

THE COUNCIL OF THE CITY OF NEW YORK

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Speaker of the Council

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Chair, Committee on Housing and Buildings



Report of the Finance Division on the
Fiscal 2018 Preliminary Budget and the
Fiscal 2017 Preliminary Mayor's Management Report for the
Department of Buildings

March 15, 2017

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Department of Buildings Overview

The Department of Buildings (DOB or the Department) ensures the safe and lawful use of more than one million buildings and properties by enforcing the City's Building Code, the City's Zoning Resolution, New York State Labor Law, and New York State Multiple Dwelling Law. The Department enforces compliance with these regulations through plan examinations, permitting, property inspections, and licensing functions. Anyone who intends to demolish, alter, or build an addition to an existing structure or erect a new structure must obtain a building permit from DOB to ensure that the resulting property structure complies with all applicable laws.

This report provides a review of DOB's Preliminary Budget for Fiscal 2018. In the first section, the highlights of the Fiscal 2018 Preliminary Budget are presented, followed by a summary of the Department's Contract Budget, Revenue and Construction Permit trends, and performance indicators. The report then discusses initiatives included in the November and Preliminary Financial Plans and reviews relevant sections of the Preliminary Mayor's Management Report (PMMR) for Fiscal 2017.

Fiscal 2018 Preliminary Budget Highlights

The City's Fiscal 2018 Preliminary Budget is \$84.7 billion, \$2.6 billion more than the Fiscal 2017 Adopted Budget of \$82.1 billion. City funds (City tax and non-tax revenues) total \$61.6 billion, up \$1.7 billion from \$59.9 billion in the Adopted Budget. The Fiscal 2018 Preliminary Budget reflects significant investments in public schools, public safety, and infrastructure.

The Department's Fiscal 2018 Preliminary Budget totals \$157.6 million (of which only \$500,000 is comprised of federal funds); an eight percent decrease over the Fiscal 2017 Adopted Budget. In Fiscal 2018, spending on Personal Services (PS) increases by a net of \$1.5 million, with overtime pay remaining flat at \$3.4 million. DOB's Fiscal 2018 Preliminary Budget also reflects a \$14.9 million reduction in City funds from the Fiscal 2017 Adopted Budget, and Other Than Personal Services (OTPS) spending declines by an almost equivalent amount, due to various plan adjustments and expenses that are not yet baselined. Historically, year-over-year deficits are addressed at adoption and are often restored.

DOB Financial Summary						
<i>Dollars in Thousands</i>						
	2015	2016	2017	Preliminary Plan		*Difference
	Actual	Actual	Adopted	2017	2018	2017 - 2018
Spending						
Personal Services	\$88,164	\$97,392	\$126,837	\$124,380	\$128,300	\$1,463
Other Than Personal Services	20,509	37,332	45,235	45,822	29,328	(15,908)
TOTAL	\$108,673	\$134,725	\$172,072	\$170,202	\$157,628	(\$14,444)
Personal Services						
Additional Gross Pay	\$4,125	\$2,195	\$1,072	\$1,072	\$1,072	\$0
Additional Gross Pay - Labor Reserve	691	57	3,981	2,702	0	(3,981)
Amounts to be Scheduled	0	0	35	35	0	(35)
Fringe Benefits	30	35	3	3	3	0
Full-Time Salaried - Civilian	75,431	85,997	115,617	116,276	122,925	7,308
Full-Time Salaried - Holding Code	0	0	1,809	0	0	(1,809)
Overtime - Civilian	7,109	8,323	3,432	3,432	3,432	0
P.S. Other	9	4	0	0	0	0
Unsalariated	768	781	888	860	868	(20)
SUBTOTAL	\$88,164	\$97,392	\$126,837	\$124,380	\$128,300	\$1,463
Other Than Personal Services						
Contractual Services	\$7,521	\$8,985	\$12,399	\$13,171	\$9,464	(\$2,935)
Contractual Services - Professional Service	3,536	11,347	20,211	18,858	8,290	(11,921)
Fixed & Misc. Charges	0	130	0	132	0	0
Other Services & Charges	4,651	7,287	5,018	6,263	6,569	1,551
Property & Equipment	2,896	6,203	2,636	3,598	2,195	(441)
Supplies & Materials	1,906	3,381	4,972	3,800	2,810	(2,162)
SUBTOTAL	\$20,509	\$37,332	\$45,235	\$45,822	\$29,328	(\$15,908)
TOTAL	\$108,673	\$134,725	\$172,072	\$170,202	\$157,628	(\$14,444)
Funding						
City Funds	\$108,673	\$134,725	\$172,072	\$169,703	\$157,128	(\$14,944)
Federal - Community Development	0	0	0	500	500	500
TOTAL	\$108,673	\$134,725	\$172,072	\$170,202	\$157,628	(\$14,444)
Budgeted Headcount						
Full-Time Positions - Civilian	1,099	1,311	1,630	1,630	1,587	(43)
TOTAL	1,099	1,311	1,630	1,630	1,587	(43)

