

THE COUNCIL OF THE CITY OF NEW YORK

Hon. Melissa Mark-Viverito
Speaker of the Council

Hon. Antonio Reynoso

Chair, Committee on Sanitation and Solid Waste Management



Hearing on the Fiscal 2015 Preliminary Budget & the Fiscal 2014 Preliminary Mayor's Management Report

Business Integrity Commission

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Business Integrity Commission Overview

The Business Integrity Commission (BIC or the Commission) regulates and licenses the trade waste/commercial carting industry and the wholesalers and businesses operating in the City's public wholesale markets, and is responsible for processing applications and renewals. Through background investigations of license and registration applications, the establishment of standards for services and conduct of business, and criminal investigations, BIC carries out its mandate to make certain that these industries and businesses remain free from the influence of organized crime. BIC is responsible for creating an honest field for competition in the regulated industries so that customers do not face threats, violence, rackets, or anticompetitive practices. The Commission also has the authority to regulate the shipboard gambling industry.

Fiscal 2013 Preliminary Plan Highlights

| | 2012 | 2013 | 2014 | 2014 | 2015 | *Difference |
|------------------------------|----------------|----------------|----------------|---------------------|---------------------|--------------------|
| <i>Dollars in Thousands</i> | Actual | Actual | Adopted | Prelim. Plan | Prelim. Plan | 2014 - 2015 |
| Personal Services | \$4,956 | \$4,888 | \$5,200 | \$5,278 | \$5,075 | (\$125) |
| Other Than Personal Services | 1,838 | 2,107 | 1,945 | 2,295 | 2,117 | 172 |
| Agency Total | \$6,794 | \$6,995 | \$7,145 | \$7,572 | \$7,192 | \$47 |

**The difference of Fiscal 2014 Adopted compared to Fiscal 2015 Preliminary Plan funding.*

BIC's Fiscal 2015 Preliminary Budget is approximately \$7.2 million, which is a net increase of \$47,000 when compared to the Fiscal 2014 Adopted Budget. This is less than a one-percent change and is primarily due to an increase in Other Than Personal Services which represents a one-year savings in Fiscal 2014 due to a lease renegotiation. The comparative increase in Fiscal 2015 is offset by the savings associated with the end of the Commission's information technology (IT) upgrade. The Chief Program Officer who oversaw the upgrade will not be needed in Fiscal 2015.

Business Integrity Commission Financial Summary

| <i>Dollars in Thousands</i> | 2012 Actual | 2013 Actual | 2014 Adopted | 2014 Prelim. Plan | 2015 Prelim. Plan | *Difference 2014 - 2015 |
|--------------------------------|----------------|----------------|-----------------|----------------------|----------------------|----------------------------|
| Budget by Program Area | | | | | | |
| Personal Services | \$4,956 | \$4,888 | \$5,200 | \$5,278 | \$5,075 | (\$125) |
| Other Than Personal Services | 1,838 | 2,107 | 1,945 | 2,295 | 2,117 | 172 |
| TOTAL | \$6,794 | \$6,995 | \$7,145 | \$7,572 | \$7,192 | \$47 |
| Funding | | | | | | |
| City Funds | | | \$7,145 | \$7,145 | \$7,192 | \$47 |
| State | | | 0 | 65 | 0 | 0 |
| Federal - Other | | | 0 | 363 | 0 | 0 |
| TOTAL | \$6,794 | \$6,995 | \$7,145 | \$7,572 | \$7,192 | \$47 |
| Positions | | | | | | |
| Full-Time Positions - Civilian | 71 | 81 | 81 | 82 | 80 | (1) |
| TOTAL | 71 | 81 | 81 | 82 | 80 | (1) |

