



New York City Council

Christine C. Quinn, Speaker

Finance Division

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Hearing on the Mayor's Fiscal Year 2012 Executive Budget

**Department of Information Technology and
Telecommunications**

May 25, 2011

The Committee on Finance

Hon. Domenic M. Recchia, Jr., Chair

The Committee on Land Use

Hon. Leroy Comrie, Chair

Joint with the Committee on Technology

Hon. Fernando Cabrera, Chair

Andy Grossman, Deputy Director

John Russell, Senior Legislative Financial Analyst

Overview

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

Note: Although DoITT administers the budget and provides administrative support for both the 311 Service Center and the Emergency Communications Transformation Program (ECTP), the City's 311 Citizens Service Center is coordinated by the Mayor's Office of Operations and the ECTP by the Mayor's Office of Citywide Emergency Communications.

Department of Information Technology and Telecommunications Financial Summary

Dollars in Thousands

	2009 Actual	2010 Actual	2011 Adopted	2011 Exec. Plan	2012 Exec. Plan	Difference 2011-2012*
Spending						
Personal Services	\$82,998	\$87,283	\$94,965	\$91,707	\$94,875	(\$90)
Other Than Personal Services	287,046	281,485	264,505	356,164	325,349	60,844
TOTAL	\$370,044	\$368,768	\$359,471	\$447,870	\$420,224	\$60,754
Funding						
City Funds	N/A	N/A	\$227,888	\$268,697	\$271,178	\$43,290
Intra-City	N/A	N/A	112,688	121,242	113,599	911
Capital - IFA	N/A	N/A	13,648	13,648	14,928	1,280
Federal - CD	N/A	N/A	1,592	1,667	1,592	0
Federal - Other	N/A	N/A	272	33,564	16,356	16,084
Other Categorical	N/A	N/A	3,382	9,023	2,571	(811)
State	N/A	N/A	-	30	-	0
TOTAL			\$359,471	\$447,870	\$420,224	\$60,754
Headcount						
Full-time Positions	1,213	1,114	1,207	1169	1165	(42)

**Difference refers to the variance between the Fiscal 2011 Adopted Budget and the Projected Fiscal 2012 Budget.*

The Fiscal 2012 Executive Budget reflects a \$60.8-million increase when compared to the Fiscal 2011 Adopted Budget for DoITT. This increase is the net effect of various budget actions, most notably the recognition of \$16.1 million in Federal grants and the addition of \$44 million in City-funded departmental new needs. The most significant headcount-related budget action would eliminate, through attrition, 59 call taker positions at the 311 Call Center (included in the November Plan).

In the Plan, DoITT's Programs to Eliminate the Gap (PEGs) for Fiscal 2012 include a total of \$22.8 million in combined budget savings and increased revenues. A large portion of PEGs for which DoITT is credited is realized in other areas of the City's budget, including the Miscellaneous

Budget and the Debt Service Budget. Of the Department's total PEGs, \$9.9 million will be credited toward decreasing DoITT's budget.

In the Executive Plan for Fiscal 2011, telecommunication expenditures for multiple City agencies, accounts for 27 percent of DoITT's entire budget. This funding is housed in the Department's Intra-City funding

Fiscal 2012 Executive Budget

- ☑ **New Needs.** Since Adoption, DoITT has identified new needs totaling \$58.9 million for Fiscal 2012 including \$24.9 million proposed in the January Plan, and \$34 million proposed in the Executive Plan. Of the total, \$44 million is City-funded while the remainder will be covered by Inter-Fund Agreements which will be funded through the Capital Budget.
- ☑ **Emergency Communications Transformation Project (ECTP).** Since Adoption, the ECTP maintenance Budget for Fiscal 2012 has grown \$19.2 million to \$63 million per year. The ECTP Capital Plan includes approximately \$765 million in total planned commitments. To date, the City has committed (contracted out) approximately \$1.27 billion in Capital funds to this project.
- ☑ **Intra-City Telecommunication Expenditures.** The Department's 2012 Executive Budget includes \$113.6 million for services that DoITT purchases on behalf of client City agencies, including telecommunications, data, and consultant services.

