

THE COUNCIL OF THE CITY OF NEW YORK

Speaker of the Council  
Christine C. Quinn



Hon. Daniel Garodnick, Chair, Consumer Affairs Committee

## Hearing on the Mayor's Fiscal 2013 Preliminary Budget & the Fiscal 2012 Preliminary Mayor's Management Report

Business Integrity Commission

**March 12, 2012**

**Nathan Toth, Deputy Director**

**Ralph P. Hernandez, Principal Legislative Financial Analyst**



## Table of Contents

Agency Overview.....	1
Business Integrity Commission Financial Summary .....	2
Revenue Budget.....	3
Units of Appropriation .....	4
Fiscal 2012 Mayor’s Management Report Performance Measures .....	5
Appendix A: Budget Actions in the November and February Plans.....	6
Appendix B: Contract Budget .....	7



## Agency Overview

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.

This report provides a review of BIC's Preliminary Budget for Fiscal 2013. In the first section, the highlights of the Fiscal 2013 expense budget are presented. The report then presents the Department's Financial Summary, Revenue Budget, budget by Units of Appropriation, and reviews relevant sections of the Preliminary Mayor's Management Report for Fiscal 2012. Finally, the appendices highlight the Budget Actions in the November and February Plans and the Contract Budget.

## Fiscal 2013 Preliminary Plan Highlights

<i>Dollars in Thousands</i>	2011 Actual	2012 Adopted	2012 Feb. Plan	2013 Feb. Plan	*Difference 2012 - 2013
Personal Services	\$4,964	\$5,027	\$5,083	\$5,075	\$48
Other Than Personal Services	1,887	2,163	2,231	2,044	(119)
<b>Agency Total</b>	<b>\$6,851</b>	<b>\$7,190</b>	<b>\$7,315</b>	<b>\$7,119</b>	<b>(\$71)</b>

*\*The difference of Fiscal 2012 Adopted compared to Fiscal 2013 February Plan funding.*

BIC's Fiscal 2013 Preliminary Budget is \$7.12 million, which is a net decrease of \$71,000 when compared to the Fiscal 2012 Adopted Budget (see page 5). BIC also plans to implement a Revenue PEG (Program to Eliminate the Gap), which allows an agency to reduce its City tax-levy budget in anticipation of additional revenue (see page 4).

## Business Integrity Commission Financial Summary

<i>Dollars in Thousands</i>	2011 Actual	2012 Adopted	2012 Feb. Plan	2013 Feb. Plan	*Difference 2012 - 2013
<b>Budget by Program Area</b>					
Personal Services	\$4,964	\$5,027	\$5,083	\$5,075	\$48
Other Than Personal Services	1,887	2,163	2,231	2,044	(119)
<b>TOTAL</b>	<b>\$6,851</b>	<b>\$7,190</b>	<b>\$7,315</b>	<b>\$7,119</b>	<b>(\$71)</b>
<b>Funding</b>					
City Funds	N/A	\$7,190	\$7,192	\$7,119	(\$71)
Federal - Other	N/A	0	114	0	0
Federal - Other	N/A	0	9	0	0
<b>TOTAL</b>	<b>N/A</b>	<b>\$7,190</b>	<b>\$7,315</b>	<b>\$7,119</b>	<b>(\$71)</b>
<b>Positions</b>					
Full-Time Positions - Civilian	71	80	80	80	0
<b>TOTAL</b>	<b>71</b>	<b>80</b>	<b>80</b>	<b>80</b>	<b>0</b>

*\*The difference of Fiscal 2012 Adopted compared to Fiscal 2013 February Plan funding.*

## Revenue Budget

### Revenue and Expense Summary

REVENUE (Dollars in thousands)	2009 Actual	2010 Actual	2011 Adopted	2012 Adopted	2013 Prelim	*Difference 2012-2013
Licenses and Franchises	\$1,567	\$3,728	\$4,712	\$3,755	\$3,756	\$1
Charges for Services	142	147	267	533	688	155
Fines	915	1,430	1,222	1,554	2,073	519
State Grants	0	6	0	0	0	0
<b>TOTAL</b>	<b>\$2,624</b>	<b>\$5,311</b>	<b>\$6,201</b>	<b>\$5,842</b>	<b>\$6,517</b>	<b>\$675</b>
<b>EXPENSE</b>						
<b>TOTAL</b>	<b>\$3,624</b>	<b>\$6,930</b>	<b>\$7,287</b>	<b>\$7,190</b>	<b>\$7,119</b>	<b>(\$71)</b>

