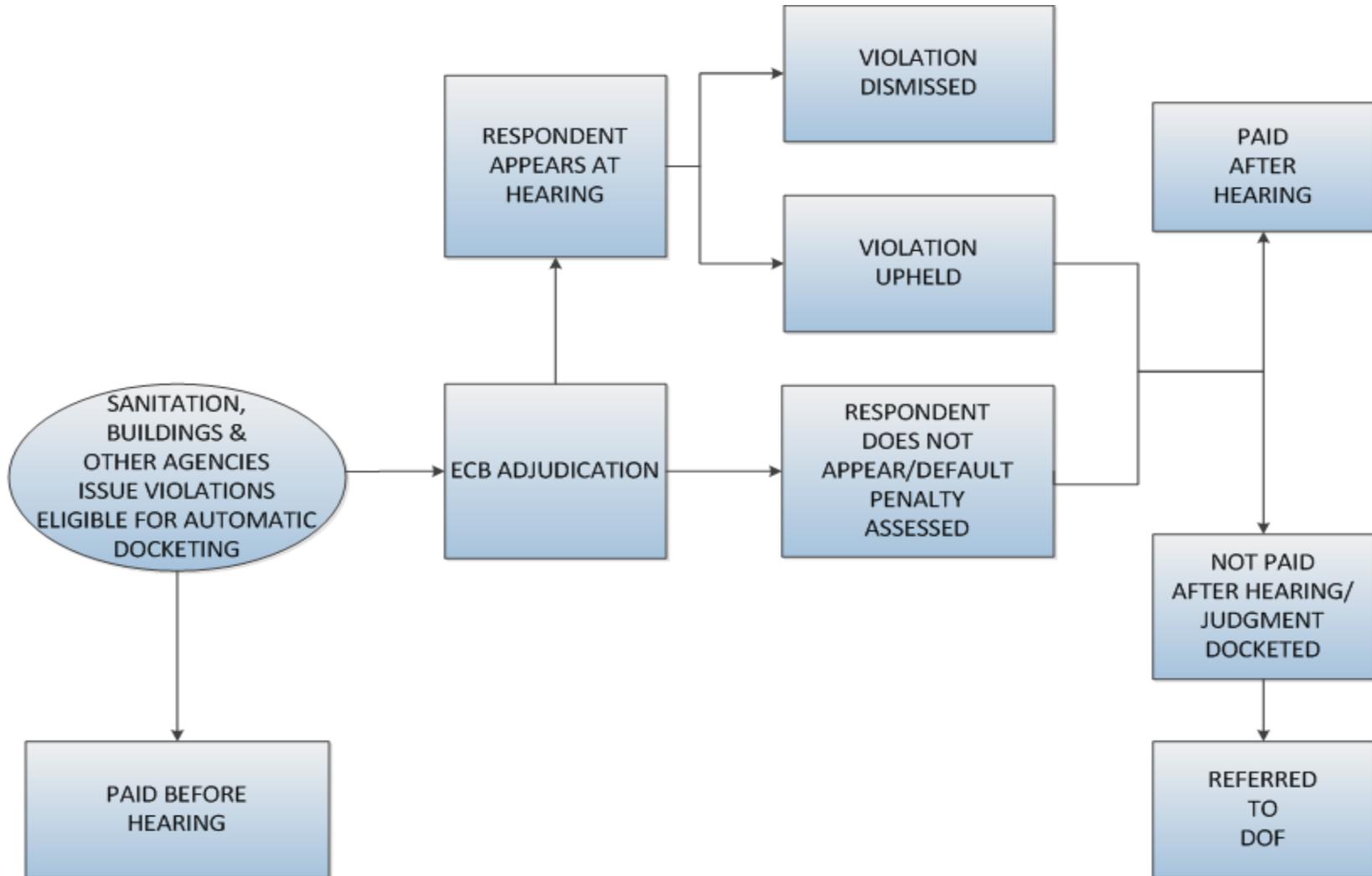


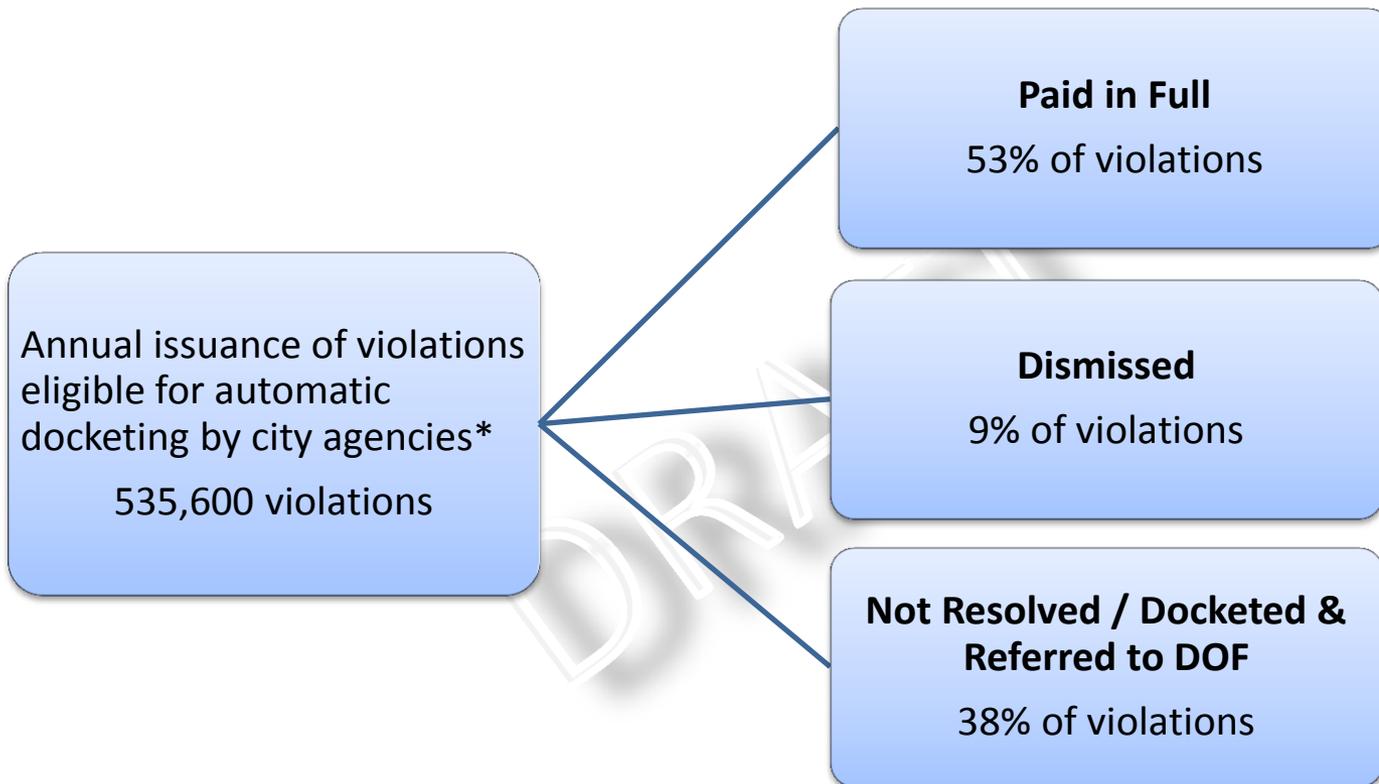
Local Law 11 of 2015 Report on DOF Collection of ECB-Adjudicated Judgments

Part I: Context

Process Overview



Most Violations that Can be Docketed by ECB are Resolved Prior to DOF Referral



Source: NYC OpenData for FY2014

*Violations over \$25,000 and violations issued by the Department of Health and Mental Hygiene are excluded because they cannot be automatically docketed.

