

THE COUNCIL OF THE CITY OF NEW YORK

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Report to the Committee on Finance and the Committee on Housing and Buildings on
the Fiscal 2020 Executive Plan

Department of Buildings

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Finance Division

Luke Zangerle, Financial Analyst
Chima Obichere, Unit Head

Latonia McKinney, Director
Regina Poreda-Ryan, Deputy Director

Paul Scimone, Deputy Director
Nathan Toth, Deputy Director

Department of Buildings Overview

This report presents a review of the Department of Buildings' (DOB or the Department) Fiscal 2020 Executive Budget. The section below presents an overview of the Department's budget and how it has changed during the course of Fiscal 2019, followed by a review of the significant budget actions introduced in the Fiscal 2020 Executive Budget. Major issues related to the Department's budget are then discussed. Appendix 1 reports the changes made to the Fiscal 2019 and Fiscal 2020 Budgets since Adoption of the Fiscal 2019 Budget. For additional information on the Department's budget and its various programs, please refer to the Fiscal 2020 Preliminary Budget Report for Department of Buildings at: <https://council.nyc.gov/budget/wp-content/uploads/sites/54/2019/03/810-DOB-2020.pdf>

Below is a summary of key funding changes by spending area and source when comparing Department of Buildings' Fiscal 2020 Executive Budget to its Fiscal 2019 Adopted Budget.

DOB Financial Summary						
<i>Dollars in Thousands</i>	2017	2018	2019	Executive Plan		*Difference
	Actual	Actual	Adopted	2019	2020	2019-2020
Spending						
Personal Services	\$116,102	\$123,650	\$149,865	\$141,292	\$154,730	\$4,865
Other Than Personal Services	34,249	36,075	54,886	59,328	44,803	(10,083)
TOTAL	\$150,351	\$159,725	\$204,750	\$200,620	\$199,534	(\$5,216)
Personal Services						
Additional Gross Pay	\$3,535	\$2,953	\$1,138	\$1,138	\$1,138	\$0
Additional Gross Pay - Labor Reserve	0	0	4,376	0	0	(4,376)
Amounts to be Scheduled	0	0	2,042	0	0	(2,042)
Fringe Benefits	44	50	3	3	3	0
Full-Time Salaried - Civilian	103,628	111,219	138,446	135,768	149,678	11,232
Overtime - Civilian	7,857	7,446	2,992	3,486	2,992	0
P.S. Other	3	11	0	0	0	0
Unsalariated	1,035	1,971	868	897	919	51
SUBTOTAL	\$116,102	\$123,650	\$149,865	\$141,292	\$154,730	\$4,865
Other Than Personal Services						
Contractual Services	\$9,419	\$10,493	\$14,809	\$18,423	\$20,584	\$5,775
Contractual Services - Professional Services	12,198	13,613	20,681	22,724	7,966	(12,715)
Fixed & Misc. Charges	275	287	0	237	0	0
Other Services & Charges	5,553	6,798	9,817	10,091	10,859	1,042
Property & Equipment	3,912	2,573	4,556	5,212	2,450	(2,106)
Supplies & Materials	2,893	2,311	5,024	2,641	2,944	(2,080)
SUBTOTAL	\$34,249	\$36,075	\$54,886	\$59,328	\$44,803	(\$10,083)
TOTAL	\$150,351	\$159,725	\$204,750	\$200,620	\$199,534	(\$5,216)
Funding						
City Funds	\$150,351	\$159,725	\$204,750	\$198,648	\$199,534	(\$5,216)
Federal - Community Development	0	0	0	733	0	0
Intra City	0	0	0	1,239	0	0
TOTAL	\$150,351	\$159,725	\$204,750	\$200,620	\$199,534	(\$5,216)
Budgeted Headcount						
Full-Time Positions	1,497	1,565	1,857	1,869	1,852	(5)
TOTAL	1,497	1,565	1,857	1,869	1,852	(5)

*The difference of Fiscal 2019 Adopted Budget compared to Fiscal 2020 Executive Budget.

DOB's expense budget is organized by two units of appropriation (U/A), Personal Services (PS) and Other Than Personal Services (OTPS), each of which represents a function of the Department. The Department's Fiscal 2020 Executive Budget totals \$199.5 million, comprised of all City funds.