**The difference of Fiscal 2014 Adopted compared to Fiscal 2015 Preliminary Plan Funding.*

Revenue Budget

| BIC Revenue Sources | 2014 Adopted | 2014 Prelim. Plan | 2015 Prelim. Plan | Difference 2014 - 2015 |
|------------------------------|-----------------|----------------------|----------------------|---------------------------|
| License, Permit & Franchises | \$3,895 | \$3,895 | \$4,118 | \$223 |
| Charges for Services | 577 | 577 | 361 | (217) |
| Fines and Forfeitures | 1,883 | 1,883 | 1,500 | (383) |
| Federal Grants - Categorical | 0 | 363 | 0 | 0 |
| State Grants - Categorical | 0 | 65 | 0 | 0 |
| TOTAL | \$5,944 | \$6,176 | \$6,221 | \$6,222 |

**The difference of Fiscal 2014 Adopted compared to Fiscal 2015 Preliminary Plan Funding.*

BIC is a revenue-generating agency. Revenues consist of licenses for private carters, investigation and wholesale market fees, and administrative violation fines. The majority of the Commission's staff is dedicated to reviewing licenses and permits.

Approximately \$4.1 million, or 66.2-percent of total revenue will be from licenses, permits, and franchises in the Fiscal 2015 Preliminary Plan. Trade waste carters, landscapers and brokers are all licensed by the Commission. Construction and demolition removal registration and market registration for wholesale markets are also done by BIC.

Approximately \$1.5 million, or 24.1-percent of total revenue will be generated through fines and forfeitures. These represent quality of life and trade waste violations. Trade waste violations include stealing or unlicensed carting of waste materials such as cardboard, grease, or bulk metal.

Violations issued at wholesale markets for activities such as idling and double parking go through the Environmental Control Board (ECB). The corresponding revenue is collected by the ECB and is not represented in the chart above.

Units of Appropriation

| General Administration | | | | | | |
|-------------------------------------|----------------|----------------|----------------|---------------------|---------------------|--------------------|
| | 2012 | 2013 | 2014 | 2014 | 2015 | *Difference |
| <i>Dollars in Thousands</i> | Actual | Actual | Adopted | Prelim. Plan | Prelim. Plan | 2014 - 2015 |
| Spending | | | | | | |
| Personal Services | | | | | | |
| Full-Time Salaried - Civilian | 4,511 | 4,631 | 4,932 | 4,977 | 4,801 | (131) |
| Other Salaried and Unsalaries | 57 | 45 | 50 | 50 | 50 | 0 |
| Additional Gross Pay | 331 | 168 | 194 | 209 | 199 | 6 |
| Overtime - Civilian | 59 | 48 | 24 | 42 | 24 | 0 |
| P.S. Other | (3) | (4) | 0 | 0 | 0 | 0 |
| Subtotal | \$4,956 | \$4,888 | \$5,200 | \$5,278 | \$5,075 | (\$125) |
| Other Than Personal Services | | | | | | |
| Supplies & Materials | \$109 | \$111 | \$139 | \$131 | \$134 | (\$5) |
| Fixed & Misc. Charges | 0 | 2 | 0 | 3 | 0 | 0 |
| Property & Equipment | 49 | 101 | 16 | 75 | 21 | 5 |
| Other Services & Charges | 1,616 | 1,699 | 1,446 | 1,572 | 1,618 | 172 |
| Contractual Services | 64 | 194 | 344 | 514 | 344 | 0 |
| Subtotal | \$1,838 | \$2,107 | \$1,945 | \$2,295 | \$2,117 | \$172 |
| TOTAL | \$6,794 | \$6,995 | \$7,145 | \$7,572 | \$7,192 | \$47 |
| Funding | | | | | | |
| City Funds | | | \$7,145 | \$7,145 | \$7,192 | \$47 |
| State | | | 0 | 65 | 0 | 0 |
| Federal - Other | | | 0 | 363 | 0 | 0 |
| TOTAL | | | \$7,145 | \$7,572 | \$7,192 | \$47 |
| Positions | | | | | | |
| Full-Time Positions - Civilian | 71 | 81 | 81 | 82 | 80 | (1) |
| TOTAL | 71 | 81 | 81 | 82 | 80 | (1) |

**The difference of Fiscal 2014 Adopted compared to Fiscal 2015 Preliminary Plan Funding.*

The Fiscal 2015 Preliminary Budget for BIC is \$7.2 million which is \$47,000 more than its Fiscal 2014 Adopted Budget. The Personal Services Savings reflect the loss of one full-time position. The Commission's IT upgrade will be completed by the end of Fiscal 2014 and the Chief Program Officer overseeing the job will not continue on the payroll into Fiscal 2015.

