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HEARING ON THE FISCAL YEAR 2014 EXECUTIVE BUDGET FOR THE

DEPARTMENT OF INFORMATION TECHNOLOGY AND TELECOMMUNICATIONS

May 29, 2013

EXECUTIVE BUDGET HIGHLIGHTS

- **DoITT Fiscal 2014 Budget.** The Department's proposed Fiscal 2014 Expense Budget totals \$443.5 million, including \$96.3 million in Personal Services funding to support 1,230 full-time positions. Because DoITT manages the telecommunications expenses for the majority of City agencies, intra-city transfers totaling \$120 million comprise 27 percent of the Department's total funding.
- **DoITT Program to Eliminate the Gap (PEG).** Since Adoption, the financial plan for DoITT includes PEG actions that project increased revenues of approximately \$9.6 million and expense savings of approximately \$9.4 million for Fiscal 2014.

Significant PEG actions include:

- **Elimination of 14 Positions through Attrition.** This action will generate annual savings of \$1.6 million by eliminating 14 full-time positions in various areas through attrition.
 - **Film Office Incentive Program Reduction.** By reducing the scope of media incentives, MoME will achieve baseline savings of \$1.94 million beginning in Fiscal 2014.
 - **311 System Budget Savings.** This action will generate annual savings of approximately \$1.2 million through multiple actions that reduce expenses for 311 operations.
 - **Public Safety Answering Center (PSAC) 2 Reductions.** DoITT has recognized budget reductions totaling \$5.1 million in Fiscal 2014 resulting from delayed operational capacity of PSAC 2, the City's 911 back-up call center.
- **DoITT New Needs.** Since Adoption, DoITT has identified new needs totaling approximately \$40 million in Fiscal 2014. As the City advances technologically, more resources are required to operate, maintain and upgrade the City's IT systems. It is expected that these investments will result in increased efficiencies that will lead to citywide cost savings and cost avoidance.
 - **Emergency Communications Transformation Project (ECTP).** The City has committed over \$1 billion in capital funding for the ECTP which costs over \$50 million annually to maintain. While funding for the ECTP is included in DoITT's budget, during its Preliminary Budget Hearing, DoITT deferred questions regarding the ECTP to the Mayor's Office.

FINANCE DIVISION

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DoITT OVERVIEW

This report provides an overview of the DoITT's Fiscal 2014 Budget, a review of the significant initiatives included in the Executive Budget, and a summary of the Department's Capital Budget for Fiscal 2013-2016. Appendices 1 and 2 report the changes made to the Fiscal 2013 and Fiscal 2014 budgets since adoption of the Fiscal 2013 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 2014 Preliminary Budget Report" available on the Council's website.

Financial Summary

<i>Dollars in Thousands</i>	2012	2013		2014	*Difference
	Actual	Adopted	Exec. Plan	Exec. Plan	2013 - 2014
Spending					
Personal Services	\$85,760	\$91,631	\$91,254	\$96,348	\$4,717
Full-Time Salaried – Civilian	78,802	86,706	86,419	91,852	5,146
Other Salaried & Unsalariated	3,294	3,620	3,144	2,979	(641)
Additional Gross Pay	2,964	949	1,008	947	(2)
Overtime - Civilian	699	595	837	502	(93)
Amounts to be Scheduled	0	(238)	(241)	68	307
Fringe Benefits	0	0	86	0	0
Other Than Personal Services	366,436	355,154	386,371	347,169	(7,985)
Supplies and Materials	1,688	861	1,651	799	(63)
Property and Equipment	5,616	1,077	7,321	995	(81)
Other Services and Charges	187,213	220,864	202,549	177,045	(43,819)
Contractual Services	171,823	132,292	174,715	168,270	35,978
Fixed and Misc. Charges	95	60	136	60	0
TOTAL	\$452,196	\$446,785	\$477,625	\$443,517	(\$3,268)
Funding					
<i>City Funds</i>		298,691	295,365	311,072	12,381
<i>Other Categorical</i>		2,604	11,895	2,604	0
<i>Capital-IFA</i>		13,530	11,630	8,479	(5,051)
<i>State</i>		0	4,181	0	0
<i>Federal - CD</i>		1,433	1,433	1,433	0
<i>Federal - Other</i>		8,282	23,493	0	(8,282)
<i>Intra-City</i>		122,245	129,629	119,929	(2,316)
TOTAL	\$452,196	\$446,785	\$477,625	\$443,517	(\$3,268)
Positions					
Full-Time Positions - Civilian	1,039	1,148	1,212	1,230	82

*The difference of Fiscal 2013 Adopted compared to Fiscal 2014 Executive Plan funding.

