

THE COUNCIL OF THE CITY OF NEW YORK

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Hearing on the Fiscal Year 2013 Executive Budget

Department of Buildings

June 5, 2012

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Department of Buildings Fiscal 2013 Budget Overview

The Department of Buildings (DOB) ensures the safe and lawful use of over 950,000 buildings and properties by enforcing the City's Building Code, Electrical Code, Zoning Resolution, New York State Labor Law, and New York State Multiple Dwelling Law. The Department performs plan examinations, issues construction permits, inspects properties, licenses trades, and issues Certificates of Occupancy and Place of Assembly permits. Anyone who intends to demolish, alter, build an addition, or erect a new structure must obtain a building permit from the Department to ensure that the resulting property structure complies with all applicable laws.

This report presents an analysis of the Department's Fiscal 2013 budget as proposed in the Executive Budget. The report contains DOB's Financial Summary, the Revenue Budget, and details of the Department's Fiscal 2013 Executive Budget Actions. Appendix 1 illustrates the budget actions in the November 2011, February 2012 and Executive Plans.

Department of Buildings Financial Summary

Dollars in Thousands

	2011 Actual	2012 Adopted	2012 Exec. Plan	2012 Exec. Plan	*Difference 2012 - 2013
Budget by Program Area					
Personal Services	\$78,209	\$76,430	\$77,647	\$79,647	\$3,216
Other than Personal Services	20,765	18,185	18,571	16,325	(1,860)
TOTAL	\$98,974	\$94,615	\$96,218	\$95,972	\$1,357
Funding					
City Funds	N/A	\$94,615	\$96,218	\$95,972	\$1,357
TOTAL	N/A	\$94,615	\$96,218	\$95,972	\$1,357

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

DOB's Fiscal 2013 Executive Budget reflects a \$1.36 million, or 1.43 percent, increase when compared to the Fiscal 2012 Adopted Budget. At the time of Adoption in June 2011, the Fiscal 2013 Estimated Budget was \$89.62 million, which was \$4.99 million less than the Fiscal 2012 Adopted Budget of \$94.62 million. The New Needs for the DOB HUB Expansion and Other Adjustments including funding for the DOB Cool Roofs and the Private Elevator Inspection Contract in the February and May 2012 Plans added \$6.35 million to the Fiscal 2013 Executive Budget. The \$1.36 million difference between the Fiscal 2013 Executive Budget and Fiscal 2012 Adopted Budget is, thus, a reflection of these budget actions (see Appendix 1).

Revenue Budget

Department of Buildings Revenue & Expense Budget Summary

Dollars in thousands

	FY03	FY08	FY09	FY10	FY11	FY12	FY13	FY13
	Actual	Modified	Modified	Modified	Adopted	Adopted	Preliminary	Executive
REVENUE	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget
LICENSES and PERMITS	\$59,868	\$82,496	\$98,091	\$88,601	\$77,196	\$96,701	\$99,046	\$102,573
FEES	21,484	22,320	21,700	23,020	31,998	34,236	31,351	31,823
FINES	8,969	6,250	24,000	11,250	16,000	16,000	22,689	22,689
TOTAL	\$90,321	\$111,066	\$143,791	\$122,871	\$125,194	\$146,937	\$153,086	\$157,085
EXPENSE								
TOTAL	\$51,800	\$99,295	\$110,951	\$103,461	\$98,918	\$94,615	\$91,624	\$95,972

Since Mayor Bloomberg's first year in office in 2002, the Administration has increased DOB's budget in an effort to strengthen the Department's operations. At the height of the construction industry boom, DOB's budget was \$59.2 million more in Fiscal 2009 when compared to Fiscal 2003. The Fiscal 2013 Executive Budget for the Department is approximately \$96 million, which is 85.53 percent more than the \$51.8 million appropriated in the Fiscal 2003 Adopted Budget. During the same fiscal periods, revenues have also increased by \$66.76 million as the result of additional revenues from licenses and permits, and fines. The current projected revenue for the Fiscal 2013 Executive Budget for the Department is \$157.09 million, which is 73.92 percent more than the \$90.32 million the Department generated in Fiscal 2003.

Fiscal 2013 Executive Budget Actions

The Fiscal 2013 Executive Plan increases the Department's budget by \$303,000 in Fiscal 2012 and \$4.35 million in Fiscal 2013 as a result of Other Adjustments.

