

# The Council of the City of New York

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Hon. James Vacca  
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Report on the Fiscal Year 2015 Executive Budget for the

## Department of Information Technology & Telecommunications

May 23, 2013

### Executive Budget Highlights

- **DoITT Fiscal 2015 Executive Plan:** The Department's Fiscal 2015 proposed expense budget totals \$481.1 million, including \$102 million in personal services spending to support 1,324 positions. DoITT's Fiscal 2015 Executive Budget increases by \$32.7 million, or seven percent when compared to the Fiscal 2014 Adopted Budget. Because DoITT pays the telephone bills for the majority of City agencies, intra-city transfers totaling \$118 million in Fiscal 2015 comprise 25 percent of the Department's total funding.
- **New Needs:** The Executive Plan includes the following new needs for Fiscal 2015:
  - \$2.5 million to convert Inter Fund Agreement (IFA) positions to City positions;
  - \$4.7 million for Inter Fund Agreement IFA Extensions;
  - \$7.4 million in Microsoft Enterprise Licensing Agreement funding;
  - \$629,000 in Telecommunication funding;
  - \$1.4 million in additional Telecommunication funding for OEM through a federal Grant; and
  - \$50,000 allocation in Fiscal 2014 for Vision Zero.
- **Film Office Incentive Program:** DoITT's Fiscal 2015 Executive Budget includes \$22 million for the Film Office Incentive Program. The funding for the Film Office Incentive program is being used to support innovations in the film industry, particularly by creating a media center with lower costs for emerging digital, interactive, and social media firms. It will also provide grants to independent filmmakers, air content on NYCTV, and promote local industry sectors along with film and television production in New York City.
- **Emergency Communication Transformation Project (ECTP):** Launched in 2005 at a projected \$1.3 billion, the 911 overhaul was the signature public safety initiative of the Bloomberg Administration. After years of cost overruns and missed deadlines, the current Administration has decided to suspend the project for sixty days in order to assess what went wrong. Currently, the project is set to cost over \$2 billion and is slated to be completed in 2018 at the earliest.

- **Council Response Recommendations:** The Fiscal 2015 Executive Budget does not include proposals articulated in the Council's Preliminary Budget Response. The Council called upon the Administration to do the following:
  - Use open source alternatives;
  - Centralize management of the webcasting law;
  - Optimize utilization of citywide technology systems; and
  - Increase access to Wi-Fi in parks.

## Department of Information Technology & Telecommunications Overview

This report provides an overview of the DoITT's Fiscal 2015 Budget, a review of the significant initiatives included in the Executive Budget, and a summary of the Department's Capital Budget for Fiscal 2014-2018. Appendices 1 and 2 report the changes made to the Fiscal 2014 and Fiscal 2015 budgets since adoption of the Fiscal 2014 Budget. Appendix 3 illustrates the Department's sources of miscellaneous revenue. For additional information on the Department's Budget and its various programs, please refer to the "DoITT Fiscal 2015 Preliminary Budget Report" available on the Council's website.

	FY12	FY13	FY14	FY14 as of FY15	FY15	*Change
<i>Dollars in Thousands</i>	<b>Actual</b>	<b>Actual</b>	<b>Adopted</b>	<b>Exec. Budget</b>	<b>Exec. Budget</b>	<b>2014 - 2015</b>
<b>Spending</b>						
<b>Personal Services</b>						
Full-Time Salaried - Civilian	\$78,805	\$78,337	\$91,907	\$93,291	\$98,460	\$6,553
Other Salaried and Unsalaries	3,294	2,925	2,979	1,561	1,408	(1,571)
Additional Gross Pay	2,964	3,085	947	962	962	15
Overtime - Civilian	790	1,000	502	502	517	15
P.S. Other	0	2	0	0	0	0
Fringe Benefits	0	0	0	252	383	383
Amounts to be Scheduled	0	0	68	68	273	205
<b>Subtotal</b>	<b>\$85,854</b>	<b>\$85,350</b>	<b>\$96,403</b>	<b>\$96,636</b>	<b>\$102,003</b>	<b>\$5,600</b>
<b>Other Than Personal Services</b>						
Supplies and Materials	\$1,688	\$873	\$799	\$4,227	\$1,093	\$295
Fixed and Misc Charges	95	24	60	182	60	0
Property and Equipment	5,616	5,506	995	3,389	1,254	259
Other Services and Charges	187,213	176,187	181,931	184,781	184,882	2,950
Contractual Services	172,033	163,686	168,290	223,495	191,855	23,565
<b>Subtotal</b>	<b>\$366,646</b>	<b>\$346,275</b>	<b>\$352,075</b>	<b>\$416,074</b>	<b>\$379,144</b>	<b>\$27,069</b>
<b>TOTAL</b>	<b>\$452,499</b>	<b>\$431,624</b>	<b>\$448,479</b>	<b>\$512,710</b>	<b>\$481,148</b>	<b>\$32,669</b>
<b>Funding</b>						
City Funds			\$315,807	\$341,026	\$353,245	\$37,438
Other Categorical			2,604	14,721	3,132	528
Capital- IFA			8,534	7,634	4,704	(3,829)
State			0	27	0	0
Federal - Community Development			1,433	8,712	2,367	934
Federal - Other			171	10,800	0	(171)
Intra City			119,929	129,790	117,700	(2,229)
<b>TOTAL</b>	<b>\$452,499</b>	<b>\$431,624</b>	<b>\$448,479</b>	<b>\$512,710</b>	<b>\$481,148</b>	<b>\$32,669</b>
<b>Budgeted Headcount</b>						
Full-Time Positions - Civilian		1,148	1,232	1,289	1,324	92
<b>TOTAL</b>		<b>1,148</b>	<b>1,232</b>	<b>1,289</b>	<b>1,324</b>	<b>92</b>