The Executive Plan for Fiscal 2014 allocates approximately \$333.2 million (80.3 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 \$120 million in Fiscal 2014 comprise 27 percent of the Department's total funding.

As demonstrated in the chart above, federal funding in the current year, including a \$14.5 million Broadband Technology Opportunities Program (BTOP) grant, accounts for the spike in the Department's current Fiscal 2013 budget (2013 Exec. Plan column). Any unused federal funds in the current fiscal year will most likely be rolled into Fiscal 2014.

Budgeted headcount for Fiscal 2014 is impacted by multiple financial plan actions, most notably the Department's new needs which would create 93 positions. Other adjustments to the Department's headcount include, PEG reductions; inter-fund agreements; and other technical adjustments.

The Department's Fiscal 2014 Executive Budget includes:

- \$65.8 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;
- \$35.4 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; and
- \$7.3 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.

NEW IN THE EXECUTIVE BUDGET

In the Executive Plan, DoITT has identified new needs that total \$28.7 million in Fiscal 2014. While DoITT routinely identifies new needs, the costs related to new needs are largely offset by the Department's ongoing PEG program, as the Department continues to find budget savings through increased efficiencies.

The following are significant new needs identified in the Executive Plan.

- **Post Sandy Improvements.** The Executive Plan includes expense funding of \$4.6 million in Fiscal 2014, increasing to approximately \$6 million in the outyears for improvements to the City's IT infrastructure. Six positions have been created to manage these improvements.
- **Inter-Fund Agreement (IFA) Extensions.** The Executive Plan includes a proposal to extend 78 IFA positions through Fiscal 2014 at a cost of \$8.3 million. The IFA extensions allow these positions, which are associated with specific capital projects, to remain in the capital budget. IFA positions are commonly extended on a year-to-year basis.
- **IFA Conversion to City-Tax Levy Positions.** The Executive Plan includes an action that would shift 20 positions currently funded through IFAs to City tax-levy positions. As technology systems complete the development stage, essential positions can no longer be capitalized.
- **Analytics Business Plan.** The Executive Plan includes baseline funding of \$3 million for the Data Analytics Center to develop an analytics business plan. The Data Analytics Center supports the Mayor's Office of Operations and allows the City to enhance strategic operational decisions based on more coordinated analysis of data.
- **Mandated Needs.** The Executive Plan includes new expenses associated with a wide range of technology projects that have been approved or pending Certificates to Proceed. Funds totaling \$3.9 million in Fiscal 2014, \$4.3 million in Fiscal 2015, \$5.5 million in Fiscal 2016, and \$6.5 million in Fiscal 2017 will be added to DoITT's OTPS budget.
- **Automated Procurement Tracking System.** The Executive Plan includes baseline funding of \$1.2 million to support 12 positions responsible for maintaining the City's newly developed automated procurement system.

MAJOR DOITT ISSUES

- **Open Data Bill**

Local Law 11 of 2012 (known as the “Open Data” bill) creates an open data policy for the City of New York. Last September, pursuant to the bill, DoITT published a technical standards manual for City agencies, setting forth policies and standards for open data.

There are now approximately 1,800 unique representations of more than 1,000 raw data sets available at no charge via NYC OpenData, with new data added every day. Available data sets span the full range of City operations, including cultural affairs, education, health, housing, property, public safety, social services, transportation, and more.

The next deliverable mandated by the bill is due in September 2013 when DoITT, with the assistance from City agencies, will publish an open data compliance plan categorizing all public data sets held by the City and outlining plans to make them available on NYC OpenData by December 31, 2018. Beginning July 15, 2014, DoITT will publish annual updates to the open data compliance plan, detailing the City’s progress in opening public data sets since its last report.

- **Contract Transparency Bill.**

Local Law 5 of 2012, the Contract Transparency Bill, establishes a searchable online database that would provide information on the material terms of city contracts in excess of the small purchase limit (currently \$100,000). Most of the required information was to be made available when the database was first required to be operational (July 1, 2012), with certain other information to be added by Sept. 1, 2012, and by July 1, 2013. DOITT is required to certify to the Council that it has completed each phase as required under the law.