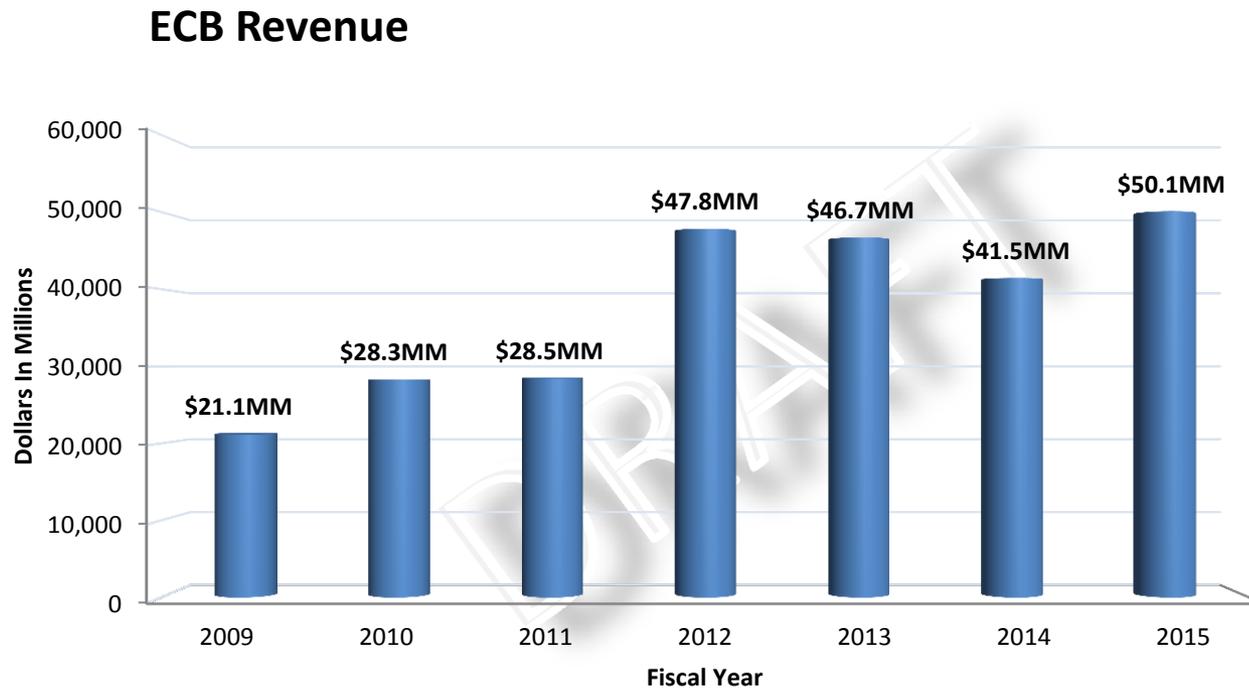
Assessment of Default Penalties and 8-Year Lifespan of Judgments Create a Large Inventory

Fiscal Year of Docket Date	# of Summonses	Base Fine \$	Penalty \$	Interest \$	Total Amount Outstanding \$
FY16 to Date	64,127	24,768,104	35,201,060	640,424	60,609,589
FY15	193,027	71,825,145	104,884,220	11,228,934	187,938,299
FY14	146,358	57,135,636	77,236,569	20,849,720	155,221,924
FY13	164,017	65,947,185	91,538,614	38,970,839	196,456,638
FY12	161,997	70,734,387	105,180,023	59,509,286	235,423,696
FY11	206,645	69,153,031	107,597,335	75,124,370	251,874,735
FY10	217,536	59,251,338	88,241,158	75,330,673	222,823,170
FY09	180,007	39,206,704	59,156,784	59,848,170	158,211,658
FY08	123,205	24,917,090	40,318,347	45,017,764	110,253,200
Grand Total	1,456,919	\$482,938,620	\$709,354,109	\$386,520,180	\$1,578,812,909

Source: NYC DOF Data Warehouse
Data as of 10/05/2015

DOF Collected \$50.1* Million in ECB Judgments in FY15

A Record



*Source: NYC Financial Management System (FMS)

