

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 on the Fiscal 2016 Preliminary Budget and the
Fiscal 2015 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. 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.

This report provides a review of the Commission's Preliminary Budget for Fiscal 2016. The first section includes highlights of the \$7.4 million Fiscal 2016 Preliminary Budget. The report then presents the BIC's contract budget, provides analysis of miscellaneous revenues generated by the agency, and also reviews relevant sections of the Preliminary Mayor's Management Report (PMMR) for Fiscal 2016.

Fiscal 2016 Preliminary Budget Highlights

BIC Financial Summary						
	2013	2014	2015	Preliminary		*Difference
<i>Dollars in Thousands</i>	Actual	Actual	Adopted	2015	2016	2015 - 2016
Spending						
Personal Services	\$4,888	\$4,949	\$5,075	\$5,336	\$5,369	\$294
Other Than Personal Services	2,107	2,311	1,935	3,373	2,069	134
Total	\$6,995	\$7,259	\$7,009	\$8,709	\$7,437	\$428

**The difference of Fiscal 2015 Adopted Budget compared to Fiscal 2016 Preliminary Budget.*

The City Fiscal 2016 Budget is \$77.7 billion, \$2.7 billion more than the Fiscal 2015 Adopted Budget of \$75 billion. City funds (City tax and non-tax revenues, excluding Capital Budget transfers) total \$57 billion, up \$2.1 billion from \$54.8 billion in the Adopted Budget. For BIC, the Fiscal 2016 Preliminary Budget includes \$7.4 million (including City and Non-City funds). This represents less than one percent of the City's total budget. The increase of \$428,000 is due to changes in the November Plan and the Fiscal 2016 Preliminary Plan which mainly reflect personal services adjustments, DC37 collective bargaining costs, and a lease adjustment.

Financial Summary

BIC Financial Summary						
<i>Dollars in Thousands</i>	2013	2014	2015	Preliminary		*Difference
	Actual	Actual	Adopted	2015	2016	2015 - 2016
Spending						
Personal Services	\$4,888	\$4,949	\$5,075	\$5,336	\$5,369	\$294
Other Than Personal Services	2,107	2,311	1,935	3,373	2,069	134
Total	\$6,995	\$7,259	\$7,009	\$8,709	\$7,437	\$428
Spending						
Personal Services						
Full-Time Salaried - Civilian	\$4,631	\$4,691	\$4,801	\$5,107	\$5,145	\$344
Other Salaried and Unsalariated	45	0	50	0	0	(50)
Additional Gross Pay	168	218	199	200	199	0
Overtime - Civilian	48	43	24	28	24	0
P.S. Other	(4)	(3)	0	0	0	0
Subtotal	\$4,888	\$4,949	\$5,075	\$5,336	\$5,369	\$294
Other Than Personal Services						
Supplies and Materials	\$111	\$98	\$134	\$170	\$134	\$0
Fixed and Misc Charges	2	5	0	1	0	0
Property and Equipment	101	156	21	367	21	0
Other Services and Charges	1,699	1,680	1,435	2,144	1,710	274
Contractual Services	194	372	344	692	204	(140)
Subtotal	\$2,107	\$2,311	\$1,935	\$3,373	\$2,069	\$134
TOTAL	\$6,995	\$7,259	\$7,009	\$8,709	\$7,437	\$428
Funding						
City Funds			\$7,009	\$7,431	\$7,437	\$428
Federal - Other			0	1,278	0	0
TOTAL	\$6,995	\$7,259	\$7,009	\$8,709	\$7,437	\$428
Budgeted Headcount						
Full-Time Positions - Civilian	72	64	80	81	80	0
TOTAL	72	64	80	81	80	0

**The difference of Fiscal 2015 Adopted Budget compared to Fiscal 2016 Preliminary Budget.*

The Fiscal 2016 Preliminary Budget for BIC is \$7.4 million which is \$428,000 more than was projected in the Fiscal 2015 Adopted Budget. The personal services spending increase of \$294,000 is mainly attributed to DC37 collective bargaining costs and a technical adjustment to move one employee to a full-time salaried position.

The other than personal services spending increase of \$134,000 represents costs associated with a technical adjustment within other services, and charges to obtain sales force computer licenses to operate the internal NIMBUS system for all staff, and a lease adjustment. The NIMBUS project allows the agency to consolidate its computer systems into a cloud-based platform and increase communication efficiency amongst staff.