- **Superstorm Sandy Funding**

DoITT’s current Fiscal 2013 budget includes \$4.6 million in FEMA funding for costs associated with Superstorm Sandy that include:

- Overtime charges for 311 staff;
- Generator costs for the 311 call center;
- Charges incurred for 311 call taking services;
- Site inspection and repair costs for programs such as Channel16 and NYCWiN;
- Battery costs for radio usage for various agencies; and
- Cabling for phone services for various agencies.

CAPITAL PROGRAM

The Executive Capital Commitment Plan includes \$887.6 million in Fiscal 2013-2016 for DoITT (including City and Non-City funds). The agency's Executive Commitment Plan for Fiscal 2013-2016 is unchanged from its Preliminary Plan.

The majority of the capital projects span multiple fiscal years and it is common practice for an agency to roll unspent capital funds into future fiscal years. In Fiscal 2012, DoITT committed \$130.9 million or 20.9 percent of its annual capital plan. Therefore, it is assumed that a large portion of the agency's Fiscal 2013 Capital Plan will be rolled into Fiscal 2014, thus increasing the size of the Fiscal 2014-2017 Capital Plan.

2012-2016 Commitment Plan: Prelim. Budget and Executive Budget

Thousands of Dollars

	FY 13	FY 14	FY 15	FY 16	FY 13-FY16
Prelim.					
Total Capital Plan	\$763,938	\$90,118	\$33,523	\$25,142	\$887,579
Exec.					
Total Capital Plan	\$763,938	\$90,118	\$33,523	\$25,142	\$887,579
Change					
Level	\$0	\$0	\$0	\$0	\$0
Percentage	0.00%	0.00%	0.00%	0.00%	0.00%

In the Preliminary Capital Plan, planned commitments for DoITT total \$887.6 million for Fiscal 2013-2016, including approximately \$585 million for the Emergency Communications Transformation Project (ECTP). Additionally, a portion of capital funding for DoITT projects is housed in other areas of the Capital Plan, including approximately \$32 million in the Citywide Equipment Budget (PU), and \$75 million for the DoITT backup facility in the Public Buildings Budget (PW).

MAJOR CAPITAL PROJECTS & EXECUTIVE BUDGET HIGHLIGHTS

- **Emergency Communications Transformation Project.** In the Executive Capital Plan, planned commitments for the ECTP total approximately \$585 million. 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.
- **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 \$48.1million in capital funding for CITIServ.
- **Electronic Data Processing (EDP) Projects.** The Executive Capital Commitment Plan includes planned commitments totaling \$127 million for EDP equipment and infrastructure, including \$29.2 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. Major projects for which this funding is allocated include CITIServe, upgrades to the data center, Voice Over Internet Protocol, and IT security upgrades.

APPENDIX 1: DOITT BUDGET ACTIONS IN THE EXECUTIVE PLAN

<i>Dollars in Thousands</i>	FY 2013			FY 2014		
	City	Non-City	Total	City	Non-City	Total
DoITT Budget as of Prelim. 2014 Plan	\$289,989	\$171,863	\$461,852	\$291,044	\$124,164	\$415,208
New Needs						
Post Sandy Improvements	570		570	4,628		4,628
CP Maintenance	664		664	3,908		3,908
App. Development Mgmt	31		31	1,185		1,185
Analytics Business Plan	3,000		3,000	3,000		3,000
IFA Conversions			0	2,342		2,342
IFA Extentions			0		8,334	8,334
Automated Procurement Tracking	1,031		1,031	2,070		2,070
Antenna Removal (Empire State Building)			0	1,000		1,000
NYCServ Maintenance			0	1,463		1,463
Data Analytics Center Position	43		43	85		85
Police Academy Telecommunications Lines			0		288	288
CaseMatters Project (Legal Case Management)			0	270		270
15 Metrotech Rent			0	166		166
NYCWIn Payment		264	264			0
TOTAL, New Needs	\$5,339	\$264	\$5,603	\$20,117	\$8,622	\$28,739
Other Adjustments						
Misc City Adjustments	37		37	(89)		(89)
Other Cat. Grants		1,969	1,969			0
Federal Funding		626	626			0
Super Storm Sandy Expenses (FED)		2,028	2,028			0
Capital Adjustments		(1,900)	(1,900)			0
State Funding		4,127	4,127			0
Intra-City Adjustments		3,284	3,284		(340)	(340)
TOTAL, Other Adjustments	\$37	\$10,134	\$10,171	(\$89)	(\$340)	(\$429)
TOTAL, All Changes	\$5,376	\$10,398	\$15,774	\$20,028	\$8,282	\$28,310
DoITT Budget as of Exec. 2014 Plan	\$295,365	\$182,261	\$477,626	\$311,072	\$132,446	\$443,518

