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HEARING ON THE FISCAL YEAR 2014 EXECUTIVE BUDGET FOR THE

DEPARTMENT OF BUILDINGS

May 20, 2013

EXECUTIVE BUDGET HIGHLIGHTS

- ☑ The Fiscal 2014 Executive Budget of the Department of Buildings (DOB) is \$103.6 million, which is 7.5 percent more than the \$96.4 million in the Fiscal 2013 Adopted Budget.
- ☑ **HURRICANE SANDY FEDERAL REIMBURSEMENT:** DOB incurred \$7.4 million in PS and OTPS expenses due to Hurricane Sandy. To date, DOB has received approximately \$2.4 million in FEMA reimbursement.
- ☑ **NEW NEEDS:**
 - DOB Contract Gaps: \$250,000 in Fiscal 2013 and \$500,000 in Fiscal 2014 and in the out years.
 - DOB Service Delivery: 19 Headcount (HC) and \$3.25 million in Fiscal 2013 and \$1.6 million in the out years.
 - Merchant Fees: \$450,000 in Fiscal 2013 and \$550,000 in Fiscal 2014.
 - Offsite Records Storage: \$775,000 in Fiscal 2013 and \$171,000 in Fiscal 2014 and the out years.
 - Retaining Wall Assessment: \$227,500 in Fiscal 2014 and \$220,000 in the out years.
- ☑ **OTHER ADJUSTMENTS:**
 - NYC Service Program-DOB: \$400,000 in Fiscal 2014.
 - Private Elevator Contracts: \$650,000 in Fiscal 2013 and \$4.9 million in Fiscal 2014.

FINANCE DIVISION

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DEPARTMENT OF BUILDINGS OVERVIEW

This report provides an overview of the Department of Building's (DOB) Fiscal 2014 Budget and a review of the significant initiatives included in the Executive Budget, and a summary of the Department's Revenue trends. Appendices 1-2 report the changes made to the Fiscal 2013 and Fiscal 2014 Budget since adoption of the Fiscal 2013 Budget. For additional information on the Department's Budget and its various programs, please refer to the "Fiscal 2014 Preliminary Report" available at the Council's website.

FINANCIAL SUMMARY

	2012	2013		2014	*Difference
<i>Dollars in Thousands</i>	Actual	Adopted	Exec. Plan	Exec. Plan	2013 - 2014
Budget by Program Area					
Personal Services	\$76,546	\$80,047	\$81,622	\$84,332	\$4,285
Other than Personal Services	18,500	16,325	26,522	19,255	2,930
TOTAL	\$95,046	\$96,372	\$108,144	\$103,587	\$7,215
Funding					
City Funds	N/A	\$96,372	\$108,144	\$103,587	\$7,215
TOTAL	N/A	\$96,372	\$108,144	\$103,587	\$7,215
Positions					
	1050	1095	1106	1128	33
TOTAL	1050	1095	1106	1128	33

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

NEW IN THE EXECUTIVE BUDGET

The Fiscal 2014 Executive Plan increases the Department's budget by \$7.2 million or 7.5 percent. At the time of Adoption in June 2012, the Fiscal 2014 Estimated Budget was \$91.8 million, which was \$4.6 million less than the Fiscal 2013 Adopted Budget of \$96.4 million. Budget actions—composed of the New Needs, and Other Adjustments in the November 2012, February 2013 and the May 2013 Plans—added \$11.8 million to the Fiscal 2014 Executive Budget. The net \$7.2 million increase between the Fiscal 2014 Executive Budget and the Fiscal 2013 Adopted Budget is, thus, a reflection of these budget actions (see Appendix 2).

HURRICANE SANDY CLEAN UP AND FEDERAL REIMBURSEMENT:

DOB incurred approximately \$7.4 million (\$1.7 million in PS and \$5.7 million in OTPS) in expenses for the Hurricane Sandy clean up. To date, DOB has received \$2.4 million in FEMA reimbursement, which is roughly 32.4 percent of the expenses incurred. The DOB Commissioner has testified at the Preliminary Budget hearing that he expects full reimbursement.

NEW NEEDS:

DOB CONTRACT GAPS. The Department is adding \$250,000 in Fiscal 2013 to fund the Emergency Crane Inspections and an additional \$500,000 in Fiscal 2014 and in the out years to realign the Department's telecommunication budget to historical actual spending.

DOB SERVICE DELIVERY. In order to improve enforcement and development service delivery, the Department received funding of \$1.6 million for Fiscal 2014 and in the out years to hire and fund 19 new staff. The agency also received an additional \$1.6 million in Fiscal 2014 only for overtime expenses to improve the response time to Quality of Life complaints.

