



**New York City Council**

Christine C. Quinn, Speaker

**Finance Division**

Preston Niblack, Director

Jeffrey Rodus, First Deputy Director

**Hearing on the Mayor's Fiscal Year 2012 Preliminary Budget &  
the Fiscal Year 2011 Preliminary Mayor's Management Report**

**Business Integrity Commission**

March 14, 2011

**Committee on Consumer Affairs**

Hon. Daniel Garodnick, Chair

Latonia McKinney, Deputy Director, Finance Division  
Ralph P. Hernandez, Principal Legislative Financial Analyst

## Summary and Highlights

### Business Integrity Commission

*Dollars in Thousands*

	2009 Actual	2010 Actual	2011 Adopted	2011 Feb Plan	2012 Feb Plan	*Difference 2011 – 2012
Personal Services	\$1,653	\$4,897	\$5,177	\$5,177	\$5,142	(\$35)
Other than Personal Services	1,971	2,033	2,110	2,183	2,163	53
<b>Table Total</b>	<b>\$3,624</b>	<b>\$6,930</b>	<b>\$7,287</b>	<b>\$7,360</b>	<b>\$7,305</b>	<b>\$18</b>

*\*The difference of Fiscal 2011 Adopted compared to Fiscal 2012 February Plan funding.*

The Business Integrity Commission's (BIC) Fiscal 2012 Preliminary Budget is \$7.31 million, which is completely funded by City tax levy. The overall operating budget for Fiscal 2012 has increased by \$18,000, or less than one percent, compared to the operating budget at Adoption last year. This increase is the result of an increase in the agency's telecommunications budget. BIC also plans to implement the following revenue PEGs (Program to Eliminate the Gap). A revenue PEG allows an agency to reduce its City tax-levy budget in anticipation of additional revenue.

- **Private Carter License and Registration Fees:** BIC will generate additional revenue by increasing private carter licenses and registration application fees based on current costs. The agency anticipates additional revenue of \$283,000 in Fiscal 2012, \$127,000 in Fiscal 2013, \$268,000 in Fiscal 2014, and \$355,000 in Fiscal 2015.
- **Increased Market Registration and Photo ID Fees:** BIC will generate additional revenue by increasing fees collected from market registrations, market loader/unloader licenses, and photo ID applications. BIC anticipates \$391,000 in Fiscal 2012, \$546,000 in Fiscal 2013, \$405,000 in Fiscal 2014, and \$319,000 in Fiscal 2015.

# Business Integrity Commission

The Business Integrity Commission (BIC) regulates and licenses the trade waste/commercial carting industry and the wholesalers and businesses operating in the City's public wholesale markets, and is responsible for processing applications and renewals. 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.

**Key Public Services Areas**

- Regulate commercial carting industry.
- Regulate businesses in the City's public wholesale market.

**Critical Objectives**

- Ensure timely determinations on license and registration applications for commercial carters.
- Enforce commercial carting regulations.
- Resolve commercial carter consumer complaints.
- Ensure timely determinations on registration applications for public wholesalers and businesses.
- Enforce public wholesale market regulations.

SOURCE: Mayor's Management Report

## Business Integrity Commission Financial Summary

Dollars in Thousands

	2009 Actual	2010 Actual	2011 Adopted	2011 Feb Plan	2012 Feb Plan	*Difference 2011 – 2012
<b>Budget by Program Area</b>						
Personal Services	\$1,653	\$4,897	\$5,177	\$5,177	\$5,142	(\$35)
Other than Personal Services	1,971	2,033	2,110	2,183	2,163	53
<b>TOTAL</b>	<b>\$3,624</b>	<b>\$6,930</b>	<b>\$7,287</b>	<b>\$7,360</b>	<b>\$7,305</b>	<b>\$18</b>
<b>Funding</b>						
City Funds	N/A	N/A	\$7,287	\$7,360	\$7,305	\$18
<b>TOTAL</b>			<b>\$7,287</b>	<b>\$7,360</b>	<b>\$7,305</b>	<b>\$18</b>
<b>Positions</b>						
Full Time Positions	65	75	83	82	81	(2)

\*The difference of Fiscal 2011 Adopted compared to Fiscal 2012 February Plan funding.