<i>Dollars in Thousands</i>	FY 2012			FY 2013		
	City	Non-City	Total	City	Non-City	Total
Agency Budget as of February 2012 Plan	\$95,915	\$0	\$95,915	\$91,624	\$0	\$91,624
Program to Eliminate the Gap (PEGs)						
Eliminate Unfunded Vacancies	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL PEGs	\$0	\$0	\$0	\$0	\$0	\$0
Other Adjustments						
NYC Service Program - DOB Cool Roofs	\$90	\$0	\$90	\$221	\$0	\$221
Private Elevator Inspection Contract	210	0	210	4,000	0	4,000
DC37 Collective Bargaining Increases	16	0	16	16		16
Heat, Light and Power	(7)		(7)	72		72
Lease Adjustment	0		0	38		38
Konica Minolta/Accenture Fee Transfer to DCAS	(6)		(6)	0		0
TOTAL Other Adjustments	\$303	\$0	\$303	\$4,348	\$0	\$4,348
TOTAL All Changes	\$303	\$0	\$303	\$4,348	\$0	\$4,348
Agency Budget as of May 2012 Plan	\$96,218	\$0	\$96,218	\$95,972	\$0	\$95,972

Programs to Eliminate the Gap (PEGs)

- Eliminate Unfunded Vacancies.** DOB reduced its unfunded headcount by 5 positions to account for unfunded vacancies. This is in addition to the 27 positions in the Fiscal 2013 Preliminary Budget. Dollar savings have been achieved through attrition, associated with the Fiscal 2012 November Plan PEG. DOB has been reducing headcount as attrition occurs. These 32 positions will not be replaced and are in areas that will not reduce DOB's productivity.

Other Adjustments

- NYC Service Program - DOB Cool Roofs.** DOB is allocating \$221,000 in Fiscal 2013 for the Cool Roofs Program, which is collaboration between NYC Service and DOB to promote and facilitate the cooling of the City's rooftops by applying a reflective surface to roofs to help reduce cooling costs, cut energy usage and lower greenhouse gas emissions. The additional funding is added to cover increased costs of the NYC Cool Roof contract and will cover the July-December 2012 projected contract costs. Since launching in 2010, the Cool Roofs Program has coated over 2.5 million square feet of rooftops in 288 buildings.
- Private Elevator Inspection Contract.** DOB is allocating \$210,000 in Fiscal 2012 and \$4 million in Fiscal 2013 for the Private Elevator Inspection Contract. In prior years this increase has typically been \$3.1 million. The increase is due to increasing costs charged by the vendors. The elevator inspection fee revenues that DOB is collecting have been higher than in prior years such that a full \$4 million increase could be supported. The contract is revenue generating so the expense of this contract is covered by the revenue collected per inspection.

Appendix 1: Budget Actions in the November, February & Executive Plans

<i>Dollars in Thousands</i>	FY 2012			FY 2013		
	City	Non-City	Total	City	Non-City	Total
Agency Budget as of June 2011 Plan	\$94,615	\$0	\$94,615	\$89,624	\$0	\$89,624
Program to Eliminate the Gap (PEGs)						
Eliminate Unfunded Vacancies	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL PEGs	\$0	\$0	\$0	\$0	\$0	\$0
PEG Program Reflected in Revenue Budget						
Increased Civil Penalties	\$2,297	\$0	\$2,297	\$6,689	\$0	\$6,689
TOTAL PEG Program Reflected in Revenue Budget	\$2,297	\$0	\$2,297	\$6,689	\$0	\$6,689
Less PEG Program Reflected in Revenue Budget						
Increased Civil Penalties	(\$2,297)	\$0	(\$2,297)	(\$6,689)	\$0	(\$6,689)
TOTAL Less PEG Program Reflected in Revenue Budget	(\$2,297)	\$0	(\$2,297)	(\$6,689)	\$0	(\$6,689)
New Needs						
HUB Expansion	\$0	\$0	\$0	\$2,000	\$0	\$2,000
TOTAL New Needs	\$0	\$0	\$0	\$2,000	\$0	\$2,000
Other Adjustments						
NYC Service Program - DOB Cool Roofs	\$190	\$0	\$190	\$221	\$0	\$221
Private Elevator Inspection Contract	1,410	0	1,410	4,000	0	4,000
DC37 Collective Bargaining Increases	16	0	16	16		16
Heat, Light and Power	(7)		(7)	72		72
Lease Adjustment	0		0	38		38
Konica Minolta/Accenture Fee Transfer to DCAS	(6)		(6)	0		0
TOTAL Other Adjustments	\$1,603	\$0	\$1,603	\$4,348	\$0	\$4,348
TOTAL All Changes	\$1,603	\$0	\$1,603	\$6,348	\$0	\$6,348
Agency Budget as of May 2012 Plan	\$96,218	\$0	\$96,218	\$95,972	\$0	\$95,972