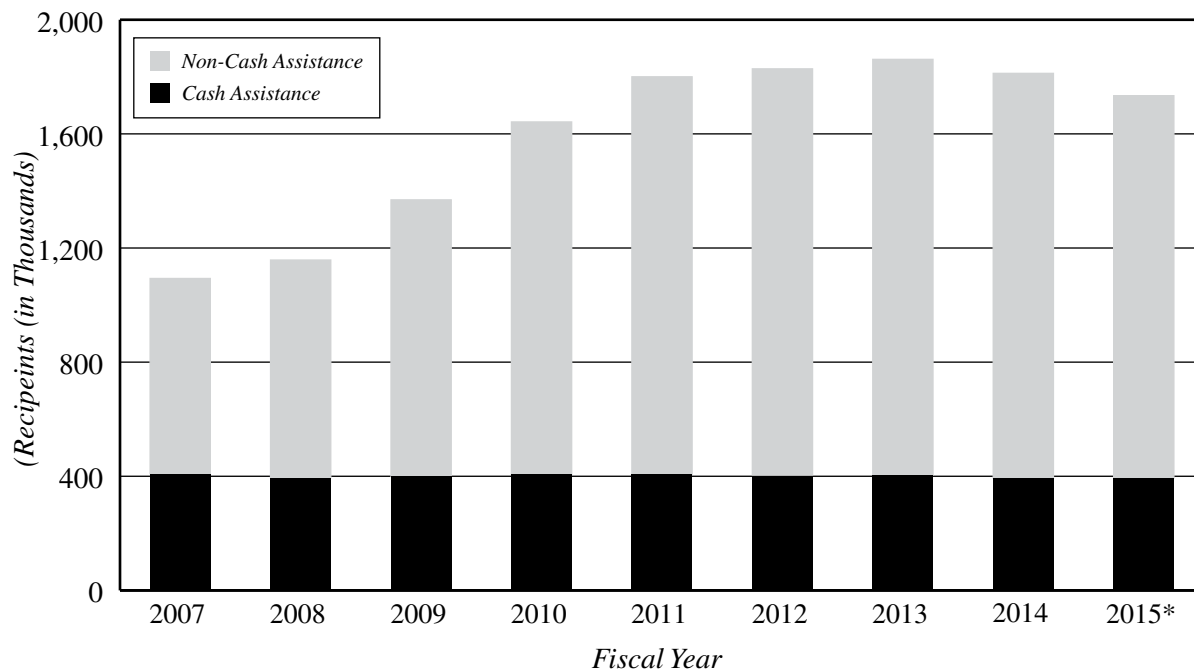
Supplemental Nutrition Assistance Program (SNAP)

The Supplemental Nutrition Assistance Program (SNAP), formerly known as food stamps, is a federally-funded benefit intended to supplement food costs for low-income families and individuals. The Department administers the SNAP program on behalf of New York State. The City is responsible for 50 percent of the administrative cost of the program, with the federal government paying the other half. In 2015, approximately \$3.0 billion will provide benefits to an average of 1.7 million individuals per month.

Between July 2007 and September 2012 there was a 69 percent increase in the number of individuals receiving SNAP benefits in New York City. Since September 2012 the caseload has declined by 7 percent, commensurate with declines nationally. To ensure that all eligible New Yorkers are able to access these benefits, the Department has enhanced its SNAP outreach activities through collaboration with community based organizations (CBOs) and other City agencies, such as the New York City Housing Authority (NYCHA), to target groups who are likely eligible to receive SNAP benefits but may not be currently accessing them.

The Department is also redesigning its business processes and implementing advanced technology solutions through the Benefits Re-engineering initiative, which is designed to manage the Department's workload more efficiently while improving the client experience. The Department is outfitting many of its SNAP Centers with PC banks, document drop boxes and other technology to allow clients to complete SNAP applications online and to directly submit their supporting documentation in order to expedite the process.

AVERAGE FOOD STAMP RECIPIENTS 2007-2015



* Year to date through March 2015

Employment Services

FIA offers a wide array of employment programs and services to help families and individuals improve their economic prospects. 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 2015, approximately 60,000 individuals were engaged in employment, training, or other work related activities.

The Department began revamping its employment program in 2015. Comprehensive reform is embodied in the Department's biennial Employment Plan, which was approved by New York State on December 31, 2014. Over the course of two years, the Department will replace all of its current employment contracts to completely implement the new program. Reforms include:

- developing individualized assessments to address each client's actual strengths and needs and improve outcomes compared to the prior one-size-fits-all approach;
- maximizing education, training and employment-related services to open job opportunities and create the basis for building career pathways out of poverty; and
- eliminating unnecessary punitive and duplicative actions that lead to preventable and inappropriate negative outcomes and trigger fair hearings, allowing staff and service providers to focus on more effective problem solving and to allow clients to avoid delays in accessing services, finding jobs and moving into sustainable employment.

In 2014, the New York State legislature amended social services law to permit four year college to count as an allowable activity for CA recipients. The Department has implemented this change to accommodate school, homework and work study hours in the employment plans for these students, and has eliminated Work Experience Program (WEP) assignments and replaced them with work-study and internships for these students.

Homelessness Prevention

In 2014, the Department established the Homeless Prevention Administration (HPA), a new division which brings together and coordinates existing programs and new homelessness prevention initiatives. HPA includes:

- homelessness Diversion Units located at all Department Job Centers and at DHS' PATH facility, where staff utilize new diversion tools that include short-term financial support;
- deployment of on-site staff at the Department of Homeless Services' Homebase offices around the City, the Housing Courts and at the NYCHA administrative hearings office;
- the Early Intervention Outreach Team for outreach to families and individuals in need of legal assistance or emergency rental assistance based on early warning referrals from the Housing Court;
- the Landlord Ombudsman Services Unit to address the needs and concerns of landlords and management companies that provide permanent housing for families and individuals receiving public assistance;
- the Rental Assistance Program Unit, formed to implement the new LINC initiatives and other rental assistance programs; and
- the Legal Assistance Initiatives Program, which manages all the legal assistance programs that have been consolidated in the Agency.

HPA also manages new rental assistance and prevention programs targeted to homeless families and

individuals residing in DHS shelters and Department-run domestic violence facilities. As of April 2015, 1,865 households have moved out of shelter through six unique LINC programs. In addition to rental assistance, LINC offers aftercare and support services to families and individuals who have been placed in permanent housing.

Office of Child Support Enforcement (OCSE)

The Office of Child Support Enforcement (OCSE) puts children first by helping both parents provide for the economic and social well-being, health and stability of their children. OCSE provides a range of services including locating noncustodial parents, establishing paternity, child support and medical orders, collecting and distributing child support payments, and modifying and enforcing child support orders. Custodial parents receiving Cash Assistance are required to comply with OCSE pursuant to federal and New York State statutes. All other custodial parents may apply for OCSE services on a voluntary basis. In 2014, there were 285,173 cases with support orders, including 32,019 Cash Assistance (CA) cases and 253,154 non-Cash Assistance (NCA) cases. Of the NCA cases, 131,902 were former CA recipients.

Child support collections in 2014 totaled \$741.7 million, benefitting a quarter of a million New York City children. Over 92 percent of support collections went directly to families, and more than \$374 million was collected on behalf of families who formerly received CA.

OCSE also administers programs to assist low-income noncustodial parents meet their child support obligations by helping them lower child support debt owed to DSS, and helping to connect them to employment.

Medical Assistance Program (MAP)

The Medicaid public health insurance program provides 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. Over 3 million New York City residents received Medicaid as of March 2015, with the Medical Assistance Program (MAP) responsible for more than 2.4 million Medicaid enrollees, including nearly 1.7 million Medicaid-only enrollees who do not receive CA or SSI.

Under the implementation of the Affordable Care Act, which includes expanded Medicaid eligibility, New York State is taking over the responsibility for the administration of Medicaid. Over approximately the next four years, as the administrative functions transition, the Department administered Medicaid caseload will continue to decline as most Medicaid clients will enroll through the New York State Health Care Exchange.

During the transition to the Exchange, MAP will continue to determine Medicaid eligibility for a subgroup of clients through 2018, and will begin to expand provision of Certified Application Counselor (CAC) services throughout New York City to help clients enroll in the appropriate public health insurance program.

Home Care Services Program (HCSP)

The Department's Home Care Services Program (HCSP) assists individuals who are frail, elderly, and/or living with disabilities to remain safely in their homes with non-institutional alternatives to nursing home care. In March 2015, HCSP delivered personal care services to 4,700 personal care cases and provided Medicaid financial eligibility review to approximately 118,149 participants in the Managed Long Term Care Program (MLTC). HCSP reviews and authorizes service plans for nearly 156 participants in the Long Term Home Health Care Program (LTHHCP), and reviews and authorizes service plans for approximately 400 children in the Care-at-Home Waiver Program.

HCSP also provides personal care to participants in special federal waiver programs, including Traumatic Brain Injury, Home and Community Based Services, and the Nursing Home Transitional and Diversion waivers and Office of Mental Retardation and Developmental Delays (OMRDD) participants. Additionally, the program processes the Medicaid eligibility for clients in the Assisted Living Program (ALP).

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 throughout 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 the Agency's clients. In 2014, the program made 6,588 home visits and court appearances.

The Wellness, Comprehensive Assessment, Rehabilitation and Employment (WeCARE) program works with CA recipients who have medical or mental health conditions that pose barriers to employment. WeCARE provides integrated services that include assessment, diagnosis, comprehensive service planning, linkages to treatment, case management, vocational rehabilitation, training and education, job placement, and disability benefits assistance through contracted vendors. In 2014, 3,630 WeCARE clients obtained jobs and 3,012 were approved for Federal disability benefits.

The Disability Service Program files federal disability benefit applications, pursues administrative appeals on denied claims, and performs eligibility determinations for Medicaid Aid to the Disabled.

The Placement Assessment and Client Tracking (PACT) unit reviews applications for supportive housing for clients with serious mental illnesses and other special needs. In 2014, PACT reviewed nearly 24,764 supportive housing applications to determine eligibility for placement into a continuum of housing alternatives.

HIV/AIDS Services Administration (HASA)

The HIV/AIDS Services Administration (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 March 2015, HASA serves 32,309 medically eligible individuals.

Approximately 27,000 HASA 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 March 2015, HASA supported over 2,572 units in its emergency housing portfolio and over 5,361 units in its non-emergency supportive housing stock, including units developed under the New York/New York III agreement.

Adult Protective Services (APS)

The Department's Adult Protective Services (APS) program assists adults with mental and/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 2014, APS received 24,177 referrals. 48% percent of the referrals involved eviction, 17% included allegations of abuse, 14% included allegation of neglect and 18% included allegations of financial exploitation. APS assessed 18,545 individuals and maintained an average monthly undercare caseload of 5,521.

Office of Domestic Violence (ODV)

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

ODV administers 44 State-licensed emergency domestic violence shelters, including one directly operated by the Department. These shelters have a total capacity of 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 an average of 780 families daily. In addition, community based non-residential programs provide telephone hotlines, counseling, advocacy, legal services, and referrals to other supportive services. These programs maintain an average monthly caseload of approximately 3,000 individuals.

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

The Home Energy Assistance Program (HEAP) is a federally funded program that assists low-income homeowners and renters to pay energy costs and heating equipment repair bills. The program issued over 704,000 benefits totaling approximately \$35 million for the 2014 - 2015 season, which runs November to March. Most benefits are provided to CA, SNAP, and SSI recipients who receive automatic payments. HEAP provides emergency benefits for assistance with gas and utility bills and shut-offs, helps obtain service extensions, and pays for emergency oil deliveries and furnace repairs.

Additional programs include Heat-Line, 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.

Emergency Food and Nutrition Assistance Program

The Office of Emergency Food and Nutrition Assistance Program administers the Emergency Food Assistance Program (EFAP) which provides funding and support to approximately 500 food pantries and soup kitchens in order to improve the nutritional status of low-income New Yorkers. The office also provides education to the public about the benefits and application process for SNAP through the Office of SNAP Outreach Services. Nutrition education is an important component of SNAP and is provided through the SNAP-Ed program.

Crisis and Disaster Unit

The Crisis and Disaster Unit responds to City-wide disasters and emergencies. The unit is responsible for the Disaster Task Force consisting of 450 Department-trained volunteers who respond under the unit's direction to provide services during emergencies and disasters. The unit helps to coordinate the Agency response to emergencies and works with Office of Emergency Management (OEM) to implement the citywide human services response to emergencies.

Office of Citywide Health Insurance Access (OCHIA)

The Office of Citywide Health Insurance Access (OCHIA) works to connect New York City residents and small businesses with health insurance. In collaboration with a network of public and private sector partners, OCHIA delivers outreach, education, and enrollment assistance through its NYC Health Insurance Link initiative and offers education for consumers and training for organizations about public and private health insurance and the Affordable Care Act (ACA). In 2014, OCHIA's collaborative outreach with public and private sector partners facilitated the enrollment of approximately 15,000 New Yorkers into Medicaid, 2,000 New Yorkers into qualified health plans and 1,000 children into Child Health Plus through the New York State of Health, New York's official health insurance marketplace.

Additionally, OCHIA offers locally-tailored educational information online through the website, NYC Health Insurance Link and on social media. OCHIA also creates and distributes fact sheets, conducts policy research and provides in-person help through a variety of forums, workshops, and trainings for public and private organizations.

Capital Review

The Department's Ten-Year Capital Strategy for 2016-2025 totals \$191.8 million, of which \$137.5 million are City funds. The Ten-Year Capital Strategy includes \$78.6 million for technology to streamline Department operations, including key investments related to Client Benefits Re-engineering. This will feature the continued development of a virtual client service center, leveraging ACCESS NYC to provide on-line client accounts, including e-notices and benefits information. Other enhancements include a mobile application, streamlined on-line applications and re-certifications, and upgrades to the Interactive Voice Response System (IVRS) to provide a better client experience.

Additional Capital investments include \$76.1 million for facilities maintenance, equipment and improvements; \$33.9 million for the installation of telecommunications equipment; and \$3.2 million for vehicles. The table below reflects capital commitments by program area over the 2015-2019 period.

Capital Commitments (\$ in 000's)

| | 2014 Actual | | 2015 Plan | | 2016 Plan | | 2017 Plan | | 2018 Plan | | 2019 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 |
| Data Processing..... | \$13,517 | \$21,418 | \$25,948 | \$42,276 | \$11,682 | \$13,434 | \$8,834 | \$10,122 | \$4,788 | \$9,774 | \$2,707 | \$5,526 |
| Telecommunications..... | 1,816 | 3,312 | 7,225 | 14,877 | 3,206 | 6,546 | 1,258 | 2,569 | 2,369 | 4,836 | 1,309 | 2,674 |
| Automotive | 35 | 35 | 580 | 580 | 689 | 1,154 | 93 | 191 | 93 | 191 | 235 | 433 |
| Equipment..... | 18,664 | 31,372 | 29,177 | 47,565 | 156 | 156 | 1,366 | 1,366 | 0 | 0 | 820 | 820 |
| Buildings..... | 6,328 | 8,424 | 8,208 | 9,653 | 18,121 | 18,121 | 2,803 | 3,236 | 5,746 | 6,324 | 8,734 | 9,324 |
| Total | <u>\$40,360</u> | <u>\$64,561</u> | <u>\$71,138</u> | <u>\$114,951</u> | <u>\$33,854</u> | <u>\$39,411</u> | <u>\$14,354</u> | <u>\$17,484</u> | <u>\$12,996</u> | <u>\$21,125</u> | <u>\$13,805</u> | <u>\$18,777</u> |

Highlights of the Ten-Year Capital Plan

- Upgrades to ACCESS NYC, creation of new on-line benefit application tools, virtual client accounts, e-notices, mobile connectivity and telephone enhancements as part of the Benefits Re-engineering initiative (\$39 million in City funds; with an additional \$12.8 million committed through 2014).

ADMINISTRATION FOR CHILDREN'S SERVICES

The Administration for Children's Services (ACS) provides a broad range of programs that protect and promote children, young people and families. 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 Early Care and Education.

Financial Review

ACS's 2016 Executive Budget provides for operating expenses of \$2.9 billion, \$901.9 million of which are City funds. Capital commitments of \$170.9 million are provided, of which \$145.5 million are City funds.

Expense Budget Highlights

Budgetary Priorities: Providing Core Services

- in 2015, the Department initiated a series of reforms to bolster child welfare practices and strengthen parent-child bonds, improve healthy child development and well-being, reduce repeat maltreatment, prevent the injury of young children and boost fundamental, professional decision making from front-line staff via enhanced coaching and training. In 2016, the Department will continue these efforts by increasing their presence at homeless family shelter intake, providing more specialized preventive slots for families with young children, implementing enhanced risk assessment tools and training models for staff and rolling out a new infant safe sleep public awareness campaign.
- in 2016, \$2.4 million will enable the Department to enhance staffing at the Children's Center by in-sourcing existing nurses and other staff and increasing the number of staff overall to improve services for children.
- in 2016, ACS will increase staffing for programmatic oversight and trades staff to bolster its oversight of the entire Early Learn system including Head Start, child care and mixed programs. The additional funds, \$1.8 million, will provide for a total of \$5.8 million in expense and \$3 million in capital annually to improve the agency's ability to make critical repairs and renovations.
- in 2016 and out, the Executive budget will baseline the 2015 increase of \$12.6 million to support low income child care vouchers. This funding will support about 1,740 low income vouchers. ACS will also reduce the fee for families with children enrolled in Early Learn Universal Pre-kindergarten or other subsidized programs part-time.

Budgetary Priorities: Restructuring and Streamlining

- in 2016, ACS will reduce costs by \$2.2 million by in-sourcing contracted IT staff, child care staff and nurses at the Children's Center.

Summary of Agency Financial Data

The following table compares the 2016 Executive Budget with the 2016 Preliminary Budget, the 2015 forecast and actual expenditures for 2014, including costs budgeted centrally for fringe benefits, pensions and debt service.

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

| | (\$ in 000 \$) | | | | Increase/(Decrease) | |
|---|--------------------|--------------------|-----------------------|---------------------|---------------------|-----------------------|
| | 2014 | 2015 | 2016 | | 2015 | 2016 |
| | Actual | Forecast | Preliminary Budget | Executive Budget | Forecast | Preliminary Budget |
| Expenditures | | | | | | |
| Salary and Wages..... | \$386,815 | \$428,611 | \$480,991 | \$496,370 | \$67,759 | \$15,379 |
| Fringe Benefits..... | 118 | 31 | 1 | 1 | (30) | — |
| OTPS..... | 2,398,519 | 2,446,260 | 2,469,937 | 2,438,134 | (8,126) | (31,803) |
| Total..... | <u>\$2,785,452</u> | <u>\$2,874,902</u> | <u>\$2,950,929</u> | <u>\$2,934,505</u> | <u>\$59,603</u> | <u>(\$16,424)</u> |
| Funding | | | | | | |
| City..... | \$861,825 | \$865,944 | \$906,999 | \$901,906 | \$35,962 | (\$5,093) |
| Other Categorical Grants..... | 44 | — | — | — | — | — |
| IFA..... | — | — | — | — | — | — |
| State..... | 629,194 | 654,675 | 687,563 | 679,216 | 24,541 | (8,347) |
| Federal CD..... | 2,963 | 2,963 | 2,963 | 2,963 | — | — |
| Federal Other..... | 1,249,737 | 1,258,684 | 1,277,451 | 1,262,240 | 3,556 | (15,211) |
| Intra-City Other..... | 41,689 | 92,636 | 75,953 | 88,180 | (4,456) | 12,227 |
| Total..... | <u>\$2,785,452</u> | <u>\$2,874,902</u> | <u>\$2,950,929</u> | <u>\$2,934,505</u> | <u>\$59,603</u> | <u>(\$16,424)</u> |
| Additional Costs Centrally Funded | | | | | | |
| Personal Services (PS)..... | | | | | | |
| Fringe Benefits..... | \$140,569 | \$138,061 | \$153,124 | \$152,394 | \$14,333 | (\$730) |
| Pensions..... | 69,634 | 67,687 | 70,656 | 67,446 | (241) | (3,210) |
| Other Than Personal Service (OTPS) | | | | | | |
| Debt Service..... | — | — | — | — | — | — |
| Total Additional Costs..... | <u>\$210,203</u> | <u>\$205,748</u> | <u>\$223,780</u> | <u>\$219,840</u> | <u>\$14,092</u> | <u>(\$3,940)</u> |
| Funding | | | | | | |
| City..... | 138,779 | 85,090 | 187,365 | 183,355 | 98,265 | (4,010) |
| Non-City..... | 71,424 | 120,658 | 36,415 | 36,485 | (84,173) | 70 |
| Full Agency Costs (including Central Accounts) | | | | | | |
| Salary and Wages..... | \$386,815 | \$428,611 | \$480,991 | \$496,370 | \$67,759 | \$15,379 |
| Fringe Benefits..... | 140,687 | 138,092 | 153,125 | 152,395 | 14,303 | (730) |
| Pensions..... | 69,634 | 67,687 | 70,656 | 67,446 | (241) | (3,210) |
| Total PS | <u>\$597,136</u> | <u>\$634,390</u> | <u>\$704,772</u> | <u>\$716,211</u> | <u>\$81,821</u> | <u>\$11,439</u> |
| OTPS..... | \$2,398,519 | \$2,446,260 | \$2,469,937 | \$2,438,134 | (\$8,126) | (\$31,803) |
| Debt Service..... | — | — | — | — | — | — |
| Total OTPS | <u>\$2,398,519</u> | <u>\$2,446,260</u> | <u>\$2,469,937</u> | <u>\$2,438,134</u> | <u>(\$8,126)</u> | <u>(\$31,803)</u> |
| Total Agency Costs..... | \$2,995,655 | \$3,080,650 | \$3,174,709 | \$3,154,345 | \$73,695 | (\$20,364) |
| Less Intra-City..... | \$41,689 | \$92,636 | \$75,953 | \$88,180 | (\$4,456) | \$12,227 |
| Net Agency Cost..... | <u>\$2,953,966</u> | <u>\$2,988,014</u> | <u>\$3,098,756</u> | <u>\$3,066,165</u> | <u>\$78,151</u> | <u>(\$32,591)</u> |
| Funding | | | | | | |
| City..... | 1,000,604 | 951,034 | 1,094,364 | 1,085,261 | 134,227 | (9,103) |
| Non-City..... | 1,953,362 | 2,036,980 | 2,004,392 | 1,980,904 | (56,076) | (23,488) |
| Personnel (includes FTEs at fiscal year-end) | | | | | | |
| City..... | 5,773 | 6,555 | 6,916 | 7,134 | 579 | 218 |
| Non-City..... | 150 | 168 | 168 | 168 | — | — |
| Total..... | <u>5,923</u> | <u>6,723</u> | <u>7,084</u> | <u>7,302</u> | <u>579</u> | <u>218</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 DCP's Family Services Unit (FSU) monitors children and families in court-ordered supervision cases until a judge determines that a child may remain safely in their home without the intervention of ACS, or in need of placement in foster care. DCP also conducts Family Meetings, which are an informal meeting scheduled to engage the family and address risk issues and/or develop or modify a service plan. Organized by DCP, Child Safety Conferences are formal meetings scheduled when court intervention is being considered in order to address existing safety issues. It is facilitated by the Child and Family Specialist (CFS). Family supports, service providers and resources are encouraged to attend both Family Meetings and Child Safety Conferences.

The protective/diagnostic unit of DCP is the core unit tasked with investigating the majority of the approximately 60,000 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 10,000 active cases each month on average.

In 2014, the Department initiated Operation S.A.F.E. to enable the agency to restructure its Child Protective Borough Offices to provide more appropriate management of field offices with the highest caseloads in the Bronx and Brooklyn, enhance the Family Services Unit (FSU) case practice model by reducing caseload ratios from 1:12 to 1:8 to more effectively engage with family members and related stakeholders while children are under court-ordered supervision and re-structure its Family Permanency Units through the creation a Case Monitoring and Compliance (CMC) program that will monitor discharges from foster care.

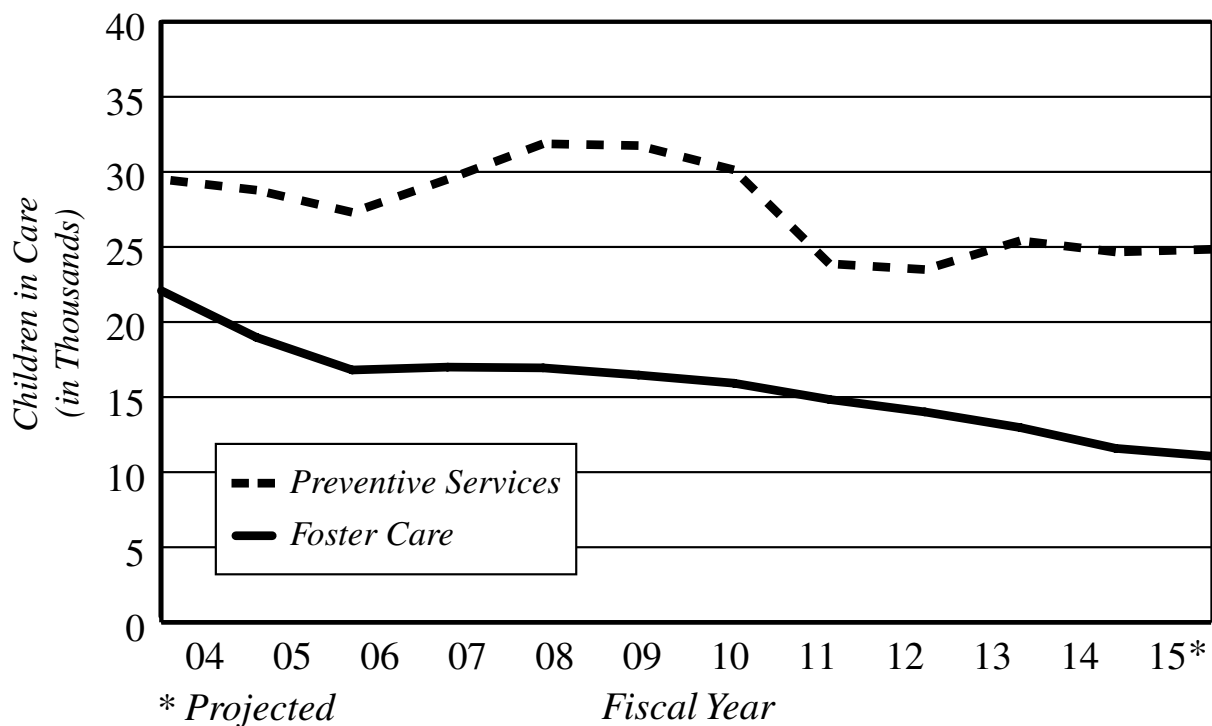
In 2016, the Department will continue to reform its child welfare efforts by supporting data-driven risk assessments, frontline coaching, training and preventive services. These include strengthening and supporting front-line supervision and coaching and expanding training opportunities for ACS and provider staff, implementing and frequently updating a risk assessment tool including a specialized tool for families in the shelter system and for targeting early care and education services for these families, expanding resources for intervening with and strengthening families with very young children, carrying out a campaign to promote infant safe sleep methods.

ACS will also enhance staffing at the Children's Center by in-sourcing existing nurses and other staff and increasing the number of staff overall to ensure that the approximately 2,600 children entering the Children's Center annually are properly assessed and provided with the necessary medical, mental health and any other required services.

Preventive Services for Children and Families

ACS provides 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. ACS' contract portfolio of preventive services includes evidence-based and evidence-informed practice models. 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 2014, an average of 971 preventive cases opened monthly; 11,658 preventive service cases were opened in 2014.

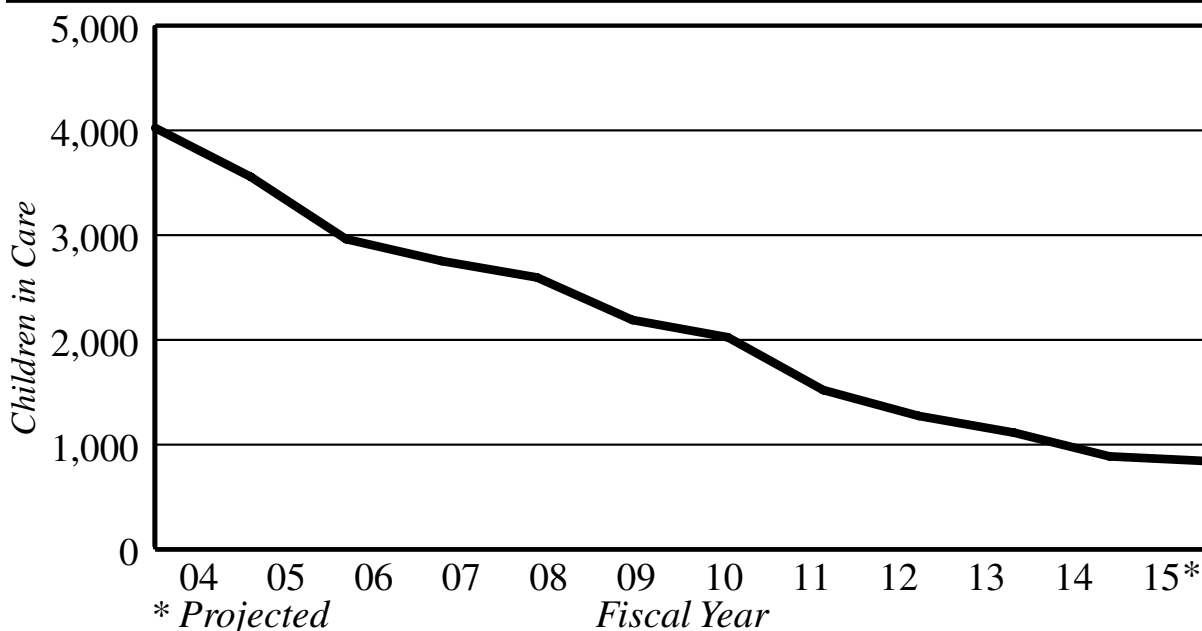
CHILDREN IN FOSTER CARE AND PREVENTIVE SERVICES 2004-2015



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 a viable option, children receive services that will lead to adoption or development of independent living skills. In 2014, the average number of children living in out-of-home placements was 11,583, a 10 percent decline since 2013. During this same period, the number of children in congregate residential settings declined by 22 percent, from 1,132 to 888 on average, due to ACS' continued efforts to place children in family settings whenever possible.

RESIDENTIAL CASELOAD 2004-2015



Note: Starting in 2012, the residential caseload no longer includes adjudicated juvenile delinquents in congregate settings operated by private not-for-profit agencies.

Beginning in July 2013, ACS launched ChildSuccessNYC (CSNYC), an enhanced foster care model utilizing reduced caseloads and enhanced supports for youth, birth and foster parents, aimed at improving family stability and well-being, expediting permanency and further reducing the overall foster care census. CSNYC began as a pilot with five family foster care providers in 2013 and later rolled out to the rest of the regular family foster care system in January 2014. The agency is leveraging the additional federal funds it will receive under the Title IV-E Waiver to support this programming.

Adoption Services and KinGAP

Adoption provides a stable and permanent home for children who cannot return to their birth parents. In 2014, more than 21,000 children were living in adoptive homes. ACS' 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.

Additionally, the implementation of the Kinship Guardianship Subsidy Assistance Program (KinGAP), enacted in New York State in 2011, has resulted in permanency for 520 New York City children through January 2015. This permanency option allows a child to continue to reside with an approved relative outside of the foster care system with financial and medical assistance provided through an ACS subsidy.

Division of Youth and Family Justice

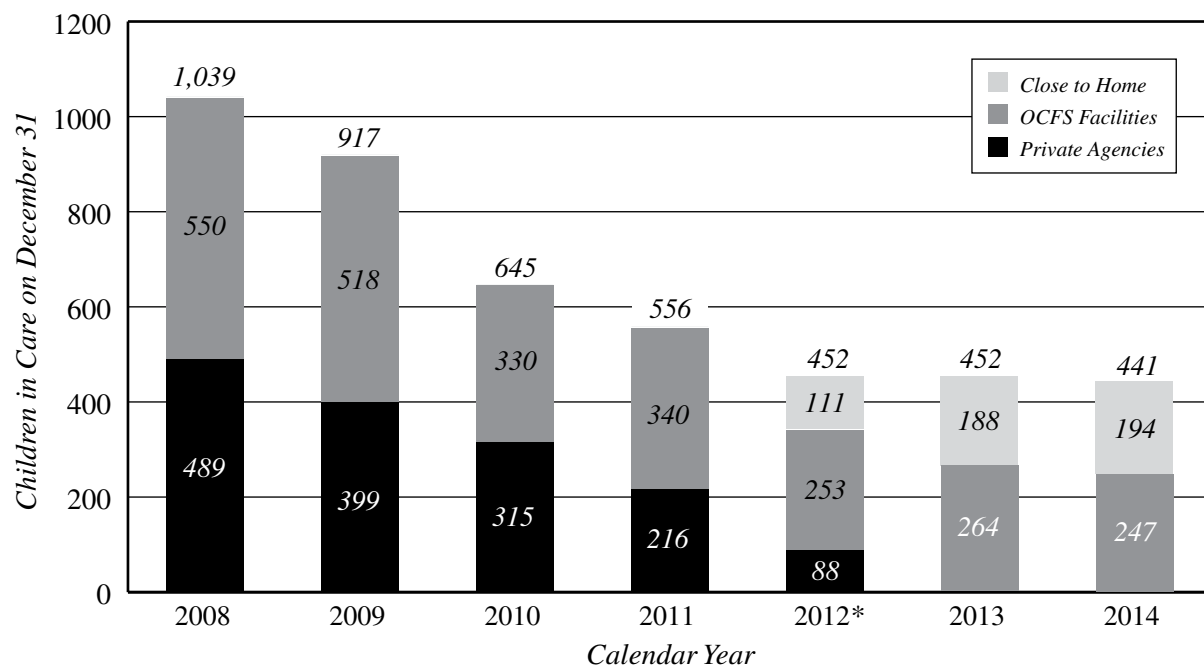
The Division of Youth and Family Justice (DYFJ) provides Secure (SD) and Non-Secure Detention (NSD) services for alleged juvenile delinquents and offenders whose cases are pending in Family or Criminal Court. ACS operates two secure detention facilities and oversees a network of non-secure detention group homes across the City. The agency directly operates two NSD residences and oversees 13 NSD sites through contracts with

private non-profit social service organizations. While in detention, residents receive support services including education, health and mental health care, recreation, and case management.

Under the Close to Home Initiative launched in 2012, DYFJ assumed custody of adjudicated juvenile delinquents placed in non-secure settings. DYFJ provides care through a new system of non-profit providers located within, and just outside of New York City. Providers offer an array of general and specialized juvenile justice residential care programs including intensive clinical services, educational programs, and aftercare re-entry services.

To implement Close to Home, ACS started with the transfer of Non-Secure Placement (NSP) youth, currently at 264 NSP beds in the City. In the second phase of Close to Home, beginning in 2015, ACS will assume legal responsibility for the placement of juvenile delinquents placed in limited-secure placement settings. Approximately 120 Limited-Secure Placement (LSP) beds are anticipated to become operational in the summer of 2015, pending approval from the New York State Office of Children and Family Services (OCFS). Juvenile Offenders, or those convicted of the most serious crimes, will remain in OCFS-operated secure facilities.

JUVENILES IN RESIDENTIAL PLACEMENT 2008-2014



* The Close to Home initiative transferred youth in non-secure placement from State (OCFS) to City custody beginning in Sept. 2012.

Division of Early Care and Education

The Division of Early Care and Education administers one of the largest publicly-funded childcare systems in the country, serving almost 100,000 infants, toddlers, preschool and school-aged children. ACS provides 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. This includes the Head Start program, a federally-funded, family-centered child development program for families of low-income with children ages 3-4. The program promotes intellectual, social, emotional and physical growth in order to develop each child's potential for successful living.

ACS provides access to child care through contracts with not-for-profit organizations, with 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.

In 2013, ACS introduced EarlyLearn NYC, a new early childhood education system designed to raise educational standards, increase family supports and strengthen professional development for teachers. The new model includes center and home-based programs designed to prepare children for success in elementary school and beyond.

In 2016, ACS will increase staffing for programmatic oversight and trades staff to bolster its oversight of the entire Early Learn system including Head Start, child care and mixed programs. Additional funds will provide for a total of \$5.8 million in expense and \$3 million in capital annually to improve the agency's ability to make critical repairs and renovations.

Capital Review

The Department's Ten-Year Capital Strategy for 2016-2025 totals \$170.9 million, of which \$145.5 million are City funds. The Ten-Year Capital Strategy includes \$67.8 million for child care and child welfare facilities, \$37.7 million for administrative offices, and \$65.4 million for equipment and information systems. The table below reflects capital commitments by program area over the 2015-2019 period.

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

| | 2014 Actual | | 2015 Plan | | 2016 Plan | | 2017 Plan | | 2018 Plan | | 2019 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..... | (\$55) | (\$55) | \$6,048 | \$6,048 | \$— | \$— | \$500 | \$500 | \$2,500 | \$2,500 | \$3,000 | \$3,000 |
| Child Care | 0 | 0 | 7,227 | 8,690 | 2,215 | 3,018 | 800 | 1,421 | 800 | 1,421 | 4,470 | 4,834 |
| Buildings | 1,119 | 1,796 | 6,386 | 7,066 | 1,785 | 2,132 | 2,475 | 3,241 | 1,575 | 2,294 | 4,336 | 5,038 |
| MIS | 8,174 | 9,477 | 46,226 | 54,386 | 2,720 | 4,135 | 8,600 | 10,383 | 8,746 | 10,598 | 4,519 | 5,636 |
| Total | <u>\$9,238</u> | <u>\$11,218</u> | <u>\$65,887</u> | <u>\$76,190</u> | <u>\$6,720</u> | <u>\$9,285</u> | <u>\$12,375</u> | <u>\$15,545</u> | <u>\$13,621</u> | <u>\$16,813</u> | <u>\$16,325</u> | <u>\$18,508</u> |

Highlights of the Ten-Year Capital Plan

- \$55.7 million will support telecommunications and data infrastructure upgrades and improvements.
- \$32.2 million will support the renovation of child care centers City wide including correction of code violations and providing for handicapped accessibility.

- \$29.7 million will support the renovation of administrative and field offices.
- \$36.7 million will support the renovation of the Department's two secure detention facilities – Crossroads (Brooklyn) and Horizon (Bronx).

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 the Comprehensive Afterschool System, 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 2016 Executive Budget provides for operating expenses of \$536.8 million, of which \$302.1 million are City funds.

Expense Budget Highlights

Budgetary Priorities: Providing Core Services

- in 2016, the Department will continue the expansion of the Mayor's signature Universal Afterschool for Middle School initiative, School's Out New York City (SONYC). \$161 million in 2016 and out will fund 40,000 new middle school afterschool slots to serve a total of 107,000 middle school students in public and charter schools as well as other settings.
- in 2016, \$2.7 million will enable DYCD to add 100 new shelter beds for a total of 453 shelter beds for Runaway and Homeless Youth (RHY), specifically to address the needs of LGBTQ youth who face a much higher risk of homelessness than their heterosexual peers. This represents an increase of 200 shelter beds to help meet the needs of this at risk population since 2014.
- in 2016, \$1.2 million will support enhanced mental health services across the RHY system via the addition of licensed clinical social workers and psychiatric services.
- in 2016, \$29.1 million will support the continued operation of 45 Cornerstone sites as well as 24 new sites the Department will assume responsibility for operating beginning in the summer of 2015. In total, the Department will operate 94 Cornerstone programs providing community-based services in public housing developments.

Summary of Agency Financial Data

The following table compares the 2016 Executive Budget with the 2016 Preliminary Budget, the 2015 forecast and actual expenditures for 2014, including costs budgeted centrally for fringe benefits, pensions, and debt service.

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

| | (\$ in 000 \$) | | | | Increase/(Decrease) | |
|---|------------------|------------------|------------------|------------------|---------------------|-----------------|
| | 2014 | 2015 | 2016 | | 2015 | 2016 |
| | Actual | Forecast | Preliminary | Executive | Forecast | Preliminary |
| | | | Budget | Budget | | Budget |
| Expenditures | | | | | | |
| Salary and Wages..... | \$26,479 | \$34,531 | \$36,473 | \$37,008 | \$2,477 | \$535 |
| Fringe Benefits..... | — | — | — | — | — | — |
| OTPS..... | 377,968 | 559,384 | 472,337 | 499,801 | (59,583) | 27,464 |
| Total..... | <u>\$404,447</u> | <u>\$593,915</u> | <u>\$508,810</u> | <u>\$536,809</u> | <u>(\$57,106)</u> | <u>\$27,999</u> |
| Funding | | | | | | |
| City..... | \$296,762 | \$354,179 | \$250,600 | \$302,081 | (\$52,098) | \$51,481 |
| Other Categorical Grants..... | 2,489 | 1,850 | — | — | (1,850) | — |
| IFA..... | — | — | — | — | — | — |
| State..... | 4,722 | 5,950 | 4,675 | 5,275 | (675) | 600 |
| Federal CD..... | 7,658 | 7,513 | 7,138 | 7,138 | (375) | — |
| Federal Other..... | 66,706 | 67,984 | 51,437 | 51,437 | (16,547) | — |
| Intra-City Other..... | 26,110 | 156,439 | 194,960 | 170,878 | 14,439 | (24,082) |
| Total..... | <u>\$404,447</u> | <u>\$593,915</u> | <u>\$508,810</u> | <u>\$536,809</u> | <u>(\$57,106)</u> | <u>\$27,999</u> |
| Additional Costs Centrally Funded | | | | | | |
| Personal Services (PS)..... | | | | | | |
| Fringe Benefits..... | \$9,155 | \$9,821 | \$10,794 | \$10,886 | \$1,065 | \$92 |
| Pensions..... | 4,504 | 4,399 | 4,835 | 4,616 | 217 | (219) |
| Other Than Personal Service (OTPS) | | | | | | |
| Debt Service..... | — | — | — | — | — | — |
| Total Additional Costs..... | <u>\$13,659</u> | <u>\$14,220</u> | <u>\$15,629</u> | <u>\$15,502</u> | <u>\$1,282</u> | <u>(\$127)</u> |
| Funding | | | | | | |
| City..... | 13,325 | 13,808 | 15,150 | 15,032 | 1,224 | (118) |
| Non-City..... | 334 | 412 | 479 | 470 | 58 | (9) |
| Full Agency Costs (including Central Accounts) | | | | | | |
| Salary and Wages..... | \$26,479 | \$34,531 | \$36,473 | \$37,008 | \$2,477 | \$535 |
| Fringe Benefits..... | 9,155 | 9,821 | 10,794 | 10,886 | 1,065 | 92 |
| Pensions..... | 4,504 | 4,399 | 4,835 | 4,616 | 217 | (219) |
| Total PS | <u>\$40,138</u> | <u>\$48,751</u> | <u>\$52,102</u> | <u>\$52,510</u> | <u>\$3,759</u> | <u>\$408</u> |
| OTPS..... | \$377,968 | \$559,384 | \$472,337 | \$499,801 | (\$59,583) | \$27,464 |
| Debt Service..... | — | — | — | — | — | — |
| Total OTPS | <u>\$377,968</u> | <u>\$559,384</u> | <u>\$472,337</u> | <u>\$499,801</u> | <u>(\$59,583)</u> | <u>\$27,464</u> |
| Total Agency Costs..... | \$418,106 | \$608,135 | \$524,439 | \$552,311 | (\$55,824) | \$27,872 |
| Less Intra-City..... | \$26,110 | \$156,439 | \$194,960 | \$170,878 | \$14,439 | (\$24,082) |
| Net Agency Cost..... | <u>\$391,996</u> | <u>\$451,696</u> | <u>\$329,479</u> | <u>\$381,433</u> | <u>(\$70,263)</u> | <u>\$51,954</u> |
| Funding | | | | | | |
| City..... | 310,087 | 367,987 | 265,750 | 317,113 | (50,874) | 51,363 |
| Non-City..... | 81,909 | 83,709 | 63,729 | 64,320 | (19,389) | 591 |
| Personnel (includes FTEs at fiscal year-end) | | | | | | |
| City..... | 359 | 423 | 419 | 448 | 25 | 29 |
| Non-City..... | 67 | 74 | 74 | 74 | — | — |
| Total..... | <u>426</u> | <u>497</u> | <u>493</u> | <u>522</u> | <u>25</u> | <u>29</u> |

Programmatic Review and Service Impact

Comprehensive Afterschool System of New York City (COMPASS)

The Comprehensive Afterschool System of NYC (COMPASS), formerly known as the Out-of-School Time (OST) program, began in 2005 and provides a mix of academic, recreational and cultural activities for young people after school, during school closing days and in the summer. These programs, which are operated by community-based organizations, serve young people from elementary through high school and are offered at no cost to parents. Programs are primarily located in public and private schools, community centers, settlement houses, religious institutions, public housing and parks recreational facilities throughout the City both to leverage the use of public spaces but also to help youth find a place that best fits their needs. OST was re-branded as COMPASS in 2015. COMPASS integrated the best of OST while preparing for an unprecedented expansion in programming aimed at serving middle school youth.

COMPASS is comprised of over 857 programs serving young people enrolled in grades K-12. Through its network of providers, COMPASS offers high quality programs that offer a strong balance of academics, recreation, enrichment, and cultural activities to support and strengthen the overall development of youth. COMPASS aims to help young people build skills to support their academic achievement, to raise their confidence and to cultivate their leadership skills through service learning and other civic engagement opportunities. In 2015, COMPASS enrolled 46,605 youth in Elementary School, 57,180 from Middle School, and 2,115 in High School.

Beacon Community Centers

These collaborative, school-based community centers were pioneered in the early 1990s and have been replicated nationally. The first 20 Beacons were placed within the NYC precincts containing the highest amount of crime as a measure of learning and prevention. Beacon programs are designed based on the needs of their communities, and tailor activities to serve young people and adults in the areas of academic enhancement, life skills, career awareness/school to work transition, civic engagement/community building, recreation/health and fitness, and culture/art. In a 2011 study, 77 percent of Beacon students said that the Beacon center helped them to learn about the dangers of alcohol, drugs, and other risky activities. The same study found that the average school attendance rate for Beacon participants in 5th – 8th grade was 93.5%. In 2015, Beacons will serve over 86,000 participants.

Cornerstone Program

Expanded in 2014 from 25 sites to 70 sites, Cornerstone programs provide engaging activities year-round for adults and young people at New York City Housing Authority (NYCHA) Community Centers in the five boroughs and were shaped by input from young people, NYCHA residents, Resident Association leaders, elected officials, and principals at schools that serve youth who live in the participating developments. 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. Cornerstone adult programs are designed to enhance skills and promote social interaction, community engagement, and physical activity. As part of the Mayor's Action Plan for Neighborhood Safety, summer 2014 hours of service were extended to 11 pm daily and those with gyms until 12:30 am on weekends.

In 2016, the Department will assume responsibility for operating 24 additional sites for a total of 94 Cornerstone programs serving more than 15,000 people, with a budget of \$39.2 million.

Youth Workforce Development

DYCD operates several workforce development programs for youth between the ages of 14 to 24. These include the Summer Youth Employment Program (SYEP), the Center for Economic Opportunity's (CEO) and Young Men's Initiative (YMI)-funded Young Adult Internship Program (YAIP) and the Workforce Investment Act (WIA)-funded In-School Youth and Out-of-School Youth programs.

SYEP provides New York City youth between the ages of 14 to 24 with summer employment and educational experiences. Participants work in a variety of entry-level jobs at community-based organizations, government agencies and private sector businesses and are paid for up to 25 hours per week for up to six weeks at the current minimum wage of \$8.75 per hour which will increase to \$9 per hour in January 2016. This past summer over 47,000 youth and young adults worked in SYEP, the highest number since DYCD received stimulus funding in 2009. In total, \$51.2 million will support approximately 36,000 participants in 2016.

YAIP targets youth who are between 16 and 24 that are not in school or working. The program provides short-term paid internships that promote social and professional skills and features a combination of educational workshops and counseling. YAIP operates three 14-week cycles each year. In 2015, DYCD received a total of \$11.6 million to serve 1,825 participants.

