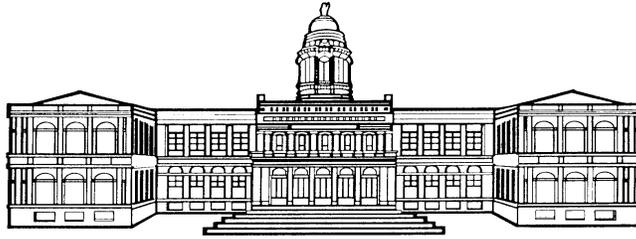


New York City Council



BUDGET REPORT

Finance Division

March 2009

***Analysis of the
Fiscal 2010 Preliminary Budget
and
Fiscal 2009 Preliminary Mayor's Management Report
for the
Department of Buildings
Monday, March 9, 2009***

Hon. Christine C. Quinn
Speaker

Preston Niblack, Director

Hon. David I. Weprin, Chair
Committee on Finance

Jeffrey Rodus, First Deputy Director

Jonathan Rosenberg, Deputy Director

Hon. Erik Martin-Dilan, Chair
Committee on Housing and Buildings

Ralph P. Hernandez, Legislative
Financial Analyst

Hon. James Oddo, Chair
Taskforce on Operations and
Improvement of the Department of
Buildings

PREFACE

On March 9, 2009, at 3p.m., the Committee on Housing and Buildings, chaired by the Hon. Erik Martin-Dilan, jointly with the Committee Taskforce on Operations and Improvement of the Department of Buildings, chaired by the Hon. James Oddo, will hold a hearing on the Mayor's Fiscal 2010 Preliminary Budget and Fiscal 2009 Preliminary Mayor's Management Report for the Department of Buildings.

Section 236 of the New York City Charter requires the Mayor to submit by January 16th a preliminary budget for the upcoming fiscal year.^a In addition, under section 12 of the City Charter, the Mayor must make public and submit to the Council by January 30th the Preliminary Mayor's Management Report (PMMR) for the current fiscal year.^b Among other things, the PMMR must contain "proposed program performance goals and measures for the next fiscal year reflecting budgetary decisions made as of the date of submission of the preliminary budget."^c The Charter also requires the Council to hold hearings on the preliminary budget and to submit recommendations to the Mayor by March 25th.^d This year, the Council will hold joint hearings on the Fiscal 2010 Preliminary Budget and the Fiscal 2009 Preliminary Mayor's Management Report.

Beginning with the Fiscal Year 2008 Adopted Budget, the Council and the Mayor's Office of Management and Budget agreed to an additional budget presentation, referred to by OMB as the budget function analysis, and by the Council as the program budget. Two agencies were initially presented in the program budget form. Beginning with the January 2008 Financial Plan (Fiscal 2009 Preliminary Budget), a total of 16 agencies are now in program budget form. The Department of Buildings is not a program budget agency.

This report was prepared by Ralph P. Hernandez, Legislative Financial Analyst, under the supervision of Deputy Director Jonathan Rosenberg.

^a The Charter prescribes specific actions that are required as part of the annual budget submission process during a fiscal year. The Charter allows for changes, via local law, in the dates in the submission of the PMMR, as well as an extension for subsequent steps in the budget process. This year, Local Law 03 of 2009 changed the date for the submission of the Preliminary Budget to January 30th, and the date for the Council's Response to the Preliminary Budget to April 8th.

^b Local Law 03 of 2009 changed the date of submission of the PMMR to February 13, 2009.

^c New York City Charter, §12(b)(2).

^d *See id.* at §247.

Department of Buildings (810)

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.

PROGRAM TO ELIMINATE THE GAP

Since the Fiscal 2009 Budget was adopted in June, the Office of Management and Budget has twice asked agency heads to submit Programs to Eliminate the Gap (PEGs) proposals. In the first round, in September, OMB sought PEG submissions equal to five percent of agency City tax-levy budgets for Fiscal 2010, with a further seven percent sought in December.

PEGs reduce the City's budget gap either by reducing an agency's City tax-levy Expense Budget spending, or by increasing City revenues. The chart below indicates the proposed PEG amounts for the DOB based on the Fiscal 2010 forecast at the time the Fiscal 2009 Budget was adopted (June 2008).

November and January Plan PEGs for Fiscal 2010 <i>(in 000s)</i>	
Fiscal 2010 Forecast at Fiscal 2009 Adoption (June 2008)	\$95,337
Expense PEGs	\$3,171
Revenue PEGs	---
Total Fiscal 2010 PEGs	\$3,171
PEGs as a Percent of the Fiscal 2010 Forecast	3.32%

PRELIMINARY BUDGET HIGHLIGHTS

The Fiscal 2010 Preliminary Budget for the Department is \$96.1 million, which is \$11.2 million less than the Fiscal 2009 Current Modified Budget, a decrease of 10.4 percent. This decrease is the result of funding not included in the Department's baseline including DOB's emergency evaluation of crane, concrete, and excavation operations (\$5.3 million); the private contracting for elevator inspections (\$3.1 million); and the funding for the temporary worker contract (\$1.95 million).