\*Change from Fiscal 2014 Adopted to Fiscal 2015 Executive Budget.

The Executive Plan for Fiscal 2015 allocates approximately \$379.1 million (79 percent of DoITT's total budget) for OTPS expenditures and includes both telecommunication expenditures for multiple City agencies, and the Department's contractual expenditures which support several city-wide technology projects. Because DoITT pays the telephone bills for the majority of City agencies, intra-city transfers totaling \$118 million in Fiscal 2015 comprise 25 percent of the Department's total funding.

### **New in the Executive Budget**

The Fiscal 2015 Executive Budget includes an increase of \$32.5 million, or nearly seven percent of DoITT's proposed operating budget of \$481.1 million in Fiscal 2015, when compared to its Fiscal 2014 Adopted Budget of \$448.4 million. This increase is primarily due to the Administration recognizing over \$18 million in new needs for Fiscal 2015. Significant new needs included in the Executive Plan are outlined below.

**DotNYC Revenue Administrator:** The Administration added \$75,000 to cover the salary cost of a new position. The position will help the City to monitor the DotNYC initiative, which the Administration claims will generate a minimum of \$3.6 million in revenues for the City over the course of five years.

**\$2.5 million in funding for Inter Fund Agreement (IFA) Conversions:** DoITT received funding for a set of IFA positions to develop or implement various capitably-eligible projects. As these projects emerge from the implementation to the on-going support phases, the Agency claims that it now needs to convert the positions to City tax-levy funded positions, as they are no longer eligible to be paid with capital funds.

**\$4.7 million for Inter Fund Agreement (IFA) Extensions:** In Fiscal 2015, DoITT added \$4.7 million in funds to be used for 42 IFA positions. These positions were extended for Fiscal 2015 for various projects.

**\$515,000 in Open Data Needs:** This funding will cover the cost of five new positions for DoITT to manage the Open Data project.

**Microsoft Enterprise Licensing Agreement (ELA) Funding:** In Fiscal 2014, DoITT added an additional \$703,000 to cover the cost of the Microsoft ELA, as well as an additional \$7.4 million for Fiscal 2015. The increase relates to funding that DoITT will need in order to cover the Fiscal 2015 Microsoft ELA Citywide cost, based on the anticipated billing amount.

**\$1.4 million in OTPS New Needs:** In a technical adjustment for Fiscal 2015, the Office of Emergency Management (OEM) has received grant funding towards its telecom spending, which it is transferring to DoITT's budget to cover its telecommunications costs.

**\$629,000 in Telecommunication Funding:** Since DoITT pays the telecommunications bills for most agencies, this represents the net value of multiple budget modifications with various agencies for intra-city funding, to cover associated costs.

**Vision Zero Funding:** The Executive budget for DoITT includes baseline funding of \$290,000 for the Vision Zero Initiative. The funding will be used for mapping and spatial analysis. Mapping will be used as a mechanism for public outreach and to convey location-based information and data.

## Budget Highlights in DoITT

### Council Recommendations

In response to the Mayor's Fiscal 2015 Preliminary Plan, the Council made the following recommendations related to DoITT.