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

The changes reflected in DOB's Fiscal 2018 Preliminary Budget are primarily due to: prior year adjustments; new staffing needs associated with inspectors; the One City Built to Last initiative; administrative support; and funding for collective bargaining agreements.

The Fiscal 2018 Preliminary Plan includes these key actions for DOB:

- **Headcount.** The Fiscal 2018 Preliminary Budget supports a workforce of 1,587 full-time positions, a decrease of 43 positions from the Fiscal 2017 Adopted Budget. The Department's Fiscal 2018 Preliminary Budget allocates \$1.7 million in funding for an additional 21 positions to support core functions at DOB. These actions are further outlined below.
- **One City Built to Last.** City funds of \$1.3 million are added in Fiscal 2018 for an additional 15 positions to support work related to the One City Built to Last initiative, including 11 technical positions, two inspectors and two administrative employees. The Department's Fiscal 2016 Executive Budget introduced the One City Built to Last

initiative, comprised of several strategic initiatives and actions intended to streamline online operations and reduce processing times for construction applications, strengthen proactive enforcement tools, and expedite the review process for new affordable housing production. Together these actions called for the addition of 320 new positions and an increase of \$120 million over four years at DOB. As of the Fiscal 2018 Preliminary Plan, DOB has hired 270 people and spent down \$12.5 million (\$10.6 million in PS and \$1.9 million in OTPS) for the One City Built to Last initiative. The annualized cost of these 15 positions is \$1.3 million, which is baselined through Fiscal 2021.

- **Gas and Plumbing.** City funds of \$420,000 are added in Fiscal 2018 for the hiring of six positions to support work related to the inspection and certification of gas and plumbing systems. Specifically, this funding supports the hiring of five inspectors and one administrative employee. As of the Fiscal 2018 Preliminary Plan, there are 28 inspectors assigned to conduct gas related inspections and 70 inspectors assigned to plumbing inspections citywide, which includes gas work. The annualized cost of these six positions is \$390,000, which is baselined through Fiscal 2021.
- **Wind Study.** A total of \$500,000 in federal Community Development Block Grant (CDBG) funding is added in Fiscal 2017 and Fiscal 2018 to study the effects of wind on New York City buildings. The study will examine the impact of wind in urban areas and assess damage to structural components of buildings due to high winds on existing buildings, buildings under construction, and buildings that were raised in coastal areas due to flooding. In addition, the study will examine methods of local wind velocity prediction in order to improve monitoring methods.
- **Collective Bargaining Increase.** City funds of \$72,000 are added in Fiscal 2017 and \$87,000 in Fiscal 2018 through Fiscal 2020 as a result of collective bargaining agreements. This funding impacts the union, Communication Workers of America - Local 1180.
- **Citywide Savings Program.** DOB will achieve City tax-levy savings of \$2.5 million in Fiscal 2017 upon assessment that service levels can be maintained with existing headcount. In addition, DOB estimates that the City will achieve additional savings of \$652,000 in Fiscal 2017 and \$3.3 million in Fiscal 2018 through Fiscal 2021, from the increased collection of compliance filings achieved through technological efficiencies.
- **Miscellaneous Revenue from Permit Penalties and Construction Permits.** DOB has estimated that the City will realize an additional \$13.1 million in revenue, above the already budgeted \$33 million in Fiscal 2017, for the collection of fees from building permits. In addition, DOB has estimated that the City will realize an additional \$7 million above the already budgeted \$156.2 million in Fiscal 2017 for the collection of fees from construction permits and an additional \$12 million from building inspection fees. The DOB Development Hub, along with the use of e-filing, has accelerated the construction project approval process and this has resulted in revenue gains from licenses and permits, as well as charges for services, and fines.