# Revenue Budget

<b>Business Integrity Commission Revenue and Expense Summary</b>					
<b>REVENUE</b> ( <i>Dollars in thousands</i> )	<b>2009 Actual</b>	<b>2010 Actual</b>	<b>2011 Adopted</b>	<b>2012 Feb Plan</b>	<b>*Difference 2011-2012</b>
Licenses and Franchises	\$1,567	\$3,728	\$4,712	\$4,420	(\$292)
Charges for Services	142	147	267	532	265
Fines	915	1,430	1,222	1,216	(6)
State Grants	0	6	0	0	\$0
<b>TOTAL</b>	<b>\$2,624</b>	<b>\$5,311</b>	<b>\$6,201</b>	<b>\$6,168</b>	<b>(\$33)</b>
<b>EXPENSE</b>					
<b>TOTAL</b>	<b>\$3,624</b>	<b>\$6,930</b>	<b>\$7,287</b>	<b>\$7,305</b>	<b>\$18</b>

*\*The difference of Fiscal 2011 Adopted compared to Fiscal 2012 February Plan funding.*

BIC is a revenue-generating agency. Revenues consist of licenses for private carters, investigation and wholesale market fees, and administrative violation fines. Between Fiscal 2009 and Fiscal 2012, BIC generated, on average, \$5 million in revenue. Roughly 69 percent of BIC's revenues come from private carter licenses and another 24 percent comes from administrative violation 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.

Category	Number of Contracts	2012 February	Percentage of BIC Total
Contractual Services General	1	\$31,163	0.43%
Maintenance & Repair of Motor Vehicle Equipment	1	12,000	0.16%
Maintenance & Repair, General	1	7,000	0.10%
Office Equipment Maintenance	1	6,000	0.08%
Data Processing Equipment	1	4,000	0.05%
Temporary Services	1	36,000	0.49%
Training Programs for City Employees	1	5,000	0.07%
Professional Services: Other	1	22,000	0.30%
<b>TOTAL</b>	<b>8</b>	<b>\$123,163</b>	<b>1.69%</b>

## Preliminary Mayor's Management Report (PMMR)

In the first four months of Fiscal 2011, BIC saw a 46.5 percent drop in carting background investigations completed. Background investigations must be conducted on new and renewal applications, in addition to new employees of licensed carting companies. During the same period, BIC saw a 26.8 percent drop in carting licenses approved and a 25 percent drop in carting registration.

Though the number of carting violations increased by approximately two percent, the number of violations issued for unlicensed or unregistered carting activity decreased by 23 percent and the number of violations issued at public wholesale markets decreased to 51.5 percent. The leading violations issued to licensed and registered carters were "General Prohibition" violations, such as deceptive trade practices and not abiding by Commission directives requiring carters to provide requested information.

BIC experienced a significant increase in public wholesale market registration approved, from 11 during the first four months of Fiscal 2010 to 51 in the same period of Fiscal 2011. This is a result of BIC's expanded jurisdiction in the area adjacent to the Hunts Point markets that commenced in July 2009. BIC diverted staff to the on-site regulation of the area which resulted in a significant increase in number of public wholesale background investigations conducted but an 18 percent decrease in the average time to approve public wholesale market registrations.

The number of violations issued in the public wholesale markets decreased by 51.5 percent, with BIC focusing its staff and resources to other Commission investigation priorities.

### Performance Measures

	FY 09	FY 10	4-Month Actual	4-Month Actual
			FY 10	FY 11
Carting background investigations completed	1,244	1,289	561	300
Carting licenses approved	83	133	41	30
Carting registrations approved	641	943	324	243
Average time to approve carting licenses (days)	142	184	183	154
Average time to approve carting registrations (days)	122	127	119	119
Average age of pending carting applications (days)	123	167	144	176
Carting license applications denied	9.9%	9.6%	9.7%	9.5%
Carting registration applications denied	2.3%	2.3%	2.1%	2.3%
Total carting applications denied	4.0%	3.7%	3.8%	3.7%
Violations issued to private carters	1,290	1,672	679	691
Violations for unlicensed activities	482	996	384	295
Public wholesale market background investigations completed	170	265	83	215
Public wholesale market registrations approved	56	114	11	51
Average time to approve public wholesale market registrations (days)	226	226	250	205
Public wholesale market applications denied	1.7%	2.2%	2.6%	2.0%
Violations issued at public wholesale markets	378	417	163	79

SOURCE: Preliminary Mayor's Management Report (PMMR)

