

THE COUNCIL OF THE CITY OF NEW YORK

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Speaker of the Council

Hon. Antonio Reynoso
Chair, Committee on Sanitation and Solid Waste Management



Report of the Finance Division on the
Fiscal 2018 Preliminary Budget and the
Fiscal 2017 Preliminary Mayor's Management Report for the
Business Integrity Commission

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Business Integrity Commission

The Business Integrity Commission (BIC or the Commission) regulates and monitors the trade waste hauling industry and the wholesalers and businesses operating in the City's public wholesale markets, and ensures the integrity of businesses in these industries. Through vigorous background investigations of license and registration applications, the establishment of standards for services and conduct of business, and long-term criminal investigations, BIC carries out its mandate to make certain that these regulated industries and businesses remain free of organized crime and other forms of corruption. BIC protects New York City consumers by ensuring that businesses in certain industries and markets act in an honest way. By fostering an open marketplace, BIC ensures that businesses in those industries and markets are protected from unfair competition. BIC also has the authority to regulate the shipboard gambling industry.

Report Overview

This report provides a review of the Commission's Preliminary Budget for Fiscal 2018. The first section includes highlights of the \$8.5 million Fiscal 2018 Preliminary Budget, followed by BIC's contract budget. The report then provides analysis of miscellaneous revenues generated by the agency, and reviews relevant section of the Preliminary Mayor's Management Report (PMMR) for Fiscal 2017.

Fiscal 2018 Preliminary Budget Highlights

The City's Fiscal 2018 Preliminary Budget is \$84.67 billion, \$2.6 billion more than the Fiscal 2017 Adopted Budget of \$82.1 billion.

BIC Expense Budget						
<i>Dollars in Thousands</i>	2015	2016	2017	Preliminary Plan		*Difference
	Actual	Actual	Adopted	2017	2018	2017 - 2018
Personal Services	\$5,004	\$5,273	\$5,985	\$6,059	\$6,027	\$41
Other Than Personal Services	3,061	2,819	3,140	4,245	2,435	(705)
TOTAL	\$8,065	\$8,092	\$9,125	\$10,303	\$8,461	(\$664)

**The difference of Fiscal 2017 Adopted Budget compared to Fiscal 2018 Preliminary Budget.*

The Business Integrity Commission's Fiscal 2018 Preliminary Budget totals \$8.5 million (City funds); this represents less than one percent of the City's total Budget. The Business Integrity Commission's Fiscal 2018 Preliminary Budget is \$664,000 less than the Fiscal 2017 Adopted Budget of \$9.1 million.

The key actions impacting the Preliminary Plan includes the following:

- **OTPS Adjustment.** The Fiscal 2018 Preliminary Plan includes a net reduction of \$705,000 in OTPS costs related to \$453,000 in one-time funding BIC received in Fiscal 2017 for light and siren installation for new vehicles, bullet proof vest replacements, office cubicles related to space renovation, combined with a reduction of \$243,000 in software user licenses in Fiscal 2018.
- **Renovation Costs.** The Fiscal 2018 Preliminary Plan includes \$226,000 in Fiscal 2017 for renovation costs.

- **Lease Adjustment.** The Fiscal 2018 Preliminary Plan includes \$145,000 in Fiscal 2017 for a lease adjustment.