In 2015, DYCD received approximately \$21.4 million in Workforce Investment Act (WIA) funding to provide the In-School Youth (ISY) and Out-of-School Youth (OSY) programs. The ISY program helps to prevent high school juniors and seniors from dropping out before attaining a high school degree. The program also helps improve literacy, job readiness, and other workplace preparation skills. The OSY program helps youth between the ages of 16 and 21 who are not in school and not employed to refocus on achieving educational goals and to find employment or advanced occupational training. In 2016, DYCD projects that ISY and OSY will serve 1,852 and 1,329, respectively.

Runaway and Homeless Youth Services

DYCD funds programs to protect runaway and homeless youth and, whenever possible, reunite them with their families. Additionally, LGBTQ youth face a much higher risk of homelessness than their heterosexual peers. For youth in need of shelter and care, Crisis Shelters offer safe and welcoming environments on a short-term basis, while Transitional Independent Living facilities combine longer-term shelter with the necessary 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 Street Outreach and Drop-In Centers. In January 2015, the first City-funded 24/7 Runaway and Homeless Youth drop-in center opened, specializing in services for LGBTQ youth. In 2016, DYCD will provide funding for 256 crisis shelter beds and 197 Transitional Independent beds, an increase of 200 beds over the 2014 level. Additionally, in 2016, DYCD will support enhanced mental health services across the Runaway and Homeless Youth system with the addition of licensed clinical social workers and psychiatric services.

Literacy Services

Adult Literacy Initiative programs are designed to assist adults and older youth to become literate and to obtain the knowledge and skills necessary for further education, employment and self-sufficiency. Adult Basic Education (ABE) programs provide instruction in reading, writing and mathematics to native English speakers. High School Equivalency (HSE) test preparation classes are designed to help students prepare for HSE tests in reading, writing, social studies, science and math. English for Speakers of Other Languages (ESOL) programs provide English language courses to immigrants to increase their communication skills. DYCD received \$5.6 million in 2015 to provide these services to 6,590 individuals. \$15.4 million to serve over 10,000 participants

The Young Adult Literacy Program is funded through CEO and YMI for a total program budget of nearly \$3 million in funding at 16 sites hosted by community-based organizations and the library systems. The program provides intensive instruction in reading, writing and math to youth ages 16-24 who are not currently employed or in school. The program also provides social support and paid participation in service learning activities and internships to students who maintain at least 70% attendance.

Additionally, \$1 million will support the Adolescent Literacy Program to help 179 6th – 8th graders needing assistance in developing their reading, writing and communication skills.

Neighborhood Development Programs

DYCD administers the Federal Community Services Block Grant (CSBG) program to fund anti-poverty initiatives in 42 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. DYCD's mission in administering the Community Action Program is to assist low income individuals and families to attain the skills, knowledge, motivation and opportunities they need to become self-sufficient. In 2015, the Department allocated \$15.6 million to these programs, which provided immigrant services, family support services, youth development, senior support, and housing assistance to approximately 18,000 participants.

Fatherhood Programs

By promoting positive involvement of fathers in the lives of their children, DYCD's 10 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. In 2015, the Fatherhood program received \$2.9 million in funding to provide services to over 1,200 participants.

DEPARTMENT OF HOMELESS SERVICES

The Department of Homeless Services (DHS) prevents homelessness whenever possible, provides temporary, emergency shelter when needed, and helps individuals and families transition into permanent housing. The Department's services include transitional housing, outreach and drop-in services for street homeless individuals, community-based prevention, and placement into permanent housing.

In 2016, the Department will continue to utilize innovative strategies to prevent homelessness whenever possible, to reduce the length of shelter stays and to assist families and individuals towards a path to permanent housing and rejoining their communities. The Department also provides targeted assistance to individuals with medical, substance abuse, mental health and other issues so that they successfully move from the City's streets and into housing.

Financial Review

The Department's 2016 Executive Budget provides for operating expenses of \$1.1 billion, of which \$552 million are City funds. Capital commitments of \$212 million are also provided.

Expense Budget Highlights

Budgetary Priorities: Providing Core Services

- the Department will continue to provide rental assistance through innovative strategies. In 2015, in partnership with the Department of Social Services, the Department rolled out the Living In Communities (LINC) program, which provides rental assistance to families and individuals to help them exit shelter for permanent housing. Since October 2014, 1,865 households, comprised of 4,710 individuals, have exited shelter through one of six targeted LINC programs.
- the Department will enhance mental health services for shelter residents by equipping all contracted family shelters with licensed social workers, and by continuing a Child Safety First Team to review and address the needs of families with children in shelter. In 2016 \$6.0 million in City funds will support this initiative, scaling up to \$9.6 million in 2017.
- \$3.7 million in City funds will improve conditions in Department and provider-operated shelters. Complemented with capital resources of \$36 million in 2016 and \$108 million over the next 5 years, this funding will bolster maintenance efforts and address critical repair needs. In addition to these efforts, DHS has implemented a new policy to help improve shelter conditions by withholding payments from providers and landlords that fail to remedy deficiencies identified through routine inspections.
- \$6.9 million in City funds will support additional security costs, including \$3.6 million for enhanced security and staffing resources to coordinate services and minimize interaction between high risk individuals and other shelter residents.
- the Department will expand the number of low intensity shelter beds targeted at chronically street homeless individuals by 300 to 1,100 in 2016, and by an additional 300 to 1,400 by 2018. There are an estimated 1,700 chronically street homeless individuals that DHS outreach teams keep regular contact with and work to bring off the streets and into shelter.
- \$1.7 million, including 30 staff, will provide operational and administrative support for Living in Community (LINC) programs.

Restructuring and Streamlining

- In 2016, the Department will save \$1.9 million by in-sourcing IT functions, consolidating agency finance and other administrative positions, and reducing food waste in shelters through improved monitoring and planning.

Summary of Agency Financial Data

The following table compares the 2016 Executive Budget with the 2016 Preliminary Budget, the 2015 forecast and actual expenditures for 2014, including costs budgeted centrally for fringe benefits, pensions, and debt service.

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

| | (\$ in 000 \$) | | | | Increase/(Decrease) | |
|---|--------------------|--------------------|--------------------|--------------------|---------------------|-----------------|
| | | | 2016 | | 2015 | 2016 |
| | 2014 | 2015 | Preliminary | Executive | | |
| | Actual | Forecast | Budget | Budget | Forecast | Preliminary |
| | | | | | | Budget |
| Expenditures | | | | | | |
| Salary and Wages..... | \$117,591 | \$132,564 | \$139,785 | \$147,732 | \$15,168 | \$7,947 |
| Fringe Benefits..... | 1,193 | 1,575 | 1,575 | 1,566 | (9) | (9) |
| OTPS..... | 924,498 | 1,027,867 | 892,537 | 927,187 | (100,680) | 34,650 |
| Total..... | <u>\$1,043,282</u> | <u>\$1,162,006</u> | <u>\$1,033,897</u> | <u>\$1,076,485</u> | <u>(\$85,521)</u> | <u>\$42,588</u> |
| Funding | | | | | | |
| City..... | \$497,069 | \$572,035 | \$518,534 | \$551,610 | (\$20,425) | \$33,076 |
| Other Categorical Grants..... | 14 | 3,000 | — | 3,000 | — | 3,000 |
| IFA..... | — | — | — | — | — | — |
| State..... | 140,617 | 143,199 | 132,212 | 134,547 | (8,652) | 2,335 |
| Federal CD..... | 4,612 | 4,098 | 4,098 | 4,098 | — | — |
| Federal Other..... | 398,507 | 437,946 | 378,202 | 382,379 | (55,567) | 4,177 |
| Intra-City Other..... | 2,463 | 1,728 | 851 | 851 | (877) | — |
| Total..... | <u>\$1,043,282</u> | <u>\$1,162,006</u> | <u>\$1,033,897</u> | <u>\$1,076,485</u> | <u>(\$85,521)</u> | <u>\$42,588</u> |
| Additional Costs Centrally Funded | | | | | | |
| Personal Services (PS)..... | | | | | | |
| Fringe Benefits..... | \$44,775 | \$45,132 | \$47,650 | \$49,002 | \$3,870 | \$1,352 |
| Pensions..... | 20,241 | 20,272 | 21,691 | 20,705 | 433 | (986) |
| Other Than Personal Service (OTPS) | | | | | | |
| Debt Service..... | — | — | — | — | — | — |
| Total Additional Costs..... | <u>\$65,016</u> | <u>\$65,404</u> | <u>\$69,341</u> | <u>\$69,707</u> | <u>\$4,303</u> | <u>\$366</u> |
| Funding | | | | | | |
| City..... | 61,521 | 61,681 | 65,575 | 65,815 | 4,134 | 240 |
| Non-City..... | 3,495 | 3,723 | 3,766 | 3,892 | 169 | 126 |
| Full Agency Costs (including Central Accounts) | | | | | | |
| Salary and Wages..... | \$117,591 | \$132,564 | \$139,785 | \$147,732 | \$15,168 | \$7,947 |
| Fringe Benefits..... | 45,968 | 46,707 | 49,225 | 50,568 | 3,861 | 1,343 |
| Pensions..... | 20,241 | 20,272 | 21,691 | 20,705 | 433 | (986) |
| Total PS | <u>\$183,800</u> | <u>\$199,543</u> | <u>\$210,701</u> | <u>\$219,005</u> | <u>\$19,462</u> | <u>\$8,304</u> |
| OTPS..... | \$924,498 | \$1,027,867 | \$892,537 | \$927,187 | (\$100,680) | \$34,650 |
| Debt Service..... | — | — | — | — | — | — |
| Total OTPS | <u>\$924,498</u> | <u>\$1,027,867</u> | <u>\$892,537</u> | <u>\$927,187</u> | <u>(\$100,680)</u> | <u>\$34,650</u> |
| Total Agency Costs..... | \$1,108,298 | \$1,227,410 | \$1,103,238 | \$1,146,192 | (\$81,218) | \$42,954 |
| Less Intra-City..... | <u>\$2,463</u> | <u>\$1,728</u> | <u>\$851</u> | <u>\$851</u> | <u>(\$877)</u> | <u>\$—</u> |
| Net Agency Cost..... | <u>\$1,105,835</u> | <u>\$1,225,682</u> | <u>\$1,102,387</u> | <u>\$1,145,341</u> | <u>(\$80,341)</u> | <u>\$42,954</u> |
| Funding | | | | | | |
| City..... | 558,590 | 633,716 | 584,109 | 617,425 | (16,291) | 33,316 |
| Non-City..... | 547,245 | 591,966 | 518,278 | 527,916 | (64,050) | 9,638 |
| Personnel (includes FTEs at fiscal year-end) | | | | | | |
| City..... | 1,759 | 2,192 | 2,149 | 2,307 | 115 | 158 |
| Non-City..... | <u>100</u> | <u>76</u> | <u>—</u> | <u>—</u> | <u>(76)</u> | <u>—</u> |
| Total..... | <u>1,859</u> | <u>2,268</u> | <u>2,149</u> | <u>2,307</u> | <u>39</u> | <u>158</u> |

Programmatic Review and Service Impact

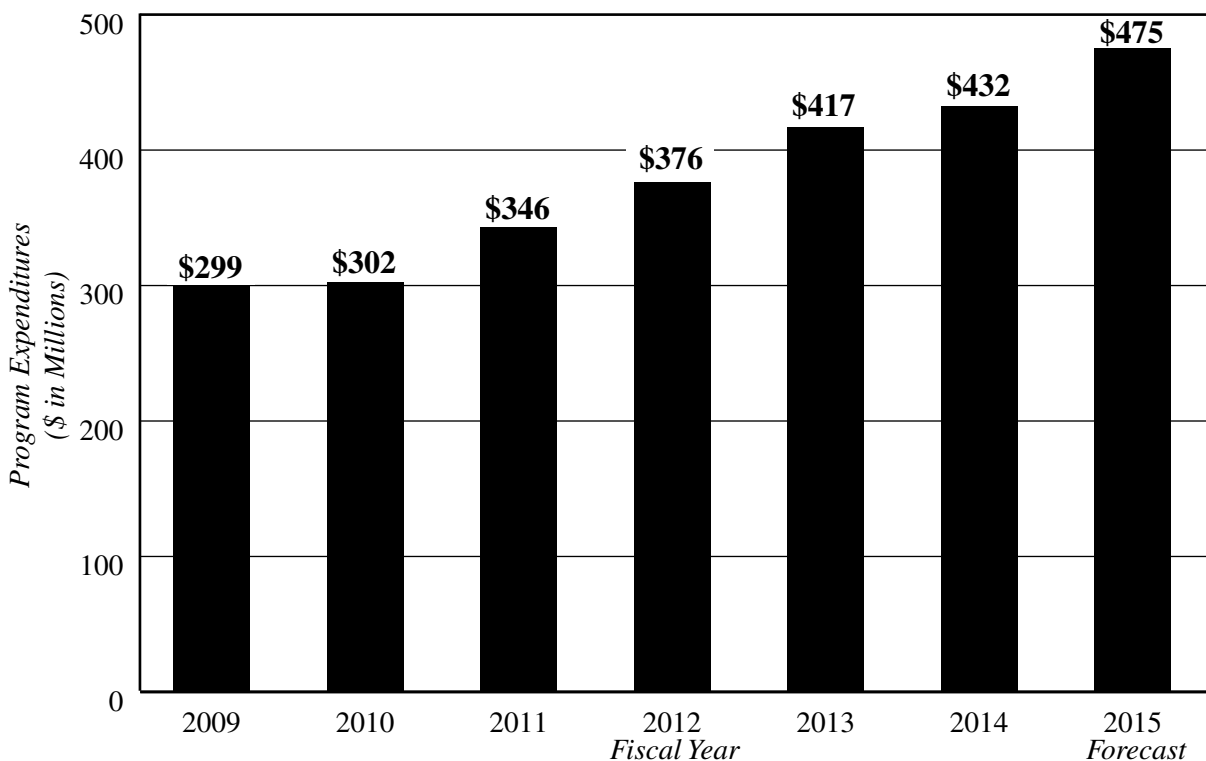
Adult Services

The Department provides a variety of services for homeless adults, including the single adult shelter system; the adult family shelter system; 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 2015, the average daily census in single adult shelters was 11,861.

In 2015 the Department implemented several initiatives aimed at assisting homeless adults in finding permanent housing solutions, including a pilot diversion program at the Single Adult Intake Center. Adult Services will continue to promote new rental assistance programs for seniors and working single adults, having successfully transitioned over 700 clients to permanency since launching these targeted programs in mid-December. In 2016, the Department will continue to partner with the Department of Social Services to connect single adults in shelter to employment opportunities, including private market subsidized jobs, so that they can transition to permanent housing.

The Department also maintains a commitment to robust programming and increasing permanency options for individuals living on the streets. The Department has increased its investment in safe havens and stabilizations beds and began 2015 with 673 safe haven beds and 326 stabilization beds as well as 5 drop-in centers. In 2016 the Department will add 2 drop-in centers and increase capacity to a total of 1,400 safe haven and stabilization beds by 2018. In March 2015, an average of 668 clients were served each day in safe havens and 520 in drop-in centers.

HOMELESS INDIVIDUALS - PROGRAM EXPENDITURES: 2009-2015*



* Excludes Advantage expenditures

Family Services

The Department serves homeless families with children through a network of over 150 facilities that provide transitional housing and supportive services designed to maximize family stability and help families move back to the community as quickly as possible. In March 2015, the average daily shelter census of families with children was 11,850, while the average daily shelter census for families without children was 2,165.

The Department continues to ensure that clients access all supports available to help them achieve self-sufficiency. Clients 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, tax credits and work supports.

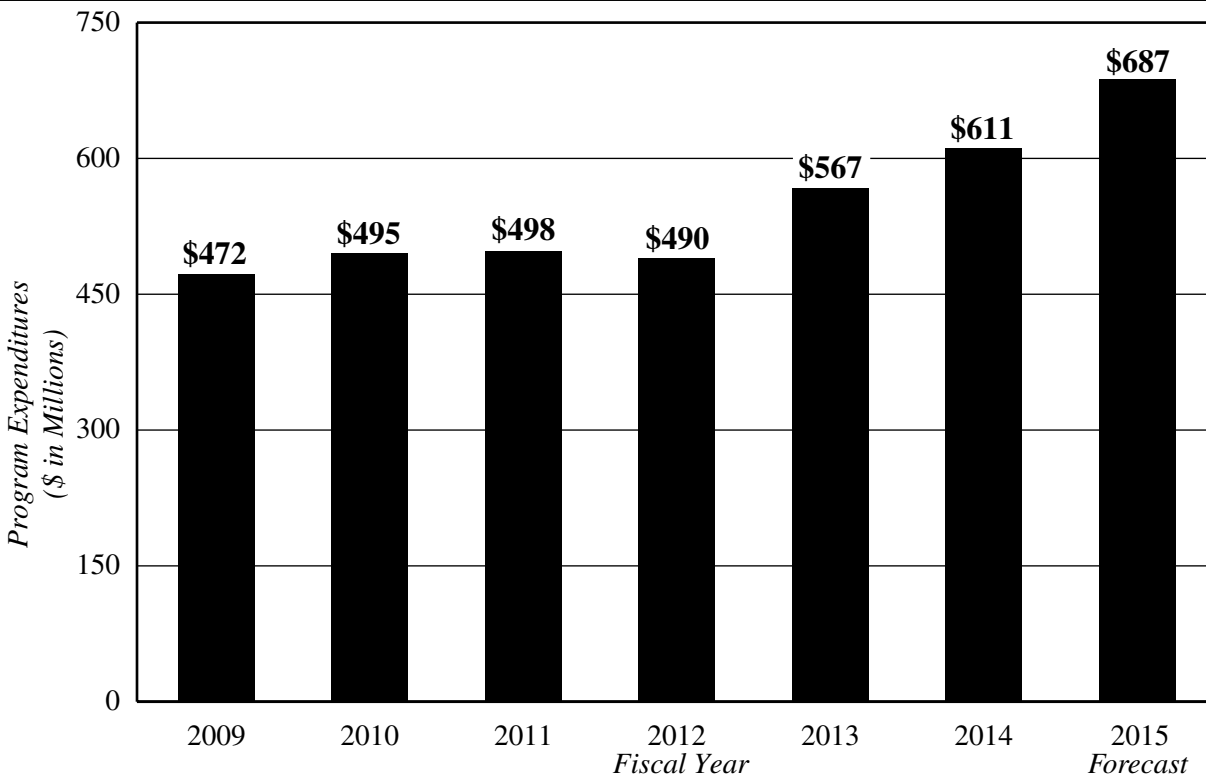
In December 2014 the Department hired social workers as part of a Safety First Team to assess and engage families with child welfare involvement. These social workers monitor family and child safety and well-being while in shelter, and provide feedback to the Department to inform policy and practice. The team continues to screen, assess, and refer families for enhanced services.

Furthermore, the Department recognized that in order to identify high-risk families, the process needed to begin at intake: the Prevention Assistance and Temporary Housing (PATH) Center in the Bronx. At PATH, each family goes through a comprehensive diversion, intake, and evaluation process.

In 2016 the Department will continue its focus on child well-being, including monitoring school attendance, promoting infant safe sleeping habits, and linking families with children in shelter to early childhood education programs including Universal Pre-Kindergarten. Additionally, the Department will partner with the Department of Health and Mental Hygiene to refer all families in shelter with a new infant to the Newborn Home Visiting Program, anticipated to serve about 1,800 newborns in shelter annually.

Additionally, through an Interagency Coordinating Council on Homelessness, the Department collaborates with other stakeholders to better manage efforts to address the needs of multi-system involved individuals and families in shelter. To this end, with input from the Casey Family Programs, a nationally recognized policy institute committed to the well-being of children, the Department has engaged in conversations with other municipalities across the country to further refine and improve practices.

HOMELESS FAMILIES - PROGRAM EXPENDITURES: 2009-2015*



* Excludes Advantage expenditures

Homelessness Prevention

In 2015, the Department, in collaboration with HRA, launched a multi-pronged homeless housing strategy that involves expanding and more efficiently targeting prevention and aftercare efforts.

In 2016, the Department will continue to provide Homebase services to serve more households in need. The Homebase homelessness prevention program is an evidence-based program, located at 23 store fronts throughout the five boroughs, that serves families and individuals on the brink of homelessness. Homebase also assists families returning from shelter to the community with customized assistance specifically tailored to address each family's unique housing needs. Since its inception in 2004, the program has served over 72,000 families and individuals, and over 90 percent of those served have not entered shelter.

In 2016 the Department will continue its successful public awareness campaign to encourage households at risk of entering shelter and those exiting shelter to the community to reach out to Homebase for help.

In 2016, the Department will partner with the Department of Social Services to launch a pilot prevention rental assistance program modeled after the Family Eviction Prevention Supplement (FEPS). This program will provide rental assistance to 1,000 families in shelter or at risk of homelessness.

Rental Assistance

In 2015, the Department rolled out the Living In Communities (LINC) program, which provides rental assistance to families and individuals to help them exit shelter for permanent housing. Since October 2014, 1,865 households, comprised of 4,710 individuals, have exited shelter through one of six LINC programs. In recognition that the needs of each homeless family are unique, the LINC program provides targeted services and aftercare to each population.

In 2016, the Department will leverage new funding included in the Enacted SFY 2015-16 State Budget that caps the local share of housing juveniles in State-operated facilities, and reinvest those savings to continue to provide rental assistance through these innovative strategies.

Capital Review

The Ten-Year Capital Strategy for 2016-2025 totals \$212 million, including \$76.8 million for homeless family facilities, \$107.7 million for single adult facilities, \$18.2 million for computer systems and equipment purchases, and \$9.2 million in City Council and Borough President items. The table below reflects capital commitments by program area over the 2015-2019 period.

Capital Commitments

(\$ in 000's)

| | 2014 Actual | | 2015 Plan | | 2016 Plan | | 2017 Plan | | 2018 Plan | | 2019 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..... | \$4,326 | \$4,326 | \$6,555 | \$6,555 | \$6,760 | \$6,760 | \$3,000 | \$3,000 | \$6,693 | \$6,693 | \$5,920 | \$5,920 |
| Homeless Individuals..... | 12,481 | 12,481 | 10,018 | 10,245 | 28,805 | 28,805 | 8,609 | 8,609 | 8,569 | 8,569 | 8,103 | 8,103 |
| Equipment and Vehicles..... | 0 | 0 | 39 | 39 | 0 | 0 | 82 | 82 | 0 | 0 | 0 | 0 |
| Information Technology | 4,132 | 4,132 | 8,234 | 8,234 | 1,084 | 1,084 | 94 | 94 | 1,967 | 1,967 | 3,318 | 3,318 |
| Total | <u>\$20,939</u> | <u>\$20,939</u> | <u>\$24,846</u> | <u>\$25,073</u> | <u>\$36,649</u> | <u>\$36,649</u> | <u>\$11,785</u> | <u>\$11,785</u> | <u>\$17,229</u> | <u>\$17,229</u> | <u>\$17,341</u> | <u>\$17,341</u> |

Highlights of the Ten-Year Capital Plan

- exterior and interior building upgrades at shelter facilities for homeless adults, including the design and installation of elevators at Bellevue Men's Shelter (\$5.5 million), bathroom upgrades at Auburn Residence (\$9.7 million), and the roof replacement at Pamoja House (\$1.9 million).
- exterior and interior building upgrades at shelter facilities for homeless families, including various roof replacements, façade restorations, window replacements and fire alarm upgrades.

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 senior centers, home delivered meals, case management services, homecare services, transportation services, caregiver services, employment counseling and placement for older New Yorkers and an array of social and legal services. DFTA serves as an advocate for the City's elderly population through legislative activity and public policy initiatives.

Financial Review

The Department's 2016 Executive Budget provides for operating expenses of \$269 million, of which \$160 million are City funds. Capital commitments of \$47.4 million are also provided.

Expense Budget Highlights

Budgetary Priorities: Providing Core Services

- \$810,000 in 2016 and \$1.4 million in 2017 and beyond will enhance mental health services for seniors by providing a social worker at the 20 largest senior centers, which serve at least 100 seniors a day. Social workers at senior centers will work to coordinate appropriate behavioral health, psychiatric, and medical treatment to treat illnesses such as depression, anxiety, and bi-polar disorder.
- in 2016, \$1.8 million will increase funding for home delivered meals by 5 percent. This is projected to meet an increase in demand to 4.9 million meals served to 19,000 seniors annually, up from 4.6 million meals currently served to 18,400 seniors.
- in 2016, DFTA will assume responsibility for operating 17 formerly NYCHA-operated senior centers. This is in addition to 74 senior centers DFTA already operates in public housing developments.

Budgetary Priorities: Restructuring and Streamlining

- DFTA will reduce telecommunications costs by \$500,000 annually by converting telephone services to Voice Over Internet Protocol (VOIP).

Summary of Agency Financial Data

The following table compares the 2016 Executive Budget with the 2016 Preliminary Budget, the 2015 forecast and actual expenditures for 2014, including costs budgeted centrally for fringe benefits, pensions, and debt service.

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

(\$ in 000 \$)

| | | | 2016 | | Increase/(Decrease) | |
|---|------------------|------------------|-----------------------|---------------------|---------------------|-------------------------------|
| | 2014 Actual | 2015 Forecast | Preliminary Budget | Executive Budget | 2015 Forecast | 2016 Preliminary Budget |
| Expenditures | | | | | | |
| Salary and Wages..... | \$22,181 | \$25,281 | \$25,498 | \$25,565 | \$284 | \$67 |
| Fringe Benefits..... | — | — | — | — | — | — |
| OTPS..... | 241,696 | 266,398 | 231,848 | 243,657 | (22,741) | 11,809 |
| Total..... | <u>\$263,877</u> | <u>\$291,679</u> | <u>\$257,346</u> | <u>\$269,222</u> | <u>(\$22,457)</u> | <u>\$11,876</u> |
| Funding | | | | | | |
| City..... | \$152,310 | \$178,060 | \$148,267 | \$160,143 | (\$17,917) | \$11,876 |
| Other Categorical Grants..... | — | — | — | — | — | — |
| IFA..... | — | — | — | — | — | — |
| State..... | 37,392 | 37,393 | 37,164 | 37,164 | (229) | — |
| Federal CD..... | 1,715 | 2,241 | 2,239 | 2,239 | (2) | — |
| Federal Other..... | 69,959 | 71,834 | 69,356 | 69,356 | (2,478) | — |
| Intra-City Other..... | 2,501 | 2,151 | 320 | 320 | (1,831) | — |
| Total..... | <u>\$263,877</u> | <u>\$291,679</u> | <u>\$257,346</u> | <u>\$269,222</u> | <u>(\$22,457)</u> | <u>\$11,876</u> |
| Additional Costs Centrally Funded | | | | | | |
| Personal Services (PS)..... | | | | | | |
| Fringe Benefits..... | \$7,270 | \$7,129 | \$7,854 | \$7,659 | \$530 | (\$195) |
| Pensions..... | 4,341 | 3,929 | 4,050 | 3,866 | (63) | (184) |
| Other Than Personal Service (OTPS) | | | | | | |
| Debt Service..... | — | — | — | — | — | — |
| Total Additional Costs..... | <u>\$11,611</u> | <u>\$11,058</u> | <u>\$11,904</u> | <u>\$11,525</u> | <u>\$467</u> | <u>(\$379)</u> |
| Funding | | | | | | |
| City..... | 11,129 | 10,500 | 11,343 | 10,969 | 469 | (374) |
| Non-City..... | 482 | 558 | 561 | 556 | (2) | (5) |
| Full Agency Costs (including Central Accounts) | | | | | | |
| Salary and Wages..... | \$22,181 | \$25,281 | \$25,498 | \$25,565 | \$284 | \$67 |
| Fringe Benefits..... | 7,270 | 7,129 | 7,854 | 7,659 | 530 | (195) |
| Pensions..... | 4,341 | 3,929 | 4,050 | 3,866 | (63) | (184) |
| Total PS | <u>\$33,792</u> | <u>\$36,339</u> | <u>\$37,402</u> | <u>\$37,090</u> | <u>\$751</u> | <u>(\$312)</u> |
| OTPS..... | \$241,696 | \$266,398 | \$231,848 | \$243,657 | (\$22,741) | \$11,809 |
| Debt Service..... | — | — | — | — | — | — |
| Total OTPS | <u>\$241,696</u> | <u>\$266,398</u> | <u>\$231,848</u> | <u>\$243,657</u> | <u>(\$22,741)</u> | <u>\$11,809</u> |
| Total Agency Costs..... | \$275,488 | \$302,737 | \$269,250 | \$280,747 | (\$21,990) | \$11,497 |
| Less Intra-City..... | <u>\$2,501</u> | <u>\$2,151</u> | <u>\$320</u> | <u>\$320</u> | <u>(\$1,831)</u> | <u>\$—</u> |
| Net Agency Cost..... | <u>\$272,987</u> | <u>\$300,586</u> | <u>\$268,930</u> | <u>\$280,427</u> | <u>(\$20,159)</u> | <u>\$11,497</u> |
| Funding | | | | | | |
| City..... | 163,439 | 188,560 | 159,610 | 171,112 | (17,448) | 11,502 |
| Non-City..... | 109,548 | 112,026 | 109,320 | 109,315 | (2,711) | (5) |
| Personnel (includes FTEs at fiscal year-end) | | | | | | |
| City..... | 57 | 149 | 148 | 148 | (1) | — |
| Non-City..... | <u>603</u> | <u>532</u> | <u>342</u> | <u>322</u> | <u>(210)</u> | <u>(20)</u> |
| Total..... | <u>660</u> | <u>681</u> | <u>490</u> | <u>470</u> | <u>(211)</u> | <u>(20)</u> |

Programmatic Review and Service Impact

Senior Centers

The core of DFTA's service portfolio is a citywide network of 251 senior centers, which offer over 28,000 New Yorkers opportunities for meals, socialization, recreation, and participation in a wide array of activities designed to improve their health and quality of life. Sixteen of the 251 senior centers are Innovative Senior Centers, which provide enhanced programming, robust wellness programs, technology education as well as arts and culture activities. Sixteen ISCs focus on special populations - Lesbian, Gay, Bisexual, Transgender, and Questioning seniors (LGBTQ) and visually impaired seniors. In 2016, about \$115 million is allocated for senior center services.

Case Management, Home Delivered Meals, and Homecare

Case management services connect homebound seniors to resources and benefits so that they may continue to live independently and safely in their homes. Following a case management assessment, eligible seniors may receive home delivered meals, home care, and other benefits or services. Seniors are referred to case management providers from senior centers, meal providers, hospitals and other community-based social service and health care agencies. 20,000 clients are touched by DFTA-funded case management services annually. In 2016, \$23.8 million will support case management services for approximately 20,000 clients. 17,600 of the 20,000 case management clients benefit from home-delivered meals services five days a week each year, and about 2,400 clients benefit from homecare services annually.

DFTA has 224 contracts citywide for home delivered meals, which offer seniors the option of frozen or hot meal deliveries. DFTA serves approximately 4.6 million home delivered meals to 18,400 seniors annually. In 2016, an additional \$1.8 million will bring the total budget for home delivered meals to \$31.2 million to provide 4.9 million meals for 19,000 seniors annually. In 2016 Homecare funding totals \$17.8 million.

Senior Employment and Foster Grandparent Services

DFTA addresses the employment needs and skills of older New Yorkers through its Senior Community Service Employment Program. This \$4.4 million program will provide part-time on-the-job training to over 600 low income participants. 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 Foster Grandparent program is a volunteer based program enlisting approximately 400 seniors each year to work as mentors and tutors for at risk or troubled children and youth. Foster grandparents work in hospitals, day care programs, schools, and afterschool programs. In 2016, \$2 million is provided for the Foster grandparent program.

Naturally Occurring Retirement Communities

Naturally Occurring Retirement Communities (NORCs) are on-site collaborations among housing entities, social service providers, and healthcare networks to provide supportive services for senior residents to help them remain independent and safe in their own homes. The Department provides \$6.5 million to 28 NORC programs for over 11,000 residents in the Bronx, Brooklyn, Manhattan, and Queens. NORC services include case assistance, transportation, health promotion, education and recreation, and nursing services.

Transportation Services

DFTA's independent transportation program aims to serve seniors who are unable to travel or access public transportation from becoming socially isolated and/or declining physically by assisting them in getting to and from places they need to go in their communities. Moreover, DFTA's transportation services program also

offers group transportation to enhance community engagement for seniors by offering recreational, social and educational trips. Each year, DFTA's transportation program provides 250,000 one-way trips per person citywide and is funded at \$4.7 million.

Caregiver Services

DFTA funds caregiver programs City wide that offer support and respite for caregivers. Services include group and individual respite, case assistance, counseling, outreach and information, supplemental services. Caregiver services total \$3.9 million annually.

Capital Review

The Department's Ten-Year Capital Strategy for 2016-2025 totals \$47.4 million. The Ten-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 2015-2019 timeframe.

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

| | 2014 Actual | | 2015 Plan | | 2016 Plan | | 2017 Plan | | 2018 Plan | | 2019 Plan | |
|--|----------------|----------------|----------------|----------------|----------------|----------------|-----------------|-----------------|----------------|----------------|----------------|----------------|
| | City Funds | All Funds | City Funds | All Funds | City Funds | All Funds | City Funds | All Funds | City Funds | All Funds | City Funds | All Funds |
| Elec. Data Processing | \$1,019 | \$1,019 | \$147 | \$147 | \$2,434 | \$2,434 | \$6,673 | \$6,673 | \$4,660 | \$4,660 | \$5,016 | \$5,016 |
| Building Renovations and Vehicles | 4,517 | 4,510 | 4,027 | 4,027 | 5,757 | 5,757 | 4,437 | 4,437 | 4,763 | 4,763 | 3,792 | 3,792 |
| Total | <u>\$5,536</u> | <u>\$5,529</u> | <u>\$4,174</u> | <u>\$4,174</u> | <u>\$8,191</u> | <u>\$8,191</u> | <u>\$11,110</u> | <u>\$11,110</u> | <u>\$9,423</u> | <u>\$9,423</u> | <u>\$8,808</u> | <u>\$8,808</u> |

Highlights of the Ten Year Capital Plan

- infrastructure improvements to the City's senior center network and repairs to existing facilities (\$27.9 million).
- technology upgrades and equipment purchases (\$16.7million).

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 developmental delays and 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 and to reduce health inequities between New York City neighborhoods.

The Department will continue to target its public health activities towards those communities that bear a disproportionate share of physical and mental illness and premature death, relying on evidence-based and evidence-informed programs and interventions. The Department will pursue active engagement with communities, their organizations, institutions and members, to continue to tackle the leading causes of death and disability. New initiatives in 2016 include expanding health and mental health services and screenings to individuals who interact with the criminal justice system; enhancing the Department's focus on children and youth through an annual child health survey and campaign on language development; and increasing the Department's capacity to interact and conduct cross-sectorial work at the community level in order to promote and foster joint community health planning.

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 2016 Executive Budget provides for operating expenses of \$1.5 billion, of which \$708 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 \$98.3 million are also provided to fund agency initiatives.

Revenue Forecast

The Department generates revenue from licenses, permits, inspection and service fees. In 2016, the Department will generate \$32.1 million in revenue from these sources and a one-time \$28.0 million reimbursement from the prior year tax levy funding from the Early Intervention Program for a total of \$60.1 million.

Expense Budget Highlights

Budgetary Priorities: Providing Core Services

- \$5.5 million will expand school health services in all Renewal and Community Schools, including vision screening, asthma case management and reproductive health services.
- \$1.2 million for planning, siting, and scope development will create a vision for full service animal shelters in the Bronx and Queens.
- \$2.3 million to expand the Newborn Home Visiting Program to all mothers with infants in the homeless shelter system.
- \$1.7 million will provide mental health and substance abuse programming for youth and adolescents at Rikers.
- \$1.1 million for coordination, implementation, and evaluation of citywide mental health initiatives.

- \$3 million to reduce rat populations by targeting “rat reservoirs” in parks, sewers, and sidewalks citywide.
- \$2 million to expand anti-smoking efforts through new media campaigns and nicotine replacement therapy to stem the growth in smoking among certain segments.
- \$2.2 million to expand treatment options, disease surveillance, and awareness campaigns related to hepatitis and sexually transmitted diseases.
- \$1.3 million to combat opioid addiction through the purchase of lifesaving overdose-reversing drugs.
- \$0.6 million to expand the Breastfeeding Hospital Collaborative to all 40 maternity hospitals in the City to emphasize the health benefits of breastfeeding for both mother and child.

Summary of Agency Financial Data

The following table compares the 2016 Executive Budget with the 2016 Preliminary Budget, the 2015 forecast and actual expenditures for 2014, including costs budgeted centrally for fringe benefits, pensions and debt service.

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

(\$ in 000 \$)

| | | | 2016 | | Increase/(Decrease) | |
|---|--------------------|--------------------|--------------------|--------------------|---------------------|-------------------|
| | 2014 | 2015 | Preliminary | Executive | 2015 | 2016 |
| | Actual | Forecast | Budget | Budget | Forecast | Preliminary |
| | | | | | | Budget |
| Expenditures | | | | | | |
| Salary and Wages..... | \$364,461 | \$392,953 | \$384,990 | \$405,625 | \$12,672 | \$20,635 |
| Fringe Benefits..... | 955 | 1,138 | 420 | 270 | (868) | (150) |
| Medical Assistance..... | 89 | 1 | — | — | (1) | — |
| Other OTPS..... | 1,057,680 | 1,152,115 | 1,062,060 | 1,074,927 | (77,188) | 12,867 |
| Total..... | <u>\$1,423,185</u> | <u>\$1,546,207</u> | <u>\$1,447,470</u> | <u>\$1,480,822</u> | <u>(\$65,385)</u> | <u>\$33,352</u> |
| Funding | | | | | | |
| City..... | \$641,550 | \$688,656 | \$692,603 | \$708,376 | \$19,720 | \$15,773 |
| Other Categorical Grants..... | 1,611 | 3,095 | 1,244 | 1,244 | (1,851) | — |
| IFA..... | — | — | — | — | — | — |
| State..... | 470,552 | 488,782 | 467,301 | 480,842 | (7,940) | 13,541 |
| Federal CD..... | 1 | — | — | — | — | — |
| Federal Other..... | 293,258 | 344,062 | 283,349 | 288,171 | (55,891) | 4,822 |
| Intra-City Other..... | 16,213 | 21,612 | 2,973 | 2,189 | (19,423) | (784) |
| Total..... | <u>\$1,423,185</u> | <u>\$1,546,207</u> | <u>\$1,447,470</u> | <u>\$1,480,822</u> | <u>(\$65,385)</u> | <u>\$33,352</u> |
| Additional Costs Centrally Funded | | | | | | |
| Personal Services (PS)..... | | | | | | |
| Fringe Benefits..... | \$124,955 | \$123,593 | \$133,072 | \$131,488 | \$7,895 | (\$1,584) |
| Pensions..... | 68,272 | 64,637 | 66,727 | 63,695 | (942) | (3,032) |
| Other Than Personal Service (OTPS) | | | | | | |
| Debt Service..... | 44,921 | 51,769 | 60,611 | 55,092 | 3,323 | (5,519) |
| Total Additional Costs..... | <u>\$238,148</u> | <u>\$239,999</u> | <u>\$260,410</u> | <u>\$250,275</u> | <u>\$10,276</u> | <u>(\$10,135)</u> |
| Funding | | | | | | |
| City..... | 209,156 | 209,911 | 229,377 | 219,320 | 9,409 | (10,057) |
| Non-City..... | 28,992 | 30,088 | 31,033 | 30,955 | 867 | (78) |
| Full Agency Costs (including Central Accounts) | | | | | | |
| Salary and Wages..... | \$364,461 | \$392,953 | \$384,990 | \$405,625 | \$12,672 | \$20,635 |
| Fringe Benefits..... | 125,910 | 124,731 | 133,492 | 131,758 | 7,027 | (1,734) |
| Pensions..... | 68,272 | 64,637 | 66,727 | 63,695 | (942) | (3,032) |
| Total PS | <u>\$558,643</u> | <u>\$582,321</u> | <u>\$585,209</u> | <u>\$601,078</u> | <u>\$18,757</u> | <u>\$15,869</u> |
| Medical Assistance..... | \$89 | \$1 | \$— | \$— | (\$1) | \$— |
| Other OTPS..... | 1,057,680 | 1,152,115 | 1,062,060 | 1,074,927 | (77,188) | 12,867 |
| Debt Service..... | 44,921 | 51,769 | 60,611 | 55,092 | 3,323 | (5,519) |
| Total OTPS | <u>\$1,102,690</u> | <u>\$1,203,885</u> | <u>\$1,122,671</u> | <u>\$1,130,019</u> | <u>(\$73,866)</u> | <u>\$7,348</u> |
| Total Agency Costs..... | \$1,661,333 | \$1,786,206 | \$1,707,880 | \$1,731,097 | (\$55,109) | \$23,217 |
| Less Intra-City..... | <u>\$16,213</u> | <u>\$21,612</u> | <u>\$2,973</u> | <u>\$2,189</u> | <u>(\$19,423)</u> | <u>(\$784)</u> |
| Net Agency Cost..... | <u>\$1,645,120</u> | <u>\$1,764,594</u> | <u>\$1,704,907</u> | <u>\$1,728,908</u> | <u>(\$35,686)</u> | <u>\$24,001</u> |
| Funding | | | | | | |
| City..... | 850,706 | 898,567 | 921,980 | 927,696 | 29,129 | 5,716 |
| Non-City..... | 794,414 | 866,027 | 782,927 | 801,212 | (64,815) | 18,285 |
| Personnel (includes FTEs at fiscal year-end) | | | | | | |
| City..... | 4,148 | 4,679 | 4,658 | 4,873 | 194 | 215 |
| Non-City..... | 1,362 | 1,705 | 1,425 | 1,445 | (260) | 20 |
| Total..... | <u>5,510</u> | <u>6,384</u> | <u>6,083</u> | <u>6,318</u> | <u>(66)</u> | <u>235</u> |

Programmatic Review and Service Impact

Take Care New York (TCNY) is a comprehensive health policy for New York City laying out the Department's plans to address the leading causes of preventable illness and death in New York City, with measurable goals. Take Care New York's overarching goals are to:

- Reduce health disparities and promote health equity.
- Advance health promoting policies and activities.
- Create, sustain, and strengthen collaborations with partners.

The Department first launched TCNY in 2004, and surpassed its 2008 goals in four of the priority areas and made significant progress in three others. In 2009, the Department launched TCNY 2012 to build on those successes. In five years, the Department made progress or surpassed goals in all 10 of its priority areas. The Department is currently developing its new iteration of Take Care New York, which will focus on the reduction of health disparities in the city's highest-need communities, partnership and community engagement, and with particular attention to the health of New York City's children and youth. The Department continues to work strategically with its more than 600 partners to develop and implement initiatives to help address these challenges.

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 is involved in planning, and provides funding and oversight to mental health, developmental disabilities, and alcohol and drug abuse prevention services. Hundreds of thousands of consumers are served annually through contracts and agreements with community-based provider agencies, hospitals and other City agencies. Key activities include, but are not limited to, continued implementation of supportive housing through the New York-New York III initiative, improved care coordination for individuals with serious mental illness and children with serious emotional challenges, addressing the emerging problem of prescription opioid misuse, and planning for the transition of Medicaid behavioral health services to managed care.

Mental Health

The Department is responsible for protecting and promoting the mental health of all New Yorkers and for mental health service delivery and planning for New York City residents. Through contracting directly with New York City service providers, the Division manages the development, implementation, and oversight of the delivery of treatment, housing, crisis, advocacy, care coordination, and mental health rehabilitation services. The Department also administers the Assisted Outpatient Treatment program (mandated by Kendra's law). For children and their families, the Department provides oversight to a continuum of mental health services including prevention, mental health promotion, treatment, case management, crisis, family support, and school-based mental health services. Through these contracted programs and through its policy, planning and advocacy work, the Department seeks to facilitate access, improve the quality of care, and promote resilience and recovery for New Yorkers with mental illness.

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 to prevent the problems of opioid addiction and overdose through its naloxone distribution program, expansion of effective treatment of opioid addiction, and educating prescribers and the public. Through its work with contracted programs and stakeholders, and policy and planning work, the Department seeks to improve care and treatment of people with substance use disorders (addiction) in a continuum of settings: community, primary care, specialty (addiction) care, and harm reduction.

Developmental Disabilities

The Department oversees locally contracted services supporting the needs of children and adults with intellectual disabilities, autism spectrum disorders, cerebral palsy, epilepsy and other developmental disabilities. Contracted programs provide recreation, afterschool, respite and other family support services, as well as clinic and employment support services.

Public Health Services

Center for Healthy Equity

To strengthen and expand the NYC Department of Health and Mental Hygiene's efforts to ensure all New York City residents have equitable access to opportunities to achieve their full health potential, the Center for Health Equity (CHE) will work in collaboration with community-based partners to build on work the District Public Health Offices and others have pursued over the years. CHE will focus on these key areas: Fostering inter-agency and multi-sectorial coordination to plan and implement solutions that address the root causes of health inequities in NYC neighborhoods (place-based); ensure meaningful community engagement by fostering partnerships and valuing community expertise; and build organizational capacity to strengthen the agency's ability to advance health equity.

Since 2002, the District Public Health Offices (DPHO) have worked to promote health equity and reduce health disparities across New York City by targeting resources, programs, and attention to high-need neighborhoods in the South Bronx, East and Central Harlem, and North and Central Brooklyn, focusing on public health priorities, such as obesity, asthma and teen pregnancy.

CHE's Office of Faith Based Initiatives (OFBIs) leads the Department's city-wide effort to incorporate Faith-Based Organizations (FBOs) into its programming, planning and advocacy efforts. As one of CHE's Neighborhood Based approaches, OFBI aims to create sustainable partnerships within the faith community to better coordinate a neighborhood response that aims to address health inequities in New York City.

The Neighborhood Health Hubs provide physical space for co-location of City Agencies, community-based organizations (CBOs), and service providers. This work will move beyond current models of collaboration to ensure improved coordination and cross-sectorial work while fostering collective action among organizations that operate out of the building, along with community residents, through joint community health planning.

The Shop Healthy initiative seeks to translate healthy eating work to meaningful practice. This includes partnering with other agencies and organizations that conduct food retail work to align our work, having a stronger voice when working with food distributors, and measuring the impact of the work across the city. Shop healthy is aligning itself to be a convener of organizations working in the food retail world.

The Harlem Health Advocacy Partners initiative is building the capacity of residents to seek and create healthy conditions and acceptable services through advocacy to government and other stakeholders.

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 disease outbreaks.

HIV/AIDS Prevention and Control remains a critical focus of the Department. Increasing HIV testing among New Yorkers, linking and retaining HIV/AIDS patients in care, and providing combination prevention methods through condom distribution and access to biomedical prevention options remain priorities of the Department and are in alignment with Governor Cuomo's plan to end the epidemic in New York. As part of the citywide New York Knows initiative, the Department works to provide a voluntary HIV test to every New York City resident that has not been tested, make HIV testing a routine part of health care, identify the undiagnosed and link them to

care, and connect those that test negative to prevention services. The Department is focusing on a combination of prevention services, continuing to provide condoms citywide with emphasis placed on communities that carry the heaviest burden of HIV while also promoting biomedical prevention methods, including pre- and post-exposure prophylaxis. For New York City residents living with HIV, the Health Department works to link and retain them in care, with the ultimate goal of viral suppression. Finally, the Department continues to focus on populations with disproportionate rates of HIV infection through a wide range of education, outreach, and prevention strategies. New initiatives in 2016 include enhanced work to improve the quality of HIV care in NYC, focus on opportunities to improve HIV related mortality, and the establishment of networks of preventive services that weave together clinic care and community based mobilization.

Sexually Transmitted Disease Control provides testing and treatment services to curtail the spread of infections, conducts partner notification to assure timely treatment of sex partners, supports outreach activities and targeted screening through community-based organizations, and conducts provider training. The Department's clinics also screen for alcohol and substance abuse and provide a brief intervention that has been shown to reduce the incidence of subsequent sexually transmitted infections. STD clinics now offer HIV post-exposure prophylaxis starter packs to people who have had a sexual exposure that carries a high risk of HIV; these patients are then linked to established, high-performing providers to complete their course of medications and to be evaluated for HIV pre-exposure prophylaxis.

