

THE COUNCIL OF THE CITY OF NEW YORK

Hon. Corey Johnson
Speaker of the Council

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



Report of the Finance Division on the
Fiscal 2020 Preliminary Budget and the
Fiscal 2019 Preliminary Mayor's Management Report for the

Business Integrity Commission

March 8, 2019

Finance Division

Jonathan Seltzer, Senior Financial Analyst
Crielhien Francisco, Unit Head

Latonia McKinney, Director
Regina Poreda Ryan, Deputy Director

Nathan Toth, Deputy Director
Paul Scimone, Deputy Director

Table of Contents

Business Integrity Commission Overview.....1

Fiscal 2020 Preliminary Budget Highlights1

Contract Budget.....2

Revenue Budget.....3

Headcount4

Appendices6

 A: Budget Actions in the November and the Preliminary Plans.....6

 B: BIC Contract Budget6

 C: BIC Miscellaneous Revenue.....6

 D: Financial Plan Summary7

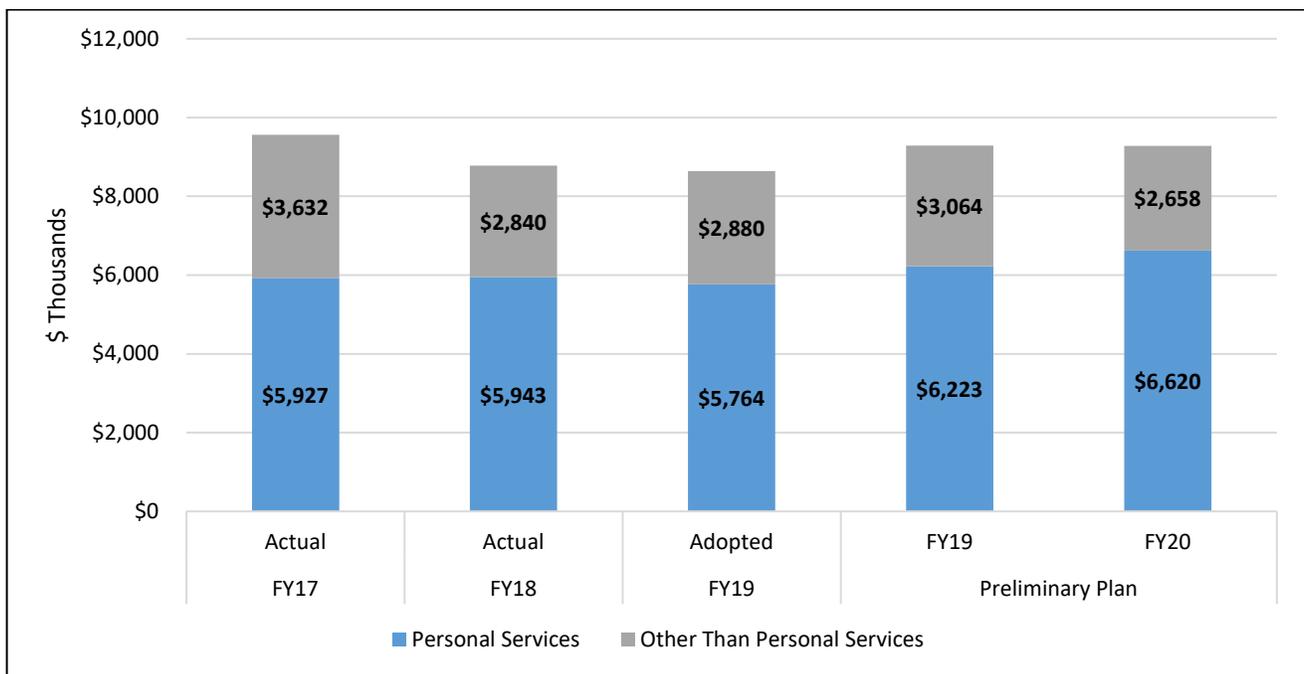
Business Integrity Commission Overview

The mission of the Business Integrity Commission (BIC or the Commission) is to eliminate organized crime and other forms of corruption and criminality from the public wholesale markets, the trade waste and shipboard gambling industries. BIC's goals are: to ensure that the regulated businesses are able to compete fairly; that the marketplaces remain free from violence, fraud, rackets and threats; that customers receive fair treatment; and that businesses which are allowed to operate in these industries conduct their affairs with honesty and integrity.