AGENCY FUNDING OVERVIEW

Agency Funding Sources	Fiscal 2009 Adopted Budget	Fiscal 2009 Modified as of 1/30/2009	Fiscal 2010 Preliminary Budget
City	\$107,292,956	\$107,292,956	\$96,071,838
Other Categorical	\$0	\$0	\$0
Capital IFA	\$0	\$0	\$0
State	\$0	\$752	\$0
Community Development	\$0	\$0	\$0
Federal-Other	\$0	\$0	\$0
Intra-City	\$0	\$0	\$0
Total	\$107,292,956	\$107,293,708	\$96,071,838

HEADCOUNT OVERVIEW

Headcount (Uniform and Civilian)	Fiscal 2009 Adopted Budget	Fiscal 2009 Modified as of 1/30/2009	Fiscal 2010 Preliminary Budget
City	1,349	1,349	1,312
Non-City	0	0	0
Total	1,349	1,349	1,312

The Department's Fiscal 2010 Preliminary Budget headcount is 37 lower than its headcount in the Fiscal 2009 Adopted Budget. This change is attributable to the reduction of 40 non-safety positions from unfilled vacancies, which is reflected in the November Plan PEGs. This 40 headcount reduction is offset by the hiring of three additional DOB staff for the Asbestos-Technical Review Unit for the Construction Demolition and Abatement Program, which is reflected in the January Plan New Needs.

UNITS OF APPROPRIATION

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 DOB's budget, comparing the Fiscal 2009 Adopted Budget to the Fiscal 2010 Preliminary Budget. The Fiscal 2009 Modified Budget reflects this year's budget at the time this financial plan was released.

U/A#	U/A Name	Fiscal 2009 Adopted Budget	Fiscal 2009 Modified as of 1/30/2009	Fiscal 2010 Preliminary Budget	Percent Change from Adoption
001	Personal Services	\$83,303,342	\$83,303,342	\$84,334,244	1.24%
002	Other Than Personal Services	\$23,989,614	\$23,990,366	\$11,737,594	-51.07%
	Total Agency	\$107,292,956	\$107,293,708	\$96,071,838	-10.46%

FUNDING ANALYSIS

Department Funding

EXPENSE	Fiscal 2003 Adopted Budget	Fiscal 2007 Current Modified Budget	Fiscal 2008 Current Modified Budget	Fiscal 2009 Current Modified Budget	Fiscal 2010 Preliminary Budget
TOTAL	\$51,800,000	\$85,986,828	\$99,294,835	\$107,293,708	\$96,072,000

Since 2002 the Department's budget has increased by \$44.3 million or 85.5 percent. The steady growth of the Department's budget since Fiscal 2003 (presented in the chart above) was precipitated by the unprecedented number of construction projects commencing citywide and the agency's effort to strengthen its oversight of the construction industry. The current Fiscal 2010 Preliminary Budget for the Department is \$96.1 million, which is 85.5 percent more than the \$51.8 million appropriated in the Fiscal 2003 Adopted Budget.

Performance Report

Description	Fiscal 2006	Fiscal 2007	Fiscal 2008	4-month Fiscal 2009
Construction inspection completed	209,966	229,191	229,157	86,715
Percent of incident inspections resulting in violations	12.80%	30.10%	75.10%	74.00%
Percent of inspection for unsafe façade conditions & falling debris where violations were written	26%	27.50%	31.60%	30.60%
Construction related accidents	83	104	123	69
Number of construction related injuries	87	116	167	71
Number of construction related fatalities	11	15	25	3

Source: PMMR

According to the Preliminary Mayor's Management Report, despite an increase in the Department's construction inspections completed, the number of accidents and fatalities continued to rise from Fiscal 2006 through Fiscal 2008. The crane collapse and fatalities of March 2008 highlighted the seriousness of construction accidents, resulting in the Department's complete thorough evaluation of cranes and other high-risk construction operations.

Crane Evaluation

In response to the crane collapse, DOB launched a \$6 million program (included in the agency's Fiscal 2009 Executive Plan) to evaluate all cranes operating in the City and to conduct a thorough assessment and evaluation of all high-rise concrete operations, excavations, and crane operations. In February 2009, the DOB Commissioner laid out over 40 recommendations which the Department is working to implement over the coming months. The recommendations fall into three areas involving cranes and hoists, excavation, and concrete operations, and involve strengthening inspection protocols, enhancing equipment and performance standards, improving field operations, and enhancing maintenance and repair standards.