Part II: Local Law No. 11 Report

Issued to Council on November 2, 2015

Available at: <http://www1.nyc.gov/site/finance/about/news-and-press.page>

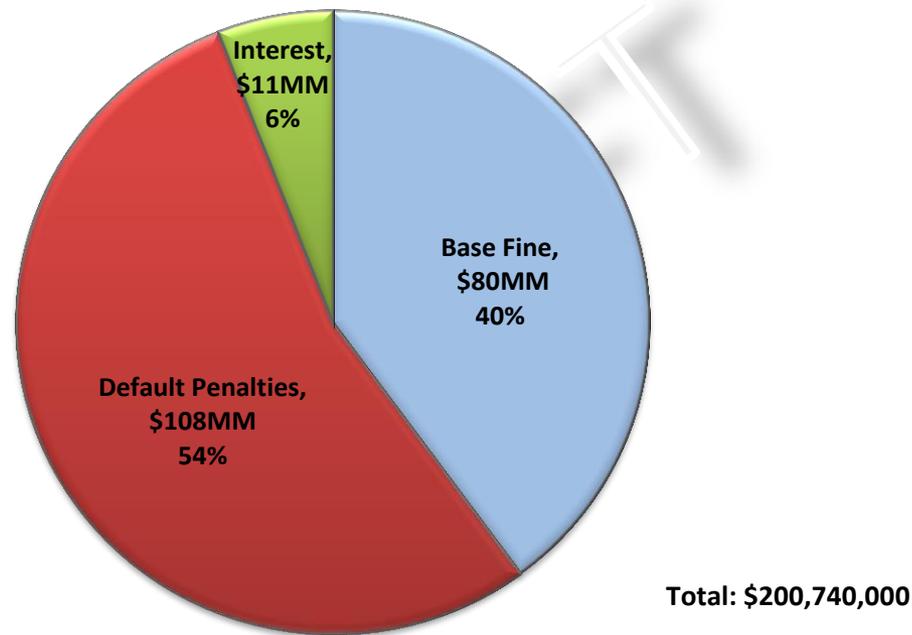
Inventory by Agency

Agency	Total Amount Outstanding (in MM)	% of Total	Total Penalty (in MM)	% of Total
Buildings (DOB)	\$875	55%	\$445	63%
Sanitation (DSNY)	\$383	24%	\$156	22%
Fire (FDNY)	\$119	8%	\$40	6%
Transportation (DOT)	\$65	4%	\$28	4%
Police (NYPD)	\$54	3%	\$9	1%
Environmental Protection (DEP)	\$43	3%	\$20	3%
Other Agencies	\$40	3%	\$11	2%
Grand Total	\$1,579	100%	\$709	100%

Source: NYC DOF Data Warehouse
Data as of 10/05/2015

FY15 Referrals to DOF

DOF received 218,000 judgment violations from ECB for a total of more than \$200 million, including penalties.



Source: NYC DOF Data Warehouse
Data as of 10/05/2015

FY15 Length of Time to Transfer Judgment Debt to DOF

The average elapsed time from docketing to DOF referral was 1.27 days*

DRAFT

*Source: NYC DOF (all violations docketed in April, May and June 2015. Does not include elapsed time from issuance of violation to docketing of unresolved violation)

Collection Rate Analysis

Collections Increase Over Time but Slow as Judgment Debt Ages

- 15-month collection rate on FY15 judgments is 8.8%. See Local Law 11 Report.
- 24-month collection rate on FY14 judgments is 11%.
- Eight-year collection rate is projected at 24% for newly referred judgments*.

*Projection done by extrapolation of FY15 collections disaggregated by age of paid judgments - See Appendix A

FY15 Collection Efforts

- Per Local Law 11, DOF and collection agencies sent out a total of 154,000 collection letters.

Other FY15 Initiatives:

- ❑ Increased use of Sheriff executions; 430 executions & \$315,000 collected
- ❑ New execution program with City Marshals; 52 Executions & \$85,000 collected
- ❑ Debt rotation among collection agencies produced at least \$4.4 million in revenue

Expired Judgments by Agency*

Agency Name	# of Violations	Amount
DSNY	150,138	\$ 40,078,789
DOB	7,756	\$ 21,907,091
DOT	5,214	\$ 9,167,868
FDNY	4,828	\$ 6,653,501
DEP	713	\$ 3,715,877
All Other	5,713	\$ 3,633,709
Total	174,362	\$ 85,156,835

*A docketed judgment is in force for eight years

Part III: Further Analysis

Collection Success Varies By Issuing Agency

Issuing Agency	Collection Rate on FY14 Judgments (as of 6/30/15)
DOT	30%
FDNY	18%
Other Agencies	15%
NYPD	14%
DSNY	9%
DOB	7%
Average 2-Year Collection Rate*	11%