The Other Than Personal Services increase represents a one-year savings in Fiscal 2014 associated with the renegotiation of the Commission's 100 Church Street office. The slight Fiscal 2015 savings in Supplies and Materials reflects the discontinuation of distributing decals for the license plates of registered vehicles. Decals are no longer used for enforcement purposes.

Performance Measures

| Performance Statistics | Actual | | | Target | | 4-Month Actual | |
|---|--------|-------|-------|--------|------|----------------|-------|
| | FY11 | FY12 | FY13 | FY14 | FY15 | FY13 | FY14 |
| Violations issued to private waste haulers | 1,280 | 1,601 | 1,145 | * | * | 639 | NA |
| Violations issued - Other (not licensees or registrants) | 581 | 271 | 245 | * | * | 138 | NA |
| Waste hauling background investigations completed | 1,088 | 998 | 1,267 | * | * | 417 | 371 |
| Total waste hauling applications denied (%) | 3.6% | 3.6% | 3.9% | * | * | 3.6% | 3.9% |
| Waste hauling complaints received | 592 | 594 | 534 | * | * | 182 | 166 |
| Average time to approve waste hauling licenses (days) | 155 | 175 | 136 | 190 | 175 | 141 | 137 |
| Average time to approve waste hauling registrations (days) | 99 | 112 | 100 | 120 | 105 | 116 | 79 |
| Average age of pending waste hauling applications (days) | 167 | 168 | 198 | 190 | 180 | 194 | 176 |
| Waste hauling applications pending | 363 | 419 | 331 | 300 | 300 | 337 | 351 |
| Waste hauling licenses approved | 95 | 103 | 146 | * | * | 53 | 42 |
| Waste hauling registrations approved | 860 | 747 | 960 | * | * | 303 | 246 |
| Violations issued at public wholesale markets | 345 | 323 | 134 | * | * | 55 | 32 |
| Violations admitted to or upheld at the Environmental Control Board (%) | NA | 93.8% | 88.5% | * | * | 88.4% | 94.9% |
| Public wholesale market applications denied (%) | 1.9% | 2.2% | 3.0% | * | * | 2.3% | 3.2% |
| Public wholesale market background investigations completed | 397 | 726 | 593 | * | * | 200 | 161 |
| Average time to approve public wholesale market registrations (days) | 221 | 221 | 151 | 200 | 175 | 121 | 114 |
| Average age of pending public wholesale market applications (days) | 267 | 243 | 246 | * | * | 264 | 227 |
| Public wholesale market registrations approved | 80 | 50 | 85 | * | * | 22 | 32 |
| Letters responded to in 14 days (%) | 100% | 100% | 100% | * | * | 100% | 100% |
| E-mails responded to in 14 days (%) | 100% | 100% | 100% | * | * | 100% | 100% |

SOURCE: Preliminary Mayor's Management Report

BIC has a responsibility to ensure that businesses in the commercial waste hauling industry abide by the law. To that end BIC has completed 371 background investigations in the first quarter of Fiscal 2014, an 11-percent reduction from the same period in Fiscal 2013. Waste hauling complaints decreased by 8.8-percent to 166 when comparing the first four months of Fiscals 2014 and 2013. The number of violations issued in the first quarter of Fiscal 2014 is not yet available.

The Commission also has a responsibility to process license and registration applications for the waste hauling industry in a timely manner. The number of waste hauling applications pending at the end of the first quarter of Fiscal 2014 is 351, and the average age of pending applications is

176 days, an increase of 4.2-percent and decrease of 9.3-percent respectively as compared to the same period in Fiscal 2013. For waste hauling registrations, 246 were approved in the first quarter of Fiscal 2014 with an average approval time of 79 days, a decrease of 18.8-percent and 31.9-percent respectively as compared to the same period in Fiscal 2013. There were 42 waste hauling licenses approved in the first quarter of Fiscal 2014 with an average approval time of 137 days, a decrease of 20.8-percent and 2.8-percent respectively. In general, fewer applications were approved but decisions were made quicker in the first quarter of Fiscal 2014 compared to the first quarter of Fiscal 2013.