PRELIMINARY BUDGET ACTIONS (in 000s)

The following table is a summary of the Preliminary Plan actions for Fiscal 2009 and Fiscal 2010. The Non-City actions include State, Federal, Other Categorical, Intra-City and Capital Inter-Fund Agreement (IFA) funding changes for this agency.

Description	Fiscal 2009			Fiscal 2010		
	City	Non-City	Total	City	Non-City	Total
Agency Budget as per the November Plan	\$105,364	\$0	\$105,364	\$92,189	\$0	\$92,189
January Plan Programs to Eliminate the Gap (PEGs)						
PS Savings	\$0		\$0			\$0
Total PEGs	\$0	\$0	\$0	\$0	\$0	\$0
January Plan New Needs						
Construction Demolition and Abatement (A-TRU Program)	\$67		\$67	\$246		\$246
DOB FY09 Projected Gaps to be Offset by Revenue	\$4,411		\$4,411	\$0		\$0
Total New Needs	\$4,478	\$0	\$4,478	\$246	\$0	\$246
January Plan Other Adjustments						
CB-CWA 1180	\$33		\$33	\$44		\$44
Collective Bargaining	\$1,532		\$1,532	\$1,932		\$1,932
Collective Bargaining for DC37	\$1,092		\$1,092	\$1,661		\$1,661
Fringe Benefit Offset	\$0		\$0	\$0		\$0
Total Other Adjustments	\$2,657	\$0	\$2,657	\$3,637	\$0	\$3,637
Total January Plan Budget Changes	\$7,135	\$0	\$7,135	\$3,883	\$0	\$3,883
Agency Budget as per the January Plan	\$112,499	\$0	\$112,499	\$96,072	\$0	\$96,072

PRELIMINARY BUDGET ACTION ANALYSIS

Program to Eliminate the Gap (PEG)

The November Plan reduces the Department's budget by \$1.95 million in Fiscal 2009 and by \$3.17 million in Fiscal 2010 to reflect the PEGs in the Fiscal 2009 Adopted Budget:

- PS Savings: Non-safety Positions:** The Department will achieve PS savings of \$1.5 million in Fiscal 2009 and \$2.75 million in Fiscal 2010 and the out-years by decreasing the PS Budget. This savings will be accrued through the reduction of 24 non-safety positions beginning in Fiscal 2009 and an additional 16 non-safety positions beginning in Fiscal 2010, for a total of 40 positions. No critical non-safety positions are reduced, and all of the reductions are for unfilled vacancies.
- OTPS Savings: Supplies, Temps & Training:** The Department will achieve OTPS savings of \$450,000 in Fiscal 2009; \$422,000 in Fiscal 2010; and \$410,000 in Fiscal 2011 and the out-years. The Fiscal 2009 savings consist of reductions of \$100,000 for training; \$200,000 for the temporary worker contract; and \$150,000 for general supplies. Fiscal 2010 savings consist of \$200,000 for training and \$222,000 for general supplies. Savings in Fiscal 2011 and the outyears consist of \$200,000 for training and \$210,000 for general supplies.

New Needs

The January Plan contains \$4.48 million in Fiscal 2009 and \$246,000 in Fiscal 2010 in City-funded new needs for U/As 001 and 002 in the Fiscal 2010 Preliminary Budget:

- **Construction Demolition and Abatement (A-TRU Program):** The Department's January Plan includes an increase of \$67,000 in Fiscal 2009 and \$246,000 in Fiscal 2010 and the out-years for the Construction Demolition and Abatement Unit of the Asbestos-Technical Review Unit (A-TRU) Program, which will consist of one chief plan examiner, one licensed plan examiner, and one assistant plan examiner. The unit will review permits for asbestos abatement projects that pose a risk to public safety. Costs will be supported by revenues collected by the Department of Environmental Protection, which houses the rest of the A-TRU Program.
- **Fiscal 2009 Projected Gaps to be Offset by Revenue:** The Department's January Plan includes an additional \$4.4 million in Fiscal 2009 to fund projected gaps which are to be offset by additional revenue collected by the Department. The projected gap is the result of one-time OTPS funding such as elevator inspectors' contracts; temporary staffing contracts; DoITT intra-city telecommunication services; overtime funding; and a contract for the Model Code Program, where contracted project managers will assist DOB in further defining requirements, analyzing and re-engineering processes, preparing implementation and training plans as it relates to the Model Code. Revenues from building permits are coming in above budget and will be used to fill in the projected Fiscal 2009 budget gaps.

Other Adjustments

The January Plan contains \$2.66 million in Fiscal 2009 and \$3.64 million in Fiscal 2010 in City-funded other adjustments:

- **Collective Bargaining:** The Department's budget increased by \$2.66 million in Fiscal 2009 and \$3.64 million in Fiscal 2010 to cover the costs associated with collective bargaining settlements.