

THE COUNCIL OF THE CITY OF NEW YORK

Hon. Christine C. Quinn
Speaker of the Council

Hon. Daniel Garodnick
Chair, Committee on Consumer Affairs



Hearing on the Fiscal 2014 Preliminary Budget & the Fiscal 2013 Preliminary Mayor's Management Report

Business Integrity Commission

March 6, 2012

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Business Integrity Commission 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.

Fiscal 2013 Preliminary Plan Highlights

	2012	2013	2013	2014	*Difference
<i>Dollars in Thousands</i>	Actual	Adopted	Jan. Plan	Jan. Plan	2013 - 2014
Personal Services	\$4,956	\$5,075	\$5,128	\$5,075	\$0
Other Than Personal Services	1,838	2,044	2,270	1,898	(147)
Total	\$6,794	\$7,119	\$7,398	\$6,973	(\$147)

**The difference of Fiscal 2013 Adopted compared to Fiscal 2014 February Plan funding.*

BIC's Fiscal 2014 Preliminary Budget is approximately \$7.0 million, which is a net decrease of \$147,000 when compared to the Fiscal 2013 Adopted Budget. This 2.1% decrease is primarily due to a decrease in other than personal services, including the renegotiation of a current lease, funds received through the agency's participation in the federal asset forfeiture program, and the end of state funding for records upgrades like document image scanning. These savings offset additional contractor services for a project manager to oversee the agency's database consolidation project, which modernizes the system for better case management tracking. This cost the agency an additional \$115,000 in Fiscal 2013.

BIC also plans to implement Revenue PEGs (Program to Eliminate the Gap), which allows an agency to reduce its City tax-levy budget in anticipation of additional revenue. Some highlights of this program are:

- **Additional Licensing and Photo ID Revenue.** BIC will realize additional revenue from licensing medical and scrap metal waste metal businesses. The agency began noticing an increase in non-licensed companies entering into the medical and scraps metal waste businesses and is beginning efforts to reach out to firms to obtain licenses and registrations. Fiscal 2014 will also generate additional revenue from market fees. This will result in additional savings of \$20,000 in Fiscal 2013 and \$50,000 in Fiscal 2014.
- **Additional Revenue from Enforcement Initiatives.** BIC will generate additional revenue from various new enforcement initiatives. Some of these new efforts include implementing a campaign to educate the industry on waste licenses for items such as scrap metal and cardboard, staff training for investigators on new companies that might be engaging in

illegal activity, and taking legal action against firms under the nuisance laws as a way to stop illegal activity. This will result in savings of \$433,000 in Fiscal 2013 and \$383,000 in Fiscal 2014.

BIC Financial Summary

<i>Dollars in Thousands</i>	2012 Actual	2013 Adopted	2013 Jan. Plan	2014 Jan. Plan	*Difference 2013 - 2014
Budget by Program Area					
Personal Services	\$4,956	\$5,075	\$5,128	\$5,075	\$0
Other Than Personal Services	1,838	2,044	2,270	1,898	(147)
TOTAL	\$6,794	\$7,119	\$7,398	\$6,973	(\$147)
Funding					
City Funds		\$7,119	\$7,167	\$6,973	(\$147)
State		0	75	0	0
Federal - Other		0	157	0	0
TOTAL		\$7,119	\$7,398	\$6,973	(\$147)
Positions					
Full-Time Positions - Civilian	71	80	81	80	0
TOTAL	71	80	81	80	0

**The difference of Fiscal 2013 Adopted compared to Fiscal 2014 January Plan funding.*

Revenue Budget

Agency Revenue Sources	FY13 Adopted Budget	FY13 Modified	FY14 Preliminary Budget
License, Permit & Franchises	\$3,756	\$3,756	\$3,760
Charges for Services	688	688	577
Fines and Forfeitures	1,500	1,500	1,883
Federal Grants - Categorical	0	157	0
State Grants - Categorical	0	75	0
TOTAL	\$5,944	\$6,176	\$6,221

BIC is a revenue-generating agency. Revenues consist of licenses for private carters, investigation and wholesale market fees, and administrative violation fines. Approximately \$3.8 million, or 60.4% of total revenue will be from licenses, permits, and franchises in the Fiscal 2014 Preliminary Plan. This source of revenue is generated from private charter licenses, which has a cost savings of approximately \$3.8 million in both Fiscal 2013 and Fiscal 2014. Additionally, approximately \$1.9 million, or 30.3% of total revenue will be generated through fines and forfeitures. These are primarily administrative violations, which are a result of non-response or inaccurate responding from waste companies.

Units of Appropriation

<i>Dollars in Thousands</i>	2012 Actual	2013 Adopted	2013 Jan. Plan	2014 Jan. Plan	*Difference 2013 - 2014
Spending					
Personal Services					
Full Time Salaried	\$4,510	\$4,834	\$4,820	\$4,807	(\$27)
Full Time Salaried - Uniformed	1	0	0	0	0
Other Salaried & Unsalari ed	57	28	50	50	22
Additional Gross Pay	331	190	228	194	3
Overtime-Civilian	59	22	31	24	2
P.S Other	(3)	0	0	0	0
Personal Services Subtotal	\$4,956	\$5,075	\$5,128	\$5,075	\$0
Other Than Personal Services					
Supplies and Materials	\$109	\$193	\$162	\$163	(\$30)
Fixed and Misc Charges	0	0	1	0	0
Property and Equipment	49	29	100	26	(3)
Other Services and Charges	1,616	1,707	1,764	1,500	(207)
Contractual Services	64	115	243	209	94
Other Than Personal Services Subtotal	\$1,838	\$2,044	\$2,270	\$1,898	(\$147)
TOTAL	\$6,794	\$7,119	\$7,398	\$6,973	(\$147)
Funding					
City Funds		\$7,119	\$7,167	\$6,973	(\$147)
State		0	75	0	0
Federal - Other		0	157	0	0
TOTAL		\$7,119	\$7,398	\$6,973	(\$147)

**The difference of Fiscal 2013 Adopted compared to Fiscal 2014 January Plan Funding.*

The Fiscal 2014 Preliminary budget is approximately \$7.0 million, which is \$147,000 less than the Fiscal 2013 Adopted budget of about \$7.1 million. This is primarily due to the decrease of \$207,000 in Other Services and Charges, which includes the lease renegotiation and additional funds received through the agency’s participation in the federal asset forfeiture program.

