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Report on the Fiscal 2017 Executive Budget Department of Information Technology & Telecommunications

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Executive Budget Summary

- **Expense Budget Overview.** The Department of Information Technology & Telecommunication's (DoITT or the Department) Fiscal 2017 Executive Budget totals \$635.2 million, including \$147 million in personal services spending to support 1,800 positions. Since DoITT purchases telecommunications services on behalf of City agencies, intra-city transfers total \$128.3 million for Fiscal 2017 which comprises 20 percent of the Department's total funding.
- **New in the Executive Budget.** DoITT's Executive Budget for Fiscal 2017 includes \$20.2 million in new needs and \$25 million in other adjustments.
- **Emergency Communications Transformation Project (ECTP).** DoITT's Fiscal 2017 Executive Budget includes \$83.5 million in expense funding for the maintenance of ECTP's facilities – Public Safety Answering Center (PSAC) 1 and PSAC 2. In addition, the Department has \$306.4 million in planned capital commitments for Fiscal 2016-2020 in order to complete this project.
- **Information Utility Technology Services Division.** DoITT's Fiscal 2017 Executive Budget includes \$77.3 million for the Information Utility Technology Services Division. This division is responsible for the data center operations and fiber optic network that provides data processing and networking services for city agencies.
- **311 Citizens Service Center.** The Fiscal 2017 Executive Budget includes \$44.3 million for the 311 Citizen Service Center which provides the public with continuous access to non-emergency city services
- **City Television Channels.** The Department's 2017 Executive Budget provides \$29.2 million for the administration of the City's five television channels, broadcast station and radio station on the NYCTW Media Group network.
- **DoITT Contract Budget.** DoITT contract budget for Fiscal 2017 is approximately \$285.8 million. This includes 67 contracts valued at \$138.1 million for the maintenance and security of citywide data processing equipment.
- **Electronic Data Processing (EDP) Projects.** The Executive Capital Commitment Plan for Fiscal 2016-2020 includes planned commitments totaling \$371 million for EDP equipment and infrastructure.
- **DoITT's Citywide Savings Program.** In the Executive Budget, additional cable subscriptions have increased DoITT's revenue by \$7.2 million in Fiscal 2017. This increase in revenue comprises DoITT's entire Citywide Savings Program in the Executive Budget.
- **Film Incentive Program.** The Executive Budget includes \$19.4 million in Fiscal 2017 for the NYC Film Incentive program, which incentivizes film and television production companies to shoot in the five boroughs.

DoITT Overview

This report presents a review of DoITT Fiscal 2017 Executive Budget. The section below provides an overview of the agency's budget, fiscal changes in Fiscal 2016 and a review of the significant budget actions introduced in the Fiscal 2017 Executive Budget. Highlights of the Capital Commitment Plan for the Fiscal 2017 Executive Budget will follow the discussion of the expense budget. Appendix 1 will outline changes made to the Fiscal 2016 and Fiscal 2017 Budgets since Fiscal 2016 Adoption. For additional information on the Department's budget and its various programs, please refer to the Fiscal 2017 Preliminary Budget Report for the Department of Information Technology and Telecommunications at: <http://council.nyc.gov/html/budget/2017/pre/858%20DoITT.pdf>.

DoITT Financial Summary

<i>Dollars in Thousands</i>	2014	2015	2016	Executive Plan		*Difference
	Actual	Actual	Adopted	2016	2017	2016 - 2017
Spending						
Personal Services	\$88,268	\$98,851	\$136,729	\$117,258	\$149,088	\$12,359
Other Than Personal Services	379,219	392,865	416,341	559,578	486,140	69,799
TOTAL	\$467,486	\$491,716	\$553,070	\$676,836	\$635,228	\$82,159
Funding						
City Funds			\$416,259	\$439,961	\$479,827	\$63,569
Other Categorical			3,104	16,919	3,143	39
Capital- IFA			3,428	3,083	2,842	(586)
State			0	34,703	11,250	11,250
Federal - CD			9,994	11,830	9,557	(437)
Federal - Other			0	10,143	250	250
Intra City			120,285	160,196	128,359	8,074
TOTAL	\$467,486	\$491,716	\$553,070	\$676,836	\$635,228	\$82,159
Budgeted Headcount						
Full-Time Positions	1,136	1,237	1,664	1,762	1,800	136

*The difference of Fiscal 2016 Adopted Budget compared to Fiscal 2017 Executive Budget.

