Finance Division
The Council of the City of New York

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Latonia McKinney, Director
Regina Poreda Ryan, Deputy Director
Nathan Toth, Deputy Director
Paul Scimone, Deputy Director
Emre Edev, Unit Head
Sarah Gastelum, Legislative Financial Analyst

Report to the Committees on Finance and Housing and Buildings
on the Fiscal Year 2016 Executive Budget for the

Department of Buildings

June 4, 2015

Executive Budget Summary

- **Expense Budget:** The Department of Buildings (DOB or the Department) budget for Fiscal 2016 totals $148.7 million, $40.4 million more than the Fiscal 2015 Adopted Budget of $108.3 million.
- **Funding Sources:** The Department's funding sources for Fiscal 2016 are all comprised of City tax-levy funds.
- **Headcount:** The Executive Budget supports a workforce of 1,438 positions (270 positions more than the Fiscal 2015 Adopted Budget). Some notable increases in staffing include:
    - The addition of 75 inspectors in Fiscal 2016 to perform routine and proactive inspections on issues related to boilers, plumbing, electrical, construction and elevators. This represents a 23 percent increase from the current staffing level of 330 inspectors; and
    - The addition of 61 plan examiners in Fiscal 2016 in order to reduce plan examination and building inspection times.
- **New Needs/Other Adjustments:** The Executive Budget includes $29.1 million for new needs in Fiscal 2016 and $652,000 in other adjustments. Major actions include:
    - $6.7 million for technology upgrades;
    - $5.2 million to support additional building and construction plan examiners;
    - $4.2 million to support the Proactive Enforcement program;
    - $3.4 million to redesign and renovate public facilities in the Department's five borough offices; and
    - $652,000 in other adjustments, including collective bargaining labor agreements.

Overview

This report presents a review of DOB's Fiscal 2016 Executive Budget. The section below presents an overview of the Department's budget and how it has changed during the course of Fiscal 2015, followed by a review of the significant budget actions introduced in the Fiscal 2016 Executive Budget. Major issues related to the Department's budget are then discussed. Appendices 1 and 2 report the changes made to the Fiscal 2015 and Fiscal 2016 Budgets since Adoption of the Fiscal 2015 Budget. For additional information on the Department's budget and its various programs, please refer to the Fiscal 2016 Preliminary Budget Report for the Department of Buildings at: http://www.council.nyc.gov/html/budget/2016/Pre/dob.pdf

DOB Financial Summary

	2013	2014	2015	Executive Plan		*Difference
Dollars in Thousands	Actual	Actual	Adopted	2015	2016	2015 - 2016
Spending						
Personal Services	$78,376	$79,848	$86,264	$88,520	$108,554	$22,290
Other Than Personal Services	24,105	18,831	22,031	24,041	40,184	18,153
TOTAL	**$102,482**	**$98,679**	**$108,295**	**$112,561**	**$148,737**	**$40,442**
Funding						
City Funds			$104,550	$112,561	$148,737	$44,187
Other Categorical			0	0	0	0
Capital- IFA			0	0	0	0
State			0	0	0	0
Federal - Community Development			3,745	0	0	(3,745)
Federal - Other			0	0	0	0
Intra City			0	0	0	0
TOTAL	**$102,482**	**$98,679**	**$108,295**	**$112,561**	**$148,737**	**$40,442**
Budgeted Headcount						
Full-Time Positions	1,023	1,037	1,168	1,199	1,438	270
TOTAL	**1,023**	**1,037**	**1,168**	**1,199**	**1,438**	**270**

**The difference of Fiscal 2015 Adopted Budget compared to Fiscal 2016 Executive Budget.*

The City's Fiscal 2016 Executive Budget totals $78.3 billion, or 4.4 percent greater than the Fiscal 2015 Adopted Budget of $75 billion. By comparison, DOB's Fiscal 2016 Executive Budget $148.7 million is a 37.3 percent increase when compared to the Department's Fiscal 2015 Adopted Budget of $108.3 million. That increase of $40.4 million is relatively evenly split between the Personal Services (PS) budget and the Other Than Personal Services (OTPS) budgets with increases of $22.3 million and $18.1 million respectively. The proposed budget is about $30 million more than DOB's Fiscal 2016 Preliminary Budget.