Financial Plan Summary

BIC Financial Summary						
<i>Dollars in Thousands</i>	2015	2016	2017	Preliminary Plan		*Difference
	Actual	Actual	Adopted	2017	2018	2017 - 2018
Spending						
Personal Services	\$5,004	\$5,273	\$5,985	\$6,059	\$6,027	\$41
Other Than Personal Services	3,061	2,819	3,140	4,245	2,435	(705)
TOTAL	\$8,065	\$8,092	\$9,125	\$10,303	\$8,461	(\$664)
Personal Services						
Additional Gross Pay	\$235	\$104	\$199	\$201	\$199	\$0
Full-Time Salaried - Civilian	4,710	5,113	5,762	5,815	5,803	41
Other Salaried & Unsalariated	16	0	0	0	0	0
Overtime - Civilian	48	57	24	42	24	0
P.S. Other	(5)	(2)	0	0	0	0
SUBTOTAL	\$5,004	\$5,272	\$5,985	\$6,058	\$6,026	\$41
Other Than Personal Services						
Contractual Services	\$335	\$447	\$125	\$343	\$117	(\$8)
Fixed & Misc. Charges	15	3	0	10	0	0
Other Services & Charges	2,262	2,000	2,369	3,161	2,126	(243)
Property & Equipment	330	266	543	586	89	(453)
Supplies & Materials	119	103	102	145	102	\$0
SUBTOTAL	\$3,061	\$2,819	\$3,139	\$4,245	\$2,435	(\$704)
TOTAL	\$8,065	\$8,092	\$9,125	\$10,303	\$8,461	(\$664)
Funding						
City Funds	\$0	\$0	\$9,125	\$9,823	\$8,461	(\$664)
Federal - Other			0	480	0	0
TOTAL	\$8,065	\$8,092	\$9,125	\$10,303	\$8,461	(\$664)
Budgeted Headcount						
Full-Time Positions - Civilian	72	77	88	89	88	0

**The difference of Fiscal 2017 Adopted Budget compared to Fiscal 2018 Preliminary Budget.*

As indicated by the table above, BIC's Fiscal 2018 Preliminary Budget decreased by \$664,000 when compared to its Fiscal 2017 Adopted Budget. The majority of this decrease can be attributed to \$453,000 in one-time funding BIC received in Fiscal 2017 that did not carry into Fiscal 2018 for light and siren installation for new vehicles, bullet proof vest replacements, office cubicles related to space renovation, combined with a reduction of \$243,000 as less software user licenses and accompanying annual support / maintenance are needed in Fiscal 2018. This amount is modestly offset by an increase of \$41,000 attributed to collective bargaining costs.

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 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.

The following table provides BIC's Preliminary Contract Budget for Fiscal 2018.

BIC Fiscal 2018 Preliminary Contract Budget				
<i>Dollars in Thousands</i>				
Category	Fiscal 2017 Adopted	Number of Contracts	Fiscal 2018 Preliminary	Number of Contracts
Cleaning Services	\$7	1	\$6	1
Contractual Services - General	2	2	2	2
Data Processing Equipment Maintenance	42	1	42	1
Maintenance and Repairs - Motor Vehicle Equip	21	1	21	1
Office Equipment Maintenance	4	1	4	1
Prof. Services - Other	25	1	20	1
Temporary Services	25	1	23	1
TOTAL	\$126	8	\$118	8

The City's Contract Budget, as proposed, totals \$14.3 billion in Fiscal 2018, a decrease of \$690 million or 4.6 percent when compared to the Fiscal 2017 Adopted Budget of \$14.99 billion. For BIC, the Contract Budget for Fiscal 2018 is approximately \$118,000. The largest category for BIC, Data Processing Equipment, includes one contract in Fiscal 2018 for \$42,000 related to software maintenance support for BIC's auditing unit.

Revenue Budget

BIC Miscellaneous Revenue Budget Overview						
<i>Dollars in Thousands</i>						
Revenue Sources	2015	2016	2017	Preliminary Plan		*Difference
	Actual	Actual	Adopted	2017	2018	2017 - 2018
Licenses - General	\$4,118	\$4,800	\$5,000	\$5,000	\$4,200	(\$800)
Investigation Fees	122	122	122	122	122	0
Wholesale Markets	239	0	239	239	239	0
Administrative Violations	1,500	1,000	1,000	1,000	1,000	0
Federal Grants Categorical	1,371	1,095	0	480	0	0
State Grants Categorical	0	11	0	0	0	0
TOTAL	\$7,350	\$7,028	\$6,361	\$6,841	\$5,561	(\$800)

**The difference of Fiscal 2017 Adopted Budget compared to Fiscal 2018 Preliminary Budget.*

BIC is a revenue-generating agency. Revenues are derived from 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 \$4.2 million, or 75.5 percent of total revenue generated in Fiscal 2018 will be from license and registration applications. Construction and demolition removal registration and market registration for wholesale markets are also administered by BIC. Licenses – General revenue is projected to be down \$800,000 or 16 percent in Fiscal 2018 due to the agency's license / registration application process being on a two-year renewal cycle, and therefore, Fiscal 2018 application renewal volume will be lower than Fiscal 2017.