*Weighted average by amount of debt per agency

Challenges to Further Increasing Collections

(Categories overlap and should not be added)

Challenges

- Older debt worked by two collection agencies and still outstanding
- 75% of penalties uncollectable based upon historic DOF policy to offer settlements upon request
- Inventory attributed to limited liability companies (LLCs)* - - FY15 enforcement referrals resulted in very low collection rate

Amount

- \$900MM
- \$530MM
- \$175MM

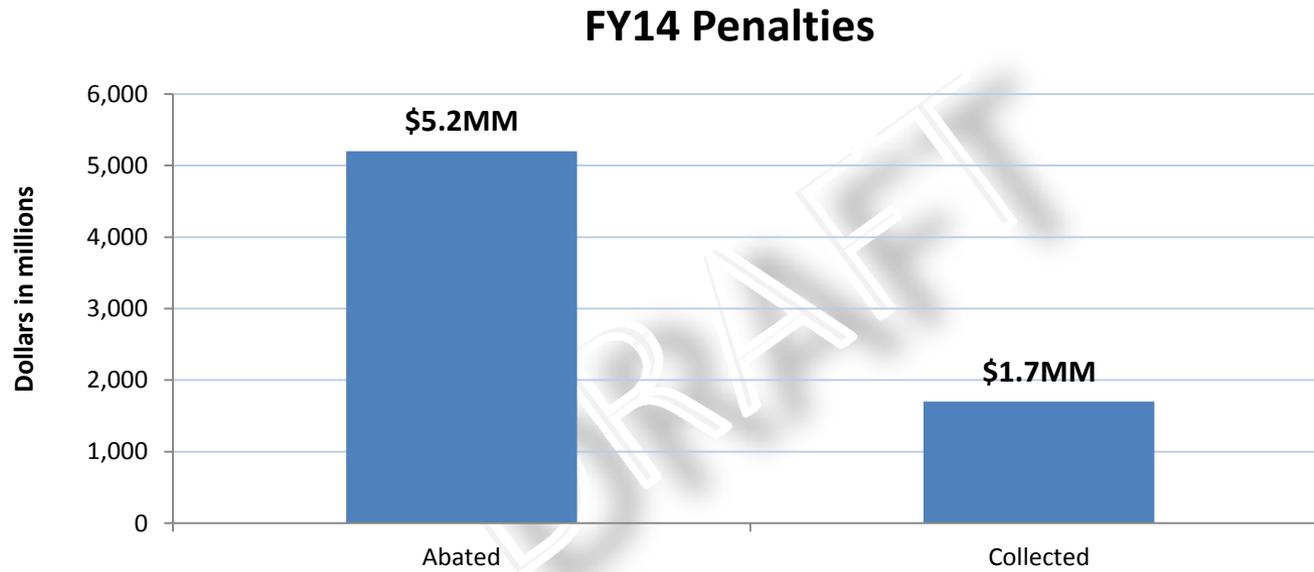
*Estimated (based on FY2014 incidence)

Debt Rotation

Nearly \$900MM of Open Inventory Has Been Worked by Two Different Collection Agencies

- In late 2014, DOF rotated \$500mm of the oldest ECB judgment debt between two outside collection agencies
- At the end of June 2015, DOF performed a second debt rotation of nearly \$400mm
- DOF is looking at the potential of writing off debt rotation assignments due to age of debt and the inability of two different agencies to collect outstanding debt

DOF Abates \$3 of Penalties for Every \$1 of Penalties Collected



Source: DOF data Warehouse. Review of all FY14 docketed violations paid during FY14

Other Issues Under Review

- Property change of ownership since issuance of violation to respondent (harder to find debtor)
- Respondent out of business, moved out of City, passed away
- Violation issued against respondent who is not a property owner (e.g., littering or failure of dog clean-up)

Next Steps

New Amnesty Program

- Improve communication and outreach
- Incentivize participation - DOF proposes that post-amnesty settlements only abate 50% of penalties
- Tougher post-amnesty enforcement

Address High Penalty Amounts

ECB to cut DOB default penalties in half if respondent fixes underlying condition that generated infraction - to be implemented after amnesty