DoITT's Fiscal 2017 Executive Budget totals \$635.2 million which represents less than one percent of the City's total budget of \$82.2 billion. DoITT Fiscal 2017 proposed expense budget includes \$147 million in personal services spending to support 1,800 positions. The Department's Fiscal 2017 Executive Budget increases by \$82 million, or 13 percent when compared to the Fiscal 2016 Adopted Budget. The increase over the Fiscal 2016 Adopted Budget is largely due to the new needs and other adjustments identified in the Preliminary and Executive Plans. The majority of the additional funding is associated with new needs for the Emergency Communication Transformation Project and around the clock citywide information technology security.

DoITT's headcount for Fiscal 2017 increases by 136 positions when compared to the Fiscal 2016 Adopted Budget. The majority of this increase is due to additional positions for security and tech support. Additionally, since Adoption, the Mayor's Office of Media and Entertainment added 17 positions, increasing its headcount total to 111 full-time positions.

New in the Executive Budget

In the Executive Plan, DoITT has identified new needs that total \$20.2 million in Fiscal 2017 and \$25 million in other adjustments. The following are significant budget actions identified in the Executive Plan.

- **Special Education Student Tracking System.** The Fiscal 2017 Executive Plan for DoITT includes \$5.6 million in Fiscal 2017 to overhaul the Department of Education's system for managing the evaluation, placement and service delivery for students with special needs.
- **Mandated Needs.** The Fiscal 2017 Executive Plan includes new expenses associated with a wide range of technology projects that have been approved or pending Certificates to Proceed. Funds totaling \$3.7 million in Fiscal 2017, and baseline funding of \$2.9 million beginning in Fiscal 2018 will be added to DoITT's OTPS budget.
- **Citywide Broadband Access.** DoITT's Fiscal 2017 Executive Plan includes \$2.8 million in Fiscal 2017 to expand broadband access throughout the City. Of the total, \$1 million is a renewal of Fiscal 2016 funding allocated for broadband access at all three library systems. The remaining \$1.8 million is allocated for the Broadband Planning Unit and includes funding for six new positions. The Executive Plan provides baseline funding of \$575,000 for the Broadband Planning Unit beginning in Fiscal 2018. The unit will be charged with achieving the Mayor's equity goals by expanding broadband to underserved neighborhoods.
- **Security and Data Recovery.** The Fiscal 2017 Executive Plan includes \$2.1 million in additional funding for licensing and maintenance costs for citywide security and data recovery for Fiscal 2017-2020.
- **Inter-Fund Agreement (IFA) Extensions.** The Fiscal 2017 Executive Plan includes a proposal to extend 25 IFA positions in Fiscal 2017 at a cost of \$2.8 million. The IFA extensions allow these positions, which are associated with the completion of the ECTP, to remain in the capital budget. IFA positions are commonly extended on a year-to-year basis.
- **Additional Positions at the Mayor's Office of Media and Entertainment (MOME).** The Fiscal 2017 Executive Plan includes additional baseline funding of \$382,000 for seven new positions at MOME. Positions include: Chief of Staff, Industry Liaison, Social Media Webmaster and additional staff at NYC Media.
- **Funding Roll.** In the Fiscal 2017 Executive Plan, DoITT's other adjustments includes \$18 million in funding that will roll from Fiscal 2016 to Fiscal 2017. The roll results from dedicated, yet unused funding for ongoing projects that will not be completed by the fiscal year's end. These projects include the Citywide Procurement Innovation Project, installation of multimedia infrastructure at the Paley Center, citywide broadband access and PSAC support training.

Preliminary Budget Highlights

Several key budget actions from DoITT's 2017 Preliminary Budget are:

- **Security & Tech Support.** The Department's Fiscal 2017 Preliminary Plan included \$20.3 million and 77 new positions in Fiscal 2017 for 24/7 IT security, IT infrastructure and 911 tech support.
- **Procurement Innovation Project.** The Fiscal 2017 Preliminary Plan included \$13.2 million for Fiscal 2016, \$5.7 million in Fiscal 2017 and in the outyears. This funding included an additional six positions and \$100,000 for an additional contract manager (Contracting Office). Of the Fiscal 2016 total funding, \$8.8 million is projected to be unused and rolled into Fiscal 2017.

