

# THE COUNCIL OF THE CITY OF NEW YORK

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Speaker of the Council

Hon. Antonio Reynoso  
Chair, Committee on Sanitation and Solid Waste Management



## Report on the Fiscal 2017 Preliminary Budget and the Fiscal 2016 Preliminary Mayor's Management Report

### Business Integrity Commission

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## Table of Contents

Business Integrity Commission Overview.....	1
Fiscal 2017 Preliminary Budget Highlights .....	1
Financial Summary.....	2
Contract Budget.....	3
Revenue .....	4
Appendix A: Budget Actions in the November and the Preliminary Plans.....	6

## Business Integrity Commission Overview

The Business Integrity Commission (BIC or the Commission) regulates and monitors the trade waste hauling industry and the wholesalers and businesses operating in the City's public wholesale markets, and ensures the integrity of businesses in these industries. Through vigorous background investigations of license and registration applications, the establishment of standards for services and conduct of business, and long-term criminal investigations, BIC carries out its mandate to make certain that these regulated industries and businesses remain free of organized crime and other forms of corruption. BIC protects New York City consumers by ensuring that businesses in certain industries and markets act in an honest way. By fostering an open marketplace, BIC ensures that businesses in those industries and markets are protected from unfair competition. BIC also has the authority to regulate the shipboard gambling industry.

This report provides a review of the Commission's Preliminary Budget for Fiscal 2017. The first section includes highlights of the \$7.7 million Fiscal 2017 Preliminary Budget, followed by BIC's contract budget. The report then provides analysis of miscellaneous revenues generated by the agency, and reviews relevant section of the Preliminary Mayor's Management Report (PMMR) for Fiscal 2016.

## Fiscal 2017 Preliminary Budget Highlights

The City's Fiscal 2017 Preliminary Budget is \$82.1 billion, \$3.6 billion more than the Fiscal 2016 Adopted Budget of \$78.5 billion.

<b>BIC Expense Budget</b>						
	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>Preliminary Plan</b>		<b>*Difference</b>
<i>Dollars in Thousands</i>	<b>Actual</b>	<b>Actual</b>	<b>Adopted</b>	<b>2016</b>	<b>2017</b>	<b>2016 - 2017</b>
Personal Services	\$4,949	\$5,004	\$5,377	\$5,489	\$5,600	\$223
Other Than Personal Services	2,311	3,061	2,069	3,133	2,069	0
<b>TOTAL</b>	<b>\$7,260</b>	<b>\$8,065</b>	<b>\$7,446</b>	<b>\$8,622</b>	<b>\$7,669</b>	<b>\$223</b>

*\*The difference of Fiscal 2016 Adopted Budget compared to Fiscal 2017 Preliminary Budget.*

The Business Integrity Commission's Fiscal 2017 Preliminary Budget totals \$7.7 million; this represents less than one percent of the City's total Budget. The Commission's Fiscal 2017 Preliminary Budget is \$223,000 more than the \$7.4 million Fiscal 2016 Adopted Budget. The Preliminary Plan includes an increase in headcount for one digital forensic investigator and collective bargaining costs.

## Financial Summary

<b>BIC Financial Summary</b>						
<i>Dollars in Thousands</i>						
	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>Preliminary Plan</b>		<b>*Difference</b>
	<b>Actual</b>	<b>Actual</b>	<b>Adopted</b>	<b>2016</b>	<b>2017</b>	<b>2016 - 2017</b>
<b>Spending</b>						
Personal Services	\$4,949	\$5,004	\$5,377	\$5,489	\$5,600	\$223
Other Than Personal Services	2,311	3,061	2,069	3,133	2,069	0
<b>TOTAL</b>	<b>\$7,260</b>	<b>\$8,065</b>	<b>\$7,446</b>	<b>\$8,622</b>	<b>\$7,669</b>	<b>\$223</b>
<b>Personal Services</b>						
Additional Gross Pay	\$218	\$235	\$199	\$201	\$199	\$0
Full-Time Salaried - Civilian	4,691	4,710	5,154	5,246	5,377	223
Other Salaried & Unsalariated	0	16	0	0	0	0
Overtime - Civilian	43	48	24	43	24	0
P.S. Other	(3)	(5)	0	0	0	0
<b>SUBTOTAL</b>	<b>\$4,949</b>	<b>\$5,004</b>	<b>\$5,377</b>	<b>\$5,490</b>	<b>\$5,600</b>	<b>\$223</b>
<b>Other Than Personal Services</b>						
Contractual Services	\$372	\$335	\$204	\$549	\$107	(\$97)
Fixed & Misc. Charges	5	15	0	1	0	\$0
Other Services & Charges	1,680	2,262	1,710	2,087	1,752	\$42
Property & Equipment	156	330	21	295	107	\$86
Supplies & Materials	98	119	134	201	102	(\$32)
<b>SUBTOTAL</b>	<b>\$2,311</b>	<b>\$3,061</b>	<b>\$2,069</b>	<b>\$3,133</b>	<b>\$2,068</b>	<b>(\$1)</b>
<b>TOTAL</b>	<b>\$7,260</b>	<b>\$8,065</b>	<b>\$7,446</b>	<b>\$8,622</b>	<b>\$7,669</b>	<b>\$223</b>
<b>Funding</b>						
City Funds	\$0	\$0	\$7,446	\$7,527	\$7,669	\$223
Federal - Other	0	0	0	1,095	0	0
<b>TOTAL</b>	<b>\$7,260</b>	<b>\$8,065</b>	<b>\$7,446</b>	<b>\$8,622</b>	<b>\$7,669</b>	<b>\$223</b>
<b>Budgeted Headcount</b>						
Full-Time Positions - Civilian	64	72	80	82	81	1
<b>TOTAL</b>	<b>64</b>	<b>72</b>	<b>80</b>	<b>82</b>	<b>81</b>	<b>1</b>