APPENDIX 2: DOITT BUDGET ACTIONS IN THE NOVEMBER, PRELIMINARY AND EXECUTIVE PLANS

<i>Dollars in Thousands</i>	FY 2013			FY 2014		
	City	Non-City	Total	City	Non-City	Total
DoITT Budget as of Adopted 2013 Plan	\$298,691	\$148,095	\$446,786	\$290,579	\$125,475	\$416,054
Program to Eliminate the Gap (PEGs)						
311 Reductions, Surpluses & Savings	(711)		(711)	(1,151)		(1,151)
ECTP Maintenance Savings	(2,155)		(2,155)			0
PSAC-2 Delay	(1,800)		(1,800)	(5,100)		(5,100)
MOME reduction in Media Incentives	(1,346)		(1,346)	(1,942)		(1,942)
PS Attrition and FY13 Hiring Freeze	(2,733)		(2,733)	(1,651)		(1,651)
Trust and Agency Account Allocation	(588)		(588)	1,857		1,857
Remedy Contract Savings				(588)		(588)
OTPS Reductions	(275)		(275)	(792)		(792)
TOTAL, PEGs	(\$9,608)	\$0	(\$9,608)	(\$9,367)	\$0	(\$9,367)
New Needs						
24X7 Support	575		575	2,300		2,300
Network Operations Center Site B	2,000		2,000	3,500		3,500
2 Metrotech Data Center Lease	758		758	758		758
CTL for Unfunded Positions	2,754		2,754	2,754		2,754
Maintenance Costs	1,150		1,150	1,587		1,587
Site B Lease Funding			0	900		900
15 Metro Tech rent	146		146	0		0
e-Discovery Self Service Project	40		40	80		80
Google Map Application	54		54	109		109
Exec Plan New Needs: Total (see Appendix 1)	5,339	264	5,603	20,117	8,622	28,739
TOTAL, New Needs	\$12,816	\$264	\$13,080	\$32,105	\$8,622	\$40,727
Other Adjustments						
Misc City Adjustments	(6,534)		(6,534)	(2,245)		(2,245)
Other Cat. Grants (Includes FY12 Rollover)		9,289	9,289			0
Federal Funding (Includes FY12 Rollover)		10,647	10,647			0
Super Storm Sandy Expenses (FED)		4,564	4,564			0
Capital Adjustments		(1,900)	(1,900)			0
Intra-City Adjustments		7,121	7,121		(1,651)	(1,651)
State Adjustments		4,181	4,181			0
TOTAL, Other Adjustments	(\$6,534)	\$33,902	\$27,368	(\$2,245)	(\$1,651)	(\$3,896)
TOTAL, All Changes	(\$3,326)	\$34,166	\$30,840	\$20,493	\$6,971	\$27,464
DoITT Budget as of Exec. 2014 Plan	\$295,365	\$182,261	\$477,626	\$311,072	\$132,446	\$443,518

APPENDIX 3: DoITT Miscellaneous Revenue

	Actual		Planned			
	2011	2012	2013	2014	2015	2016
Cable Television Fees	\$137,975,829	\$140,897,921	\$141,033,000	\$141,033,000	\$139,533,000	\$139,533,000
Mobile Telecom. Fees	1,944,723	2,230,701	2,020,000	2,020,000	2,020,000	2,020,000
Public Phone Commissions	15,511,681	17,702,318	18,020,000	18,020,000	18,020,000	18,020,000
Lease-Time TV	1,835,165	1,809,357	1,500,000	2,091,000	2,091,000	2,091,000
Film Fees	1,007,700	1,294,399	1,171	1,294,000	1,294,000	1,294,000
Telephone Audits	2,296,409	2,160,929	0	2,000,000	0	0
Procure Card Spend Rebates	0	0	1,065,000	2,130,000	2,130,000	2,130,000
TOTAL	\$160,571,507	\$166,097,637	\$167,476,000	\$168,588,000	\$165,088,000	\$165,088,000

Fiscal 2014 Revenue PEG

- **Procurement Card Rebates.** DoITT has identified rebate revenue opportunities that would generate additional baseline revenue of \$2 million beginning in Fiscal 2014.
- **Telecommunications Audit.** As a result of audits of Verizon telephone billing, DoITT will receive 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 revenue by \$5 million in Fiscal 2013 and 2014.