This represents a \$5.2 million decrease from the Fiscal 2019 Adopted Budget. In the Fiscal 2020 Executive Budget, PS spending increases by a net of \$4.9 million, with overtime pay remaining flat at \$3 million. OTPS spending decreases by \$10 million, in part, due to a \$12.7 million decrease in professional services contracts. The Fiscal 2020 Executive Budget supports a workforce of 1,852 full-time positions, a decrease of five positions from the Fiscal 2019 Adopted Budget. As of March 2019, the Department was operating with a thirteen percent staff vacancy rate.

New in the Executive Plan

The Fiscal 2020 Executive Plan includes \$9.5 million in new needs and a net increase of approximately \$245,000 in other adjustments for Fiscal 2020. In addition, the Executive Plan contains a savings program reduction of \$12.5 million in Fiscal 2019 and \$12 million in Fiscal 2020. These changes include the following.

New Needs

- **DOB NOW.** The Fiscal 2020 Executive Plan includes new needs of \$9.5 million in Fiscal 2020, \$9.6 million in Fiscal 2021, \$9.9 million in Fiscal 2022, and \$2.6 million in Fiscal 2023 for the expansion of the Department's electronic self-service tool, DOB NOW. This funding will support OTPS costs and headcount increase of four positions in Fiscal 2020, seven positions in Fiscal 2021, and 13 positions in Fiscal 2022 and in the outyears.

Other Adjustments

- **Commuting Vehicles.** As part of the Citywide Savings Program, the Administration set a target to reduce 25 percent of City agencies commuting vehicles, while converting one-eighth of commuting vehicles into the non-commuting vehicle fleet. As a result, the Fiscal 2020 Executive Plan includes savings of \$445,000 in Fiscal 2020, \$268,000 in Fiscal 2021, and \$68,000 in Fiscal 2022 and in the outyears from the conversion of commuting vehicles into non-commuting vehicle from DOB's fleet.
- **Heat, Light and Power.** Due to re-estimates, DOB anticipates an increase of \$16,000 in Fiscal 2019 and \$208,000 in Fiscal 2020 and in the outyears for costs associated with heat, light and power.
- **Collective Bargaining.** The Department's Fiscal 2020 Executive Plan includes collective bargaining adjustments totaling \$120,000 in Fiscal 2019, \$225,000 in Fiscal 2020, and \$345,000 in Fiscal 2021 and in the outyears.
- **Lease Adjustment.** Due to re-estimates, DOB anticipates an increase of \$257,000 in Fiscal 2020 and in the outyears for costs associated with leased space.

PEG Associated Savings

Citywide Savings Program. In conjunction with the Fiscal 2020 Executive Plan, the Office of Management and Budget (OMB) released a Citywide Savings Program that outlined a plan to reduce City spending by \$916 million in Fiscal 2019 and Fiscal 2020 combined. To develop the program, OMB asked all agencies to identify efficiencies, alternative funding sources and programmatic changes, including PEGs that would yield budgetary savings. DOB was required to identify \$12 million in savings between Fiscal 2019 and Fiscal 2020. DOB has identified savings

totaling \$12.5 million in Fiscal 2019, \$12 million in Fiscal 2020 and \$6.2 million in each of the subsequent fiscal years. The savings identified by DOB include the following.

- **Hiring Freeze Savings.** Due to the imposed citywide hiring freeze, the DOB anticipates a savings of \$488,000 in Fiscal 2019, \$4.1 million in Fiscal 2020 and \$6.3 million in Fiscal 2021 and in the outyears from unfilled vacant positions totaling nine in Fiscal 2019 and 85 in Fiscal 2020 and beyond.
- **PS Savings.** The Fiscal 2020 Executive Plan for the DOB includes Personal Services savings of \$4 million in Fiscal 2019 only.
- **Fines and Penalties.** Due to the increase in the issuance and adjudication of permit violations, DOB anticipates to generate additional revenue of \$8 million in Fiscal 2019 and in Fiscal 2020 from work without a permit violations and elevator inspection fines.

Budget Issues

The following section provides issues and concerns as it pertains to the Department of Buildings' Executive Budget.

Fiscal 2019 Preliminary Budget Response

The Council's response to the Mayor's Fiscal 2020 Preliminary Budget called for two budgetary changes for DOB, including additional positions for the Office of the Tenant Advocate and a greater level of budget transparency. The Fiscal 2020 Executive Budget does not include any additional funding or action to address the Council's proposals.