The Department's funding sources for Fiscal 2016 are all comprised of City tax-levy funds. DOB's Fiscal 2016 Executive Budget reflects an adjustment and transfer of $2.5 million in federal Community Development Block Grant-Disaster Recovery (CDBG-DR) funds to City tax-levy funds in order to provide greater flexibility in work performed and funded under the City's Build it Back Program.

At the time of adoption of the Fiscal 2015 Budget, DOB's projected Fiscal 2016 budget of $102.3 million was $6 million less than the Fiscal 2015 Adopted Budget of $108.3 million. DOB's

projected headcount of 1,200 for Fiscal 2016 was also six positions less than the Fiscal 2015 budgeted headcount of 1,206.

Since the Fiscal 2015 Adopted Budget, several initiatives have impacted the Department's budget and headcount for Fiscal 2015 and Fiscal 2016. For Fiscal 2015 these include $1.9 million in new needs, $2.4 million in other adjustments, and a headcount increase of 76 positions. For Fiscal 2016 these include $43.2 million in new needs, $3.3 million in other adjustments, and a headcount increase of 194. Combined, the above actions reconcile the agency to its current budget of $112.6 million for Fiscal 2015 and $148.7 million for Fiscal 2016. (See Appendix 2 for a list of all budget actions since adoption.)

New in the Executive Budget

The Department's Fiscal 2016 Executive Budget introduced several significant new initiatives and actions intended to streamline online operations and reduce processing times for construction applications, strengthen proactive enforcement tools, and expedite the review process for new affordable housing production. The key actions in the Executive Budget include:

- **Information Technology Upgrades.** The Executive Budget includes $6.7 million in Fiscal 2016 for technology upgrades, which includes $6.6 million in OTPS funding and $100,000 in PS funding to support the hiring of a Project Manager. This funding also provides $1.3 million for the DOB Development Hub (an online permit application system). Funding for technology upgrades decreases to $6.6 million in Fiscal 2017 and $2.9 million in Fiscal 2018. These funds will help DOB streamline and expedite the plan review and approval process. The Department has recently implemented creative strategies to deploy data and integrate technology improvements to speed up approvals. For example, in 2015, DOB rolled out the Inspection Ready program that has armed DOB staff with tablets to expedite inspections by giving staff access to more information from the field. These efforts will transform the development process as well as support the Mayor's goal of accelerating the development of affordable housing.
- **Plan Exam.** The Executive Budget includes $5.2 million in Fiscal 2016 ($5 million in PS and $153,000 in OTPS) to support the hiring of 61 plan examiners, including 56 technical support staff and 5 administrative staff to more effectively target plan examination resources and reduce the overall time for project approvals. Funding for plan examiners grows to $12.8 million in Fiscal 2017 through 2019 to support the hiring of 155 plan examiners.
- **Development Inspectors.** DOB's Fiscal 2016 Executive Budget also includes $1.9 million in additional funding to support 26 positions, including 17 inspectors (12 elevator and 5 plumbing inspectors), and nine administrative support staff to reduce wait times for inspections. With these additional resources, DOB anticipates it will complete initial reviews on all filings within an average of ten days from initial submission, and reduce wait times for the most common inspection types to an average of five business days by the end of Fiscal 2016.

