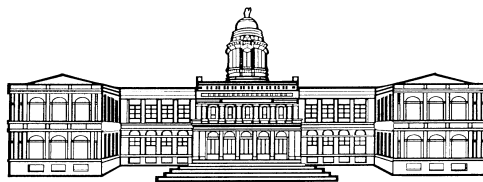


THE COUNCIL OF THE CITY OF NEW YORK

Finance Division



Hearing on the Fiscal 2010 Executive Budget for the **Department of Buildings**

May 28, 2009

Hon. Christine C. Quinn
Speaker

Preston Niblack
Director

Hon. David I. Weprin
Chair, Committee on Finance

Jeffrey Rodus
First Deputy Director

Hon. Erik Martin-Dilan
Chair, Committee on Housing and
Buildings

Jonathan Rosenberg
Deputy Director

Hon. James Oddo,
Chair, Taskforce on Operations and
Improvement of the Department of
Buildings

Ralph P. Hernandez
Supervising Legislative Financial
Analyst

Department of Buildings (810)

Agency Overview

The Department of Buildings (DOB) ensures the safe and lawful use of over 950,000 buildings and properties by enforcing the City's Building Code, Electrical Code, Zoning Resolution, New York State Labor Law and New York State Multiple Dwelling Law. The Department performs plan examinations, issues construction permits, inspects properties, licenses trades, and issues Certificates of Occupancy and Place of Assembly permits. Anyone who intends to demolish, alter, build an addition or erect a new structure must obtain a building permit from the Department to ensure that the resulting property structure complies with all applicable laws.

Expense Budget Highlights

DOB's Fiscal 2010 Executive Budget is \$101.86 million, which is \$5.43 million less than the Fiscal 2009 Adopted budget, a decrease of 5.1 percent. This reduction is attributable to the following: \$3.77 million in PS Savings from the Pro Cert Central Unit (\$3.05 million) and the Model Code Program Unit (\$715,000); \$1.3 million decrease in funding for the private elevator contract; and \$472,000 from fleet-related expense reduction.

Department Funding

EXPENSE	Fiscal 2003 Adopted Budget	Fiscal 2007 Current Modified Budget	Fiscal 2008 Current Modified Budget	Fiscal 2009 Current Modified Budget	Fiscal 2010 Executive Budget
TOTAL	\$51,800,000	\$85,986,828	\$99,294,835	\$107,293,708	\$101,856,016

Between 2002 and 2009, the Department of Building's budget has increased by \$55.5 million or 107 percent (as illustrated in the chart above). The steady growth of the Department's budget since Fiscal 2003 is the result of an unprecedented number of construction projects commencing citywide and the agency's effort to strengthen its oversight of the construction industry. The current Fiscal 2010 Executive Budget for the Department is \$101.86 million, which is 96.6 percent more than the \$51.8 million appropriated in the Fiscal 2003 Adopted Budget.

	2008 Actual Expenses	2009 Adopted Budget	2010 Preliminary Budget	2010 Executive Budget
Spending				
Personal Services	\$76,778,681	\$83,303,342	\$84,334,244	\$83,967,967
Other than Personal Services	\$22,631,138	\$23,989,614	\$11,737,594	\$17,888,049
Total	\$99,409,819	\$107,292,956	\$96,071,838	\$101,856,016
Funding				
City	\$99,409,819	\$107,292,956	\$96,071,838	\$101,856,016
Total	\$99,409,819	\$107,292,956	\$96,071,838	\$101,856,016
Headcount				
Full-time Positions	1,162	1,349	1,312	1,290

The Department's Fiscal 2010 Executive Budget headcount includes 59 fewer positions than the Fiscal 2009 Adopted Budget. This change is attributable to the reduction of 40 non-safety positions from unfilled vacancies, which was reflected in the November Plan PEGs, and the additional 49 headcount reduction through PS Savings included in the Executive Plan, for a total headcount reduction of 89. The 89 positions reduced are partially offset by 30 additional hires and/or city employees transfer for the following department divisions: 13 for the Loft Board; 12 for the Administrative Enforcement Unit/Environmental Control Board (AEU/ECB); 3 for the Asbestos-Technical Review Unit; and 2 for the Safety Registration Licensing Unit.

