PHED COMMITTEE #1
April 21, 2010

Worksession

MEMORANDUM

April 15, 2010

TO: Planning, Housing, and Economic Development Committee

CHS

FROM: Charles H. Sherer, Legislative Analyst

SUBJECT: FY11 operating budget for the Department of Permitting Services, section 63 in the Executive's budget

The following may attend:

Carla Reid, Director
Alicia Thomas, Hadi Mansouri, Reginald Jetter, Stan Wong, and Tom Laycock: DPS
Amy Wilson, OMB

Relevant pages from the operating budget are attached starting at ©1. The Committee packet follows.

Overview

The Department of Permitting Services is an enterprise fund, which means it does not get revenue from County taxes but instead is supposed to get sufficient revenue from non-tax sources to cover its costs.

In FY10, DPS reduced its budget by $404,010/1.5% in round 1 for a variety of non-personnel expenses and another $404,010/1.5% in round 2 for a reduction in credit card fees, "to more appropriately reflect the actual credit card fees being charged." DPS began accepting payment by credit card in FY09 and had to estimate how much the credit card companies would charge DPS for that service. Actual fees in FY09 and FY10 were well below the budget estimate.

For FY11, the Executive recommends total expenditures of $24.0 million, down $3.1 million or 11.3% from the FY10 approved budget of $27.1 million. Workyears will decrease 24.1,

from 197.1 to 173.0. As an overview of the workforce reductions, the OLO report based on OHR data showed that 41 positions are being abolished (18% of the 226 positions in the FY10 approved budget), of which 16 are filled (now only 13, because one person retired and two people found jobs elsewhere) and 25 are vacant. Nineteen positions are grade 26, one is grade 25, two are grade 24, fifteen are grade 23, and four are grade 19.

The number of positions abolished, 41, exceeds the decrease in workyears, 24.1, because many of the positions being abolished were never filled (lapsed the entire year), so there were zero workyears and zero dollars for these positions in FY10.

As an overview, OMB and DPS staff explained that the $3.1 million reduction in expenditures, including the abolishment of 41 positions/24.1 workyears, is due to the decreased workload and also to the need to restore the fund balance. As the number of positions decreases, various associated expenses also decrease, such as the amount of leased space needed, expenses for vehicles, uniforms, PCs, printing, and telephones.

Personnel costs account for 80% of the budget and operating expenses account for the remaining 20%. See the table below for detail.

Permitting Services

				Change from FY10-11	
	FY09 Actual	FY10 Approved	FY11 CE Recommended	Amount	%
Expenditures	$26,445,621	$27,067,180	$23,995,250	$(3,071,930)	-11.3%
Positions:					
Full time	216	226	182	(44)	-19.5%
Part time	1	1	1	0	0.0%
Total positions	217	227	183	(44)	-19.4%
Workyears	216.7	197.1	173.0	(24.1)	-12.2%

Changes from FY10-11 The changes are summarized on ©5 and the major changes are explained below. The table above shows a decrease of 44 positions in DPS. As explained above, 41 positions are being abolished and three are being transferred to the PIO for the MC311 call center. Since the positions will still serve DPS, the cost and the workyears remain in DPS. The abolishments of the 16 **filled** positions are explained in #6, 14, and 15. As explained above, the 25 **vacant** positions were lapsed the entire year, so neither the cost nor the workyears were in the FY10 budget, so there is no decrease from FY10 to FY11 resulting from abolishing these 25 positions.

1. Prefunding retiree health insurance will cost $800,000 more in FY11 than in FY10. Executive staff explained that:

   "Pre-funding for tax supported departments/funds and agencies was eliminated, but pre-funding in County government proprietary funds and outside agencies that participate in the County's group insurance program was included.

   The reason proprietary funds are treated differently is because the accounting requirements are different. Retiree health insurance is expensed as a liability in the proprietary funds, which affects fund balance. So, even if these contributions weren't funded, they would have to be expensed and there would be a fund balance impact."