New Budget Actions in the Executive Plan

<i>Dollars in thousands</i>	FY 2011			FY 2012		
	City	Non-City	Total	City	Non-City	Total
Agency Budget as of 2011 February Plan	\$248,601	\$166,779	\$415,380	\$252,523	\$124,951	\$377,474
New Needs						
2 Metro Tech Lease Space			\$0	\$530		\$530
311 New Needs	1,600		1,600			-
Analytics Staffing New Needs	93		93	370		370
ECTP New Needs			0	9,399		9,399
IFA Extensions			0		14,928	14,928
Microsoft Agreement New Needs	16,300		16,300			-
Additional Risk Mgmt. & Admin. Staff	150		150	600		600
OTPS New Needs	2,888		2,888	1,511		1,511
IT Efficiency Savings PEG Reversal	3,077		3,077	6,634		6,634
Total, New Needs	\$24,108	\$0	\$24,108	\$19,043	\$14,928	\$33,972
Other Adjustments						
Misc. City Adjustments	(\$4,012)		(\$4,012)	(\$389)		(\$389)
Other Categorical Grants & Adjustments		8	8			0
Federal Funding		8,582	8,582		8,942	8,942
State Adjustments			0			0
Intra-City Adjustments		3,805	3,805		225	225
Total, Other Adjustments	(\$4,012)	\$12,395	\$8,383	(\$389)	\$9,168	\$8,779
Agency Budget as of FY 2012 Exec. Plan	\$268,697	\$179,174	\$447,871	\$271,178	\$149,046	\$420,224

Executive Plan Budget Actions

- ☑ **ECTP Maintenance Rises to \$64 million.** In the Executive Plan, DoITT has, once again, re-estimated maintenance expenses associated with the ECTP. As a result, funds totaling \$9.4 million for Fiscal 2012, \$11.6 million for Fiscal 2013, and \$15 million for Fiscal 2014 and the outyears will be added to DoITT's OTPS budget. This is on top of the \$9.8 million for Fiscal 2012 and \$3.4 million for Fiscal 2013 added in the February Plan.

As a result of PEGs and funding adjustments included in the current and prior plans, the current maintenance budget for ECTP is \$64.4 million in Fiscal 2012, \$63 million in Fiscal 2013 and the outyears. The ECTP maintenance budget is housed in the Department's OTPS Budget.

- ☑ **Microsoft Enterprise Licenses Agreement.** The Executive Budget includes new funding of \$16.3 million in DoITT's budget for fees associated with the Microsoft Enterprise Licenses Agreement to consolidate the City's dozens of individual license agreements into a one agreement. The agreement fosters collaboration among City employees, allows agencies to share their technology developments and is projected to save New York City \$50 million over the next five years.

The annual fees for this license agreement will increase to \$17.5 million beginning in Fiscal 2012 and have not yet been reflected in the Financial Plan. Prior to this agreement, the City was incurring expenditures of approximately \$28 million per year for individual Microsoft licenses for various City agencies.

- ☑ **IT Savings PEG Reversal.** In the 2010 November Plan, DoITT projected budget savings of \$3.1 million in Fiscal 2011 and \$6.6 million in Fiscal 2012 from enterprise-wide licensing agreements with Microsoft, McAfee, and Adobe. The Executive Plan adjusts DoITT's budget to reflect that these savings will not be achieved in Fiscal 2011 and 2012. The projected savings were negated as a result of additional costs associated with the discovery that the City has not been billed properly for all of its software licenses. DoITT re-estimates that these agreements will generate annual savings of \$7.5 million beginning in Fiscal 2013.
- ☑ **Analytics Staffing New Needs.** As a result of the creation of the Data Analytics Center, the Executive Plan for DoITT includes \$370,000 per year beginning in Fiscal 2012 for three new positions. The Data Analytics Center will support the Mayor's Office of Operations and allow the City to enhance strategic operational decisions based on more coordinated analysis of data.
- ☑ **Additional Risk Management Staff for Contract Oversight.** The Executive Plan for DoITT includes \$600,000 per year beginning in Fiscal 2012 for 8 additional Risk Management and administrative support positions to oversee vendor contracts related to the City's IT projects.
- ☑ **311 Call Center Additional Expenses.** The Executive plan includes an additional \$1.6 million for Fiscal 2011 due to increased 311 call center vendor fees related to the significant increase in call volume resulting from the unusually harsh winter.
- ☑ **Inter-Fund Agreement (IFA) Extensions.** The Executive Plan includes a proposal to extend 146 IFA positions for Fiscal 2012 at a cost of \$14.9 million. The IFA extensions allow for these positions, which are associated with specific Capital projects, to be funded through the Capital budget. IFA positions are commonly extended on a year-to-year basis.
- ☑ **OTPS New Needs.** In the Executive Plan, DoITT's budget is increased by \$2.9 million for Fiscal 2011, \$1.5 million for Fiscal 2012, \$3.9 million for Fiscal 2013, \$3.7 million for Fiscal 2014, and