The Bureau of Tuberculosis Control provides direct patient care, education, surveillance, medical consultation, and outreach to reduce the incidence of tuberculosis (TB). All NYC TB cases and their contacts are case managed by the Bureau throughout their course of treatment. While TB case rates in NYC are at a historic low, the burden of disease disproportionately affects foreign-born individuals. In 2016, the Bureau is increasing its collaborative efforts with medical providers and communities to raise awareness, maintain vigilance, and reduce disparity. Further, the Bureau is expanding the use of the latest technology in TB testing and diagnosis and using innovative approaches to provide treatment services to patients, such as observing therapy through video conferencing technology.

The Department continues with its plans to renovate the Public Health Laboratory (PHL), which supports day-to-day public health needs of the City and responds to emergency events that may endanger the public health more broadly. PHL is applying for federal grants and is working with academic partners to modernize its technology and staff skills to perform advanced detection of infectious diseases.

The Bureau of Immunization conducts activities to promote the vaccination of all New Yorkers and prevent the occurrence and transmission of vaccine-preventable diseases. Key activities include vaccine distribution, clinical services, provider outreach and support, public communication, monitoring immunization coverage, surveillance of vaccine-preventable diseases, and outbreak response to prevent or control the spread of disease. In 2016, the Bureau will continue to promote the influenza vaccination requirement in daycares and pre-kindergarten and work to increase coverage with HPV vaccine, which remains underutilized. As a new initiative, the Bureau will deploy a secure internet-based portal, allowing parents/guardians access to official reports of their children's immunization records.

The Bureau of Communicable Diseases tracks, investigates, and educates the public and healthcare providers on high priority infectious diseases, including those transmitted person to person or by contaminated food or water, animal contact, bioterrorism and other routes. In 2016, a major priority is hepatitis C, which infects an estimated 146,000 New Yorkers. The Bureau is working to improve tracking of epidemics, promote testing, educate providers and patients, and promote new models of linking newly diagnosed patients to treatment.

Environmental Health Services

The Department's Division of Environmental Health Services (EHS) assesses, investigates, and acts on a wide range of environmental concerns to protect the health of New Yorkers. EHS conducts surveillance of environmental-related disease; assesses risk from exposure to potential environmental and occupational hazards; inspects child care facilities, restaurants, mobile food carts and other permitted entities to protect the public,

children and diners from safety and health hazards. EHS responds to complaints and provides extensive data and education to stakeholders throughout the City to understand the risks from environmental exposures and promote actions and policies to improve the City's air quality, maintain safe drinking and recreational water, control mosquitoes and rats, and promote housing quality. In 2015, the City had record low numbers of children that were lead poisoned, the highest proportion of restaurants posting A grades yet (92 percent), and dramatic improvements in outdoor air quality – enough to save nearly 800 lives each year. The municipal animal shelters were funded at record levels, contributing to the highest ever live release and lowest euthanasia rates since the shelters began collecting statistics.

The 2016 budget reflects continued commitment to these and other initiatives. As part of the Mayor's expansion of Universal Pre-K, the Department will permit and inspect an additional eighty classrooms and offer case management services to poor performing child care providers as part of a quality improvement project. The City will increase funding to Animal Care and Control of NYC, allowing it to hire development staff. In the restaurant grading and other regulatory programs, the Department will create new easy-to-read guides in multiple languages to help small businesses comply with agency regulations. Expanded outreach to community groups about the wealth of information available on the user-friendly NYC Environment and Health Data Portal will support ongoing advocacy to eradicate health disparities across our City.

Emergency Preparedness and Response

The Department seeks to promote its ability, and the City's ability, to prevent, prepare for, respond to, and recover from health emergencies. Funded primarily by Federal grants, the sum of which has been steadily declining since 2006, the Department's Office of Emergency Preparedness and Response (OEPR) is currently activated in response to Ebola and continues to engage external stakeholders and implement corrective actions as identified after Superstorm Sandy. The Department needed to build the City's capacity to stand up a post-emergency canvassing operation and strengthen the capacity of the healthcare system, including hospitals, nursing homes and adult care facilities, in order to effectively respond to emergencies in a manner that promotes safety and continuity of care for some of the most vulnerable New Yorkers. Additionally, the Department continues to build its capacity to rapidly distribute lifesaving medication to all New Yorkers as may be necessary in certain public health emergencies. This includes the successful completion of the largest known full scale exercise of its kind in August 2014, which simulated the delivery of medication and deployment of hundreds of City staff to 30 Points of Dispensing (known as PODs) that would be used to distribute medication in an actual emergency, such as an anthrax attack.

Epidemiology

The Division of Epidemiology provides epidemiologic information, support and training to inform policy and program decision-making, monitor health conditions, and improve delivery of public health services in New York City. Key activities in the Division include:

- Systematic collection, analysis, and dissemination of data on health issues citywide and among special populations and provision of training and support for specialized analyses and targeted studies;
- Registration, processing and analysis of all vital events in New York City, including births, deaths, and spontaneous and induced terminations of pregnancy;
- Enhancement of public health knowledge and skills of public health staff, students and trainees through in-person and e-learning courses, internships and lecture series;
- Education of healthcare providers in New York City and training of medical students and clinical residents to improve public health knowledge and skills; and
- Establishment and maintenance of the World Trade Center Health Registry - a cohort of more than 71,000 people directly exposed to the WTC disaster - to identify and track the long-term physical and mental health effects and unmet health needs of 9/11.

In the coming year, the Division of Epidemiology will work in collaboration with other programs within the Department to complete the development and evaluation of an electronic health record-based surveillance system for chronic diseases (NYC MacroScope); conduct the Wave 4 follow-up survey of the World Trade Center Health Registry enrollees; develop infrastructure for child health surveillance through two approaches - linkage of administrative data and a routine child health survey; and advance the development of eVital, the agency's new electronic vital events reporting system.

Family and Child Health

The NYC Department of Health and Mental Hygiene's Division of Family and Child Health (DFCH) is charged with the creation and oversight of programs, policies, services, and environments that support physical and socio-emotional health, and promote primary and reproductive health services, health equity, social justice, safety and well-being for New York City families and children. The Division is comprised of the Bureau of Maternal Infant and Reproductive Health, the Office of School Health, Administration and the Bureau of Early Intervention.

The vision of the Division of Family and Child Health is that every child, woman and family in New York City is empowered to reach their full health and developmental potential. To advance this vision, the Division implements evidence-informed programs, services and policies, and conducts innovative research and ongoing surveillance to achieve equitable and improved maternal, infant and reproductive health outcomes; assure that young children with developmental delays or disabilities receive the family-centered Early Intervention services needed and assure that schoolchildren are healthy and ready to learn every day.

As part of its focus on improving maternal, infant and reproductive health, the Department continues to work with City hospitals to implement evidence-based principles to increase breastfeeding initiation, duration and exclusivity. In 2016, the Department will expand its Newborn Home Visiting Program to include all mothers in homeless shelters.

The Department maintains its multifaceted approach to reduce unintended pregnancy, including working with health care facilities to increase the number of adolescents receiving high quality reproductive health services via the School-Based Health Center Reproductive Health Project and the Connecting Adolescents to Comprehensive Healthcare (CATCH) program, which provide critical reproductive health services to high school students.

The Early Intervention (EI) program identifies and serves children from birth to age three with developmental delays or disabilities and supports families to manage their children's needs and support their development. The Department coordinates the development of each family's individualized service plan and authorizes all EI services to more than 30,000 children and their families annually.

Prevention and Primary Care

The Department's Division of Prevention and Primary Care (PPC) works to advance population health through supporting access to high quality health services and introducing innovative system changes that promote disease prevention and control in New York City. Division initiatives include a diverse portfolio of cutting-edge policy and programming activities such as posting calorie counts and implementing new strategies to protect New Yorkers from secondhand smoke, conducting electronic health record implementation and clinical quality care improvement with over 16,000 medical providers with a focus on underserved communities, providing Medicaid enrollment assistance and advocacy for overcoming other barriers to health care access, and overseeing the direct provision of medical care for inmates in NYC jails, totaling over 10,000 on any day. This newly formed Division brings its resources and strengths to work collaboratively across the Agency, and with communities and health care systems.

The Primary Care Information Project (PCIP) is committed to improving population health in underserved neighborhoods through health information technology. PCIP is the largest project of its kind nationwide and focuses on assisting health care providers to obtain and use prevention-oriented electronic health records (EHRs), sharing information about health care quality back to providers, and using EHR data to identify areas for further action. PCIP also operates the New York City Regional Electronic Adoption Center for Health (NYC REACH), a ground-breaking project with over 17,000 provider members that offers assistance with practice transformation, quality improvement initiatives, Meaningful Use achievement, revenue cycle management, and data security.

The Bureau of Correctional Health Services (CHS) oversees the provision of health services to approximately 70,000 people who pass through the City's correctional facilities each year. As part of the larger reforms to the NYC criminal justice system, CHS began to implement multiple initiatives in fiscal year 2015, which include enhancing services to patients in the pre-arraignment setting, providing therapeutic responses to incarcerated persons with mental health crises, and expanding discharge planning services and care coordination to incarcerated persons with behavioral and chronic health issues. In addition, with approximately \$6.5 million in funding beginning in the summer of 2014, CHS expanded therapeutic services and staffing in four mental observation units to create the Program for Accelerating Clinical Effectiveness (PACE), which seeks to provide a higher level of care to patients with serious mental illness in the jail system. Furthermore, in early 2015, the Board of Correction eliminated punitive segregation for adolescents, as well as people with mental illness and other medical contraindications, and reduced the maximum amount of time a person can spend in punitive segregation. CHS continues to collaborate with the Department of Correction to implement these important reforms.

The Bureau of Chronic Disease Prevention & Tobacco Control develops and implements public health interventions to increase healthy eating, provide opportunities for active living, and reduce tobacco use. Bureau programs and initiatives reduce the burden of chronic diseases in New York City by addressing the underlying risk factors that lead to obesity, heart disease, cancer, diabetes and stroke. Tobacco control activities include developing and disseminating campaigns to educate New Yorkers; working to include cessation support in health care systems; and protecting NYC residents from second-hand smoke. The Department will continue to support increased access to fruits and vegetables and healthy beverages while educating New Yorkers on the health benefits of reducing consumption of sugary drinks. At the same time, the Department will increase opportunities for physical activity by promoting the incorporation of Active Design elements in to our buildings and communities.

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 1,000 to 2,000 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 and will continue to identify additional victims of the World Trade Center Disaster.

Capital Review

The 2016-2025 Ten-Year Capital Strategy totals \$480.6 million, including \$304.5 million in the 2016-2019 Four-Year Plan. The 2016-2019 Four-Year Plan includes allocations for renovating facilities, new construction, information technology improvements, and the purchase of equipment. The focus of the Department's Ten-Year Capital Strategy (2016-2025) 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 2014-2019 period.

Capital Commitments (\$ in 000's)

| | 2014 Actual | | 2015 Plan | | 2016 Plan | | 2017 Plan | | 2018 Plan | | 2019 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 | 4,547 | 4,547 | 559 | 559 | 1,212 | 1,212 | 535 | 535 | 3,500 | 3,500 | 0 | 0 |
| Information Technology | 10,309 | 11,149 | 8,180 | 10,993 | 13,000 | 17,361 | 3,336 | 3,936 | 1,365 | 1,665 | 2,329 | 3,042 |
| Laboratories | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| OCME | 2,307 | 2,420 | 1,986 | 2,322 | 17,134 | 17,134 | 13,981 | 13,981 | 13,854 | 13,854 | 5,403 | 5,403 |
| Equipment | 7,541 | 7,989 | 46,430 | 47,039 | 40,451 | 43,320 | 20,051 | 20,351 | 0 | 0 | 700 | 1,000 |
| Renovation | 38,318 | 38,318 | 17,530 | 17,530 | 19,116 | 19,317 | 88,058 | 88,058 | 23,834 | 23,834 | 26,992 | 26,992 |
| Total | <u>\$63,022</u> | <u>\$64,423</u> | <u>\$74,685</u> | <u>\$78,443</u> | <u>\$90,913</u> | <u>\$98,344</u> | <u>\$125,961</u> | <u>\$126,861</u> | <u>\$42,553</u> | <u>\$42,853</u> | <u>\$35,424</u> | <u>\$36,437</u> |

Highlights of the 2016 Capital Commitment Plan:

The Department's 2016 Capital Commitment Plan features several important projects, including:

- \$12.9 million for the renovation of various City-owned public health facilities.
- \$3.4 million for the replacement of the Electronic Vital Events Reporting System (EVERS), which is used by over 2,000 facilities for birth, STOP, ITOP and death reporting/disposition processing.

Highlights of the Ten-Year Capital Commitment Plan:

The Department's Ten-Year Capital Commitment Plan (2016-2025) features several important projects, including:

- the renovation of the Public Health Laboratory (\$168.8 million).

- the renovation of various City-owned public health facilities (\$88.1 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 (\$68.1 million).
- the purchase of equipment and vehicles, and upgrades of network/IT infrastructure within the Office of Chief Medical Examiner (\$42.5 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 2016 Executive Budget provides for operating expenses of \$1.8 billion, a decrease of \$177 million from the amount forecasted for 2015. This variance is in part the result of \$154.8 million in Federal grant funding that has not been reflected in 2016.

Capital commitments of \$205.1 million are also provided in 2016. This represents an increase of \$55.6 million from the amount forecasted for 2015. The 2016 forecast is greater because it includes funding for the reconstruction of communications infrastructure damaged by Hurricane Sandy and the anticipated completion of a number of facility projects in 2016.

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 2016, the revenue estimate for the Fire Department is \$87.3 million.

The Department also collects revenue from Emergency Medical Services (EMS) ambulance transports. In 2016, total EMS revenue is projected at \$199.5 million, which is \$25.6 million more than 2015, due to a decline in Medicaid Fee for Service revenue in 2015.

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 2016, in partnership with NYC Service.
- add 60 new tours to achieve ambulance response time reductions, staff dedicated World Trade Center ambulances, and replace tours previously run by Long Island College Hospital (LICH), at a cost of \$14 million.
- hire an additional 149 emergency medical call-takers to address increased call volume in the Emergency Medical Dispatch center, at a cost \$6.7 million.

- provide funding to hire 24 EMS lieutenants in order to improve field supervision of Emergency Medical Technicians and Paramedics, at a cost of \$1.5 million.
- provide 20 additional positions associated with the Bureau of Fire Prevention, at a cost of \$1.3 million.
- supply ambulances with CPAP (continuous positive airway pressure) masks, which can now be deployed in lieu of patient intubation, at a cost of \$0.5 million.

Restructuring and Streamlining

- reduce discretionary uniform overtime by 5% yielding savings of \$2.2 million.

Summary of Agency Financial Data

The following table compares the 2016 Executive Budget with the 2016 Preliminary Budget, the 2015 forecast and actual expenditures for 2014, including costs budgeted centrally for fringe benefits, pensions and debt service.

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

(\$ in 000 \$)

| | | | 2016 | | Increase/(Decrease) | |
|---|--------------------|--------------------|--------------------|--------------------|---------------------|------------------|
| | 2014 | 2015 | Preliminary | Executive | 2015 | 2016 |
| | Actual | Forecast | Budget | Budget | Forecast | Preliminary |
| | | | | | | Budget |
| Expenditures | | | | | | |
| Salary and Wages..... | \$1,646,393 | \$1,676,153 | \$1,621,133 | \$1,622,250 | (\$53,903) | \$1,117 |
| Fringe Benefits..... | 18,960 | 47,449 | 23,050 | 23,070 | (24,379) | 20 |
| OTPS..... | 214,113 | 274,657 | 170,113 | 175,932 | (98,725) | 5,819 |
| Total..... | <u>\$1,879,466</u> | <u>\$1,998,259</u> | <u>\$1,814,296</u> | <u>\$1,821,252</u> | <u>(\$177,007)</u> | <u>\$6,956</u> |
| Funding | | | | | | |
| City..... | \$1,615,875 | \$1,646,187 | \$1,592,586 | \$1,598,923 | (\$47,264) | \$6,337 |
| Other Categorical Grants..... | 173,332 | 174,007 | 199,504 | 200,304 | 26,297 | 800 |
| IFA..... | 390 | 434 | 464 | 534 | 100 | 70 |
| State..... | 2,067 | 2,038 | 1,800 | 1,800 | (238) | — |
| Federal CD..... | 518 | — | — | — | — | — |
| Federal Other..... | 84,657 | 172,425 | 17,662 | 17,662 | (154,763) | — |
| Intra-City Other..... | 2,627 | 3,168 | 2,280 | 2,029 | (1,139) | (251) |
| Total..... | <u>\$1,879,466</u> | <u>\$1,998,259</u> | <u>\$1,814,296</u> | <u>\$1,821,252</u> | <u>(\$177,007)</u> | <u>\$6,956</u> |
| Additional Costs Centrally Funded | | | | | | |
| Personal Services (PS)..... | | | | | | |
| Fringe Benefits..... | \$611,165 | \$607,681 | \$643,934 | \$648,051 | \$40,370 | \$4,117 |
| Pensions..... | 1,073,012 | 1,096,143 | 1,072,941 | 1,122,532 | 26,389 | 49,591 |
| Other Than Personal Service (OTPS) | | | | | | |
| Debt Service..... | 124,744 | 131,014 | 153,195 | 142,599 | 11,585 | (10,596) |
| Total Additional Costs..... | <u>\$1,808,921</u> | <u>\$1,834,838</u> | <u>\$1,870,070</u> | <u>\$1,913,182</u> | <u>\$78,344</u> | <u>\$43,112</u> |
| Funding | | | | | | |
| City..... | 1,762,019 | 1,794,474 | 1,848,445 | 1,870,631 | 76,157 | 43,186 |
| Non-City..... | 46,902 | 40,364 | 42,625 | 42,551 | 2,187 | (74) |
| Full Agency Costs (including Central Accounts) | | | | | | |
| Salary and Wages..... | \$1,646,393 | \$1,676,153 | \$1,621,133 | \$1,622,250 | (\$53,903) | \$1,117 |
| Fringe Benefits..... | 630,125 | 655,130 | 666,984 | 671,121 | 15,991 | 4,137 |
| Pensions..... | 1,073,012 | 1,096,143 | 1,072,941 | 1,122,532 | 26,389 | 49,591 |
| Total PS | <u>\$3,349,530</u> | <u>\$3,427,426</u> | <u>\$3,361,058</u> | <u>\$3,415,903</u> | <u>(\$11,523)</u> | <u>\$54,845</u> |
| OTPS..... | \$214,113 | \$274,657 | \$170,113 | \$175,932 | (\$98,725) | \$5,819 |
| Debt Service..... | 124,744 | 131,014 | 153,195 | 142,599 | 11,585 | (10,596) |
| Total OTPS | <u>\$338,857</u> | <u>\$405,671</u> | <u>\$323,308</u> | <u>\$318,531</u> | <u>(\$87,140)</u> | <u>(\$4,777)</u> |
| Total Agency Costs..... | \$3,688,387 | \$3,833,097 | \$3,684,366 | \$3,734,434 | (\$98,663) | \$50,068 |
| Less Intra-City..... | <u>\$2,627</u> | <u>\$3,168</u> | <u>\$2,280</u> | <u>\$2,029</u> | <u>(\$1,139)</u> | <u>(\$251)</u> |
| Net Agency Cost..... | <u>\$3,685,760</u> | <u>\$3,829,929</u> | <u>\$3,682,086</u> | <u>\$3,732,405</u> | <u>(\$97,524)</u> | <u>\$50,319</u> |
| Funding | | | | | | |
| City..... | 3,377,894 | 3,440,661 | 3,420,031 | 3,469,554 | 28,893 | 49,523 |
| Non-City..... | 307,866 | 389,268 | 262,055 | 262,851 | (126,417) | 796 |
| Personnel (includes FTEs at fiscal year-end) | | | | | | |
| City..... | 15,507 | 16,200 | 16,398 | 16,431 | 231 | 33 |
| Non-City..... | <u>58</u> | <u>37</u> | <u>22</u> | <u>23</u> | <u>(14)</u> | <u>1</u> |
| Total..... | <u>15,565</u> | <u>16,237</u> | <u>16,420</u> | <u>16,454</u> | <u>217</u> | <u>34</u> |

Programmatic Review and Service Impact

In 2016 the Department expects that 89 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 2016. The Department anticipates that its ambulances will respond to over 1.4 million medical incidents in 2016.

Fire Extinguishment

The Fire Department currently provides fire and rescue operations via 357 units consisting of 198 engine companies, 143 ladder companies, seven squads, five rescue units, three marine companies, and one hazardous materials unit.

Emergency Medical Services

The Department is budgeted for 711 daily ambulance tours. 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 2016.

Emergency Communication

The City continues work on Stage 2 of planned 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 December 2011, in collaboration with the Police Department and the Fire Department, the Office of Citywide Emergency Communications completed Stage 1, which included significant upgrades to the call-taking systems and telecommunications infrastructure, as well as co-location of the Police, Fire and EMS call taking and dispatch operations into the Public Safety Answering Center in Brooklyn. ECTP's work on Stage 2 continues as the City develops a new, consolidated Fire and EMS dispatch system in a second, fully redundant Public Safety Answering Center (PSAC 2) in the Bronx. Most of the major components of the program (i.e., the Fire dispatch system and the start of NYPD call taking) will be completed in 2016, with completion of PSAC 2 in 2017.

Capital Review

The 2016-2025 Ten-Year Capital Strategy totals \$1.3 billion, which includes \$629.3 million in the 2016-2019 Four-Year Plan. This funding will be used for the purchase of fire-fighting apparatus, support vehicles, fire suppression and emergency medical equipment, the renovation and modernization of firehouses and other facilities, and the upgrade and replacement of computer and communications systems. The table below reflects capital commitments by program area over the 2015-2019 period.

Capital Commitments
(\$ in 000's)

| | 2014 Actual | | 2015 Plan | | 2016 Plan | | 2017 Plan | | 2018 Plan | | 2019 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 | (\$851) | (\$309) | \$22,484 | \$24,152 | \$2,017 | \$26,663 | \$522 | \$70,522 | \$1,475 | \$64,959 | \$700 | \$700 |
| Electronic Data Processing ... | 5,182 | 5,234 | 16,028 | 16,028 | 24,141 | 24,141 | 46,291 | 46,291 | 27,836 | 27,836 | 13,000 | 13,000 |
| Reconstruction/Modernization of Facilities | 23,281 | 24,402 | 51,025 | 51,675 | 113,198 | 113,198 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 |
| Vehicles and Equipment | 24,357 | 33,600 | 55,822 | 57,677 | 41,114 | 41,114 | 12,826 | 12,826 | 67,336 | 67,336 | 45,710 | 45,710 |
| Total | <u>\$51,969</u> | <u>\$62,927</u> | <u>\$145,359</u> | <u>\$149,532</u> | <u>\$180,470</u> | <u>\$205,116</u> | <u>\$84,639</u> | <u>\$154,639</u> | <u>\$121,647</u> | <u>\$185,131</u> | <u>\$84,410</u> | <u>\$84,410</u> |

Highlights of the 2016-2025 Ten-Year Capital Strategy and 2016-2019 Four-Year Plan

- the replacement of front-line fire-fighting apparatus according to mandated replacement cycles as well as support vehicles and equipment (\$569.9 million), inclusive of \$167 million in the 2016-2019 Four-Year Plan.
- the renovation of firehouse components such as boilers, electrical systems, kitchens, roofs, bathrooms, waterproofing, apparatus doors, floors, and windows; EMS Station acquisition, construction, and renovation; and support facility reconstruction (\$319.8 million). The 2016-2019 Four-Year Plan includes \$169.8 million for the firehouse, EMS Station, and support facility projects highlighted above.
- the construction and outfitting of a new Rescue 2 firehouse in Brooklyn (\$18.4 million).
- the replacement of the building information and billing system used by Fire Prevention (\$29.2 million).
- the replacement of conduit and wiring in inundation zones for the Department's outside cable plant that was damaged during Hurricane Sandy (\$153.5 million).
- the upgrade of 911 communications system infrastructure as it approaches the end of its useful life (\$80 million), inclusive of \$51.5 million in the 2016-2019 Four-Year Plan.
- the replacement of end of life information technology and communications equipment (\$80.4 million), inclusive of \$39.9 million in the 2016-2019 Four-Year Plan.

The 2016 Plan for the Department totals \$205.1 million and highlights include:

- the replacement of front-line fire-fighting apparatus according to mandated replacement cycles as well as support vehicles and equipment (\$41.1 million).
- the renovation of firehouse components such as boilers, electrical systems, kitchens, roofs, bathrooms, waterproofing, apparatus doors, floors, and windows; EMS Station acquisition, construction, and renovation; and support facility reconstruction (\$94.9 million).
- the construction of a new Rescue 2 firehouse in Brooklyn (\$18.3 million).
- the replacement of the building information and billing system used by Fire Prevention (\$13.6 million).
- the replacement of conduit and wiring in inundation zones for the Department's outside cable plant that was damaged during Hurricane Sandy (\$20 million).
- the replacement of end of life information technology and communications equipment (\$17.2 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 2016 Executive Budget provides for operating expenses of \$1.54 billion, an increase of \$45 million from the 2015 forecast, primarily due to the implementation of long-term waste export contracts and additional funding for landfill closure construction work at Fresh Kills.

Capital commitments of \$265.5 million are also provided in 2016, a decrease of \$64.3 million from the 2015 Plan amount, which included significant commitments for the marine transfer stations and demolition of facilities on the Gansevoort Peninsula.

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 2016 revenue estimate is \$17.6 million from these sources.

Expense Budget Highlights

Budgetary Priorities: Providing Core Services

- continue to provide curbside and containerized refuse and recycling collection service to residential properties and eligible institutions.
- continue maintaining the cleanliness of the City by sweeping approximately 6,300 miles of streets and collecting waste from 25,000 litter baskets located at street corners Citywide.
- respond to winter weather emergencies and keep the City's streets clear of snow and ice. Due to a heavy snow season, the cost of clearing snow and ice was higher than the previous five-year spending average. As a result, the 2015 snow budget has been increased to \$114 million. The Department's 2016 snow removal budget is \$77.4 million, based on the previous five-year spending average, as required by the City Charter.

Budgetary Priorities: Zero Waste

- continue the curbside organics pilot and plan to expand the program to additional neighborhoods. Specific plans for expanding curbside organics collection will be developed as part of the Department's report on the existing pilot, due to the Council and Mayor in October. The 2016 budget includes \$4.6 million for curbside organics collection, increasing to \$15 million by 2019 to allow for program expansion.
- improve organics collection at schools by partnering with the Department of Education to increase the capture rate of recyclables and decrease contamination rates at 100 of the approximately 700 participating schools through increased training, outreach, and programmatic support. The 2016 budget includes \$321 thousand for organics collection at schools and \$1.1 million for expanded outreach to improve capture rates and decrease contamination.

- conduct a study to develop an equitable blueprint for a Save As You Throw program, which would incentivize recycling by implementing user fees for refuse collection.

Restructuring and Streamlining

- the costs of certain interim and long-term export contracts are lower than previously budgeted. As a result, the 2016 waste export budget has been reduced by \$24 million and associated costs for operating the marine transfer stations have been reduced by \$11.2 million.
- Existing technology consultant contracts for the development and support of critical systems will be converted to 46 full-time City positions. Savings are expected in the capital budget and through the avoidance of future unfunded capital and expense costs.

Summary of Agency Financial Data

The following table compares the 2016 Executive Budget with the 2016 Preliminary Budget, the 2015 forecast and actual expenditures for 2014, including costs budgeted centrally for fringe benefits, pensions and debt service.

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

| | (\$ in 000 \$) | | | | Increase/(Decrease) | |
|---|--------------------|--------------------|--------------------|--------------------|---------------------|--------------------|
| | 2014 | 2015 | 2016 | | 2015 | 2016 |
| | Actual | Forecast | Preliminary Budget | Executive Budget | Forecast | Preliminary Budget |
| Expenditures | | | | | | |
| Salary and Wages..... | \$834,999 | \$853,155 | \$853,778 | \$854,329 | \$1,174 | \$551 |
| Fringe Benefits..... | 32,393 | 32,127 | 32,005 | 32,438 | 311 | 433 |
| OTPS..... | 546,830 | 613,443 | 682,756 | 656,709 | 43,266 | (26,047) |
| Total..... | <u>\$1,414,222</u> | <u>\$1,498,725</u> | <u>\$1,568,539</u> | <u>\$1,543,476</u> | <u>\$44,751</u> | <u>(\$25,063)</u> |
| Funding | | | | | | |
| City..... | \$1,385,889 | \$1,472,260 | \$1,545,443 | \$1,520,141 | \$47,881 | (\$25,302) |
| Other Categorical Grants..... | 3,717 | 1,951 | 750 | 750 | (1,201) | — |
| IFA..... | 4,819 | 4,521 | 4,410 | 4,331 | (190) | (79) |
| State..... | 25 | 856 | 25 | 25 | (831) | — |
| Federal CD..... | 13,405 | 15,043 | 14,931 | 15,038 | (5) | 107 |
| Federal Other..... | 3,348 | 557 | — | — | (557) | — |
| Intra-City Other..... | 3,019 | 3,537 | 2,980 | 3,191 | (346) | 211 |
| Total..... | <u>\$1,414,222</u> | <u>\$1,498,725</u> | <u>\$1,568,539</u> | <u>\$1,543,476</u> | <u>\$44,751</u> | <u>(\$25,063)</u> |
| Additional Costs Centrally Funded | | | | | | |
| Personal Services (PS)..... | | | | | | |
| Fringe Benefits..... | \$346,132 | \$341,522 | \$366,286 | \$368,356 | \$26,834 | \$2,070 |
| Pensions..... | 295,427 | 297,946 | 294,968 | 291,119 | (6,827) | (3,849) |
| Other Than Personal Service (OTPS) | | | | | | |
| Debt Service..... | 286,628 | 358,281 | 419,475 | 410,183 | 51,902 | (9,292) |
| Total Additional Costs..... | <u>\$928,187</u> | <u>\$997,749</u> | <u>\$1,080,729</u> | <u>\$1,069,658</u> | <u>\$71,909</u> | <u>(\$11,071)</u> |
| Funding | | | | | | |
| City..... | 905,875 | 972,336 | 1,050,223 | 1,038,856 | 66,520 | (11,367) |
| Non-City..... | 22,312 | 25,413 | 30,506 | 30,802 | 5,389 | 296 |
| Full Agency Costs (including Central Accounts) | | | | | | |
| Salary and Wages..... | \$834,999 | \$853,155 | \$853,778 | \$854,329 | \$1,174 | \$551 |
| Fringe Benefits..... | 378,525 | 373,649 | 398,291 | 400,794 | 27,145 | 2,503 |
| Pensions..... | 295,427 | 297,946 | 294,968 | 291,119 | (6,827) | (3,849) |
| Total PS | <u>\$1,508,951</u> | <u>\$1,524,750</u> | <u>\$1,547,037</u> | <u>\$1,546,242</u> | <u>\$21,492</u> | <u>(\$795)</u> |
| OTPS..... | \$546,830 | \$613,443 | \$682,756 | \$656,709 | \$43,266 | (\$26,047) |
| Debt Service..... | 286,628 | 358,281 | 419,475 | 410,183 | 51,902 | (9,292) |
| Total OTPS | <u>\$833,458</u> | <u>\$971,724</u> | <u>\$1,102,231</u> | <u>\$1,066,892</u> | <u>\$95,168</u> | <u>(\$35,339)</u> |
| Total Agency Costs..... | \$2,342,409 | \$2,496,474 | \$2,649,268 | \$2,613,134 | \$116,660 | (\$36,134) |
| Less Intra-City..... | \$3,019 | \$3,537 | \$2,980 | \$3,191 | (\$346) | \$211 |
| Net Agency Cost..... | <u>\$2,339,390</u> | <u>\$2,492,937</u> | <u>\$2,646,288</u> | <u>\$2,609,943</u> | <u>\$117,006</u> | <u>(\$36,345)</u> |
| Funding | | | | | | |
| City..... | 2,291,764 | 2,444,596 | 2,595,666 | 2,558,997 | 114,401 | (36,669) |
| Non-City..... | 47,626 | 48,341 | 50,622 | 50,946 | 2,605 | 324 |
| Personnel (includes FTEs at fiscal year-end) | | | | | | |
| City..... | 8,977 | 9,489 | 9,714 | 9,581 | 92 | (133) |
| Non-City..... | 205 | 231 | 231 | 229 | (2) | (2) |
| Total..... | <u>9,182</u> | <u>9,720</u> | <u>9,945</u> | <u>9,810</u> | <u>90</u> | <u>(135)</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 Recycling and Sustainability. The two operational divisions are the Bureau of Cleaning and Collection (BCC) and the Bureau of Solid Waste Management (BSWM). 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 nearing completion of a sustainable, resilient, and equitable five borough solid waste management system to replace existing short-term contracts and reduce truck traffic and greenhouse gas emissions by relying on barge or rail export of waste in clean, sealed containers. The Department has opened the first of four converted Marine Transfer Stations at North Shore in College Point, Queens, and the other three stations will open in the next three years. The Department is currently procuring long-term waste transport and disposal services for the two Brooklyn Marine Transfer stations, the last long-term contract necessary to carry out the SWMP.

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, a portion of Brooklyn, and a portion of Queens.

The 2016-2019 Four-Year Plan provides \$43.5 million for the implementation of the City's Solid Waste Management Plan.

Bureau of Recycling and Sustainability

The Department continues its efforts to reduce the quantity of solid waste that must be disposed, consistent with the ambitious goal in OneNYC of a 90 percent reduction in residential waste disposal by 2030. 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. To further support the City's recycling goals, the Department is placing additional recycling baskets at street corners and public spaces throughout the City and engaging agency partners, including the New York City Housing Authority and Department of Education, to expand recycling in New York City schools, public housing developments, and institutions.

In 2016, the paper recycling program is anticipated to generate an average of \$10.82 of revenue per ton from various vendors, or \$5.75 million. The City is paying \$74.99 per ton for MGP.

On January 1, 2015, a State ban of the disposal of electronic waste took effect. To carry out this law, the Department ceased collecting electronic waste with refuse at the curb. As an alternative, the Department has created the e-cycleNYC program to collect and recycle electronic waste from apartment buildings with 10 or more units. To date, more than 4,000 buildings have signed up for this program. In addition, in 2015 the Department expanded the number of SAFE (Solvents, Automotive, Flammables, and Electronics) disposal events from five to ten, two in each borough.

In 2016, the Department will continue its pilot school organics collection program and pilot curbside organics collection program. The pilot organics collection programs will divert additional waste from landfills and establish a separate waste stream for food scraps, yard waste, and other compostable materials.

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. Through March 2015, the Department's curbside refuse collection program has averaged 9.5 tons per truck.

Bureau of Solid Waste Management

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

BSWM 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.

Bureau of Motor Equipment

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. As part of the City's fleet consolidation initiative, BME also maintains heavy-duty vehicles for other City agencies.

Sanitation Facilities

The Bureau of Building Management (BBM) provides facility management services. BBM provides maintenance and emergency repair work for the Department's over 200 facilities. BBM continues to work in conjunction with the New York Power Authority to reduce the Department's overall electrical consumption, particularly peak loads during high temperature summer days.

The Bureau of Facilities Planning and Engineering oversees Sanitation's capital construction and reconstruction projects. In 2015, the Department will move into the new Spring Street garage, vacating a set of aging garages located on the west side of Manhattan. Over the next four years, the Department will initiate designs to replace the aging Bronx 9, 10, and 11 garage complex and relocate the undersized Staten Island 1 garage from a densely populated residential neighborhood to land near the former Fresh Kills landfill. In addition, the Department will pursue construction of a new garage in Manhattan to house Districts 6, 6a, and 8 and the Manhattan Borough Office. The Department will also begin construction of a new garage for Brooklyn Community District 3 on a site located within that district, which will improve service for Community District 3 and alleviate truck traffic for Community District 1, where the garage is currently located.

Capital Review

The Department's 2016-2025 Ten-Year Capital Strategy totals \$2.3 billion. The Ten-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 Ten-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 is renovating and constructing 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 2016-2025 Capital Strategy totals \$2.3 billion which includes \$888.1 million in the 2016-2019 Four-Year Plan. The table below shows capital commitments by program area over the 2015-2019 period.

Capital Commitments
(\$ in 000's)

| | 2014 Actual | | 2015 Plan | | 2016 Plan | | 2017 Plan | | 2018 Plan | | 2019 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..... | \$152,267 | \$152,267 | \$123,594 | \$138,063 | \$41,526 | \$41,579 | \$72 | \$72 | \$1,840 | \$1,840 | \$0 | \$0 |
| Solid Waste Infrastructure | 592 | 592 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Garages and Facilities..... | 27,283 | 27,625 | 30,407 | 30,407 | 93,499 | 95,259 | 85,689 | 85,689 | 28,100 | 28,100 | 181,624 | 181,624 |
| Equipment..... | 74,884 | 74,884 | 139,980 | 144,261 | 114,639 | 114,639 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 |
| Information Technology and Telecommunications..... | 21,354 | 21,355 | 17,017 | 17,017 | 14,019 | 14,019 | 14,704 | 14,704 | 6,000 | 6,000 | 4,607 | 4,607 |
| Total..... | <u>\$276,379</u> | <u>\$276,723</u> | <u>\$310,998</u> | <u>\$329,748</u> | <u>\$263,683</u> | <u>\$265,496</u> | <u>\$200,465</u> | <u>\$200,465</u> | <u>\$135,940</u> | <u>\$135,940</u> | <u>\$286,231</u> | <u>\$286,231</u> |

Highlights of the 2016-2025 Ten-Year Capital Strategy and 2016-2019 Four-Year Plan

- construction of a new garage for Bronx Community Districts 9, 10, and 11 (\$206.9 million), which includes \$35.9 million in the 2016-2019 Four-Year Plan.
- construction of a new garage for Manhattan Community Districts 6 and 8 (\$200 million), which includes \$55.7 million in the 2016-2019 Four-Year Plan.
- construction of a new garage for Brooklyn Community District 3 (\$149.3 million), all of which is included in the 2016-2019 Four-Year Plan.
- construction of a new garage for Staten Island Community District 1 (\$111 million), which includes \$13.6 million in the 2016-2019 Four-Year Plan.
- reconstruction of the garage for Queens Community Districts 11 and 13 (\$72.9 million), which includes \$9.1 million in the 2016-2019 Four-Year Plan.
- major rehabilitation of six garages including: the garage for Queens Community Districts 8, 10 and 12, the Queens Community District 1 garage, the Queens Community District 7 garage, the Bronx Community District 6 garage, and the Brooklyn Community District 6 garage (\$77.9 million total in the 2016-2025 Capital Strategy, which includes \$6.6 million in the 2016-2019 Four-Year Plan).
- component rehabilitation at garages and other facilities Citywide (\$213.4 million), which includes \$120.4 million in the 2016-2019 Four-Year Plan for: component replacement (\$95.9 million), site acquisition for Department facilities (\$20 million), and upgrades to salt storage facilities (\$4.5 million).
- construction and renovation of transfer stations and other facilities in accordance with the City's Long Term Solid Waste Management Plan (\$119.1 million), which includes \$43.5 million in the 2016-2019 Four-Year Plan.
- replacement of vehicles (\$1.1 billion), which includes \$414.6 million in the 2016-2019 Four-Year Plan.
- information technology and telecommunications (\$61.4 million), which includes \$39.3 million in the 2016-2019 Four-Year Plan.

The 2016 Capital Plan provides \$265.5 million in 2016 including:

- component rehabilitation and construction of garages Citywide (\$72.7 million), construction of salt storage facilities (\$2.5 million), site acquisition for Department facilities (\$20 million).
- construction and renovation of transfer stations and other facilities in accordance with the City's Long Term Solid Waste Management Plan (\$41.6 million).
- replacement of mechanical brooms, collection trucks, salt spreaders and other vehicles (\$114.6 million).
- information technology and telecommunications projects (\$14 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 nearly 5,000 individual properties ranging from Coney Island and Central Park to community gardens and greenstreets. The Department maintains and operates approximately 800 athletic fields, 1,000 playgrounds, and 700 tennis courts. It also maintains and operates 67 public pools, 52 recreational facilities, 17 nature centers, 14 miles of beaches, 156 miles of waterfront parkland, and 14 golf courses. The Department is also responsible for over 800 monuments, 23 historic house museums and the care and maintenance of street and park trees, including the more than 958,000 new trees planted to date as part of the MillionTreesNYC initiative.

Financial Review

The 2016 Executive Budget for the Department provides for operating expenses of \$442.9 million. This represents a net decrease of \$32.0 million from the amount forecasted for 2015. The 2015 forecast is greater because it includes Federal, State and Private funding not reflected in 2016. Capital commitments of \$803.2 million are also provided in 2016.

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 \$70.1 million from these sources in 2016.

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. The 2016 budget includes an additional \$0.3 million in baseline funding to support targeted site improvements at Community Parks Initiative (CPI) locations, \$0.4 million in baseline funding for additional play equipment maintenance and repairs to address playground safety concerns, and \$5 million in baseline funding for an additional 80 Parks Enforcement Patrol (PEP) Officers.
- 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 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. The 2016 budget includes an additional \$3.1 million in baseline funding to expand its Trees and Sidewalks program, which will service an additional 1,250 sidewalk sites annually that have been damaged by trees; this doubles the size of the Trees and Sidewalks program, bringing its annual budget to \$6.1 million. The 2016 budget also includes an additional \$2.6 million in baseline funding for pruning street and perimeter park trees, bringing the annual pruning budget to \$6.1 million.
- designing and supervising park construction. The 2016 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 2016 budget also includes an additional \$1.8 million in baseline funding for the creation of a pre-design site testing program to better assess the full value of capital projects prior to funding being added to the capital plan.

Summary of Agency Financial Data

The following table compares the 2016 Executive Budget with the 2016 Preliminary Budget, the 2015 forecast and actual expenditures for 2014, including costs budgeted centrally for fringe benefits, pensions and debt service.

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

| | (\$ in 000 \$) | | | | Increase/(Decrease) | |
|---|------------------|------------------|--------------------|------------------|---------------------|--------------------|
| | 2014 | 2015 | 2016 | | 2015 | 2016 |
| | Actual | Forecast | Preliminary Budget | Executive Budget | Forecast | Preliminary Budget |
| Expenditures | | | | | | |
| Salary and Wages..... | \$309,020 | \$347,213 | \$324,651 | \$335,935 | (\$11,278) | \$11,284 |
| Fringe Benefits..... | 2,180 | 6,773 | 2,203 | 2,203 | (4,570) | — |
| OTPS..... | 102,077 | 120,874 | 101,176 | 104,795 | (16,079) | 3,619 |
| Total..... | <u>\$413,277</u> | <u>\$474,860</u> | <u>\$428,030</u> | <u>\$442,933</u> | <u>(\$31,927)</u> | <u>\$14,903</u> |
| Funding | | | | | | |
| City..... | \$300,589 | \$345,956 | \$335,918 | \$343,845 | (\$2,111) | \$7,927 |
| Other Categorical Grants..... | 14,318 | 18,975 | 2,380 | 2,380 | (16,595) | — |
| IFA..... | 37,318 | 43,263 | 44,534 | 44,951 | 1,688 | 417 |
| State..... | 1,247 | 3,590 | — | — | (3,590) | — |
| Federal CD..... | 3,601 | 2,497 | 2,460 | 2,460 | (37) | — |
| Federal Other..... | 9,375 | 5,316 | — | — | (5,316) | — |
| Intra-City Other..... | 46,829 | 55,263 | 42,738 | 49,297 | (5,966) | 6,559 |
| Total..... | <u>\$413,277</u> | <u>\$474,860</u> | <u>\$428,030</u> | <u>\$442,933</u> | <u>(\$31,927)</u> | <u>\$14,903</u> |
| Additional Costs Centrally Funded | | | | | | |
| Personal Services (PS)..... | | | | | | |
| Fringe Benefits..... | \$113,533 | \$116,464 | \$121,951 | \$123,248 | \$6,784 | \$1,297 |
| Pensions..... | 48,653 | 53,413 | 56,827 | 54,245 | 832 | (2,582) |
| Other Than Personal Service (OTPS) | | | | | | |
| Debt Service..... | 322,790 | 344,957 | 403,875 | 403,797 | 58,840 | (78) |
| Total Additional Costs..... | <u>\$484,976</u> | <u>\$514,834</u> | <u>\$582,653</u> | <u>\$581,290</u> | <u>\$66,456</u> | <u>(\$1,363)</u> |
| Funding | | | | | | |
| City..... | 460,917 | 487,302 | 550,350 | 548,185 | 60,883 | (2,165) |
| Non-City..... | 24,059 | 27,532 | 32,303 | 33,105 | 5,573 | 802 |
| Full Agency Costs (including Central Accounts) | | | | | | |
| Salary and Wages..... | \$309,020 | \$347,213 | \$324,651 | \$335,935 | (\$11,278) | \$11,284 |
| Fringe Benefits..... | 115,713 | 123,237 | 124,154 | 125,451 | 2,214 | 1,297 |
| Pensions..... | 48,653 | 53,413 | 56,827 | 54,245 | 832 | (2,582) |
| Total PS | <u>\$473,386</u> | <u>\$523,863</u> | <u>\$505,632</u> | <u>\$515,631</u> | <u>(\$8,232)</u> | <u>\$9,999</u> |
| OTPS..... | \$102,077 | \$120,874 | \$101,176 | \$104,795 | (\$16,079) | \$3,619 |
| Debt Service..... | 322,790 | 344,957 | 403,875 | 403,797 | 58,840 | (78) |
| Total OTPS | <u>\$424,867</u> | <u>\$465,831</u> | <u>\$505,051</u> | <u>\$508,592</u> | <u>\$42,761</u> | <u>\$3,541</u> |
| Total Agency Costs..... | \$898,253 | \$989,694 | \$1,010,683 | \$1,024,223 | \$34,529 | \$13,540 |
| Less Intra-City..... | \$46,829 | \$55,263 | \$42,738 | \$49,297 | (\$5,966) | \$6,559 |
| Net Agency Cost..... | <u>\$851,424</u> | <u>\$934,431</u> | <u>\$967,945</u> | <u>\$974,926</u> | <u>\$40,495</u> | <u>\$6,981</u> |
| Funding | | | | | | |
| City..... | 761,506 | 833,258 | 886,268 | 892,030 | 58,772 | 5,762 |
| Non-City..... | 89,918 | 101,173 | 81,677 | 82,896 | (18,277) | 1,219 |
| Personnel (includes FTEs at fiscal year-end) | | | | | | |
| City..... | 6,760 | 6,599 | 6,303 | 6,398 | (201) | 95 |
| Non-City..... | 542 | 876 | 633 | 633 | (243) | — |
| Total..... | <u>7,302</u> | <u>7,475</u> | <u>6,936</u> | <u>7,031</u> | <u>(444)</u> | <u>95</u> |

Programmatic Review and Service Impact

The Department of Parks and Recreation provides clean, safe, attractive, and functional parks and public spaces for all New Yorkers to use and enjoy, with a range of recreational facilities and opportunities for all ages.

Caring for Parks

The Department of Parks and Recreation is committed to thriving parks and public spaces, and works to plan, build, and care for parks, playgrounds, and other sites. In 2014, the Department released a new plan, *Framework for an Equitable Future*. The framework outlines the Department's commitment to increasing the accessibility and quality of New York City's parks in neighborhoods throughout the five boroughs through a dynamic series of immediate steps and long-term initiatives to support sustainable, equitable park development and implement a targeted level of service improvements across the park system. As part of this framework, the Department also launched the Community Parks Initiative, a multi-faceted program to invest in under-resourced public parks located in New York City's densely populated and growing neighborhoods with higher-than-average concentrations of poverty.

The Parks Department collects and uses data to improve the condition of New York City's parks. In 2015, NYC Parks will launch *Trees Count! 2015*, a census to map and catalogue every street tree on every block in New York City, to better understand their condition and change over time. The Department also monitors the condition and cleanliness of park sites through the Park Inspection Program (PIP), with the goal of improving the efficiency and effectiveness of daily operations. As measured by PIP, park and playground conditions currently stand at 87 percent acceptable for overall condition and 91 percent acceptable for cleanliness in 2014, exceeding the targets set in the Mayor's Management Report and the highest level achieved in eight years.