2. The anticipated cost of paying the value of accrued leave to the employees whose positions will be abolished is $300,000.

3. Because of the decrease in positions, the cost of communication services (wireless phones) can be reduced $45,000.

4. DPS will reduce printing and mailing costs by $67,710 by taking various steps to reduce paper use and as a result of "reduced permit activity".

5. The cost of services and contracts will be reduced $85,000. "DPS reduced two temporary positions due to decreased permit activity. These positions assisted with document imaging and GIS mapping."

6. One Permit Technician position in the Customer Service Division will be abolished, to save $85,060.

7. The budget for travel, education, and memberships will be reduced $87,450.

8. The budget for uniforms and supplies will be reduced $105,320, due to the decrease in positions.

9. A lease adjustment reduces the lease cost by $161,190. "DPS is working with the Department of General Services to reduce its space and rent," based on the decrease of 41 positions, so less space will be required.

10. The Department will stop using outside services for document imaging and do all imaging in-house, to save $202,310. "DPS was paying DOCR one full-time plus part of another employee's salaries to administer the imaging program at the jail. DPS is no longer using DOCR for document imaging and now doing all imaging in-house."

11. The Department will reduce maintenance and repairs of equipment, to save $281,210. "For FY11, DPS has eliminated maintenance on certain IT equipment, has moved to a time & materials basis for maintaining other IT equipment, and will perform maintenance on other equipment with DPS IT staff. Other reductions in software licensing and software maintenance were made, including deferring needed software upgrades. Critical systems and

software will continue to be maintained so there should be no negative impact on service provided."

12. The Department will reduce credit card fees by $540,000. "Credit card companies assess a fee for each credit card transaction. DPS began accepting credit card payments in FY09 and had no basis for determining the level of fees. The reduction is based on actual fee charges."

13. Furlough days will save $621,320.

14. Seven positions will be abolished in the Land Development section to save $780,400.

15. Eight positions will be abolished in the Building Construction division to save $986,780.

Revenues DPS shows 30 revenue items on ©4. Building permits account for almost half of total revenue and are by far the largest source of revenue. The latest estimate of revenue in **FY10** is $28.0 million, up $1.1 million from the budget estimate of $26.9 million. Although revenue from building permits is now projected to be $1.8 million less than budgeted, revenue from sediment control permits is now projected to be $3.9 million more than budgeted. (The sediment control program is apparently very effective: the State inspected 64 random active construction sites and found that "on 100% of the sites appropriate enforcement measures had been taken by DPS inspectors.) There are numerous but lesser changes among the other revenue items in FY10.

DPS expects **FY11** revenues to increase $2.2 million/8% from FY10 approved. As the last two columns on ©4 show, the estimated amount of revenue in FY11 and the % change from FY10 vary widely. As stated on page 62-7, DPS expects "a gradual increase in construction market activity" starting in FY11. If the demand for DPS's services in FY11 is more than the reduced level of staff can handle, then DPS will consider restoring positions to maintain the level of services, but only after the need is clear.

With regard to the fund balance, DPS states on page 62-7 that they have reduced expenses in FY10 and will continue to reduce expenses in FY11. Combined with the expected increase in revenues, DPS expects to have a positive cash balance in FY11 and to have a positive unrestricted net asset fund balance in FY13.

Reductions Council staff recommends none.

Permitting Services

MISSION STATEMENT

The mission of the Department of Permitting Services (DPS) is to provide the highest quality of public service while ensuring compliance with Montgomery County's development and construction standards.

BUDGET OVERVIEW

The total recommended FY11 Operating Budget for the Department of Permitting Services is $23,995,250, a decrease of $3,071,930 or 11.3 percent from the FY10 Approved Budget of $27,067,180. Personnel Costs comprise 79.8 percent of the budget for 182 full-time positions and one part-time position for 173.0 workyears. Operating Expenses account for the remaining 20.2 percent of the FY11 budget.