- **Increase Free Wi-Fi Access in Parks:** The Council recommended the Administration allocate additional funding to expand free Wi-Fi in more New York City parks, with the ultimate goal of covering all of the nearly 2,000 parks in the five boroughs. Additionally, the City should explore opportunities to expand the current program using NYCWiN, the City's existing wireless network.
- **Optimizing Utilization of Citywide Technology Systems:** The Council recommended the Administration audit the technological needs of all City agencies to identify ways to meet those needs using existing technology systems.
- **Open Source Alternatives:** The Council urged the Administration to explore the feasibility of using open source software to replace the City's existing Enterprise Licensing Agreements. This could potentially save the City millions annually.
- **Centralized Management of the Webcasting Law:** The Council encouraged the Administration to conduct a cost benefit analysis to determine the feasibility and potential cost savings to the City to centrally manage webcasting for all agencies.

**Miscellaneous Revenue:** DoITT collects franchise fees for cable television, mobile telecommunications, and public telephone companies. Additionally, the Department generates revenues by leasing television time through NYCTV, and conducting telephone billing audits for the majority of City agencies to determine overpayment. The overwhelming majority of miscellaneous revenue collected by DoITT stems from cable television franchise fees. In Fiscal 2013, cable television franchise fees accounted for 85.9 percent (\$139.6 million) of the Department's total miscellaneous revenue.

Revenue Sources	Actual		Planned			
	2012	2013	2014	2015	2016	2017
Cable Television Fees	140,897,921	139,625,882	140,554,000	135,533,000	135,533,000	135,533,000
Mobile Telecom. Fees	2,230,701	2,250,879	2,020,000	2,020,000	2,020,000	2,020,000
Public Phone Commissions	17,702,318	17,416,721	16,826,000	18,020,000	18,020,000	18,020,000
Lease-Time TV	1,809,357	1,509,472	1,600,000	1,700,000	1,700,000	1,700,000
Film Fees	1,294,399	1,575,985	1,594,000	1,594,000	1,594,000	1,594,000
Telephone Audits	2,160,929	43,047	2,310,000	0	0	0
Procure Card Spend Rebates	0	0	0	2,130,000	2,130,000	2,130,000
<b>TOTAL</b>	<b>\$166,095,625</b>	<b>\$162,421,986</b>	<b>\$164,904,000</b>	<b>\$160,997,000</b>	<b>\$160,997,000</b>	<b>\$160,997,000</b>

- **Procurement Card Rebates.** DoITT has partnered with DCAS to initiate a pilot program to significantly expand the use of the Procurement Card (P-Card). Historically, DoITT and other City agencies have primarily used the P-Card to process small or emergency purchase orders, generating a modest level of cash rebates from the credit card company. DoITT intends to expand P-Card usage to include some of the agency's largest vendors – initially

telecom providers – which is projected to generate \$2 million in cash rebates to the City (credited to the General Fund) beginning in Fiscal 2015. The program is still in the pilot phase, and will be evaluated in the coming months.

- **Telecommunications Audit.** As a result of audits of Verizon telephone billing, DoITT has received refunds totaling \$2 million in Fiscal 2013 and 2014 for overpayment. DoITT is responsible for managing telecommunications accounts for most City agencies.
- **Additional Cable Franchise Revenue.** Based on historical and current collections, DoITT will realize additional revenues from franchise fees for cable television. This re-estimate will increase the Department's projected revenue by \$4 million in Fiscal 2014 and 2015.

## DoITT Capital Program

The Executive 2015 Capital Commitment Plan includes \$805.5 million in Fiscal 2014-2018 for the Department of Information Technology & Telecommunications (including City and Non-City funds). This represents approximately 1.6 percent of the City's total \$48.9 billion Executive Plan for Fiscal 2014-2018. The agency's Executive Commitment Plan for Fiscal 2014-2018 is exactly the same as it was scheduled to be in the Preliminary Commitment Plan.

The majority of capital projects span multiple fiscal years, and it is, therefore common practice for an agency to roll unspent capital funds into future fiscal years. In Fiscal year 2013, the Department of Information Technology & Telecommunications committed \$107.2 million or 14 percent of its annual capital plan. Therefore, it is assumed that a significant portion of the agency's Fiscal 2014 Capital Plan will be rolled into Fiscal 2015, increasing the size of the Fiscal 2015-2018 Capital Plan as reflected in the chart below.

Since adoption last June, the City-wide total Capital Commitment Plan for Fiscal 2014 has decreased from \$20.9 billion in the Adopted Capital Commitment Plan to \$14.2 billion in the Executive Capital Commitment Plan, a decrease of \$6.7 billion or 32.1 percent.