Further integrating the use of the asset management system known as AMPS into daily operations with mobile technology and increased analytical capacity across divisions, the Department continues efforts to develop innovative maintenance strategies, including a new Citywide play equipment program that will drive ongoing improvement in the condition, repair and design of play equipment through inspections, trend analysis and repair standardization and multi-disciplinary teams focused on preventive maintenance for boiler mechanical systems in large facilities, extending the life of critical systems and reducing energy costs.

Recreational Services

The Recreation Division operates 35 fee-based recreation centers, 11 field houses, and six centers programmed by Community Based Organizations. With amenities such as pools, weight rooms, gymnasiums, tracks, art and dance studios, game rooms and computer classrooms, the Parks Department's recreation centers offer a wide range of programs, most of which are free or low-cost, for seniors, adults and children. These services are complemented by other signature programs, including Shape Up NYC and Kids in Motion, which enable New Yorkers to lead active, healthier lifestyles.

As of March 31, 2015, there are 155,954 active members at Parks Department recreation centers, representing a 40 percent increase (44,207 new members) since June 2012, when membership dropped to a low of 111,747. Currently, there are 89,872 youth under the age of 18 with active recreation center memberships, representing an increase of 44 percent (27,470 new youth members) since June 2012. Significantly, there are now 19,527 Young Adult Members (ages 18-24, \$25 annually), following the launch of the new category on July 1, 2013; representing 13 percent of active recreation center membership. In 2015, IDNYC adult (age 25-51) card holders became eligible for a 10% discount on their recreation center membership.

Shape Up is a free group fitness program led by the Parks Department in partnership with Empire Blue Cross Blue Shield and NYC Service. Shape Up NYC offers more than 300 classes per week at 175 locations. Class offerings are varied and include Yoga, Pilates, Zumba, Kickboxing and Cardio Sculpt. In calendar year 2014, there were more than 150,000 visits to more than 9,000 classes.

Kids in Motion is an innovative fitness and sports program designed to encourage play and outdoor activity. Playground Associates lead free activities for children at designated playground sites, including organized sports, games, fitness demos, guided walks and special events. In calendar year 2014, Kids in Motion received 578,000 visits to 123 sites, including 15 sites near NYCHA developments as part of a partnership with the Mayor's Office of Criminal Justice through the Mayor's Action Plan for Neighborhood Safety. In 2015, the Parks Department piloted an extended model of this program, offering services afterschool and on weekends for up to 12 weeks. Kids in Motion also works with the Department of Education's Free Summer Food Program to offer healthy and delicious lunches to all participants at select sites.

Engaging the Community

The Department of Parks and Recreation works closely with residents, community partners and volunteers across the city to improve the park experience. Thanks in part to the efforts of Partnerships for Parks and nearly 1,800 community groups and organizations, the Parks Department is engaging New Yorkers in planning for the future of the park system, fostering broader community engagement in the design process, employing creative placemaking to develop dynamic community spaces and developing local stewardship of green spaces. Each year, tens of thousands of individuals volunteer to beautify parks, plant trees and flowers and support other park improvement projects.

Capital Review

The 2016-2025 Ten-Year Capital Strategy totals \$2.5 billion which includes \$1.7 billion in the 2016-2019 Four-Year Plan. The table below reflects capital commitments by program area over the 2015-2019 period.

Capital Commitments

(\$ in 000's)

| | 2014 Actual | | 2015 Plan | | 2016 Plan | | 2017 Plan | | 2018 Plan | | 2019 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..... | \$346 | \$3,454 | \$5,404 | \$9,395 | \$3,163 | \$3,163 | \$16,752 | \$18,097 | \$1,000 | \$1,000 | \$1,000 | \$1,000 |
| Land Acquisition and Tree Planting..... | 36,350 | 45,101 | 53,830 | 61,674 | 52,021 | 57,159 | 27,897 | 27,897 | 25,170 | 25,170 | 14,722 | 14,722 |
| Major Recreation Facilities and Facility Reconstruction..... | 7,053 | 31,318 | 43,613 | 72,091 | 46,469 | 49,835 | 47,980 | 47,980 | 31,455 | 31,455 | 5,206 | 5,206 |
| Neighborhood Parks and Playgrounds | 45,547 | 102,254 | 247,199 | 577,031 | 244,258 | 380,891 | 148,595 | 171,150 | 49,500 | 49,500 | 72,900 | 72,900 |
| Vehicles and Equipment..... | 10,229 | 11,140 | 24,667 | 24,888 | 9,065 | 9,268 | 15,388 | 15,388 | 9,700 | 9,700 | 5,450 | 5,450 |
| Large, Major and Regional Park Reconstruction..... | 154,237 | 170,303 | 419,055 | 512,489 | 229,188 | 298,975 | 214,612 | 220,005 | 139,493 | 144,493 | 8,250 | 8,250 |
| Zoos..... | 1,187 | 1,187 | 8,542 | 8,542 | 3,874 | 3,874 | 15,055 | 15,055 | 3,500 | 3,500 | 9,000 | 9,000 |
| Total | <u>\$254,950</u> | <u>\$364,758</u> | <u>\$802,310</u> | <u>\$1,266,110</u> | <u>\$588,038</u> | <u>\$803,165</u> | <u>\$486,279</u> | <u>\$515,572</u> | <u>\$259,818</u> | <u>\$264,818</u> | <u>\$116,528</u> | <u>\$116,528</u> |

Highlights of the 2016-2025 Ten-Year Capital Strategy and 2016-2019 Four-Year Plan

- implementation of the Community Parks Initiative (CPI), which directs capital funding to historically underfunded parks in areas with high population density, high concentration of poverty, and above average population growth (\$273.2 million). Over the entire 2015 – 2025 plan window, there is \$137.3 million in Parks funding, along with \$36.3 million in DEP funding for green infrastructure improvements, associated with CPI Phase 1 and \$151.0 million in funding for CPI Phase 2.

- implementation of Parks Without Borders, a new Parks program that will reduce visual and physical barriers to encourage entry into parks and improve circulation and interaction between spaces (\$50.0 million).
- rehabilitation of Parks-owned pedestrian bridges Citywide (\$739.6 million), including \$313.0 million for the reconstruction of the Promenade over the FDR Drive, \$167.4 million for the reconstruction of the Brooklyn Promenade and \$125.1 million for the reconstruction of Passerelle Pedestrian Bridge.
- planting of new street trees, park trees, and greenstreets Citywide (\$144.8 million).
- reconstruction of recreation centers Citywide (\$59.7 million), including \$16.6 million for the reconstruction of Brownsville Recreation Center in Brooklyn, \$4.0 million for the reconstruction of the Lost Battalion Recreation Center in Queens, \$3.5 million for the reconstruction of Hansborough Recreation Center in Manhattan, and \$3.4 million for the reconstruction of St. Mary's Recreation Center in the Bronx.
- long-term reconstruction of parks, playgrounds, buildings, waterfront property, and other infrastructure damaged by Hurricane Sandy (\$145.1 million). In addition, in 2015 there is \$296.7 million included for the long-term reconstruction of the Rockaway boardwalk.

The 2016 Plan for the Department totals \$803.2 million and highlights include:

- implementation of the Community Parks Initiative (\$82.3 million).
- planting of new street trees and park trees and the construction of greenstreets Citywide (\$36.9 million).
- construction of North Park at Fresh Kills in Staten Island (\$27.5 million).
- construction of Andrew Haswell Green Park in Manhattan (\$25.6 million).
- reconstruction of Marine Park in Brooklyn (\$6.2 million).
- reconstruction of Roy Wilkins Square Park in Queens (\$4.3 million).
- reconstruction of Mount Hope Garden in the Bronx (\$3.6 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 water pollution control plants. The New York City sewer system comprises a comprehensive network of 7,400 miles of sewers, 14 in-City Wastewater Treatment Plants (WWTPs), 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 2016 Executive Budget provides for operating expenses of \$1.3 billion. It also provides capital commitments of \$14.4 billion to be financed by Water Finance Authority Funds and \$307.6 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 and noise abatement laws, and the storage of hazardous substances. The revenue estimate for 2016 is \$24.3 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 \$3.8 billion in water and sewer revenue for 2016.

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 2,161 personnel and \$501.3 million are dedicated to this function. In addition, there are 294 police and security force personnel (\$32.7 million), including 221 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 WWTPs. Approximately 1,877 personnel and \$401.8 million are dedicated to this function.
- the Department continues to meet the terms under the Surface Water Treatment Rule for a Filtration Avoidance Determination (FAD) in the Catskill and Delaware Watersheds (\$34.9 million). The City's FAD includes programs which focus on agriculture and forestry, land management, flood hazard mitigation, and stormwater, stream, and wastewater management.
- the Department will continue to fund contracts for biosolids removal, transport, and disposal (\$38.7 million).
- the Croton Water Filtration Plant comes into full operation on May 17th, 2015. The budget for operational, managerial, and functional expenses is \$25.9 million, and 56 positions are dedicated to this function.

- the Department will continue to fund software maintenance and technology support to improve information technology used for internal operations and public-facing online systems (\$25.9 million).
- the Department will continue the implementation of conservation efforts associated with the Water for the Future Program (\$19.7 million). These initiatives include a new cost-sharing program to encourage private, high-volume water users to implement water saving technology (\$1.0 million) and working with upstate customers to develop Water Demand Management Plans (\$1.9 million).
- the Department will continue implementation of the City's Green Infrastructure Plan with 120 positions and \$14.1 million dedicated to the purchase, installation, and maintenance of green infrastructure components. Overall, this plan will result in savings of approximately \$2.4 billion over 20 years.
- the Department enforces the City's air and noise codes in addition to asbestos regulations with 179 positions and \$14.0 million dedicated to this function.
- the Department will inspect and clean the interceptor sewers, the largest sewers which connect to the WWTPs, to maximize flow and capacity (\$7.6 million).
- the Department will dredge Flushing Bay to remove accumulated sediment mounds and to reduce nuisance odors (\$5.5 million).
- the Department will increase the electric vehicle fleet by adding 15 vehicles and 50 dual-port charging stations to reduce greenhouse gas emissions (\$1.0 million).
- the Department will dedicate 15 positions to provide litigation support, including document, witness, and affidavit requests from various stakeholders (\$0.8 million).

Restructuring and Streamlining

- the Department expects to save \$4.5 million annually by beneficially re-using digester gas at various WWTPs to power engines and boilers to reduce heat, light, and power costs.

Summary of Agency Financial Data

The following table compares the 2016 Executive Budget with the 2016 Preliminary Budget, the 2015 forecast and actual expenditures for 2014, including costs budgeted centrally for fringe benefits, pensions and debt service.

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

(\$ in 000 \$)

| | | | 2016 | | Increase/(Decrease) | |
|---|--------------------|--------------------|-----------------------|---------------------|---------------------|-------------------------------|
| | 2014 Actual | 2015 Forecast | Preliminary Budget | Executive Budget | 2015 Forecast | 2016 Preliminary Budget |
| Expenditures | | | | | | |
| Salary and Wages..... | \$498,671 | \$475,408 | \$479,278 | \$481,243 | \$5,835 | \$1,965 |
| Fringe Benefits..... | 3,162 | 4,653 | 3,437 | 3,437 | (1,216) | — |
| OTPS..... | 690,747 | 1,156,778 | 750,422 | 765,491 | (391,287) | 15,069 |
| Total..... | <u>\$1,192,580</u> | <u>\$1,636,839</u> | <u>\$1,233,137</u> | <u>\$1,250,171</u> | <u>(\$386,668)</u> | <u>\$17,034</u> |
| Funding | | | | | | |
| City..... | \$1,018,639 | \$1,110,819 | \$1,099,503 | \$1,142,822 | \$32,003 | \$43,319 |
| Other Categorical Grants..... | 23,818 | 18 | — | — | (18) | — |
| IFA..... | 66,186 | 64,357 | 65,326 | 64,113 | (244) | (1,213) |
| State..... | 137 | 261 | — | — | (261) | — |
| Federal CD..... | 19,415 | 424,751 | 66,978 | 41,948 | (382,803) | (25,030) |
| Federal Other..... | 61,672 | 35,056 | 123 | 123 | (34,933) | — |
| Intra-City Other..... | 2,713 | 1,577 | 1,207 | 1,165 | (412) | (42) |
| Total..... | <u>\$1,192,580</u> | <u>\$1,636,839</u> | <u>\$1,233,137</u> | <u>\$1,250,171</u> | <u>(\$386,668)</u> | <u>\$17,034</u> |
| Additional Costs Centrally Funded | | | | | | |
| Personal Services (PS)..... | | | | | | |
| Fringe Benefits..... | \$169,514 | \$164,926 | \$179,307 | \$178,686 | \$13,760 | (\$621) |
| Pensions..... | 86,427 | 80,790 | 91,637 | 87,474 | 6,684 | (4,163) |
| Other Than Personal Service (OTPS) | | | | | | |
| Debt Service..... | 68,476 | 77,589 | 90,841 | 81,269 | 3,680 | (9,572) |
| Total Additional Costs..... | <u>\$324,417</u> | <u>\$323,305</u> | <u>\$361,785</u> | <u>\$347,429</u> | <u>\$24,124</u> | <u>(\$14,356)</u> |
| Funding | | | | | | |
| City..... | 306,859 | 306,147 | 343,198 | 330,224 | 24,077 | (12,974) |
| Non-City..... | 17,558 | 17,158 | 18,587 | 17,205 | 47 | (1,382) |
| Full Agency Costs (including Central Accounts) | | | | | | |
| Salary and Wages..... | \$498,671 | \$475,408 | \$479,278 | \$481,243 | \$5,835 | \$1,965 |
| Fringe Benefits..... | 172,676 | 169,579 | 182,744 | 182,123 | 12,544 | (621) |
| Pensions..... | 86,427 | 80,790 | 91,637 | 87,474 | 6,684 | (4,163) |
| Total PS | <u>\$757,774</u> | <u>\$725,777</u> | <u>\$753,659</u> | <u>\$750,840</u> | <u>\$25,063</u> | <u>(\$2,819)</u> |
| OTPS..... | \$690,747 | \$1,156,778 | \$750,422 | \$765,491 | (\$391,287) | \$15,069 |
| Debt Service..... | 68,476 | 77,589 | 90,841 | 81,269 | 3,680 | (9,572) |
| Total OTPS | <u>\$759,223</u> | <u>\$1,234,367</u> | <u>\$841,263</u> | <u>\$846,760</u> | <u>(\$387,607)</u> | <u>\$5,497</u> |
| Total Agency Costs..... | \$1,516,997 | \$1,960,144 | \$1,594,922 | \$1,597,600 | (\$362,544) | \$2,678 |
| Less Intra-City..... | <u>\$2,713</u> | <u>\$1,577</u> | <u>\$1,207</u> | <u>\$1,165</u> | <u>(\$412)</u> | <u>(\$42)</u> |
| Net Agency Cost..... | <u>\$1,514,284</u> | <u>\$1,958,567</u> | <u>\$1,593,715</u> | <u>\$1,596,435</u> | <u>(\$362,132)</u> | <u>\$2,720</u> |
| Funding | | | | | | |
| City..... | 1,325,498 | 1,416,966 | 1,442,701 | 1,473,046 | 56,080 | 30,345 |
| Non-City..... | 188,786 | 541,601 | 151,014 | 123,389 | (418,212) | (27,625) |
| Personnel (includes FTEs at fiscal year-end) | | | | | | |
| City..... | 198 | 242 | 243 | 242 | — | (1) |
| Non-City..... | <u>5,510</u> | <u>6,004</u> | <u>6,050</u> | <u>6,055</u> | <u>51</u> | <u>5</u> |
| Total..... | <u>5,708</u> | <u>6,246</u> | <u>6,293</u> | <u>6,297</u> | <u>51</u> | <u>4</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 and revision of the City's programs and commitments, which was issued in May 2014. The current FAD is based on DEP's ongoing long-term watershed protection program. As part of the FAD, and in compliance with revised Federal regulations, DEP commenced full operation of an ultraviolet light disinfection facility to further purify water from the Catskill and Delaware watersheds and will continue its upstate land acquisition program to protect the water entering the City's reservoirs.

The Department will also continue the Water for the Future Program to address leaks in the Rondout-West Branch Tunnel (RWBT), a 45-mile portion of the Delaware Aqueduct that conveys more than 50 percent of the City's daily water supply. A major component of this program is the construction of a 2.5-mile Bypass Tunnel around the areas of significant leakage, which will be completed in 2022. During the connection of this Bypass Tunnel to the Delaware Aqueduct, the RWBT will need to be shut down for a single six to ten month period. In order to compensate for this shutdown, the Department will continue to pursue several water supply conservation and augmentation projects.

The Department will also begin construction of a tunnel connecting the Kensico Reservoir to the Catskill/Delaware Ultraviolet Light Disinfection Facility (CDUV). Historically, for purposes of water quality and redundancy, both the Delaware and Catskill Aqueducts conveyed water from the Kensico Reservoir. However, because the Catskill Aqueduct is not sufficiently pressurized to move water through the CDUV, only the Delaware Aqueduct can deliver water from the Kensico Reservoir to the facility. The new tunnel will replace the section of the Catskill Aqueduct between the Kensico Reservoir and the CDUV and restore needed redundancy.

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 in-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, DEP continues to implement 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.

In addition to the above, DEP is implementing a new CSO Long Term Control Plan phase which will further improve water quality in City water bodies. This is still in the planning stage, but will encompass a number of strategies including disinfection of CSO before being released into receiving water bodies.

Customer Services Programs

As required by the New York State Department of Environmental Conservation and the NYC Water Board, the Department is progressing towards its goal of universally metering all properties. The major objectives of

universal metering include water conservation, improved water supply system management and rate equity. DEP services approximately 835,000 water and sewer customer accounts, of which 41,600 are billed on a flat-rate system. Currently, more than 822,300 accounts are metered, while just over 12,700 remain un-metered.

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

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 \$1,000 for Tax Class 2 and 4 properties and over \$2,000 for Tax Class 1 two- and three-family properties.

In January of 2013, DEP introduced a Water and Sewer Service Line Protection Program offered by American Water Resources (AWR). The purpose of this program is to protect homeowners from the unexpected high costs of water and sewer service line repairs. In exchange for a relatively small monthly program fee, AWR is providing DEP customers with unlimited coverage for water and/or sewer service line leaks and breaks due to normal wear and tear. As of April 2015, 178,000 customers have taken advantage of this offering by enrolling in the program and entering into service contracts with AWR. AWR was selected by the Water Board to offer the program, following a competitive Request of Proposal (RFP) process.

Environmental Compliance

The Bureau of Environmental Compliance reviews and inspects asbestos abatement projects; investigates air quality and noise complaints; monitors emissions and environmental impacts from alternative fuel vehicles; issues permits for boilers, 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 Department works in conjunction with the Department of Citywide Administrative Services and the Mayor's Office on 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 Department's strategic plan. This role is in addition to over \$831.6 million in capital projects with 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. The DEP Police Department patrols the upstate water supply, with 221 officers dedicated to this function.

Capital Review

Overview

The Ten-Year Capital Plan for 2016 through 2025 provides a total of \$14.7 billion from the following sources: \$14.4 billion financed by Water Finance Authority funds and \$307.6 million in non-City funds.

The table below shows capital commitments by program area over the 2014-2019 period.

Capital Commitments
(\$ in 000's)

| | 2014 Actual | | 2015 Plan | | 2016 Plan | | 2017 Plan | | 2018 Plan | | 2019 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 | \$411,854 | \$407,913 | \$583,585 | \$596,316 | \$816,117 | \$816,117 | \$451,874 | \$466,424 | \$678,850 | \$944,608 | \$500,415 | \$500,415 |
| Water Mains | 343,266 | 345,061 | 664,770 | 666,109 | 786,049 | 789,049 | 503,469 | 503,469 | 420,523 | 420,523 | 428,573 | 428,573 |
| Sewers | 299,535 | 302,228 | 438,633 | 456,499 | 516,078 | 531,684 | 675,196 | 683,896 | 463,734 | 463,734 | 400,442 | 400,442 |
| Water Supply | 20,990 | 20,990 | 795,037 | 795,037 | 29,800 | 29,800 | 19,000 | 19,000 | 228,600 | 228,600 | 191,344 | 191,344 |
| Equipment | 83,878 | 83,843 | 108,826 | 109,276 | 79,426 | 79,426 | 52,413 | 52,413 | 113,732 | 113,732 | 73,305 | 73,305 |
| Total | <u>\$1,159,523</u> | <u>\$1,160,035</u> | <u>\$2,590,851</u> | <u>\$2,623,237</u> | <u>\$2,227,470</u> | <u>\$2,246,076</u> | <u>\$1,701,952</u> | <u>\$1,725,202</u> | <u>\$1,905,439</u> | <u>\$2,171,197</u> | <u>\$1,594,079</u> | <u>\$1,594,079</u> |

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

- extending and reconstructing sewers (\$4.1 billion, of which \$2.1 billion is planned for 2016 to 2019). This total includes a Neighborhood Development Fund to help provide for critical water and sewer related infrastructure work for re-zonings proposed in neighborhood plans developed by the Department of City Planning (\$329.0 million, of which \$159.3 million is planned for 2016-2019).
- investments to maintain the operational integrity of existing wastewater treatment facilities (\$2.8 billion, of which \$1.7 billion is planned for 2016 to 2019). The total includes the hardening of infrastructure based on findings of the New York City Wastewater Resiliency Plan assessment (\$179.0 million planned for 2016 to 2019).
- replacing and extending trunk and distribution water mains and ancillary work (\$2.0 billion, of which \$1.3 billion is planned for 2016 to 2019).
- construction of a comprehensive sewer system in South East Queens including strategically selected projects to deliver some near term flooding relief (\$1.5 billion, of which \$535.2 million is planned for 2016 to 2019).
- disinfection and mitigation of combined sewer overflow to achieve waterbody-specific water quality standards (\$1.3 billion, of which \$100.0 million is planned for 2016 to 2019).
- implementation of the NYC Green Infrastructure Plan, a strategy for CSO reduction through the optimization of existing grey infrastructure (\$116.6 million, of which \$106.6 million is planned for 2016 to 2019) and the use of green infrastructure (\$804.5 million, of which \$426.7 million is planned for 2016 to 2019), such as right-of-way Bioswales and stormwater Greenstreets, porous pavement, constructed wetlands, onsite stormwater management practices, and green roofs.
- construction of a tunnel connecting the Kensico Reservoir to the Catskill/Delaware Ultraviolet Light Disinfection Facility, necessary to provide redundancy in the water supply system (\$511.0 million, of which \$45.0 million is planned for 2016 to 2019).
- continuation of land acquisition for and construction of the award-winning Staten Island Bluebelt program (\$462.1 million, of which \$275.3 million is planned for 2016 to 2019).
- replacement and rehabilitation of below ground infrastructure specifically related to the accelerated replacement schedule for aging water mains and sewers (\$450.0 million, of which \$300.0 million is planned for 2016 to 2019).

- ongoing stabilization and upgrade of in-City WWTPs and systems to ensure compliance with State and Federal mandates for: operating permit requirements (\$294.6 million, of which \$281.1 million is planned for 2016 to 2019), including \$112.2 million planned for 26th Ward WWTP in 2016; the mandated studies and facility upgrades to reduce nitrogen levels in treated wastewater (\$46.6 million planned for 2016 to 2019); and the enhancement of the existing chlorination system at various WWTPs in order to meet stricter chlorine discharge limits (\$100.0 million, of which \$15.0 million is planned for 2016 to 2019).
- continuing numerous small projects to keep the wastewater system in a state of good repair (\$424.8 million, of which \$204.6 million is planned for 2016 to 2019).
- continuation of the Water for the Future Program (WFF) (\$391.9 million, of which \$386.5 million is planned for 2016 to 2019). The majority of this funding is for supplemental water projects necessary during the dewatering and shutdown of the Rondout-West Branch Tunnel (RWBT), including the optimization of the Catskill Aqueduct (\$130.8 million planned for 2016 to 2019) and the rehabilitation of Queens groundwater wells (\$148.0 million planned for 2016 to 2019). Also included in WFF is the purchase and installation of water meters (\$89.6 million, of which \$84.2 million is planned for 2016 to 2019).
- reconstruction of Hillview Reservoir chambers (\$339.5 million, of which \$101.5 million is planned for 2016 to 2019).
- continuation of various filtration avoidance measures and land acquisition in the upstate watershed (\$203.4 million, of which \$152.2 million is planned for 2016 to 2019).
- construction of a new cogeneration facility at the North River WWTP (\$166.6 million planned for 2016 to 2019).
- reconstruction and repair of facilities damaged during Hurricane Sandy (\$127.8 million planned for 2016 to 2019).
- completing projects related to the construction of the Croton Water Filtration Plant (\$102.8 million planned for 2016 to 2019).
- installing new and upgrading existing centrifuges at various WWTPs (\$83.2 million planned for 2016 to 2019).
- connecting City Water Tunnel No. 3 to the distribution system (\$75.3 million, of which \$60.4 million is planned for 2016 to 2019).

DEPARTMENT OF TRANSPORTATION

The Department of Transportation (DOT) maintains and reconstructs City bridges, plans and funds street reconstruction, oversees ferry operations, manages traffic signals and street lighting networks, maintains and collects revenue from parking meters, operates parking facilities, and coordinates transportation planning within the five boroughs.

Financial Review

The Department of Transportation's 2016 Executive Budget provides for operating expenses of \$874.7 million. Capital commitments of approximately \$12.6 billion are also provided from 2016-2025, including \$2.4 billion 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 2016 the Department will collect \$359.4 million in revenue.

Expense Budget Highlights

Budgetary Priorities: Providing Core Services

- funding of \$169.9 million for the resurfacing of 1,200 lane miles of streets and the repair of approximately 314,000 street defects (potholes).
- funding of \$340.0 million for the Traffic program, including \$57.5 million for energy costs associated with all streetlights and traffic signals throughout the City, and \$98.6 million for the maintenance of over 12,821 traffic signalized intersections and over 333,670 streetlights Citywide.
- funding of \$94.6 million for the operation of the Staten Island Ferry and overseeing private ferry service.
- funding of \$29.9 million for preventive maintenance, cleaning, and spot and splash zone painting of City bridges including Federal funding for the maintenance of East River Bridges.
- funding of \$18.4 million for the in-house bridge flag/corrective repair program.
- funding of \$5.2 million and 62 positions to provide for the annual replacement of an additional 15 million linear feet of lane markings; installation of at least 50 speed humps near schools each year; capacity to develop and install eight neighborhood slow zones annually; signal retiming and new signal construction; corridor and intersection redesign; media outreach campaigns and safety education associated with Vision Zero.
- funding of \$8.5 million and 18 positions for the design of nine new Select Bus Service (SBS) routes.
- funding of \$1.1 million for OneNYC studies.

Restructuring and Streamlining

- the Department expects to save \$4.2 million by replacing cobra head and teardrop luminaires with LED luminaires citywide.

Summary of Agency Financial Data

The following table compares the 2016 Executive Budget with the 2016 Preliminary Budget, the 2015 forecast and actual expenditures for 2014, including costs budgeted centrally for fringe benefits, pensions, and debt service.

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

| | (\$ in 000 \$) | | | | Increase/(Decrease) | |
|---|--------------------|--------------------|-----------------------|---------------------|---------------------|-----------------------|
| | 2014 | 2015 | 2016 | | 2015 | 2016 |
| | Actual | Forecast | Preliminary Budget | Executive Budget | Forecast | Preliminary Budget |
| Expenditures | | | | | | |
| Salary and Wages..... | \$387,380 | \$412,707 | \$382,076 | \$408,225 | (\$4,482) | \$26,149 |
| Fringe Benefits..... | 4,173 | 4,305 | 4,305 | 4,305 | — | — |
| OTPS..... | 469,053 | 541,132 | 453,795 | 462,199 | (78,933) | 8,404 |
| Total..... | <u>\$860,606</u> | <u>\$958,144</u> | <u>\$840,176</u> | <u>\$874,729</u> | <u>(\$83,415)</u> | <u>\$34,553</u> |
| Funding | | | | | | |
| City..... | \$453,685 | \$526,715 | \$505,136 | \$532,667 | \$5,952 | \$27,531 |
| Other Categorical Grants..... | 27,298 | 1,921 | 1,371 | 1,371 | (550) | — |
| IFA..... | 194,152 | 177,159 | 176,366 | 181,491 | 4,332 | 5,125 |
| State..... | 88,890 | 118,028 | 90,284 | 91,248 | (26,780) | 964 |
| Federal CD..... | 699 | — | — | — | — | — |
| Federal Other..... | 92,096 | 129,545 | 64,176 | 65,109 | (64,436) | 933 |
| Intra-City Other..... | 3,786 | 4,776 | 2,843 | 2,843 | (1,933) | — |
| Total..... | <u>\$860,606</u> | <u>\$958,144</u> | <u>\$840,176</u> | <u>\$874,729</u> | <u>(\$83,415)</u> | <u>\$34,553</u> |
| Additional Costs Centrally Funded | | | | | | |
| Personal Services (PS)..... | | | | | | |
| Fringe Benefits..... | \$137,564 | \$138,973 | \$148,147 | \$148,580 | \$9,607 | \$433 |
| Pensions..... | 66,850 | 66,786 | 71,500 | 68,251 | 1,465 | (3,249) |
| Other Than Personal Service (OTPS) | | | | | | |
| Debt Service..... | 669,073 | 750,521 | 878,709 | 809,623 | 59,102 | (69,086) |
| Total Additional Costs..... | <u>\$873,487</u> | <u>\$956,280</u> | <u>\$1,098,356</u> | <u>\$1,026,454</u> | <u>\$70,174</u> | <u>(\$71,902)</u> |
| Funding | | | | | | |
| City..... | 821,989 | 878,634 | 1,035,516 | 939,944 | 61,310 | (95,572) |
| Non-City..... | 51,498 | 77,646 | 62,840 | 86,510 | 8,864 | 23,670 |
| Full Agency Costs (including Central Accounts) | | | | | | |
| Salary and Wages..... | \$387,380 | \$412,707 | \$382,076 | \$408,225 | (\$4,482) | \$26,149 |
| Fringe Benefits..... | 141,737 | 143,278 | 152,452 | 152,885 | 9,607 | 433 |
| Pensions..... | 66,850 | 66,786 | 71,500 | 68,251 | 1,465 | (3,249) |
| Total PS | <u>\$595,967</u> | <u>\$622,771</u> | <u>\$606,028</u> | <u>\$629,361</u> | <u>\$6,590</u> | <u>\$23,333</u> |
| OTPS..... | \$469,053 | \$541,132 | \$453,795 | \$462,199 | (78,933) | \$8,404 |
| Debt Service..... | 669,073 | 750,521 | 878,709 | 809,623 | 59,102 | (69,086) |
| Total OTPS | <u>\$1,138,126</u> | <u>\$1,291,653</u> | <u>\$1,332,504</u> | <u>\$1,271,822</u> | <u>(\$19,831)</u> | <u>(\$60,682)</u> |
| Total Agency Costs..... | \$1,734,093 | \$1,914,424 | \$1,938,532 | \$1,901,183 | (\$13,241) | (\$37,349) |
| Less Intra-City..... | \$3,786 | \$4,776 | \$2,843 | \$2,843 | (\$1,933) | \$— |
| Net Agency Cost..... | <u>\$1,730,307</u> | <u>\$1,909,648</u> | <u>\$1,935,689</u> | <u>\$1,898,340</u> | <u>(\$11,308)</u> | <u>(\$37,349)</u> |
| Funding | | | | | | |
| City..... | 1,275,674 | 1,405,349 | 1,540,652 | 1,472,611 | 67,262 | (68,041) |
| Non-City..... | 454,633 | 504,299 | 395,037 | 425,729 | (78,570) | 30,692 |
| Personnel (includes FTEs at fiscal year-end) | | | | | | |
| City..... | 2,001 | 2,441 | 2,328 | 2,554 | 113 | 226 |
| Non-City..... | 2,795 | 2,787 | 2,711 | 2,599 | (188) | (112) |
| Total..... | <u>4,796</u> | <u>5,228</u> | <u>5,039</u> | <u>5,153</u> | <u>(75)</u> | <u>114</u> |

Programmatic Review and Service Impact

Bridges

The Bureau of Bridges is responsible for the reconstruction, repair, maintenance and operation of approximately 789 City-owned bridge and tunnel structures. In 2016, the Bureau of Bridges will be staffed with 862 positions and have an operating budget of \$103.1 million.

The Bridge program in the 2016 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, 69.3 percent of which are in good condition as of 2014. The Permits Management and Construction Control programs are responsible for regulating the excavation and various other uses of City streets and sidewalks. In 2016, Highway Operations will be staffed by approximately 1,385 full-time and approximately 244 seasonal positions with a budget totaling \$240.6 million.

The Department also manages the New York City Plaza program, a community-based program to improve the public realm by creating pedestrians plazas. In total, the Department oversees 71 plazas that are now in various phases of planning, design, construction, or complete. Forty-nine permanent and temporary plazas have been completed to date.

Traffic Operations

The Division of Traffic & Planning maintains and collects revenue from 85,034 metered spaces and operates 39 municipal parking facilities. It also installs and maintains an estimated one million traffic signs, approximately 12,821 signalized intersections and over 333,670 streetlights. The 2016 Executive Budget for the Division of Traffic & Planning provides for 1,354 positions and \$340.0 million.

The Division of Traffic & Planning continues to plan and implement projects to further the goals of providing safe, sustainable and attractive transportation options to New Yorkers and ensuring the reliability and high quality of our transportation network. Projects implemented under the Safe Streets for Seniors, Safe Routes to Schools, Neighborhood Slow Zone, Safe Routes to Transit and Bus Stops Under Elevated Lines programs, as well as redesigns of high-crash corridors, and Arterial Slow Zones that reduce speed limits on high-crash two-way corridors, improve safety for all street users. Select Bus Service program, carried out in partnership with the Metropolitan Transportation Authority, provides new transit opportunities for travelers in areas underserved by the subway. The Midtown in Motion project reduces congestion and greenhouse gas emissions in Manhattan. Expansion of the bike network increases safety and convenience of cycling and has led to a more than doubling in the number of people who commute by bicycle. Installation of pedestrian plazas throughout the city uses existing streets and sidewalks to provide valuable open space in areas in need of new passive recreation space.

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 2016 Executive Budget for Ferries provides for 694 positions and an operating budget of \$94.6 million.

The Staten Island Ferry is expected to carry approximately 22 million passengers and the Department anticipates that the Ferry program will achieve an on-time performance rate of 90 percent in 2016. The Department currently estimates annual ridership on privately operated commuter ferries to be approximately 10 million passengers.

Capital Review

The Department of Transportation's 2016-2025 Capital Commitment Plan totals \$12.6 billion for the reconstruction of transportation infrastructure, of which approximately 81 percent is City-funded. The table below shows commitments by program area between 2016-2025.

Capital Commitments (\$ in 000's)

| | 2014 Actual | | 2015 Plan | | 2016 Plan | | 2017 Plan | | 2018 Plan | | 2019 Plan | |
|----------------------------|------------------|------------------|------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | City Funds | All Funds | City Funds | All Funds | City Funds | All Funds | City Funds | All Funds | City Funds | All Funds | City Funds | All Funds |
| Highways and Streets | \$325,365 | \$414,778 | \$395,001 | \$512,925 | \$531,161 | \$840,042 | \$694,050 | \$823,861 | \$492,329 | \$511,789 | \$247,239 | \$328,224 |
| Highway Bridges | 105,491 | 209,391 | 270,564 | 753,022 | 518,090 | 712,779 | 555,249 | 760,288 | 392,334 | 392,334 | 625,267 | 625,267 |
| Waterway Bridges..... | 25,236 | 25,026 | 68,014 | 109,117 | 94,157 | 133,229 | 73,600 | 173,600 | 53,108 | 121,108 | 275,000 | 275,000 |
| Traffic | 49,562 | 147,900 | 106,501 | 158,614 | 88,824 | 169,454 | 55,053 | 98,189 | 69,103 | 111,665 | 8,980 | 43,186 |
| Vehicles/Equipment..... | 4,421 | 5,266 | 25,808 | 36,763 | 29,970 | 36,321 | 12,484 | 12,484 | 5,144 | 5,144 | 3,215 | 3,215 |
| Ferries | 21,631 | 34,568 | 25,562 | 32,775 | 48,882 | 71,805 | 102,411 | 277,930 | 22,049 | 75,550 | 250 | 2,500 |
| Total | <u>\$531,707</u> | <u>\$836,928</u> | <u>\$891,450</u> | <u>\$1,603,216</u> | <u>\$1,311,084</u> | <u>\$1,963,630</u> | <u>\$1,492,847</u> | <u>\$2,146,352</u> | <u>\$1,034,067</u> | <u>\$1,217,590</u> | <u>\$1,159,951</u> | <u>\$1,277,392</u> |

The highlights of the Ten-Year Capital Plan include:

- complete reconstruction or rehabilitation of 49 bridges rated “fair” or “good” (\$4.0 billion, including \$1.6 billion for 2016 to 2019); including the Brooklyn-Queens Expressway (BQE) – Triple Cantilever Bridge (\$1.7 billion) and Shore Road Bridge (\$357.1 million).
- complete rehabilitative work of 29 bridge structures scheduled for life extension (\$2.5 billion, including \$894.3 million for 2016 to 2019); including Broadway Bridge (\$99.4 million) and West 79th Street Bridge over Amtrak (\$66.0 million).
- continued reconstruction and rehabilitation for the East River Bridges (\$919.6 million, including \$644.6 million for 2016 to 2019); including Brooklyn Bridge (\$322.5 million) and Williamsburg Bridge (\$300.0 million).
- street and arterial resurfacing of 7,524 lane miles (\$1.6 billion, including \$829.5 million for 2016 to 2019).
- street reconstruction of approximately 407 lane miles (\$1.4 billion, including \$1.2 billion for 2016 to 2019); including reconstruction of Worth Street – Hudson Street to East Broadway (\$68.7 million) and Vision Zero Great Streets projects (\$298.8 million).
- installation and reconstruction of pedestrian ramps at approximately 5,514 corners (\$98.6 million, including \$97.5 million for 2016 to 2019) and replacement of approximately 41.3 million square feet of sidewalk (\$413.4 million, including \$209.6 million for 2016 to 2019).
- signal installation and maintenance, as well as the computerization and modernization of signalized intersections (\$235.1 million, including \$158.2 million for 2016 to 2019).
- upgrade and replacement of lampposts, luminaires, and associated infrastructure (\$180.4 million, including \$91.6 million for 2016 to 2019).

- signal and streetlight installation and lane markings associated with the Highway Reconstruction and Bridge Programs (\$121.9 million, including \$103.3 million for 2016 to 2019).
- installation of approximately 74 million linear feet of thermoplastic markings for traffic control (\$44.1 million, including \$28.0 million for 2016 to 2019).
- replacement of approximately 414 thousand linear feet of electrical distribution systems along the City's streets (\$41.1 million, including \$26.1 million for 2016 to 2019).
- reconstruction of parking garages and parking lots (\$18.9 million, including \$15.2 million for 2016 to 2019).
- reconstruction and replacement of ferry boats (\$311.8 million, including \$292.7 million for 2016 to 2019), including the construction of new ferry boats (\$210.4 million).
- ferry terminal and facility improvements (\$135.1 million planned for 2016 to 2019).
- replacement of vehicles for field forces and the upgrading of computer equipment (\$66.3 million, including \$57.2 million for 2016 to 2019).

The highlights of the 2016 Capital Plan include:

- rehabilitation of bridges rated "fair", including Bruckner Expressway over Westchester Creek (\$125.0 million).
- bridge life extension rehabilitation projects which include Macombs Dam Bridge (\$53.0 million) and Westchester Avenue Bridge over Hutchinson River Parkway (\$51.1 million).
- street reconstruction of 126 lane miles (\$422.6 million), which includes reconstruction of West 33rd – Hudson Yard vicinity (\$39.5 million), reconstruction of South Beach Area Phase II (\$30.0 million), reconstruction of Owl's Head – Brooklyn Greenway (\$13.4 million), reconstruction of Rockaway Beach due to Hurricane Sandy (\$13.2 million).
- street and arterial resurfacing of 1,200 lane miles of streets (\$296.2 million).
- reconstruction of sidewalks and pedestrian ramps at (\$93.9 million).
- maintenance of streetlights (\$21.1 million).
- traffic signal installation and maintenance (\$20.9 million).
- upgrading Central Park street lighting infrastructure (\$14.0 million).
- installation and replacement of thermoplastic markings (\$14.0 million).
- reconstruction of Queensboro Hall municipal parking garage (\$10.0 million).
- installation of 1,000 additional Muni-Meters (\$4.0 million).
- drydocking of Molinari class ferry boats (\$5.8 million).
- reconstruction of Ferry Maintenance Facility seawall and sinkhole in Staten Island (\$5.0 million).

HOUSING PRESERVATION AND DEVELOPMENT

The New York City Department of Housing Preservation and Development (HPD) is the largest municipal housing preservation and development agency in the nation. The agency's mission is to make strategic investments to improve and strengthen neighborhoods while preserving the stability and affordability of the City's existing housing stock.

HPD is responsible for carrying out Mayor Bill de Blasio's *Housing New York: A Five-Borough, Ten-Year Plan*, which is a citywide initiative to build or preserve 200,000 affordable housing units, and to help both tenants and landlords preserve the quality and affordability of their homes. In addition to financing affordable housing projects, HPD is responsible for:

- ensuring that the entire City's housing stock complies with the health and safety requirements of the Housing Maintenance Code.
- monitoring the fiscal health and ongoing affordability of more than 4,200 properties containing more than 84,000 units in its Asset Management portfolio.
- providing more than 35,000 households with Federal rental subsidies to support stable affordable housing in the private market.

Through the above goals, HPD works to ensure that all New Yorkers live in safe and habitable homes.

Financial Review

HPD's 2016 Executive Budget provides for operating expenses of \$726 million, of which nearly \$61 million is City funds. The budgeted headcount of 2,375, including full-time and full-time equivalent positions, is funded at \$152 million; while other than personal services are projected at \$574 million. Over \$644 million, or 89 percent of the agency's expense budget, is supported by Federal and State assistance programs. In addition, HPD has planned City capital commitments of \$827 million in 2016.

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 agency will generate \$22.6 million in 2016, \$29.2 million less than the amount for 2015. The 2016 decrease is primarily attributable to one-time land sales and the collection of application fees in 2015.

Expense Budget Highlights

Providing Core Services

In 2016, the agency will continue to provide core services that include the enforcement of the Housing Maintenance Code, administration of Federal rent subsidies, preservation and development of quality affordable housing, and management of affordable housing assets.

- HPD will expand its Code Enforcement team to respond promptly to housing maintenance complaints, assess conditions, and develop appropriate strategies to correct violations citywide.

- HPD will use various enforcement tools to ensure compliance with legal and regulatory obligations while working with responsible owners and community partners, and with support from Federal Community Development Block Grant (CDBG) funds. The agency will bring enforcement proceedings against non-compliant owners, and will remove hazardous conditions in private distressed buildings.
- HPD will administer a portion of New York City's allotment of Federal housing choice vouchers to eligible New Yorkers through the nation's fifth largest Section 8 program. In 2014, the agency supported over 36,000 households. Another \$324 million in subsidy payments are planned for 2016.
- HPD will engage in planning and project development activities to create new affordable units, preserve existing housing stock, leverage private investments, and promote balanced growth, fair housing opportunity, and diverse neighborhoods. With a targeted approach, the agency is working to protect the ability of low-income households to remain in their current neighborhoods, while simultaneously seeking to open up new housing opportunities.
- HPD will continue to focus on the financial and physical health of a portfolio of over 4,200 rental and co-op properties in which the City has previously invested.

Summary of Agency Financial Data

The following table compares the 2016 Executive Budget with the 2016 Preliminary Budget, the 2015 forecast and actual expenditures for 2014, including costs budgeted centrally for fringe benefits, pensions and debt service.

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

| | (\$ in 000 \$) | | | | Increase/(Decrease) | |
|---|--------------------|--------------------|--------------------|--------------------|---------------------|--------------------|
| | 2014 | 2015 | 2016 | | 2015 | 2016 |
| | Actual | Forecast | Preliminary Budget | Executive Budget | Forecast | Preliminary Budget |
| Expenditures | | | | | | |
| Salary and Wages..... | \$127,687 | \$149,100 | \$146,944 | \$152,243 | \$3,143 | \$5,299 |
| Fringe Benefits..... | 45 | — | — | — | — | — |
| OTPS..... | 562,241 | 833,264 | 572,934 | 573,834 | (259,430) | 900 |
| Total..... | <u>\$689,973</u> | <u>\$982,364</u> | <u>\$719,878</u> | <u>\$726,077</u> | <u>(\$256,287)</u> | <u>\$6,199</u> |
| Funding | | | | | | |
| City..... | \$58,802 | \$76,718 | \$57,123 | \$60,892 | (\$15,826) | \$3,769 |
| Other Categorical Grants..... | 14,575 | 18,521 | 1,614 | 1,614 | (16,907) | — |
| IFA..... | 14,176 | 16,795 | 17,436 | 17,520 | 725 | 84 |
| State..... | 649 | 1,117 | 1,075 | 1,075 | (42) | — |
| Federal CD..... | 133,644 | 381,814 | 296,141 | 296,856 | (84,958) | 715 |
| Federal Other..... | 466,188 | 484,748 | 344,458 | 346,084 | (138,664) | 1,626 |
| Intra-City Other..... | 1,939 | 2,651 | 2,031 | 2,036 | (615) | 5 |
| Total..... | <u>\$689,973</u> | <u>\$982,364</u> | <u>\$719,878</u> | <u>\$726,077</u> | <u>(\$256,287)</u> | <u>\$6,199</u> |
| Additional Costs Centrally Funded | | | | | | |
| Personal Services (PS)..... | | | | | | |
| Fringe Benefits..... | \$56,519 | \$54,652 | \$59,784 | \$58,853 | \$4,201 | (\$931) |
| Pensions..... | 23,964 | 22,537 | 23,324 | 22,265 | (272) | (1,059) |
| Other Than Personal Service (OTPS) | | | | | | |
| Debt Service..... | 648,217 | 691,318 | 809,394 | 656,610 | (34,708) | (152,784) |
| Total Additional Costs..... | <u>\$728,700</u> | <u>\$768,507</u> | <u>\$892,502</u> | <u>\$737,728</u> | <u>(\$30,779)</u> | <u>(\$154,774)</u> |
| Funding | | | | | | |
| City..... | 669,685 | 708,103 | 823,356 | 673,738 | (34,365) | (149,618) |
| Non-City..... | 59,015 | 60,404 | 69,146 | 63,990 | 3,586 | (5,156) |
| Full Agency Costs (including Central Accounts) | | | | | | |
| Salary and Wages..... | \$127,687 | \$149,100 | \$146,944 | \$152,243 | \$3,143 | \$5,299 |
| Fringe Benefits..... | 56,564 | 54,652 | 59,784 | 58,853 | 4,201 | (931) |
| Pensions..... | 23,964 | 22,537 | 23,324 | 22,265 | (272) | (1,059) |
| Total PS | <u>\$208,215</u> | <u>\$226,289</u> | <u>\$230,052</u> | <u>\$233,361</u> | <u>\$7,072</u> | <u>\$3,309</u> |
| OTPS..... | \$562,241 | \$833,264 | \$572,934 | \$573,834 | (\$259,430) | \$900 |
| Debt Service..... | 648,217 | 691,318 | 809,394 | 656,610 | (34,708) | (152,784) |
| Total OTPS | <u>\$1,210,458</u> | <u>\$1,524,582</u> | <u>\$1,382,328</u> | <u>\$1,230,444</u> | <u>(\$294,138)</u> | <u>(\$151,884)</u> |
| Total Agency Costs..... | \$1,418,673 | \$1,750,871 | \$1,612,380 | \$1,463,805 | (\$287,066) | (\$148,575) |
| Less Intra-City..... | <u>\$1,939</u> | <u>\$2,651</u> | <u>\$2,031</u> | <u>\$2,036</u> | <u>(\$615)</u> | <u>\$5</u> |
| Net Agency Cost..... | <u>\$1,416,734</u> | <u>\$1,748,220</u> | <u>\$1,610,349</u> | <u>\$1,461,769</u> | <u>(\$286,451)</u> | <u>(\$148,580)</u> |
| Funding | | | | | | |
| City..... | 728,487 | 784,821 | 880,479 | 734,630 | (50,191) | (145,849) |
| Non-City..... | 688,247 | 963,399 | 729,870 | 727,139 | (236,260) | (2,731) |
| Personnel (includes FTEs at fiscal year-end) | | | | | | |
| City..... | 455 | 558 | 545 | 594 | 36 | 49 |
| Non-City..... | <u>1,546</u> | <u>1,823</u> | <u>1,762</u> | <u>1,781</u> | <u>(42)</u> | <u>19</u> |
| Total..... | <u>2,001</u> | <u>2,381</u> | <u>2,307</u> | <u>2,375</u> | <u>(6)</u> | <u>68</u> |

Programmatic Review and Service Impact

HPD administers the above-described core services through the following offices: Enforcement and Neighborhood Services; Financial Management and Tenant Resources; Development; Neighborhood Strategies; and Asset and Property Management. The Offices of the Commissioner and First Deputy Commissioner, Strategy, Research and Communications, and Legal Affairs also provide planning, leadership, technical and skilled supporting services to accomplish the agency's goals.