*\*The difference of Fiscal 2016 Adopted Budget compared to Fiscal 2017 Preliminary Budget.*

As indicated by the table above, BIC's Fiscal 2017 Preliminary Budget increases by \$223,000 when compared to its Fiscal 2016 Adopted Budget. The majority of this increase can be attributed to Personal Services (PS) costs related to collective bargaining, combined with an increase in headcount for one digital investigator. Moreover, within Other than Personal Services (OTPS), funding was reallocated from Contractual Services and Supplies & Materials to Other Services & Charges and Property & Equipment to cover computer software subscriptions and vehicle rentals for agency operations.

## 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 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.

The following table provides BIC's Preliminary Contract Budget for Fiscal 2017.

<b>BIC Fiscal 2017 Preliminary Contract Budget</b>				
<i>Dollars in Thousands</i>				
<b>Category</b>	<b>Fiscal 2016 Adopted</b>	<b>Contracts</b>	<b>Fiscal 2017 Preliminary</b>	<b>Contracts</b>
Contractual Services General	\$105	2	\$2	2
Maintenance and Repair Motor Vehicle Equipment	1	1	3	1
Office Equipment Maintenance and Repair General	48	1	4	1
Data Processing Equipment	0	0	42	1
Temporary Services	25	1	25	1
Cleaning Services	2	1	7	1
Professional Services Other	22	1	25	1
<b>TOTAL</b>	<b>\$203</b>	<b>7</b>	<b>\$108</b>	<b>8</b>

The City's Contract Budget, as proposed, totals \$13.16 billion in Fiscal 2017, a decrease of \$76 million or .5 percent when compared to the Fiscal 2016 Adopted Budget of \$13.24 billion. For BIC, the Contract Budget for Fiscal 2017 is approximately \$108,000. The largest category for BIC, Data Processing Equipment, includes one contract in Fiscal 2017 for \$42,000 related to software maintenance support for BIC's auditing unit, which was reallocated from the Office Equipment Maintenance and Repair General contract category. Moreover, approximately \$103,000 of Contractual Services General was reallocated to the expense budget to cover software license subscriptions.

## Revenue

<b>BIC Miscellaneous Revenue Budget Overview</b>						
<i>Dollars in Thousands</i>						
Revenue Sources	2014	2015	2016	Preliminary Plan		*Difference
	Actual	Actual	Adopted	2016	2017	2016 - 2017
Licenses - General	\$3,895	\$4,118	\$3,875	\$3,875	\$3,875	\$0
Charges for Services	555	361	588	588	361	(227)
Fines and Forfeitures	1,500	1,500	1,500	1,500	1,500	0
Federal Grants Categorical	472	1,371	0	1,095	0	0
State Grants Categorical	65	0	0	0	0	0
<b>TOTAL</b>	<b>\$6,487</b>	<b>\$7,350</b>	<b>\$5,963</b>	<b>\$7,058</b>	<b>\$5,736</b>	<b>(\$227)</b>

*\*The difference of Fiscal 2016 Adopted Budget compared to Fiscal 2017 Preliminary Budget.*

BIC is a revenue-generating agency. Revenues are derived from licenses for private carters, investigation and wholesale market fees, and administrative violation fines. The majority of the Commission's staff is dedicated to reviewing licenses and permits.

Approximately \$3.9 million, or 68.4 percent of total revenue generated in Fiscal 2017, will be from license and registration applications. Construction and demolition removal registration and market registration for wholesale markets are also administered by BIC.

Charges for Services revenue is projected to be down \$227,000 or 38.6 percent in Fiscal 2017 due to market registration being on a two-year renewal cycle, therefore even years have fewer renewals.

Approximately \$1.5 million, or 25.2 percent of total projected revenue will be generated through fines and forfeitures. These represent quality-of-life and trade waste violations. Trade waste violations include stealing or unlicensed carting of waste materials such as cardboard, grease, or bulk metal.

