



**New York City Council**

Christine C. Quinn, Speaker

**Finance Division**

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Jeffrey Rodus, First Deputy Director

**Hearing on the Mayor's Fiscal Year 2011 Executive Budget**

**Department of Buildings**

June 4, 2010

**Committee on Finance**

Hon. Domenic M. Recchia, Jr., Chair

**Housing and Buildings Committee**

Hon. Erik Martin-Dilan, Chair

Jonathan Rosenberg, Deputy Director, Finance Division  
Ralph P. Hernandez, Legislative Financial Analyst

# Department of Buildings Summary and Highlights

## Department of Buildings Financial Summary

*Dollars in Thousands*

	2009 Actual	2010 Adopted	2010 Exec. Plan	2011 Exec. Plan	Difference 2010-2011
<b>Spending</b>					
Personal Services	\$82,666	\$83,985	\$84,850	\$80,439	(\$3,545)
Other than Personal Services	27,012	19,476	18,344	17,529	(1,947)
<b>Total</b>	<b>\$109,678</b>	<b>\$103,461</b>	<b>\$103,194</b>	<b>\$97,968</b>	<b>(\$5,492)</b>
<b>Funding</b>					
City	\$109,678	\$103,461	\$103,194	\$97,968	(\$5,492)
<b>Total</b>	<b>\$109,678</b>	<b>\$103,461</b>	<b>\$103,194</b>	<b>\$97,968</b>	<b>(\$5,492)</b>

## Highlights

- The Department of Building's Executive Fiscal 2011 budget is 5.31 percent less than its Fiscal 2010 Adopted Budget. The \$5.49 million decrease consists of \$3.55 million in PS and \$ 1.95 million in OTPS (see page 3).
- The Department is both increasing fees (record management) and implementing new fees (low/high pressure boiler, elevator, façade, and hazardous re-inspections) to generate \$1.84 million in Fiscal 2010 and \$10.7 million in Fiscal 2011 (see page 6).
- The Department is proposing 20 staff reductions in the Borough Support Units and other Central Units that have experienced decreased workloads to achieving savings of \$1.43 million in Fiscal 2011 and \$1.66 million in the outyears (see page 6).

# Department of Buildings

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.

## Key Public Services Areas

- Ensure the safe and lawful use of buildings and properties by enforcing the Building Code, Zoning Resolution, and other applicable laws.
- Facilitate compliant construction through the timely delivery of services.

## Critical Objectives

- Protect public safety by inspecting construction and buildings to ensure compliance.
- Prevent construction-related injuries and fatalities.
- Enforce Building Code and zoning regulations.
- Improve the enforceability of violations issued.
- Respond to public complaints in a timely manner.
- Ensure that individuals have proper qualifications to perform regulated work.
- Improve the timeliness of construction plan reviews, permit issuance, and related inspections.

*SOURCE: Mayor's Management Report*

# Summary and Highlights

## PS and OTPS 001-002

The operating budget of an agency is structured into several levels, each of which provides varying levels of detail on an agency's spending plans. The City Charter requires that U/A's represent the amount appropriated for Personal Services (i.e. salaries) or Other Than Personal Services (i.e. supplies) for a particular program, purpose, activity, or institution. The table below presents the Department's budget from the Fiscal 2008 Actuals up to the Fiscal 2011 Preliminary Budget.

<b>Department of Buildings Financial Summary</b>						
<i>Dollars in Thousands</i>						
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2010</b>	<b>2011</b>	<b>Difference:</b>
	<b>Actual</b>	<b>Actual</b>	<b>Adopted</b>	<b>Exec Plan</b>	<b>Exec Plan</b>	<b>2010-2011</b>
<b>Spending</b>						
Personal Services	\$76,778,681	\$82,665,740	\$83,984,690	\$84,849,669	\$80,439,277	(\$3,545,413)
Other than Personal Services	22,631,138	27,012,091	19,476,065	18,344,236	17,529,169	(1,946,896)
<b>Total</b>	<b>\$99,409,819</b>	<b>\$109,677,831</b>	<b>\$103,460,755</b>	<b>\$103,193,905</b>	<b>\$97,968,446</b>	<b>(\$5,492,309)</b>
<b>Funding</b>						
City	\$99,409,819	\$109,677,831	\$103,460,755	\$103,193,905	\$97,968,446	(\$5,492,309)
<b>Total</b>	<b>\$99,409,819</b>	<b>\$109,677,831</b>	<b>\$103,460,755</b>	<b>\$103,193,905</b>	<b>\$97,968,446</b>	<b>(\$5,492,309)</b>
<b>Headcount</b>						
Full-time Positions	1,162	1,183	1,289	1,296	1,211	(85)

The Department of Building's Executive Fiscal 2011 budget is 5.31 percent less than its Fiscal 2010 Adopted Budget. The \$5.49 million decrease consists of \$3.55 million in PS and \$ 1.95 million in OTPS.