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.

The City's Contract Budget totals \$14.39 billion in Fiscal 2018, a decrease of \$604.9 million or four percent when compared to the Fiscal 2017 Adopted Budget of \$14.99 billion. DOB's Fiscal 2018 Preliminary Budget includes 10 registered City contracts, at a total cost of \$17.8 million, which represents a \$14.8 million decrease from the Fiscal 2017 Adopted Budget. Of these registered contracts, two are for general contract services, which include private elevator contracts.

DOB Fiscal 2018 Preliminary Contract Budget				
<i>Dollars in Thousands</i>				
Category	Fiscal 2017 Adopted	Number of Contracts	Fiscal 2018 Preliminary	Number of Contracts
Contractual Services - General	\$9,866,958	2	\$7,986,958	2
Data Processing Equipment Maintenance	1,526,792	1	171,604	1
Office Equipment Maintenance	252,000	1	252,000	1
Prof. Services - Computer Services	13,040,019	1	2,933,000	1
Prof. Services - Engineering and Architectural Services	4,750,000	1	4,250,000	1
Prof. Services - Other	2,420,572	1	1,107,072	1
Security Services	185,000	1	485,000	1
Temporary Services	33,000	1	33,000	1
Training Program for City Employees	535,000	1	535,000	1
TOTAL	\$32,609,341	10	\$17,753,634	10

Revenue

DOB collects revenue from the issuance of licenses and permits, charges for services such as inspection fees, and fines for late filings. In recent years, DOB has implemented several revenue generating initiatives, including improved service delivery in enforcement and development areas and implementing an online inspection program. These actions have resulted in a significant increase in the Department's ability to collect revenue. In Fiscal 2018, the agency expects to generate \$247.5 million in revenue, while total expenditures are projected to be \$157.6 million. In the Fiscal 2018 Preliminary Budget, DOB expects to generate \$166.9 million from license, construction permit, and franchise fees, \$34.2 million from charges for services, and \$46.4 million from the collection of fines and forfeitures. Overall, construction permits are projected to account for 60 percent of the Department's total miscellaneous revenue generated in Fiscal 2018, totaling \$148.5 million.