- **Microsoft Server and Desktop Licensing.** DoITT's Fiscal 2017 Preliminary Plan included \$9.5 million in additional funding for the Microsoft License agreement.
- **Data Analytics.** DoITT Fiscal 2017 Preliminary Plan included \$300,000 in Fiscal 2016 and an additional \$1.1 million in funding for Fiscal 2017. Of the \$1.1 million, \$547,000 is baselined for a consultant and six additional positions in the Mayor's Office of Data Analytics.

Contract Budget

DoITT Fiscal 2017 Executive Contract Budget				
Category	Fiscal 2016 Adopted	Number of Contracts	Fiscal 2017 Executive	Number of Contracts
Cleaning Services	\$17,205	1	\$17,205	1
Contractual Services - General	35,425,324	29	77,351,504	21
Data Processing Equipment Maintenance	121,920,569	83	138,125,095	67
Maintenance and Repairs - General	20,296,362	7	20,296,362	6
Office Equipment Maintenance	434,309	2	434,309	1
Printing Services	108,711	1	108,711	1
Prof. Services - Computer Services	8,220,963	2	11,012,286	1
Prof. Services - Legal Services	149,000	1	149,000	1
Prof. Services - Other	13,505,075	6	22,073,223	3
Security Services	175,500	1	175,500	1
Telecommunications Maintenance	14,827,000	10	14,827,000	6
Temporary Services	594,070	3	594,070	1
Training Program for City Employees	730,481	1	730,481	2
TOTAL	\$216,404,569	147	\$285,894,746	112

DoITT's Contract Budget for Fiscal 2017 totals \$285.9 million and accounts for approximately 45 percent of DoITT's total operating budget. Of the total, \$138 million is for the maintenance of citywide data processing equipment. DoITT's Contract Budget is the tenth largest of all agencies and provides funding for the maintenance and security of many citywide technology systems. This includes NYCWiN, which has an annual maintenance budget of approximately \$42.4 million and ECTP, which has an annual maintenance budget of approximately \$90.1 million.

Miscellaneous Revenue

Revenue Sources	2014 Actual	2015 Actual	Planned		
			2016	2017	2018
Cable Television Franchise Fees	\$142,869,620	\$145,662,972	\$145,233,000	\$142,733,000	\$140,533,000
Mobile Telecom. Fees	3,296,423	4,221,516	4,583,000	3,520,000	3,520,000
Wi-Fi Revenue	0	3,141,058	18,000,000	23,330,000	25,830,000
.NYC Revenue	0	1,238,483	675,000	775,000	900,000
Lease-Time TV	1,649,277	1,874,464	1,700,000	1,700,000	1,700,000
Film Fees & Permits	1,681,599	2,028,525	1,594,000	1,594,000	1,594,000
Procure Card Spend Rebates	0	1,733,903	1,177,000	2,130,000	2,130,000
TOTAL	\$149,496,919	\$159,900,921	\$175,029,000	\$174,082,000	\$172,207,000

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 2015, cable television franchise fees accounted for 91 percent (\$145.7 million) of the Department's total miscellaneous revenue.

Procure Card Spending Rebates. Beginning in Fiscal 2015, DoITT was able to recognize revenue in the form of a rebate from the use of a procurement card to pay for citywide telecommunication services. This rebate is an annual payment tied to the volume of purchases. The actual revenue for Fiscal 2015 was \$1.7 million, with a forecast of \$2.1 million in Fiscal 2016 and in the outyears.

Wi-Fi Revenue. Wi-Fi revenue relates to LinkNYC, but the revenue's not from "Wi-Fi." The City receives 50 percent of the gross revenue from anything associated with the LinkNYC initiative (advertising proceeds, any programs/sponsorships they administer, as well as 50 percent of total revenue from the old payphones (advertising, coinage) that the Links are in the process of replacing. This revenue stream replaces public phone commissions as the pay phones are being converted to Wi-Fi hot spots.

DoITT Capital Program

DoITT was created to consolidate citywide management of information and communications technologies to achieve long-term productivity improvements, revenue enhancements and cost savings. The services provided by DoITT include: consolidated data facilities to support City agencies' systems; application development for the coordination of City IT resources; the City's website (nyc.gov); telecommunication services; and CityNet (citywide data communication network).

DoITT has responsibility for the technology aspects of the New York City 3-1-1 Center, which provides a centralized source for information about non-emergency City services and coordinates the implementation of the e9-1-1 emergency response system. The overall goal of this Capital Program is to purchase data processing equipment and services that will enable the City to achieve greater productivity with limited resources.