<b>DoITT 2014-2018 Capital Commitment Plan</b>						
<i>Dollars in Thousands</i>	<b>FY14</b>	<b>FY15</b>	<b>FY16</b>	<b>FY17</b>	<b>FY18</b>	<b>Total</b>
<b>Executive Plan</b>	\$511,822	\$179,371	\$73,637	\$40,700	\$0	<b>\$805,530</b>
<b>Preliminary Plan</b>	\$746,865	\$33,523	\$25,142	\$0	\$0	<b>\$805,530</b>
<b>Change</b>	(\$235,043)	\$145,848	\$48,495	\$40,700	\$0	<b>\$0</b>
<b>Percentage Change</b>	-31.47%	435.07%	192.88%	0.00%	0.00%	<b>0.00%</b>

## Major Capital Projects & Executive Budget Highlights

- **Emergency Communications Transformation Project.** To date, the City has committed (contracted out) approximately \$1.5 billion in capital funds to this project. The ECTP includes capital funding for: Public Safety Answering Center 1 (PSAC 1); PSAC 2; the computer automated dispatch system; radio, telephone and wireless equipment; and FDNY, NYPD and EMS facilities and equipment.
- **New York City Wireless Network (NYCWiN)** represents an historic enhancement to public safety communications by enabling data transfers 50 times faster than before. It allows the City's emergency responders high-speed data access to support large file transfers, fingerprints, mug shots, city maps, and full-motion, streaming video; and will also support a host of other public service applications that will provide a significant improvement over existing technologies. DoITT has tested and deployed NYCWiN capabilities to more than 20 agencies.

To date, the City has committed \$397 million for the infrastructure and equipment related to the NYC Wireless Network. Though the project is largely complete, the Executive Plan includes approximately \$3.3 million for a backhaul redesign. The NYCWiN baseline maintenance budget totals \$38.3 million and is housed in the Department's OTPS budget.

- **Citywide IT Infrastructure Services (CITIServ).** The estimated capital cost for hardware, software and integration/migration costs to complete the CITIServ initiative is \$95 million. To date, the City has committed over \$50 million in capital funding for CITIServ.
- **Electronic Data Processing (EDP) Projects.** The Executive Capital Plan for Fiscal 2014-2018 includes planned commitments totaling \$177.2 million for EDP equipment and infrastructure, including \$118.5 million for current year projects. This funding resides in two lump sum project lines that effectively operate as holding codes. Funding is transferred from these lines as needs are identified.



## Appendix 1: DoITT Fiscal 2015 Executive Budget Actions

<i>Dollars in Thousands</i>	FY 2014			FY 2015		
	City	Non-City	Total	City	Non-City	Total
<b>DoITT Preliminary Fiscal 2015 Budget</b>	<b>\$470,301</b>	<b>\$37,097</b>	<b>\$507,398</b>	<b>\$451,909</b>	<b>\$5,527</b>	<b>\$457,436</b>
<b>New Needs</b>						
<i>DotNYC Revenue Admin</i>				\$75		\$75
<i>Interfund Agreement Conversions</i>				\$2,495		2,495
<i>Interfund Agreement Extensions</i>					\$4,704	4,704
<i>NYC Media Conversions</i>				\$186		186
<i>OpenData Needs</i>				\$515		515
<i>Microsoft ELA Funding</i>				\$7,440		7,440
<i>OTPS New Needs</i>	\$703		703	\$1,350		1,350
<i>PS Needs Vision Zero</i>	\$50		50	\$290		290
<i>Technology Management Position</i>	21		21	85		85
<i>Telecom Funding</i>	629		629	590		590
<b>Subtotal New Needs</b>	<b>\$1,403</b>	<b>\$0</b>	<b>\$1,403</b>	<b>\$13,026</b>	<b>\$4,704</b>	<b>\$17,730</b>
<b>Other Adjustments</b>						
<i>State adjustments</i>		\$27	\$27			
<i>Misc City Adjustments</i>	(\$4,685)		(4,685)	\$5,329		5,329
<i>Other Categorical Grants and Adjustments</i>		5,354	5,354		(28)	(28)
<i>Federal Grants</i>		(900)	(900)			
<i>Federal CD</i>		316	316			
<i>Capital Adjustments</i>						
<i>Intra-City Adjustments</i>	3,798		3,798	681		681
<b>Subtotal Other Adjustments</b>	<b>(\$887)</b>	<b>\$4,797</b>	<b>\$3,910</b>	<b>\$6,010</b>	<b>(\$28)</b>	<b>\$5,982</b>
<b>Total All Changes</b>	<b>\$516</b>	<b>\$4,797</b>	<b>\$5,313</b>	<b>\$19,036</b>	<b>\$4,676</b>	<b>\$23,712</b>
<b>DoITT Executive Fiscal 2015 Budget</b>	<b>\$470,817</b>	<b>\$41,894</b>	<b>\$512,711</b>	<b>\$470,945</b>	<b>\$10,203</b>	<b>\$481,148</b>