Contract Budget

BIC Fiscal 2016 Preliminary Contract Budget				
Category <i>Dollars in Thousands</i>	Fiscal 2015 Adopted	Number of Contracts	Fiscal 2016 Preliminary	Number of Contracts
Contractual Services General	\$289	2	\$105	2
Maintenance and Repair Motor Vehicle Equipment	1	1	1	1
Maintenance and Repair General	1	1	1	1
Office Equipment Maintenance	3	1	47	1
Temporary Services	25	1	25	1
Cleaning Services	2	1	2	1
Professional Services Other	22	1	22	1
Total	\$344	8	\$204	8

The City's Contract Budget, as proposed, totals \$12.4 billion in Fiscal 2016, an increase of \$438 million, or 3.7 percent, when compared to the Fiscal 2015 Adopted Budget of \$12 billion. For BIC, the Contract Budget for Fiscal 2016 is approximately \$204,000. The largest category for BIC, Contractual Services – General, includes two contracts for a total of \$105,000 related to the Commission's NIMBUS project. The decrease from the Fiscal 2015 Adopted Budget associated with this project is related to a technical adjustment which moved funding from the Contract Budget to the Expense Budget.

Revenue

BIC Miscellaneous Revenue Budget Overview						
Revenue Sources <i>Dollars in Thousands</i>	2013	2014	2015	Preliminary		*Difference
	Actual	Actual	Adopted	2015	2016	2015 - 2016
Licenses - General	\$4,474	\$4,341	\$4,118	\$4,118	\$3,875	(\$243)
Other Services and Fees	784	562	361	361	588	228
Fines - General	1,828	1,391	1,500	1,500	1,500	0
Sundries	0	4	0	0	0	0
Asset Forfeitures	138	444	0	0		0
Local Law Enforcement Block Grants Program	13	9	0	0	0	0
Local Government Records Management	75	42	0	0	0	0
Total	\$7,312	\$6,793	\$5,979	\$5,979	\$5,963	(\$16)

**The difference of Fiscal 2015 Adopted Budget compared to Fiscal 2016 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 \$3.9 million, or 65 percent of total revenue generated in Fiscal 2016, will be from license and registration applications. This is a decrease of \$243,000 when compared to the Fiscal 2015 Adopted Budget due to a reduction of licenses/registrations by trade waste carters, landscapers, and brokers. Construction and demolition removal registration and market registration for wholesale markets are also done by BIC and included in this decrease. License/ registration fees are on a two-year cycle, therefore even years have fewer renewals.

Approximately \$1.5 million, or 25.2 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 collected by the ECB is not represented in the chart above.

Performance Measures

Performance Indicators	Actual			Target		4-Month Actual	
	FY12	FY13	FY14	FY15	FY16	FY14	FY15
Violations issued to private waste haulers	1,601	1,145	883	*	*	245	513
Violations issued - Other (not licensees or registrants)	271	245	203	*	*	22	199
Violations issued - Licensees	673	511	484	*	*	92	305
Violations issued - Registrants	657	388	196	*	*	131	9
Waste hauling background investigations completed	998	1,267	911	*	*	371	168
Total waste hauling applications denied (%)	3.6%	3.9%	3.9%	*	*	3.9%	4.2%
Waste hauling applications denied - License (%)	9.3%	8.8%	9.0%	*	*	9.0%	9.4%
Waste hauling applications denied - Registration (%)	2.4%	2.9%	2.9%	*	*	2.9%	3.0%
Waste hauling complaints received	594	534	519	*	*	166	205
Waste hauling applications under long-term investigation (total)	49	36	50	*	*	33	46
Average time to approve waste hauling licenses (days)	175	136	148	175	175	137	234
Average time to approve waste hauling license applications (days) - New	129	150	92	*	*	97	189
Average time to approve waste hauling license applications (days) - Renewal	194	159	168	*	*	151	246
Average time to approve waste hauling registrations (days)	112	100	86	105	105	79	181
Average time to approve waste hauling registration applications (days) - New	121	129	92	*	*	89	159
Average time to approve waste hauling registration applications (days) - Renewal	109	93	89	*	*	81	187
Average age of pending waste hauling applications (days)	168	198	221	180	180	176	230
Average age of pending waste hauling applications (days) - New	256	313	434	*	*	330	397
Average age of pending waste hauling applications (days) - Renewal	135	153	147	*	*	126	178
Waste hauling applications pending	419	331	523	300	300	351	583
Waste hauling applications pending - New	115	83	139	*	*	86	141
Waste hauling applications pending - Renewal	304	248	384	*	*	265	452
Waste hauling licenses approved	103	146	92	*	*	42	23
Waste hauling licenses approved - New	18	45	24	*	*	11	5
Waste hauling licenses approved - Renewal	85	101	68	*	*	31	18
Waste hauling registrations approved	747	960	678	*	*	246	149
Waste hauling registrations approved - New	176	164	104	*	*	35	33
Waste hauling registrations approved - Renewal	571	796	574	*	*	211	116
Violations issued at public wholesale markets	323	134	79	*	*	32	29
Violations admitted to or upheld at the Environmental Control Board (%)	93.8%	88.5%	94.0%	*	*	94.9%	98.2%
Public wholesale market applications denied (%)	2.2%	3.0%	3.2%	*	*	3.2%	2.3%
Public wholesale market applications under long-term investigations (total)	14	17	15	*	*	0	14
Public wholesale market background investigations completed	726	593	217	*	*	161	7
Average time to approve public wholesale market registrations (days)	221	151	152	200	200	114	231