Performance Indicators	Actual FY15	Target FY16
Average days to complete first plan review (days)		
- New buildings	15.1	10.0
- Major Renovation (Alteration Type-I application)	12.4	10.0
- Minor Renovation (Alteration Type-II and III applications)	3.7	2.0
Average days to complete inspections (days)		
- Boiler Inspections	22.2	5.0
- Elevator Inspections	23.2	5.0

*DOB data as of May 2015

- **Proactive Enforcement Program.** The Executive Budget for Fiscal 2016 includes $4.2 million ($3.4 million in PS and $738,00 in OTPS) to support the Proactive Enforcement program and the hiring of 54 full-time positions, including 45 inspectors (21 construction inspectors, 22 plumbing inspectors, and two electrical inspectors), three technical support positions, and six administrative positions. The Proactive Enforcement program was recently launched by DOB in order to increase compliance with all public safety standards and strategically deploy enforcement resources. The annualized cost of these positions is $4.1 million, which is baselined in DOB's budget through Fiscal 2019.
- **Facilities Upgrade.** The Executive Budget includes an additional $3.4 million in Fiscal 2016 and $1.8 million (all OTPS) in Fiscal 2017 to redesign and renovate public facilities in the Department's five borough offices to enhance service delivery and integrate additional technology upgrades into day-to-day operations.
- **Operations.** The Executive Budget includes $2.9 million ($1.5 million in PS and $1.4 million in OTPS) in Fiscal 2016 to support the hiring of 18 full-time positions to the Operations Division. These positions include two boiler inspectors, two general inspectors, two technical support staff, and 14 administrative positions. The annualized cost of these positions is about $2.7 million, which is baselined through Fiscal 2019.
- **Risk Management.** The Executive Budget includes $1.7 million ($645,000 in PS and $1.2 million in OTPS) in Fiscal 2016 for the hiring of eight full-time, administrative positions and a legal, online tracking system to support the Office of Risk Management. This office was recently created to proactively assess risk, penalize unsafe and corrupt behavior, and better identify buildings that pose a threat to public safety. The annualized cost of these positions is $645,000 which is baselined through Fiscal 2019.
- **Affordable Housing Unit**. The Executive Budget includes $1.3 million ($1.2 million in PS and $128,000 in OTPS) in Fiscal 2016 to support the Department's newly created Affordable Housing Unit. The unit will consist of 13 plan examiners who will coordinate with the Department of Housing Preservation and Development to prioritize plan review and development inspections for affordable housing projects**.** The annualized cost of these positions is $1.2 million which is baselined through Fiscal 2019.

(See Appendix 1 for a list of all changes reflected in the Executive budget).

Operating Budget Highlights

The Council's response to the Administration's Fiscal 2016 Preliminary Budget called for three budgetary changes for DOB, including funding for 30 additional building inspectors, funding for additional building code enforcement personnel within the Office of Special Enforcement (OSE), and greater budget transparency within DOB's budget. The Fiscal 2016 Executive Budget includes increased funding for the Council's proposals related to additional inspectors and code enforcement personnel.

- **Increase Funding for 30 Additional Code Enforcement Personnel.** Given recent events involving the collapse of unsafe buildings and the upwards trend of illegal conversions, the Council called for funding to support 30 additional city-wide inspectors in Fiscal 2016. After considering this recommendation, the Fiscal 2016 Executive Budget included $4.2 million to support the newly created Proactive Enforcement program and the hiring of 54 full-time positions, including 45 inspectors (21 construction inspectors, 22 plumbing inspectors, and two electrical inspectors), three technical support positions, and six administrative positions. The annualized cost of these positions is $4.1 million which is baselined through Fiscal 2019.
- **Increase Funding for the Office of Special Enforcement (OSE).** The Office of Special Enforcement maintains city-wide jurisdiction to coordinate and enhance enforcement across City Agencies concerning fire and building code violations. The Office was historically made up of 12 staff members deployed from the Mayor's Office of Criminal Justice (MOCJ), the New York Police Department (NYPD), the Law Department, DOB, the Fire Department (FDNY), and the Department of Finance (DOF). In the Fiscal 2016 Preliminary Budget Response, the Council called upon the Administration to add $2 million to OSE's budget to hire 25 additional staff. The Fiscal 2016 Executive Budget reflects the addition of $1.2 million to support 17 additional staff, which will allow each borough to have one dedicated OSE staff member from the Law Department, FDNY, DOF and DOB. Funding for three building inspectors at DOB has been baselined through Fiscal 2019 at a total cost of $195,000 per year.
- **Budget Transparency.** The Council renewed its call for greater budget transparency within the DOB's budget. The Department's Fiscal 2016 Executive Budget currently appropriates $108.5 million of the Department's $148.7 million total budget in unit of appropriation 001-Personal Services. The Council suggested including more units of appropriation to achieve greater budget transparency. DOB's Fiscal 2016 Executive Budget includes no actions to address transparency concerns within public budget documents.