## Appendix 2: DoITT Budget Actions since Fiscal 2014 Adoption

<i>Dollars in Thousands</i>	FY 2014			FY 2015		
	City	Non-City	Total	City	Non-City	Total
<b>DoITT Adopted Fiscal 2014 Budget</b>	<b>\$435,736</b>	<b>\$12,562</b>	<b>\$448,298</b>	<b>\$436,274</b>	<b>\$5,227</b>	<b>\$441,501</b>
<b>New Needs</b>						
<i>Connected Communities Program</i>	2,518		\$2,518	\$3,697		\$3,697
<i>Data Analytics Center</i>	439		439	556		556
<i>Microsoft ELA</i>	17,792		17,792			0
<i>OTPS Maintenance</i>	3,643		3,643	4,523		4,523
<i>Staten Island Family Justice Center</i>	376		376	195		195
<i>Technical Strategic Sourcing Group</i>	235		235	470		470
<i>VOIP Staff</i>	150		150	300		300
<i>Analytics</i>	103		103	208		208
<i>CITIServ IFA Conversions</i>			0	640		640
<i>OTPS Maintenance Funding</i>	3,701		3,701	7,949		7,949
<i>Wireless Technologies PS Need</i>	80		80	159		159
<i>DotNYC Revenue Admin</i>			0	75		75
<i>Interfund Agreement Conversions</i>			0	2,495		2,495
<i>Interfund Agreement Extensions</i>			0			0
<i>NYC Media Conversions</i>			0	186		186
<i>OpenData Needs</i>			0	515		515
<i>OTPS Funding</i>	703		703	7,440		7,440
<i>OTPS New Needs</i>			0	1,350		1,350
<i>PS Needs Vision Zero</i>	50		50	290		290
<i>Technology Management Position</i>	21		21	85		85
<i>Telecom Funding</i>	629		629	590		590
<b>Subtotal New Needs</b>	<b>\$30,440</b>	<b>\$0</b>	<b>\$30,440</b>	<b>\$31,723</b>	<b>\$0</b>	<b>\$31,723</b>
<b>Other Adjustments</b>						
<b><i>State adjustments November Plan</i></b>	\$0	\$0	0	\$0	\$0	0
<i>Misc City Adjustments</i>	\$468		\$468	\$717		\$717
<i>Other Categorical Grants and Adjustments</i>		\$6,587	6,587		\$556	556
<i>Federal Grants</i>		\$6,200	6,200			0
<i>Community Development Fund</i>		\$3,900	3,900			0
<i>Capital Adjustments</i>			0			0
<i>Intra-City Adjustments</i>	\$4,134		4,134	\$12		12
<b><i>State adjustments Preliminary Plan</i></b>			0			0
<i>Misc City Adjustments</i>			0	\$500		500
<i>Other Categorical Grants and Adjustments</i>		\$175	175			0
<i>Federal Grants</i>		\$4,430	4,430		\$934	934
<i>Federal CD</i>		\$3,063	3,063			0
<i>Capital Adjustments</i>			0			0
<i>Intra-City Adjustments</i>	\$926		926	(\$807)		(807)

	FY 2014			FY 2015		
	City	Non-City	Total	City	Non-City	Total
<i>Dollars in Thousands</i>						
<b>State adjustments Executive Plan</b>		\$27	27			0
<i>Misc City Adjustments</i>	(\$4,685)		(\$4,685)	\$5,329		\$5,329
<i>Other Categorical Grants and Adjustments</i>		\$5,534	5,534		(\$28)	(28)
<i>Federal Grants</i>		(\$900)	(900)			0
<i>Federal CD</i>	0	316	316	0	0	0
<i>Capital Adjustments</i>	0	0	0	0	0	0
<i>Intra-City Adjustments</i>	3,798	0	3,798	681	0	681
<b>Subtotal Other Adjustments</b>	<b>\$4,641</b>	<b>\$29,332</b>	<b>\$33,973</b>	<b>\$6,432</b>	<b>\$1,462</b>	<b>\$7,894</b>
<b>Total All Changes</b>	<b>\$35,081</b>	<b>\$29,332</b>	<b>\$64,413</b>	<b>\$38,155</b>	<b>\$1,462</b>	<b>\$39,617</b>
<b>DoITT Executive Fiscal 2015 Budget</b>	<b>\$470,817</b>	<b>\$41,894</b>	<b>\$512,711</b>	<b>\$474,429</b>	<b>\$6,689</b>	<b>\$481,118</b>

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