

THE COUNCIL OF THE CITY OF NEW YORK

Hon. Corey Johnson
Speaker of the Council

Hon. Robert Cornegy, Jr.
Chair, Committee on Housing and Buildings



Report of the Finance Division on the
Fiscal 2021 Preliminary Plan and the
Fiscal 2020 Preliminary Mayor's Management Report for the

Department of Buildings

March 5, 2020

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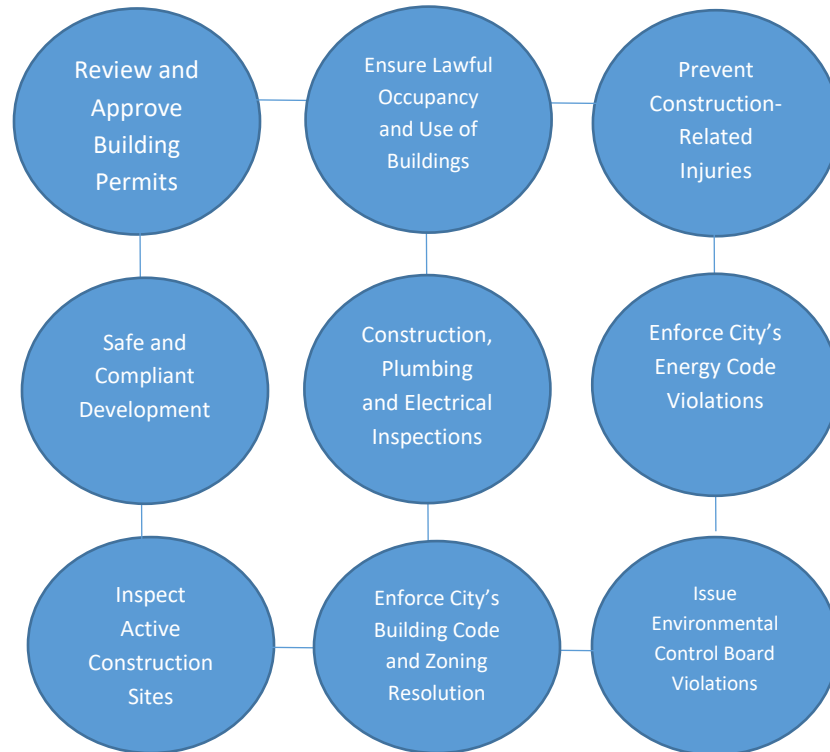
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Department of Buildings Overview

The Department of Buildings (DOB) regulates the safe and lawful use of more than 1 million buildings and 45,000 active construction sites by enforcing laws, including the City's Construction Codes, Zoning Resolution and Energy Code, as well as the New York State Multiple Dwelling Law.

Services and Activities

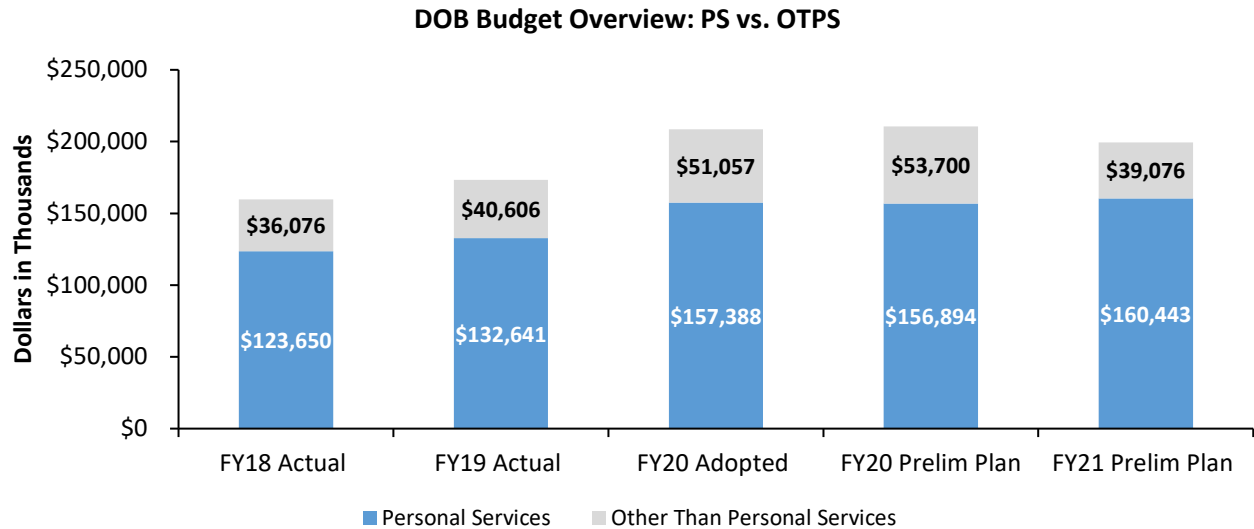


DOB's activities include:

- Regulates the safe and lawful use of over 1 million buildings and 45,000 active construction sites;
- Enforces compliance with the City's Construction Codes, Zoning Resolution and Energy Code;
- Reviews building plans for new buildings, minor and major renovations;
- Issues building permits and renewals;
- Conducts inspections for construction, electrical and plumbing work;
- Reviews and issues licenses and certificates of occupancy;
- Responds to complaints and issues violations of building and zoning laws;
- Conducts audits on projects that are professionally certified;
- Conducts inspections of boilers and elevators;
- Identifies buildings that pose a threat to public safety;
- Penalizes unsafe and corrupt behavior; and
- Issues certifications for construction site safety monitors.

Fiscal 2020 Preliminary Budget Highlights

The Fiscal 2021 Preliminary Budget for the Department of Buildings totals \$199.5 million, comprised of all City funds, including \$160.4 million for Personal Services (PS) to support 1,867 full-time employees and \$39.1 million for Other Than Personal Services (OTPS) to support contractual and professional services.



Highlights of DOB’s Fiscal 2021 Preliminary Budget

Since the Fiscal 2020 Adopted Budget, DOB has identified \$860,000 in new needs for Fiscal 2021. The changes reflected in DOB’s Fiscal 2021 Preliminary Budget are primarily due to: new staffing needs associated with increasing DOB’s capacity to perform facade inspections; prior year adjustments; collective bargaining; and administrative support. The Fiscal 2021 Preliminary Plan includes these key actions for DOB.

- **DOB Facades.** City funds of \$932,000 are added in Fiscal 2020 and \$860,000 are added in Fiscal 2021 through Fiscal 2024 for the hiring of 12 positions. These 12 positions are comprised of 11 inspectors and one technical specialist.
- **Miscellaneous Revenue.** The Preliminary Plan projects that the Department of Buildings will generate miscellaneous revenue totaling \$335.9 million in Fiscal 2021, including \$215.6 million from license, construction permit and franchise fees, \$42.2 million from charges for services, and \$78 million from the collection of fines and forfeitures.
- **Preliminary Mayor’s Management Report (PMMR) Highlights.** Notable performance metrics reported by the Department of Buildings in the Fiscal 2020 PMMR include the following.
 - Construction plan reviews
 - Inspections
 - Enforcement
 - Construction related incidents, accidents and fatalities