*\*The difference of Fiscal 2012 Adopted compared to Fiscal 2013 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, \$4 million in revenue. Roughly 69 percent of BIC's revenues come from private carter licenses and another 26 percent comes from administrative violation fines.

BIC also plans to implement the following Revenue PEG (Program to Eliminate the Gap), which allows an agency to reduce its City tax-levy budget in anticipation of additional revenue:

- **Additional Administrative Violation Enforcement:** In Fiscal 2013 BIC will generate \$519,000 in additional revenue from various new violation enforcement initiatives. Currently, carters are required to provide annual reporting to BIC, such as reporting the number of drivers and new hires. BIC will do audits of these reports and will enforce new fees for carters that do not provide accurate annual reporting.

## Units of Appropriation

	2011	2012	2012	2013	*Difference
<i>Dollars in Thousands</i>	Actual	Adopted	Feb. Plan	Feb. Plan	2012 - 2013
<b>Spending</b>					
<b>Personal Services (001)</b>					
Full-Time Salaried - Civilian	\$4,714	\$4,777	\$4,735	\$4,834	\$57
Full-Time Salaried - Uniformed	0	0	0	0	0
Other Salaried and Unsalariated	49	49	49	28	(21)
Additional Gross Pay	135	181	269	190	9
Overtime – Civilian	70	20	31	22	2
P.S. Other	(4)	0	0	0	0
<b>Subtotal</b>	<b>\$4,964</b>	<b>\$5,027</b>	<b>\$5,083</b>	<b>\$5,075</b>	<b>\$48</b>
<b>Other Than Personal Services (002)</b>					
Supplies and Materials	\$123	\$206	\$180	\$193	(\$13)
Property and Equipment	62	55	60	29	(26)
Other Services and Charges	1,614	1,778	1,877	1,697	(81)
Contractual Services	88	123	114	125	2
<b>Subtotal</b>	<b>\$1,887</b>	<b>\$2,163</b>	<b>\$2,231</b>	<b>\$2,044</b>	<b>(\$119)</b>
<b>TOTAL</b>	<b>\$6,851</b>	<b>\$7,190</b>	<b>\$7,315</b>	<b>\$7,119</b>	<b>(\$71)</b>
<b>Funding</b>					
City Funds	N/A	\$7,190	\$7,192	\$7,119	(\$71)
Federal - Other	N/A	0	123	0	\$0
<b>TOTAL</b>	<b>N/A</b>	<b>\$7,190</b>	<b>\$7,315</b>	<b>\$7,119</b>	<b>(\$71)</b>

*\*The difference of Fiscal 2012 Adopted compared to Fiscal 2013 February Plan Funding.*

At the time of Adoption in June 2011, the Fiscal 2013 Estimated Budget was \$7.12 million, which was \$73,000 less than the Fiscal 2012 Adopted Budget of \$7.19 million. The Fiscal 2013 Preliminary Budget added \$2,000 in collective bargaining to the Fiscal 2013 Preliminary Budget. The net \$71,000 decrease between the Fiscal 2013 Preliminary Budget and Fiscal 2012 Adopted Budget is, thus, a reflection of these budget actions (see Appendix A).

## Fiscal 2012 Mayor’s Management Report Performance Measures

In Fiscal 2011 BIC saw a 16.6 percent drop in carting background investigations completed when compared to Fiscal 2010. 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 28.6 percent drop in carting licenses approved and an 8.8 percent drop in carting registration.