Performance Indicators	Actual			Target		4-Month Actual	
	FY12	FY13	FY14	FY15	FY16	FY14	FY15
Average time to approve public wholesale market registrations (days) - New	202	277	157	*	*	84	0
Average time to approve public wholesale market registrations (days) - Renewal	243	117	152	*	*	124	231
Average age of pending public wholesale market applications (days)	243	246	256	*	*	227	375
Average age of pending public wholesale market applications (days) - New	392	427	399	*	*	373	528
Average age of pending public wholesale market applications (days) - Renewal	137	131	177	*	*	154	272
Public wholesale market registrations approved	50	85	68	*	*	32	7
Public wholesale market registrations approved - New	19	18	12	*	*	6	0
Public wholesale market registrations approved - Renewal	31	67	56	*	*	26	7
Public wholesale market photo identifications issued	237	229	89	*	*	61	5
Replacement of public wholesale market photo identifications	14	12	11	*	*	3	8
Letters responded to in 14 days (%)	100%	100%	100%	*	*	100%	100%
E-mails responded to in 14 days (%)	100%	100%	100%	*	*	100%	100%
Completed customer requests for interpretation	218	109	56	*	*	N/A	N/A
Number of emails sent to an agency (through NYC.gov or a publicized agency email address)	252	243	193	*	*	72	59
Number of letters sent to an agency	74	66	34	*	*	22	10
Average wait time to speak with a customer service agent (minutes)	2:5	2:57	2	*	*	N/A	N/A
Number of visits made to an agency walk-in facility	3,144	2,465	2,303	*	*	N/A	N/A
CORE facility rating	98	95	93	*	*	N/A	N/A

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 168 background investigations in the first four months of Fiscal 2015, a 54.7 percent reduction from the same period in Fiscal 2014.

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 four months of Fiscal 2015 is 583, and the average age of pending applications is 230 days, an increase of 66.1 percent and of 30.6 percent, respectively, as compared to the same period in Fiscal 2014. Both performance measures were above their target average. For waste hauling registrations, 149 were approved in the first quarter of Fiscal 2015 with an average approval time of 181 days, a decrease of 39.4 percent and increase of 129.1 percent, respectively, as compared to the same period in Fiscal 2014. The average approval time for waste hauling registrations was above its target average. There were 23 waste hauling licenses approved in the first four months of Fiscal 2015, with an average approval time of 234 days, a decrease of 45.2 percent and increase of 70.8 percent, respectively, as compared to the first four of Fiscal 2014.

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 seven background investigations for new and renewal public wholesale market applications in the first four

months of Fiscal 2015 and issued 29 violations. Compared to the same period in Fiscal 2014, this is a decrease of 95.7 percent in background checks completed and 9.4 percent in violations issued. Of those violations issued, 98.2 percent were uncontested or were upheld at the ECB in Fiscal 2015 as compared to 94.9 percent in Fiscal 2014.

The Commission must also process registration applications for public wholesale businesses in a timely manner. In the first four months of Fiscal 2015, seven wholesale market registrations were approved with an average approval time of 231 days, a decrease of 78.1 percent and increase of 102 percent, respectively, as compared to the first four months of Fiscal 2014. The average time to approve public wholesale market registrations was above its target average.

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

<i>Dollars in Thousands</i>	FY 2015			FY 2016		
	City	Non-City	Total	City	Non-City	Total
BIC Budget as of the Adopted 2015 Plan	\$7,010	\$0	\$7,010	\$7,010	\$0	\$7,010
Other Adjustments						
Additional Fed Funds to Budget	\$0	\$250	\$250	\$0	\$0	\$0
DC37 Collective Bargaining Adjustment	97	0	97	152	0	152
FY'15 Federal Forfeiture Budge	0	300	300	0	0	0
PS Adjustments	112	0	112	142	0	142
Additional forfeiture PS funds	0	4	4	0	0	0
Additional funds - forfeiture	0	724	724	0	0	0
Lease adjustment	213	0	213	134	0	134
Subtotal Other Adjustments	\$422	\$1,278	\$1,700	\$428	\$0	\$428
Total All Changes	\$422	\$1,278	\$1,700	\$428	\$0	\$428
BIC Budget as of the Preliminary 2016 Plan	\$7,432	\$1,278	\$8,710	\$7,438	\$0	\$7,438