Capital Commitment Plan

The Fiscal 2017 Executive Budget Capital Commitment Plan includes \$678 million in Fiscal 2016-2020 for the Department of Information Technology and Telecommunications (including City and Non-City funds). The agency's Executive Commitment Plan for Fiscal 2016-2020 is \$678 million and has not changed since 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 2015, the Department of Information Technology and Telecommunications committed \$100.3 million or 30 percent of its annual capital plan. Therefore, it is assumed that a significant portion of the agency's Fiscal 2016 Capital Plan will be rolled into Fiscal 2017, increasing the size of the Fiscal 2017-2020 Capital Plan as reflected in the chart below.

DoITT 2016-2020 Capital Commitment Plan*Dollars in Thousands*

	2016	2017	2018	2019	2020	Total
Executive Plan	\$288,326	\$198,303	\$88,776	\$87,411	\$15,200	\$678,016
Preliminary Plan	\$325,326	\$161,303	\$79,976	\$95,011	\$16,400	\$678,016
Change	(\$37,000)	\$37,000	\$8,800	(\$7,600)	(\$1,200)	\$0
Percentage Change	11%	23%	10%	7%	1%	0%

Capital Budget Highlights

- **Emergency Communications Transformation Project (ECTP).** To date, the City has contract commitments totaling approximately \$1.8 billion in capital funds for this project. ECTP includes capital funding for: PSAC 1, PSAC 2, the computer automated dispatch system, radio, telephone and wireless equipment, FDNY, NYPD and EMS facilities and equipment. Since DoITT became the managing agency for this project last spring, they have identified over \$38 million in capital budget savings. This has resulted in reducing the Department's overall cost to \$2.02 billion. Funding for current ECTP projects in the capital plan total \$306.4 million.
- **New York City Wireless Network (NYCWiN).** To date, the City has committed over \$400 million for the infrastructure and equipment related to the NYC Wireless Network. The NYCWiN baseline maintenance budget totals \$44.1 million and is in the Department's OTPS budget.

NYCWiN Request for Expressions of Interest. Last year, the City released a formal request for "expressions of interest" in an effort to see if they could better utilize the system. Of the responses, none were deemed suitable. DoITT is currently reviewing options for the continued use of NYCWiN or the "sun setting" of this system.

- **Electronic Data Processing (EDP) Projects.** The Executive Capital Plan for Fiscal 2016-2020 includes planned commitments totaling \$371 million for EDP equipment and infrastructure. The majority of that amount equaling \$290 million is held in two lump sum project lines that effectively operate as holding codes. As needs are identified, funding is transferred from these lines.
- **Funding for Other Significant Capital Plan Projects.** The Executive Capital Plan captures other significant projects such as:
 - Re-architecture of the 311 Customer Service Management System - \$19.7 million;
 - Citywide Cyber Security Program - \$11.8 million; and
 - DoITT Mainframe Capacity Upgrade - \$6.2 million.