Financial Plan Summary

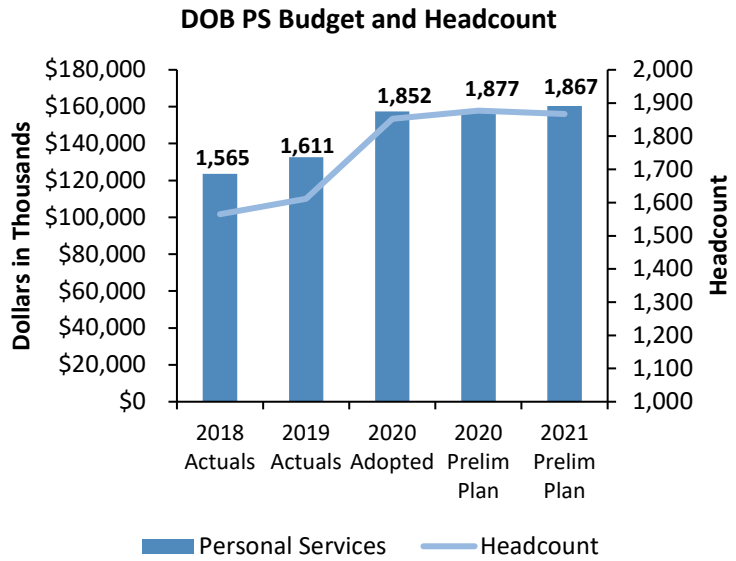
DOB Financial Summary						
<i>Dollars in Thousands</i>						
	FY18	FY19	FY20	Preliminary Plan		*Difference
	Actual	Actual	Adopted	FY20	FY21	FY20-FY21
Spending						
Personal Services	\$123,650	\$132,641	\$157,388	\$156,894	\$160,443	\$3,055
Other Than Personal Services	36,076	40,606	51,057	53,700	39,076	(11,981)
TOTAL	\$159,726	\$173,247	\$208,445	\$210,594	\$199,519	(\$8,926)
Personal Services						
Additional Gross Pay	\$2,953	\$4,941	\$1,138	\$1,138	\$1,138	\$0
Fringe Benefits	50	57	3	3	3	0
Full-Time Salaried - Civilian	111,219	118,669	152,337	151,976	155,384	3
Overtime - Civilian	7,446	7,486	2,992	2,992	2,992	0
P.S. Other	11	4	0	0	0	0
Unsalaries	1,971	1,484	919	785	926	0
SUBTOTAL	\$123,650	\$132,641	\$157,388	\$156,894	\$160,443	\$3,054
Other Than Personal Services						
Contractual Services	\$10,493	\$11,370	\$22,469	\$15,623	\$22,624	\$155
Contractual Services - Professional Services	13,613	14,292	12,334	24,065	4,860	(7,474)
Fixed & Misc. Charges	287	380	0	147	0	0
Other Services & Charges	6,798	7,897	10,859	8,839	8,212	(2,648)
Property & Equipment	2,573	4,775	2,450	1,906	1,250	(1,200)
Supplies & Materials	2,311	1,893	2,944	3,121	2,129	(815)
SUBTOTAL	\$36,076	\$40,606	\$51,057	\$53,700	\$39,076	(\$11,981)
TOTAL	\$159,726	\$173,247	\$208,445	\$210,594	\$199,519	(\$8,927)
Funding						
City Funds	\$159,725	\$173,247	\$208,445	\$209,559	\$199,519	(\$8,927)
Intra City	0	0	0	\$1,036	0	0
TOTAL	\$159,726	\$173,247	\$208,445	\$210,594	\$199,519	(\$8,927)
Budgeted Headcount						
Full-Time Positions - Civilian	1,565	1,611	1,852	1,877	1,867	15
TOTAL	1,565	1,611	1,852	1,877	1,867	15

**The difference of Fiscal 2020 Adopted Budget compared to Fiscal 2021 Preliminary 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 2021 Preliminary Budget totals \$199.5 million, comprised of all City funds and remains relatively flat when compared to the Fiscal 2020 Adopted Budget. In Fiscal 2021, spending on PS costs increases by \$3 million when compared to the Fiscal 2020 Adopted Budget, with overtime remaining flat at about \$3 million and OTPS spending declining by about \$11.9 million due to various plan adjustments and expenses that are not yet baselined. Historically, year-over-year deficits are addressed at adoption and are often restored.