Executive Budget Overview

The following is a summary of major budget actions from the Fiscal 2009 Adopted Budget to the Fiscal 2010 Executive Budget:

The November and Executive Plan reduces the Department's budget by \$2.32 million in Fiscal 2009 and by \$3.64 million in Fiscal 2010 to reflect the Program to Eliminate the Gap (PEGs) in the Fiscal 2010 Executive Budget:

- PS Savings: Non-safety Positions:** The Department achieved PS savings of \$1.5 million in Fiscal 2009 and \$2.75 million in Fiscal 2010 and the out-years by decreasing the PS Budget. This savings was accrued through the reduction of 24 non-safety positions beginning in Fiscal 2009 and an additional 16 non-safety positions beginning in Fiscal 2010, for a total of 40 positions. No critical non-safety positions were reduced, and all of the reductions were for unfilled vacancies.
- OTPS Savings: Supplies, Temps & Training:** The Department achieved OTPS savings of \$450,000 in Fiscal 2009; \$422,000 in Fiscal 2010; and \$410,000 in Fiscal 2011 and the out-years. The Fiscal 2009 savings consisted of reductions of \$100,000 for training; \$200,000 for the temporary worker contract; and \$150,000 for general supplies. Fiscal 2010 savings consisted of \$200,000 for training and \$222,000 for general supplies. Savings in Fiscal 2011 and the outyears consisted of \$200,000 for training and \$210,000 for general supplies.
- Fleet-Related Expense Reduction:** The Executive Plan further reduces the Department's budget by \$482,000 in Fiscal 2009 and \$472,000 in Fiscal 2010 and \$78,000 in the outyears to reflect Fleet-Related Expense Reduction. The Executive Plan shows a fleet reduction savings of \$472,000 in Fiscal 2010 and a vehicle maintenance savings of \$78,000 in Fiscal 2011 and the outyears. This action would reduce the Department's fleet by 25 vehicles.

The January Plan contained \$4.48 million in Fiscal 2009 and \$246,000 in Fiscal 2010 in City-funded New Needs for U/As 001 and 002 in the Fiscal 2010 Budget:

- Construction Demolition and Abatement (A-TRU Program):** The Department's January Plan included an increase of \$67,000 in Fiscal 2009 and \$246,000 in Fiscal 2010 and the out-years for the Construction Demolition and Abatement Unit of the Asbestos-Technical Review Unit (A-TRU) Program, which consists of one chief plan examiner, one licensed plan examiner, and one assistant plan examiner. The unit reviews permits for asbestos abatement projects that pose a risk to public safety. Costs are supported by revenues collected by the Department of Environmental Protection, which houses the rest of the A-TRU Program.
- Fiscal 2009 Projected Gaps to be Offset by Revenue:** The Department's January Plan included an additional \$4.4 million in Fiscal 2009 to fund projected gaps which are to be offset by additional revenue collected by the Department. The projected gap is the result of one-time OTPS funding such as elevator inspectors' contracts; temporary staffing contracts; DoITT intra-city telecommunication services; overtime funding; and a contract for the Model Code Program, where contracted project managers assist DOB in further defining requirements, analyzing and re-engineering processes, preparing implementation and training plans as it relates to the Model Code.

Revenues from building permits are coming in above budget and are used to fill in the projected Fiscal 2009 budget gaps.

The Executive Plan increases the Department's budget by \$2.20 million in Fiscal 2009 and by \$4.78 million in Fiscal 2010 to reflect the Other Adjustments in the Fiscal 2010 Executive Budget:

- **High Risk New Needs: Cranes, Concrete, Excavation Safety Contracts and Miscellaneous:** The Executive Plan reflects \$2.20 million in Fiscal 2009 and \$3.35 million in Fiscal 2010 for the High Risk New Needs: Cranes, Concrete, Excavation Safety Contracts and Miscellaneous. The funding will be used to implement the recommended procedural, systemic, and regulatory changes identified in the High-Risk Construction Oversight (HRCO) study, which was conducted after the March 2008 crane collapse at the Manhattan's Eastside.
- **PS Savings:** The Executive Plan reflects Personal Service (PS) Savings of \$3.06 million in Fiscal 2010 and in the outyears. These funds are associated with 49 headcount reductions, which are currently funded, vacant positions. The Department is working on a budget and staff re-structuring to determine how best to apply the savings in headcount and dollars. No construction inspector lines are targeted for this PEG.
- **Private Elevator Contracts:** The Executive Plan includes an additional \$3.1 million in Fiscal 2010 for the continuation of elevator inspection contracts.
- **Loft Board:** The Executive Plan includes an additional \$718,000 and 13 additional staff for Fiscal 2010 and in the outyears for the Loft Board. This funding includes a transfer of \$491,000 for the Loft Board that had been previously housed under the Mayor's Office, and \$227,000 in new funding for new personnel. The 13 additional positions (4 new, 8 full-time transferred, and 2 part-time transferred) include a director, attorneys, project managers, and administrative, but is subject to re-evaluation. Funding is also for OTPS including office operations and stipends for members who sit on the Board. All costs are primarily offset by revenue that is reflected in the City's Miscellaneous Revenue Budget.
- **AEU/ECB:** The Executive Plan includes an additional \$585,000 and 12 additional staff for Fiscal 2010 and in the outyears for the Administrative Enforcement Unit (AEU) as it relates to the Environmental Control Board (ECB) hearings. The staff processes caseloads for ECB hearings and includes 5 attorneys, 5 data entry clerks, and 2 principal administrative associates. AEU program costs will be partially offset by the projected annual ECB revenues credited to DOB.
- **Licensing Unit:** The Executive Plan includes \$85,000 and 2 additional staff for Fiscal 2010 and the out-years for the Safety Registration Licensing Unit. The 2 budgeted positions would be principal administrative associates. Licensing program costs will be offset by revenue that is reflected in the City's Miscellaneous Revenue Budget. As a result, there is no net impact to the City's budget.