\$4.7 million for Fiscal 2015 for various OTPS needs, most notably the New York City Wireless Network (NYCWIn) maintenance.

- ☑ **2 Metro Tech Lease Space.** DoITT will lease additional space for operations at Metro Tech beginning in Fiscal 2012 at a cost of \$530,000 per year.

Citywide IT Infrastructure Services (CITIServ)

In 2011, DoITT opened the City's new data center in Downtown Brooklyn. The 18,000 square-foot facility will allow the City to centralize the technology infrastructure of 19 agencies over the next year and that of more than 40 agencies over the next five years, saving roughly \$100 million in that period alone. The consolidation effort, known as the Citywide IT Infrastructure Services (CITIServ) Program, will reduce the City's IT infrastructure footprint, provide a unified set of shared IT services to City entities, reduce energy consumption, strengthen IT security and improve overall service quality for agencies through modernized technology infrastructure.

The centralized IT infrastructure created through CITIServ will expand the existing shared services environment and enable DoITT to provide technology services for all City agencies, including modern, reliable, redundant, secure and green services at reduced costs.

To date, the Mayor's Office of Media and Entertainment's IT operations, the Department of Sanitation's IT Service Desk, and the Department of Education's "HR Connect" application have been moved into the centralized CITIServ environment. These systems alone support 140,000 users, and their consolidation will achieve a recurring annual savings of approximately \$200,000. In addition, ongoing consolidation work at the Department of Finance and the Department of Citywide Administrative Services will realize several million dollars in incremental gains due to certain targeted migrations and investment deferrals. The technology infrastructure of more than 40 City agencies is forecasted to be consolidated by the end of 2014.

In full, the CITIServ program offers:

- Application Hosting Services: standard, dedicated and virtual hosting environments with a variety of service levels, processing and memory capacities.
- Network Services: access to the City's wired network (CityNet), voice over internet protocol (VoIP), video conferencing, and New York City's wireless network.
- Data and Storage Services: modern, flexible storage solutions for all hosted applications.
- Collaboration Services: email with archiving, BlackBerry servicing, eFax, and instant messaging.
- Citywide Service Desk: a 24x7, convenient, single point of contact for end users to address IT support needs, IT issue resolution, as well as ticket generation and easily accessible modern tracking tools.

Source: CITIServ narrative gleaned from the Mayors Press release (Feb. 28, 2011).

- ☑ **CITIServ Savings.** Only a portion of the projected \$100-million cost savings cited in the above narrative is reflected in the City's Financial Plan. The Executive Plan for DoITT includes projected annual savings of \$5 million beginning in Fiscal 2013 resulting from the CITIServ consolidation effort.

Revenue

The Department collects revenue from cable television and high capacity telecommunications franchises, public pay telephone franchises, recovery of overpayments of City telephone billings, and programing fees for use of the City's NYC TV cable television network. The Department will generate \$159.3 million in revenue for Fiscal 2012.

Capital Program

Capital Budget Summary

The May 2011 Capital Commitment Plan includes \$1.11 billion in Fiscal 2011-2014 for DoITT (including City and non-City funds). This represents less than 3.9 percent of the City's total \$28.1 billion Executive Plan for Fiscal 2011-2014. The agency's Executive Commitment Plan for Fiscal 2011-2014 includes the same total amount of funding scheduled in the September Commitment Plan.

Over the past five years (2006-2010), DoITT has only committed an average of 42.8 percent of its annual Capital Plan. Therefore, it is assumed that a portion of the agency's Fiscal 2011 Capital Plan will be rolled into Fiscal 2012, thus increasing the size of the Fiscal 2012-2015 Capital Plan. Since adoption last June, the Capital Commitment Plan for Fiscal 2011 remains unchanged.