Appendix 1: DoITT Fiscal 2017 Budget Actions since Fiscal 2016 Adoption

<i>Dollars in Thousands</i>	FY 2016			FY 2017		
	City	Non-City	Total	City	Non-City	Total
DoITT as of the Adopted 2016 Budget	\$454,401	\$230,195	\$684,596	\$443,346	\$146,520	\$589,866
New Needs - Prelim. 2017						
24x7 IT Security	\$6,837	\$0	\$6,837	\$15,478	\$0	\$15,478
911 Facilities Management	12,009	0	12,009	9,754	0	9,754
Citywide Procurement Innovation Project	13,227	0	13,227	5,738	0	5,738
DoITT Contract Manager	0	0	0	100	0	100
FCC/ACE	96	0	96	230	0	230
Foreign Language Programming	50	0	50	50	0	50
Integrity Monitor for Auditor Quality Assurance	33	0	33	63	0	63
Mayor's Office of Data Analytics	300	0	300	1,047	0	1,047
MOFTBHC	0	0	0	100	0	100
NYC Media Head Count	0	0	0	100	0	100
Office of Digital Strategy	100	0	100	100	0	100
IT Infrastructure & 911 24x7 Tech Support	2,408	0	2,408	4,815	0	4,815
Data Analytics	500	0	500	0	0	0
Microsoft Server and Desktop Licensing	9,474	0	9,474	0	0	0
Telecommunications	0	1,350	1,350	0	0	0
Subtotal, New Needs	\$45,034	\$1,350	\$46,384	\$37,575	\$0	\$37,575
Other Adjustments - Prelim. 2017						
Misc City Adjustments	(\$6,891)	\$0	(\$6,891)	(\$2,791)	\$0	(\$2,791)
Other Categorical Grants and Adjustments	0	20,586	20,586	0	0	0
Federal Grants	0	5,147	5,147	0	0	0
State	0	34,703	34,703	0	11,250	11,250
Community Development Fund	0	2,830	2,830	0	0	0
Intra-City Adjustments	0	33,908	33,908	0	6,092	6,092
Subtotal, Other Adjustments	(\$6,891)	\$97,174	\$90,283	(\$2,791)	\$17,342	\$14,551
TOTAL, All Changes Prelim. 2017	\$38,143	\$98,524	\$136,667	\$34,784	\$17,342	\$52,126
DoITT as of the Preliminary 2017 Budget	\$454,402	\$230,195	\$684,595	\$443,346	\$146,520	\$589,866
New Needs - Executive 2017						
911 Support IFA Conversion	\$0	\$0	\$0	\$637	\$0	\$637
Broadband for Libraries	0	0	0	1,000	0	1,000
Broadband Planning Unit	659	0	659	1,820	0	1,820
Citywide Chief Security Officer	70	0	70	210	0	210
ECTP and 911 Tech Refresh IFA Extensions	0	0	0	0	2,842	2,842
Expense for Approved Capital Projects	2,604	0	2,604	3,685	0	3,685
Licensing and Maintenance Costs for Security and Data Recovery	3,554	0	3,554	2,177	0	2,177
Microsoft Premier Support	0	0	0	473	0	473
MOME PS - Chief of Staff	0	0	0	100	0	100
MOME PS - Industry Liaison & Staff	0	0	0	0	0	0
MOME PS - NYC Media New Staff Lines	0	0	0	202	0	202
MOME PS - Social Media/Webmaster	0	0	0	80	0	80
NYC Emergency Management Telecommunications	0	0	0	0	1,350	1,350
Special Education Student	411	0	411	5,640	0	5,640
Website Accessibility	0	0	0	65	0	65
Subtotal, New Needs	\$7,298	\$0	\$7,298	\$16,089	\$4,192	\$20,281

<i>Dollars in Thousands</i>	FY 2016			FY 2017		
	City	Non-City	Total	City	Non-City	Total
Other Adjustments - Executive 2017						
911 Support Training	(\$2,429)	\$0	(\$2,429)	\$2,429	\$0	\$2,429
Broadband Access	(8,050)	0	(8,050)	4,750	0	4,750
Citywide Procurement Innovation	(8,769)	0	(8,769)	8,769	0	8,769
FY16 GEA Grant-Verizon mod	0	833	833	0	0	0
FY16 GEA-Cablevision grant mod	0	339	339	0	0	0
FY16 GEA-Time Warner Grant MOD	0	672	672	0	0	0
FY16 Gov Island corp Grant	0	19	19	0	0	0
FY16 PD Grant MOD	0	61	61	0	0	0
FY16 TRS Grant MOD	0	198	198	0	0	0
Heat, Light and Power	1,666	0	1,666	739	0	739
HRO BIB Out years	0	(1,602)	(1,602)	0	4,034	4,034
HRO TELCOM ADDTN	0	609	609	0	0	0
IFA Takedown	0	0	0	0	0	0
Lease Adjustment	0	(350)	(350)	1,077	0	1,077
MOME Roll - Paley Center Multimedia Installation	(2,000)	0	(2,000)	2,000	0	2,000
MOME Savings - Incentive Fund	(2,396)	0	(2,396)	0	0	0
Office of Digital Strategy	100	0	100	100	0	100
Reverse Initiative- 17JAN23	0	0	0	(100)	0	(100)
Small business First Portal Expenses	140	0	140	630	0	630
Verizon Tech and Education Grant FY16	0	1,250	1,250	0	0	0
Intra-City Adjustments	4,653	0	4,653	655	0	655
Subtotal, Other Adjustments	(\$17,084)	\$2,029	(\$15,055)	\$21,048	\$4,034	\$25,082
TOTAL, All Changes - Exec. 2017	(\$9,786)	\$2,029	(\$7,757)	\$37,137	\$8,226	\$45,363
DoITT as of the Fiscal 2017 Exec. Plan	\$439,962	\$236,874	\$676,836	\$479,828	\$155,400	\$635,228

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