Write-Offs

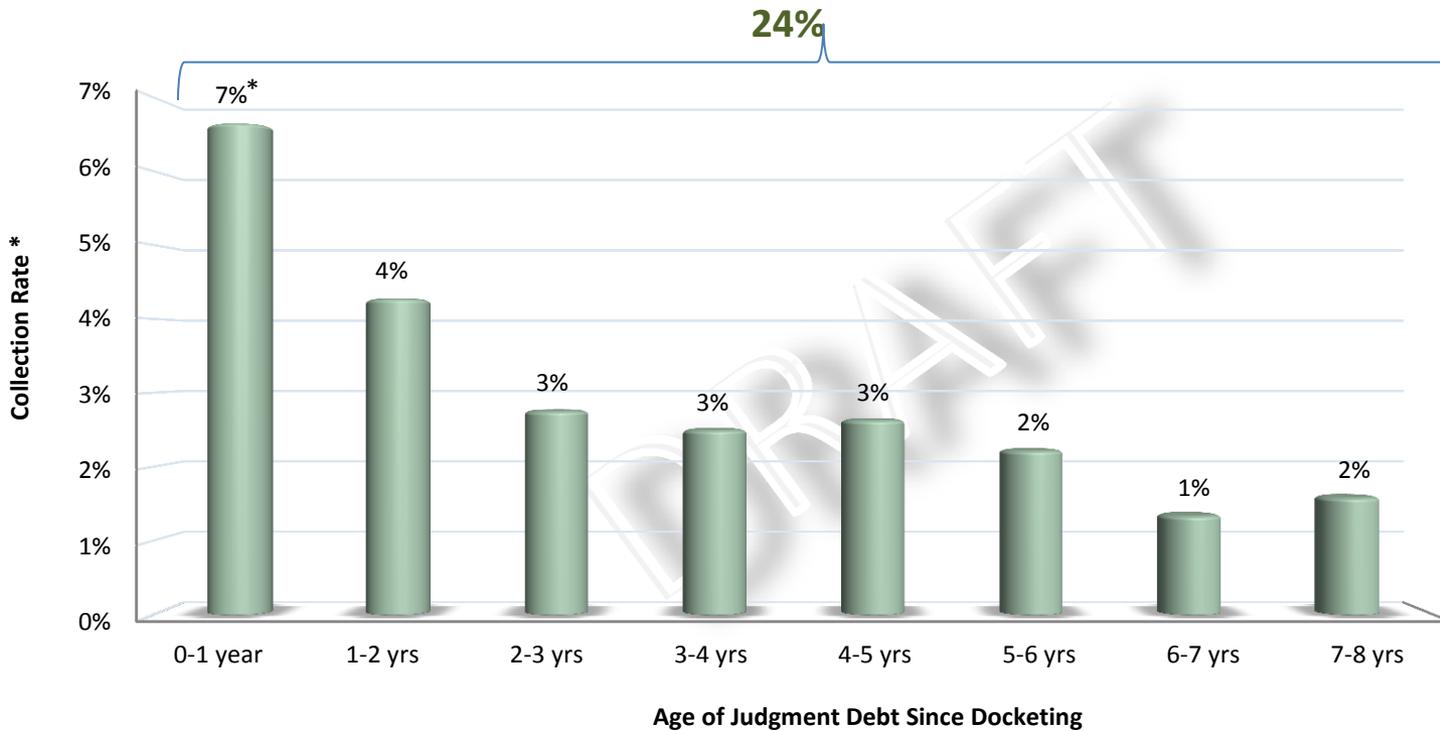
- Accurately reflect collectible portion of inventory
- Written off judgments remain in force until 8-year statute expires
- Will start with the review of \$900 million of older debt worked by two different collection agencies

Restructure DOF Internal Collection Efforts

- Increase annual revenue
- Accelerate collections so revenue comes in faster after DOF referral
- Perform more debt segmentation analysis

Appendix A

Collection Rate By Age of Judgment Debt



Source: FY15 ECB Revenue by Age of Judgment Debt (\$50.1 million collected in FY15)

*Rate climbs to 8.8% after 15 months