PS and OTPS 001-002

The operating budget of an agency is structured into several levels, each of which provides varying levels of detail on an agency's spending plans. The City Charter requires that U/A's represent the amount appropriated for personal services (i.e. salaries) or Other Than Personal Services (i.e. supplies) for a particular program, purpose, activity or institution. The table below presents DOB's budget, comparing the Fiscal 2009 Adopted Budget to the Fiscal 2010 Executive Budget.

	2008 Actual Expenses	2009 Adopted Budget	2010 Preliminary Budget	2010 Executive Budget
Spending				
001 – Personal Services	\$76,778,681	\$83,303,342	\$84,334,244	\$83,967,967
002 – OTPS	\$22,631,138	\$23,989,614	\$11,737,594	\$17,888,049
Total	\$99,409,819	\$107,292,956	\$96,071,838	\$101,856,016
Funding				
City	\$99,409,819	\$107,292,956	\$96,071,838	\$101,856,016
Total	\$99,409,819	\$107,292,956	\$96,071,838	\$101,856,016
Headcount				
Full-time Positions	1,162	1,349	1,312	1,290

Supplemental Tables

Executive Budget Actions

The following table summarizes changes to the Fiscal 2009 and 2010 budgets since the Fiscal 2009 budget was adopted. The Non-City actions include State, Federal, Other Categorical, Intra-City and Capital Inter-Fund Agreement (IFA) funding changes.

Description	Fiscal 2009			Fiscal 2010		
	City	Non-City	Total	City	Non-City	Total
Agency Budget as per the January Plan	\$122,499	\$0	\$122,499	\$96,072	\$0	\$96,072
Executive Plan Programs to Eliminate the Gap (PEGs)						
Fleet-Related Expense Reduction	(\$482)		(\$482)	(\$472)		(\$472)
Total PEGs	(\$482)	\$0	(\$482)	(\$472)	\$0	(\$472)
Executive Plan New Needs						
Total New Needs	\$0	\$0	\$0	\$0	\$0	\$0
Executive Plan Other Adjustments						
High Risk New Needs: Cranes, Concrete, Excavation Safety Contracts and Miscellaneous	\$2,203		\$2,203	\$3,347		\$3,347
PS Savings	\$0		\$0	(\$3,057)		(\$3,057)
Private Elevator Contracts	\$0		\$0	\$3,100		\$3,100
Licensing Units	\$0		\$0	\$85		\$85
Loft Board	\$0		\$0	\$718		\$718
AEU/ECB	\$0		\$0	\$595		\$595
Collective Bargaining	\$654		\$654	\$1,339		\$1,339
Heat, Light and Power	(\$18)		(\$18)	\$87		\$87
Lease Adjustment	\$0		\$0	\$41		\$41
Total Other Adjustments	\$2,839	\$0	\$2,839	\$6,255	\$0	\$6,255
Total Executive Plan Budget Changes	\$2,357	\$0	\$2,357	\$5,783	\$0	\$5,783
Agency Budget as per the Executive Plan	\$114,856	\$0	\$114,856	\$101,856	\$0	\$101,856

Summary of Changes Since the June 2009 Plan

City Funds only, \$\$ 000's

	2009	2010	2011	2012	2013
June 2009 Plan	\$107,293	\$95,337	\$95,083	\$95,083	\$91,947
New Needs	\$4,478	\$246	\$246	\$246	\$246
Collective Bargaining	\$3,331	\$5,000	\$5,135	\$5,135	\$5,112
Other Adjustments	\$2,185	\$4,917	(\$458)	(\$406)	(\$354)
New Needs	(\$2,431)	(\$3,643)	(\$8,550)	(\$8,602)	(\$5,495)
Executive 2010 Plan	\$114,856	\$101,857	\$91,456	\$91,456	\$91,456