

NYC Department of Finance

**FY2016 Annual Local Law 11 (2015) Report
on Environmental Control Board (ECB) -
Adjudicated Judgments Referred
to NYC Department of Finance (DOF)**

November 2016

Introduction:

On January 22, 2015, Mayor Bill de Blasio signed into law Intro 489-B. The bill, approved by the City Council at its Stated Meeting on January 7, 2015, requires the NYC Department of Finance (DOF) to report annually to the City Council on outstanding Environmental Control Board (ECB)-adjudicated judgments.

DOF must provide by November 1st of each year a publicly available report on outstanding judgment debt resulting from notices of violation issued by various City agencies and returnable to the Environmental Control Board and subsequently referred for collection during the previous fiscal year.

This is the second year that DOF is reporting on Local Law 11. The data presented in this report is as of October 17, 2016, and the source is the DOF Data Warehouse.

Highlights:

Collection Rate

The FY2016 collection rate was 11% for all judgments referred to DOF during FY16. This is an increase from the one-year collection rate of 8.8% in FY15. The estimated collection rate for the eight-year life span of ECB judgment debt increased from 24% in FY15 to 32% in FY16. (See Appendix A)

Total Revenue

ECB judgment collection continues to increase; from \$41.5 Million in FY14 to \$50.1 million in FY15 (a 21% annual increase) to \$60.9 million in FY16 (a 22% annual increase).

Allowance for Bad Debt

This report now reflects an Allowance for Bad Debt that has been shared with the Comptroller's Office for its FY16 Comprehensive Annual Financial Report.

The Allowance for Bad Debt is not a write-off. It is a valuation used to determine the portion of the outstanding debt that may ultimately be uncollectible. Individual and businesses whose debt is determined to be uncollectible are still liable for their outstanding violations.

The establishment of an Allowance for Bad Debt for ECB is consistent with City's longstanding approach for parking violation debt. The Comptroller's Office sets up a 100% Allowance for Bad Debt against violations older than three years and a 35% allowance against violations under three years old.

The total amount of the Allowance for Bad Debt is \$608.7 million. It is comprised of: 1) judgment violations issued against property owners that have been worked by two separate collection agencies in succession and are older than three years (\$577 million) and 2) judgment violations issued against individuals (for example, for littering and illegal posting violations) and docketed more than three years ago (\$31 million). In many instances DOF is unable to collect from individuals and businesses because they have passed away, gone out of business, filed for bankruptcy, moved out of the City or encountered financial hardship resulting in insufficient assets.

Taking into account the Allowance for Bad Debt, the total amount of outstanding ECB judgment debt declined from \$1.6 billion in FY15 to \$981 million in FY16. Most ECB judgment debt is comprised of default penalties (44%) and interest (26%). Base fines represent only 30% of the total.

Other Highlights

- The individual agency inventories of outstanding debt were fairly stable. The Department of Building's (DOB) inventory increased by \$28 million (3%). The Department of Sanitation's (DSNY) inventory decreased by \$20 million (6%).
- FY2016 judgments referred to DOF increased by 13,000 and \$17 million compared to FY2015.
- The number of violations docketed and paid during FY16 increased by 62% (from 32,885 in FY15 to 53,487 in FY16). The dollar amount of the violations docketed and paid during FY16 increased by 37% (from \$17.7 million in FY15 to \$24.2 million in FY16).
- The number of violations docketed and paid during FY16 almost doubled for DOB (from 4,457 in FY15 to 6,311 in FY16), DSNY (from 2,910 in FY15 to 34,345 in FY16) Fire Department (FDNY, from 2,910 in FY15 to 3,312 in FY16) and Department of Transportation (DOT, from 1,911 in FY15 to 3,350 in FY16).
- DOF's Collection efforts significantly increased in FY16. The number of letters sent out increased from 82,000 in FY15 to 128,000 in FY16. This is due to new letters implemented in the middle of FY15 and being in effect for a full year in FY16.
- ECB judgment violations have a lifespan of eight years. The dollar amount of judgment violations that exceeded eight years of age during FY16 was \$83.6 million. These judgment violations are considered expired and are excluded from the inventory. They are separate and distinct from violations included in the Allowance for Bad Debt category.