Enforcement and Neighborhood Services

HPD's Office of Enforcement and Neighborhood Services protects housing by ensuring that building owners comply with the City's Housing Maintenance Code and the New York State Multiple Dwelling Law. The Office responds to public complaints, and plans appropriate, individualized actions to address hazardous conditions in both private and public buildings – conditions that may include the presence of lead paint, structural deficiencies, or the lack of heat, hot water or electricity. Through the Proactive Preservation Initiative, and the agency's Alternative Enforcement, 7A and Underlying Conditions programs, the Office monitors deteriorating and severely distressed properties, and reaches out to owners with tools to educate, assist or enforce accountability. When warranted, the agency will undertake repairs through the Emergency Repair Program at an owner's expense. HPD will also bring cases to Housing Court to seek the correction of hazardous conditions, the imposition of civil penalties, and the protection of tenants against claims harassment.

Development

HPD's Office of Development leads the implementation of the Mayor's Housing Plan in close collaboration with other City and State agencies, and with the New York City Housing Development Corporation (HDC). The Office builds a pipeline of affordable housing development on both public and private sites, and administers a variety of new construction, rehabilitation, preservation, homeownership, and tax incentive programs. Some of these programs have a special focus to provide permanent housing for households with special needs, for the formerly homeless, and for the low-income elderly. The agency also facilitates the disposition of tax-foreclosed buildings back into private ownership.

Neighborhood Strategies

HPD's Office of Neighborhood Strategies focuses on Planning, Inclusionary Housing and Community Partnerships to help the agency adopt a more comprehensive approach to development within the City's neighborhoods. The Office's Planning division identifies future sites, coordinates neighborhood zoning efforts, and collaborates with other City agencies to develop public properties. The Division of Inclusionary Housing manages the inclusionary housing pipeline and associated transactions, which promote economic integration as areas undergo substantial new development. The Division of Community Partnerships works to preserve existing naturally occurring affordable housing in the marketplace, and to create new units of assisted affordable housing in existing buildings.

Asset and Property Management

HPD's Office of Asset and Property Management works to ensure that properties remain financially and physically stable over the long-term. Its programs proactively identify at-risk buildings and help to stabilize mismanaged assets. The Office also manages City-owned residential and commercial properties, as well as Urban Renewal properties, until they can be returned to responsible private ownership. In addition, the agency operates Emergency Housing Services (EHS) and the Homeless Rental Unit to 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 by the agency itself.

Capital Review

The 2016-2025 Capital Plan for HPD totals \$7.5 billion, including \$7.2 billion in City funding and \$276 million in Federal funds. The agency will 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). This plan will create or preserve 200,000 units of affordable housing. The table below reflects the four-year Capital Commitment Plan by program area over the 2016 - 2019 period.

Capital Commitments (\$ in 000's)

| | 2014 Actual | | 2015 Plan | | 2016 Plan | | 2017 Plan | | 2018 Plan | | 2019 Plan | |
|----------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | City Funds | All Funds | City Funds | All Funds | City Funds | All Funds | City Funds | All Funds | City Funds | All Funds | City Funds | All Funds |
| New Construction | \$239,316 | \$325,291 | \$269,660 | \$299,150 | \$289,732 | \$289,732 | \$168,478 | \$168,478 | \$183,660 | \$183,660 | \$187,333 | \$187,333 |
| Preservation..... | 195,331 | 203,268 | 149,194 | 146,316 | 297,120 | 297,120 | 244,503 | 244,503 | 257,251 | 257,251 | 262,397 | 262,397 |
| Supportive Housing | 7,478 | 11,408 | 102,288 | 123,054 | 199,715 | 199,715 | 168,000 | 193,916 | 168,208 | 194,124 | 171,212 | 203,212 |
| Disposition | 22,470 | 25,736 | 11,889 | 11,889 | 15,530 | 15,530 | 22,507 | 22,507 | 33,417 | 33,417 | 34,085 | 34,085 |
| Other Housing Support..... | 38,465 | 38,465 | 28,936 | 28,936 | 24,443 | 24,443 | 41,141 | 41,141 | 18,320 | 18,320 | 20,086 | 20,086 |
| Total..... | <u>\$503,060</u> | <u>\$604,168</u> | <u>\$561,967</u> | <u>\$609,345</u> | <u>\$826,540</u> | <u>\$826,540</u> | <u>\$644,629</u> | <u>\$670,545</u> | <u>\$660,856</u> | <u>\$686,772</u> | <u>\$675,113</u> | <u>\$707,113</u> |

Ongoing Programs

Under the 2016-2019 Capital Plan, the City will invest in approximately 60,900 units of affordable housing via preservation, new construction, supportive housing, and the disposition of *in rem* housing stock.

- funding of \$1.1 billion will support activities to preserve existing affordable housing stock while creating long-term affordability. Utilizing a variety of preservation financing programs, HPD will preserve approximately 30,000 units. Programs provide moderate to substantial rehabilitation for households earning up to 130 percent of Area Median Income (AMI), or \$112,190 in annual income for a household of four according to the United States Department of Housing and Urban Development's (HUD's) 2015 AMI report for New York City.
- funding of \$829.2 million will support construction of new units serving various income levels throughout the five boroughs. Using a various new construction initiatives, HPD will produce approximately 20,500 units. Initiatives include large-scale developments throughout the five boroughs, as well as funding for various rental and homeownership programs. This will provide new housing opportunities for households earning up to 165 percent of AMI, or \$142,395 for a household of four according to the HUD's 2015 AMI report for New York City.
- funding of \$791.0 million (inclusive of \$83.8 million of Federal HOME funds) for supportive housing initiatives. Utilizing various Special Needs Housing loan programs, HPD will create or preserve approximately 7,900 housing units. This will provide housing for special needs populations earning at or below 60 percent of AMI, or \$51,780 for a household of four according to the HUD's 2015 AMI report for New York City.
- funding of \$105.5 million will rehabilitate approximately 2,500 City-owned housing units, and return them to responsible private ownership. Disposition programs provide housing opportunities for households earning at or below 150 percent of AMI, or \$129,450 for a household of four according to the HUD's 2015

AMI report for New York City.

- funding of \$104.0 million will be used in support of other ancillary housing investments. This primarily encompasses acquisition/demolition, infrastructure for large-scale developments and Technology and Strategic Development (TSD) projects that will facilitate housing production and agency operations.

In addition, units are expected to be generated without capital subsidies through various initiatives with agency partners. These units will primarily be created or preserved using inclusionary zoning and tax abatement or exemptions.

DEPARTMENT OF CITYWIDE ADMINISTRATIVE SERVICES

The Department of Citywide Administrative Services (DCAS) is the principal administrative support agency for the City of New York. DCAS supports other City agencies by making sure they have the critical resources needed to provide the best possible services to the public. DCAS support includes: attracting and training a diverse workforce, purchasing goods and services at the lowest prices from local sources where possible, energy and facilities management, and ensuring that our public buildings truly serve the public. This support is provided by the following lines of services: Human Capital, Citywide Diversity and Equal Employment Opportunity, Asset Management, Communications, Energy Management, Office of Citywide Purchasing, and Office of NYC Fleet.

Financial Review

The 2016 Executive Budget for the Department of Citywide Administrative Services provides \$1.2 billion, a decrease of \$6.6 million over the amount forecasted for 2015. This decrease is partially attributable to a decline in payments to the agency for Fleet services such as fuel, supplies and repairs. The \$3.6 billion DCAS Ten-Year Capital Plan includes \$1 billion for the renovation, reconstruction, and outfitting of Public Buildings, \$2.47 billion for energy efficiency initiatives, \$140.6 million for Real Property, and \$16.8 million for Citywide agency facility and operational protective measures.

Revenue Forecast

In 2016, the Department of Citywide Administrative Services will collect \$60.2 million in revenue, approximately \$21.2 million less than the amount forecasted for 2015. This decrease is partially due to one-time civil service exam fees, salvage sales, and commercial rent collections in 2015. DCAS Asset Management/Real Estate Services will generate \$42.9 million from land sales and rents from commercial properties.

Expense Budget Highlights

Budgetary Priorities: Providing Core Services

- the 2016 Executive Budget provides total funds of \$1.18 billion for the Department, of which \$751.4 million is for goods and services that agencies purchase from DCAS through intra-City agreements, including the following: utilities (\$647.2 million), leases (\$72.4 million), storehouse supplies (\$19.1 million), maintenance and repair of facilities and vehicles (\$5.6 million), personnel training (\$0.6 million), and other services (\$6.1 million).
- the 2016 Executive Budget provides a total of \$986.7 million for DCAS Asset Management. Included in this total is \$751 million for utilities, \$107.1 million for leases, and \$48.8 million for building maintenance.
- the 2016 Executive Budget provides a total of \$119.3 million for DCAS Asset Management – Public Facilities (excluding the \$751 million for utilities and \$107.1 million for leases). Included in the \$119.3 million total is \$42.3 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 2015 Executive Budget provides a total of \$9.3 million for DCAS Asset Management – Real Estate Services. Real Estate Services purchases, sells, and leases real property; and locates space for City agencies.
- the 2015 Executive Budget provides a total of \$20.4 million for security services in DCAS-managed buildings.

Restructuring and Streamlining

- DCAS will continue to oversee the City's Provisional Reduction Plan as mandated by the New York Civil Service Commission. Under the Plan Extension, DCAS will address up to 8,600 provisional appointments over the next two years. DCAS will administer 100 Civil Service Exams and will also evaluate titles with 20 or fewer incumbents for potential classification actions. DCAS will also expand its Computerized Testing and Application Centers in Manhattan and Brooklyn to create 173 additional seats, as well as enhance its Electronic Exam Item Bank to increase the type of exams that can be administered at the Centers.
- DCAS will continue the rollout of two new units: the Office of Citywide Recruitment and the Office of Workforce Planning. The units will play a role in the shaping of the City's government workforce by establishing a pipeline of prospective applicants for City agencies, and providing predictive models so agencies can develop best practices on issues, such as succession planning.
- DCAS will create the Computerized Maintenance Management System (CMMS) which will help in providing better and timelier maintenance of building systems at City-owned and leased buildings. The CMMS will include a work order system that will provide timely notification of facility issues as well as an inventory system to allow staff at each of the buildings to monitor supply levels. CMMS will also help DCAS develop a preventive maintenance program to identify building issues and correct them, avoiding costly repairs.
- DCAS will continue to work closely with the Mayor's Office of Sustainability, and play a central role in One City, Built to Last, the initiative to reduce greenhouse gas emissions by 80 percent below 2005 levels by 2050. With the implementation of this initiative DCAS will expand ongoing energy efficiency programs including compliance with Local Law 87 of 2009 which mandates energy audits and retro-commissioning for buildings exceeding 50,000 square feet.
- DCAS will launch an online digitally-searchable database of all current and archived information from the City Record. The City Record is the official journal of the City of New York, published each weekday except for legal holidays. It contains notices of public hearings and meetings, procurement solicitations, selected court awards, and bid awards. All City Record data will also be made available via the Open Data Portal.
- DCAS will continue to play a critical role in the implementation of the Vision Zero Initiative. DCAS will continue to oversee the installation of truck side guards on 240 City trucks, protecting pedestrians, bicyclists, and motorcyclists. This will be the largest rollout of side guards in the nation. DCAS will also oversee the completion of the installation of the vehicle tracking units, called CANcievers, on City-owned vehicles. The CANcievers will help improve the driving behaviors of City vehicle operators and reduce collisions, by collecting data on speed, hard braking or accelerating, and seatbelt use.

Summary of Agency Financial Data

The following table compares the 2016 Executive Budget with the 2016 Preliminary Budget, the 2015 forecast and actual expenditures for 2014, including costs budgeted centrally for fringe benefits, pensions and debt service.

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

| | (\$ in 000 \$) | | | | Increase/(Decrease) | |
|---|--------------------|--------------------|--------------------|--------------------|---------------------|--------------------|
| | 2014 | 2015 | 2016 | | 2015 | 2016 |
| | Actual | Forecast | Preliminary Budget | Executive Budget | Forecast | Preliminary Budget |
| Expenditures | | | | | | |
| Salary and Wages..... | \$141,732 | \$154,270 | \$153,443 | \$158,686 | \$4,416 | \$5,243 |
| Fringe Benefits..... | 1,705 | 2,081 | 2,081 | 2,081 | — | — |
| OTPS..... | 1,058,267 | 1,030,907 | 1,013,415 | 1,019,901 | (11,006) | 6,486 |
| Total..... | <u>\$1,201,704</u> | <u>\$1,187,258</u> | <u>\$1,168,939</u> | <u>\$1,180,668</u> | <u>(\$6,590)</u> | <u>\$11,729</u> |
| Funding | | | | | | |
| City..... | \$220,699 | \$251,684 | \$258,366 | \$287,942 | \$36,258 | \$29,576 |
| Other Categorical Grants..... | 111,420 | 87,864 | 90,349 | 85,272 | (2,592) | (5,077) |
| IFA..... | 804 | 715 | 945 | 1,697 | 982 | 752 |
| State..... | 51,591 | 53,320 | 48,213 | 50,401 | (2,919) | 2,188 |
| Federal CD..... | 2,341 | 1,705 | — | 1,637 | (68) | 1,637 |
| Federal Other..... | 8,505 | 8,125 | 2,074 | 2,074 | (6,051) | — |
| Intra-City Other..... | 806,344 | 783,845 | 768,992 | 751,645 | (32,200) | (17,347) |
| Total..... | <u>\$1,201,704</u> | <u>\$1,187,258</u> | <u>\$1,168,939</u> | <u>\$1,180,668</u> | <u>(\$6,590)</u> | <u>\$11,729</u> |
| Additional Costs Centrally Funded | | | | | | |
| Personal Services (PS)..... | | | | | | |
| Fringe Benefits..... | \$50,669 | \$49,180 | \$53,784 | \$52,841 | \$3,661 | (\$943) |
| Pensions..... | 25,015 | 24,572 | 26,192 | 25,002 | 430 | (1,190) |
| Other Than Personal Service (OTPS) | | | | | | |
| Debt Service..... | 645,491 | 625,222 | 723,343 | 712,443 | 87,221 | (10,900) |
| Total Additional Costs..... | <u>\$721,175</u> | <u>\$698,974</u> | <u>\$803,319</u> | <u>\$790,286</u> | <u>\$91,312</u> | <u>(\$13,033)</u> |
| Funding | | | | | | |
| City..... | 683,675 | 658,909 | 761,329 | 747,510 | 88,601 | (13,819) |
| Non-City..... | 37,500 | 40,065 | 41,990 | 42,776 | 2,711 | 786 |
| Full Agency Costs (including Central Accounts) | | | | | | |
| Salary and Wages..... | \$141,732 | \$154,270 | \$153,443 | \$158,686 | \$4,416 | \$5,243 |
| Fringe Benefits..... | 52,374 | 51,261 | 55,865 | 54,922 | 3,661 | (943) |
| Pensions..... | 25,015 | 24,572 | 26,192 | 25,002 | 430 | (1,190) |
| Total PS | <u>\$219,121</u> | <u>\$230,103</u> | <u>\$235,500</u> | <u>\$238,610</u> | <u>\$8,507</u> | <u>\$3,110</u> |
| OTPS..... | \$1,058,267 | \$1,030,907 | \$1,013,415 | \$1,019,901 | (11,006) | \$6,486 |
| Debt Service..... | 645,491 | 625,222 | 723,343 | 712,443 | 87,221 | (10,900) |
| Total OTPS | <u>\$1,703,758</u> | <u>\$1,656,129</u> | <u>\$1,736,758</u> | <u>\$1,732,344</u> | <u>\$76,215</u> | <u>(\$4,414)</u> |
| Total Agency Costs..... | \$1,922,879 | \$1,886,232 | \$1,972,258 | \$1,970,954 | \$84,722 | (\$1,304) |
| Less Intra-City..... | <u>\$806,344</u> | <u>\$783,845</u> | <u>\$768,992</u> | <u>\$751,645</u> | <u>(\$32,200)</u> | <u>(\$17,347)</u> |
| Net Agency Cost..... | <u>\$1,116,535</u> | <u>\$1,102,387</u> | <u>\$1,203,266</u> | <u>\$1,219,309</u> | <u>\$116,922</u> | <u>\$16,043</u> |
| Funding | | | | | | |
| City..... | 904,374 | 910,593 | 1,019,695 | 1,035,452 | 124,859 | 15,757 |
| Non-City..... | 212,161 | 191,794 | 183,571 | 183,857 | (7,937) | 286 |
| Personnel (includes FTEs at fiscal year-end) | | | | | | |
| City..... | 1,352 | 1,661 | 1,617 | 1,658 | (3) | 41 |
| Non-City..... | <u>725</u> | <u>648</u> | <u>689</u> | <u>656</u> | <u>8</u> | <u>(33)</u> |
| Total..... | <u>2,077</u> | <u>2,309</u> | <u>2,306</u> | <u>2,314</u> | <u>5</u> | <u>8</u> |

Programmatic Review and Service Impact

DCAS provides support services through the seven lines of services described below:

Human Capital

Human Capital is responsible for Citywide civil service administration, including the classification of positions and salaries, developing, validating, administering, and rating examinations, creating civil service lists, and certifying those lists to agencies to fill vacancies and replace provisionals. Human Capital also evaluates and administers Citywide personnel policies and programs, and conducts professional development and employee training programs. It also oversees the expansion and maintenance of the New York City Automated Personnel System (NYCAPS), a centralized state-of-the-art automated personnel system for managers and employees to access and manage personnel and benefits information including Employee Self-Service.

Human Capital administers examinations for City agencies and other organizations such as the New York City Housing Authority. Human Capital will continue to provide sufficient exams to help meet the City's hiring needs as well as continuing to reduce the number of provisional employees Citywide.

Diversity and Equal Employment Opportunity

Citywide Diversity and EEO (CDEEO) 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 and providing statistical reports on the City's workforce, its demographic composition, and trends in hiring and promotions.

Asset Management

Asset Management is the real estate arm of the City of New York, which oversees City-owned office buildings, court buildings and commercial rental properties, keeping these buildings fully functional and operational. In addition, Asset Management negotiates and administers City leases of private property. Acting as the real estate advisor for City agencies, Asset Management assists agencies with finding suitable and cost effective space for their operations, through purchase or lease of acquired or existing space.

Asset Management actively manages and operates approximately 55 City-owned court and office buildings totaling 15 million square feet throughout the City, which includes City Hall and each of the five Borough Halls. In addition, Asset Management is responsible for the City's 21 million square foot leased portfolio.

Communications

The Communications line of service produces the City Record, the official journal of the City of New York mandated by Section 1066 of the New York City Charter. The City Record includes notices about public hearings and meetings, property disposition, procurement (solicitations and awards), agency public hearings, agency rules, and special material, which include changes in personnel.

The City Record is published each weekday except legal holidays and a digital, searchable version called The City Record On-Line (CROL), is also available. While the print edition of The City Record remains the authoritative source for solicitations and other notices, CROL offers vendors the opportunity to view notices and bid documents online at any time. Vendors who register with the site will receive notification by e-mail when new solicitations are posted.

Energy Management

DCAS Energy Management (DEM) serves as the hub for energy management for City government operations, from energy procurement to performance tracking, improved operations & maintenance, and building retrofits. DEM is responsible for monitoring and paying the City's Heat, Light and Power bills. DEM also plays a central role in One City, Built to Last, the initiative to reduce greenhouse gas emissions by 80 percent below 2005 levels by 2050.

Office of Citywide Purchasing

The Office of Citywide Purchasing (OCP) purchases, inspects and distributes supplies and equipment at the lowest net cost, and assists in the disposal of surplus heavy equipment and goods. Each year DCAS purchases \$1.2 billion of goods and services for the City, through approximately 1,000 Citywide requirement contracts and one-time purchases. DCAS leverages the City's purchasing power to obtain the most competitive pricing for goods and services by aggregating demand and consolidating contracts. DCAS seeks to maximize Minority and Women-Owned Business Enterprise (M/WBE) vendor participation by conducting outreach and regularly representing the City at vendor fairs.

NYC Fleet

NYC Fleet operates 28,000 owned and leased vehicles, the largest municipal fleet in the United States. NYC maintains fleet units at 37 dedicated fleet repair facilities and additional satellite locations, and has over 400 in-house fueling locations. NYC Fleet oversees the vehicle maintenance contracts while managing the City's fuel, vehicle accidents, defensive driver training and alternative energy programs. DCAS directs efforts to improve fleet management Citywide in areas of safety, sustainability, transparency, and shared services.

Capital Review

The Department is responsible for capital improvements to all DCAS-managed and client agency buildings including office space, warehouses, and courts; oversight and improvements to City-leased properties; the sale, lease, acquisition and rehabilitation of City-owned non-residential waterfront and non-waterfront properties; energy efficiency initiatives; and agency facility and operational protective measures. 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 2016-2025 Ten-Year Capital Strategy totals \$3.6 billion, which includes \$1.6 billion in the 2016-2019 Four-Year Plan. The table below reflects capital commitments by program area over the FY 2014-2019 period.

Capital Commitments
(\$ in 000's)

| | 2014 Actual | | 2015 Plan | | 2016 Plan | | 2017 Plan | | 2018 Plan | | 2019 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 Space | \$45,675 | \$45,775 | \$70,554 | \$71,013 | \$115,911 | \$115,911 | \$82,648 | \$82,648 | \$44,778 | \$44,778 | \$20,860 | \$20,860 |
| Renovation of Other City-Owned Facilities..... | 995 | 995 | 1,358 | 1,358 | 7,815 | 7,815 | 37,590 | 37,590 | 3,000 | 3,000 | 0 | 0 |
| Rehabilitation of Court Buildings..... | 0 | 0 | 0 | 0 | 0 | 0 | 310 | 310 | 0 | 0 | 0 | 0 |
| Legal Mandates and Correction of Unsafe Conditions..... | 18,980 | 18,980 | 47,586 | 47,586 | 38,995 | 38,995 | 38,515 | 38,515 | 39,196 | 39,196 | 54,815 | 54,815 |
| Renovation of Leased Space | 39,385 | 39,385 | 34,083 | 34,083 | 46,484 | 46,484 | 0 | 0 | 7,205 | 7,205 | 5,702 | 5,702 |
| Equipment and Interagency Services..... | 30,734 | 30,734 | 39,388 | 39,388 | 16,601 | 16,601 | 8,930 | 8,930 | 20,848 | 20,848 | 3,095 | 3,095 |
| Communications Equipment | 0 | 0 | 397 | 397 | 475 | 475 | 175 | 175 | 175 | 175 | 0 | 0 |
| Board of Elections | (5,519) | (5,519) | 3,624 | 3,624 | 1,187 | 1,187 | 0 | 0 | 0 | 0 | 0 | 0 |
| Miscellaneous Construction..... | 13,425 | 13,425 | 52,616 | 52,616 | 35,809 | 35,809 | 9,017 | 9,017 | 0 | 0 | 0 | 0 |
| Acquisition of Real Property | 0 | 0 | 100 | 100 | 500 | 500 | 0 | 0 | 0 | 0 | 0 | 0 |
| Energy Efficiency and Sustainability | 184,039 | 184,039 | 90,206 | 90,206 | 243,294 | 243,294 | 198,764 | 198,764 | 200,139 | 200,139 | 202,713 | 202,713 |
| Resiliency and Protective Measures..... | 514 | 514 | 237,081 | 237,081 | 0 | 0 | 0 | 0 | 0 | 0 | 16,840 | 16,840 |
| Rehabilitation of Waterfront & Non-Waterfront Properties.. | 205 | 205 | 8,761 | 8,761 | 29,000 | 29,000 | 30,250 | 30,250 | 29,893 | 29,893 | 30,000 | 30,000 |
| Total | <u>\$328,432</u> | <u>\$328,532</u> | <u>\$585,754</u> | <u>\$586,213</u> | <u>\$536,071</u> | <u>\$536,071</u> | <u>\$406,199</u> | <u>\$406,199</u> | <u>\$345,234</u> | <u>\$345,234</u> | <u>\$334,025</u> | <u>\$334,025</u> |

Highlights of the Ten-Year Plan include:

- reconstruction and rehabilitation of public buildings and City-owned facilities (\$336.9 million), including projects at 345 Adams in Brooklyn (\$47.9 million), the Brooklyn Municipal Building (\$36.8 million), 253 Broadway (\$25.5 million), a Computerized Testing and Applications Center in the Bronx (\$23.6 million), the Manhattan Municipal Building (\$21 million, not including Civic Center projects), 100 Gold in Manhattan (\$12.9 million), Queens Borough Hall (\$9.6 million), and 1932 Arthur Avenue in the Bronx (\$3.5 million). 21st Century Civic Center Plan projects (\$37.4 million) are also included.
- renovation of leased space (\$184.5 million), including space for the Department of Finance in Brooklyn and Queens (\$31.1 million), 21st Century Civic Center Plan projects (\$7.3 million), and the establishment of Computerized Testing and Applications Centers in Queens and Staten Island (\$4.3 million).
- energy efficiency measures and building retrofits, Citywide (\$2.47 billion), including funding for the Accelerated Conservation and Efficiency (“ACE”) Program (\$1.18 billion), cogeneration systems at local hospitals (\$76 million), Local Law 87 deep retrofits (\$1.1 billion), DOT streetlighting upgrades (\$56 million), and Solar panels at Citywide facilities (\$44.4 million). These programs are integral to the One City, Built to Last plan to achieve an 80 percent reduction in GHG emissions from 2005 levels by 2050.
- legal mandates (\$297.8 million), including fire/life safety upgrades to ensure Local Law 5 compliance (\$194.2 million), fuel tank replacement and remediation (\$50 million), ADA compliance work (\$19 million), and façade upgrades to ensure Local Law 11 compliance (\$15.3 million).

- equipment and interagency services (\$82.9 million), including the development of a municipal supplies Inventory Management System (\$13.8 million), and a Computerized Maintenance Management System for City-owned buildings (\$4.1 million).
- miscellaneous construction in other facilities (\$48.9 million).
- renovation of other City-owned facilities (\$48.4 million), including space for the Taxi and Limousine Commission at its Woodside, Queens facility (\$43.7 million).
- modernization of the Board of Elections (\$11.8 million).
- communications equipment (\$0.8 million).
- acquisition of real property (\$0.5 million).
- rehabilitation of court buildings (\$0.3 million).
- rehabilitation of waterfront property (\$140.3 million).
- rehabilitation of non-waterfront property (\$0.3 million).
- Citywide agency facility and operational protective measures (\$16.8 million).

The 2016-2019 Plan provides \$1.6 billion and includes:

- reconstruction and rehabilitation of public buildings and City-owned facilities (\$264.2 million), including projects at 345 Adams in Brooklyn (\$47.9 million), the Brooklyn Municipal Building (\$36.8 million), 253 Broadway (\$25.5 million), a Computerized Testing and Applications Center in the Bronx (\$23.6 million), the Manhattan Municipal Building (\$5.5 million, not including Civic Center projects), 100 Gold in Manhattan (\$12.9 million), Queens Borough Hall (\$5.3 million), and 1932 Arthur Avenue in the Bronx (\$3.5 million). 21st Century Civic Center Plan Projects (\$37.4 million) are also included.
- renovation of leased space (\$59.4 million), including space for the Department of Finance in Brooklyn and Queens (\$31.1 million), 21st Century Civic Center Plan projects (\$7.3 million), and the establishment of Computerized Testing and Applications Centers in Queens and Staten Island (\$4.3 million).
- energy efficiency measures and building retrofits, Citywide (\$845 million), including funding for the Accelerated Conservation and Efficiency (“ACE”) Program (\$326 million), Local Law 87 deep retrofits (\$442 million), DOT streetlighting upgrades (\$29 million), and Solar panels at Citywide facilities (\$44.4 million). These programs are integral to the One City, Built to Last plan to achieve an 80 percent reduction in GHG emissions from 2005 levels by 2050.
- legal mandates (\$171.5 million), including fire/life safety upgrades to ensure Local Law 5 compliance (\$86.9 million), fuel tank replacement and remediation (\$50 million), and façade upgrades to ensure Local Law 11 compliance (\$15.3 million).
- equipment and interagency services (\$49.5 million), including the development of a municipal supplies Inventory Management System (\$13.8 million), and a Computerized Maintenance Management System for City-owned buildings (\$4.1 million).
- miscellaneous construction in other facilities (\$44.8 million).

- renovation of other City-owned facilities (\$48.4 million), including space for the Taxi and Limousine Commission at its Woodside, Queens facility (\$43.7 million).
- modernization of the Board of Elections (\$1.2 million).
- communications equipment (\$0.8 million).
- rehabilitation of court buildings (\$0.3 million).
- rehabilitation of waterfront property (\$118.9 million).
- rehabilitation of non-waterfront property (\$0.3 million).
- Citywide agency facility and operational protective measures (\$16.8 million).

DEPARTMENT OF INFORMATION TECHNOLOGY AND TELECOMMUNICATIONS

The Department of Information Technology and Telecommunications (DoITT) provides Citywide coordination and technical expertise in the development and use of data, voice, and video technologies in City services and operations. DoITT's Commissioner directs the development of information technology (IT) strategies and deployment. 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 NYC311 and the City's broadcast/cable television and radio stations, and maintains NYC.gov, the City's official website.

Financial Review

DoITT's 2016 Executive Budget provides for an operating budget of \$550.5 million, an increase of \$14.5 million over the amount forecasted for 2015. This change is largely attributable to the insourcing of projects previously staffed by outside vendors.

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 \$165.7 million in revenue for 2016.

Expense Budget Highlights

Budgetary Priorities: Providing Core Services

- the Department's 2016 Executive Budget includes \$120.3 million for services that DoITT purchases on behalf of client agencies, including telecommunications, data, and consultant services.
- the Department's 2016 Executive Budget provides \$54.3 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 2016 Executive Budget provides \$47.7 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 2016 Executive Budget provides \$28.0 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.

Summary of Agency Financial Data

The following table compares the 2016 Executive Budget with the 2016 Preliminary Budget, the 2015 forecast and actual expenditures for 2014, including costs budgeted centrally for fringe benefits, pensions and debt service.

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

| (\$ in 000 \$) | | | | | Increase/(Decrease) | |
|---|------------------|------------------|-----------------------|---------------------|---------------------|-----------------------|
| | 2014 | 2015 | 2016 | | 2015 | 2016 |
| | Actual | Forecast | Preliminary Budget | Executive Budget | Forecast | Preliminary Budget |
| Expenditures | | | | | | |
| Salary and Wages..... | \$88,268 | \$111,552 | \$118,245 | \$134,637 | \$23,085 | \$16,392 |
| Fringe Benefits..... | — | 402 | 91 | 91 | (311) | — |
| OTPS..... | 379,219 | 424,086 | 389,778 | 415,765 | (8,321) | 25,987 |
| Total..... | <u>\$467,487</u> | <u>\$536,040</u> | <u>\$508,114</u> | <u>\$550,493</u> | <u>\$14,453</u> | <u>\$42,379</u> |
| Funding | | | | | | |
| City..... | \$307,286 | \$367,724 | \$382,037 | \$413,681 | \$45,957 | \$31,644 |
| Other Categorical Grants..... | 4,526 | 14,679 | 3,096 | 3,103 | (11,576) | 7 |
| IFA..... | 7,383 | 3,207 | 3,259 | 3,428 | 221 | 169 |
| State..... | 27 | 29 | — | — | (29) | — |
| Federal CD..... | 8,059 | 10,072 | 1,689 | 9,995 | (77) | 8,306 |
| Federal Other..... | 7,545 | 5,478 | — | — | (5,478) | — |
| Intra-City Other..... | 132,661 | 134,851 | 118,033 | 120,286 | (14,565) | 2,253 |
| Total..... | <u>\$467,487</u> | <u>\$536,040</u> | <u>\$508,114</u> | <u>\$550,493</u> | <u>\$14,453</u> | <u>\$42,379</u> |
| Additional Costs Centrally Funded | | | | | | |
| Personal Services (PS)..... | | | | | | |
| Fringe Benefits..... | \$26,426 | \$28,233 | \$29,295 | \$31,227 | \$2,994 | \$1,932 |
| Pensions..... | 15,272 | 14,800 | 16,118 | 15,386 | 586 | (732) |
| Other Than Personal Service (OTPS) | | | | | | |
| Debt Service..... | — | — | — | — | — | — |
| Total Additional Costs..... | <u>\$41,698</u> | <u>\$43,033</u> | <u>\$45,413</u> | <u>\$46,613</u> | <u>\$3,580</u> | <u>\$1,200</u> |
| Funding | | | | | | |
| City..... | 34,027 | 38,759 | 41,527 | 42,515 | 3,756 | 988 |
| Non-City..... | 7,671 | 4,274 | 3,886 | 4,098 | (176) | 212 |
| Full Agency Costs (including Central Accounts) | | | | | | |
| Salary and Wages..... | \$88,268 | \$111,552 | \$118,245 | \$134,637 | \$23,085 | \$16,392 |
| Fringe Benefits..... | 26,426 | 28,635 | 29,386 | 31,318 | 2,683 | 1,932 |
| Pensions..... | 15,272 | 14,800 | 16,118 | 15,386 | 586 | (732) |
| Total PS | <u>\$129,966</u> | <u>\$154,987</u> | <u>\$163,749</u> | <u>\$181,341</u> | <u>\$26,354</u> | <u>\$17,592</u> |
| OTPS..... | \$379,219 | \$424,086 | \$389,778 | \$415,765 | (\$8,321) | \$25,987 |
| Debt Service..... | — | — | — | — | — | — |
| Total OTPS | <u>\$379,219</u> | <u>\$424,086</u> | <u>\$389,778</u> | <u>\$415,765</u> | <u>(\$8,321)</u> | <u>\$25,987</u> |
| Total Agency Costs..... | \$509,185 | \$579,073 | \$553,527 | \$597,106 | \$18,033 | \$43,579 |
| Less Intra-City..... | <u>\$132,661</u> | <u>\$134,851</u> | <u>\$118,033</u> | <u>\$120,286</u> | <u>(\$14,565)</u> | <u>\$2,253</u> |
| Net Agency Cost..... | <u>\$376,524</u> | <u>\$444,222</u> | <u>\$435,494</u> | <u>\$476,820</u> | <u>\$32,598</u> | <u>\$41,326</u> |
| Funding | | | | | | |
| City..... | 341,313 | 406,483 | 423,564 | 456,196 | 49,713 | 32,632 |
| Non-City..... | 35,211 | 37,739 | 11,930 | 20,624 | (17,115) | 8,694 |
| Personnel (includes FTEs at fiscal year-end) | | | | | | |
| City..... | 1,071 | 1,428 | 1,434 | 1,552 | 124 | 118 |
| Non-City..... | 92 | 83 | 65 | 67 | (16) | 2 |
| Total..... | <u>1,163</u> | <u>1,511</u> | <u>1,499</u> | <u>1,619</u> | <u>108</u> | <u>120</u> |

Programmatic Review and Service Impact

DoITT provides for the sustained, efficient, and effective delivery of IT services, infrastructure, and telecommunications to enhance service delivery to New York City's residents, businesses, employees, and visitors. To achieve these goals, DoITT works to establish Citywide policies around large-scale technology programs. DoITT's state-of-the-art Citywide Data Center allows the City to leverage expertise, IT personnel, and enterprise architecture practice to avoid duplicative efforts across agencies and improve efficiency and effectiveness. DoITT also manages Citynet, the City's institutional fiber network, NYC.gov, the City's official website, the New York City Wireless Network (NYCWiN), the Citywide Radio Network (Channel 16), the 800 MHz Radio Network, the Citywide Geographic Information Systems Unit, and provides administrative support to the Mayor's Office of Media and Entertainment (MOME), the Mayor's Office of Data Analytics (MoDA), the Mayor's Office of Technology and Innovation, NYC311, and various other initiatives to help streamline agency operations and provide services to New Yorkers.

Emergency Communications Transformation Program

The City continues work on Stage 2 of planned 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 December 2011, in collaboration with the Police Department and the Fire Department, the Office of Citywide Emergency Communications completed Stage 1, which included significant upgrades to the call-taking systems and telecommunications infrastructure, as well as co-location of the Police, Fire, and EMS call taking and dispatch operations into the Public Safety Answering Center in Brooklyn. ECTP's work on Stage 2 continues as the City develops a new, consolidated Fire and EMS dispatch system in a second, fully redundant Public Safety Answering Center (PSAC 2) in the Bronx. Most of the major components of the program (i.e., the Fire dispatch system and the start of NYPD call taking) will be completed in 2016, with completion of PSAC 2 in 2017.

New York City Wireless Network

The New York City Wireless Network (NYCWiN) is a high-speed, mobile data network providing 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. Given the advances in wireless and cellular technologies in the more than 10 years since the NYCWiN initiative began, in March 2015 DoITT released a Request for Expression of Interest and Information to solicit potential operational models for future uses of the network.

Citywide Radio Network & 800 MHz Radio Network

DoITT maintains two distinct mission critical radio systems – 800 MHz and the Citywide Radio Network – supporting more than 40 City agencies and some 25,000 radios with internal and interoperable communications among various jurisdictions. There was heavy reliance on these systems during and after Hurricane Sandy, as they were among the only reliable means of voice communications for critical response efforts in and around the impacted zones. All told, DoITT deployed more than 900 radios to approximately two dozen agencies. These radio systems maintained 100% uptime and reliability throughout the emergency, which can be attributed to backup generators and digital microwave technology that lessened dependency on power and telecommunications providers.

Geographic Information Systems

DoITT's Citywide Geographic Information Systems (GIS) Unit provides enterprise-wide support for geospatial applications by developing and hosting interactive maps and geo-referenced data along with associated tools and applications. This includes NYCCityMap, a physical base map and planimetrics of the City derived from aerial photography. Leveraging NYCCityMap and similar technologies, DoITT works with agencies across the City to launch many interactive websites and applications serving a range of audiences and needs.

NYC311

NYC311 is the nation's largest and most comprehensive government information and services center. It is available 24 hours a day, 7 days a week. New Yorkers can connect with 311 online, by text, phone, Skype, or social media. The agency works continuously to make government services more accessible to non-English speakers, with 311 Online available in more than 50 languages. Since its launch, NYC311 has received more than 200 million calls and has been a clearinghouse for all things New York City government, providing information on more than 4,000 topics, routing details to the appropriate City agencies and providing customers with service request numbers for use in tracking the progress of their inquiry. In November 2014, the City launched a revamped 311 Mobile App that allows tenants to file heat and hot water complaints from their mobile devices for the first time. In 2014 overall, NYC311 set a record for the most annual customer contacts – over 28 million – in its history, surpassing the previous record, set in 2011, by approximately 16 percent.

NYC.gov

NYC.gov, the official website of the City of New York, is in many ways the City's digital face to the world. Home to the websites of more than 125 City agencies, entities, initiatives, and organizations, NYC.gov hosts roughly 45 million unique visitors viewing nearly 800 million pages of content per year. Additionally, many government agencies provide information across various different platforms, including mobile applications, social media, and targeted alerts. Along with NYC Digital, DoITT is now working with agencies across the City to redesign their websites to match the recently re-launched NYC.gov, which entails major improvements both to the site's design and to its back-end technology infrastructure. The site design is more user-centric than before and easily navigated via an intuitive, data-informed interface. From the homepage, users can find important alerts, watch a Mayoral announcement live, make a 311 service request, get customized information about their neighborhood, and discover new events and programs.

Sustainable Broadband Adoption

DoITT works to expand broadband access citywide and to traditionally-underserved areas in particular. In Fiscal 2016, DoITT will begin to implement LinkNYC, following rounds of public feedback and pilot programs exploring how best to replace the City's aging payphone infrastructure. LinkNYC will provide free, up to gigabit-fast Wi-Fi access for New Yorkers in neighborhoods across each of the five boroughs – also offering free domestic calling and 911 and 311 access. Moreover, LinkNYC is expected to generate at least \$500 million for the City over the next 12 years, providing additional revenue for more broadband initiatives aimed at bridging the digital divide. DoITT leads NYC Connected Communities, which provides \$3.7 million per year to a range of City partners to increase public broadband access, computer literacy, and job readiness training in communities of need.

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

The New York City Mayor's Office of Media and Entertainment (MOME) streamlines government communications by making more information accessible, leveraging technology to aid in the transparency of government, and by supporting relevant industries in New York City. MOME consists of the Office of Film, Theatre and Broadcasting, and NYC Media, the official television, radio, and online network of the City of New York.

Streamlining Agency Operations

DoITT will continue to leverage its data centers, fiber optic network, wireless data network, and other resources in order to achieve cost savings for City agencies in need of internet access, data center hosting and management, e-mail, security and firewall solutions, disaster recovery sites, wireless solutions, and remote access. The DoITT Capital Plan for 2016-2019 includes \$296.7 million for infrastructure improvements associated with these Citywide initiatives.

ECONOMIC DEVELOPMENT

The Department of Small Business Services (SBS) makes it easier for businesses in New York City to form, do business and grow by providing direct assistance to business owners, fostering neighborhood development in commercial districts and linking employers to a skilled and qualified workforce. SBS operates the City's NYC Business Solutions Centers, Industrial Business Solutions Provider Network and Workforce1 Career Centers; provides services to support the growth of local economic development organizations throughout the City; and administers the Minority and Women-owned Business Enterprise (MWBE) Program.

The New York City Economic Development Corporation (NYCEDC) is a not for profit organization that is under contract with SBS. NYCEDC's mission is to encourage economic growth throughout the five boroughs of New York City by strengthening the City's competitive position and facilitating investments that build capacity, create quality jobs, generate economic opportunity and improve quality of life.

Together, SBS and NYCEDC oversee programming to achieve the City's economic development goals.

The Department of Small Business Services (SBS)

SBS works to foster a thriving, equitable New York City by connecting people to good jobs, creating stronger businesses, and building a fairer economy.

The Workforce Development Division (WDD) partners with industry stakeholders to train New Yorkers for careers and connect jobseekers to jobs. Two SBS divisions, the Business Development Division (BDD) and the Division of Business Acceleration (DBA), provide services primarily to small and medium sized businesses. BDD helps businesses start, operate and grow while DBA helps businesses interact with other City agencies and streamlines the regulatory system. The Neighborhood Development Division (NDD) works to strengthen commercial corridors and neighborhoods, including overseeing the City's Business Improvement Districts.

The Division of Economic and Financial Opportunity (DEFO) works to increase opportunities for minority- and women-owned businesses through MWBE certification, technical assistance in procurement, and connections to local commercial development opportunities.

New York City Economic Development Corporation (NYCEDC)

NYCEDC invests in major infrastructure upgrades, capital projects and real estate development; manages City-owned properties; and works to enhance the City's major business sectors. NYCEDC addresses challenges faced by industries through analysis of current economic trends, development of strategies and solutions, and implementation of programs that help businesses thrive and grow. Through the New York City Industrial Development Agency (NYCIDA) and Build New York City Resource Corporation (Build NYC), NYCEDC helps eligible businesses meet financing needs for property acquisition, new equipment, renovation and working capital through low-cost tax-exempt bonds and exemptions and abatements of selected City and State taxes, in order to create and retain quality jobs.

Brooklyn Navy Yard Development Corporation (BNYDC) and Trust for Governors Island (TGI)

Additionally, SBS contracts with the BNYDC and the TGI for the purposes of economic development and rehabilitating City-owned assets. Since 1981, BNYDC has operated the Brooklyn Navy Yard on behalf of the City and has diversified the types of businesses that operate at the Navy Yard, shifting from a reliance on heavy maritime manufacturers to green and light manufacturers. Currently, over 330 businesses employ over 6,400 people at the Navy Yard's 300-acre campus.

In 2011, the City of New York assumed responsibility for the development and operations of Governors Island, located in Upper New York Harbor. Since assuming control of the Island, the City has made major investments

at the Island to prepare it for future development activities. With these investments, TGI has fortified the Island against natural disasters, rehabilitated the Island's electrical and water infrastructure, and created new parkland.

Financial Review

The 2016 Executive Budget provides \$242.1 million in operating expenses at SBS, with Federal funds of \$148 million, including Workforce Innovation and Opportunity Act (WIOA) funds, and City funds of \$88.2 million. The SBS operating budget includes allocations for NYCEDC, NYC & Company, the Trust for Governors Island. NYCEDC 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 \$3.28 billion are forecast in the 2016-2025 capital plan. Of this amount, \$3.21 billion reflect Mayoral commitments. The remaining \$77 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 2016 revenue estimate is \$72.5 million.

Expense Budget Highlights

SBS

- the Workforce Development Division helps New Yorkers build careers and connect to jobs. Workforce Development programs are currently budgeted at \$48.9 million in 2016.
- the Business Development Division helps businesses to start, operate and grow. The 2016 Executive Budget provides \$61.5 million in City and Federal funds, including \$1.5 million to bolster the industrial sector and \$745K for WE NYC, a major new women's entrepreneurship program.
- the Division of Business Acceleration helps businesses navigate government and cut red tape. The 2016 Executive Budget provides \$4.6 million in City funds, including \$3.1 million funding for 30 initiatives to reduce the burden of regulation as outlined in the Small Business First report.
- the Neighborhood Development Division strengthens commercial neighborhoods and supports the City's network of 70 Business Improvement Districts. The 2016 Executive Budget provides \$642K in City and Federal funds, including \$4.3 million for new programs to support key commercial corridors across the city.
- the Division of Economic and Financial Opportunity certifies minority- and women-owned businesses (M/WBEs) for government contracts, provides technical assistance to M/BWEs, and works to ensure parity in the City's hiring practices. The 2016 Executive Budget provides \$6.2 million in City and Federal funds.

NYCEDC

- NYCEDC is self-sustaining and receives no direct operating funds from the City, deriving revenues primarily from the management of City-owned property, financing fees, and land sale proceeds.
- NYCEDC contributes to the City's budget through annual contract payments and revenue derived from its property management functions.
- NYCEDC will receive three million dollars in City funds to conduct waterfront inspections to assist the City in preserving the 520 miles that surround the five boroughs.

NYC and Co.

- through a contract with SBS, NYC & Company will receive \$17.7 million in City funding in 2016 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.

Trust for Governors Island

- through a contract with SBS, TGI will receive \$12 million in City funding towards the management and operations of the Island in 2016, as well as capital funds for investments in infrastructure and the construction of public open space and recreational facilities.

Brooklyn Navy Yard Development Corporation

- BNYDC is self-sustaining and receives no direct operating funds from the City, deriving revenues primarily from the management of City properties. Through a contract with SBS, BNYDC will receive capital funds for investments in infrastructure.

Summary of Agency Financial Data

The following table compares the 2016 Executive Budget with the 2016 Preliminary Budget, the 2015 forecast and actual expenditures for 2014, including costs budgeted centrally for fringe benefits, pensions and debt service.