# Units of Appropriation

## Personal Services (001)

<i>Dollars in Thousands</i>	2009 Actual	2010 Actual	2011 Adopted	2011 February	2012 February	*Difference 2011 – 2012
<b>Spending</b>						
<b>Personal Services</b>						
Full-Time Salaried - Civilian	\$3,998	\$4,673	\$4,925	\$4,925	\$4,893	(\$32)
Full-Time Salaried - Uniformed	0	1	0	0	0	0
Other Salaried and Unsalariated	14	5	72	72	49	(23)
Additional Gross Pay	214	175	161	161	181	20
Overtime - Civilian	78	45	20	20	20	0
PS Other	(2,651)	(4)	0	0	0	0
<b>TOTAL</b>	<b>\$1,653</b>	<b>\$4,897</b>	<b>\$5,177</b>	<b>\$5,177</b>	<b>\$5,142</b>	<b>(\$35)</b>
<b>Funding</b>						
City Funds	N/A	N/A	\$5,177	\$5,177	\$5,142	(\$35)
<b>TOTAL</b>	<b>N/A</b>	<b>N/A</b>	<b>\$5,177</b>	<b>\$5,177</b>	<b>\$5,142</b>	<b>(\$35)</b>

\*The difference of Fiscal 2011 Adopted compared to Fiscal 2012 February Plan funding.

## Other than Personal Services (002)

<i>Dollars in Thousands</i>	2009 Actual	2010 Actual	2011 Adopted	2011 February	2012 February	*Difference 2011 – 2012
<b>Spending</b>						
<b>Other than Personal Services</b>						
Supplies and Materials	\$145	\$217	\$189	\$182	\$206	\$17
Property and Equipment	278	111	133	88	55	(78)
Other Services and Charges	1,417	1,595	1,665	1,800	1,778	114
Contractual Services	131	109	123	112	123	0
<b>TOTAL</b>	<b>\$1,971</b>	<b>\$2,033</b>	<b>\$2,110</b>	<b>\$2,183</b>	<b>\$2,163</b>	<b>\$53</b>
<b>Funding</b>						
City Funds	N/A	N/A	\$2,110	\$2,183	\$2,163	\$15
<b>TOTAL</b>			<b>\$2,110</b>	<b>\$2,183</b>	<b>\$2,163</b>	<b>\$15</b>

\*The difference of Fiscal 2011 Adopted compared to Fiscal 2012 February Plan funding.

The net \$15,000 increase in the OTPS Budget is due to increased telecommunication costs.

## Appendix A: Budget Actions in the November and February Plans

<i>Dollars in thousands</i>	FY 2011			FY 2012		
	City	Non-City	Total	City	Non-City	Total
<b>Agency Budget as of June 2010 Plan</b>	<b>\$7,287</b>	<b>\$0</b>	<b>\$7,287</b>	<b>\$7,232</b>	<b>\$0</b>	<b>\$7,232</b>
<b>Program to Eliminate the Gap (PEGs)</b>						
Private Carter License and Registration Fees	(\$328)	\$0	(\$328)	(\$283)	\$0	(\$283)
Increased Market Registration and Photo ID Fees	(125)	0	(125)	(391)	0	(391)
<b>Total PEGs</b>	<b>(\$453)</b>	<b>\$0</b>	<b>(\$453)</b>	<b>(\$674)</b>	<b>\$0</b>	<b>(\$674)</b>
<b>Less PEG Program Reflected in Revenue Budget</b>						
Private Carter License and Registration Fees	\$328	\$0	\$328	\$283	\$0	\$283
Increased Market Registration and Photo ID Fees	125	0	125	391	0	391
<b>Total Less PEG Program Reflected in Revenue Budget</b>	<b>\$453</b>	<b>\$0</b>	<b>\$453</b>	<b>\$674</b>	<b>\$0</b>	<b>\$674</b>
<b>New Needs</b>						
Telecommunications Budget Increase	\$73	\$0	\$73	\$73	\$0	\$73
<b>Total New Needs</b>	<b>\$73</b>	<b>\$0</b>	<b>\$73</b>	<b>\$73</b>	<b>\$0</b>	<b>\$73</b>
<b>Agency Budget as of February 2011 Plan</b>	<b>\$7,360</b>	<b>\$0</b>	<b>\$7,360</b>	<b>\$7,305</b>	<b>\$0</b>	<b>\$7,305</b>