LINKAGE TO COUNTY RESULT AREAS

While this program area supports all eight of the County Result Areas, the following are emphasized:

- ***A Responsive, Accountable County Government***
- ***An Effective and Efficient Transportation Network***
- ***Safe Streets and Secure Neighborhoods***
- ***Vital Living for All of Our Residents***

DEPARTMENT PERFORMANCE MEASURES

Performance measures for this department are included below, with multi-program measures displayed at the front of this section and program-specific measures shown with the relevant program. The FY10 estimates incorporate the effect of the FY10 savings plan. The FY11 and FY12 targets assume the recommended FY11 budget and FY12 funding for comparable service levels.

ACCOMPLISHMENTS AND INITIATIVES

- ***Worked with the Maryland Department of the Environment (MDE) to help approximately 200 Montgomery County homeowners receive Bay Restoration Fund grants to upgrade their existing septic systems to "Best Available Technology" status, which will reduce nitrogen inputs into the drinking water aquifers and the Chesapeake Bay.***
- ***Worked with the Code Enforcement Work Group to strengthen and improve code enforcement practices.***
- ***All projects covered under the Green Building Law have been registered with the Leadership in Energy and Environmental Design (LEED), and will be monitored for compliance.***
- ***In April 2010, DPS will implement Bill 30-07, Building-Energy Efficiency. This Bill requires single family houses and townhouses that are constructed under International Residential Building Code to conserve energy through efficiency in building envelope, mechanical systems and lighting systems.***
- ***Improved customer service through enhanced case management practices by assigning a mentor to customers who are unfamiliar with the permit process.***
- ***Create "how to videos" to assist customers in understanding the permitting process.***
- ***Productivity Improvements***
  - ***Created a "fast track" drainage review process for building permit land development issues resulting in a reduced number of complaints having to do with drainage and other environmental impacts.***
  - ***Created an intermediate plan review process for commercial building construction projects resulting in reduced review time for small commercial building projects. Plan reviews are completed within ten working days for projects that qualify for the Intermediate Plan Review process.***

- ***Reduced the number of plans required for new single family submissions from two copies to one, reducing the amount of paper required from customers and handled in the department.***

- ***Improved customer service and enforcement consistency by training staff on every aspect of complaint handling.***

PROGRAM CONTACTS

Contact Alicia Thomas of the Department of Permitting Services at 240.777.6392 or Amy Wilson of the Office of Management and Budget at 240.777.2775 for more information regarding this department's operating budget.

PROGRAM DESCRIPTIONS

Land Development

The Land Development program is responsible for ensuring the protection of the County's water resources and the safety of residents through its engineering and inspection functions related to stormwater management, sediment control, floodplain management, well-and-septic systems approval, storm drain design, and work in the public right-of-way.

FY11 Recommended Changes	Expenditures	WYs
FY10 Approved	**7,736,770**	**67.3**
Decrease Cost: Position reductions in Land Development Section	-780,400	-7.0
Miscellaneous adjustments, including furloughs, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	-160,160	-5.2
FY11 CE Recommended	**6,796,210**	**55.1**

Notes: Ten fully lapsed vacant positions are being abolished.

Customer Service

The Customer Service program is responsible for ensuring that customer service and satisfaction is measured and successfully achieved through communication and outreach to the public. This program is responsible for the intake of complaints, processing information requests, and responding to departmental correspondence. This division proactively educates residents and the development community about the permitting process by maintaining and improving the DPS web site, publishing the DPS newsletter, coordinating outreach events, organizing educational seminars for residents, civic organizations and professionals, and providing information to applicants via telephone regarding the intake and issuance of permits. This division is also responsible for facilitating "green tape" projects such as affordable housing projects and those in the Silver Spring, Wheaton, and Long Branch enterprise zones by working with other DPS team members to ensure, to the greatest extent possible, an expedited, seamless permitting and inspection process. This division is responsible for developing customer service surveys for the department, analyzing the results, reporting findings, and recommending a course of action for improvement.