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

| | (\$ in 000 \$) | | | | Increase/(Decrease) | |
|---|------------------|------------------|-----------------------|---------------------|---------------------|-----------------------|
| | 2014 | 2015 | 2016 | | 2015 | 2016 |
| | Actual | Forecast | Preliminary Budget | Executive Budget | Forecast | Preliminary Budget |
| Expenditures | | | | | | |
| Salary and Wages..... | \$18,498 | \$21,446 | \$20,739 | \$22,162 | \$716 | \$1,423 |
| Fringe Benefits..... | — | — | — | — | — | — |
| OTPS..... | 183,812 | 329,203 | 128,959 | 219,894 | (109,309) | 90,935 |
| Total..... | <u>\$202,310</u> | <u>\$350,649</u> | <u>\$149,698</u> | <u>\$242,056</u> | <u>(\$108,593)</u> | <u>\$92,358</u> |
| Funding | | | | | | |
| City..... | \$65,592 | \$85,947 | \$65,944 | \$88,247 | \$2,300 | \$22,303 |
| Other Categorical Grants..... | 3,712 | 11,050 | 56 | 56 | (10,994) | — |
| IFA..... | — | — | — | — | — | — |
| State..... | 737 | 2,522 | — | 125 | (2,397) | 125 |
| Federal CD..... | 62,868 | 162,690 | 44,185 | 109,109 | (53,581) | 64,924 |
| Federal Other..... | 64,850 | 61,134 | 39,003 | 38,889 | (22,245) | (114) |
| Intra-City Other..... | 4,551 | 27,306 | 510 | 5,630 | (21,676) | 5,120 |
| Total..... | <u>\$202,310</u> | <u>\$350,649</u> | <u>\$149,698</u> | <u>\$242,056</u> | <u>(\$108,593)</u> | <u>\$92,358</u> |
| Additional Costs Centrally Funded | | | | | | |
| Personal Services (PS)..... | | | | | | |
| Fringe Benefits..... | \$6,942 | \$6,270 | \$6,482 | \$6,743 | \$473 | \$261 |
| Pensions..... | 2,983 | 3,124 | 3,378 | 3,224 | 100 | (154) |
| Other Than Personal Service (OTPS) | | | | | | |
| Debt Service..... | 248,189 | 239,535 | 342,553 | 179,371 | (60,164) | (163,182) |
| Total Additional Costs..... | <u>\$258,114</u> | <u>\$248,929</u> | <u>\$352,413</u> | <u>\$189,338</u> | <u>(\$59,591)</u> | <u>(\$163,075)</u> |
| Funding | | | | | | |
| City..... | 247,565 | 238,626 | 340,186 | 179,421 | (59,205) | (160,765) |
| Non-City..... | 10,549 | 10,303 | 12,227 | 9,917 | (386) | (2,310) |
| Full Agency Costs (including Central Accounts) | | | | | | |
| Salary and Wages..... | \$18,498 | \$21,446 | \$20,739 | \$22,162 | \$716 | \$1,423 |
| Fringe Benefits..... | 6,942 | 6,270 | 6,482 | 6,743 | 473 | 261 |
| Pensions..... | 2,983 | 3,124 | 3,378 | 3,224 | 100 | (154) |
| Total PS | <u>\$28,423</u> | <u>\$30,840</u> | <u>\$30,599</u> | <u>\$32,129</u> | <u>\$1,289</u> | <u>\$1,530</u> |
| OTPS..... | \$183,812 | \$329,203 | \$128,959 | \$219,894 | (\$109,309) | \$90,935 |
| Debt Service..... | 248,189 | 239,535 | 342,553 | 179,371 | (60,164) | (163,182) |
| Total OTPS | <u>\$432,001</u> | <u>\$568,738</u> | <u>\$471,512</u> | <u>\$399,265</u> | <u>(\$169,473)</u> | <u>(\$72,247)</u> |
| Total Agency Costs..... | \$460,424 | \$599,578 | \$502,111 | \$431,394 | (\$168,184) | (\$70,717) |
| Less Intra-City..... | \$4,551 | \$27,306 | \$510 | \$5,630 | (\$21,676) | \$5,120 |
| Net Agency Cost..... | <u>\$455,873</u> | <u>\$572,272</u> | <u>\$501,601</u> | <u>\$425,764</u> | <u>(\$146,508)</u> | <u>(\$75,837)</u> |
| Funding | | | | | | |
| City..... | 313,157 | 324,573 | 406,130 | 267,668 | (56,905) | (138,462) |
| Non-City..... | 142,716 | 247,699 | 95,471 | 158,096 | (89,603) | 62,625 |
| Personnel (includes FTEs at fiscal year-end) | | | | | | |
| City..... | 120 | 176 | 180 | 197 | 21 | 17 |
| Non-City..... | 138 | 139 | 118 | 132 | (7) | 14 |
| Total..... | <u>258</u> | <u>315</u> | <u>298</u> | <u>329</u> | <u>14</u> | <u>31</u> |

Programmatic Review and Service Impact

Department of Small Business Services

SBS works to foster a thriving, equitable economy and promote inclusive growth by connecting New Yorkers to good jobs, creating stronger businesses, and building a fairer economy. It does this by linking employers to a skilled and qualified workforce, providing direct assistance to business owners, reducing the burden of regulation, supporting neighborhood development in commercial districts, and promoting financial and economic opportunity among minority- and women-owned businesses.

Workforce Development Division (WDD)

The Workforce Development Division delivers training and employment services to the City's workforce. In 2014, SBS implemented job quality standards across the Workforce1 system to target better paying jobs and full time employment. In 2014, Workforce1 Career Centers served 151,650 jobseekers, providing workshops, pre-vocational skills training, on-site recruitments and job referral services. Additionally, New Yorkers were placed in 20,648 jobs through the Workforce1 system in 2014.

In partnership with private employers, SBS provides training funds to upgrade the skill sets of employees in growth industries. In 2014, SBS served 25 companies to train 893 employees through this program, in sectors such as manufacturing, healthcare, and information technology. Since the program's inception, SBS has awarded more than \$11 million in training funds to over 196 companies to train over 7,299 workers, matched by over \$8.5 million in employer contributions.

Business Development Division (BDD)

The Business Development Division helps small businesses start, operate, and thrive by providing free business services through NYC Business Solutions Centers in all five boroughs, as well as innovative programs and initiatives specifically focused on reaching underserved communities.

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 provided directly by the Centers through partnerships. Centers are open in the South Bronx, Upper Manhattan, Queens, Downtown Brooklyn, Washington Heights, and Lower Manhattan. In 2014, NYC Business Solutions Centers facilitated over \$44.81 million in financing awards for 440 unique clients.

BDD 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 2014, NYC Business Solutions provided 6,309 free business education courses to entrepreneurs.

Division of Business Acceleration (DBA)

The Division of Business Acceleration client managers help new and existing businesses obtain the City licenses, permits, and certifications they need to open and operate in New York City.

The division assists customers by navigating many City agency processes on their behalf, accelerating plan reviews, and coordinating plan review appointments and inspections with City agencies. In 2014, DBA enabled 757 establishments to open and served 6,377 customers through our online services, NYC Business and NYC Business Express. Scope was expanded from assisting only new restaurants to assisting new and existing businesses within all retail and industrial sectors.

The Emergency Response Unit, in coordination with the Mayor's Office of Emergency Management, 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 2014, staff provided assistance to 193 businesses, including playing a key role during the Harlem gas explosion.

Neighborhood Development Division (NDD)

NDD 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. In 2014, through a network of 70 Business Improvement Districts (BIDs), NDD oversaw contracts that led to the provision of more than \$112 million in supplemental services across 1,480 City blocks.

Division of Economic and Financial Opportunity (DEFO)

SBS works to ensure that the City's procurement process reflects the great diversity of this City, and that government uses all levers available to strengthen minority and women-owned businesses. In 2014, contracts awarded to M/WBEs totaled \$690 million, a 57 percent increase from the year before. The Division of Economic and Financial Opportunity focuses on helping minority and women owned firms certify with the City, and build their capacity so they can compete and win contracts in the public and private sectors.

New York City Economic Development Corporation

As the City's primary economic development entity, NYCEDC coordinates with both the private and public sectors to promote economic development activities across a diverse set of industries and neighborhoods. This work led to over \$26.6 billion in private investment in various projects in all five boroughs. Additionally, to support industrial and commercial development, promote tourism, and improved transportation and waterfront infrastructure, NYCEDC utilizes a combination of City capital funds and NYCEDC revenue to manage the City's industrial, waterfront and commercial assets.

Asset Management

NYCEDC manages the City's industrial properties, which include the Brooklyn Army Terminal (BAT). BAT is currently 99 percent occupied, with nearly 100 tenants, who employ over 3,600 workers, utilizing the facility. NYCEDC is currently utilizing \$100 million in City capital funds to rehabilitate Building A at the BAT campus to open up 500,000 square feet of new industrial space. Additionally, NYCEDC operates multiple incubators in the five boroughs. These incubators support over 790 companies, employing 1,190 people in 160,000 square feet of incubator space.

Real Estate

NYCEDC assists the City manage and sell its real estate assets. In 2014, NYCEDC closed 13 real estate deals to develop 672,000 square feet of real estate. These deals include selling under-utilized City-owned space in Queens to a private developer to develop a mixed-use facility that will include office and community space. Additionally, NYCEDC leased space to the National Lighthouse Museum to activate vacant space in Staten Island, which will be used as a New York harbor maritime museum.

HireNYC

HireNYC is a free program that connects the City's workforce development services to economic development projects. HireNYC staff members collaborate with real estate developers, NYCEDC, and communities to assess business opportunities and the need for jobs. Staff can identify the citywide resources that best meet a company's recruitment needs and connect New Yorkers to employment opportunities in their local area. In 2014, NYCEDC placed 543 candidates into local jobs through this program.

Waterfront Development

NYCEDC manages and assists in the redevelopment of City-owned waterfront property. This includes the Manhattan and Brooklyn Cruise Terminals, where 602,841 passengers debarked in 2014; multiple piers in the five boroughs; and miles of open space along the waterfront. NYCEDC also operates the East River Ferry, which transported 1,289,896 people in 2014.

Industry Support and Small Business Assistance

NYCEDC also provides several small business lending, guarantee, and bond programs, as well as a range of programs designed to spur growth and innovation in strategic sectors of the City's economy. The purpose of these programs is to create jobs and retain and expand businesses through financial assistance offered at market or below market rates as well as incubator space or talent development initiatives. NYCEDC also oversees the New York City Industrial Development Agency (NYCIDA) 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.

- the NYCIDA provides low-cost tax-exempt bonds and exemptions and abatements of selected City and State taxes, in order to create and retain jobs in the industrial and manufacturing sector. These benefits allow small industrial businesses to stay and grow in the City. In 2014, the NYCIDA closed 19 projects.
- 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. The Build NYC Resource Corporation closed 64 projects in 2014.

Capital Review

The primary goal of the Ten 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 2016-2025 Ten Year Capital Plan totals \$3.28 billion.

The following chart shows Capital plan commitments by major function over the 2016-2019 period. Actual commitments are provided for 2014.

Capital Commitments (\$ in 000's)

| | 2014 Actual | | 2015 Plan | | 2016 Plan | | 2017 Plan | | 2018 Plan | | 2019 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 | \$139,627 | \$145,688 | \$29,215 | \$62,731 | \$84,826 | \$84,826 | \$16,413 | \$16,413 | \$22,167 | \$22,167 | \$36,528 | \$36,528 |
| Industrial Development | 24,145 | 24,145 | 98,266 | 98,586 | 118,910 | 118,910 | 102,495 | 102,495 | 29,009 | 29,009 | 27,140 | 27,140 |
| Market Development | 112 | 112 | 1,858 | 1,858 | 42,246 | 42,246 | 55,000 | 55,000 | 31,155 | 31,155 | — | — |
| Neighborhood Revitaliz'n | 8,347 | 19,926 | 38,012 | 75,492 | 141,671 | 160,717 | 489,739 | 507,739 | 309,239 | 327,239 | 171,483 | 189,483 |
| Port Development | 312 | 115 | 1,952 | 4,680 | 8,857 | 8,857 | 2,000 | 2,000 | 170 | 170 | — | — |
| Rail Development | — | — | 200 | 200 | — | — | — | — | 193 | 193 | — | — |
| Waterfront Development | 2,732 | 3,227 | 21,059 | 41,135 | 69,339 | 69,339 | 20,498 | 20,498 | 7,100 | 7,100 | 14,353 | 14,353 |
| Cultural Development | 1,669 | 1,669 | 2,726 | 2,726 | 11,475 | 11,475 | — | — | 1,929 | 1,929 | — | — |
| Community Development | 7,155 | 7,155 | 7,493 | 11,074 | 1,800 | 1,800 | — | — | — | — | — | — |
| Miscellaneous | 70,732 | 76,135 | 138,236 | 220,293 | 169,138 | 169,138 | 22,534 | 22,534 | 8,428 | 8,428 | 7,000 | 7,000 |
| Total | \$254,831 | \$278,172 | \$339,017 | \$518,775 | \$648,262 | \$667,308 | \$708,679 | \$726,679 | \$409,390 | \$427,390 | \$256,504 | \$274,504 |

Highlights of the 2016-2025 Ten Year Capital Plan (including uncommitted 2015 funds):

- a total of \$1.17 billion over 10 years for infrastructure work related to planned housing development projects throughout the five boroughs.
- over \$700 million, over 10 years, for a Neighborhood Development Fund to help provide for critical infrastructure work for re-zonings proposed in neighborhood plans developed by the Department of City Planning.
- development, management and rehabilitation of the City owned waterfront, industrial and other properties (\$416 million) in all five boroughs.
- various development and infrastructure improvements at the Brooklyn Navy Yard (\$303 million), including the rehabilitation of Building 77 to create new spaces for manufacturing and industrial tenants.
- a total of \$150 million, over ten years, for major upgrades at the Hunts Point Food Distribution Terminal in the South Bronx, which provides approximately 50 percent of the fruit and vegetables, meat, and fish consumed in the five boroughs, and is home to 115 private wholesalers who employ more than 8,000 people.
- a total of \$137 million for the rehabilitation of existing structures, public access improvements, and infrastructure upgrades to support public open space and future redevelopment at Governors Island.
- a total of \$55 million to construct nine ferry landings for the first phase of the new Citywide Ferry System, which will expand the number of ferry routes from one to six, unlock development in transit challenged areas and promote equity, resiliency and growth.

LIBRARIES

The City of New York funds three independently operated public library systems, each administered by a separate board of trustees. The Brooklyn Public Library (BPL) oversees the operation of 58 branches, a Business Library, and a Central Library. The New York Public Library (NYPL) manages a three-borough library system with 35 branches in the Bronx, 39 branches in Manhattan, and 13 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) consists of 61 community libraries, seven Adult Learning Centers, two Family Literacy Centers, and a Central Library.

Financial Review

The 2016 Executive Budget for the Libraries provides total operating funds of \$313.9 million. The Executive Budget also provides for City funded capital commitments of \$176.6 million in 2016.

Expense Budget Highlights

Budgetary Priorities: Providing Core Services

- in 2016, the operating subsidy for the Brooklyn Public Library will be \$86.5 million.
- in 2016, the operating subsidy for the New York Public Library will be \$116.2 million.
- in 2016, the operating subsidy for the New York Public Library's Research Libraries will be \$23.8 million.
- in 2016, the operating subsidy for the Queens Borough Public Library will be \$87.4 million.

Summary of Agency Financial Data

The following table compares the 2016 Executive Budget with the 2016 Preliminary Budget, the 2015 forecast and actual expenditures for 2014, including costs budgeted centrally for fringe benefits, pensions and debt service.

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

| | (\$ in 000 \$) | | | | Increase/(Decrease) | |
|---|------------------|------------------|--------------------|------------------|---------------------|--------------------|
| | 2014 | 2015 | 2016 | | 2015 | 2016 |
| | Actual | Forecast | Preliminary Budget | Executive Budget | Forecast | Preliminary Budget |
| Expenditures | | | | | | |
| Salary and Wages..... | \$— | \$— | \$— | \$— | \$— | \$— |
| Fringe Benefits..... | — | — | — | — | — | — |
| OTPS..... | 241,877 | 326,502 | 313,131 | 313,859 | (12,643) | 728 |
| Total..... | <u>\$241,877</u> | <u>\$326,502</u> | <u>\$313,131</u> | <u>\$313,859</u> | <u>(\$12,643)</u> | <u>\$728</u> |
| Funding | | | | | | |
| City..... | \$238,210 | \$323,311 | \$313,131 | \$313,859 | (\$9,452) | \$728 |
| Other Categorical Grants..... | 365 | — | — | — | — | — |
| IFA..... | — | — | — | — | — | — |
| State..... | — | — | — | — | — | — |
| Federal CD..... | — | — | — | — | — | — |
| Federal Other..... | — | — | — | — | — | — |
| Intra-City Other..... | 3,302 | 3,191 | — | — | (3,191) | — |
| Total..... | <u>\$241,877</u> | <u>\$326,502</u> | <u>\$313,131</u> | <u>\$313,859</u> | <u>(\$12,643)</u> | <u>\$728</u> |
| Additional Costs Centrally Funded | | | | | | |
| Other Tan Personal Services (OTPS) | | | | | | |
| Fringe Benefits..... | \$1,820 | \$1,879 | \$2,096 | \$2,082 | \$203 | (\$14) |
| Pensions..... | 23,805 | 27,835 | 32,729 | 32,729 | 4,894 | — |
| Debt Service..... | 50,560 | 56,661 | 66,338 | 76,582 | 19,921 | 10,244 |
| Total Additional Costs..... | <u>\$76,185</u> | <u>\$86,375</u> | <u>\$101,163</u> | <u>\$111,393</u> | <u>\$25,018</u> | <u>\$10,230</u> |
| Funding | | | | | | |
| City..... | 74,223 | 84,299 | 98,385 | 108,039 | 23,740 | 9,654 |
| Non-City..... | 1,962 | 2,076 | 2,778 | 3,354 | 1,278 | 576 |
| Full Agency Costs (including Central Accounts) | | | | | | |
| Fringe Benefits..... | \$1,820 | \$1,879 | \$2,096 | \$2,082 | \$203 | (\$14) |
| OTPS..... | 241,877 | 326,502 | 313,131 | 313,859 | (12,643) | 728 |
| Pensions..... | 23,805 | 27,835 | 32,729 | 32,729 | 4,894 | — |
| Debt Service..... | 50,560 | 56,661 | 66,338 | 76,582 | 19,921 | 10,244 |
| Total OTPS | <u>\$318,062</u> | <u>\$412,877</u> | <u>\$414,294</u> | <u>\$425,252</u> | <u>\$12,375</u> | <u>\$10,958</u> |
| Total Agency Costs..... | \$318,062 | \$412,877 | \$414,294 | \$425,252 | \$12,375 | \$10,958 |
| Less Intra-City..... | <u>\$3,302</u> | <u>\$3,191</u> | <u>\$—</u> | <u>\$—</u> | <u>(\$3,191)</u> | <u>\$—</u> |
| Net Agency Cost..... | <u>\$314,760</u> | <u>\$409,686</u> | <u>\$414,294</u> | <u>\$425,252</u> | <u>\$15,566</u> | <u>\$10,958</u> |
| Funding | | | | | | |
| City..... | 312,433 | 407,610 | 411,516 | 421,898 | 14,288 | 10,382 |
| Non-City..... | 2,327 | 2,076 | 2,778 | 3,354 | 1,278 | 576 |
| Personnel (includes FTEs at fiscal year-end) | | | | | | |
| City..... | — | — | — | — | — | — |
| Non-City..... | — | — | — | — | — | — |
| Total..... | <u>—</u> | <u>—</u> | <u>—</u> | <u>—</u> | <u>—</u> | <u>—</u> |

* The 2016 Executive Budget provides an estimated 3,832 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:

- various infrastructure improvements at 18 New York Public Library branch locations throughout the Bronx, Manhattan, and Staten Island to address systems upgrades and energy conservation, such as HVAC and boiler system replacements; safety and security enhancements, such as fire alarms and security cameras; and exterior rehabilitation.
- a new Teen Space in the Cambria Heights branch was opened in the lower level of the library featuring a cyber center, lounge, gaming area, recording booth and meeting/reading rooms in November 2014.
- the Peninsula branch is under construction and will be reopened in the Summer of 2015. This will be the final library severely damaged by Superstorm Sandy to reopen.
- a new Elmhurst branch is scheduled to open in late 2015, featuring a full Adult Learning Center.
- the reopened Clinton Hill and Arlington branches in Brooklyn.

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

- the Brooklyn Public Library (BPL) offered an extensive variety of programs and services to its over 10.7 million annual visitors in 2014. Overall attendance to all programs—including afterschool, financial and health literacy, workforce development, small business, technology training, and others—exceeded 780,000 in 2014. In addition to its robust programming, BPL was able to expand the hours of operation at branches throughout the borough. The number of libraries offering six-day service increased from 23 to 39, while the number of libraries offering Saturday service increased from 40 to 47. Evening hours were added at many locations. BPL also hired 28 new staff members, most of whom are youth librarians. BPL introduced new initiatives to help immigrant communities access legal services and gain United States citizenship, engaged a record number of children and teens in the Summer Reading program, and added to the many services it provides outside of its branches. For instance, BPL's pop-up libraries offered specially curated collections at homeless shelters and other underserved locations. BPL taught the art of comic book creation to elementary school students at New York City Housing Authority community centers, and its TeleStory program facilitated virtual story times, singalongs, and other bonding activities for incarcerated fathers and their children.
- the New York Public Library (NYPL) offered nearly 67,300 programs and classes to its 17.6 million visitors throughout its 92 locations in 2014, with a combined attendance of approximately 1.3 million. Among these programs, NYPL offered a full range of services for patrons of all ages, from early childhood literacy to programs for teens, job seekers, entrepreneurs, and seniors. In particular, NYPL launched a series of educational afterschool programs for kids and teens, while continuing to increase its free computer training programs for patrons of all ages and English classes for Speakers of Other Languages. In addition, NYPL expanded its groundbreaking pilot program, MyLibraryNYC, which brings library books directly to New York City public schools.
- the Queens Borough Public Library (QBPL) continued to expand its diverse offering of programs and services to its over 11 million annual visitors in 2014. Some 806,000 people, over a 20 percent increase from 2013, attended more than 46,000 free programs ranging from youth programs and workforce development and small business support, to financial and health literacy programs and technology training. More than 34,000 sessions related to job seeking or computer training were offered; afterschool programs served nearly 431,000 students from libraries that are open every day after school. QBPL continued to

grow its Adult Learner Program, providing basic adult education and English language instruction at multiple locations including its seven Adult Learning Centers and two Literacy Zones. As a pilot site for the New York State online High School Equivalency test, QBPL is preparing and assisting adult students toward that important milestone. The first library-based Universal Pre-K program opened its doors at the Woodhaven branch in September 2014 as part of QBPL's innovative early learning childhood initiative. A second program is being planned at the Ravenswood branch in September 2015 due to the success at Woodhaven. An innovative technology lending program including lending Google tablets, e-readers, and mobile broadband hotspots continues to be enormously popular, providing access to mobile technology for Queens residents at home. The Job & Business Academy provides specialized training and learning opportunities for over 43,500 job seekers, aspiring entrepreneurs, and business owners.

Days and hours of library branch service remain a priority for all three library systems. In 2015, on average, each branch provides at least 5.7 days of service per week (approximately 43 hours per week).

Capital Review

The 2016-2025 Ten-Year Capital Strategy for the Libraries totals \$623.4 million, which includes \$457.8 million in the 2016-2019 Four-Year Plan. The table below reflects capital commitments by system over the 2015-2019 period.

Capital Commitments (\$ in 000's)

| | 2014 Actual | | 2015 Plan | | 2016 Plan | | 2017 Plan | | 2018 Plan | | 2019 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 | \$2,955 | \$2,955 | \$18,938 | \$25,196 | \$72,886 | \$72,886 | \$15,142 | \$15,142 | \$25,164 | \$25,164 | \$20,658 | \$20,658 |
| New York Public Library | 26,374 | 26,529 | 138,628 | 138,669 | 31,236 | 31,236 | 118,565 | 118,565 | 20,846 | 20,846 | 20,862 | 20,862 |
| NYPL Research Libraries | 1,153 | 1,153 | 18,812 | 21,812 | 221 | 221 | 215 | 215 | 214 | 214 | 221 | 221 |
| Queens Borough Public Library | 11,220 | 11,544 | 71,088 | 92,504 | 72,226 | 72,537 | 14,162 | 14,162 | 24,186 | 24,186 | 20,690 | 20,690 |
| Total | <u>\$41,702</u> | <u>\$42,181</u> | <u>\$247,466</u> | <u>\$278,181</u> | <u>\$176,569</u> | <u>\$176,880</u> | <u>\$148,084</u> | <u>\$148,084</u> | <u>\$70,410</u> | <u>\$70,410</u> | <u>\$62,431</u> | <u>\$62,431</u> |

Highlights of the Ten-Year Capital Strategy and Four-Year Plan include:

Brooklyn Public Library (BPL):

The 2016-2025 Ten-Year Capital Strategy allocates \$100.0 million for comprehensive renovations of branches designated by BPL as most critical, and includes \$50.0 million in the 2016-2019 Four-Year Plan. Other projects include:

- rehabilitation of the New Lots branch (\$2.3 million, in addition to \$0.2 million in 2015).
- rehabilitation of the New Utrecht branch (\$2.7 million, in addition to \$0.2 million in 2015).
- renovation of the DeKalb branch (\$3.2 million, in addition to \$0.4 million in 2015).
- renovation of the Borough Park branch (\$2.9 million, in addition to \$0.3 million in 2015).

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

The 2016-2025 Ten-Year Capital Strategy allocates \$100.0 million for comprehensive renovations of branches designated by NYPL as most critical, and includes \$50.0 million in the 2016-2019 Four-Year Plan. Other projects include:

- renovation of the Mid-Manhattan Campus branch (\$130.2 million, in addition to \$11.5 million in 2015).
- construction of the new Charleston branch in Staten Island (\$0.5 million, in addition to \$10.5 million in 2015).
- construction of the new Roosevelt Island branch in Manhattan (\$0.8 million, in addition to \$4.8 million in 2015).
- renovation of the St. George branch in Staten Island (\$2.9 million, in addition to \$0.4 million in 2015).
- replacement of the HVAC system at the Van Nest branch in the Bronx (\$0.5 million, in addition to \$0.5 million in 2015).

Queens Borough Public Library (QBPL):

The 2016-2025 Ten-Year Capital Strategy allocates \$100.0 million for comprehensive renovations, new construction, and expansion of branches designated by QBPL as most critical, and includes \$50.0 million in the 2016-2019 Four-Year Plan. Other projects include:

- construction of a new Far Rockaway branch (\$19.3 million).
- expansion and furnishing of the East Elmhurst branch (\$4.5 million, in addition to \$0.3 million in 2015).
- renovation of the Glendale branch (\$2.7 million).
- renovation of the Woodhaven branch (\$2.2 million, in addition to \$0.3 million in 2015).

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 nonprofit cultural organizations across New York City, including museums, dance companies, theatres, performing arts organizations, botanical gardens, zoos, and a wide array of other cultural organizations.

The City supports operations at the 33 City-owned cultural institutions known as the Cultural Institutions Group (CIG). This group includes such diverse organizations as the American Museum of Natural History, the Bronx Museum of the Arts, the Queens Museum, the Brooklyn Academy of Music, and the Staten Island Historical Society.

DCLA provides support for capital improvements at approximately 200 cultural organizations throughout the five boroughs. Funding is provided for infrastructure, renovation, expansion, equipment and public art projects. In 2015, DCLA also provided program grants and support services to approximately 890 cultural organizations Citywide, which included groups like Thalia Spanish Theatre in Queens, the Museum of Contemporary African Diasporian Arts in Brooklyn, Bronx Opera Company, The Poetry Society of America, Conference House Association in Staten Island, and The Laundromat Project.

Financial Review

The Department of Cultural Affairs' 2016 Executive Budget provides for operating expenses of \$150.7 million. It also provides for City funded capital commitments of \$105.2 million in 2016.

Expense Budget Highlights

Budgetary Priorities: Providing Core Services

- the City's 33 Cultural Institutions will receive operating support of \$109.6 million, including \$45.0 million in energy subsidies.
- in the 2016 Executive Budget, various cultural organizations Citywide will receive program grants totaling \$34.9 million.
- the 2016 Executive Budget contains \$6.2 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 2016 Executive Budget with the 2016 Preliminary Budget, the 2015 forecast and actual expenditures for 2014, including costs budgeted centrally for fringe benefits, pensions and debt service.

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

| | (\$ in 000 \$) | | | | Increase/(Decrease) | |
|---|------------------|------------------|--------------------|------------------|---------------------|--------------------|
| | 2014 | 2015 | 2016 | | 2015 | 2016 |
| | Actual | Forecast | Preliminary Budget | Executive Budget | Forecast | Preliminary Budget |
| Expenditures | | | | | | |
| Salary and Wages..... | \$4,149 | \$4,733 | \$4,545 | \$4,555 | (\$178) | \$10 |
| Fringe Benefits..... | — | — | — | — | — | — |
| OTPS..... | 152,362 | 159,905 | 145,803 | 146,127 | (13,778) | 324 |
| Total..... | <u>\$156,511</u> | <u>\$164,638</u> | <u>\$150,348</u> | <u>\$150,682</u> | <u>(\$13,956)</u> | <u>\$334</u> |
| Funding | | | | | | |
| City..... | \$149,470 | \$158,342 | \$149,679 | \$150,013 | (\$8,329) | \$334 |
| Other Categorical Grants..... | 1,906 | 53 | — | — | (53) | — |
| IFA..... | 241 | 239 | 241 | 241 | 2 | — |
| State..... | 158 | 100 | 2 | 2 | (98) | — |
| Federal CD..... | 439 | 460 | 246 | 246 | (214) | — |
| Federal Other..... | 1,218 | 372 | — | — | (372) | — |
| Intra-City Other..... | 3,079 | 5,072 | 180 | 180 | (4,892) | — |
| Total..... | <u>\$156,511</u> | <u>\$164,638</u> | <u>\$150,348</u> | <u>\$150,682</u> | <u>(\$13,956)</u> | <u>\$334</u> |
| Additional Costs Centrally Funded | | | | | | |
| Personal Services (PS)..... | | | | | | |
| Fringe Benefits..... | \$1,176 | \$1,199 | \$1,271 | \$1,276 | \$77 | \$5 |
| Pensions..... | 7,199 | 6,978 | 8,574 | 8,540 | 1,562 | (34) |
| Other Than Personal Service (OTPS) | | | | | | |
| Debt Service..... | 192,624 | 145,229 | 170,034 | 198,303 | 53,074 | 28,269 |
| Total Additional Costs..... | <u>\$200,999</u> | <u>\$153,406</u> | <u>\$179,879</u> | <u>\$208,119</u> | <u>\$54,713</u> | <u>\$28,240</u> |
| Funding | | | | | | |
| City..... | 193,449 | 148,000 | 172,666 | 199,344 | 51,344 | 26,678 |
| Non-City..... | 7,550 | 5,406 | 7,213 | 8,775 | 3,369 | 1,562 |
| Full Agency Costs (including Central Accounts) | | | | | | |
| Salary and Wages..... | \$4,149 | \$4,733 | \$4,545 | \$4,555 | (\$178) | \$10 |
| Fringe Benefits..... | 1,176 | 1,199 | 1,271 | 1,276 | 77 | 5 |
| Pensions..... | 7,199 | 6,978 | 8,574 | 8,540 | 1,562 | (34) |
| Total PS | <u>\$12,524</u> | <u>\$12,910</u> | <u>\$14,390</u> | <u>\$14,371</u> | <u>\$1,461</u> | <u>(\$19)</u> |
| OTPS..... | \$152,362 | \$159,905 | \$145,803 | \$146,127 | (\$13,778) | \$324 |
| Debt Service..... | 192,624 | 145,229 | 170,034 | 198,303 | 53,074 | 28,269 |
| Total OTPS | <u>\$344,986</u> | <u>\$305,134</u> | <u>\$315,837</u> | <u>\$344,430</u> | <u>\$39,296</u> | <u>\$28,593</u> |
| Total Agency Costs..... | \$357,510 | \$318,044 | \$330,227 | \$358,801 | \$40,757 | \$28,574 |
| Less Intra-City..... | <u>\$3,079</u> | <u>\$5,072</u> | <u>\$180</u> | <u>\$180</u> | <u>(\$4,892)</u> | <u>\$—</u> |
| Net Agency Cost..... | <u>\$354,431</u> | <u>\$312,972</u> | <u>\$330,047</u> | <u>\$358,621</u> | <u>\$45,649</u> | <u>\$28,574</u> |
| Funding | | | | | | |
| City..... | 342,919 | 306,342 | 322,345 | 349,357 | 43,015 | 27,012 |
| Non-City..... | 11,512 | 6,630 | 7,702 | 9,264 | 2,634 | 1,562 |
| Personnel (includes FTEs at fiscal year-end) | | | | | | |
| City..... | 53 | 62 | 58 | 57 | (5) | (1) |
| Non-City..... | <u>6</u> | <u>5</u> | <u>5</u> | <u>5</u> | <u>—</u> | <u>—</u> |
| Total..... | <u>59</u> | <u>67</u> | <u>63</u> | <u>62</u> | <u>(5)</u> | <u>(1)</u> |

* The 2016 Executive Budget provides an estimated 1,349 full-time and full-time equivalent positions, which are funded with City subsidies.

Programmatic Review and Service Impact

- in 2015, 13 Percent for Art commissions are slated for installation, including Austin Thomas' Plaza Perch for Humboldt Plaza in Bushwick, Brooklyn, and Alan McCollum's Collection of One Thousand and Eight Shapes at the Elmhurst Library in Queens. In 2015, Percent for Art also selected five artists for new commissions, and by the end of June expects to select three more artists for new City construction projects, including Westchester Square Library in the Bronx and PSIS 49 in Queens.
- since launching new online promotional tools, including a mobile website and Tumblr, the Percent for Art program published 71 blog posts that highlighted recently-completed commissions as well as accomplishments by artists involved in the Percent for Art program past and present. So far in 2015, Percent for Art's posts have attracted over 250 followers, with features of projects in recognition of Black History Month, International Women's Day and National Poetry Month.
- Seniors Partnering with Artists Citywide (SPARC) is a community arts engagement program that places artists in senior centers across the five boroughs. The program was developed in partnership with the New York City Department for the Aging (DFTA) in 2009 as part of Age-Friendly NYC, a public-private initiative to make the City more livable for older adults. In 2012, with support from the National Endowment for the Arts, the program expanded to 50 artist residencies at senior centers Citywide. From 2013 to 2015, SPARC has continued to place 50 artists in senior centers Citywide each year with funding support from DFTA. In addition to providing seniors with interactive arts activities, each artist residency includes a public program at the center to share the seniors' work with the surrounding community.
- Materials for the Arts (MFTA) continues to provide free materials through its Long Island City warehouse and online donations system to over 4,700 recipients throughout the five boroughs. To date in 2015, MFTA diverted 1.1 million pounds of materials from the landfill valued at almost \$6 million. These items supported the work of 1,888 nonprofit organizations, government agencies, and public schools.
- with the financial support and guidance of Friends of Materials for the Arts, MFTA's Education Center provided 72 free field trips to the New York City Department of Education's Title 1 schools, professional development classes for educators, in-school residences, and more than 50 volunteer nights for team-building and corporate volunteering opportunities.
- *MFTA Loves NYC: A Retrospective of Creative Reuse*, a recent exhibition, chronicles MFTA's 38-year history and the impact it has had on thousands of cultural organizations. Currently on exhibit through June 2015, *MFTA Loves NYC* provides insight into four decades of continuous government support for the City's creative reuse center.

Capital Review

The 2016-2025 Ten-Year Capital Strategy for the Department of Cultural Affairs totals \$210.2 million, which includes \$192.4 million in the 2016-2019 Four-Year Plan. The table below reflects capital commitments by program area over the FY 2015-2019 period.

Capital Commitments
(\$ in 000's)

| | 2014 Actual | | 2015 Plan | | 2016 Plan | | 2017 Plan | | 2018 Plan | | 2019 Plan | |
|--------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|-----------------|-----------------|-----------------|-----------------|----------------|----------------|
| | City Funds | All Funds | City Funds | All Funds | City Funds | All Funds | City Funds | All Funds | City Funds | All Funds | City Funds | All Funds |
| Department of Cultural Affairs | \$211,366 | \$214,669 | \$553,704 | \$647,093 | \$105,160 | \$112,575 | \$26,532 | \$26,532 | \$49,616 | \$49,616 | \$3,639 | \$3,639 |
| Total | <u>\$211,366</u> | <u>\$214,669</u> | <u>\$553,704</u> | <u>\$647,093</u> | <u>\$105,160</u> | <u>\$112,575</u> | <u>\$26,532</u> | <u>\$26,532</u> | <u>\$49,616</u> | <u>\$49,616</u> | <u>\$3,639</u> | <u>\$3,639</u> |

Highlights of the Ten-Year Capital Strategy and Four-Year Plan include:

- various upgrades and improvements at the Snug Harbor Cultural Center (\$13.6 million, in addition to \$8.0 million added in 2015).
- various upgrades and improvements at the Bronx Zoo (\$15.7 million, in addition to \$6.1 million in 2015).
- construction of the new Gilder Center for Science, Education, and Innovation at the American Museum of Natural History (\$10.5 million, in addition to \$5.0 million in 2015).
- various improvements at the Dance Theatre of Harlem (\$6.5 million, in addition to \$1.0 million added in 2015).
- various improvements at the Clemente Soto Velez Cultural Center (\$2.9 million, in addition to \$3.0 million added in 2015).
- reconstruction of the Staten Island Zoo aquarium (\$4.6 million).
- improvements to the South Wing Atrium at the Bronx Museum of the Arts (\$2.8 million, in addition to \$2.0 million added in 2015).
- renovation of the Helen Hayes Theater for the Second Stage Theatre company (\$3.6 million, in addition to \$2.5 million in 2015).
- rehabilitation of the entry rotunda at the New York Hall of Science (\$0.8 million, in addition to \$2.4 million in 2015).
- construction of a new facility for the China Institute (\$0.5 million, in addition to \$0.5 million in 2015).
- improvements to the Amsterdam Avenue corner of the Lincoln Center campus (\$5.1 million).
- a second phase of HVAC system upgrades at MoMA PS1 (\$1.6 million).
- construction of artist studio and rehearsal space in all five boroughs for Spaceworks (\$10.0 million, in addition to \$7.5 million in 2015).
- renovation of the theater lobby at the Queens Theatre in the Park (\$0.4 million, in addition to \$1.9 million in 2015).

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. CUNY's enrollment in 2015 is 1.8% higher than the prior year. In 2015, CUNY will serve approximately 274,700 students in degree programs with approximately 175,100 in the senior colleges and 99,600 in the community colleges. In addition, CUNY will serve approximately 275,000 non-degree students. Sustained levels of enrollment are anticipated in 2016.

Financial Review

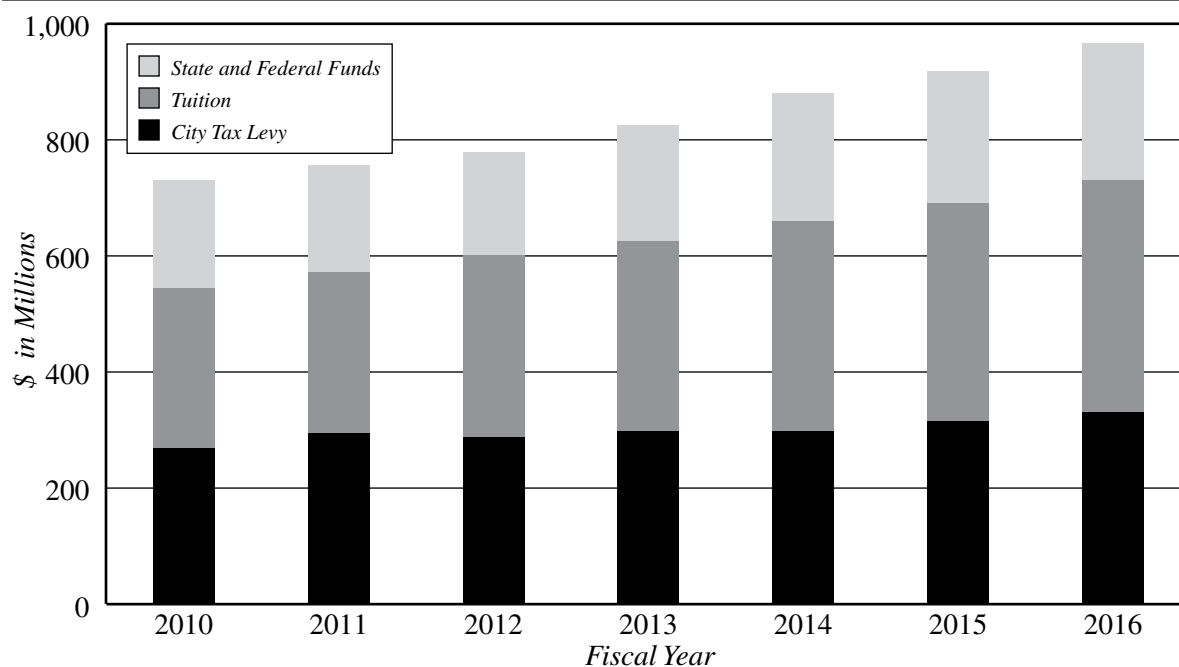
The City University of New York's 2016 Executive Budget totals \$966.2 million, a net decrease of \$21.0 million from the 2015 forecast of \$987.2 million.

This decrease reflects a decline in three funding sources: a decline in Other Categorical funds of \$11.0 million from \$14.2 million in 2015 to \$3.2 million in 2016; a decline in Intra-city funds of \$37.3 million from \$52.9 million in 2015 to \$15.5 million in 2016 and a decline of federal funds of \$0.2 million from \$1.1 million to \$0.9 in 2016.

The budget also reflects additions in City funds of \$18.3 million from \$657.3 million in 2015 to \$675.6 million in 2016, and in State aid, an increase of \$9.3 million from \$261.8 million in 2015 to \$271.1 million in 2016.

The total budget decrease of \$21.0 million consists of a \$20.8 million decrease in the CUNY community college budget, from \$935.8 million in 2015 to \$915.1 million in 2016, and a slight decrease in funding for Hunter Campus Schools, of \$0.2 million from \$16.4 million in 2015 to \$16.2 million in 2016. The Senior College lump sum appropriation of \$35 million remains unchanged from 2015.

COMMUNITY COLLEGE EXPENDITURES BY SOURCE 2010-2016



* 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 2015 and 2016 amounts are as per the Executive forecast.

Revenue Forecast

In 2016, State and Federal funds for two-year colleges increase by \$9.1 million from \$226.1 million in 2015 to \$235.2 million. Also in 2016, increased tuition rates result in additional tuition, fees and miscellaneous revenue, bringing the budget to \$399.8 million.

Expense Budget Highlights

Budgetary Priorities: Providing Core Services

- Aligned with the Mayor's commitment for expanding support to Higher Education, this budget funds \$5.3 million in FY16 for core programs that will support a pathway for college and career readiness. Funding will continue to focus on college retention and graduation rates. The budget funds the expansion of CUNY Start Math, several initiatives to improve college completion rates and CUNY Prep. Support for these initiatives grows to \$6.9 million by FY19.
- An additional \$3.8 million is funded for leases, energy adjustments, Center for Economic Opportunities (CEO) and Small Business Services (SBS) allocations.

Center for Economic Opportunities and Young Men's Initiative

- An additional \$1.5 million is baselined for programs within the Young Men's Initiative including:
- \$0.3 million for the recruitment and retention of more young men of color to teach in NYC Department of Education (DOE) Schools; \$1.0 million for the expansion of the Fatherhood Academy; and \$0.2 million for targeted outreach for young men of color in CUNY's Accelerated Study in Associate Programs (ASAP).

Summary of Agency Financial Data

The following table compares the 2016 Executive Budget with the 2016 Preliminary Budget, the 2015 forecast and actual expenditures for 2014, including costs budgeted centrally for fringe benefits, pensions, and debt service.

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

| | (2016-2015) | | | | Increase/(Decrease) | |
|---|------------------|--------------------|--------------------|--------------------|---------------------|--------------------|
| | 2014 | 2015 | 2016 | | 2015 | 2016 |
| | Actual | Forecast | Preliminary Budget | Executive Budget | Forecast | Preliminary Budget |
| Expenditures | | | | | | |
| Salary and Wages..... | \$509,390 | \$513,038 | \$518,003 | \$534,854 | \$21,816 | \$16,851 |
| Fringe Benefits..... | 136,177 | 145,207 | 158,485 | 164,871 | 19,664 | 6,386 |
| OTPS..... | 246,291 | 328,971 | 246,629 | 266,516 | (62,455) | 19,887 |
| Total..... | <u>\$891,858</u> | <u>\$987,216</u> | <u>\$923,117</u> | <u>\$966,241</u> | <u>(\$20,975)</u> | <u>\$43,124</u> |
| Funding | | | | | | |
| City..... | \$621,073 | \$657,281 | \$642,662 | \$675,548 | \$18,267 | \$32,886 |
| Other Categorical Grants..... | 10,942 | 14,215 | 3,185 | 3,185 | (11,030) | — |
| IFA..... | — | — | — | — | — | — |
| State..... | 221,004 | 261,746 | 261,746 | 271,068 | 9,322 | 9,322 |
| Federal CD..... | 352 | 467 | — | 916 | 449 | 916 |
| Federal Other..... | 14 | 649 | — | — | (649) | — |
| Intra-City Other..... | 38,473 | 52,858 | 15,524 | 15,524 | (37,334) | — |
| Total..... | <u>\$891,858</u> | <u>\$987,216</u> | <u>\$923,117</u> | <u>\$966,241</u> | <u>(\$20,975)</u> | <u>\$43,124</u> |
| Additional Costs Centrally Funded | | | | | | |
| Personal Services (PS)..... | | | | | | |
| Fringe Benefits..... | \$2,817 | \$2,871 | \$3,220 | \$3,163 | \$292 | (\$57) |
| Pensions..... | 66,104 | 70,046 | 70,882 | 73,344 | 3,298 | 2,462 |
| Other Than Personal Service (OTPS) | | | | | | |
| Debt Service..... | 60,031 | 58,346 | 70,304 | 72,999 | 14,653 | 2,695 |
| Total Additional Costs..... | <u>\$128,952</u> | <u>\$131,263</u> | <u>\$144,406</u> | <u>\$149,506</u> | <u>\$18,243</u> | <u>\$5,100</u> |
| Funding | | | | | | |
| City..... | 127,693 | 129,979 | 142,687 | 147,591 | 17,612 | 4,904 |
| Non-City..... | 1,259 | 1,284 | 1,719 | 1,915 | 631 | 196 |
| Full Agency Costs (including Central Accounts) | | | | | | |
| Salary and Wages..... | \$509,390 | \$513,038 | \$518,003 | \$534,854 | \$21,816 | \$16,851 |
| Fringe Benefits..... | 138,994 | 148,078 | 161,705 | 168,034 | 19,956 | 6,329 |
| Pensions..... | 66,104 | 70,046 | 70,882 | 73,344 | 3,298 | 2,462 |
| Total PS | <u>\$714,488</u> | <u>\$731,162</u> | <u>\$750,590</u> | <u>\$776,232</u> | <u>\$45,070</u> | <u>\$25,642</u> |
| OTPS..... | 246,291 | 328,971 | 246,629 | 266,516 | (62,455) | 19,887 |
| Debt Service..... | 60,031 | 58,346 | 70,304 | 72,999 | 14,653 | 2,695 |
| Total OTPS | <u>\$306,322</u> | <u>\$387,317</u> | <u>\$316,933</u> | <u>\$339,515</u> | <u>(\$47,802)</u> | <u>\$22,582</u> |
| Total Agency Costs..... | \$1,020,810 | \$1,118,479 | \$1,067,523 | \$1,115,747 | (\$2,732) | \$48,224 |
| Less Intra-City..... | <u>\$38,473</u> | <u>\$52,858</u> | <u>\$15,524</u> | <u>\$15,524</u> | <u>(\$37,334)</u> | <u>\$—</u> |
| Net Agency Cost..... | <u>\$982,337</u> | <u>\$1,065,621</u> | <u>\$1,051,999</u> | <u>\$1,100,223</u> | <u>\$34,602</u> | <u>\$48,224</u> |
| Funding | | | | | | |
| City..... | 748,766 | 787,260 | 785,349 | 823,139 | 35,879 | 37,790 |
| Non-City..... | 233,571 | 278,361 | 266,650 | 277,084 | (1,277) | 10,434 |
| Personnel (includes FTEs at fiscal year-end) | | | | | | |
| City..... | 8,633 | 9,297 | 9,248 | 9,450 | 153 | 202 |
| Non-City..... | — | 31 | — | — | (31) | — |
| Total..... | <u>8,633</u> | <u>9,328</u> | <u>9,248</u> | <u>9,450</u> | <u>122</u> | <u>202</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 receive city funding to expand various existing and new programs, such as, CUNY Start Math, initiatives focused on college retention and completion and CUNY Prep.