MERCHANT FEES. The Department received \$450,000 in Fiscal 2013 and \$550,000 in Fiscal 2014 and Fiscal 2015 to help cover the increased cost of merchant fees for credit card transactions due to the increased volume of online filings.

OFFSITE RECORDS STORAGE. The Department received \$775,000 in Fiscal 2013 and \$171,000 in Fiscal 2014 and the out years to cover the cost of migrating DOB records from the current archive storage vendor to a new vendor in compliance with a citywide vendor requirement. The funding in the out years is to cover the increase in records management fees.

RETAINING WALL ASSESSMENT. The Department received \$227,500 in Fiscal 2014 and \$220,000 in the out years to allow DOB to hire 3 new staff to perform retaining wall assessments and compromised structure inspections. The agency will be charging \$355 for the retaining wall assessments and \$500 for the compromised structure inspections. The salaries of the new staff will be offset by these fees.

OTHER ADJUSTMENTS:

NYC SERVICE PROGRAM. DOB is allocating \$400,000 in Fiscal 2014 for the Cool Roofs Program, which is collaboration between NYC Service and DOB to promote and facilitate the cooling of the City's rooftops by applying a reflective surface to roofs to help reduce cooling costs, cut energy usage and lower greenhouse gas emissions.

PRIVATE ELEVATOR CONTRACTS. The Department is allocating \$650,000 in Fiscal 2013 and \$4.9 million in Fiscal 2014 for the year-to-year Private Elevator Contracts. The funding for these contracts has gradually increased from \$3.1 million to \$4 million to the current \$4.9 million for Fiscal 2014. The Department expects the revenue generated from the elevator inspections to cover the increased expense cost.

APPENDIX 1: BUDGET ACTIONS IN THE EXECUTIVE PLAN

<i>Dollars in Thousands</i>	Fiscal 2013			Fiscal 2014		
	City	Non-City	Total	City	Non-City	Total
Agency Budget as of the Fiscal 2014 Prelim Plan	\$98,204	\$7,900	\$106,104	\$93,751	\$0	\$93,751
New Needs						
DOB Contract Gaps	\$250		\$250	\$500		\$500
DOB Service Delivery	0		0	3,248		3,248
Merchant Fees	450		450	550		550
Offsite Records Storage	775		775	171		171
Retaining Wall Assessment	0		0	228		228
TOTAL New Needs	\$1,475	\$0	\$1,475	\$4,696	\$0	\$4,696
Other Adjustments						
Private Elevator Contracts	\$650		\$650	\$4,900		\$4,900
DOB NYC Service Program	0		0	400		400
Heat, Light and Power	(85)		(85)	(172)		(172)
Lease Adjustment	0		0	12		12
TOTAL Other Adjustments	\$565	\$0	\$565	\$5,140	\$0	\$5,140
TOTAL All Changes	\$2,040	\$0	\$2,040	\$9,836	\$0	\$9,836
Agency Budget as of the Fiscal 2014 Exec Plan	\$100,244	\$7,900	\$108,144	\$103,587	\$0	\$103,587

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

<i>Dollars in Thousands</i>	Fiscal 2013			Fiscal 2014		
	City	Non-City	Total	City	Non-City	Total
Agency Budget as of the Fiscal 2013 Adopted Plan	\$96,372	\$0	\$96,372	\$91,769	\$0	\$91,769
New Needs						
DOB Contract Gaps	\$250		\$250	\$500		\$500
DOB Service Delivery	0		0	3,248		3,248
Merchant Fees	450		450	\$550		550
Offsite Records Storage	775		775	171		171
Retaining Wall Assessment	0		0	228		228
Transfer of Licensing Exams	1,057		1,057	959		959
DOB Energy Audit Retrofit Unit	178		178	355		355
DOB Energy Compliance Unit	376		376	668		668
TOTAL New Needs	\$3,086	\$0	\$3,086	\$6,678	\$0	\$6,678
Other Adjustments						
Private Elevator Contracts	\$650		\$650	\$4,900		\$4,900
DOB NYC Service Program	0		0	400		400
Heat, Light and Power	(85)		(85)	(172)		(172)
Lease Adjustment	0		0	12		12
Longevity Different Increase	0		0	0		0
NYC Service Program Cool Roofs	221		221	0		0
DOB Sandy Expenses		7,900	7,900	0		0
TOTAL Other Adjustments	\$786	\$7,900	\$8,686	\$5,140	\$0	\$5,140
TOTAL All Changes	\$3,872	\$7,900	\$11,772	\$11,819	\$0	\$11,819
Agency Budget as of the Fiscal 2014 Exec Plan	\$100,244	\$7,900	\$108,144	\$103,588	\$0	\$103,588