Fiscal 2020 Preliminary Budget Highlights

The Business Integrity Commission's Fiscal 2020 Preliminary Budget totals \$9.3 million (City funds). BIC's Fiscal 2020 Preliminary Budget is \$634,000, or approximately seven percent less, when compared to the Fiscal 2019 Adopted Budget of \$8.7 million. For Fiscal 2020, BIC's budget is \$6.6 million for personal services (PS) or 71.3 percent and \$2.6 million or 28.7 percent for other than personal services (OTPS). PS includes all full-time and part-time position costs as well as overtime. OTPS includes property, equipment, supplies, and services contracted out to private corporations.

Figure 1: Budget Overview



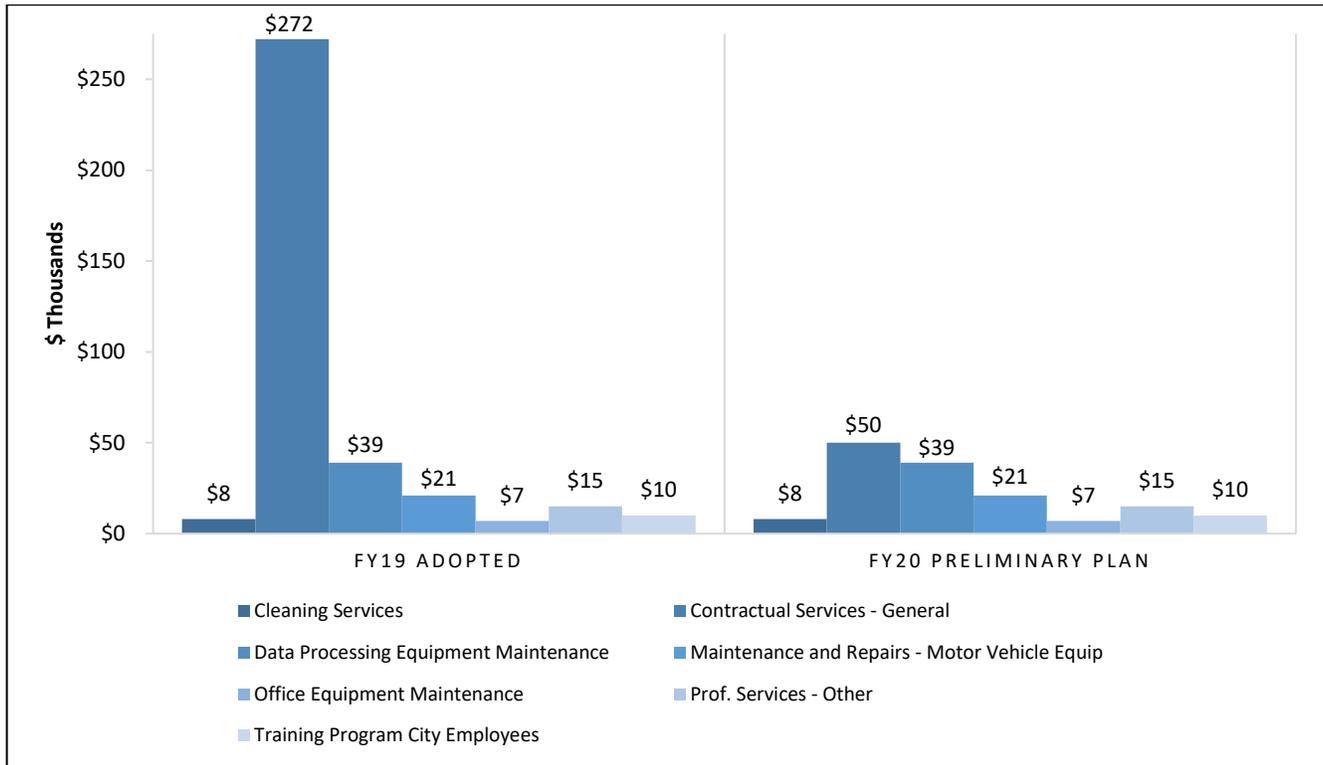
Since the Fiscal 2019 Adopted Budget, PS spending increased by \$856,000 or 15 percent while OTPS decreased by \$222,000 or eight percent. This variance is due to increases in PS funding to hire four safety enforcement personnel and as well as collective bargaining costs; slightly offset by a reduction in one-time OTPS funding that did not carry from Fiscal 2019 to Fiscal 2020 to develop of BIC's online application portal.