Revenue Budget Highlights

DOB collects revenue from the issuance of licenses and permits, charges for services such as inspection fees, and fines for late filings. The Department's online application system, the DOB Development Hub, along with the Department's use of e-filing, has accelerated the construction project approval process and this has resulted in revenue gains from licenses and permits, as well as charges for services, and related fines.

In Fiscal 2016, the Department expects to generate $214.9 million in revenue, while total expenditures are projected to be $148.7 million. In the Fiscal 2016 Executive Budget, DOB expects to generate $159.3 million from license, construction permit, and franchise fees, $33

million from charges for services, and $22.7 million from the collection of fines and forfeitures. Overall, construction permits are projected to account for 75 percent of the Department's total miscellaneous revenue generated in Fiscal 2016, totaling $139 million.

DOB Miscellaneous Revenue Budget Overview

Revenue Sources *Dollars in Thousands*	2013 Actual	2014 Actual	2015 Adopted	Executive Plan 2015	Executive Plan 2016	*Difference 2015 - 2016
Licenses, Permits & Franchises						
Licenses for Tradesmen	$2,888	$2,431	$2,889	$2,400	$2,940	$51
Building Permits	19,315	24,174	11,242	24,000	15,085	3,843
Illuminated Signs	2,795	3,184	2,236	2,236	2,236	0
Construction Permits	117,489	134,009	101,338	150,000	139,000	37,662
Subtotal, Licenses, Permits & Franchises	**$142,487**	**$163,798**	**$117,705**	**$178,636**	**$159,261**	**$41,556**
Charges for Services						
Building Inspection Fees	$13,543	$12,386	$11,880	$11,880	$11,880	$0
Scaffold Notification Fees	465	383	375	375	375	0
Electrical Inspection Fees	6,500	8,185	6,500	8,000	6,500	0
Microfilm Fees	9,988	11,002	7,871	11,500	7,871	0
Reinspection Fees	773	821	200	900	200	0
Loft Board Fees	1,460	1,487	595	1,000	595	0
Elevator Inspection Fees	5,603	5,468	5,490	5,490	5,490	0
Unsafe Building Fees	53	34	45	45	45	0
Subtotal, Charges for Services	**$38,386**	**$39,767**	**$32,956**	**$39,190**	**$32,956**	**$0**
Fines & Forfeitures						
Late Filing/No Permit Penalties	$45,464	$42,381	$22,689	$45,000	$22,689	$0
Subtotal, Fines & Forfeitures	**$45,464**	**$42,381**	**$22,689**	**$45,000**	**$22,689**	**$0**
TOTAL	**$226,336**	**$245,946**	**$173,350**	**$262,826**	**$214,906**	**$41,556**