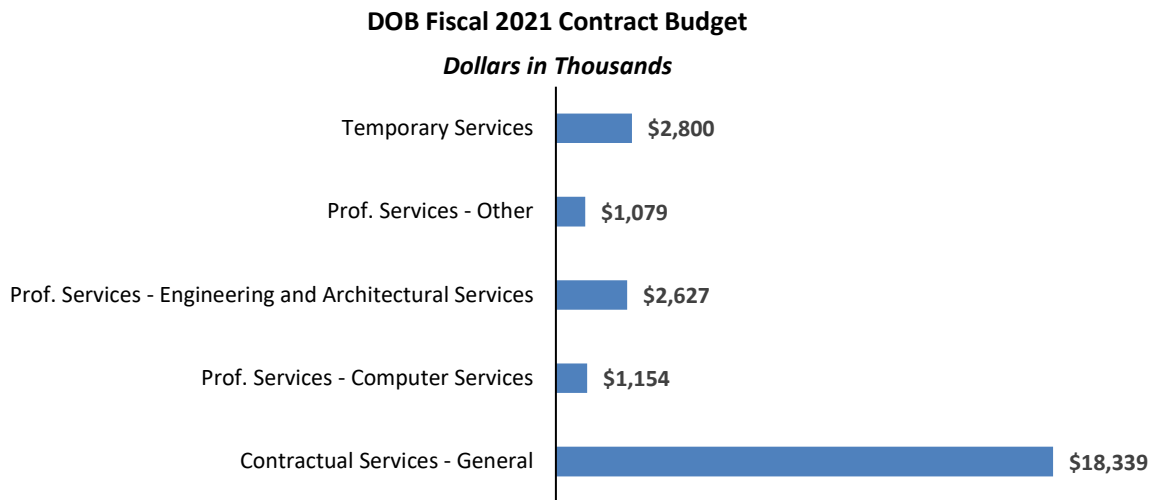
Headcount

The Fiscal 2021 Preliminary Budget supports a workforce of 1,867 full-time positions, an increase of 15 positions from the Fiscal 2020 Adopted Budget. This increase is primarily attributed to the 12 positions added to the Facades Unit, adding 11 new inspectors and one technical specialist. Since 2018, DOB’s budgeted headcount has consistently increased; however, as of January 2020, the Department’s actual headcount was 1,607. DOB has been operating with a 13 percent staff vacancy rate.



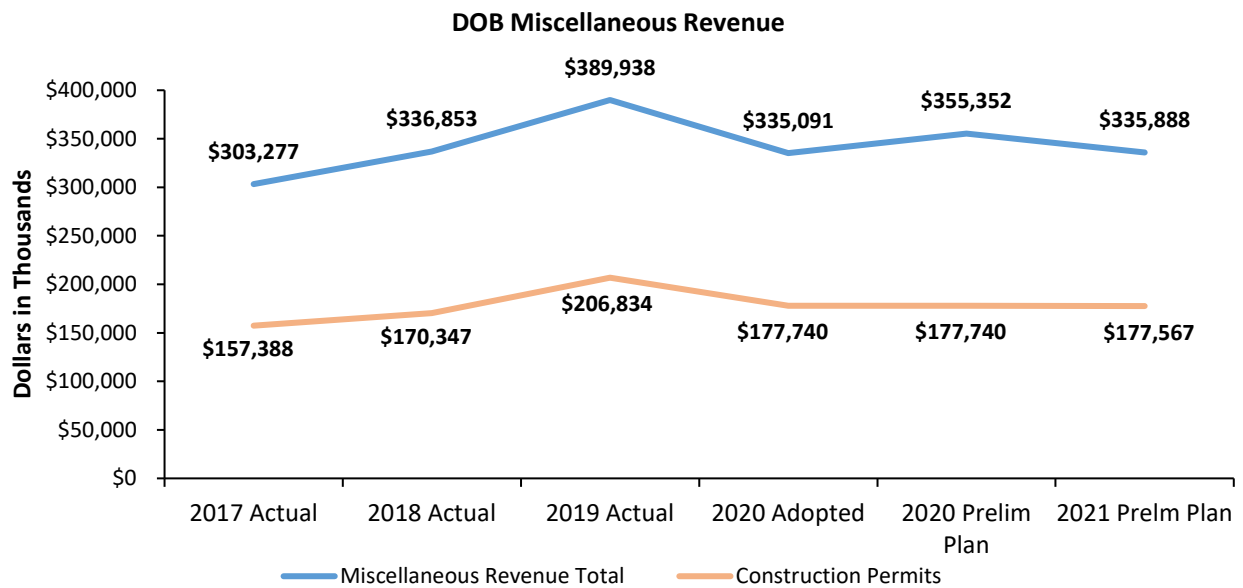
Contract Budget

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 personnel 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. The Fiscal 2021 Preliminary Contract Budget totals \$17 billion for procurement expenditures across all agencies, a decrease of \$361.2 million when compared to the Fiscal 2020 Adopted Budget of \$17.3 billion. DOB’s Fiscal 2021 Preliminary Budget includes 27 registered City contracts, at a total cost of \$27.5 million, which represents a \$7.3 million decrease from the Fiscal 2020 Adopted Budget. This decrease is mostly due to a reallocation of expenses under the professional services – computer services contract. Of DOB’s 27 registered contracts, seven are for general contract services, totaling \$18 million or 66.7 percent of all DOB contracting, which includes private elevator contracts.



Miscellaneous Revenue

DOB collects revenue from the issuance of licenses and permits, charges for services such as inspection fees, and fines for late filings. In recent years, DOB has implemented several revenue generating initiatives, including improved service delivery in enforcement and development areas and implementing an online inspection program. These actions have resulted in a significant increase in the Department’s ability to collect revenue. The chart below shows the Department’s primary miscellaneous revenue source, which is construction permits, compared to total revenue generated by DOB. Miscellaneous revenue generated by the Department contributes to the City’s General Fund and therefore is not a dedicated funding source for the Department.