The increase of \$22,000 in Other Salaried & Unsalari ed is additional compensation for a part-time employee who oversees the violations unit. These additional funds were adjusted from the Full Time Salaried line item.

Performance Measures

	FY 10 Actual	FY 11 Actual	FY 12 Actual	4-Month Actual FY 12	4-Month Actual FY 13
Violations issued to private waste haulers	1672	1280	1601	439	638
Violations issued - Other (not licensees or registrants)	996	581	271	34	138
Waste hauling background investigations completed	1289	1088	998	336	417
Total waste hauling applications denied (%)	3.7%	3.6%	3.6%	3.6%	3.6%
Waste hauling applications denied - license (%)	9.6%	9.3%	9.3%	9.2%	9.1%
Waste hauling applications denied - registration (%)	2.3%	2.2%	2.4%	2.3%	2.4%
Average time to approve waste hauling licenses (days)	184	155	175	169	141
Average time to approve waste hauling registrations (days)	127	99	112	92	116
Average age of pending waste hauling applications (days)	167	167	168	163	194
Waste hauling applications pending	336	363	419	321	194
Waste hauling licenses approved	133	95	103	49	53
Violations issued at public wholesale markets	417	345	323	129	55
Public wholesale market applications denied (%)	2.2%	1.9%	2.2%	2.5%	2.3%
Public wholesale market applications under long-term investigation (total)	26	26	14	24	14
Public wholesale market background investigations completed	265	397	726	157	200
Average time to approve public wholesale market registrations (days)	226	221	221	235	121
Public wholesale market registrations approved	114	80	50	7	22

BIC's administrative improvements have led to some performance improvements. The number of waste hauling applications that are pending decreased approximately 39.6%, from 321 in Fiscal 2012 to 194 for the same four month period in Fiscal 2013. The average time to approve these applications also decreased 16.6% from Fiscal 2012 to Fiscal 2013. Background investigations conducted as part of all trade waste applications increased 24.1%. Additionally, over the first four months in Fiscal 2012 and Fiscal 2013, waste hauling licenses approved increased 8.2%. In the public wholesale markets sector, registrations approved increased 214.3% and the average time to approve registrations decreased 48.5%, when compared to the same reporting period in Fiscal 2013. Completed background investigations for public wholesale markets increase 27.4%, from 157 in Fiscal 2012 to 200 for the same period in Fiscal 2013.

The agency's processing of licenses and registrations did experience some problems. The average time to approve waste hauling registrations increased 26.1%, from 92 days in Fiscal 2012 to 116 days in Fiscal 2013 over the same period. The average age of pending waste hauling applications increased 19.0%, from 163 days in the first four months of Fiscal 2012 to 194 days in Fiscal 2013 for the same period.

Regulatory compliance is also an important agency role in order to combat unlicensed activity. BIC issued 45.3% more violations to private waste haulers and 305.9% more violations for unlicensed activity, when compared to the same reporting period in Fiscal 2012. Alternatively, violations issued at public wholesale markets decreased 57.4%.

Appendix A

Budget Actions in the November and February Plans

<i>Dollars in Thousands</i>	FY 2013			FY 2014		
	City	Non-City	Total	City	Non-City	Total
Agency Budget as of June 2013 Plan	\$7,119	\$0	\$7,119	\$7,119	\$0	\$7,119
Program to Eliminate the Gap (PEGs)						
Lease Savings	\$0		\$0	(\$172)		(\$172)
PS Accrual Savings	(73)		(73)	-		-
TOTAL, PEGs	(\$73)	\$0	(\$73)	(\$172)	\$0	(\$172)
New Needs						
Lease Renewal Increase	\$0		\$0	\$25		\$25
Project Manager- Database Consolidation	115		115	-		-
TOTAL, New Needs	\$115	\$0	\$115	\$25	\$0	\$25
Other Adjustments						
BIC Asset Foreclosure Funds	\$0	\$150	\$150	\$0		\$0
PS Accruals PEG	5	-	5			-
Federal OT Reimbursement		6	6			-
SARA Grant FY 2013		75	75			-
TOTAL, Other Adjustments	\$5	\$232	\$237	\$0	\$0	\$0
TOTAL, All Changes	\$47	\$232	\$279	(\$147)	\$0	(\$147)
BIC Budget as of January 2014 Plan	\$7,166	\$232	\$7,398	\$6,972	\$0	\$6,972

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	% of BIC Total
Contractual Services General	6	\$154,343	73.9%
Maint & Repair of Motor Vehicle Equipment	1	1,000	0.5%
Maint & Repair, General	1	1,000	0.5%
Office Equipment Maintenance	1	3,000	1.4%
Temporary Services	1	25,000	12.0%
Cleaning Services	1	2,400	1.1%
Professional Services: Other	1	22,000	10.5%
Preliminary Budget	12	\$208,743	100.0%