**The difference of Fiscal 2015 Adopted Budget compared to Fiscal 2016 Executive Budget.*

Appendix 1: DOB Fiscal 2016 Executive Budget Actions

	Fiscal 2015			Fiscal 2016		
Dollars in Thousands	**City**	**Non-City**	**Total**	**City**	**Non-City**	**Total**
DOB Budget as of the Fiscal 2016 Preliminary Plan	**$111,942**	**$3,745**	**$115,687**	**$116,458**	**$2,500**	**$118,958**
New Needs						
Build it Back Program Adjustment	$0	($3,745)	($3,745)	$2,500	($2,500)	$0
Affordable Housing	0	0	0	1,338	0	1,338
Core Operations	0	0	0	773	0	773
Development Inspectors	0	0	0	1,863	0	1,863
Facilities Upgrade	0	0	0	3,400	0	3,400
Info Technology	0	0	0	6,703	0	6,703
Operations	0	0	0	2,970	0	2,970
Plan Exam	0	0	0	5,168	0	5,168
Proactive Enforcement	0	0	0	4,173	0	4,173
Risk Management	0	0	0	1,665	0	1,665
Universal Pre-K	0	0	0	879	0	879
Special Enforcement	0	0	0	195	0	195
Subtotal New Needs	**$0**	**($3,745)**	**($3,745)**	**$31,627**	**($2,500)**	**$29,127**
Other Adjustments						
Collective Bargaining CSBA and CWA Local 1180	$636	$0	$636	$693	$0	$693
Heat, Light and Power	(17)	0	(17)	(46)	0	(46)
Lease Adjustment	0	0	0	5	0	5
Subtotal Other Adjustments	**$619**	**$0**	**$619**	**$652**	**$0**	**$652**
TOTAL All Changes	**$619**	**($3,745)**	**($3,126)**	**$32,279**	**($2,500)**	**$29,779**
DOB Budget as of the Fiscal 2016 Executive Plan	**$112,561**	**$0**	**$112,561**	**$148,737**	**$0**	**$148,738**

Appendix 2: DOB Budget Actions since Fiscal 2015 Adoption

	Fiscal 2015			Fiscal 2016		
Dollars in Thousands	**City**	**Non-City**	**Total**	**City**	**Non-City**	**Total**
DOB Budget as of the Fiscal 2015 Adopted Plan	**$104,550**	**$3,745**	**$108,295**	**$99,752**	**$2,500**	**$102,252**
New Needs						
RetroFIT NYC	$886	$0	$886	$665	$0	$665
Audit	563	0	563	1,050	0	1,050
Development Hub	211	0	211	2,385	0	2,385
ELP Project	2,434	0	2,434	7,082	0	7,082
Enforcement Improvements	1,374	0	1,374	2,235	0	2,235
Small Business First	154	0	154	664	0	664
Build it Back Program Adjustment	0	(3,745)	(3,745)	2,500	(2,500)	0
Affordable Housing	0	0	0	1,338	0	1,338
Core Operations	0	0	0	773	0	773
Development Inspectors	0	0	0	1,863	0	1,863
Facilities Upgrade	0	0	0	3,400	0	3,400
Info Technology	0	0	0	6,703	0	6,703
Operations	0	0	0	2,970	0	2,970
Plan Exam	0	0	0	5,168	0	5,168
Proactive Enforcement	0	0	0	4,173	0	4,173
Risk Management	0	0	0	1,665	0	1,665
Universal Pre-K	0	0	0	879	0	879
Special Enforcement	0	0	0	195	0	195
Subtotal New Needs	**$5,622**	**($3,745)**	**$1,877**	**$45,708**	**($2,500)**	**$43,208**
Other Adjustments						
Collective Bargaining: DC37, L300, CSBA, CWA	$1,514	$0	$1,514	$2,063	$0	$2,063
Decrease BIB PS budget	0	(23)	(23)	0	0	0
DOB DCA Staff	(94)	0	(94)	0	0	0
PS Adjustments	987	0	987	1,256	0	1,256
PS to OTPS for BIB Program	0	23	23	0	0	0
Heat, Light and Power	(17)	0	(17)	(46)	0	(46)
Lease Adjustment	0	0	0	5	0	5
Subtotal Other Adjustments	**$2,389**	**$0**	**$2,389**	**$3,278**	**$0**	**$3,278**
TOTAL All Changes	**$8,011**	**($3,745)**	**$4,266**	**$48,986**	**($2,500)**	**$46,486**
DOB Budget as of the Fiscal 2016 Executive Plan	**$112,561**	**$0**	**$112,561**	**$148,738**	**$0**	**$148,739**