Program Performance Measures	Actual FY08	Actual FY09	Estimated FY10	Target FY11	Target FY12
Response time on complaint investigations - Average number of days from the complaint being filed to first contact between a Permitting Inspector and the customer	3.2	4.8	2.0	5.0	5.0
Response time on complaint investigations - Average number of days from the complaint being filed to final resolution of the complaint	11.9	9.4	12.0	14.0	13.0
Percent of complaints that are resolved on the first inspection	72.3	68.0	80.0	80.0	80.0

FY11 Recommended Changes	Expenditures	WYs
FY10 Approved	**1,178,410**	**13.1**
Decrease Cost: Position reductions in Customer Service Division	-85,060	-1.0
Miscellaneous adjustments, including furloughs, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	16,880	-0.5
FY11 CE Recommended	**1,110,230**	**11.6**

Notes: One fully lapsed vacant position is being abolished.

Building Construction

The Building Construction program is responsible for ensuring public safety through the effective enforcement of construction and zoning codes and standards. This is accomplished through engineering plan review and construction inspection related to the administration and enforcement of building, structural, electrical, mechanical, fire-safety, energy conservation, and accessibility codes and standards. In addition, the program is charged with the plan review and inspection of Maryland-National Capital Park and Planning Commission site plans and enforcement of the County's Zoning Ordinance. Zoning enforcement is carried out by reviewing

building applications for zoning compliance and investigating zoning complaints. The program is also responsible for conducting damage assessments during natural and other disasters and incidents and provides assistance in disaster recovery efforts.

Program Performance Measures	Actual FY08	Actual FY09	Estimated FY10	Target FY11	Target FY12
Average number of days it took to issue a permit - New construction: Commercial permits	207.6	295.8	225.0	163.0	163.0
Average number of days it took to issue a permit - New construction: Residential permits	159.8	223.4	140.0	90.0	90.0
Average number of days it took to issue a permit - Additions: Commercial permits	111.9	67.6	65.0	76.0	73.0
Average number of days it took to issue a permit - Additions: Residential permits	18.7	18.6	17.0	17.0	16.0
Median number of minutes it took to issue a permit - Permits for commercial alterations obtained using the Department of Permitting Services' Fast Track process[1]	106.7	84.0	110.0	170.0	160.0
Median number of minutes it took to issue a permit - Residential permits using the Department of Permitting Services' Fast Track process	47.0	48.0	60.0	60.0	58.0
Percent of building permits issued that received a final inspection: Residential permits	58.8	59.9	35.6	35.6	33.0
Percent of building permits issued that received a final inspection: Residential new construction					83.0
Percent of building permits issued that received a final inspection: Commercial permits through the Department of Permitting Services' Fast Track process	75.5	71.3	67.6	77.0	74.0

[1] Data reflects both current and dormant permits. New database to be implemented in FY11 will include only active permit requests.

FY11 Recommended Changes	Expenditures	WYs
FY10 Approved	**12,041,150**	**103.9**
Decrease Cost: Motor Pool Cost Reduction	-34,920	0.0
Decrease Cost: Position Reductions in Building Construction Division	-986,780	-8.0
Miscellaneous adjustments, including furloughs, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	-462,400	-3.7
FY11 CE Recommended	**10,557,050**	**92.3**

Notes: Fourteen fully lapsed vacant positions are being abolished.

Administration

The Administration program provides policy development and leadership for all programs within the department. Staff specialists are responsible for a full range of administrative, financial, and budgetary tasks, including daily operations, automation, human resources management, training, safety, quality assurance, legislative coordination, space management, historic files management, and management services.