Currently DoITT's appropriations total \$1.18 billion in City-funds for Fiscal 2011. These appropriations are to be used to finance the remaining portion of the agency's \$528 million City-funded Fiscal 2011 Capital Commitment Program. The agency has \$652 million more, or more than double the funding needed to meet its entire Capital Commitment Program for the current fiscal year.

2012-2015 Commitment Plan: Adopted and Executive Budgets

Thousands of Dollars

	FY11	FY12	FY13	FY14	Total
Adopted					
Total Capital Plan	\$643,444	\$235,451	\$232,525	\$0	\$1,111,420
Executive					
Total Capital Plan	\$643,444	\$235,451	\$229,725	\$2,800	\$1,111,420
Change					
Level	0	0	0	0	0
Percentage	0	0	0	0	0

Note: DoITT's Capital Plan includes no Capital funding beyond Fiscal 2014.

Capital Program Goals

- ✓ To purchase data processing equipment and services that will enable the City to achieve greater productivity with limited resources.

Executive Budget Highlights

- **Emergency Communications Transformation Project.** The City is undertaking significant upgrades and enhancements to its 911 emergency call taking and dispatch system. The majority of the Capital funding for this initiative, known as the ECTP, is contained within DoITT's budget. In conjunction with the NYPD and FDNY, DoITT is working to develop an integrated 911 system that will bolster the City's critical emergency response capabilities.

This project includes the development of a consolidated dispatch system, an upgraded telecommunications infrastructure, and redundant call taking and dispatch centers. In 2012, the City expects to complete the consolidation of Police, Fire, and EMS call taking and dispatch operations in the existing Public Safety Answering Center (PSAC 1).

In the Executive Capital Plan, planned commitments for the ECTP total approximately \$760 million. To date, the City has committed (contracted out) approximately \$1.27 billion in Capital funds to this project. The ECTP includes Capital funding for: Public Safety Answering Center 1 (PSAC 1); PSAC 2; the computer-aided dispatch system; radio, telephone and wireless equipment; and FDNY, NYPD and EMS facilities and equipment. (See the ECTP Capital Budget chart on p. 9)

The Administration has indicated that it will scale back plans for PSAC 2 facilities, reducing its Capital budget by \$100 million. This reduction is not yet recognized in the Capital Plan as specifics are being developed.

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

To date, the City has committed \$378.2 million for the infrastructure and equipment related to the NYC Wireless Network. Though the project is largely complete, the Executive Plan includes approximately \$6 million for quality assurance.

Note: The NYCWiN baseline maintenance budget totals \$37 million and is housed in the Department's OTPS Budget.

Source: Portions of this report were taken directly from the Message of the Mayor and other public budget documents.

Appendix A: Budget Actions in the November and February Plans

<i>Dollars in thousands</i>	FY 2011			FY 2012		
	City	Non-City	Total	City	Non-City	Total
Agency Budget as of June 2010 Plan	\$227,889	\$131,582	\$359,471	\$227,852	\$116,142	\$343,994
Programs to Eliminate the Gap (PEGs)						
311 Call Taker Attrition	(\$1,466)		(\$1,466)	(\$2,693)		(\$2,693)
IT Efficiency Savings	(3,077)		(3,077)	(6,634)		(6,634)
MOME OTPS Decrease	(81)		(81)	(140)		(140)
MOME PS Reduction	(322)		(322)	(433)		(433)
Total, PEGs	(\$4,946)	\$0	(\$4,946)	(\$9,900)	\$0	(\$9,900)
New Needs						
ECTP OTPS Needs	\$12,120		\$12,120	\$9,841		\$9,841
NYPD Maintenance Contract	3,244		3,244			-
Unfunded Expense Needs for C.P.'s	11,796		11,796	15,054		15,054
Total, New Needs	\$27,160	\$0	\$27,160	\$24,895	\$0	\$24,895
Other Adjustments						
Misc. City Adjustments	(\$1,503)		(\$1,503)	\$9,677		\$9,677
Other Categorical Grants & Adjustments		5,632	5,632		1,013	1,013
Technical Adjustments (Fed.)		24,785	24,785		7,541	7,541
State Adjustments		30	30			0
Intra-City Adjustments		4,750	4,750		255	255
Total, Other Adjustments	(\$1,503)	\$35,197	\$33,694	\$9,677	\$8,809	\$18,486
Agency Budget as of February 2011 Plan	\$248,601	\$166,779	\$415,380	\$252,523	\$124,951	\$377,474