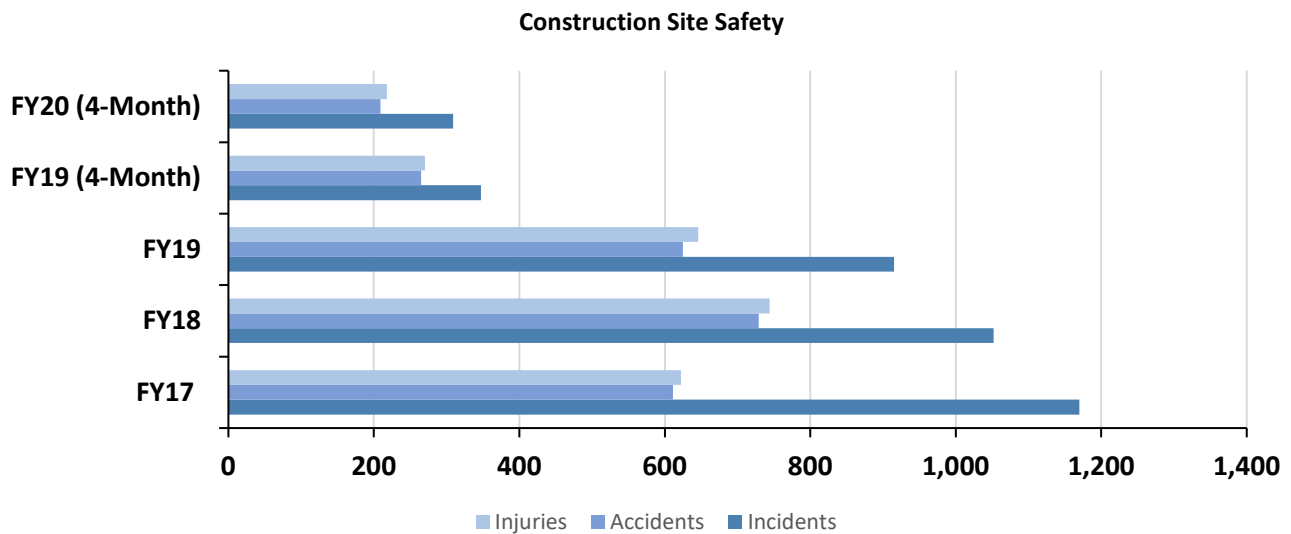
In Fiscal 2021, the Department expects to generate \$335.9 million in revenue, while total expenditures are projected to be \$199.5 million. In the Fiscal 2021 Preliminary Budget, DOB expects to generate \$215.6 million from license, construction permit, and franchise fees, \$42.2 million from charges for services, and \$78 million from the collection of fines and forfeitures. Overall, construction permits are projected to account for 53 percent of the Department’s total miscellaneous revenue generated in Fiscal 2021, totaling \$177.6 million. For additional information on Miscellaneous Revenue, see Appendix C.

DOB NOW: Build Permit Revenue

DOB issued building permits are classified into three major categories: new buildings; major renovation (Alterations 1, which include major renovations and demolitions); and minor renovation (Alterations 2 and 3, which include minor renovations such as façade repairs and home renovations). In August 2016, DOB launched the first phase of DOB NOW: Build, a new electronic system designed to digitize job filings, building inspections and complaints. This new system, along with the use of e-filing, has accelerated the project approval process and has resulted in revenue gains from licenses and permits, charges for services and fines. In Fiscal 2018, DOB NOW’s first full fiscal year in existence, there were 13,998 permits approved; this figure grew by 113 percent in Fiscal 2019 and is on pace for similar growth in Fiscal 2020.

Construction Safety & Compliance

DOB is the lead agency overseeing the construction industry. DOB enforces the Construction Codes, the Zoning Resolution, the Multiple Dwelling Law and other energy, labor and local laws related to building demolition, excavation, construction and alterations within the City. In recent years, DOB has seen a large increase in the number of construction-related incidents, accidents and fatalities while also increasing the number of inspector positions. In Fiscal 2018, DOB reported three-year highs across all three construction safety performance indicators, including 729 construction-related accidents, 744 construction-related injuries, and 16 construction-related fatalities. In response to these trends, the Council and the Administration passed Local Law 196 of 2017, which mandated new construction site safety training requirements for workers of construction job sites. Under the legislation, beginning March 1, 2018, permit holders are now required to ensure that all construction and demolition workers and subcontractors employed or engaged at a permitted site have completed a U.S. Department of Labor Occupational Safety and Health Administration (OSHA) 10-hour training course, an OSHA 30-hour training course, or a 100-hour program of OSHA training. Fiscal 2020 four-month actuals show improvement across all safety performance metrics compared to the same Fiscal 2019 reporting period. Full implementation of Local Law 196 will occur by September 2020 when the City will require 40 hours of OSHA training or the completion of a 100-hour OSHA program.