FY11 Recommended Changes	Expenditures	WYs
FY10 Approved	**6,110,850**	**12.8**
Increase Cost: Retiree Health Insurance Pre-Funding	800,690	0.0
Increase Cost: Retirement Adjustment	324,280	0.0
Increase Cost: Risk Management Adjustment	44,210	0.0
Decrease Cost: Occupational Medical Services Adjustment	-1,680	0.0
Decrease Cost: Reduce Computer Training	-5,000	0.0
Decrease Cost: Eliminate Cabling Charges from DTS	-13,500	0.0
Decrease Cost: Communication Services	-45,000	0.0
Decrease Cost: Master Lease Payments for Financed Hardware	-51,910	0.0
Decrease Cost: Services and Contracts	-85,000	0.0
Decrease Cost: Lease Adjustment	-161,190	0.0
Decrease Cost: Reduce Imaging and GIS Temporary Services and Perform all Document Imaging In-house	-202,310	-1.3
Decrease Cost: Reduce Equipment and IT Maintenance and Repairs	-281,210	0.0
Decrease Cost: Credit Card Fee Reduction	-540,000	0.0
Miscellaneous adjustments, including furloughs, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	-361,470	2.5
FY11 CE Recommended	**5,531,760**	**14.0**

BUDGET SUMMARY

	Actual FY09	Budget FY10	Estimated FY10	Recommended FY11	% Chg Bud/Rec
PERMITTING SERVICES					
EXPENDITURES					
Salaries and Wages	16,403,854	15,530,040	16,053,190	13,643,380	-12.1%
Employee Benefits	5,611,881	5,784,270	5,644,560	5,506,640	-4.8%
Permitting Services Personnel Costs	***22,015,735***	***21,314,310***	***21,697,750***	***19,150,020***	***-10.2%***
Operating Expenses	4,252,265	5,752,870	4,483,860	4,845,230	-15.8%
Debt Service Other	116,074	0	0	0	—
Capital Outlay	61,547	0	0	0	—
Permitting Services Expenditures	***26,445,621***	***27,067,180***	***26,181,610***	***23,995,250***	***-11.3%***
PERSONNEL					
Full-Time	220	226	226	182	-19.5%
Part-Time	1	1	1	1	—
Workyears	216.7	197.1	197.1	173.0	-12.2%
REVENUES					
Building Permits	10,270,370	13,416,640	11,580,740	13,896,890	3.6%
Commercial Use & Occupancy Permits	348,418	386,930	531,650	637,980	64.9%
Electrical Contractors Licenses	212,151	221,950	141,350	169,620	-23.6%
Electrical Individual Licenses	316,527	336,070	215,320	258,380	-23.1%
Electrical Permits	1,743,453	1,887,080	1,503,260	1,803,910	-4.4%
Fire Code Enforcement Fees	534,781	596,910	376,470	451,760	-24.3%
Residential Fire Sprinkler Systems	139,268	166,190	109,390	131,270	-21.0%
Mechanical Inspection Fees	631,551	815,420	508,410	610,090	-25.2%
Grading/SD/Paving/Driveway Permits	1,579,349	1,866,790	2,199,110	2,638,930	41.4%
Sediment Control Permits	2,227,989	2,577,000	6,498,650	3,298,380	28.0%
Stormwater Management Concept Fees	243,232	288,310	169,230	203,080	-29.6%
Flood Plain Permits	18,320	23,610	26,320	31,580	33.8%
Flood Plain Verification and Study Fees	23,790	37,150	7,130	8,560	-77.0%
Preliminary Water Quality Review	22,021	33,230	102,920	123,500	271.7%
Final Water Quality Fee	12,113	0	0	0	—
Well and Septic	288,249	368,980	221,550	265,860	-27.9%
Scavenger (W&S)	17,983	3,620	2,500	3,000	-17.1%
Vendor Operations & Licensing Fee	45,705	36,020	30,850	37,020	2.8%
Sign Permits	123,796	179,510	202,740	243,290	35.5%
Benefit Performances	3,591	4,310	1,770	2,120	-50.8%
Overtime Offset Fee	578,653	726,640	564,530	677,440	-6.8%
Special Exception Fee	209,715	201,440	669,170	803,000	298.6%
Miscellaneous Licenses & Permits	30,138	0	130	160	—
Automation Surcharge	1,962,444	2,458,050	2,169,220	2,603,060	5.9%
Information Requests	32,682	35,700	36,010	43,210	21.0%
Civil Penalties/Fines	102,020	68,580	77,270	92,720	35.2%
Investment Income	200,491	160,000	30,000	90,000	-43.8%
Miscellaneous	143,067	0	0	0	—
Homeowner Electrical Exam	3,365	0	0	0	—
Non-Conforming Use Certification	175	0	1,710	2,050	—
Permitting Services Revenues	***22,065,407***	***26,896,130***	***27,977,400***	***29,126,860***	***8.3%***