Major changes introduced in the Preliminary Plan include the following.

- Safety Enforcement.** The Fiscal 2020 Preliminary Plan includes \$195,472 in Fiscal 2019, growing to \$298,198 in Fiscal 2023 to hire four safety enforcement personnel, to work within BIC's investigate unit. Safety enforcement personnel will conduct inspections of private carter operations and trucks.

Contract Budget

Figure 2: Contract Budget Overview



The Commission’s Fiscal 2020 Contract Budget totals \$149,666, a decrease of \$222,334 or 59.8 percent, when compared to the Fiscal 2019 Adopted Budget of \$372,000. The decrease in BIC’s contract budget is primarily due to reduced consultancy costs, as the Commission’s online application is now operational. The second largest category for BIC, Data processing Equipment Maintenance, includes one contract in Fiscal 2020 for \$39,000 related to software maintenance support for BIC’s auditing unit.

Revenue Budget

Figure 3: Revenue Budget Overview



BIC is a revenue-generating agency. Revenues are derived from licenses for private carters, investigation and wholesale market fees, and administrative violation fines.

Approximately \$5.3 million or 80 percent, of total revenue generated in Fiscal 2020 will be from license, permit and franchise applications for construction and demolition removal. BIC’s revenue is projected to be \$1.7 million or 47.2 percent more in Fiscal 2020. Due largely to the agency’s license/registration application process which is on a two-year renewal cycle, the Fiscal 2020 application renewal will be lower than Fiscal 2019.

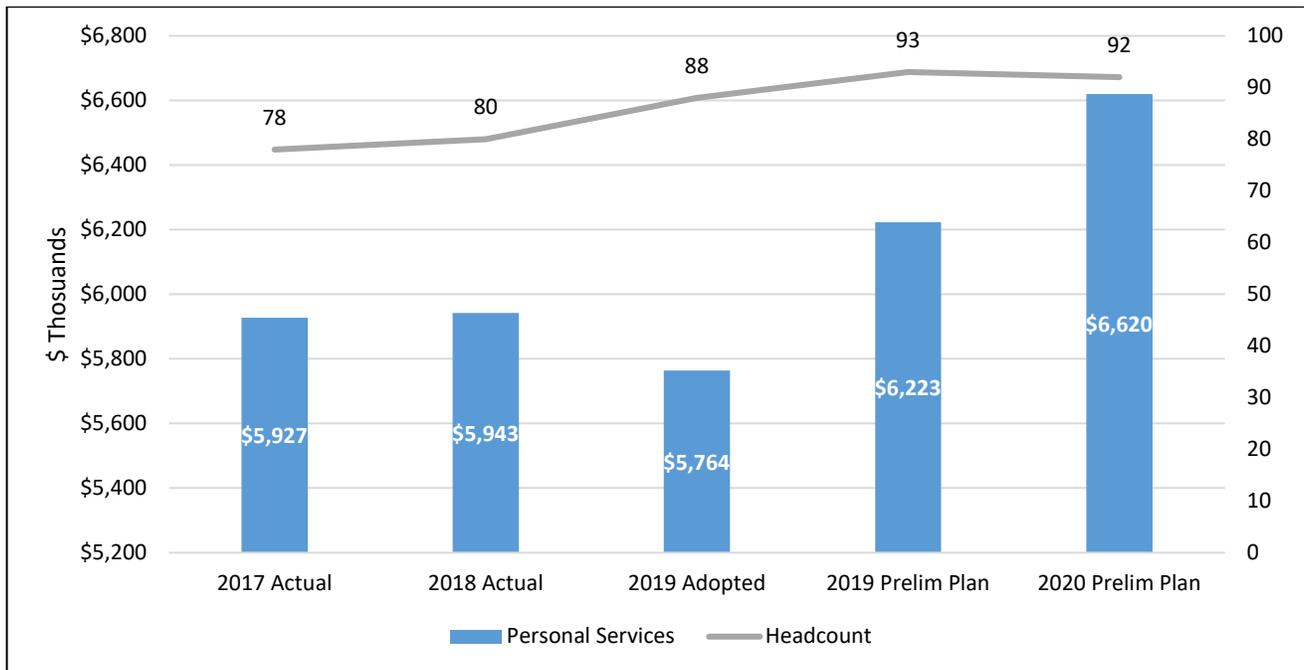
Additionally, \$324,000 or 4.9 percent of total revenue generated in Fiscal 2020 will be from charges for services related to wholesale market registration. The Commission’s revenue is projected to be down \$209,000 or 32.1 percent in Fiscal 2020 due to the agency’s application process which is on a three-year renewal cycle.