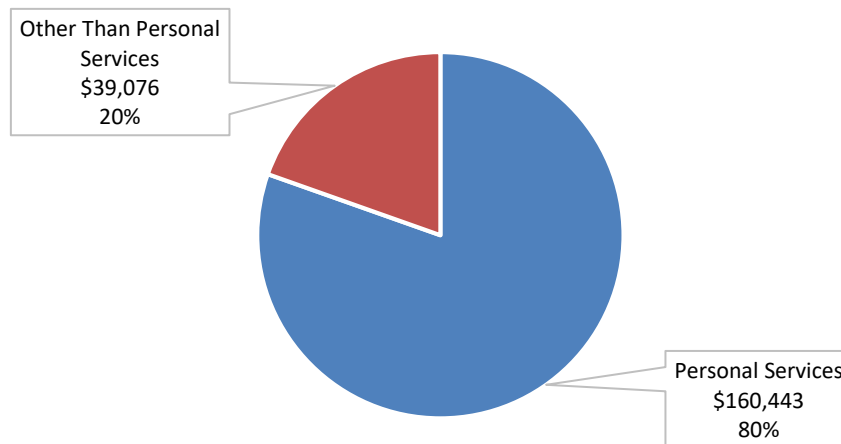


Budget Transparency Issues

Units of Appropriation

The Department’s Fiscal 2020 Preliminary Budget currently appropriates \$160.4 million, or 80 percent, of the Department’s \$199.5 million total budget in unit of appropriation 001-Personal Services. Adding more units of appropriation would achieve greater budget transparency.

DOB FY 2020 Budget Breakdown by Program Area



The Office of Special Enforcement

The Office of Special Enforcement (OSE) maintains citywide 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), and additional agencies. In recent years, additional positions have been added to supplement additional enforcement efforts. As of the Fiscal 2020 Adopted Budget, the budgeted headcount for OSE totaled 66 positions at an annual cost of \$6.1 million (including \$5 million in PS costs and \$1.2 million in OTPS costs). As of the Fiscal 2021 Preliminary Budget, there are 14 building inspectors at DOB assigned to conduct enforcement inspections as part of OSE at a total annual PS cost of approximately \$1 million. As there is no clear budget line for positions deployed to OSE, the Council receives headcount data biannually from the Administration. The table below reflects the most recent data on authorized and actual headcount for OSE. In addition, additional information regarding performance data such as the number of inspections performed annually, the number of violations issued and the amount of fines collected, would be helpful in the Council’s oversight functions.

Position	Authorized Fiscal 2020 HC	Actual HC as of 9/19/19
<i>Assistant Chief</i>	1	1
<i>Building Inspector/Investigators</i>	13	10
<i>Supervising Inspector</i>	3	3
Total DOB	17	14
OSE/Mayor's Office	8	7
NYPD	7	8
FDNY	11	6
Finance	5	5
Law	16	13
DoITT	2	1
Total All Agencies	66	54
PS Budget FY20	\$4,980,261	
OTPS Budget FY20	\$1,168,002	
Total Budget FY20	\$6,148,263	

Significant Performance Indicators

The indicators below measure efficiencies and effectiveness of core functions at DOB.

Construction Safety

DOB Performance Indicators	Actual			Target		4-Month Actual	
	FY17	FY18	FY19	FY20	FY21	FY19	FY20
Construction-related incidents	1,170	1,052	915	*	*	347	309
Construction-related accidents	611	729	625	*	*	265	209
Construction-related injuries	622	744	646	DOWN	DOWN	270	218
Construction-related fatalities	9	16	11	DOWN	DOWN	5	4
Incident inspections resulting in violations (%)	64.30%	72.70%	87.40%	*	*	75.40%	76.50%

In response to a growing trend in construction related accidents, injuries and fatalities, the Council and the Administration passed Local Law 196 of 2017, which mandated new safety training requirements for construction and demolition workers at all construction job sites. Fiscal 2019 served as the first full year where safety requirements under the law were in effect. Indicators provided by DOB show improvement across all construction safety indicators since Local Law 196's enactment in March 2018. Compared to Fiscal 2018, construction-related incidents, accidents and injuries all fell between 13-14 percent; fatalities fell by 30 percent – decreasing to 11. Correspondingly, incident inspections resulting in violations grew from Fiscal 2018 to Fiscal 2019 by 15 percent. This trend continued into Fiscal 2020. During the first four months of the Fiscal 2020 reporting period, indicators show decreases in incidents, accidents, injuries and fatalities ranging between 11 and 21 percent. Should these trends continue, as the full implementation of Local Law 196 nears, it would suggest moderate success in the City's objective of instituting greater safety on its 45,000 active construction sites.