FY11 RECOMMENDED CHANGES

	Expenditures	WYs
PERMITTING SERVICES		
FY10 ORIGINAL APPROPRIATION	**27,067,180**	**197.1**
Other Adjustments (with no service impacts)		
Increase Cost: Retiree Health Insurance Pre-Funding [Administration]	800,690	0.0
Increase Cost: Retirement Adjustment [Administration]	324,280	0.0
Increase Cost: Anticipated Leave Payout	300,000	0.0
Increase Cost: Group Insurance Adjustment	159,440	0.0
Increase Cost: Risk Management Adjustment [Administration]	44,210	0.0
Decrease Cost: Occupational Medical Services Adjustment [Administration]	-1,680	0.0
Decrease Cost: Reduce Computer Training [Administration]	-5,000	0.0
Decrease Cost: Advertising - Jobs	-5,200	0.0
Decrease Cost: Eliminate Cabling Charges from DTS [Administration]	-13,500	0.0
Decrease Cost: Motor Pool Cost Reduction [Building Construction]	-34,920	0.0
Decrease Cost: Communication Services [Administration]	-45,000	0.0
Decrease Cost: Master Lease Payments for Financed Hardware [Administration]	-51,910	0.0
Decrease Cost: Printing and Mail Adjustment	-67,710	0.0
Decrease Cost: Services and Contracts [Administration]	-85,000	0.0
Decrease Cost: Position reductions in Customer Service Division [Customer Service]	-85,060	-1.0
Decrease Cost: Travel, Education, Memberships	-87,450	0.0
Decrease Cost: Uniforms and Supplies	-105,320	0.0
Decrease Cost: Lease Adjustment [Administration]	-161,190	0.0
Decrease Cost: Reduce Imaging and GIS Temporary Services and Perform all Document Imaging In-house [Administration]	-202,310	-1.3
Decrease Cost: Motor Pool Rate Adjustment	-214,790	0.0
Decrease Cost: Reduce Equipment and IT Maintenance and Repairs [Administration]	-281,210	0.0
Decrease Cost: Annualization of FY10 Personnel Costs	-324,800	0.0
Decrease Cost: Credit Card Fee Reduction [Administration]	-540,000	0.0
Decrease Cost: Furlough Days	-621,320	-6.8
Decrease Cost: Position reductions in Land Development Section [Land Development]	-780,400	-7.0
Decrease Cost: Position Reductions in Building Construction Division [Building Construction]	-986,780	-8.0
FY11 RECOMMENDED:	**23,995,250**	**173.0**

PROGRAM SUMMARY

Program Name	FY10 Approved Expenditures	FY10 Approved WYs	FY11 Recommended Expenditures	FY11 Recommended WYs
Land Development	7,736,770	67.3	6,796,210	55.1
Customer Service	1,178,410	13.1	1,110,230	11.6
Building Construction	12,041,150	103.9	10,557,050	92.3
Administration	6,110,850	12.8	5,531,760	14.0
Total	**27,067,180**	**197.1**	**23,995,250**	**173.0**