The PS budget decrease is the result of the reduction of 65 positions through natural attrition to accommodate for a downturn in the construction activity, and the additional proposed 20 headcount reduction in the Executive Fiscal 2011 Budget. DOB is distributing the 65 headcount reductions in Fiscal 2010 and will take out the budget associated with certain vacant positions by the start of Fiscal 2011. The new proposed 20 staff reductions in the Executive Fiscal 2011 Budget would come from Borough Support Units and Central Units. The \$1.95 million decrease in OTPS funding is the result of reduction in contract services.

Since Mayor Bloomberg's first year in office in 2002, the Department's budget has increased by more than \$46.17 million in response to the booming construction industry and to strengthen the Department's operations. The Fiscal 2011 Executive Budget for the Department is \$98 million, which is 89.13 percent more than the \$51.8 million appropriated in the Fiscal 2003 Adopted Budget. During the same period, revenues have increased by \$36.87 million as the result of increase revenues from licenses and permits, fees, and fines. The Department's current projected revenue for Fiscal 2011 is \$127.2 million, which is 40.8 percent more than the \$90.3 million the Department generated in Fiscal 2003 (See table on page 4).

**Department of Buildings Revenue & Expense Budget Summary**

*Dollars in thousands*

	FY03 Actual Budget	FY07 Modified Budget	FY08 Modified Budget	FY09 Modified Budget	FY10 Modified Budget	FY11 Executive Budget
<b>REVENUE</b>						
LICENSES and PERMITS	\$59,868	\$82,141	\$82,496	\$98,091	\$88,601	\$77,196
FEES	21,484	21,340	22,320	21,700	23,020	\$33,998
FINES	8,969	6,250	6,250	24,000	11,250	\$16,000
<b>TOTAL</b>	<b>\$90,321</b>	<b>\$109,731</b>	<b>\$111,066</b>	<b>\$143,791</b>	<b>\$122,871</b>	<b>\$127,194</b>
<b>EXPENSE</b>						
<b>TOTAL</b>	<b>\$51,800</b>	<b>\$85,987</b>	<b>\$99,295</b>	<b>\$110,951</b>	<b>\$103,461</b>	<b>\$97,968</b>

**Performance Measures**

The following performance measures were reported in the Mayor’s Management Report for DOB.

	FY 07	FY 08	FY 09	4 Month Actual FY 10	Target FY 11
<b>DOB INSPECTIONS:</b>					
Construction inspection completed	229,191	229,157	244,585	76,852	*
Number of Priority A (emergency) complaints received by 311	20,274	24,457	22,114	6,904	*
Number of Priority B (non-emergency) complaints received by 311	83,905	92,509	89,134	30,482	*
Number of Priority A complaints responded to	20,305	24,185	22,145	6,871	*
Number of Priority B complaints responded to	84,629	92,786	89,217	26,899	*
<b>VIOLATIONS, INJURIES, and DOB RESPONSE:</b>					
Percent of incident inspections resulting in violations	30.1%	75.1%	74.1%	77.3%	*
Number of construction related incidents	398	474	543	213	*
Number of construction related injuries	116	167	233	88	*
Number of construction related fatalities	15	25	5	1	*
Investigations resulting in enforcement action	228	355	390	170	*
Violations and summonses issued to individuals for work without proper qualifications	406	369	555	183	*
Environmental Control Board violations issued	50,685	63,575	76,870	21,284	*
<b>DOB PERMITS ISSUED:</b>					
Licenses and registration issued (new and renewal)	12,549	16,426	15,280	5,168	*
New Buildings	6,929	4,543	3,039	461	*
Alterations I (major renovation)	7,465	6,378	4,924	1,379	*
Alterations II (minor renovation)	59,436	64,605	56,479	18,366	*
<b>DOB CERTIFICATION:</b>					
Certificate of Occupancy issued	13,020	11,307	9,219	2,711	*
Jobs professionally certified (%)	48.5%	47.5%	45.5%	47.6%	
Jobs professionally certified that were audited (%)	24.3%	26.3%	24.2%	20.0%	20.0%
Audits of professionally certified jobs resulting in renovation notices (%)	21.5%	35.2%	26.0%	21.7%	*