With regard to the City's public wholesale markets BIC has a duty to ensure that businesses in and around public wholesale markets abide by the law. BIC completed 161 background investigations for new and renewal public wholesale market applications in the first quarter of Fiscal 2014 and issued 32 violations. Compared to the same period in Fiscal 2013 this is a decrease of 19.5 percent in background checks and 41.8-percent in violations issued. Of those violations issued 99.9-percent were uncontested or were upheld at the ECB in Fiscal 2014 as compared to 88.4-percent in Fiscal 2013.

The Commission must also process registration applications for public wholesale businesses in a timely manner. In the first quarter of Fiscal 2014, 32 wholesale market registrations were approved with an average approval time of 114 days, an increase of 45.5-percent and decrease of 5.8-percent respectively as compared to the first quarter of Fiscal 2013. This is in keeping with the trend in waste hauling applications of fewer being approved but with faster processing times.

Appendix A

Budget Actions in the November and February Plans

| <i>Dollars in Thousands</i> | FY 2014 | | | FY 2015 | | |
|--|----------------|--------------|----------------|----------------|------------|----------------|
| | City | Non-City | Total | City | Non-City | Total |
| DEP Budget as of Fiscal 2014 Adopted Plan | \$7,145 | \$0 | \$7,145 | \$7,192 | \$0 | \$7,192 |
| Other Adjustments | | | | | | |
| Additional Federal Forfeiture Fund | \$0 | \$140 | 140 | \$0 | \$0 | \$0 |
| FY14 Federal Forfeiture Fund | 0 | 200 | 200 | 0 | 0 | 0 |
| Roll FY13 Federal Forfeiture Fund | 0 | 12 | 12 | 0 | 0 | 0 |
| Sara Grant for FY14 | 0 | 65 | 65 | 0 | 0 | 0 |
| Federal Forfeiture Fund- Consultants | 0 | 7 | 7 | 0 | 0 | 0 |
| Federal Overtime Reimbursement | 0 | 3 | 3 | 0 | 0 | 0 |
| TOTAL, Other Adjustments | \$0 | \$428 | \$428 | \$0 | \$0 | \$0 |
| TOTAL, All Changes | \$0 | \$428 | \$428 | \$0 | \$0 | \$0 |
| DEP Budget as of Fiscal 2015 Preliminary Plan | \$7,145 | \$428 | \$7,573 | \$7,192 | \$0 | \$7,192 |

Appendix B

Contract Budget

The New York City Charter mandates the preparation of a Contract Budget to identify expenditures for contractual services, which are defined as any technical, consultant, or personal service provided to the City by means of a contract. The Contract Budget is actually a subset of the Other Than Personal Services (OTPS) portion of the City's Expense Budget. The Administration prepares a Contract Budget twice each fiscal year. In January, it is prepared with the Departmental Estimates, and in late April it is submitted to the Council with the Executive Budget.

| Category | Number | Budgeted | Pct. of Agency Total | Pct. of City Total |
|--|----------|------------------|----------------------|--------------------|
| Contractual Services General | 2 | \$289,343 | 84.2% | 0.1% |
| Maintenance and Repair Motor Vehicle Equipment | 1 | 1,000 | 0.3% | 0.0% |
| Maintenance and Repair General | 1 | 1,000 | 0.3% | 0.0% |
| Office Equipment Maintenance | 1 | 3,000 | 0.9% | 0.0% |
| Temporary Services | 1 | 25,000 | 7.3% | 0.1% |
| Cleaning Services | 1 | 2,400 | 0.7% | 0.0% |
| Professional Services Other | 1 | 22,000 | 6.4% | 0.0% |
| Preliminary Budget | 8 | \$343,743 | 100.0% | 0.0% |