Part I: Department of Finance (DOF) Inventory of ECB Debt

The total outstanding inventory in terms of the number and dollar amount of violations can be seen in the tables below. The total amount currently due takes into account an Allowance for Bad Debt of \$608.7 million.

Table 1: Total outstanding inventory and its components

# of Summonses	Base Fine	Penalty	Interest	Allowance for Bad Debt	Total Amount Due
1,394,399	\$479,801,243	\$704,020,852	\$406,533,840	\$608,665,383	\$981,690,552

As outlined in the pie chart below, default penalties for failure to attend a hearing are \$704 million, 44% of total and the largest component.

Outstanding ECB Judgment Debt Component Amounts and Percentage of Total

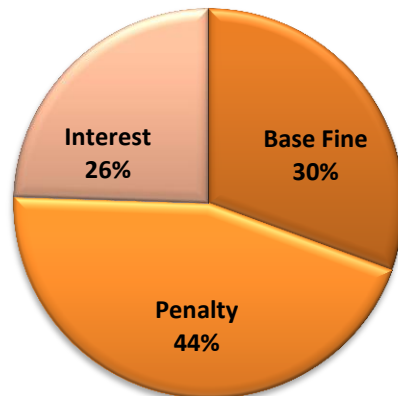


Table 2: DOF Inventory by Fiscal Year of Docket

Fiscal Year of Docket Date	# of Summonses	Base Fine	Penalty	Interest	Total Amount Due
FY17 to Date	77,361	\$25,316,699	\$36,784,401	\$924,291	\$63,025,392
FY16	188,364	\$67,645,745	\$102,316,093	\$13,251,899	\$183,213,737
FY15	164,103	\$60,520,703	\$87,496,232	\$24,259,816	\$172,276,751
FY14	135,551	\$53,217,777	\$71,374,871	\$31,760,613	\$156,353,260
FY13	153,036	\$61,422,497	\$85,210,163	\$50,587,425	\$197,220,085
FY12	149,829	\$66,799,855	\$99,422,393	\$72,378,425	\$238,600,673
FY11	200,266	\$64,228,515	\$100,671,681	\$85,868,403	\$250,768,599
FY10	190,156	\$51,502,094	\$75,759,837	\$76,625,774	\$203,887,705
FY09	135,698	\$29,142,587	\$44,968,777	\$50,861,312	\$124,972,677
Gross Total	1,394,399	\$479,801,243	\$704,020,852	\$406,533,840	\$1,590,318,879
Allowance for Bad Debt					\$608,665,383
Net Total					\$981,653,496

Table 3: DOF Inventory by Issuing Agency

Issuing Agency	# of Summonses	Base Fine	Penalty	Interest	Total Amount Due
DOB	119,894	\$225,583,007	\$448,135,427	\$228,304,136	\$902,022,570
DSNY	1,077,117	\$119,244,889	\$146,607,974	\$96,900,379	\$362,753,242
FDNY	53,222	\$53,014,806	\$42,633,442	\$27,179,748	\$122,827,997
DOT	25,901	\$17,639,370	\$26,626,382	\$15,806,404	\$60,072,157
NYPD	48,852	\$31,238,003	\$8,882,648	\$16,243,726	\$56,364,378
DEP	12,753	\$11,959,919	\$20,220,447	\$10,738,933	\$42,919,299
DOHMH	28,005	\$16,455,965	\$2,858,529	\$6,236,304	\$25,550,798
Parks	25,272	\$3,473,542	\$6,433,458	\$3,962,675	\$13,869,676
BIC	710	\$348,092	\$769,227	\$509,369	\$1,626,688
Agency Missing	2,050	\$547,034	\$507,374	\$398,713	\$1,453,121
Landmarks	318	\$253,171	\$256,590	\$197,597	\$707,358
Seagate PD	234	\$26,357	\$50,575	\$25,075	\$102,007
Other Agency*	36	12,315	22,375	14,898	49,588
Gross Total	\$1,394,364	\$479,796,472	\$704,004,449	\$406,517,959	\$1,590,318,879
Allowance for Bad Debt					\$608,665,383
Net Total					\$981,653,496

*Other Agency comprises Animal Care & Control, DCA, DCAS, DoITT, HPD, Hunts Point Development, and Ports & Terminals, where total due was less than \$50K

Part II Fiscal Year 2016¹

Item I and II: Total Number of Judgments Referred to the Department of Finance by the Environmental Control Board. Total dollar amount of judgments referred to the department, disaggregated by base penalty, interest, and default penalty.