Prior to the recent recession, New York City was in the midst of a construction boom. As a result DOB saw a huge increase in the number of construction inspections. Between Fiscal 2007 and Fiscal 2009, inspections increased by 6 percent. The increase in construction activity has led to an increase in Priority A emergency complaints (9.1%) and construction injuries (101%). Further, the violations and summonses issued by DOB have increased by 37% while those issued by the Environmental Control Board have increased by 52%. DOB has not had to layoff staff and, thus, has been able to respond quickly to construction related issues.

# Executive Budget Action Analysis

## Program to Eliminate the Gap (PEG)

As part of the citywide PEG program, the Department was required to come up with cost savings in its Fiscal 2011 expense budget. As a result of the agency's revenue generating ability, DOB was able to meet its PEG target by both increasing fees and implementing new ones. The agency's Fiscal 2011 Executive budget includes \$10.7 million in additional and new revenue for Fiscal 2011 and in the outyears. In addition to the proposed revenues, the Department will achieve savings of \$1.43 million in Fiscal 2011 and \$1.66 million in Fiscal 2012 and in the outyears by laying off 20 staff.

- **Record Management Fees.** The Department will increase records of management fees for scanning and microfilming documents from \$35 to \$45 for residential and \$165 for commercial applications. The purpose of the fee increase is to offset the cost of record management for all job applications of New Building and Alterations 1, 2, and 3. Record management includes scanning, imaging, off-site storage and microfilming. The proposed increase is \$45 for 1, 2, and 3 family homes and \$165 for all other properties such as multiple dwelling and commercial. The Department is projecting filings of 54,800 applications annually, which will generate \$5.7 million in Fiscal 2011 and the outyears.
- **Low and High Pressure Boiler Application Fees.** The Department will establish new fees for low and high pressure boiler applications. The provisions in the low pressure and high pressure boiler rules require new filing requirements for the following: affirmation of correction of unsafe boiler (\$30); request for waiver of violations (\$30); certification of removal (\$45); and extensions (\$15). The new proposed fees will generate \$500,000 in Fiscal 2011 and in the outyears.
- **Elevator Application Filing Fees.** The Department will generate additional revenue by implementing various elevator application fees. The provisions in the elevator rules require new filing requirements for the following: affirmation of correction of unsafe elevator (\$45); request for waiver of violations (\$40); and three year and five year reports for hydraulic type elevators (\$45). The new proposed fees will generate \$1.7 million in Fiscal 2011 and in the outyears.
- **Facade Application Filing Fees.** The Department will institute new facade application fees. The provisions in the facade rule require fees for existing filing requirements (reports) for the following: facade walls reports (\$275); amendments (\$100); and extensions (\$140). The new proposed fees will generate \$800,000 in Fiscal 2011 and in the outyears.
- **Hazardous Re-inspections.** State law allows DOB to re-inspect buildings that pose a threat of imminent danger to public safety or property every 60 days after the issuance of a violation. The Department estimates it will realize additional fine revenue of \$2 million in Fiscal 2011 and in the outyears by conducting these State mandated Class 1 hazardous re-inspections.
- **Proposed Staffing Reductions.** The Department's Executive Plan includes a savings of \$1.43 million in Fiscal 2011 and \$1.66 million in Fiscal 2012 and the out-years for the reduction of 20 staff from Borough Support Units and other Central Units that have experienced decreased workloads. The exact titles/positions have not been identified yet.