DOB 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, Permits & Franchises						
Licenses for Tradesmen	\$ 2,533	\$ 3,068	\$ 2,140	\$ 2,735	\$ 2,140	\$ -
Building Permits	28,369	33,152	19,952	33,000	14,000	(5,952)
Illuminated Signs	3,262	2,687	2,236	3,000	2,236	0
Construction Permits	163,460	159,665	139,000	156,225	148,504	9,504
Subtotal, Licenses, Permits & Franchises	\$197,624	\$198,573	\$163,328	\$194,960	\$166,880	\$ 3,552
Charges for Services						
Building Inspection Fees	\$ 12,735	\$ 12,235	\$ 12,620	\$ 11,900	\$ 12,620	\$ -
Scaffold Notification Fees	441	298	375	375	375	0
Electrical Inspection Fees	0	9,938	6,500	9,900	6,500	0
Microfilm Fees	11,718	12,009	9,118	11,800	8,398	(720)
Reinspection Fees	1,055	1,004	200	1,000	200	0
Loft Board Fees	1,428	1,776	595	1,400	595	0
Elevator Inspection Fees	5,503	5,018	5,490	5,490	5,490	0
Unsafe Building Fees	46	30	45	45	45	0
Subtotal, Charges for Services	\$ 32,925	\$ 42,308	\$ 34,943	\$ 41,910	\$ 34,223	\$ (720)
Fines & Forfeitures						
Late Filing/No Permit Penalties	\$ 52,053	\$ 60,403	\$ 43,400	\$ 44,052	\$ 46,360	\$ 2,960
Subtotal, Fines & Forfeitures	\$ 52,053	\$ 60,403	\$ 43,400	\$ 44,052	\$ 46,360	\$ 2,960
TOTAL	\$282,602	\$301,283	\$241,671	\$280,922	\$247,463	\$ 5,792

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

Construction Permits

DOB issued construction permits are classified into three major categories: New buildings; major renovation (Alterations 1, which include major renovations and demolitions); and minor renovation (Alterations 2 and 3, which include minor renovations such as façade repairs and home renovations). In August 2016, DOB launched the first phase of DOB NOW, a new electronic system designed to digitize job filings, building inspections and complaints. This new system, along with the use of e-filing, has accelerated the construction project approval process and has resulted in revenue gains from licenses and permits, charges for services and fines. As such, the number of building permits issued has steadily increased in recent years from a ten-year low of 74,280 in 2010 to a ten-year high of 109,277 in 2016. Similarly, revenue generated from construction permits has also increased during the same time period. In 2016, construction permits accounted for \$160.6 million in revenue for the agency.

DOB Construction Permits	Actual										
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Building permits issued - Initial	85,742	84,983	86,845	78,742	74,280	83,151	87,190	88,290	98,302	104,087	109,277
New buildings	6,680	5,641	4,321	2,067	1,455	1,541	1,496	1,540	2,080	2,313	2,167
Major renovation (Alteration I)	7,014	5,830	4,582	3,624	2,937	3,005	3,190	3,072	3,082	3,111	3,437
Minor renovation (Alterations II and III)	72,048	73,512	77,942	73,051	69,888	78,605	82,504	83,678	93,140	98,663	103,673
Construction Permit Revenue (in '000)	\$78,213	\$84,286	\$89,688	\$80,920	\$70,403	\$86,202	\$105,172	\$117,489	\$134,009	\$163,460	\$160,627

Performance Indicators

The Department's Fiscal 2016 Executive Budget introduced the One City Built to Last initiative, which is comprised of several significant initiatives and actions intended to streamline online operations and reduce processing times for construction applications, strengthen proactive enforcement tools, and expedite the review process for new affordable housing production. Together these actions called for the addition of 320 new positions and an increase of \$120 million over four years at DOB. As of the Fiscal 2018 Preliminary Plan, DOB has hired 270 people and spent down \$12.5 million (\$10.6 million in PS and \$1.9 million in OTPS) for the Built to Last initiative. With these additional resources, DOB anticipates it will continue to complete initial reviews on all filings within an average of nine days from initial submission, and reduce wait times for the most common inspection types to an average of five business days. These performance indicators are further detailed below.