Approximately \$1 million or 15.1 percent of the total projected revenue will be generated through administrative violations. 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.

Headcount

Figure 4: Headcount Overview



The Commission’s total headcount for the Fiscal 2020 Preliminary Plan includes 92 positions. The increase in the Commission’s Fiscal 2020 headcount is attributed to four new positions for safety enforcement. Safety enforcement personnel will monitor private carters operations, to ensure compliance with BIC rules.

PMMR Performance Measures

BIC Performance Indicators	Actual			Target		4-Month Actual	
	FY16	FY17	FY18	FY19	FY20	FY18	FY19
Violations issued to private waste haulers	892	640	488	*	*	104	141
Violations issued to legally operating private waste haulers	709	343	312	*	*	34	121
Violations issued to illegally operating private waste haulers	183	297	176	*	*	70	20
Total waste hauling applications denied	18	8	5	*	*	0	1
Waste hauling complaints received	449	351	352	*	*	125	199
Violations admitted to or upheld at the Office of Administrative Trials and Hearings (%)	98%	100%	88%	*	*	96%	100%
Average time to approve waste hauling applications (days) - New and Renewal	235	240	129	200	150	128	149
Average time to approve waste hauling applications (days) - New	154	136	112	150	150	123	126
Average time to approve waste hauling applications (days) - Renewal	254	274	134	210	210	129	154
Average age of pending waste hauling applications (days)	214	220	122	180	180	133	147
Waste hauling applications pending	600	359	617	*	*	400	564
Waste hauling applications approved - New and Renewal	994	876	1,006	*	*	303	301
Waste hauling applications approved - New	187	216	210	*	*	72	55
Waste hauling applications approved - Renewal	807	660	796	*	*	231	246
Violations admitted to or upheld at the Environmental Control Board (%)	98.3%	100%	100%	*	*	100%	100%
Public wholesale market applications denied	0	1	0	*	*	0	0
Average time to approve public wholesale market applications (days)	209	270	149	200	200	216	118
Average age of pending public wholesale market application (days)	215	227	108	150	150	166	114
Public wholesale market applications approved	62	121	37	*	*	13	9

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 2019 is 564, and the average age of pending applications is 147 days, an increase of 36.7 percent and 11 percent, respectively, when compared to the same period in Fiscal 2018.

Additionally, the number of waste hauling applications approved for renewal at the end of the first four months of Fiscal 2019 is 246, an increase of six and half percent when compared to the same period in Fiscal 2018.

BIC continued the judicious issuance of violations during the first four months of Fiscal 2019. As a result, 100 percent of violations heard in Fiscal 2019 before the Office of Administrative Trials and Hearings (OATH) were admitted to or upheld remained the same when compared to the same period in Fiscal 2018.

The Commission must also process registration applications for public wholesale businesses. In the first four months of Fiscal 2019, the average approval time was 118 days, an increase of 45.4 percent when compared to the first four months of Fiscal 2018.