## Other Adjustments

The Executive Plan contains \$6.41 million in Fiscal 2011 and \$535,000 in the outyears in City-funded Other Adjustments:

- **Private Elevator Inspection Contracts.** The Executive Plan includes an additional \$3.1 million in Fiscal 2011 for the continuation of elevator inspection contracts.
- **Roll OTPS Funds.** The Department's budget will rollover OTPS funds totaling \$2.42 million from Fiscal 2010 to Fiscal 2011. Approximately \$1.9 million of the roll is for contracts with registration delays, including engineering and investigation contracts following up on the crane collapse. The remaining \$500,000 is for OTPS costs associated with new programs that experienced delays in start up, including the new concrete testing unit.
- **Credit for fringe benefits savings associated with PS reductions.** The Department's budget increased by \$125,000 in Fiscal 2011 and \$350,000 in the outyears as credit for fringe benefits savings associated with Personal Service reductions.
- **Collective Bargaining.** The Department's budget increased by \$45,000 in Fiscal 2011 and in the outyears to cover the costs associated with collective bargaining settlements.
- **Heat, Light and Power.** The Department will generate savings of \$121,000 in Fiscal 2011 and in the outyears for heat, light and power.
- **Lease Adjustment.** The Department's budget will increase by \$18,900 in Fiscal 2011 and in the outyears as a result of lease adjustment.

## Appendix A: Budget Actions since Fiscal 2010 Adoption

<i>Dollars in thousands</i>	FY 2010			FY 2011		
	City	Non-City	Total	City	Non-City	Total
<b>Agency Budget as of June 2009 Plan</b>	<b>\$103,461</b>	<b>\$0</b>	<b>\$103,461</b>	<b>\$91,455</b>	<b>\$0</b>	<b>\$91,455</b>
<b>Program to Eliminate the Gap (PEGs)</b>						
Records Management Fees	(\$1,000)	\$0	(\$1,000)	(\$5,700)	\$0	(\$5,700)
Low and High Pressure Boiler Application Fees	(170)	0	(170)	(500)	0	(500)
Elevator Application Filing Fees	(400)	0	(400)	(1,700)	0	(1,700)
Façade Application Filing Fees	(270)	0	(270)	(800)	0	(800)
Hazardous Re-inspections	0	0	0	(2,000)	0	(2,000)
Proposed 20 Staff Reductions	0	0	0	(1,429)	0	(1,429)
<b>Total PEGs</b>	<b>(\$1,840)</b>	<b>\$0</b>	<b>(\$1,840)</b>	<b>(\$12,129)</b>	<b>\$0</b>	<b>(\$12,129)</b>
<b>New Needs</b>						
New Concrete Testing Unit	\$819	\$0	\$819	\$885	\$0	\$885
<b>Total New Needs</b>	<b>\$819</b>	<b>\$0</b>	<b>\$819</b>	<b>\$885</b>	<b>\$0</b>	<b>\$885</b>
<b>Other Adjustments</b>						
Private Elevator Inspection Contracts	\$0	\$0	\$0	\$3,100	\$0	\$3,100
Roll OTPS Funds	(2,420)	0	(2,420)	2,420	0	2,420
Collective Bargaining	1,514	0	1,514	1,514	0	1,514
Credit for fringe benefit savings associated with PS reductions	0	0	0	125	0	125
Heat, Light and Power	(180)	0	(180)	(121)	0	(121)
Lease Adjustment	0	0	0	19	0	19
Less PEG Program Reflected in Revenue Budget	1,840	0	1,840	10,700	0	10,700
<b>Total Other Adjustments</b>	<b>\$754</b>	<b>\$0</b>	<b>\$754</b>	<b>\$17,757</b>	<b>\$0</b>	<b>\$17,757</b>
<b>Agency Budget as per the Fiscal 2011 Exec Plan</b>	<b>\$103,194</b>	<b>\$0</b>	<b>\$103,194</b>	<b>\$97,968</b>	<b>\$0</b>	<b>\$97,968</b>

## Appendix B: Reconciliation of Program Areas to Units of Appropriation

*Dollars in Thousands*

	Personal Services (PS)	Other Than Personal Services (OTPS)
	001	002
Additional Gross Pay	\$1,053,177	
Amounts to be Scheduled	0	
Fringe Benefits	3,400	
Full-Time Salaried - Civilian	75,624,918	
Full-Time Salaried - Uniformed	0	
Other Salaried and Unsalariad	557,782	
Overtime - Civilian	3,200,000	
P.S. Other	0	
Contractual Services		\$8,016,779
Fixed and Misc Charges		0
Other Services and Charges		3,997,891
Property and Equipment		1,011,826
Supplies and Materials		4,502,673
<b>TOTAL</b>	<b>\$80,439,277</b>	<b>\$17,529,169</b>