FUTURE FISCAL IMPACTS

Title	CE REC. FY11	FY12	FY13	($000's) FY14	FY15	FY16
This table is intended to present significant future fiscal impacts of the department's programs.						
PERMITTING SERVICES						
Expenditures						
FY11 Recommended	**23,995**	**23,995**	**23,995**	**23,995**	**23,995**	**23,995**
No inflation or compensation change is included in outyear projections.						
IT Maintenance Costs	**0**	**79**	**8**	**71**	**62**	**141**
Represents additional maintenance costs for the upgraded permitting system and post-warranty maintenance for servers and printers.						
IT Replacement Plan	**0**	**200**	**410**	**375**	**140**	**0**
Assumes replacement of scanners ($200,000) in FY12; servers ($350,000) and printers (60,000) replacement in FY13; database server replacement ($375,000) in FY14; and network switch replacement ($140,000) in FY15. Master lease payments and IT maintenance costs are listed separately.						
Master Lease Payments for Financed Hardware	**0**	**-12**	**-12**	**-12**	**-12**	**-12**
Master lease payments related to financing the FY08 purchase of a server will be paid off in FY11.						

Title	CE REC. FY11	FY12	FY13	($000's) FY14	FY15	FY16
Motor Pool Rate Adjustment	0	215	215	215	215	215
Office Rent Increases Represents cost increases provided by the Department of General Services.	0	66	131	198	267	340
Restoration of Lapsed Positions Positions held vacant for affordability and level of activity will be filled as needed.	0	0	0	0	736	1,505
Restoration of Operating and Capital Reductions Equipment repairs, maintenance and motorpool expenses deferred for affordability and level of activity to be restored as needed.	0	0	0	0	161	321
Restore Personnel Costs This represents restoration of funding to remove FY11 furloughs.	0	621	621	621	621	621
Retiree Health Insurance Pre-Funding These figures represent the estimated cost of the multi-year plan to pre-fund retiree health insurance costs for the County's workforce.	0	400	490	585	685	789
Subtotal Expenditures	*23,995*	*25,564*	*25,858*	*26,049*	*26,870*	*27,916*