Violations issued at wholesale markets for activities such as idling and double parking go through the Environmental Control Board (ECB). The corresponding revenue collected by the ECB is not represented in the chart above.

### Performance Measures

BIC Performance Indicators	Actual			Target		4-Month Actual	
	FY13	FY14	FY15	FY16	FY17	FY15	FY16
Violations issued to private waste haulers	1,145	888	1,166	*	*	513	239
Violations issued to legally operating private waste haulers	897	733	827	*	*	314	178
Violations issued to illegally operating private waste haulers	248	155	339	*	*	199	61
Total waste hauling applications denied (%)	3.9%	3.9%	4.2%	*	*	4.2%	4.4%
Waste hauling complaints received	534	519	513	*	*	205	212
Violations admitted to or upheld at the Office of Administrative Trials and Hearings (%)	92%	91%	92%	*	*	94%	100%
Average time to approve waste hauling applications (days) - New and Renewal	180	96	234	DOWN	DOWN	194	197
Average time to approve waste hauling applications (days) - New	212	103	235	DOWN	DOWN	160	158

BIC Performance Indicators	Actual			Target		4-Month Actual	
	FY13	FY14	FY15	FY16	FY17	FY15	FY16
Average time to approve waste hauling applications (days) - Renewal	166	94	234	DOWN	DOWN	214	206
Average age of pending waste hauling applications (days)	198	221	208	180	180	230	199
Waste hauling applications pending	331	523	762	300	300	593	830
Waste hauling applications approved - New and Renewal	1,106	770	737	*	*	172	205
Waste hauling applications approved - New	209	128	166	*	*	38	38
Waste hauling applications approved - Renewal	897	642	571	*	*	134	167
Violations issued at public wholesale markets	134	79	45	*	*	29	40
Violations admitted to or upheld at the Environmental Control Board (%)	89%	94%	99%	*	*	98%	100%
Public wholesale market applications denied (%)	3.0%	3.2%	2.5%	*	*	2.3%	2.5%
Average time to approve public wholesale market applications (days)	151	152	382	200	200	231	259
Average age of pending public wholesale market application (days)	246	256	324	*	*	375	188
Public wholesale market applications approved	85	68	49	*	*	7	13

*\*Continuation from previous page*

BIC has the responsibility to process licenses and registrations in a timely manner. The number of waste hauling applications pending at the end of the first four months of Fiscal 2016 is 830, and the average age of pending applications is 199 days, an increase of 40 percent and decrease of 13.5 percent, respectively when compared to the same period in Fiscal 2016. Both performance measures were above their target average.

BIC continued to be judicious and thorough in the issuance of violations during the first four months of Fiscal 2016. As a result, 100 percent of violations issued and heard in Fiscal 2016 before the Environmental Control Board (ECB), and the Office of Administrative Trials and Hearings (OATH) were admitted to or upheld when compared to the same period in Fiscal 2015, there is an increase of two percent before the ECB, and six percent before OATH respectively.

The Commission must also process registration applications for public wholesale businesses. In the first four months of Fiscal 2016, the average approval time was 259 days, an increase of 12.1 percent when compared to the first four months of Fiscal 2015.

## Appendix A: Budget Actions in the November and the Preliminary Plans

<i>Dollars in Thousands</i>	FY 2016			FY 2017		
	City	Non-City	Total	City	Non-City	Total
<b>BIC Budget as of the Adopted 2016 Budget</b>	<b>\$7,446</b>	<b>\$0</b>	<b>\$7,446</b>	<b>\$7,587</b>	<b>\$0</b>	<b>\$7,587</b>
<b>New Needs</b>						
Digital Forensic Investigator	\$38	\$0	\$38	\$75	\$0	\$75
<b>Subtotal, New Needs</b>	<b>\$38</b>	<b>\$0</b>	<b>\$38</b>	<b>\$75</b>	<b>\$0</b>	<b>\$75</b>
<b>Other Adjustments</b>						
Addn'l Forfeiture Funds	\$0	\$394	\$394	\$0	\$0	\$0
Addn'l Funds - Forfeiture - 3	0	385	385	0	0	0
Establish OTPS Forfeiture	0	247	247	0	0	0
Establish PS Forfeiture	0	68	68	0	0	0
Lease Adjustment	38	0	38	0	0	0
Staff Analyst OSA CBA	6	0	6	7	0	7
<b>Subtotal, Other Adjustments</b>	<b>\$44</b>	<b>\$1,094</b>	<b>\$1,138</b>	<b>\$7</b>	<b>\$0</b>	<b>\$7</b>
<b>TOTAL, All Changes</b>	<b>\$82</b>	<b>\$1,094</b>	<b>\$1,176</b>	<b>\$82</b>	<b>\$0</b>	<b>\$82</b>
<b>BIC Budget as of the Preliminary 2017 Budget</b>	<b>\$7,528</b>	<b>\$1,094</b>	<b>\$8,622</b>	<b>\$7,669</b>	<b>\$0</b>	<b>\$7,669</b>