- **Expand the Office of the Tenant Advocate.** The Council called for an additional \$300,000 for three positions in the Office of the Tenant Advocate (OTA) within DOB. The current budget is \$200,000, which supports two positions. As of December 2018, the average response time from the date on which an inquiry was received by the OTA to the date it took to respond was 5.3 days, and the average response time for an inquiry that required an inspection was 5.9 days. The increase would allow OTA to take a more proactive approach to enforcement.
- **Units of Appropriation and Transparency.** The Council renewed its call for greater budget transparency within the DOB's budget. The Department's Fiscal 2020 Executive Budget currently appropriates \$154.7 million of the Department's \$199.5 million Fiscal 2020 Budget in unit of appropriation 001-Personal Services. The Council suggested including more units of appropriation to achieve greater budget transparency. DOB's Fiscal 2020 Executive Budget includes no actions to address the transparency concerns raised by the Council.

Appendix 1: Fiscal 2020 Budget Actions since Fiscal 2019 Adoption

<i>Dollars in Thousands</i>	FY 2019			FY 2020		
	City	Non-City	Total	City	Non-City	Total
DOB Budget as of the Fiscal 2019 Adopted Budget	\$204,751	-	\$204,751	\$190,899	-	\$190,899
New Needs – November 2020						
<i>None</i>	-	-	-	-	-	-
Subtotal, New Needs	-	-	-	-	-	-
Other Adjustments – November 2020						
DC 37 CBA	\$1,698	-	\$1,698	\$2,910	-	\$2,910
DOB Wind Study	-	734	734	-	-	-
FY19 F&L Mod with DOB	-	1,240	1,240	-	-	-
TOTAL, All Changes November 2020	\$1,698	\$734	\$3,672	\$2,910	-	\$2,910
DOB Budget as of the November 2020 Plan	\$206,449	\$1,974	\$208,423	\$193,809	-	\$193,809
New Needs - Prelim. 2020						
DOB OATH Hearing Reps.	\$743	-	\$743	\$2,523	-	\$2,523
Subtotal, New Needs	\$743	-	\$743	\$2,523	-	\$2,523
Other Adjustments - Prelim. 2020						
\$15 minimum wage Collective Bargaining (IC)	\$1	-	\$1	\$2	-	\$2
DC 37 Collective Bargaining	3	-	3	5	-	5
PS Savings	(3,126)	-	(3,126)	(2,907)	-	(2,907)
Fire Suppression Systems	(750)	-	(750)	(750)	-	(750)
L300 Buyers Collective Bargaining	4	-	4	8	-	8
Managers & OJ Collective Bargaining Agreement	751	-	751	1,287	-	1,287
Mayor's Office of Tenant Protection	(75)	-	(75)	(150)	-	(150)
Projected Surplus Reduction	(1,000)	-	(1,000)	-	-	2
TOTAL, All Changes Prelim. 2020	(\$3,449)	-	(\$3,449)	\$18	-	\$18
DOB Budget as of the Preliminary 2020 Plan	\$202,999	\$1,974	\$204,973	\$193,826	-	\$193,826
New Needs - Exec. 2020						
DOB NOW	-	-	-	\$9,555	-	\$9,555
Subtotal, New Needs	-	-	-	\$9,555	-	\$9,555
PEGs – Exec. 2020						
Hiring Freeze Savings	(\$488)	-	(\$488)	(\$4,093)	-	(\$4,093)
PS Savings	(4,000)	-	(4,000)	-	-	-
Subtotal, PEGs	(\$4,488)	-	(\$4,488)	(\$4,093)	-	(\$4,093)
Other Adjustments - Exec. 2020						
Commuting Vehicles	-	-	-	(\$445)	-	(\$445)
L3 IBBW Collective Bargaining	120	-	120	225	-	225
Heat, Light and Power	16	-	16	208	-	208
Lease Adjustment	-	-	-	257	-	257
Subtotal, Other Adjustments	\$136	-	\$136	\$245	-	\$245
TOTAL, All Changes - Exec. 2020	(\$4,352)	-	(\$4,352)	\$5,707	-	\$5,707
DOB Budget as of the Fiscal 2020 Executive Plan	\$198,646	\$1,974	\$200,620	\$199,534	-	\$199,534