Plan Reviews

DOB Performance Indicators	Actual			Target		4-Month Actual	
	FY17	FY18	FY19	FY20	FY21	FY19	FY20
Average days to complete first plan review (Borough offices)							
New buildings	5.6	5.7	4.4	12	12	4.7	7.6
Major renovation (Alteration I)	5.8	5.5	5	10	10	5.2	7.6
Minor renovation (Alterations II and III)	1.5	1.7	1.3	4	4	1.2	2.7
Average days to complete first plan review (Hub projects)							
New buildings	4.9	4.2	4.5	*	*	4.4	5.1
Major renovation (Alteration I)	5.1	4.3	4.2	*	*	4.3	5.2
Minor renovation (Alterations II and III)	0.1	0.1	0.2	*	*	0.1	0.2
Average days to complete first plan review (DOB NOW)							
DOB NOW	NA	NA	0.6	*	*	0.4	1

In Fiscal 2019, DOB had 366 plan examiners. During the Fiscal 2020 reporting period, at DOB borough offices, the average time to complete plan reviews increased to 7.6 days for new buildings, 7.6 days for major renovations and 2.7 days for minor renovations. Despite these increases, times for all three categories were significantly lower than their respective targets of 12 days for new buildings, 10 days for major renovations and 4 days for minor renovations. For plan reviews submitted through DOB's Development Hub, the average time to complete plan reviews for new buildings, minor and major renovations increased slightly from Fiscal 2019.

Inspections

DOB Performance Indicators	Actual			Target		4-Month Actual	
	FY17	FY18	FY19	FY20	FY21	FY19	FY20
Average days between construction inspection request and inspection	2.7	2.4	2	DOWN	DOWN	2.3	2
Average days between electrical inspection request and inspection	6.5	3.9	2.6	DOWN	DOWN	2.6	2.3
Average days between plumbing inspection request and inspection	3.4	2.1	2.4	DOWN	DOWN	2.3	2.4

During the Fiscal 2020 reporting period, the average time to complete inspections for construction and electrical systems improved slightly compared to Fiscal 2019. Average days between plumbing inspection request and inspection remained flat. As of January 2020, there are 729 inspectors at DOB at an annual cost of \$51.3 million. The totals for the three major categories of inspector titles are 461 construction inspectors, 86 plumbing inspectors, and 67 electrical inspectors. These three inspector titles comprise 84 percent of inspector positions and PS spending.

Enforcement

DOB Performance Indicators	Actual			Target		4-Month Actual	
	FY17	FY18	FY19	FY20	FY21	FY19	FY20
Priority A (emergency) complaints received	16,591	16,989	17,281	*	*	6,303	5,927
Priority B (nonemergency) complaints received	74,240	78,526	77,386	*	*	28,024	27,284
Priority A complaints responded to	15,981	16,463	16,737	*	*	6,119	5,787
Priority B complaints responded to	72,848	75,326	70,027	*	*	25,882	25,843
Average time to respond to Priority A complaints (days)	0.6	0.4	0.3	1	1	0.4	0.3
Average time to respond to Priority B complaints (days)	38.2	13.2	11.4	40	40	10.9	13.1
Residential illegal conversion complaints where access was obtained (%)	36.4%	38.2%	38.0%	44.0%	44.0%	39.3%	37.0%
– Access obtained and violations were written (%)	39.8%	42.3%	41.6%	*	*	43.3%	37.0%
Work without a permit complaints where access was obtained and violations were written (%)	29.9%	29.6%	29.3%	*	*	25.6%	34.7%

During the Fiscal 2020 reporting period, DOB received 5,927 emergency complaints, a decrease of about six percent over the same period in Fiscal 2019. Additionally, DOB received 27,284 non-emergency complaints, a 2.6 percent decrease compared to Fiscal 2019. Correspondingly, the number of emergency complaints responded to decreased slightly for both emergency and non-emergency complaints during the first four months of Fiscal 2020. After decreasing significantly in Fiscal 2019, the average time to respond to non-emergency complaints slightly increased during the same reporting period from 10.9 in Fiscal 2019 to 13.1 in Fiscal 2020.

