



New York City Council

Christine C. Quinn, Speaker

Finance Division

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Hearing on the Mayor's Fiscal Year 2011 Preliminary Budget

Business Integrity Commission

March 16, 2010

Committee on Consumer Affairs

Hon. Karen Koslowitz, Chair

Jonathan Rosenberg, Deputy Director, Finance Division

Walter Pitts, Legislative Financial Analyst

Summary and Highlights

Business Integrity Commission

Dollars in Thousands

	2008 Actual	2009 Actual	2010 Adopted	2010 Preliminary	2011 Preliminary	Difference, 2010 – 2011
Personal Services	\$4,228	\$4,302	\$5,051	\$4,998	\$5,191	\$140
Other than Personal Services	1,543	1,971	2,095	2,101	2,110	15
Table Total	\$5,771	\$6,272	\$7,146	\$7,098	\$7,301	\$155

The Business Integrity Commission's (BIC) Preliminary Fiscal 2011 operating budget is \$7.3 million, which is completely funded by City tax levy. The overall operating budget for Fiscal 2011 has increased by \$155,000, or 2.2 percent, compared to the operating budget at Adoption last year. This increase is largely the result of collective bargaining. However, it is offset by a Program to Eliminate the Gap (PEG) designed to raise additional revenue. The revenue PEG is:

- **Private Carter License and Registration Fees:** BIC will generate additional revenue by updating private carter licenses and registration application fees based on current costs. The agency will generate \$665,000 in additional revenue in Fiscal 2011 and the outyears.

Business Integrity Commission

The Business Integrity Commission (BIC) regulates and licenses the trade waste/commercial carting industry and the wholesalers and businesses operating in the City's public wholesale markets, and is responsible for processing applications and renewals. Through background investigations of license and registration applications, the establishment of standards for services and conduct of business, and criminal investigations, BIC carries out its mandate to make certain that these industries and businesses remain free from the influence of organized crime. BIC is responsible for creating an honest field for competition in the regulated industries so that customers do not face threats, violence, rackets, or anticompetitive practices. The Commission also has the authority to regulate the shipboard gambling industry.

Key Public Services Areas

- Regulate commercial carting industry.
- Regulate businesses in the City's public wholesale market.

Critical Objectives

- Ensure timely determinations on license and registration applications for commercial carters.
- Enforce commercial carting regulations.
- Resolve commercial carter consumer complaints.
- Ensure timely determinations on registration applications for public wholesalers and businesses.
- Enforce public wholesale market regulations.

SOURCE: Mayor's Management Report

Business Integrity Commission Financial Summary

Dollars in Thousands

	2008 Actual	2009 Actual	2010 Adopted	2010 Jan Plan	2011 Jan Plan	Difference, 2010–2011
Budget by Program Area						
Personal Services	\$4,228	\$4,302	\$5,051	\$4,998	\$5,191	\$140
Other than Personal Services	1,543	1,971	2,095	2,101	2,110	15
TOTAL	\$5,771	\$6,272	\$7,146	\$7,098	\$7,301	\$155
Funding						
City Funds	N/A	N/A	\$7,146	\$7,092	\$7,301	\$155
State	N/A	N/A	0	6	0	0
TOTAL			\$7,146	\$7,098	\$7,301	\$155
Positions						
Fulltime Positions	63	65	81	81	81	0

Units of Appropriation

Personal Services (001)

<i>Dollars in Thousands</i>	2008	2009	2010	2010	2011	Difference 2010 vs. 2011
	Actual	Actual	Adopted	Jan Plan	Jan Plan	
Spending						
Personal Services						
Full-Time Salaried - Civilian	\$3,763	\$3,998	\$4,739	\$4,772	\$4,879	\$140
Other Salaried and Unsalariated	86	14	87	0	87	0
Additional Gross Pay	302	214	169	169	169	0
Overtime - Civilian	81	78	20	20	20	0
Amounts to be Scheduled	0	0	36	36	36	0
PS Other	(4)	(3)	0	0	0	0
TOTAL	\$4,228	\$4,302	\$5,051	\$4,998	\$5,191	\$140
Funding						
City Funds	N/A	N/A	\$5,051	\$4,998	\$5,191	\$140
TOTAL	N/A	N/A	\$5,051	\$4,998	\$5,191	\$140

The \$140,000 increase for full-time salaried employees is primarily the result of collective bargaining increases.