FY11-16 PUBLIC SERVICES PROGRAM: FISCAL PLAN			Permitting Services				
FISCAL PROJECTIONS	**FY10 ESTIMATE**	**FY11 REC**	**FY12 PROJECTION**	**FY13 PROJECTION**	**FY14 PROJECTION**	**FY15 PROJECTION**	**FY16 PROJECTION**
ASSUMPTIONS							
Indirect Cost Rate	13.73%	12.78%	12.78%	12.78%	12.78%	12.78%	12.78%
CPI (Fiscal Year)	1.0%	2.1%	2.3%	2.5%	2.6%	2.8%	3.0%
Investment Income Yield	0.26%	0.85%	1.80%	3.25%	4.00%	4.50%	4.75%
BEGINNING FUND BALANCE	(4,778,900)	(5,882,960)	(2,592,300)	(908,540)	585,730	1,691,690	1,710,410
REVENUES							
Licenses & Permits	25,663,190	26,295,820	26,887,460	27,546,190	28,262,390	29,053,740	29,925,320
Charges For Services	2,206,940	2,648,320	2,707,910	2,774,250	2,846,390	2,926,090	3,013,870
Fines & Forfeitures	77,270	92,720	94,810	97,130	99,660	102,450	105,520
Miscellaneous	30,000	90,000	200,000	380,000	490,000	570,000	630,000
Subtotal Revenues	27,977,400	29,126,860	29,890,180	30,797,570	31,698,440	32,652,280	33,674,710
INTERFUND TRANSFERS (Net Non-CIP)	(2,499,240)	(1,840,950)	(1,719,140)	(1,512,310)	(1,519,580)	(1,546,780)	(1,576,500)
Transfers To The General Fund	(3,653,010)	(2,994,720)	(2,872,910)	(2,666,080)	(2,673,350)	(2,700,550)	(2,730,270)
Transfers From The General Fund	1,153,770	1,153,770	1,153,770	1,153,770	1,153,770	1,153,770	1,153,770
Payment for Public Agency Permits	1,059,660	1,059,660	1,059,660	1,059,660	1,059,660	1,059,660	1,059,660
Payment for Green Tape Position	94,110	94,110	94,110	94,110	94,110	94,110	94,110
TOTAL RESOURCES	20,699,260	21,402,950	25,578,740	28,376,720	30,764,590	32,797,190	33,808,620
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(26,181,610)	(23,995,250)	(24,918,150)	(25,927,920)	(27,019,100)	(28,211,860)	(29,515,380)
Restoration of Lapsed Positions	0	0	0	0	0	(735,650)	(1,505,340)
Restoration of Operating and Captial Reductions	0	0	0	0	0	(160,690)	(321,380)
Restore Personnel Costs (FY11 Furloughs)	0	0	(621,320)	(621,320)	(621,320)	(621,320)	(621,320)
IT Maintenance	n/a	0	(78,720)	(7,510)	(71,390)	(61,840)	(140,860)
IT Replacement Plan		0	(200,000)	(410,000)	(375,000)	(140,000)	0
IT Master Lease Payment		0	12,260	12,260	12,260	12,260	12,260
Office Rent	n/a	0	(65,940)	(130,750)	(197,750)	(267,480)	(339,610)
Motor Pool Rate Adjustment	n/a	0	(215,440)	(215,440)	(215,440)	(215,440)	(215,440)
Retiree Health Insurance Pre-Funding	n/a	n/a	(399,970)	(490,310)	(585,160)	(684,760)	(789,340)
Subtotal PSP Oper Budget Approp / Exp's	(26,181,610)	(23,995,250)	(26,487,280)	(27,790,990)	(29,072,900)	(31,086,780)	(33,436,410)
OTHER CLAIMS ON FUND BALANCE	(400,610)	0	0	0	0	0	0
TOTAL USE OF RESOURCES	(26,582,220)	(23,995,250)	(26,487,280)	(27,790,990)	(29,072,900)	(31,086,780)	(33,436,410)
YEAR END FUND BALANCE-Unrestricted Net Assets (UNA)	(5,882,960)	(2,592,300)	(908,540)	585,730	1,691,690	1,710,410	372,210
END-OF-YEAR RESERVES AS A PERCENT OF UNA RESOURCES	-28.4%	-12.1%	-3.6%	2.1%	5.5%	5.2%	1.1%
YEAR END FUND BALANCE-Cash	(2,288,710)	1,001,950	2,685,710	4,179,980	5,285,940	5,304,660	3,966,460
END-OF-YEAR RESERVES AS A PERCENT OF CASH RESOURCES	-9.4%	4.0%	9.2%	13.1%	15.4%	14.6%	10.6%

Assumptions:

1.These projections are based on the Executive's Recommended budget and include the revenue and resource assumptions of that budget. The projected future expenditures, revenues, and fund balances may vary based on changes to fee rates, usage, inflation, future labor agreements, and other factors not assumed here.

2. Revenue increases in FY11 and future years assume a gradual increase in construction market activity.

3. Because of the economic downturn, a significant reduction in revenues occured in FY09 and continued into FY10. The department has initiated serious cost containment measures which will be continued into FY11. As a result, the department expects to achieve a positive cash balance at the end of FY11.

4. Key components of the Permitting Service's technology replacement plan include: FY12 scanners ($200,000); FY13 printer replacement ($60,000) and servers ($350,000); FY14 database server replacement ($375,000); FY15 network switch replacement ($140,000).

5. The year-end unrestricted net asset and cash fund balance are targeted to ensure a plan for restoring the fund balance and protection against the current softening of the construction market and related permit fee revenues. Both cash and unrestricted net assets balances are reported above.

6. The labor contract with Municipal and County Government Employees Organization, Local 1994 expires at the end of FY11.

7. The FY10 Estimated Claim on Fund Balance ($400,610) is the deferred Retiree Health Insurance prefunding payment. Payment is included in FY11.