Program Highlights

CUNY is expected to engage in numerous independent and collaborative programs with particular focus on increasing college and career readiness, these programs include:

CUNY Start Math Expansion

- CUNY Start Math is an 8-week summer intervention program designed for incoming freshmen with significant remedial needs in math. The lack of proficiency in math can be a major roadblock to a student who is interested in majoring in a Science, Technology, Engineering and Mathematics (STEM) related field. The expansion of the program will offer a math-only intensive program geared to help those students interested in majoring in STEM. This program will provide additional support needed to allow students to accelerate their progress to college readiness and degree completion.
- This initiative will impact 1,000 students in FY17 and increase to 4,000 students by FY19.

College Persistence

This initiative aims to improve academic performance, the rate of retention and college completion by:

- Improving academic advisement through the use of predictive data to target interventions to students based on risk factors and tailor advisement services to student needs;
- Assisting students with completion of Federal financial aid and TAP applications before and throughout college; and
- Targeted interventions to Department of Education (DOE) graduates during the summer in order to reduce no-show rates before they begin college.

CUNY Prep

CUNY Prep is a full-time day program for out-of-school youth ages 16-18 which offers an alternative path to college. The program provides rigorous core classes, in which the participant can earn his/her High School Equivalency Diploma and ultimately enroll in college. \$2.7 million is baselined in the budget for FY 16 through FY19.

Capital Review

The City University of New York's 2016-2019 Four-Year Capital Plan totals \$265.3 million (\$265.1 million in City funds and \$0.2 million in Non-City funds). A large portion of CUNY's capital funds, \$190.8 million, reside in the current year (\$181.0 million in City funds and \$9.8 million in Non-City funds). CUNY expects a significant portion of these funds to roll into 2016.

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.

The following are on-going major projects and initiatives funded by the City's FY16-19 Executive Budget:

Construction of the Center 3 Building Façade Replacement at LaGuardia Community College is underway (\$125 million).

Also at LaGuardia Community College, construction has started on the library expansion project (\$14 million) and construction has been completed on the Department of Humanities Renovations (\$2.8 million).

At Bronx Community College, construction is anticipated to begin this summer on the fourth phase of a multi-phase major upgrade of the campus' outdated utilities (\$27 million). Construction is also scheduled to start on the Alumni Gym Pool renovation (\$4.8 million).

At the Borough of Manhattan Community College, construction of a green roof is ongoing (\$12 million).

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

- Construction of temporary space at LaGuardia Community College for Hunter College Nursing school students, and construction on permanent space at 73rd Street for the same program (\$75 million).
- Renovation of additional space at LaGuardia Community College to alleviate overcrowding (\$41 million).
- Critical Maintenance and state of good repair (\$20 million).
- Electrical infrastructure upgrades at Queensborough Community College (\$43 million).
- Upgrade of mechanical systems at Hunter College Campus schools (\$9.2 million).

In addition to the Four-Year Capital Plan, CUNY's 2020-2025 capital strategy budget now includes a baseline of \$20 million annually for CUNY-wide critical maintenance and state of good repair projects (\$120 million).

It is anticipated that rolling resources from 2015 into 2016 will fund significant projects that will be accomplished during the next four-year plan period. Highlights of the 2016 commitments include:

- 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 (\$20 million).
- Roof replacements for four buildings at Bronx Community College (\$6 million).
- Gymnasium improvements at Kingsborough community college (\$4 million).

The table below shows the capital commitments by program area over the 2014-2019 period.

Capital Commitments

(\$ in 000's)

| | 2014 Actual | | 2015 Plan | | 2016 Plan | | 2017 Plan | | 2018 Plan | | 2019 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 | \$2,286 | \$2,286 | \$27,850 | \$28,044 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Renovation/Rehabilitation of Roofs, Classrooms, etc | 38,313 | 38,583 | 101,931 | 110,584 | 51,644 | 51,702 | 71,969 | 72,029 | 49,807 | 49,869 | 70,292 | 70,355 |
| Purchase & Installation of EDP and Other Equipment... | 11,820 | 11,820 | 26,831 | 27,746 | 9,272 | 9,272 | 8,389 | 8,389 | 92 | 92 | 0 | 0 |
| Electrical, Mechanical & HVAC | 0 | 0 | 22,886 | 22,886 | 155 | 155 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Projects | 613 | 613 | 1,491 | 1,492 | 1,820 | 1,820 | 1,597 | 1,597 | 0 | 0 | 0 | 0 |
| Total | <u>\$53,032</u> | <u>\$53,302</u> | <u>\$180,989</u> | <u>\$190,752</u> | <u>\$62,891</u> | <u>\$62,949</u> | <u>\$81,955</u> | <u>\$82,015</u> | <u>\$49,899</u> | <u>\$49,961</u> | <u>\$70,292</u> | <u>\$70,355</u> |

PENSIONS AND OTHER FRINGE BENEFITS

Pension Overview

The Executive Budget for 2016 includes \$8,755 million in expenditures for City pension contributions, an increase of \$134 million from the amount expected to be paid in 2015. These amounts reflect the 2014 labor settlements, fiscal year 2014 asset gains, and updates in the data used by the Office of the Actuary for cost projections. In the table below, \$8,601 million in expenditures are for contributions to the City's five major retirement systems (City Actuarial Systems) that cover City employees and retirees, \$85 million in expenditures are for contributions to retirement systems not maintained by the City (Non-City Systems) including the State pension plan that covers employees of City libraries, the Cultural Institutions Retirement System that covers non-City employees of day care centers and certain cultural institutions, and the Teachers' Insurance and Annuity Association (TIAA) that covers certain CUNY employees, and, lastly, \$69 million in expenditures (Non-Actuarial) are primarily for supplemental death benefit payments to widows and widowers of uniformed employees who were killed in the line of duty.

Pension Expenditures and Funding Sources

(\$ in 000's)

| | | 2016 | | | | Increase/(Decrease) | |
|-------------------------------|--------------------|--------------------|--------------------|-----------------------|---------------------|---------------------|-----------------------|
| | | 2014 Actual | 2015 Forecast | Preliminary Budget | Executive Budget | 2015 Forecast | Preliminary Budget |
| <i>Expenditures</i> | | | | | | | |
| · City Actuarial Systems..... | \$8,141,850 | \$8,485,577 | \$8,381,103 | \$8,601,336 | \$115,759 | \$220,233 | |
| · Non-City Systems | 63,803 | 70,995 | 84,787 | 84,787 | \$13,792 | \$— | |
| · Non-Actuarial..... | 59,711 | 64,667 | 68,246 | 69,246 | 4,579 | 1,000 | |
| Total | <u>\$8,265,364</u> | <u>\$8,621,239</u> | <u>\$8,534,136</u> | <u>\$8,755,369</u> | <u>\$134,130</u> | <u>\$221,233</u> | |
| <i>Funding</i> | | | | | | | |
| City | \$8,109,074 | \$8,462,747 | \$8,372,802 | \$8,599,079 | \$136,332 | \$226,277 | |
| State | 32,025 | 32,025 | 32,025 | 32,025 | — | — | |
| Federal | — | — | — | — | — | — | |
| Intra-City Other | 124,265 | 126,467 | 129,309 | 124,265 | (2,202) | (5,044) | |
| Total | <u>\$8,265,364</u> | <u>\$8,621,239</u> | <u>\$8,534,136</u> | <u>\$8,755,369</u> | <u>\$134,130</u> | <u>\$221,233</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 666,000 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.

From the end of the Second World War until 1976, civilian and teacher pension members had retirement plans under Tier 1 and Tier 2 that allowed them to retire at age 55 if they rendered 25 years of service. In addition, uniformed police and fire members were able to retire with 20 years of service at half-pay under Tier 1 and Tier 2. In 1976, due to the fiscal crisis facing the State and the City, some pension reforms were achieved. Tier 3 was enacted for non-uniformed employees (later virtually replaced by Tier 4 in 1983). Tier 4 permitted retirees to collect their pensions at age 62, and did not provide for retirement at earlier ages. Uniformed police and fire employees remained under Tier 2.

However, many of these pension reforms were subsequently eroded as a result of benefit enhancements granted by the state legislature in periods of economic boom and when pension investment returns were strong. Enhancements were granted in the form of: relaxed pension-eligibility requirements; prior-service credit; early-retirement plans; expanded disability benefits; and, ad-hoc increases to the pensions of retirees. This culminated in the year 2000 when a series of pension enhancements were enacted which decreased employee contributions, gave additional service credit, and for police and fire employees restored the average salary calculation used for benefit calculation from three years to one. In addition, significant cost of living adjustments (COLAs) were granted to the pensions of existing retirees, and future annual COLAs would be permanent and automatic.

As a result of the severe market declines that occurred in both the early and late 2000s, and the benefit enhancements granted in 2000, the funded status of the plans plummeted, causing substantial increases in required City contributions. The City's pension contributions rose from approximately \$700 million in 2000 to approximately \$8.0 billion in 2012.

In 2009, in response to the rapid increase in pension contributions, some pension reforms were achieved. As a result of the veto of a bill extending Tier 2, going forward, new uniformed police officers and firefighters were covered under Tier 3. In addition, newly hired City teachers were subject to ten-year vesting and were required to make higher employee contributions. Also, the fixed interest rate in the tax-deferred annuity (TDA) program for teachers was lowered from 8.25 percent to 7.00 percent.

Finally, in 2012, landmark pension reforms were achieved with the enactment of the Tier 6 law. Tier 6 impacts all employees who become pension members on or after April 1, 2012.

- With respect to new non-uniformed employees, the reforms included: 1) employees will be required to work until age 63 to retire and receive a pension that is not reduced by the election of early retirement; 2) employees will be subject to ten year vesting; and 3) employees will pay member contributions for their entire careers and such member contributions will follow a progressive schedule based on salary level.
- With respect to new uniformed employees (and Investigator titles in the District Attorney offices), the reforms included: 1) employees will have a pension contribution of 3 percent for the first 25 years of service; 2) employees must work 22 years to receive a half-pay pension (25 years to be eligible for full cost of living adjustments); 3) employee pensions will be subject to a social security offset at age 62; and 4) employees can receive a half-pay Accidental Disability Retirement benefit if they become disabled.

Budget savings from Tier 6 begin in fiscal year 2015 and will grow over time as a greater percentage of the workforce is covered by the new law.

Other Fringe Benefits

The City provides a number of fringe benefits to its employees, retirees and eligible dependents. City contribution amounts and terms of coverage are governed by various contractual, legal and collective bargaining provisions. In general, the City's Miscellaneous Expense Budget contains the budget appropriations for the fringe benefit expenditures on behalf of employees and retirees of the mayoral agencies. These amounts reflect expected savings in health insurance expenses due to the recent labor settlement. 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 expenditures on behalf of their active and retired employees.

The City's basic health insurance program provides comprehensive major medical and hospitalization benefits to its employees, retirees and eligible dependents. In addition, the City makes annual contributions to union-administered welfare funds, which typically provide supplemental health insurance benefits to their members. Annual City contributions to the various welfare funds conform to collective bargaining and labor agreements.

The City also makes the required employer contributions on behalf of its employees who are covered under federal Social Security. As required by New York State Workers' Compensation Law, the City pays wage replacement and medical benefits to employees who sustain on-the-job injuries. Under New York State Labor Law, the City provides up to 26 weeks in unemployment benefits (capped at statutory maximums) to eligible employees who lose their jobs due to economic reasons. The City, as required by the Administrative Code, also pays for the medical costs of uniformed employees of the Police, Fire and Sanitation Departments who sustain injuries in the line of duty.

Retiree Health Benefits Trust Fund

The Retiree Health Benefits Trust Fund (the "Trust") was created in 2006 and is used to receive City deposits and make the annual pay as you go ("PAYGO") payments required to meet current year health insurance and supplemental welfare benefits expenses for retirees. In 2014, the PAYGO amount paid out of the Trust was approximately \$2.0 billion. Assets in the Trust are used to offset the City's Other Postemployment Benefits Obligation (OPEB). OPEB benefits exclude pensions, and include retiree health insurance premium payments, contributions to retiree welfare funds, and Medicare Part B reimbursements. As of the end of 2014, the City's reported net OPEB obligation was \$89.5 billion. The City is not required to fund OPEB obligations on an actuarial basis, other than to meet its current year PAYGO payment. In 2015, the City is planning to deposit an additional \$280 million into the Trust beyond the 2015 PAYGO amount.

The following table sets forth the fringe benefit amounts carried in the Miscellaneous Budget for 2015 and 2016.

Fringe Benefits (\$ in 000's)

| | 2015 Forecast | 2016 Executive | Increase/ (Decrease) |
|--|------------------|-------------------|-------------------------|
| Workers' Compensation | \$199,796 | \$232,696 | \$32,900 |
| Health Insurance Plans | 3,538,845 | 3,486,011 | (52,835) |
| Social Security Contributions | 958,511 | 1,027,967 | 69,455 |
| Unemployment Insurance Benefits..... | 22,354 | 23,154 | 800 |
| Supplementary Employee Welfare Benefits..... | 542,407 | 567,268 | 24,861 |
| Workers' Compensation - Other..... | 40,900 | 45,300 | 4,400 |
| Total | \$5,302,814 | \$5,382,395 | \$79,582 |
| Funding | | | |
| City | \$4,591,398 | \$4,819,760 | \$228,362 |
| Other Categorical | 161,905 | 168,545 | 6,640 |
| State..... | 159,028 | 75,168 | (83,860) |
| Interfund Agreements | 73,743 | 72,770 | (973) |
| Intra-City..... | 85,258 | 90,300 | 5,042 |
| Federal..... | 231,481 | 155,852 | (75,629) |
| • CD | 32,058 | 31,775 | (283) |
| • Other | 199,423 | 124,077 | (75,346) |
| Total | \$5,302,814 | \$5,382,395 | \$79,582 |

JUDGMENTS AND CLAIMS

The Executive Budget for 2016 includes an appropriation of \$710 million for expenditures on Judgments and Claims. These expenditures represent the City's payments to settle tort and contract liability claims, and are projected to reach \$817 million by 2019. Tort expenditures cover both personal injury and property damage claims, and typically represent about 95 percent of total Judgment and Claims expenditures. The projections incorporate a substantial amount of claims expenditures attributed to the Health and Hospitals Corporation for which the Corporation will reimburse the City.

The Office of Management and Budget (OMB) employs various statistical methods and financial models to estimate claims expenses. In addition, OMB consults the Law Department to obtain 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 expenditures, but their relatively small volumes do not lend themselves to statistical analysis. Historical claim data contained on the Comptroller's Omnibus Automated Image Storage and Information System (OAISIS) are analyzed to determine annual settlement volumes and average cost per claim. Total expenditures are the product of the volume and average claim cost projections.

Analysis of Agency Budgets: Covered Organizations

NEW YORK CITY HEALTH AND HOSPITALS CORPORATION

The New York City Health and Hospitals Corporation (HHC) provides comprehensive medical, mental health and substance abuse services to New York City residents, regardless of their ability to pay. Through its seven regional health care networks, 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 60 community-based health clinics throughout the five boroughs. In addition, MetroPlus, the wholly-owned health maintenance organization, provides care to more than 469,000 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.

HHC is the nation's largest public hospital system operating 4,821 inpatient beds and 2,229 long term care facility beds. In 2014, the Corporation's facilities had more than 200,000 patient discharges, 4.7 million clinic visits and more than 1 million emergency room visits. HHC served nearly 1.4 million people last year, of which almost 450,000 lacked any form of health insurance.

Financial Review

The Corporation's 2016 Executive Budget provides for operating expenses of \$7.18 billion. Capital commitments of \$2.4 billion are also provided.

The 2014 ending cash balance was \$287 million as reported in the New York City Financial Plan; a \$496 million ending cash balance is projected for 2015. The ending cash balance includes receipt of over \$3 billion in City and Federally-funded supplemental Medicaid payments in 2015. The Corporation is eligible to receive this funding as a public hospital system which provides care to a significant number of uninsured patients. The Corporation's 2016 Executive Budget projects total revenue of \$6.5 billion. Revenue derived from third party payers is projected to be \$5.7 billion. City support for the Corporation in 2016, excluding the City portion of Medicaid and prepayments, is anticipated to be \$232 million. In 2016, the City will make payments of approximately \$1 billion for the local share of the Corporation's supplemental Medicaid payments including Disproportionate Share Hospital and Upper Payment Limit.

Expense Budget Highlights

The Corporation has worked constantly to identify methods to reduce and eliminate their budget gaps. Through restructuring, cost containment, revenue optimization and ongoing City support, they have been successful in balancing their budget.

One step the Corporation is taking now is a productivity-based benchmarking initiative to right-size staffing levels across the Corporation. This measure will monitor full time equivalent positions globally, including affiliate staff, temporary staff and the use of overtime. This initiative will allow the Corporation's facilities more discretion to fill positions with full-time and part-time staff while reducing their reliance on temporary staff and remain within their productivity based targets.

Additionally, the Corporation's application for federally qualified health center look-alike designation of Gotham Health was approved in January by the Health Resources and Services Administration (HRSA). The Corporation estimates that they will eventually receive an additional \$30 million per year in federal funding to support their strategic goals to expand access to geographically convenient and culturally-sensitive healthcare services for all New Yorkers and strengthen their ability to keep New Yorkers healthy.

The Corporation has budgeted increased revenue in two key areas. The first is through increased MetroPlus enrollment. The Corporation is anticipating \$15 million this year as a result. The other source is the Delivery System Reform Incentive Payment Program (DSRIP) funding that was part of the Federal Medicaid waiver that New York State received approval for last year. These dollars are to be used to support delivery system

reforms throughout New York State. Over the next five years, investments will be made to improve access, care management and care coordination consistent with transformation goals set forth in the waiver.

Programmatic Review

This year, the Corporation put forth a set of strategic goals to achieve by 2020. The goals are rooted in improving the patient experience across the system. These priorities will preserve the Corporation's mission, benefit patients, staff, and their bottom line. Specifically, the Corporation will:

- Expand Access to Care
- Increase Market Share
- Stabilize its Financial Health and
- Focus on Workforce Development

Expand Access to Care

The Corporation has made significant progress to strengthen preventive and primary care services in recent years. Building on these gains, the Corporation will work toward expanding access to care so that their patients can more readily receive the care they need - when they need it. Facilities have already expanded hours on nights and weekends in every borough so that their patients have a wider range of appointment times. They will continue to adjust schedules based on demand and feedback from their patients.

Another way to expand access is to reduce wait time. The Corporation is working to reduce the time it takes for patients to see their doctors and finish their appointments. By becoming more efficient, the Corporation can create additional capacity and save their patients time.

Next, the Corporation is working on a system to allow patients to log in to a secure site where they can review their medical information such as care plans, lab results, diagnoses, discharge information and more. Patients will also be able to send messages to their care providers. By providing patients with tools that help them to play an active role in their own care, the Corporation expects they will become more engaged with their healthcare and remain healthier as a result.

Increase Market Share

Right now, the Corporation serves roughly one out of every six New Yorkers. Over the next five years, the Corporation's goal is to serve one out of every four New Yorkers. The Corporation will continue to improve the patient experience that will lead to increased customer satisfaction rates and will attract new patients.

While the Corporation works to attract new patients, they will be working with new partners including community organizations and other healthcare organizations as part of New York State's Delivery System Reform Incentive Payment Program (DSRIP). Under DSRIP, the State's goals are to "promote community-level collaborations and focus on system reform, in order to achieve the State and federal governments' goal of a 25 percent reduction in avoidable hospital use over five years. The Performing Provider Systems (PPSs) are required to collaborate with one another to implement innovative projects focusing on system transformation, clinical improvement and population health improvement." Given this mandate, the Corporation will be working with more than 200 partners on numerous DSRIP projects over the next five years. If successful, these partnerships will prove effective in attracting and retaining new patients.

However, the Corporation's best partner in attracting and retaining new patients is MetroPlus. MetroPlus is the Corporation's award-winning health plan. It is perennially ranked as the best or among New York State's highest performing Medicaid managed care plans in terms of customer satisfaction and quality, and currently enrolls more than 469,000 members. The Corporation's goal is for this number to grow to more than 600,000

members by the end of Fiscal Year 2016 and one million members by 2020. The Corporation will be collaborating with HRA, DOHMH and community based organizations that provide navigator services about how they can work together to assist uninsured New Yorkers to obtain health insurance.

Recently, enrollment in health insurance plans and Medicaid has increased with the coverage expansions resulting from implementation of the Affordable Care Act. Through the Corporation's efforts, this expansion will continue as more uninsured New Yorkers enroll during future open enrollment periods.

Stabilize the Corporation's Financial Health

By accomplishing the goals highlighted above, the Corporation will be in a far better position to stabilize its finances and protect its unwavering mission to care for all New Yorkers.

Increasing revenues from new patients is an important part of this strategy. So too are efforts to obtain the fairest prices possible from vendors and improve supply chain management. Additionally, the Corporation is consistently working to increase reimbursement from all payers. Currently, the Corporation is in the early stages of implementing managed care for behavioral health services. One of many important, ongoing discussions with New York State is about addressing the underfunding of behavioral health services in the Medicaid program.

Focus on Workforce Development

The Corporation's final strategic priority is to focus on workforce development. A diverse, well-trained, mission-driven, and culturally competent staff is one of the Corporation's greatest assets. As the Corporation works to increase the tools available to improve the patient experience, it will also invest in both new and ongoing programs that benefit its employees. The Corporation is expanding e-learning opportunities for staff so that they have opportunities outside of the traditional training rooms to learn new skills, and is investing in programs to train managers to design systematic improvements and make strategic decisions. The Corporation is also identifying the next generation of leaders within the Corporation. In order for the next generation of leaders to be ready to meet future challenges, they must work now to develop the skills they will need.

DSRIP – OneCity Health

As part of DSRIP, entities were required to form and be approved as Performing Provider Systems (PPS). The Corporation's PPS, OneCity Health, submitted its application with New York State in December. As part of this application, the Corporation was required to perform Community Needs Assessment to analyze the needs of different neighborhoods. The PPS was then required to choose projects from a list created by New York State to address these needs across three categories: system transformation, clinical improvements, and population-wide projects. The Corporation's approach to meet community needs will include initiatives to further increase access to care, develop care coordination programs, develop primary care and behavioral health integration initiatives and develop IT initiatives to link these programs on a population-health improvement based platform.

A second component of DSRIP funding targets related capital projects and is intended to support the sustainability of DSRIP's transformation efforts. The Corporation submitted an application for projects that are critical to achieving the important goals of improving access, care coordination and sharing information with their partners, including many community-based organizations.

Capital Investments that Support Better Healthcare

The Corporation has completed or is near completion on several major projects:

- Gouverneur Healthcare Services in lower Manhattan held its Grand Reopening ceremony in April to mark the completion of its major modernization, which includes a renovated, state-of-the-art skilled nursing facility with an additional 80 beds.
- At North Central Bronx Hospital (NCB), the Corporation completed renovations to the Labor and Delivery Suite and reopened this vital service last fall.
- At Elmhurst Hospital in Queens, the Corporation will open a new Women's Health Pavilion in the coming months that will expand access to prenatal care and comprehensive OB services.

Highlights of the 2016 Capital Commitment Plan:

The Corporation's 2016 Capital Commitment Plan features several important projects, including:

- funding of \$25.4 million for the purchase of EMS ambulances for the FDNY.
- funding of \$14 million for Electronic Health Records.
- funding of \$6.5 million to renovate the Queens T-Building in order to transform the space into affordable and supportive housing units.

The Corporation's Ten-Year Capital Commitment Plan (2016-2025) features several important projects, including:

- funding of \$283.3 million for the purchase of EMS ambulances for the FDNY.
- funding of \$17.85 million for the Harlem EMS station.
- funding of \$15.1 million for the Elmhurst Adult Emergency Department.
- funding of \$424.7 million for Corporation-wide infrastructure projects.

Hurricane Sandy

The Corporation suffered serious losses as a result of Hurricane Sandy. Last November, Mayor de Blasio and Senator Schumer announced that the Federal Emergency Management Agency (FEMA) was awarding the Corporation \$1.723 billion to complete repairs and protect the hospitals that were damaged from future storms.

Specifically, the award includes:

- \$923 million for Coney Island Hospital to build a free-standing building on the hospital's campus that will be raised above the 500-year flood level to house critical infrastructure, including the Emergency Department, imaging services and surgical suites. This project would also include funding for the hospital's power plant. This amount includes funds previously awarded to make repairs to the hospital's basement, first floor and electrical systems;
- \$499 million for Bellevue Hospital to pay for restoration work on electrical systems and equipment already completed. This will also pay for the installation of flood walls and gates to protect the hospital to the 500-year flood level, new flood proof elevators and to raise vital infrastructure out of the basement;
- \$181 million for Coler to build a flood wall, pay to replace the generator that was destroyed and create additional protection to this critical facility's electrical systems; and
- \$120 million for Metropolitan Hospital to build a flood wall around the facility and pay for electrical repairs.

NEW YORK CITY TRANSIT

New York City Transit (NYCT) operates the most extensive public transportation system in the nation, which served approximately 2.4 billion subway and bus passengers in calendar year 2014, with over 1.7 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, seven days a week, on 633 miles of mainline track, serving 468 stations throughout the Bronx, Brooklyn, Manhattan, and Queens. The NYCT bus system consists of a fleet of 4,452 buses on 193 local, seven Select Bus Service, and 31 express routes servicing 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 29-mile rapid transit line which links 21 communities on Staten Island and provides a connection to the Staten Island Ferry. SIR serves approximately 4.4 million passengers per year.

The MTABC operates an extensive public bus transportation system throughout New York City, primarily in the Bronx, Brooklyn, and Queens. Over 125 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 1,273 buses owned by the City. Service on 47 local and 35 express routes is available 24 hours a day, seven 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 \$424.2 million for NYCT in fiscal year 2016. As NYCT operates on a calendar year (CY) basis, the financial plan below is presented in that format. The plan for CY 2015 incorporates the following key elements:

- CY 2015 fare revenue is projected to be \$4.4 billion, a 4.1 percent increase over the CY 2014 total.
- tax revenues dedicated for NYCT's use are projected to total \$3.6 billion; \$1.0 billion from the regional Metropolitan Mass Transportation Operating Assistance Account (MMTOA), \$517.4 million from the State "Lock Box" Petroleum Business Tax, \$722.5 million from the Urban Mass Transportation Operating Assistance Account (Urban Account) and \$1.4 billion in new State taxes and fees, which includes \$925.2 million from the Payroll Mobility Tax and \$221.2 million from license, vehicle registration, taxi, and vehicle rental fees, and \$217.4 million from the State to replace funds from eliminating the Payroll Mobility Tax from school districts and small businesses.
- the City's scheduled contribution to NYCT's operating budget for CY 2015 totals \$358.9 million, including \$158.1 million in operating assistance as part of the City match to State "18b" aid, \$45.0 million for student fare discounts, \$137.7 million for the Paratransit program, \$13.8 million for elderly and disabled fare discounts, and \$4.3 million for Transit Police. In addition, the City contributes \$101.9 million directly to the MTA to maintain Long Island Railroad and Metro-North Commuter Railroad stations in the five boroughs and for operating assistance for the commuter railroads as part of the local match of State "18b" aid. The City has also set aside \$30.0 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 2015:

City Subsidies to NYCT, CY 2015
(\$ in millions)

| | |
|-------------------------------------|---------|
| • Elderly and Disabled Subsidy..... | \$13.8 |
| • School Fare Subsidy..... | \$45.0 |
| • Operating Assistance.... | \$158.1 |
| • Police Reimbursement.... | \$4.3 |
| • Paratransit.... | \$137.7 |
| | <hr/> |
| TOTAL..... | \$358.9 |
| | <hr/> |

Based on recent financial reports, NYCT closed CY 2014 with a cash surplus of \$148.5 million. NYCT has projected continuous budget surpluses in the future, which result from fare increases, higher urban account revenue, less projected OTPS spending including less debt service and contract costs and reduced pay-as-you-go contributions.

New York City Transit Financial Plan
(\$ in millions)

| | Calendar Years [1] | | | | |
|--------------------------------------|--------------------|-------------------|-------------------|-------------------|-------------------|
| | 2014A | 2015E | 2016E | 2017E | 2018E |
| REVENUES | | | | | |
| Subway / Bus Fare Revenue | \$4,184.3 | \$4,354.5 | \$4,456.2 | \$4,495.1 | \$4,533.8 |
| Other Operating Revenue | \$166.2 | \$186.1 | \$156.0 | \$159.4 | \$163.0 |
| Transit Tax and Other Subsidies..... | \$3,770.6 | \$3,635.7 | \$3,849.5 | \$3,954.8 | \$4,066.9 |
| City Subsidies | \$348.5 | \$358.9 | \$372.4 | \$391.6 | \$406.6 |
| State Subsidies | \$183.3 | \$183.3 | \$183.3 | \$183.3 | \$183.3 |
| TBTA Surplus Transfer | \$239.7 | \$223.5 | \$224.8 | \$211.3 | \$197.2 |
| Capital and Other Reimbursements ... | \$1,003.3 | \$975.3 | \$950.5 | \$924.8 | \$911.6 |
| TOTAL REVENUES | \$9,896.0 | \$9,917.3 | \$10,192.7 | \$10,320.4 | \$10,462.4 |
| EXPENSES | | | | | |
| Salaries & Wages..... | \$3,469.8 | \$3,467.2 | \$3,537.9 | \$3,607.7 | \$3,655.6 |
| Fringes..... | \$2,314.9 | \$2,405.6 | \$2,508.3 | \$2,605.3 | \$2,730.9 |
| Reimbursable Overhead..... | (\$207.6) | (\$205.1) | (\$199.7) | (\$196.9) | (\$194.4) |
| OTPS [2] | \$1,454.3 | \$1,651.6 | \$1,674.1 | \$1,789.9 | \$1,848.7 |
| Paratransit Expenses | \$374.4 | \$385.6 | \$420.7 | \$473.8 | \$516.2 |
| Capital Reimbursable Expenses..... | \$1,003.3 | \$975.3 | \$950.5 | \$924.8 | \$911.6 |
| Transit Police | \$6.7 | \$4.3 | \$4.3 | \$4.3 | \$4.4 |
| Debt Service..... | \$1,161.8 | \$1,244.7 | \$1,289.1 | \$1,374.5 | \$1,460.6 |
| Depreciation [3] | \$1,544.3 | \$1,638.1 | \$1,688.1 | \$1,863.3 | \$1,913.3 |
| Other Post Employment Benefits [3]. | \$1,603.7 | \$1,616.3 | \$1,680.9 | \$1,748.1 | \$1,818.1 |
| Environmental Remediation [3]..... | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 |
| TOTAL EXPENSES | \$12,725.7 | \$13,183.6 | \$13,554.3 | \$14,195.0 | \$14,664.8 |
| OTHER ACTIONS | | | | | |
| Balance before Adjustments | (\$2,829.8) | (\$3,266.3) | (\$3,361.7) | (\$3,874.6) | (\$4,202.4) |
| Gap-Closing Actions [4]..... | \$0.0 | \$38.9 | \$99.4 | \$296.0 | \$358.4 |
| Cash Flow Adjustments [5] | \$2,895.8 | \$3,236.7 | \$3,400.6 | \$3,618.6 | \$3,728.9 |
| Net Cash from Prior Year | \$82.5 | \$148.5 | \$157.8 | \$296.1 | \$336.1 |
| SURPLUS/(DEFICIT) | \$148.5 | \$157.8 | \$296.1 | \$336.1 | \$221.0 |

[1] All Financial Plan figures were provided by NYCT in February 2015; this table shows modified accrual-basis CY 2014 Actuals (A) and CY 2015-2018 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 Inter-agency loan, NYCT Charge back of MTA Bus Debt Service, Forward Energy Contracts 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 2016-2025 Ten-Year Capital Strategy totals \$837.2 million (\$508.2 million for 2016-2019), including \$823.1 million for NYCT (\$495.3 million for 2016-2019), \$6.4 million for SIR (\$5.1 million for 2016-2019), and \$7.7 million for MTABC (\$7.7 million for 2016-2019). 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 Ten-Year Capital Strategy 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, \$473.1 million for 2016-2025 (\$355.3 million for 2016-2019).
- funds for NYCT track work, \$350.0 million for 2016-2025 (\$140.0 million for 2016-2019).
- funds for SIR's track replacement and infrastructure programs, \$6.4 million for 2016-2025 (\$5.1 million for 2016-2019).
- funds for MTABC's facility enhancements and bus upgrades, \$7.7 million for 2016-2025 (\$7.7 million for 2016-2019).

The table below outlines the City's Capital Commitments to NYCT, SIR and MTABC for the 2014-2019 period:

Capital Commitments

(\$ in 000's)

| | 2014 Actual | | 2015 Plan | | 2016 Plan | | 2017 Plan | | 2018 Plan | | 2019 Plan | |
|---------------------|-----------------|-----------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | City Funds | All Funds | City Funds | All Funds | City Funds | All Funds | City Funds | All Funds | City Funds | All Funds | City Funds | All Funds |
| Infrastructure..... | \$0 | \$0 | \$236,400 | \$236,400 | \$83,725 | \$83,725 | \$83,725 | \$83,725 | \$83,725 | \$83,725 | \$83,725 | \$83,725 |
| 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 | 30,000 | 30,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 |
| SIRTOA..... | 0 | 0 | 3,600 | 3,600 | 1,275 | 1,275 | 1,275 | 1,275 | 1,275 | 1,275 | 1,275 | 1,275 |
| Miscellaneous | 0 | 0 | 20,972 | 20,972 | 445 | 445 | 0 | 0 | 0 | 0 | 0 | 0 |
| MTABC | 0 | 0 | 24,520 | 49,040 | 3,863 | 7,727 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total..... | <u>\$35,000</u> | <u>\$35,000</u> | <u>\$350,492</u> | <u>\$375,012</u> | <u>\$129,308</u> | <u>\$133,172</u> | <u>\$125,000</u> | <u>\$125,000</u> | <u>\$125,000</u> | <u>\$125,000</u> | <u>\$125,000</u> | <u>\$125,000</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) | | | | |
|---|------------------|-----------------|-----------------|-----------------|-----------------|
| | 2015 | 2016 | 2017 | 2018 | 2019 |
| Salaries and Wages | \$23,407 | \$23,911 | \$24,435 | \$24,934 | \$25,405 |
| Pensions | 8,621 | 8,755 | 8,719 | 8,725 | 8,823 |
| Other Fringe Benefits | 8,697 | 9,250 | 9,737 | 10,306 | 11,097 |
| Retiree Health Benefits Trust | 280 | — | — | — | — |
| Reserve for Collective Bargaining | 742 | 1,241 | 840 | 1,685 | 2,724 |
| Total | \$41,747 | \$43,157 | \$43,731 | \$45,650 | \$48,049 |

Salaries and Wages

The projections for salaries and wages reflect personnel costs associated with current and projected headcount levels and also includes recognized needs and any wage adjustments from rounds of collective bargaining that have been implemented.

Pensions and Other Fringe Benefits

Pension expenditures shown in the financial plan for 2015 through 2019 reflect the City's required contributions to its five major retirement systems based on actuarial valuation estimates prepared by the Office of the Actuary (OA), and contributions to other pension programs. The pension expenditures include the impact of expected changes in the City's planned headcount and Collective Bargaining labor settlements.

Pension expense estimates in the financial plan reflect the funding assumptions and actuarial methods recommended by the Chief Actuary. The assumptions were adopted by the boards of trustees of each of the City's retirement systems and a certain portion of the assumptions subject to legislation was enacted into law in January 2013.

The financial plan incorporates valuation updates from the OA, which reflect the civilian and uniform Collective Bargaining patterns set in 2014. Other adjustments stemming from changes in the number of pension members and expected increases in pension administration costs have also been reflected in the financial plan.

In addition, the expenditure projections reflect savings from the Tier 6 reforms that were enacted in 2012 but which impact expenditures commencing primarily in 2015, as well as fiscal year 2014 investment returns of 17.48%. The investment return – higher than the assumed actuarial rate of seven percent - reduced required pension contributions by \$208 million, \$415 million, \$623 million, and \$831 million in fiscal years 2016 through 2019, respectively.

Total pension expenses for the financial plan are shown below:

| Total Pension Expenses (\$ in Millions) | | | | | |
|---|----------------|----------------|----------------|----------------|----------------|
| | 2015 | 2016 | 2017 | 2018 | 2019 |
| City Actuarial Systems | \$8,486 | \$8,601 | \$8,557 | \$8,553 | \$8,644 |
| Non-City Systems | 71 | 85 | 88 | 94 | 95 |
| Non-Actuarial | 64 | 69 | 74 | 78 | 84 |
| Total | \$8,621 | \$8,755 | \$8,719 | \$8,725 | \$8,823 |

Other fringe benefits include, primarily, Social Security, Unemployment Insurance, Workers' Compensation and Health Insurance. Expenditures on fringe benefits include adjustments for expected changes in the City's planned headcount levels. The Social Security expense estimates reflect the tax rates and earnings caps issued by the Social Security Administration. In calendar year 2015, the combined tax rate is 7.65%. The OASDI tax portion of 6.2% is capped at \$118,500 in earnings; the Medicare tax portion of 1.45% is applied to all earnings. Unemployment Insurance expense estimates are consistent with the statutory maximum weekly benefit levels and planned payroll levels. Workers' Compensation expense estimates are consistent with the compensation rate schedule mandated by State law and the projected growth in medical costs. Health Insurance expense estimates reflect current levels of City enrollee coverage based on the health insurance contract counts and premium data available from the City's health insurance providers. The health insurance savings stemming from the recent labor settlement are also reflected in the health insurance expense estimates.

Reserve for Collective Bargaining

The labor reserve contains funding for the net cost of all of the elements of the United Federation of Teachers (UFT) and AFSCME District Council 37 (DC37) pattern as applied to the remaining unsettled unions. The reserve also contains funding for the restructured payments for those unions that were covered by the UFT nine-year pattern. In addition, the reserve includes the additional cost of the uniformed pattern for the unsettled uniformed unions. For the period beyond current round of bargaining, the reserve contains funding for wage increases assumed to be 1% per year following the expiration of the contracts in the 2010-2017 round of collective bargaining.

In May 2014, the City announced a settlement with the UFT covering the 2008-2010 bargaining period and the seven-year period beyond 2010. The agreement provides for a total compounded value of 19.41% in general wage increases over the nine-year period. In July 2014, the City reached a settlement with the DC37 that provides for a total compounded value of 10.41% in general wage increases over the seven-year period.

The reserve assumes employees whose contracts were unsettled for the 2008-2010 round of collective bargaining will follow the UFT pattern. For all other civilians, the reserve assumes application of the DC37 deal over the seven-year period.

In December 2014, the City reached a settlement with the eight members of the Uniformed Superior Officers Coalition (USOC) representing superior officers in each of the four uniformed forces. The settlement set the pattern for uniformed force employees in the 2010-2017 round of collective bargaining.

The USOC deal largely mirrored the seven-year agreement reached with DC37 with the following alterations: 1) An additional 1% the first day of the twelfth month. 2) Giving those who retire the option of taking terminal leave in a lump sum. 3) No \$1,000 lump sum. 4) The members of the coalition agreed to savings items including delaying wage increases, reducing the City's welfare fund contributions, and reducing the City's contributions

to the annuity fund. Subsequently alterations were made to the deal allowing some groups to advance the date of the first increase to the first day of the seventh month and required that they provide additional savings items to cover this cost. Over the plan, these changes were approximately cost neutral.

In February 2015, the City reached settlement with the Sergeants Benevolent Association (SBA) on terms generally consistent with the USOC agreement. All USOC contracts and SBA agreement have been ratified. The cost of the uniformed pattern above the already budgeted civilian pattern through FY 2019 is approximately \$746 million when applied to all uniformed force employees. The portion of this amount that is for unsettled contracts is reflected in the reserve for collective bargaining in the Executive Budget.

The reserve for collective bargaining also contains a small amount of funding for the cost of undistributed collective bargaining increases for those groups that have settled in the previous round of bargaining.

Other Than Personal Services

The following items are included in this category:

| | (\$ in Millions) | | | | |
|---|------------------|-----------------|-----------------|-----------------|-----------------|
| | 2015 | 2016 | 2017 | 2018 | 2019 |
| Administrative OTPS | \$20,777 | \$20,145 | \$20,112 | \$20,052 | \$20,240 |
| Public Assistance | 1,472 | 1,481 | 1,464 | 1,464 | 1,464 |
| Medical Assistance | 6,455 | 6,424 | 6,424 | 6,424 | 6,424 |
| Health & Hospital Corporation | 310 | 232 | 284 | 307 | 312 |
| Covered Agency Support & Other Subsidies | 3,957 | 3,663 | 3,800 | 3,910 | 4,011 |
| City Debt Service* | 5,954 | 6,637 | 6,820 | 7,173 | 7,707 |
| Debt Defeasance | (99) | (103) | — | — | — |
| Capital Stabilization Reserve | — | 500 | — | — | — |
| General Reserve | 50 | 1,000 | 1,000 | 1,000 | 1,000 |
| Prepayments | 1,031 | (3,037) | — | — | — |
| Total | \$39,907 | \$36,942 | \$39,904 | \$40,330 | \$41,158 |

* Numbers adjusted for prepayments and debt defeasance

Administrative OTPS

The estimates in this category include new needs and savings in the baseline. For 2017 through 2019, most expenditures have been increased to reflect the effect of inflation. The inflation adjustment, which is shown in a citywide account, represents an estimate annual 2.5 percent increase in 2017 through 2019. Baseline costs for energy and lease requirements are shown in the appropriate operating agency, while out-year inflationary cost are primarily shown in citywide accounts as noted in the following two sections.

Energy

The financial plan includes a Citywide appropriation to provide for the changing cost of energy for 2017 through 2019. Energy costs in each agency, with the exception of HPD, are held constant for 2016 through 2019. Price and usage changes for HPD's In-Rem / DAMP / AEP Programs are budgeted in HPD's four-year plan.

Motor vehicle fuel costs are expected to increase by \$33 million from 2015 to 2019. Fuel oil and heat, light and power costs are expected to decrease by \$12 million between 2015 and 2016 due to normalization of weather and then increase by \$111 million from 2016 to 2019.

Energy Costs
(\$ in Millions)

| | 2015 | 2016 | 2017 | 2018 | 2019 |
|----------------------------------|--------------|--------------|----------------|----------------|----------------|
| Motor Vehicle Fuel. | \$86 | \$86 | \$98 | \$110 | \$119 |
| Fuel Oil. | 101 | 92 | 104 | 115 | 124 |
| HPD-In Rem / DAMP / AEP. | 7 | 7 | 7 | 7 | 7 |
| HPD-Emergency Repairs. | 7 | 4 | 3 | 3 | 3 |
| Heat, Light and Power. | 767 | 764 | 790 | 820 | 843 |
| Total. | \$968 | \$953 | \$1,002 | \$1,055 | \$1,096 |

Leases

In each agency, the cost of leases is budgeted at a constant level from 2016 through 2019. A citywide adjustment for 2017 through 2019 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 \$1.01 billion for leases in 2016, \$1.04 billion in 2017, \$1.07 billion in 2018 and \$1.10 billion in 2019. Of these amounts, the citywide adjustment is \$32 million, \$64 million, and \$96 million respectively in 2017 through 2019.

Public Assistance

In 2016, 368,869 persons are projected to receive cash assistance on average each month, an increase of 17,342 from the projected 2015 average.

Medical Assistance

The financial plan for Medical Assistance assumes baselined funds consistent with the New York State enacted budget effective April 1, 2015, in which the State continues to take over Medicaid growth from localities. The financial plan also includes the City share of Disproportionate Share and Upper Payment Limit payments to HHC which fall outside of the Medicaid cap.

Health and Hospitals Corporation

Revenue and expenditure projections for 2015 through 2019 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 are the continued receipt of the Disproportionate Share and Upper Payment Limit transactions, as well as a shift from Medicaid Fee for Service to Medicaid Managed Care. Expenditure increases are driven by growth in health insurance costs.

Covered Agency Support and Other Subsidies

Included in this category are the contributions made by the City to the Transit Authority, Housing Authority, Libraries and various Cultural Institutions. Also included in this category are the estimated projections for the cost of Judgments and Claims.

General Reserve

The General Reserve is projected at \$1 billion for 2016 through 2019 to provide for uncontrollable increases in expenditures as well as shortfalls in revenue. The General Reserve for 2016 through 2019 has been increased above the required amount as per the City Charter to allow for any further uncertainties that may occur in the future.

Capital Stabilization Reserve

The Mayor's Executive Budget includes \$500 million in Fiscal Year 2016 for a new Capital Stabilization Reserve in the operating budget to complement and support the release of the Ten-Year Capital Strategy. Expenditures from the Capital Stabilization Reserve will be directed in support of the streamlining and modernization of the Capital Program proposed by the Mayor. The Capital Stabilization Reserve will be used in part in the early stages of capital project planning and design for necessary up-front expenses including pre-scoping, whether capially eligible or not. The Capital Stabilization Reserve can also be used to defease City debt if not needed in total for other capital purposes. The Capital Stabilization Reserve can be used to prevent debt service costs from rising unduly as a percent of total taxes when revenues come under stress or there is an increase in interest rates or project costs. The Capital Stabilization Reserve is consistent with the Mayor's commitment to build up various reserves.

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 2015 through 2019 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 and TFA debt service costs on debt to be issued are based on estimates of the periods of probable usefulness of the capital assets for which the debt will be issued.

A Budget Stabilization Account has been established for the prepayment of future years' debt service costs. Funding of \$3.037 billion in 2015 has been provided for this purpose.