During FY16 DOF received about 231,000 judgment violations from ECB for a total of over \$200 million, including default penalties assessed against respondents for failing to appearing at a hearing².

Table 4: FY16 Total Judgments Referred

# of Summonses Referred	Base	Penalty	Interest	Total Amount Due
231,300	\$82,489,616	\$119,585,737	\$15,660,114	\$217,735,467

Table 5: FY16 Judgments Referred by Issuing Agency

Issuing Agency	# of Summonses Referred	Base	Penalty	Interest	Total Amount Due
DOB	20,286	\$37,862,470	\$70,444,123	\$8,620,887	\$116,927,480
DSNY	175,493	\$19,485,165	\$24,532,135	\$3,358,437	\$47,375,736
FDNY	11,216	\$12,340,726	\$10,372,761	\$1,778,644	\$24,492,131
DOT	6,435	\$4,878,128	\$7,164,800	\$800,648	\$12,843,576
DOHMH	6,067	\$3,111,234	\$522,279	\$279,336	\$3,912,850
DEP	4,417	\$2,777,618	\$3,925,008	\$503,942	\$7,206,568
NYPD	3,614	\$1,415,320	\$1,408,348	\$190,542	\$3,014,211
Parks	3,266	\$496,979	\$1,004,552	\$102,567	\$1,604,097
Agency Missing	327	\$60,551	\$89,676	\$11,565	\$161,792
Landmarks	67	\$30,125	\$43,767	\$5,441	\$79,333
Other **	112	\$31,300	\$78,289	\$8,105	\$117,694
Grand Total	231,300	\$82,489,616	\$119,585,737	\$15,660,114	\$217,735,467

**Other includes BIC, Seagate PD, DoITT, DCA, and DCAS

¹ All the data displayed in the tables below is as of 10/17/2016

² Summonses referred to DOF with docket dates from 6/30/2015 through 5/31/2016 (last docket period for FY2016 is 5/31/2016) are considered as FY2016. We have excluded any write-offs or recalls.

Item III: Average Length of Time for Referral of a Judgment from the Environmental Control Board to the Department of Finance

The average elapsed time from docketing to DOF referral was 1.26 days³.

Item IV: Total Dollar Amount Collected by the Department for Judgments Referred During Preceding Fiscal Year

As of October 17, 2016, DOF collected more than \$24 million against violations that were referred to the agency during FY2016. This is reflected in Table 6. DOF generated \$18.8 million in revenue during FY16 and an additional \$5.4 million during the first few months of FY17. As of October 17, 2016, the collection rate for debt referred in FY2016 is 11%.

Table 6: Revenue for violations docketed during FY16

Payment Date by FY	# of Summons Paid	Length of Time Between Docket Date & Payment Date in Month Ranges					\$ Total Collected
		0-3M	4-6M	7-9M	10-12M	13-24M	
FY16	53,487	\$12,313,233	\$7,040,281	\$2,969,688	\$1,476,337	\$396,007	\$24,195,545

Payments on ECB Judgments Referred to DOF in FY2016 - Disaggregated by Issuing Agency are listed in Table 7.

Table 7: Total Collected by DOF from 7/01/2015 until 10/17/2016

Issuing Agency	# of Summonses Paid	Total Amount Collected
DOB	6,311	\$9,394,368
DSNY	34,345	\$4,842,181
FDNY	3,312	\$4,240,479
DOT	3,350	\$2,977,999
DEP	1,631	\$1,196,119
DOHMH	2,497	\$758,541
NYPD	1,626	\$683,155
Other*	415	\$ 102,703
Total	53,487	\$24,195,545

**Other includes Parks, Landmarks, Seagate PD, BIC, Agencies Missing*

³ We took a sample of three months and looked at the average of the time that it takes for a violation to be received by DOF.