DOB Significant Performance Indicators	Actual			Target		4-Month Actual	
	FY14	FY15	FY16	FY17	FY18	FY16	FY17
Average days to complete first plan review (days)							
New buildings	8.8	14.9	11.1	12	12	15.6	6.1
Major renovation (Alteration I applications)	11.3	15.2	12.2	10	10	17	5.6
Minor renovation (Alterations II and III applications)	3.8	4.1	3.2	4	4	4.6	1.5
Average days to complete inspections (days)							
Construction inspection	3.4	3.6	3.8	4.5	4.5	4.2	2.7
Plumbing inspection	4.5	4.5	3.8	5	5	3.8	4.6
Electrical inspection	6.1	5.2	6.4	6	6	4.4	6.1
Construction Safety							
Construction-related incidents	459	736	979	*	*	365	398
Construction-related accidents	207	314	500	*	*	181	244
Construction-related injuries	212	324	526	DOWN	DOWN	203	246
Construction-related fatalities	6	10	11	DOWN	DOWN	4	3

Significant Performance Indicators:

- Construction related incidents.** In recent years, DOB has seen a large increase in the number of construction-related incidents. During the Fiscal 2017 reporting period, DOB reported 246 construction-related injuries and 244 construction-related accidents, an increase of 21 percent and 35 percent, respectively, over the same period in Fiscal 2016.
- Plan Reviews.** The number of initial construction plan reviews completed by DOB remained steady at about 30,450 in the first four months of Fiscal 2017. At DOB borough offices, the average time to complete plan reviews decreased to 6.1 days for new buildings and 1.5 days for minor renovations, and decreased to 5.6 days for major renovations. Times for all three categories were shorter than during the same period last year and lower than their respective targets of 10 days for major renovations and 4 days for minor renovations. In Fiscal 2017, DOB added plan examiners, bringing up the total headcount of examiners to 381, which may have contributed to improved performance of plan reviews.

- **Inspections.** The average time to complete inspections for construction, plumbing and electrical systems were all below target. The Fiscal 2018 budget adds seven inspectors, bringing up the total headcount of inspectors to 339, which may contribute to improved performance of inspections.

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
DOB Budget as of the Adopted 2017 Budget	\$172,072	\$0	\$172,072	\$155,363	\$0	\$155,363
New Needs						
Built to Last	\$0	\$0	\$0	\$1,255	\$0	\$1,255
Gas and Plumbing	0	0	0	420	0	420
Subtotal, New Needs	\$0	\$0	\$0	\$1,675	\$0	\$1,675
Other Adjustments						
L1180 Admin CBA	\$72	\$0	\$72	\$87	\$0	\$87
Wind Study	0	500	500	0	500	500
Citywide Savings	(2,500)	0	(2,500)	0	0	0
Lease Adjustment	59	0	59	0	0	0
Subtotal, Other Adjustments	(\$2,370)	\$500	(\$1,870)	\$87	\$500	\$587
TOTAL, All Changes	(\$2,370)	\$500	(\$1,870)	\$1,762	\$500	\$2,262
DOB Budget as of the Preliminary 2018 Budget	\$169,702	\$500	\$170,202	\$157,125	\$500	\$157,628