Below are the detailed estimates for debt service for 2015 through 2019 after prepayments:

(\$ in Millions)

| | Long Term | Short Term | Lease Purchase | Budget Stabilization* | Total City and Lease | TFA | Prepayment & Defeasance Adjustment | Total City, Lease and TFA |
|------|--------------|---------------|-------------------|--------------------------|-------------------------|-------|--|---------------------------------|
| 2015 | \$3,104 | \$— | \$224 | \$3,037 | \$6,365 | \$521 | \$(932) | \$5,954 |
| 2016 | 2,830 | 75 | 221 | — | \$3,126 | 371 | 3,140 | \$6,637 |
| 2017 | 4,385 | 75 | 210 | — | \$4,670 | 2,150 | — | \$6,820 |
| 2018 | 4,475 | 75 | 269 | — | \$4,819 | 2,354 | — | \$7,173 |
| 2019 | 4,558 | 75 | 295 | — | \$4,928 | 2,779 | — | \$7,707 |

* Amounts in the Budget Stabilization Account are used to prepay the succeeding year's debt service

EXHIBIT 2

**FISCAL YEAR 2016 EXECUTIVE BUDGET AND PROJECTIONS,
FISCAL YEAR 2017 THROUGH FISCAL YEAR 2019**

(\$ in thousands)

| Dept. No. | Agency | FY 2014 Actual Expenditures | Fiscal Year 2015 | | FY 2016 Executive Budget | FY 2017 Estimate | FY 2018 Estimate | FY 2019 Estimate |
|--------------|-------------------------------------|-----------------------------------|---------------------|---|--------------------------------|---------------------|---------------------|---------------------|
| | | | Executive Budget | 8 Month Actuals July - Feb. Forecast | | | | |
| 002 | Mayoralty..... | \$95,786 | \$96,002 | \$64,010 | \$115,196 | \$121,787 | \$119,258 | \$117,404 |
| 003 | Board of Elections..... | 116,164 | 108,646 | 78,896 | 115,395 | 111,200 | 87,563 | 87,919 |
| 004 | Campaign Finance Board..... | 53,531 | 12,293 | 7,353 | 12,499 | 14,481 | 13,710 | 13,746 |
| 008 | Office of the Actuary..... | 5,568 | 6,259 | 3,810 | 7,206 | 7,316 | 7,414 | 7,441 |
| 010 | President,Borough of Manhattan..... | 4,070 | 4,359 | 2,592 | 4,630 | 4,713 | 4,529 | 4,566 |
| 011 | President,Borough of the Bronx..... | 4,901 | 5,208 | 3,204 | 5,527 | 5,650 | 5,404 | 5,439 |
| 012 | President,Borough of Brooklyn..... | 5,089 | 5,381 | 4,142 | 6,558 | 5,763 | 5,294 | 5,330 |
| 013 | President,Borough of Queens..... | 4,986 | 4,669 | 2,934 | 4,973 | 5,155 | 4,692 | 4,720 |
| 014 | President,Borough of S.I..... | 4,129 | 4,154 | 1,986 | 4,359 | 4,313 | 4,201 | 4,223 |
| 015 | Office of the Comptroller..... | 80,738 | 86,585 | 56,736 | 90,988 | 91,773 | 93,367 | 93,889 |
| 017 | Dept. of Emergency Management..... | 34,552 | 9,869 | 24,346 | 71,512 | 16,009 | 13,029 | 11,772 |
| 021 | Office of Admin. Tax Appeals..... | 4,161 | 4,273 | 2,612 | 4,466 | 4,608 | 4,718 | 4,752 |
| 025 | Law Department..... | 162,707 | 167,909 | 114,590 | 178,536 | 185,830 | 178,237 | 179,625 |
| 030 | Department of City Planning..... | 20,557 | 27,988 | 15,984 | 29,697 | 38,341 | 39,752 | 38,224 |
| 032 | Department of Investigation..... | 29,031 | 27,625 | 27,155 | 44,977 | 30,998 | 30,755 | 30,908 |
| 035 | NY Public Library - Research..... | 18,617 | 22,656 | 20,936 | 24,268 | 23,800 | 24,299 | 24,425 |
| 037 | New York Public Library..... | 89,853 | 112,185 | 109,658 | 120,458 | 116,241 | 118,051 | 118,487 |
| 038 | Brooklyn Public Library..... | 66,434 | 83,177 | 55,786 | 90,628 | 86,467 | 87,971 | 88,363 |
| 039 | Queens Borough Public Library..... | 66,973 | 83,372 | 72,754 | 91,148 | 87,351 | 88,908 | 89,228 |
| 040 | Department of Education..... | 20,085,288 | 20,623,441 | 12,762,833 | 20,889,648 | 21,756,792 | 22,597,638 | 23,423,605 |
| 042 | City University..... | 891,858 | 926,119 | 574,331 | 987,216 | 966,241 | 968,039 | 972,644 |
| 054 | Civilian Complaint Review Bd..... | 11,202 | 12,758 | 8,040 | 13,627 | 15,077 | 15,358 | 15,427 |
| 056 | Police Department..... | 4,912,273 | 4,711,233 | 3,372,818 | 5,219,729 | 4,890,129 | 4,895,730 | 4,945,532 |
| 057 | Fire Department..... | 1,879,466 | 1,778,529 | 1,241,391 | 1,998,259 | 1,821,252 | 1,803,715 | 1,779,370 |
| 068 | Admin. for Children Services..... | 2,785,452 | 2,889,240 | 2,078,416 | 2,874,902 | 2,934,505 | 2,941,170 | 2,946,437 |
| 069 | Department of Social Services..... | 9,531,095 | 9,728,561 | 6,477,759 | 9,909,267 | 9,863,746 | 9,882,379 | 9,909,306 |
| 071 | Dept. of Homeless Services..... | 1,043,282 | 953,547 | 920,516 | 1,162,006 | 1,076,485 | 1,090,464 | 1,094,799 |
| 072 | Department of Correction..... | 1,103,097 | 1,068,249 | 734,301 | 1,143,838 | 1,216,489 | 1,197,967 | 1,197,546 |
| 073 | Board of Correction..... | 1,641 | 1,618 | 1,036 | 1,661 | 1,758 | 1,722 | 1,731 |
| 095 | Citywide Pension Contributions..... | 8,265,364 | 8,353,527 | 5,518,272 | 8,621,239 | 8,755,368 | 8,718,754 | 8,725,164 |
| 098 | Miscellaneous..... | 10,522,242 | 8,985,548 | 3,456,769 | 9,174,714 | 10,059,874 | 9,640,373 | 11,006,609 |
| 099 | Debt Service..... | 4,797,630 | 4,332,256 | 2,652,983 | 6,886,145 | 3,497,715 | 6,820,362 | 7,172,678 |
| 101 | Public Advocate..... | 2,322 | 2,257 | 1,625 | 3,263 | 3,275 | 3,333 | 3,353 |
| 102 | City Council..... | 51,541 | 56,663 | 38,258 | 59,156 | 61,024 | 52,492 | 52,820 |
| 103 | City Clerk..... | 4,753 | 5,299 | 3,172 | 5,958 | 5,381 | 5,503 | 5,536 |
| 125 | Department for the Aging..... | 263,877 | 259,696 | 243,752 | 291,679 | 269,222 | 270,180 | 270,243 |
| 126 | Department of Cultural Affairs..... | 156,511 | 148,627 | 125,719 | 164,638 | 150,682 | 151,214 | 150,325 |
| 127 | Financial Info. Serv. Agency..... | 82,450 | 100,443 | 62,069 | 96,072 | 101,327 | 104,784 | 107,201 |
| 131 | Office of Payroll Admin..... | 13,713 | 27,668 | 9,350 | 18,207 | 17,620 | 17,938 | 18,041 |
| 132 | Independent Budget Office..... | 3,998 | 4,389 | 2,668 | 5,727 | 5,856 | 5,538 | 5,582 |
| 133 | Equal Employment Practices Com..... | 464 | 949 | 480 | 1,097 | 1,071 | 1,106 | 1,101 |
| 134 | Civil Service Commission..... | 799 | 1,040 | 471 | 1,071 | 1,082 | 1,101 | 1,105 |
| 136 | Landmarks Preservation Comm..... | 4,743 | 5,268 | 3,097 | 5,175 | 5,743 | 6,101 | 5,934 |
| 138 | Districting Commission..... | 14 | — | — | — | — | — | — |

EXHIBIT 2

**FISCAL YEAR 2016 EXECUTIVE BUDGET AND PROJECTIONS,
FISCAL YEAR 2017 THROUGH FISCAL YEAR 2019**

(\$ in thousands)

| | | Fiscal Year 2015 | | | | | | | |
|------------------------------------|-------------------------------------|------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Dept. No. | Agency | FY 2014 | 8 Month | | | FY 2016 | FY 2017 | FY 2018 | FY 2019 |
| | | Actual | Executive | Actuals | | Executive | | | |
| | | Expenditures | Budget | July - Feb. | Forecast | Budget | Estimate | Estimate | Estimate |
| 156 | Taxi & Limousine Commission..... | \$46,393 | \$62,995 | \$35,849 | \$76,959 | \$68,294 | \$50,384 | \$50,072 | \$50,074 |
| 226 | Commission on Human Rights..... | 5,583 | 6,494 | 3,648 | 7,485 | 8,813 | 8,857 | 8,886 | 8,887 |
| 260 | Youth & Community Development... | 404,447 | 484,208 | 412,833 | 593,915 | 536,809 | 526,794 | 526,179 | 525,879 |
| 312 | Conflicts of Interest Board..... | 2,054 | 2,117 | 1,277 | 2,218 | 2,237 | 2,283 | 2,300 | 2,301 |
| 313 | Office of Collective Barg..... | 2,101 | 2,318 | 1,104 | 2,135 | 2,516 | 2,306 | 2,319 | 2,319 |
| 499 | Community Boards (All)..... | 14,536 | 15,405 | 10,197 | 16,548 | 16,961 | 16,574 | 16,663 | 16,663 |
| 781 | Department of Probation..... | 83,181 | 85,697 | 64,504 | 99,022 | 93,728 | 93,894 | 94,058 | 94,060 |
| 801 | Dept. Small Business Services..... | 202,310 | 119,436 | 203,517 | 350,649 | 242,056 | 133,351 | 195,133 | 108,093 |
| 806 | Housing Preservation & Dev..... | 689,973 | 538,344 | 544,809 | 982,364 | 726,077 | 597,020 | 557,983 | 557,132 |
| 810 | Department of Buildings..... | 98,679 | 107,253 | 67,776 | 112,561 | 148,738 | 150,503 | 142,862 | 138,920 |
| 816 | Dept Health & Mental Hygiene..... | 1,423,185 | 1,388,271 | 1,166,465 | 1,546,207 | 1,480,822 | 1,475,597 | 1,479,052 | 1,482,203 |
| 819 | Health and Hospitals Corp..... | 337,074 | 179,133 | 227,697 | 310,494 | 232,468 | 284,231 | 306,575 | 312,223 |
| 820 | Office Admin Trials & Hearings..... | 31,346 | 35,324 | 21,439 | 36,765 | 37,888 | 38,687 | 39,253 | 39,254 |
| 826 | Dept of Environmental Prot..... | 1,192,580 | 1,166,062 | 907,113 | 1,636,839 | 1,250,171 | 1,203,482 | 1,154,633 | 1,121,883 |
| 827 | Department of Sanitation..... | 1,414,222 | 1,484,017 | 1,073,787 | 1,498,725 | 1,543,476 | 1,588,709 | 1,594,451 | 1,602,378 |
| 829 | Business Integrity Commission..... | 7,259 | 7,010 | 5,154 | 8,718 | 7,446 | 7,587 | 7,627 | 7,627 |
| 836 | Department of Finance..... | 240,290 | 248,332 | 177,178 | 266,474 | 265,230 | 267,068 | 271,209 | 269,591 |
| 841 | Department of Transportation..... | 860,606 | 829,777 | 673,274 | 958,144 | 874,729 | 853,685 | 854,407 | 854,855 |
| 846 | Dept of Parks and Recreation..... | 413,277 | 392,250 | 305,884 | 474,860 | 442,933 | 443,940 | 445,431 | 445,439 |
| 850 | Dept. of Design & Construction..... | 127,268 | 121,232 | 84,175 | 177,998 | 564,163 | 546,662 | 129,550 | 129,560 |
| 856 | Dept of Citywide Admin Srvces..... | 1,201,704 | 1,147,682 | 1,014,286 | 1,187,258 | 1,180,668 | 1,156,363 | 1,144,655 | 1,142,293 |
| 858 | D.O.I.T.T..... | 467,487 | 481,147 | 362,545 | 536,040 | 550,493 | 535,729 | 543,438 | 542,267 |
| 860 | Dept of Records & Info Serv..... | 5,608 | 5,260 | 4,160 | 6,784 | 6,458 | 6,102 | 6,130 | 6,130 |
| 866 | Department of Consumer Affairs..... | 32,474 | 32,660 | 24,077 | 40,458 | 41,219 | 40,739 | 40,981 | 40,897 |
| 901 | District Attorney - N.Y..... | 97,597 | 92,542 | 74,308 | 112,639 | 98,351 | 101,114 | 101,931 | 101,932 |
| 902 | District Attorney - Bronx..... | 55,676 | 54,578 | 37,022 | 60,881 | 57,973 | 59,580 | 60,077 | 60,078 |
| 903 | District Attorney - Kings..... | 87,843 | 87,983 | 61,894 | 96,093 | 92,129 | 94,074 | 94,709 | 94,710 |
| 904 | District Attorney - Queens..... | 53,114 | 51,269 | 36,483 | 57,048 | 54,152 | 55,484 | 55,905 | 55,905 |
| 905 | District Attorney - Richmond..... | 9,294 | 9,258 | 5,842 | 10,271 | 9,720 | 9,930 | 9,996 | 9,996 |
| 906 | Off. of Prosec. & Spec. Narc..... | 18,195 | 18,346 | 11,880 | 19,509 | 19,381 | 19,864 | 20,009 | 20,009 |
| 941 | Public Administrator - N.Y..... | 1,397 | 1,512 | 1,213 | 1,691 | 1,656 | 1,676 | 1,682 | 1,682 |
| 942 | Public Administrator - Bronx..... | 532 | 606 | 372 | 672 | 640 | 656 | 661 | 661 |
| 943 | Public Administrator- Brooklyn..... | 605 | 673 | 422 | 760 | 701 | 715 | 718 | 718 |
| 944 | Public Administrator - Queens..... | 471 | 538 | 318 | 560 | 571 | 585 | 589 | 589 |
| 945 | Public Administrator -Richmond..... | 451 | 441 | 286 | 471 | 469 | 482 | 487 | 487 |
| | Prior Payable Adjustment..... | (1,736,865) | — | — | (243,000) | — | — | — | — |
| | General Reserve..... | — | 600,000 | — | 50,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 |
| | Energy Adjustment..... | — | — | — | — | — | 49,239 | 101,855 | 143,420 |
| | Lease Adjustment..... | — | — | — | — | — | 32,350 | 63,670 | 95,931 |
| | OTPS Inflation Adjustment..... | — | — | — | — | — | 55,519 | 111,038 | 166,557 |
| TOTAL EXPENDITURES..... | | \$75,174,869 | \$75,709,705 | \$48,582,398 | \$81,654,530 | \$80,099,646 | \$83,635,928 | \$85,979,724 | \$89,207,267 |
| LESS: INTRA-CITY EXPENDITURES..... | | 1,764,090 | 1,795,135 | 587,325 | 2,003,283 | 1,791,148 | 1,794,268 | 1,804,946 | 1,799,832 |
| NET TOTAL EXPENDITURES..... | | \$73,410,779 | \$73,914,570 | \$47,995,072 | \$79,651,247 | \$78,308,498 | \$81,841,660 | \$84,174,778 | \$87,407,435 |

EXHIBIT 3

ACTUAL REVENUE (\$ in Millions)

| | Fiscal Year 2011 | Fiscal Year 2012 | Fiscal Year 2013 | Fiscal Year 2014 |
|---|------------------------|------------------------|------------------------|------------------------|
| Taxes: | | | | |
| Real Property | \$17,086 | \$18,158 | \$18,970 | \$20,202 |
| Personal Income..... | 8,138 | 8,531 | 9,778 | 10,152 |
| General Corporation | 2,278 | 2,447 | 2,692 | 2,766 |
| Banking Corporation..... | 1,346 | 1,278 | 1,357 | 1,227 |
| Unincorporated Business | 1,675 | 1,637 | 1,808 | 1,882 |
| Sales and Use..... | 5,586 | 5,812 | 6,132 | 6,494 |
| Commercial Rent..... | 601 | 629 | 664 | 710 |
| Real Property Transfer..... | 795 | 912 | 1,086 | 1,527 |
| Mortgage Recording | 434 | 537 | 742 | 961 |
| Utility..... | 394 | 371 | 385 | 405 |
| Cigarette..... | 70 | 67 | 61 | 54 |
| Hotel..... | 422 | 476 | 505 | 536 |
| All Other..... | 537 | 513 | 533 | 548 |
| Tax Audit Revenue..... | 988 | 743 | 1,009 | 911 |
| Total Taxes..... | 40,350 | 42,111 | 45,722 | 48,375 |
| Miscellaneous Revenues: | | | | |
| Licenses, Franchises, Etc. | 525 | 583 | 593 | 648 |
| Interest Income | 21 | 16 | 16 | 16 |
| Charges for Services..... | 776 | 850 | 872 | 951 |
| Water and Sewer Charges..... | 1,295 | 1,373 | 1,361 | 1,491 |
| Rental Income..... | 253 | 291 | 297 | 311 |
| Fines and Forfeitures | 820 | 859 | 815 | 892 |
| Miscellaneous | 698 | 1,275 | 703 | 1,313 |
| Intra-City Revenue..... | 1,851 | 1,743 | 1,714 | 1,764 |
| Total Miscellaneous | 6,239 | 6,990 | 6,371 | 7,386 |
| Unrestricted Intergovernmental Aid: | | | | |
| Federal Revenue Sharing..... | — | — | — | — |
| N.Y. State Per Capita Aid..... | — | — | — | — |
| Other Federal and State Aid..... | 39 | 25 | — | 1 |
| Total Unrestricted Intergovernmental Aid..... | 39 | 25 | — | 1 |
| Provision for Disallowance of Categorical Grants..... | (112) | 166 | (59) | (18) |
| Less Intra-City Revenue | (1,851) | (1,743) | (1,714) | (1,764) |
| Sub Total City Funds..... | 44,665 | 47,549 | 50,320 | 53,980 |
| Other Categorical Grants | 1,523 | 1,141 | 1,062 | 1,023 |
| Transfers from Capital Fund: | | | | |
| Inter Fund Agreements | 561 | 551 | 538 | 535 |
| Total City Funds & Capital Budget Transfers..... | 46,749 | 49,241 | 51,920 | 55,538 |
| Federal Categorical Grants: | | | | |
| Community Development..... | 241 | 225 | 566 | 337 |
| Social Services..... | 3,209 | 3,290 | 3,315 | 3,206 |
| Education | 2,762 | 1,861 | 1,873 | 1,672 |
| Other | 1,665 | 1,802 | 2,866 | 1,747 |
| Total Federal Grants..... | 7,877 | 7,178 | 8,620 | 6,962 |
| State Categorical Grants: | | | | |
| Social Services..... | 1,743 | 1,533 | 1,509 | 1,415 |
| Education | 8,110 | 8,012 | 7,933 | 7,907 |
| Higher Education | 154 | 179 | 200 | 221 |
| Department of Health and Mental Hygiene..... | 397 | 536 | 495 | 454 |
| Other | 851 | 854 | 890 | 919 |
| Total State Grants..... | 11,255 | 11,114 | 11,027 | 10,916 |
| Total Revenues..... | \$65,881 | \$67,533 | \$71,567 | \$73,416 |

EXHIBIT 4
REVENUE ESTIMATES
(\$ in Millions)

| | Fiscal Year 2015 8 Months Actuals | Fiscal Year 2015 | Fiscal Year 2016 | Fiscal Year 2017 | Fiscal Year 2018 | Fiscal Year 2019 |
|---------------------------------------|---|------------------------|------------------------|------------------------|------------------------|------------------------|
| Taxes: | | | | | | |
| Real Property | \$19,664 | \$21,270 | \$22,240 | \$23,267 | \$24,272 | \$25,336 |
| Personal Income | 6,784 | 10,067 | 10,309 | 10,414 | 10,647 | 10,984 |
| General Corporation | 1,244 | 3,236 | 4,065 | 4,223 | 4,327 | 4,465 |
| Banking Corporation | 543 | 853 | 77 | 6 | - | - |
| Unincorporated Business... | 1,048 | 1,969 | 2,054 | 2,140 | 2,233 | 2,326 |
| Sale and Use | 4,347 | 6,756 | 7,038 | 7,320 | 7,617 | 7,886 |
| Commercial Rent..... | 361 | 740 | 770 | 805 | 840 | 875 |
| Real Property Transfer | 1,133 | 1,625 | 1,513 | 1,565 | 1,614 | 1,660 |
| Mortgage Recording..... | 758 | 1,093 | 984 | 1,012 | 1,039 | 1,064 |
| Utility | 214 | 398 | 398 | 409 | 423 | 433 |
| Cigarette..... | 30 | 49 | 48 | 47 | 46 | 45 |
| Hotel | 304 | 567 | 539 | 552 | 565 | 571 |
| All Other | 267 | 588 | 517 | 514 | 515 | 515 |
| Tax Audit Revenue..... | 739 | 982 | 711 | 711 | 711 | 711 |
| State Tax Relief Program - STAR | 404 | 860 | 765 | 797 | 800 | 804 |
| Total Taxes..... | 37,840 | 51,053 | 52,028 | 53,782 | 55,649 | 57,675 |
| Miscellaneous Revenue: | | | | | | |
| Licenses, Franchises, Etc. | 470 | 665 | 641 | 625 | 619 | 616 |
| Interest Income | 13 | 21 | 29 | 85 | 156 | 163 |
| Charges for Services..... | 544 | 948 | 948 | 949 | 948 | 948 |
| Water and Sewer Charges . | 1,559 | 1,537 | 1,516 | 1,454 | 1,411 | 1,375 |
| Rental Income..... | 180 | 284 | 271 | 271 | 271 | 271 |
| Fines and Forfeitures | 638 | 921 | 810 | 805 | 801 | 799 |
| Miscellaneous | 1,258 | 1,809 | 554 | 732 | 804 | 903 |
| Intra-City Revenue | 587 | 2,003 | 1,791 | 1,794 | 1,805 | 1,800 |
| Total Miscellaneous | 5,249 | 8,188 | 6,560 | 6,715 | 6,815 | 6,875 |
| Reserve for Disallowance of | | | | | | |
| Categorical Grants..... | — | (15) | (15) | (15) | (15) | (15) |
| Less: Intra-City Revenue | (587) | (2,003) | (1,791) | (1,794) | (1,805) | (1,800) |
| Sub Total City Funds..... | 42,502 | 57,223 | 56,782 | 58,688 | 60,644 | 62,735 |
| Other Categorical Grants | 236 | 888 | 831 | 839 | 844 | 841 |
| Inter Fund Agreements | 242 | 559 | 575 | 546 | 548 | 548 |
| Total City Funds & | | | | | | |
| Inter-Fund Revenues. | \$42,980 | \$58,670 | \$58,188 | \$60,073 | \$62,036 | \$64,124 |

EXHIBIT 4
REVENUE ESTIMATES
(\$ in Millions)

| | Fiscal Year 2015 8 Months Actuals | Fiscal Year 2015 | Fiscal Year 2016 | Fiscal Year 2017 | Fiscal Year 2018 | Fiscal Year 2019 |
|---|---|------------------------|------------------------|------------------------|------------------------|------------------------|
| Federal Categorical Grants: | | | | | | |
| Community Development . | \$137 | \$1,239 | \$1,011 | \$755 | \$334 | \$240 |
| Social Services..... | 1,255 | 3,389 | 3,237 | 3,235 | 3,228 | 3,223 |
| Education..... | 251 | 1,684 | 1,713 | 1,703 | 1,703 | 1,703 |
| Other | 679 | 2,100 | 1,166 | 1,139 | 1,136 | 1,134 |
| Total Federal Grants..... | <u>2,322</u> | <u>8,412</u> | <u>7,127</u> | <u>6,832</u> | <u>6,401</u> | <u>6,300</u> |
| State Categorical Grants: | | | | | | |
| Social Services..... | 493 | 1,561 | 1,522 | 1,523 | 1,529 | 1,529 |
| Education..... | 4,811 | 9,243 | 9,737 | 10,065 | 10,419 | 10,703 |
| Higher Education..... | 55 | 262 | 271 | 271 | 271 | 271 |
| Department of Health and Mental Hygiene..... | 173 | 490 | 482 | 479 | 479 | 480 |
| Other | 103 | 1,013 | 981 | 1,026 | 1,073 | 1,119 |
| Total State Grants..... | <u>5,635</u> | <u>12,569</u> | <u>12,993</u> | <u>13,364</u> | <u>13,771</u> | <u>14,102</u> |
| TOTAL REVENUE | <u>\$50,937</u> | <u>\$79,651</u> | <u>\$78,308</u> | <u>\$80,269</u> | <u>\$82,208</u> | <u>\$84,526</u> |

EXHIBIT 5
FULL-TIME and PART-TIME POSITIONS (FTEs)

| | | 6/30/2016 | | 6/30/2017 | | 6/30/2018 | | 6/30/2019 | |
|---|-----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | | Total | City | Total | City | Total | City | Total | City |
| MAYORAL AGENCIES: | | | | | | | | | |
| <i>Uniformed Forces:</i> | | | | | | | | | |
| Police | -Uniform | 34,483 | 34,483 | 34,483 | 34,483 | 34,483 | 34,483 | 34,483 | 34,483 |
| | -Civilian | 16,866 | 16,846 | 16,924 | 16,904 | 16,952 | 16,932 | 16,952 | 16,932 |
| Fire | -Uniform | 10,790 | 10,782 | 10,790 | 10,782 | 10,790 | 10,782 | 10,790 | 10,782 |
| | -Civilian | 5,664 | 5,649 | 5,664 | 5,651 | 5,664 | 5,651 | 5,665 | 5,652 |
| Correction | -Uniform | 9,653 | 9,653 | 9,678 | 9,678 | 9,678 | 9,678 | 9,678 | 9,678 |
| | -Civilian | 1,935 | 1,927 | 1,936 | 1,928 | 1,921 | 1,913 | 1,921 | 1,913 |
| Sanitation | -Uniform | 7,427 | 7,310 | 7,562 | 7,445 | 7,562 | 7,445 | 7,562 | 7,445 |
| | -Civilian | 2,383 | 2,271 | 2,427 | 2,315 | 2,427 | 2,315 | 2,427 | 2,315 |
| | <i>Subtotal</i> | <u>89,201</u> | <u>88,921</u> | <u>89,464</u> | <u>89,186</u> | <u>89,477</u> | <u>89,199</u> | <u>89,478</u> | <u>89,200</u> |
| <i>Health and Welfare:</i> | | | | | | | | | |
| Admin. for Children's Services | | 7,302 | 7,134 | 7,308 | 7,140 | 7,308 | 7,140 | 7,308 | 7,140 |
| Social Services | | 14,479 | 10,725 | 13,972 | 10,254 | 13,950 | 10,232 | 13,950 | 10,232 |
| Homeless Services | | 2,307 | 2,307 | 2,272 | 2,272 | 2,271 | 2,271 | 2,271 | 2,271 |
| Health & Mental Hygiene | | 6,318 | 4,873 | 6,221 | 4,897 | 6,221 | 4,897 | 6,221 | 4,897 |
| | <i>Subtotal</i> | <u>30,406</u> | <u>25,039</u> | <u>29,773</u> | <u>24,563</u> | <u>29,750</u> | <u>24,540</u> | <u>29,750</u> | <u>24,540</u> |
| <i>Other Agencies:</i> | | | | | | | | | |
| Housing Preservation and Development | | 2,375 | 594 | 2,371 | 594 | 2,364 | 594 | 2,340 | 594 |
| Environmental Protection | | 6,297 | 242 | 6,337 | 242 | 6,371 | 242 | 6,336 | 242 |
| Finance | | 2,114 | 2,102 | 2,109 | 2,097 | 2,104 | 2,092 | 2,104 | 2,092 |
| Transportation | | 5,153 | 2,554 | 5,143 | 2,400 | 5,135 | 2,400 | 5,144 | 2,409 |
| Parks | | 7,031 | 6,398 | 6,943 | 6,373 | 6,943 | 6,373 | 6,943 | 6,373 |
| Citywide Administrative Services | | 2,314 | 1,658 | 2,291 | 1,635 | 2,292 | 1,636 | 2,292 | 1,636 |
| All Other | | 19,827 | 16,591 | 19,842 | 16,643 | 19,689 | 16,602 | 19,656 | 16,601 |
| | <i>Subtotal</i> | <u>45,111</u> | <u>30,139</u> | <u>45,036</u> | <u>29,984</u> | <u>44,898</u> | <u>29,939</u> | <u>44,815</u> | <u>29,947</u> |
| EDUCATION: | | | | | | | | | |
| Dept. of Education - Pedagogical | | 114,369 | 91,307 | 114,869 | 91,307 | 115,369 | 91,307 | 115,369 | 91,307 |
| | - Civilian | 23,235 | 20,757 | 23,185 | 20,732 | 23,185 | 20,732 | 23,185 | 20,732 |
| City University - Pedagogical | | 6,442 | 6,442 | 6,483 | 6,483 | 6,483 | 6,483 | 6,483 | 6,483 |
| | - Civilian | 3,008 | 3,008 | 3,006 | 3,006 | 3,006 | 3,006 | 3,006 | 3,006 |
| | <i>Subtotal</i> | <u>147,054</u> | <u>121,514</u> | <u>147,543</u> | <u>121,528</u> | <u>148,043</u> | <u>121,528</u> | <u>148,043</u> | <u>121,528</u> |
| Total | | <u>311,772</u> | <u>265,613</u> | <u>311,816</u> | <u>265,261</u> | <u>312,168</u> | <u>265,206</u> | <u>312,086</u> | <u>265,215</u> |
| COVERED ORGANIZATIONS¹: | | | | | | | | | |
| Health and Hospital Corp. | | 38,333 | 38,333 | 38,333 | 38,333 | 38,333 | 38,333 | 38,333 | 38,333 |
| Housing Authority | | 11,221 | - | 11,139 | - | 11,070 | - | 11,001 | - |
| Libraries | | 3,832 | 3,832 | 3,832 | 3,832 | 3,832 | 3,832 | 3,832 | 3,832 |
| Cultural Institutions ² | | 1,349 | 1,349 | 1,349 | 1,349 | 1,349 | 1,349 | 1,349 | 1,349 |
| School Construction Authority | | 715 | 715 | 715 | 715 | 715 | 715 | 715 | 715 |
| New York City Employees Retirement System | | 436 | 436 | 436 | 436 | 436 | 436 | 416 | 416 |
| Economic Development Corporation | | 448 | 448 | 448 | 448 | 448 | 448 | 448 | 448 |
| Teachers Retirement System | | 390 | 390 | 390 | 390 | 390 | 390 | 390 | 390 |
| Police Pension Fund | | 142 | 142 | 144 | 144 | 146 | 146 | 148 | 148 |
| All Other ³ | | 267 | 262 | 268 | 263 | 269 | 264 | 270 | 265 |
| | <i>Subtotal</i> | <u>57,133</u> | <u>45,907</u> | <u>57,054</u> | <u>45,910</u> | <u>56,988</u> | <u>45,913</u> | <u>56,902</u> | <u>45,896</u> |
| Total | | <u>368,905</u> | <u>311,520</u> | <u>368,870</u> | <u>311,171</u> | <u>369,156</u> | <u>311,119</u> | <u>368,988</u> | <u>311,111</u> |

1. Includes non-city employees substantially paid by city subsidies.

2. Includes only those employees of the Cultural Institutions Group paid by city fund subsidies.

3. Includes Housing Development Corporation, Education Construction Fund, City University Construction Fund, Rent Guidelines Board and Water Finance Authority.

EXHIBIT 6
FY 2016 EXECUTIVE BUDGET
CITYWIDE SAVINGS PROGRAM - 5 YEAR VALUE
(City \$ in 000's)

| | 2015 | 2016 | 2017 | 2018 | 2019 |
|--|------------------|------------------|------------------|------------------|------------------|
| MAYORAL AGENCIES: | | | | | |
| <i>Uniformed Forces:</i> | | | | | |
| Police | \$3,516 | \$- | \$- | \$- | \$- |
| Fire | 9,665 | 2,050 | 2,405 | 2,405 | 2,405 |
| Sanitation | 37,839 | 31,057 | (4,137) | (4,137) | (4,137) |
| <i>Health and Welfare:</i> | | | | | |
| Administration for Children's Services | 106,943 | 10,375 | 10,679 | 10,679 | 10,679 |
| Social Services | 72,766 | 9,859 | 12,979 | 12,979 | 12,979 |
| Homeless Services | — | 4,623 | 3,077 | 3,077 | 3,077 |
| Youth and Community Development | — | 2,000 | 2,000 | 2,888 | 2,688 |
| Health and Mental Hygiene | 200 | 44,181 | 16,289 | 28,239 | 8,239 |
| <i>Other Mayoral:</i> | | | | | |
| Finance | — | 1,044 | 1,457 | 1,457 | 1,457 |
| Transportation | 32,589 | 33,424 | 30,897 | 27,748 | 24,891 |
| Parks and Recreation | 2,218 | 1,200 | 1,200 | 1,200 | 1,200 |
| Citywide Administrative Services | 19,598 | 800 | 1,100 | 1,100 | 1,100 |
| Other | 33,139 | 32,072 | 34,559 | 37,316 | 37,199 |
| MAJOR ORGANIZATIONS: | | | | | |
| Department of Education | — | 42,213 | 42,213 | 42,213 | 42,213 |
| City University | — | 3,795 | 3,795 | 3,795 | 3,795 |
| OTHER: | | | | | |
| Miscellaneous | 30,000 | 32,167 | 34,189 | 35,212 | 36,235 |
| Debt Service | 240,501 | 159,151 | 392,721 | 364,847 | 344,584 |
| Procurement Savings | — | 55,519 | 55,519 | 55,519 | 55,519 |
| Total Citywide Savings Programs | \$588,974 | \$465,530 | \$640,942 | \$626,537 | \$584,123 |

EXHIBIT 6A
FY 2016 EXECUTIVE BUDGET
CITYWIDE SAVINGS PROGRAM - 5 YEAR VALUE
(City \$ in 000's)

| | 2015 | 2016 | 2017 | 2018 | 2019 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|
| OTHER: | | | | | |
| Mayoralty | \$1,085 | \$322 | \$322 | \$322 | \$322 |
| Emergency Management | 50 | 50 | 50 | 50 | 50 |
| Administrative Tax Appeals..... | 5 | 5 | 5 | 5 | 5 |
| Law Department | 1,311 | — | — | — | — |
| City Planning | — | 158 | 315 | 428 | 428 |
| Department for the Aging..... | — | 3,600 | 3,600 | 3,600 | 3,600 |
| FISA | 6,191 | 3,691 | 1,191 | 1,191 | 1,191 |
| Payroll Administration | 10,678 | 10,678 | 10,678 | 10,678 | 10,678 |
| Equal Employment Practices | 7 | 22 | 2 | 12 | 12 |
| Civil Service Commission | — | 1 | 2 | 3 | 5 |
| Taxi & Limousine Commission | — | 50 | 106 | 108 | 111 |
| Small Business Services | 3,409 | 1,289 | 1,080 | 1,070 | 1,060 |
| Administrative Trials and Hearings | — | 259 | 259 | 259 | 259 |
| Environmental Protection | 265 | 4,807 | 4,807 | 4,807 | 4,807 |
| Design and Construction..... | — | 158 | 158 | 158 | 158 |
| DOITT..... | 9,888 | 6,782 | 11,784 | 14,425 | 14,313 |
| Department of Consumer Affairs..... | 250 | 200 | 200 | 200 | 200 |
| Total Other | \$33,139 | \$32,072 | \$34,559 | \$37,316 | \$37,199 |

EXHIBIT 6B
FY 2016 EXECUTIVE BUDGET
CITYWIDE SAVINGS PROGRAM - BY EXPENSE AND REVENUE
(City \$ in 000's)

| | Expense | Revenue | Total |
|--|------------------|-----------------|------------------|
| MAYORAL AGENCIES: | | | |
| <i>Uniformed Forces:</i> | | | |
| Police | \$— | \$— | \$— |
| Fire | 2,050 | — | 2,050 |
| Sanitation | 31,057 | — | 31,057 |
| <i>Health & Welfare:</i> | | | |
| Administration for Children's Services | 10,375 | — | 10,375 |
| Social Services | 9,859 | — | 9,859 |
| Homeless Services | 4,623 | — | 4,623 |
| Youth and Community Development | 2,000 | — | 2,000 |
| Health and Mental Hygiene | 16,181 | 28,000 | 44,181 |
| <i>Other Mayoral:</i> | | | |
| Finance | 1,044 | — | 1,044 |
| Transportation | 11,065 | 22,359 | 33,424 |
| Parks and Recreation | — | 1,200 | 1,200 |
| Citywide Administrative Services | 800 | — | 800 |
| Other | 27,152 | 4,920 | 32,072 |
| MAJOR ORGANIZATIONS: | | | |
| Department of Education | 42,213 | — | 42,213 |
| City University | 3,795 | — | 3,795 |
| OTHER: | | | |
| Miscellaneous | 32,167 | — | 32,167 |
| Debt Service | 159,151 | — | 159,151 |
| Procurement Savings | 55,519 | — | 55,519 |
| Total Citywide Savings Program | \$409,051 | \$56,479 | \$465,530 |

EXHIBIT 7

ONE NEW YORK: THE PLAN FOR A STRONG AND JUST CITY (ONENYC)

One New York: The Plan for a Strong and Just City (OneNYC) builds on prior long-term plans for New York City and the work of this administration over the last 16 months, and sets the stage for our city's fifth century. OneNYC continues to focus on the core themes of past plans - growth, sustainability and resiliency - and is further guided by a sharp focus on equity, a regional perspective, and calls for action and engagement from those outside city government.

The plan is divided into four visions – Our Growing, Thriving City; Our Just and Equitable City; Our Sustainable City; and Our Resilient City. The full report can be viewed at <http://www.nyc.gov/oneNYC>.

The tables below show new ten-year capital commitments and four-year expense budget allocations that support the implementation of OneNYC initiatives. A portion of OneNYC initiatives do not appear in this table because they do not require new City funding at this time. Some initiatives are funded through existing agency resources; others can be achieved through regulatory or legislative actions; some call for implementation by other governmental or private entities; and some are in an exploratory phase. The OneNYC website provides comprehensive information regarding all OneNYC initiatives.

All expenses and capital commitments listed are funded through City Tax Levy dollars unless otherwise indicated.

| Initiatives | Supporting initiatives | Lead Agency | New Capital Funds in '000s (10-Year Total) | New Expense Funds in '000s (4- Year Total) |
|--|---|--------------|--|--|
| Vision 1: Our Growing, Thriving City | | | | |
| Industry Expansion and Cultivation: New York City will have the space and assets to be a global economic leader and grow quality jobs across a diverse range of sectors | | | | |
| Make triple bottom line investments in infrastructure and City-owned assets to capture economic, environmental, and social returns | Support a state-of-the-art food production and distribution industry. | EDC | \$150,000 | \$— |
| Make triple-bottom line investments in infrastructure and city-owned assets to capture economic, environmental, and social returns | Activate the City's industrial assets to support the creation of quality jobs. | EDC | \$41,000 | \$— |
| Foster an environment in which small businesses can succeed | Reduce the regulatory burden on small businesses through the Small Business First plan. | SBS | \$7,430 | \$22,734 |
| Workforce Development: New York City will have a workforce equipped with the skills needed to participate in the 21st century economy | | | | |
| Train New Yorkers in high-growth industries, creating an inclusive workforce across the city. | Implement <i>Career Pathways</i> (Industry Partnerships, Common Metrics, bridge programs, First Look & PLA). ¹ | SBS & others | \$1,400 | \$13,297 |
| Housing: New Yorkers will have access to affordable, high-quality housing coupled with robust infrastructure and neighborhood services | | | | |
| Housing New York: Create and preserve 200,000 affordable housing units over ten years to alleviate New Yorkers' rent burden and meet the needs of a diverse population. ² | | HPD | \$8,000,000 | \$10,800 |

| Initiatives | Supporting initiatives | Lead Agency | New Capital Funds in '000s (10-Year Total) | New Expense Funds in '000s (4- Year Total) |
|---|--|-----------------|--|--|
| Thriving Neighborhoods: New York City's neighborhoods will continue to thrive and be well-served | | | | |
| Neighborhood Investment Program | Support creation of vibrant neighborhoods by alleviating barriers to mixed-use development and utilizing available financing tools. | SBS | | \$12,400 |
| Culture: All New Yorkers will have easy access to cultural resources and activities | | | | |
| Ensure well-used, high-quality cultural facilities and programming in all neighborhoods | Provide funding and capacity-building support to local cultural organizations to create public art and programming in underserved areas. | DCLA | \$— | \$720 |
| Ensure well-used, high-quality cultural facilities and programming in all neighborhoods | Facilitate cultural partnerships, such as artists-in-residence, in public agencies. | DCLA | \$— | \$80 |
| Transportation Network: New York City's transportation network will be reliable, safe, sustainable, and accessible, meeting the needs of all New Yorkers and supporting the city's growing economy | | | | |
| Improve existing transit services | Improve and expand bus transit throughout the City. | DOT | \$240,000 | \$8,646 |
| Plan for major expansions of the transit network | Expand the ferry network. | EDC | \$55,000 | \$— |
| Expand the City's bike network | Continue to expand the City's bike lane network, especially to neighborhoods with limited bike infrastructure. | DOT | \$— | \$6,080 |
| Expand the City's bike network | Improve bike access on bridges. | DOT | \$— | \$100 |
| Expand the accessibility of the city's transportation network to seniors and people with disabilities | Increase accessibility of the pedestrian network to people with disabilities. | DOT | \$70,512 | \$— |
| Expand the accessibility of the City's transportation network to people with disabilities | Improve accessibility to bus services for transit users with disabilities. | DOT | \$— | \$3,000 |
| The City will make the trucking sector greener and more efficient, and continue to expand freight movement via rail and water where possible | Reduce the impact of the trucks that must bring freight "the last mile" to market. | DOT, EDC | \$— | \$450 |
| Improve the City's roads, bridges, and highways | Department of Transportation Bridge and Highway Structure Rehabilitation/Reconstruction Program. | DOT | \$3,001,000 | |
| Improve the City's roads, bridges, and highways | Department of Transportation Street Reconstruction and Resurfacing Program. | DOT | \$313,161 | |
| Infrastructure Life Cycle: New York City's infrastructure and built environment will exemplify global economic, environmental, and social leadership | | | | |
| Enhance capital project delivery. | Improve project scoping and design. | OMB | | \$40,000 |
| Broadband: Every resident and business will have access to affordable, reliable, high-speed broadband service everywhere by 2025 | | | | |
| Provide high-speed, residential internet service for low-income communities currently without service. | Invest in networks providing high-speed residential access either free or at low-cost for low-income communities. ¹ | Mayor's Counsel | \$70,000 | \$10,000 |

| Initiatives | Supporting initiatives | Lead Agency | New Capital Funds in '000s (10-Year Total) | New Expense Funds in '000s (4- Year Total) |
|--|--|-------------------|--|--|
| Vision 2: Our Just and Equitable City | | | | |
| Early childhood: Every child in New York City will be nurtured, will be protected, and will thrive | | | | |
| Nurture and protect all infants so they thrive during their first year of life and beyond | Expand the number of “baby-friendly” hospitals to promote access to breastmilk for newborns. | DOHMH | \$— | \$300 |
| Offer free, full-day, high-quality pre-kindergarten for every four-year-old to ensure all New York children have the opportunity to enter elementary school with a solid foundation for future success | Continue to focus on developing high-quality early childhood programs through teacher recruitment and training as well as through increased support for students whose native language is not English, students with disabilities, and students from high-need areas. ³ | DOE | \$— | \$114,300 |
| Integrated Government & Social Services Delivery: All New Yorkers will have access to high-quality, conveniently located, community-based City resources that promote civic engagement and enable residents to thrive | | | | |
| Transform schools into a community schools | Implement key system-building initiatives to strengthen Community Schools. | DOE | \$— | \$40,000 |
| Establish Neighborhood Health Hubs that co-locate clinical health and mental health services with social services and City agencies to foster improved coordination | Launch Neighborhood Health Hubs in neighborhoods with high health disparities. | DOHMH | \$— | \$500 |
| Expand the City’s internal data integration capacity to help ensure clients receive the right resources and service at the right times | With greater investments in integrated data systems, the City will also be able to better track the results of its programs. | Operations, DoITT | \$— | \$500 |
| Healthy Neighborhoods, Active Living: New Yorkers of all ages will live, work, learn, and play in neighborhoods that promote an active and healthy lifestyle | | | | |
| Improve food access, affordability and quality and encourage a sustainable, resilient food system. | Expand and improve quality of New York City school food. | DOE | \$25,000 | \$— |
| Address health hazards in homes. | Reduce asthma triggers in the home through roof repair program. | NYCHA | \$300,000 | |
| Vision Zero: New Yorkers will continue to embrace Vision Zero and accept no traffic fatalities on New York City streets | | | | |
| Transform Dangerous Arterial Roads into Vision Zero Great Streets | Rethink and redesign major corridors in order to prevent serious crashes. | DOT | \$300,000 | \$1,141 |
| Vision 3: Our Sustainable City | | | | |
| 80x50: The New York City’s greenhouse gas emissions will be 80 percent lower by 2050 than in 2005 | | | | |
| Continue implementation of One City: Built to Last to reduce greenhouse gas emissions from buildings by 30 percent by 2025, and chart a long-term path away from fossil fuels | | DCAS, MOS | \$1,748,000 | \$15,100 |
| New York City will send zero waste to landfills by 2030 | | | | |
| Expand the NYC Organics program to serve all New Yorkers by the end of 2018 | | DSNY | \$3,000 | \$37,100 |
| Make all schools Zero Waste schools | | DSNY/DOE | \$— | \$11,494 |
| Develop an equitable blueprint for a Save-As-You-Throw program to reduce waste | | DSNY | \$— | \$1,000 |

| Initiatives | Supporting initiatives | Lead Agency | New Capital Funds in '000s (10-Year Total) | New Expense Funds in '000s (4- Year Total) |
|---|--|-------------|--|--|
| New York City will have the best air quality among all large U.S. cities by 2030 | | | | |
| Enforce the updated DEP Air Pollution Control Code | | DEP | \$— | \$90 |
| New York City will clean up contaminated land to address disproportionately high exposures in low-income communities and convert land to safe and beneficial use | | | | |
| Accelerate cleanup of brownfields to improve public safety and encourage private investment in new development on brownfield sites | Establish the Brownfield Jumpstart program to provide higher levels of City funding for environmental investigations and cleanup. | OER | \$— | \$6,000 |
| New York City will mitigate neighborhood flooding and offer high-quality water services | | | | |
| Protect the City's water supply and maintain the reliability and resiliency of the water supply system. | Repair the Delaware Aqueduct. | DEP | \$95,000 | |
| Protect the City's water supply and maintain the reliability and resiliency of the water supply system. | Filtration Avoidance Determination. | DEP | | \$8,000 |
| Protect the City's water supply and maintain the reliability and resiliency of the water supply system. | Initiate small grant program to encourage on-site water reuse on private properties. | DEP | \$— | \$4,000 |
| Expand green infrastructure and smart design for stormwater management in neighborhoods across the city | Continue the NYC Green Infrastructure Program in areas served by the combined sewer system to reduce CSO, and expand the use of green infrastructure to other parts of the City. | DEP | \$61,500 | \$— |
| Expand green infrastructure and smart design for stormwater management in neighborhoods across the city | Alleviate flooding in Southeast Queens. | DEP | \$1,200,449 | |
| All New Yorkers will benefit from useful, accessible, and beautiful open spaces | | | | |
| Strengthen the utility of parks and public space in under-resourced and growing neighborhoods | Community Parks Initiative Phase II. | DPR | \$151,000 | \$1,340 |
| Improve outdoor spaces through Parks Without Borders, a new strategy to enhance neighborhood access and connectivity | Parks without Borders. | DPR | \$50,000 | |
| Expand the use of our streets as places to play, congregate, and be together | Public Plaza maintenance. | DOT | \$— | \$5,600 |
| Vision 4: Our Resilient City | | | | |
| Neighborhood Resiliency: Every city neighborhood will be safer by strengthening community, social, and economic resiliency | | | | |
| Strengthen community-based organizations | Seek to develop a comprehensive interactive web-based platform to map community organizations and projects. ¹ | | \$505 | |
| Improve emergency preparedness and planning | Multiple subinitiatives. | | \$600 | \$600 |
| Support small businesses and local commercial corridors | Multiple subinitiatives. ⁴ | | \$30,000 | \$78,000 |
| Building Resiliency: The city's buildings will be upgraded against changing climate impacts | | | | |
| Upgrade public and private city buildings. [Build it Back] | Multiple subinitiatives. ⁴ | DDC, HRO | | \$2,459,000 |

| Initiatives | Supporting initiatives | Lead Agency | New Capital Funds in '000s (10-Year Total) | New Expense Funds in '000s (4- Year Total) |
|--|--|-------------|--|--|
| Infrastructure Resiliency: Infrastructure systems across the region will adapt to maintain continued services | | | | |
| Adapt the region's infrastructure systems. | Multiple subinitiatives. ⁴ | Various | \$5,930,850 | |
| Coastal Defense: New York City's coastal defenses will be strengthened against flooding and sea level rise | | | | |
| Strengthen the city's coastal defenses | Multiple subinitiatives. ⁴ | | \$713,760 | \$6,750 |
| Adopt supportive policies | Continue to upgrade waterfront management tools and fund citywide waterfront inspections to assess and better manage its assets. | ORR | \$100,000 | \$12,000 |

1. The Information Technology (IT) components of these initiatives are not new capital allocations, but funds that were directed from existing capital IT resources.
2. First five years funded in 2014; outyears reflected in 10-Year Capital Plan.
3. Funded through state education aid and federal grant from the U.S. Department of Education.
4. Funded through grants and assistance programs from the U.S. Federal Emergency Management Agency, U.S. Department of Housing and Urban Development, and U.S. Department of the Interior