Appendices

A: Budget Actions in the November and the Preliminary Plans

<i>Dollars in Thousands</i>	FY20			FY21		
	City	Non-City	Total	City	Non-City	Total
DOB Budget as of the Adopted FY20 Budget	\$208,445	\$0	\$208,445	\$198,467	\$0	\$198,467
New Needs						
DOB Facades	\$932	\$0	\$932	\$860	\$0	\$860
Subtotal, New Needs	\$932	\$0	\$932	\$860	\$0	\$860
Other Adjustments						
Agency Phone Plan Review	(\$13)	\$0	(\$13)	(\$25)	\$0	(\$25)
CSBA - Collective Bargaining Agreement	191	0	191	211	0	211
IBT L237 Non-LL56 Groups CBA	3	0	3	5	0	5
FY20 MOD DOB-SRS Projects	1,036	0	1,036	0	0	0
Subtotal, Other Adjustments	\$1,217	\$0	\$1,217	\$191	\$0	\$191
TOTAL, All Changes	\$2,149	\$0	\$2,149	\$1,051	\$0	\$1,051
DOB Budget as of the Preliminary FY21 Budget	\$210,594	\$0	\$210,594	\$199,519	\$0	\$199,519

B: DOB Contract Budget

DOB FY21 Preliminary Contract Budget				
<i>Dollars in Thousands</i>				
Category	FY20 Adopted	Number of Contracts	FY21 Preliminary	Number of Contracts
Contractual Services - General	\$18,181	7	\$18,339	7
Data Processing Equipment Maintenance	125	1	125	1
Office Equipment Maintenance	22	1	22	1
Prof. Services - Computer Services	8,927	9	1,154	9
Prof. Services - Engineering and Architectural Services	2,300	1	2,627	1
Prof. Services - Other	1,107	5	1,079	5
Security Services	600	1	600	1
Temporary Services	2,800	1	2,800	1
Training Program for City Employees	741	1	738	1
TOTAL	\$34,803	27	\$27,484	27

C: Miscellaneous Revenue

DOB Miscellaneous Revenue Budget Overview						
<i>Dollars in Thousands</i>						
Revenue Sources	FY18	FY19	FY20	Preliminary Plan		*Difference
	Actual	Actual	Adopted	FY20	FY21	FY20-FY21
Licenses, Permits & Franchises						
Licenses for Tradesmen	\$2,811	\$3,819	\$2,140	\$2,140	\$2,140	\$0
Building Permits	36,610	40,024	33,000	39,000	33,000	0
Illuminated Signs	2,939	2,533	2,936	3,500	2,936	0
Construction Permits	170,347	206,834	177,740	177,740	177,567	(173)
Subtotal, Licenses, Permits, & Franchises	\$212,707	\$253,210	\$215,816	\$222,380	\$215,643	(\$173)
Charges for Services						
Building Inspection Fees	\$13,209	\$13,822	\$12,620	\$13,552	\$13,480	\$860
Scaffold Notification Fees	229	230	375	375	375	0
Electrical Inspection Fees	10,599	11,188	9,000	10,000	10,000	1,000
Microfilm Fees	11,989	12,416	11,000	12,000	12,000	1,000
Re-inspection Fees	1,419	1,320	1,000	1,000	1,000	0
Loft Board Fees	1,940	1,468	745	1,400	745	0
Elevator Inspection Fees	11,989	4,643	5,490	4,600	4,600	(890)
Unsafe Building Fees	41	31	45	45	45	0
Subtotal, Charges for Fees	\$51,415	\$45,118	\$40,275	\$42,972	\$42,245	\$1,970
Fines & Forfeitures						
Late Filing/No Permit Penalties	\$72,731	\$91,610	\$79,000	\$90,000	\$78,000	(\$1,000)
Subtotal, Fines and Forfeitures	\$72,731	\$91,610	\$79,000	\$90,000	\$78,000	(\$1,000)
TOTAL	\$336,853	\$389,938	\$335,091	\$355,352	\$335,888	\$797

*The difference of Fiscal 2020 Adopted compared to Fiscal 2021 Preliminary Budget.