Appendices

A: Budget Actions in the November and the Preliminary Plans

<i>Dollars in Thousands</i>	FY19			FY20		
	City	Non-City	Total	City	Non-City	Total
BIC Budget as of the FY19 Adopted Budget	\$8,644	\$0	\$8,644	\$8,644	\$0	\$8,644
New Needs						
Safety Enforcement Unit	\$195	\$0	\$195	\$298	\$0	\$298
Subtotal, New Needs	\$195	\$0	\$195	\$298	\$0	\$298
Other Adjustments						
DC 37 Collective Bargaining	\$196	\$0	\$196	\$336	\$0	\$336
Establish OTPS Forfeiture Budget	171	0	171	0	0	0
Establish PS Forfeiture Budget	80	0	80	0	0	0
Subtotal, Other Adjustments	\$447	\$0	\$447	\$336	\$0	\$336
TOTAL, All Changes	\$642	\$0	\$642	\$634	\$0	\$634
BIC Budget as of the FY20 Preliminary Budget	\$9,286	\$0	\$9,286	\$9,278	\$0	\$9,278

B: BIC Contract Budget

<i>Dollars in Thousands</i>				
Category	FY19 Adopted	Number of Contracts	FY20 Preliminary	Number of Contracts
Cleaning Services	\$8	1	\$8	1
Contractual Services - General	272	2	50	2
Data Processing Equipment Maintenance	39	1	39	1
Maintenance and Repairs - Motor Vehicle Equip	21	1	21	1
Office Equipment Maintenance	7	1	7	1
Prof. Services - Other	15	1	15	
Training Program City Employees	10	1	15	1
TOTAL	\$372	8	\$150	7

C: BIC Miscellaneous Revenue

<i>Dollars in Thousands</i>						
Revenue Sources	FY17	FY18	FY19	Preliminary Plan		*Difference
	Actual	Actual	Adopted	FY19	FY20	FY19-FY20
License, Permit & Franchises	\$3,261	\$6,333	\$3,600	\$3,600	\$5,300	\$1,700
Charges for Services	\$442	\$445	\$533	\$533	\$324	(209)
Fines and Forfeitures	\$1,109	\$620	\$1,000	\$1,000	\$1,000	0
Sundries	\$0	\$0	\$0	\$0	\$0	0
Asset Forfeitures	\$239	\$167	\$0	\$251	\$0	0
Law Enforcement Block Grant	\$6	\$3	\$0	\$0	\$0	0
TOTAL	\$5,057	\$7,568	\$5,133	\$5,384	\$6,624	\$1,491

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

D: Financial Plan Summary

<i>Dollars in Thousands</i>	FY17	FY18	FY19	Preliminary Plan		*Difference
	Actual	Actual	Adopted	FY19	FY20	FY19-FY20
Spending						
Personal Services	\$5,927	\$5,943	\$5,764	\$6,223	\$6,620	\$856
Other Than Personal Services	3,632	2,840	2,880	3,064	2,658	(222)
TOTAL	\$9,559	\$8,783	\$8,644	\$9,286	\$9,278	\$634
Personal Services						
Additional Gross Pay	\$182	\$230	\$202	\$203	\$202	\$0
Full-Time Salaried - Civilian	5,684	5,595	5,513	5,951	6,367	854
Other Salaried & Unsalariated	0	13	25	26	27	2
Overtime - Civilian	67	106	24	42	24	0
P.S. Other	(6)	(2)	0	0	0	0
SUBTOTAL	\$5,927	\$5,943	\$5,764	\$6,223	\$6,620	\$856
Other Than Personal Services						
Contractual Services	\$229	\$286	\$371	\$481	\$150	(\$222)
Fixed & Misc. Charges	22	7	0	4	0	0
Other Services & Charges	2,764	2,160	2,271	2,300	2,271	0
Property & Equipment	557	250	99	145	99	0
Supplies & Materials	60	137	138	134	138	0
SUBTOTAL	\$3,632	\$2,840	\$2,880	\$3,064	\$2,658	(\$222)
TOTAL	\$9,559	\$8,783	\$8,644	\$9,286	\$9,278	\$634
Funding						
City Funds			\$8,644	\$9,035	\$9,278	\$634
TOTAL	\$9,559	\$8,783	\$8,644	\$9,286	\$9,278	\$634
Budgeted Headcount						
Full-Time Positions - Civilian	78	80	88	93	92	4
TOTAL	78	80	88	93	92	4

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