Item V: Length of Time for Collection of Judgments on Referred Violations during FY2016

Table 8

Issuing Agency	Length of Time Between Docket Date & Payment Date in Month Ranges					\$ Revenue Collected
	0-3M	4-6M	7-9M	10-12M	13-24M	
DOB	\$4,427,967	\$2,801,995	\$1,292,027	\$674,200	\$198,179	\$9,394,368
DSNY	\$2,167,332	\$1,532,428	\$678,242	\$358,228	\$105,951	\$4,842,181
FDNY	\$2,359,429	\$1,149,104	\$447,417	\$231,734	\$52,794	\$4,240,479
DOT	\$1,858,770	\$809,377	\$225,056	\$68,509	\$16,287	\$2,977,999
DEP	\$741,733	\$295,023	\$106,005	\$46,357	\$7,001	\$1,196,119
DOHMH	\$328,928	\$248,233	\$112,829	\$61,350	\$7,201	\$758,541
NYPD	\$369,186	\$181,331	\$92,048	\$32,875	\$7,715	\$683,155
Other Agency*	\$59,887	\$22,789	\$16,065	\$3,083	\$879	\$102,703
Grand Total	\$12,313,233	\$7,040,281	\$2,969,688	\$1,476,337	\$396,007	\$24,195,545

*Other Agency comprises those missing names, BIC, Landmarks, Seagate PD, and any of those displayed where revenue collected is less than \$25K.

Item VI: Total Number of FY2016 Judgments That Require Corrective Action by Respondent⁴

The number of violations that require corrective action has remained fairly steady compared to FY15.

Table 9

Agency Name	# of Summonses	Base Fine	Penalties	Interest	Total Amount
DOB	20,261	\$37,775,863	\$70,286,623	\$8,597,833	\$116,660,319
FDNY	11,215	\$12,340,626	\$10,372,561	\$1,778,629	\$24,491,816
DEP	1,299	\$1,357,785	\$1,885,907	\$242,982	\$3,486,674
Landmarks	67	\$30,125	\$43,767	\$5,441	\$79,333
Total	32,842	\$51,504,398	\$82,588,857	\$10,624,885	\$144,718,141

⁴ Summonses referred to DOF and placed in location 020555 -docketed during FY2016 from static table of FY2016 Docketed Judgments; includes uncollectible states; includes satisfied summonses; excludes anything recalled.

Item VII: Enforcement Efforts Used by DOF to Collect Judgments in Item 4

The number of letters sent out increased from 82,000 in FY15 to 128,000 in FY16 (a 56% increase).

Table 10

Enforcement Letters Sent FY16:		
Type	Count of Letter	Total \$ Addressed
Initial letter	114,616	\$814,228,708
Partial Payment & Payment Plan Letter	13,349	\$168,018,824
Update on Case Balance & Insufficient Funds	12	\$151,525
Total	127,977	\$982,399,058

Item VIII: Total Number of Judgments that Statutorily Expired by Issuing Agency

ECB judgment violations have a lifespan of eight years. Hence, violations that are older than eight years are considered expired and are excluded from the inventory. In Table 11, “FY08” judgment violations are considered expired, based on the above definition, and were excluded from the inventory.

FY09 through FY16 reflect judgment violations that were withdrawn and were excluded from the inventory as well.

Table 11: Total Number of Judgments Expired by FY

Fiscal Year of Docket Date	# of Summonses	\$ Amount Due
FY16	18	\$85,300
FY15	49	\$37,050
FY14	6	\$26,011
FY12	2	\$600
FY11	1	\$26,000
FY10	2	\$3,500
FY09	2	\$125
FY08	163,074	\$83,477,795
Grand Total	163,154	\$83,656,381

Table 12: Total Number of Judgments Expired by Issuing Agency

Agency Name	# of Summonses	\$ Amount Due
DSNY	139,116	\$35,607,036
DOB	9,255	\$26,462,021
FDNY	5,070	\$7,718,515
Parks	4,131	\$1,497,938
DOT	4,079	\$7,832,719
DEP	610	\$3,369,519
NYPD	585	\$897,896
BIC	149	\$189,975
Other	159	\$80,763
Total	163,154	\$83,656,381

Appendix A

Collection Rate By Age of Judgment Debt