Performance Measures

	FY 07	FY 08	FY 09	4-Month	Target
				Actual	
	FY 10	FY 11			
Carting background investigations completed	1,020	743	1,244	561	*
Carting licenses approved	113	100	83	41	*
Carting registrations approved	678	485	641	324	*
Average time to approve carting licenses (days)	289	206	142	183	270
Average time to approve carting registrations (days)	78	116	122	113	150
Average age of pending carting applications (days)	153	130	123	144	190
Carting license applications denied	10.0%	10.3%	9.9%	9.7%	*
Carting registration applications denied	2.0%	2.1%	2.3%	2.1%	*
Total carting applications denied	4.0%	4.1%	4.0%	3.8%	*
Violations issued to private carters	371	620	1,290	679	*
Violations for unlicensed activities	69	180	482	384	*
Public wholesale market background investigations completed	145	158	170	83	*
Public wholesale market registrations approved	45	40	56	11	*
Average time to approve public wholesale market registrations (days)	257	280	226	250	270
Public wholesale market applications denied	2.0%	2.1%	1.7%	2.6%	*
Violations issued at public wholesale markets	532	551	378	163	*

In the first four months of Fiscal 2010, BIC saw a 47 percent increase in the number of new and renewal carting registration applications received. As a result, the number of carting registrations processed and approved by BIC more than doubled in the first four months of Fiscal 2010. Similarly, BIC approved 46

percent more carting licenses while experiencing a 15 percent increase in new and renewal carting license applications received. The average time to approve carting licenses increased to 183 days due to the need to divert resources to process and approve the registration applications. The number of pending carting applications increased 39 percent due to a 42 percent rise in the total number of registration and license applications received.

Violations issued to unlicensed and unregistered carters more than doubled during the first four months of Fiscal 2010 compared to the same period in Fiscal 2009. Violations issued to licensed private carters increased by 6 percent, while the number of violations issued to registered private carters increased by 2 percent.

BIC experienced a significant increase in public wholesale market applications received, from 12 applications received during the first four months of Fiscal 2009 to 65 received in the same period of Fiscal 2010. This is a result of BIC's expanded jurisdiction in the area adjacent to the Hunts Point markets that commenced in July 2009. BIC diverted staff to the on-site regulation of the area which, combined with the increase in applications received, resulted in a 31 percent decrease in number of public wholesale background investigations conducted and a 32 percent increase in the average time to approve market registrations. The number of market registrations approved during the reporting period also decreased from 28 to 11 as a result.

The number of violations issued in the public wholesale markets increased by 35 percent, with quality-of-life violations such as engines idling over 3 minutes and littering, accounting for most of the increase.

Other than Personal Services (002)

<i>Dollars in Thousands</i>	2008 Actual	2009 Actual	2010 Adopted	2010 Jan Plan	2011 Jan Plan	Difference 2010 vs. 2011
Spending						
Other than Personal Services						
Supplies and Materials	\$138	\$145	\$281	\$195	\$249	(\$32)
Property and Equipment	136	278	44	119	91	47
Other Services and Charges	1,189	1,417	1,637	1,665	1,637	0
Contractual Services	81	131	133	121	133	0
TOTAL	\$1,543	\$1,971	\$2,095	\$2,101	\$2,110	\$15
Funding						
City Funds	N/A	N/A	\$2,095	\$2,095	\$2,110	\$15
State	N/A	N/A	0	6	0	0
TOTAL			\$2,095	\$2,101	\$2,110	\$15

The net \$15,000 increase in the OTPS Budget is the result of a one-time vehicle purchase in Fiscal 2010 that will not recur in Fiscal 2011 offset by a partial restoration of the \$50,000 fleet reduction PEG that BIC took last fiscal year.

The \$6,000 increase to the Fiscal 2010 Preliminary Budget represents a State Archives and Records Administration (SARA) grant from the New York State Local Government Records Management Improvement Fund (LGRMIF) program, which provides funds to help local governments establish records management programs or develop new program components.

Appendix A: Budget Actions in the November and January Plans

<i>Dollars in thousands</i>	FY 2010			FY 2011		
	City	Non-City	Total	City	Non-City	Total
Agency Budget as of June 2009 Plan	\$7,146	\$0	\$7,146	\$7,165	\$0	\$7,165
Program to Eliminate the Gap (PEGs)						
FY 2010 PS Surplus	(\$190)	\$0	(\$190)	\$0	\$0	\$0
Total, PEGs	(\$190)	\$0	(\$190)	\$0	\$0	\$0
Other Adjustments						
Mgr and OJ Increases	\$136	\$0	\$136	\$136	\$0	\$136
Sara Grant Reduction FY 2010	0	(1)	(1)	0	0	0
Sara Grant FY 2010	0	7	7	0	0	0
Total, Other Adjustments	\$136	\$6	\$142	\$136	\$0	\$136
Agency Budget as of January 2010 Plan	\$7,093	\$6	\$7,099	\$7,301	\$0	\$7,301