Appendix B: Fiscal 2017 Preliminary Mayor's Management Report

Performance Measures

Performance Indicators	Actual			Target		4-Month Actual	
	FY14	FY15	FY16	FY17	FY18	FY16	FY17
Jobs filed	82,551	91,933	93,130	*	*	32,945	32,094
Average customer in-person transaction time (minutes)	NA	NA	NA	DOWN	DOWN	NA	6
Average customer in-person wait time (minutes)	NA	NA	NA	*	*	NA	33
Building permits issued - Initial	98,302	104,087	109,277	*	*	38,482	37,879
Building permits issued - Renewals	44,538	44,774	52,244	*	*	16,674	18,404
Certificates of Occupancy issued	5,694	5,289	5,893	*	*	2,004	2,138
Average wait time for an electrical inspection (days)	6.1	5.2	6.4	6	6	4.4	6.1
First plan reviews completed	76,669	84,449	88,542	*	*	31,057	30,449
Average days to complete first plan review (Borough offices) - New buildings	8.8	14.9	11.1	12	12	15.6	6.1
Average days to complete first plan review (Borough offices) - Major renovation (Alteration I)	11.3	15.2	12.2	10	10	17	5.6
Average days to complete first plan review (Borough offices) - Minor renovation (Alterations II and III)	3.8	4.1	3.2	4	4	4.6	1.5
Average days to complete first plan review (Hub projects) - New buildings	12.7	17.9	9.9	*	*	10.7	6.3
Average days to complete first plan review (Hub projects) - Major renovation (Alteration I)	11.9	16.2	9	*	*	10.2	6.6
Average days to complete first plan review (Hub projects) - Minor renovation (Alterations II and III)	1.1	2.6	2.7	*	*	3.3	0.2
Jobs professionally certified (%)	58%	59%	62%	*	*	61%	64%
Jobs professionally certified that were audited (%)	NA	21%	20%	*	*	19%	22%
Of eligible audited jobs, the percent of audits that resulted in revocation notices (%)	NA	NA	34%	*	*	NA	33%
Average wait time for a construction inspection (days)	3.4	3.6	3.8	4.5	4.5	4.2	2.7
Average wait time for a plumbing inspection (days)	4.5	4.5	3.8	5	5	3.8	4.6
Priority A (emergency) complaints received	14,654	15,827	17,629	*	*	6,214	5,757
Priority B (nonemergency) complaints received	70,089	63,160	70,661	*	*	24,633	26,660
Priority A complaints responded to	14,468	15,420	16,927	*	*	5,978	5,490
Priority B complaints responded to	63,215	54,688	60,716	*	*	16,388	26,259
Average time to respond to Priority A complaints (days)	0.7	0.7	0.8	1	1	0.8	0.7
Average time to respond to Priority B complaints (days)	34.6	38.4	42.8	40	40	24.5	57.5
Residential illegal conversion complaints where access was obtained (%)	44%	41%	38%	44%	44%	39%	33%
- Access obtained and violations were written (%)	45%	37%	40%	*	*	39%	39%
Work without a permit complaints where access was obtained and violations were written (%)	33%	33%	30%	*	*	27%	31%
Construction inspections completed	142,222	139,323	148,162	140,000	140,000	46,139	50,512
Construction inspections resulting in violations (%)	19%	19%	25%	*	*	27%	23%
DOB violations issued	82,753	65,215	61,393	*	*	26,919	11,267
Environmental Control Board violations issued	47,768	52,315	55,121	*	*	17,645	18,392
Violations admitted to or upheld at the Environmental Control Board (%)	82%	85%	85%	80%	80%	87%	84%
Construction-related incidents	459	736	979	*	*	365	398
Construction-related accidents	207	314	500	*	*	181	244
Construction-related injuries	212	324	526	DOWN	DOWN	203	246
Construction-related fatalities	6	10	11	DOWN	DOWN	4	3
Incident inspections resulting in violations (%)	75%	70%	63%	*	*	61%	62%
Collisions involving City vehicles	33	41	44	*	*	15	19
Workplace injuries reported	15	12	10	*	*	2	7
E-mails responded to in 14 days (%)	65%	51%	60%	57%	57%	54%	68%
Letters responded to in 14 days (%)	49%	69%	30%	57%	57%	17%	55%
Calls answered in 30 seconds (%)	NA	NA	NA	*	*	NA	NA
Completed customer requests for interpretation	17	66	68	*	*	NA	NA
CORE customer experience rating (0-100)	91	90	91	85	85	NA	NA
Percent meeting time to first action - Elevator - Defective/Not Working (60 days)	51%	48%	57%	50%	50%	62%	86%
Percent meeting time to first action - General Construction/Plumbing - Contrary/Beyond Approved Plans/Permits (60 days)	80%	81%	78%	72%	72%	83%	66%
Percent meeting time to first action - General Construction/Plumbing - Failure to Maintain (60 days)	79%	81%	93%	77%	77%	95%	82%
Percent meeting time to first action - No Permit - Construction, Plumbing, Cranes & Derricks, Building/Use, Elevator (60 days)	72%	63%	85%	77%	77%	81%	93%