EMERGENCY COMMUNICATIONS TRANSFORMATION PROJECT (ECTP)
CAPITAL COST ESTIMATE as of FY12 Exec Plan
(\$ in Thousands)

PROJECT	Committed	Committed	Committed	Committed	Committed	Committed	Planned	Planned	Planned	TOTAL Estimate
	FY 2005	FY 2006	FY 2007	FY 2008	FY2009	FY2010	FY 2011*	FY 2012	FY 2013	
Facilities	\$61,069	\$28,616	\$17,000	\$71,986	\$19,417	\$599,081	\$26,770	\$16,000	\$0	\$839,939
PSAC 2 Build	0	0	0	32,879	5,968	594,551	14,874	0	0	648,272
FDNY CO's	0	0	0	0	1,474	2,231	8,171	0	0	11,876
PSAC 1 - Facilities	61,069	25,468	17,000	38,208	10,366	2,146	3,708	16,000	0	173,965
PSAC 1 - Consoles/Furniture	0	3,148	0	899	1,609	153	17	0	0	5,826
Radio	\$14,700	\$14,670	\$3,124	\$9,762	\$627	\$93	\$75,489	\$0	\$0	\$118,465
NYPD Radio	0	0	3,124	0	0	0	75,000	0	0	78,124
FDNY Radio	14,700	14,670	0	9,762	627	93	489	0	0	40,341
Phone/Telecommunications Systems	\$0	\$0	\$111,194	\$0	\$0	\$0	\$0	\$13,000	\$26,000	\$150,194
9-1-1 Customer Premise Equipment	0	0	111,194	0	0	0	0	13,000	26,000	150,194
Networks	\$0	\$0	\$0	\$0	\$876	\$0	\$0	\$0	\$0	\$876
FDNY Network Operations Center	0	0	0	0	876	0	0	0	0	876
Dispatch Systems	\$0	\$0	\$0	\$5,535	\$36,359	\$2,197	\$27,627	\$0	\$0	\$71,718
NYPD CAD	0	0	0	3,514	32,953	0	11,662	0	0	48,129
FDNY/EMD CAD	0	0	0	2,021	3,406	2,197	15,965	0	0	23,589
Non-ECTP Managed Projects	\$0	\$28,603	\$0	\$3,349	\$9,860	(\$1,668)	\$2,476	\$0	\$0	\$42,620
Citywide Street Centerline (CSCL)	0	0	0	3,349	0	352	0	0	0	3,701
FDNY Automatic Vehicle Location (AVL)	0	28,603	0	0	9,860	(2,020)	2,476	0	0	38,919
Other	\$4,557	\$17,360	\$53,495	\$61,133	\$53,742	\$45,145	\$142,722	\$171,312	\$145,962	\$695,428
Stage 1 Systems Integration	0	7,132	53,495	61,133	34,036	35,216	25,880	20,000	0	236,892
Stage 2 Systems Integration	0	0	0	0	0	0	87,612	105,944	88,938	282,494
Performance Monitoring	4,557	10,228	0	0	19,706	4,950	23,066	27,000	0	89,507
Remedy - Enterprise Service Management	0	0	0	0	0	4,979	5,219	0	0	10,198
Technical Services for e911, Networks, Infrastructure	0	0	0	0	0	0	945	3,368	7,024	11,337
Technology Refresh	0	0	0	0	0	0	0	0	50,000	50,000
FDNY BK CO Construction	0	0	0	0	0	0	0	15,000	0	15,000
Unallocated	0	0	0	0	0	0	36,000	35,000	41,533	112,533
TOTAL	\$80,326	\$89,249	\$184,813	\$151,765	\$120,881	\$644,848	\$311,084	\$235,312	\$213,495	\$2,031,773

*FY11 includes a combination of current project commitments and future needs (to be funded out of remaining FY11 plan amount).