BIC violations have also decreased in Fiscal 2011 when compared to Fiscal 2010. For example, the number of carting violations has decreased by 23.4 percent and the number of violations issued for unlicensed or unregistered carting activity has also decreased by 41.7 percent. Similarly, the number of violations issued at public wholesale markets decreased by 17.3 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 49.8 percent increase in public wholesale market background investigation completed between Fiscal 2010 and 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 a 29.8 percent decrease in public wholesale market registrations approved.

	FY 09	FY 10	FY11	4- Month Actual FY 12
Carting background investigations completed	1,244	1,289	1,088	336
Carting licenses approved	83	133	95	49
Carting registrations approved	641	943	860	258
Average time to approve carting licenses (days)	142	184	155	169
Average time to approve carting registrations (days)	122	127	99	92
Average age of pending carting applications (days)	123	167	167	163
Carting license applications denied	9.90%	9.60%	9.30%	9.20%
Carting registration applications denied	2.30%	2.30%	2.20%	2.30%
Total carting applications denied	4.00%	3.70%	3.60%	3.60%
Violations issued to private carters	1,290	1,672	1,280	491
Violations for unlicensed activities	482	996	581	86
Public wholesale market background investigations completed	170	265	397	157
Public wholesale market registrations approved	56	114	80	9
Average time to approve public wholesale market registrations (days)	226	226	221	235
Public wholesale market applications denied	1.70%	2.20%	1.90%	2.50%
Violations issued at public wholesale markets	378	417	345	129

SOURCE: Preliminary Mayor’s Management Report (PMMR)

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

<i>Dollars in Thousands</i>	FY 2012			FY 2013		
	City	Non-City	Total	City	Non-City	Total
<b>Agency Budget as of June 2011 Plan</b>	<b>\$7,190</b>	<b>\$0</b>	<b>\$7,190</b>	<b>\$7,117</b>	<b>\$0</b>	<b>\$7,117</b>
<b>Revenue Program to Eliminate the Gap (PEGs)</b>			0			0
Additional Administrative Violation Enforcement	(\$169)	\$0	(\$169)	(\$521)	\$0	(\$521)
<b>TOTAL Revenue Program to Eliminate the Gap (PEGs)</b>	<b>(\$169)</b>	<b>\$0</b>	<b>(\$169)</b>	<b>(\$521)</b>	<b>\$0</b>	<b>(\$521)</b>
<b>Less PEG Program Reflected in Revenue Budget</b>						
Additional Administrative Violation Enforcement	\$169	\$0	\$169	\$521	\$0	\$521
<b>Total Less PEG Program Reflected in Revenue Budget</b>	<b>\$169</b>	<b>\$0</b>	<b>\$169</b>	<b>\$521</b>	<b>\$0</b>	<b>\$521</b>
<b>Other Adjustments</b>						
DC 37 Collective Bargaining	\$2	\$0	\$2	\$2	\$0	\$2
Federal Forfeiture	0	114	114	0	0	0
Federal OT Reimbursement	0	9	9	0	0	0
<b>TOTAL Other Adjustments</b>	<b>\$2</b>	<b>\$123</b>	<b>\$125</b>	<b>\$2</b>	<b>\$0</b>	<b>\$2</b>
<b>TOTAL All Changes</b>	<b>\$2</b>	<b>\$123</b>	<b>\$125</b>	<b>\$2</b>	<b>\$0</b>	<b>\$2</b>
<b>Agency Budget as of February 2012 Plan</b>	<b>\$7,192</b>	<b>\$123</b>	<b>\$7,315</b>	<b>\$7,119</b>	<b>\$0</b>	<b>\$7,119</b>

## Appendix B: 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	Budgeted	Percentage of BIC Total
Contractual Services General	6	\$38,843	31.01%
Maintenance & Repair of Motor Vehicle Equipment	0	12,000	9.58%
Maintenance & Repair, General	0	6,000	4.79%
Office Equipment Maintenance	0	3,000	2.40%
Temporary Services	1	36,000	28.74%
Cleaning Services	0	2,400	1.92%
Training Programs for City Employees	0	5,000	3.99%
Professional Services: Other	1	22,000	17.57%
<b>Preliminary Budget</b>	<b>8</b>	<b>\$125,243</b>	<b>100.00%</b>