Approximately \$1 million, or 18 percent of total projected revenue will be generated through administrative violations. 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 collected by the ECB is not represented in the chart above.

Performance Measures

BIC has the responsibility to process licenses and registrations in a timely manner. The number of waste hauling applications pending at the end of the first four months of Fiscal 2017 is 494, and the average age of pending applications is 228 days, a decrease of 40.5 percent and an increase of 14.6 percent, respectively when compared to the same period in Fiscal 2016. Both performance measures were above their target average.

BIC continued to be judicious and thorough in the issuance of violations during the first four months of Fiscal 2017. As a result, 100 percent of violations issued and heard in Fiscal 2017 before the Environmental Control Board (ECB), and the Office of Administrative Trials and Hearings (OATH) were admitted to or upheld remained the same when compared to the same period in Fiscal 2016.

The Commission must also process registration applications for public wholesale businesses. In the first four months of Fiscal 2017, the average approval time was 299 days, an increase of 15.5 percent when compared to the first four months of Fiscal 2016.

BIC Performance Indicators	Actual			Target		4-Month Actual	
	FY14	FY15	FY16	FY17	FY18	FY16	FY17
Violations issued to private waste haulers	888	1166	892	NA	NA	239	265
Violations issued to legally operating private waste haulers	733	827	709	NA	NA	178	115
Violations issued to illegally operating private waste haulers	155	339	183	NA	NA	61	150
Total waste hauling applications denied (%)	3.90%	4.20%	4.40%	NA	NA	4.40%	0%
Waste hauling complaints received	519	513	449	NA	NA	212	150
Violations admitted to or upheld at the Office of Administrative Trials and Hearings (%)	90.5%	91.5%	98.0%	NA	NA	100%	100%
Average time to approve waste hauling applications (days) - New and Renewal	96	234	235	DOWN	DOWN	197	232
Average time to approve waste hauling applications (days) - New	103	235	154	DOWN	DOWN	158	150
Average time to approve waste hauling applications (days) - Renewal	94	234	254	DOWN	DOWN	206	258
Average age of pending waste hauling applications (days)	221	208	214	180	180	199	228
Waste hauling applications pending	523	762	600	300	300	830	494
Waste hauling applications approved - New and Renewal	770	737	994	NA	NA	205	244
Waste hauling applications approved - New	128	166	187	NA	NA	38	59
Waste hauling applications approved - Renewal	642	571	807	NA	NA	167	185
Violations issued at public wholesale markets	79	45	97	NA	NA	40	24
Violations admitted to or upheld at the Environmental Control Board (%)	94.0%	99.4%	98.3%	NA	NA	100%	100%
Public wholesale market applications denied (%)	3.20%	2.50%	2.50%	NA	NA	2.50%	2.50%
Average time to approve public wholesale market applications (days)	152	382	309	200	200	259	299
Average age of pending public wholesale market applications (days)	256	324	215	NA	NA	188	220
Public wholesale market applications approved	68	49	62	NA	NA	13	54

Appendix A: Budget Actions in the November and the Preliminary Plans

<i>Dollars in Thousands</i>	FY 2017			FY 2018		
	City	Non-City	Total	City	Non-City	Total
BIC as of the Adopted 2017 Budget	\$9,125	\$0	\$9,125	\$8,218	\$0	\$8,218
New Needs						
OTPS Adjustment	\$327	\$0	\$327	\$244	\$0	\$244
Renovation Costs	226	0	226	0	0	0
Subtotal, New Needs	\$553	\$0	\$553	\$244	\$0	\$244
Other Adjustments						
Establish OTPS Forfeiture	\$0	\$407	\$407	\$0	\$0	\$0
Establish PS Forfeiture Budget	0	73	73	0	0	0
Lease Adjustment	146	0	146	0	0	0
Subtotal, Other Adjustments	\$146	\$480	\$626	\$0	\$0	\$0
TOTAL, All Changes	\$699	\$480	\$1,179	\$244	\$0	\$244
BIC as of the Preliminary 2018 Budget	\$9,824	\$480	\$10,303	\$8,461	\$0	\$8,461