

MEMORANDUM

April 21, 2015

TO: Planning, Housing, and Economic Development Committee
FROM: Jeff Zyontz,  Legislative Attorney
SUBJECT: FY16 Operating Budget: Department of Permitting Services

Those expected to attend this worksession include:

Diane Schwartz Jones
Hadi Mansouri
Barbara Suter
Dennis Hetman

Relevant pages from the FY16 Recommended Operating Budget are attached on © 1-7.

Budget Summary:

- The proposed budget increases expenditure by 5.9% (\$1.8 million more than the FY15 approved budget) and adds 6 new positions.
- Revenues are budgeted to be 1.3% lower (\$.5 million) based on a new simplified permit fee schedule.
- The Department will not be compensated by the General Fund for public agency permits and a Green Tape Position (\$1.15 million).
- In addition to maintaining a 20% reserve, the proposed budget will yield an additional \$3.6 million above expenditures. These funds and fund balances from FY14 and FY15 will pay for the Department's offices in Wheaton.
- The proposed budget for professional services (\$2.7 million) is unchanged from FY15.

Council Staff Recommendation:

- Affirm the policy of generating \$35 million by FY20 from permit fees for the new offices in Wheaton (an additional \$12 million required between FY16 and FY20) and include a cumulative "other claims on fund balance" in the fiscal plan.
- Approve the additional staff required to reduce the time for electronically submitted commercial permits to 30 days

Overview

As a general matter, the Department performance measures improved from last year. The Department is embracing eplans, which will ultimately result in even more efficient service delivery. The Department's comprehensive review of fees has resulted in a proposal that adjusts fees to measured service costs, requires fees when staff work is required, simplifies fees, and makes most fees progressive.

The Department of Permitting Services is an Enterprise fund that does not require any funds from taxes. The Department intends to earn sufficient revenues from fees to cover its capital and operating costs. In the aftermath of the 2008 recession, the Department depleted its fund reserves and required General Fund dollars to meet its operating expenses. It has since paid back the General Fund.

To avoid the use of money from the General Fund when fee revenues decrease, the Department's goal is to retain a year end fund balance of 20% of the Department's total annual resources. Since FY13, the Department's revenues have exceeded expenditures by a significant margin. This fund balance (\$4.5 million in FY14 and a projected \$18.3 million in FY15) is "claimed" for paying \$35 million in cash for the Department's new offices in Wheaton. The County lacks general obligation bond capacity in the CIP for this building. The Department would use its "claimed" funds to pay cash for its share of the new building to the extent of available cash. The Executive's FY16 budget for the Department would add another \$3.56 million towards this goal.

As the result of a comprehensive study, funded in the FY15 budget, the Department published a completely new fee schedule in the County Register. Fees are proposed to be based more on building floor area and less on the method of construction and the value of the work. Overall, it is a negligible fee reduction. **The fees are proposed at a level that is expected to produce about the same revenue as FY15 (\$0.5 million less, which is 1.3% of expected revenue).** As compared to current fees, the largest projects will have higher fees; small homes will have lower fees. Permits for land development (stormwater, sediment control, and right-of-way) will be higher. The changes are based on the Department's cost of processing the category of permit. There will be an annual adjustment factor to fees. Changes to the Department's operating expenses will be reflected (up or down) in fee adjustments. The Department will present its proposed regulation at the Committee's April 23 meeting. The regulation to approve the fees will be before the Council shortly.

The Department's budget excludes \$1.15 million from inter-fund transfers for public agency permits and a Green Tape position, which was appropriated to the Department in prior years. This reduction in revenue for the Department helps other agencies meet their budget mark.

The FY15 approved budget added 6 additional FTEs to the Department and \$1.3 million more in contracting support than FY14. Many of the Department productivity measures improved from FY14 levels (commercial permit new construction – down 24 days in total time; Commercial permit additions – down 14 days in total time; sprinkler permits – down 3 days in total time; residential new construction – down 15 days in total time). The proposed FY16 budget would add another 6 positions with the goal of improving the turnaround time for commercial plan reviews (for electronically submitted plan applications) to 30 days from the estimated 60 days during FY15. The new positions would cost \$.55 million in FY16, with an assumption of 3 months lapse salary. Contracting support for the Department (professional services) is proposed at \$2.7 million.

Under the proposed permit fee regulations, there will be a direct relationship between DPS' operating expenses and fees. Lower DPS appropriations (such as reducing the fund reserve for Wheaton, rejecting

the 6 new staff members, or reducing contracting support) will translate to lower permit fees in FY17. The FY16 proposed cost for the 6 new employees would be 1.4% of total budgeted fees. The FY16 proposed reserve for Wheaton is 9.1% of budgeted fees. **The unwritten value judgement in the Executive's proposed budget is that higher levels of service are more advantageous to the development industry than lower permit fees.**

Council FY15 changes to the approved budget

The Council approved FY15 budget expenditures as submitted (6 new staff and \$2.7 million for all professional services). Revenues were estimated to be \$4 million more than the budget submitted (\$40 million instead of \$36 million). The Council funded a comprehensive review of fees, with results expected in time for implementation on July 1, 2015.

Two of the 6 new positions approved in the FY15 budget were to administer the Energy Code. These positions were also proposed in anticipation of the adoption of the International Green Building Code during FY15. The FY15 approved budget anticipated that the Green Building law would be replaced by the International Green Building Code. The International Green Building Code has not been presented to the Council as a proposed regulation to date.

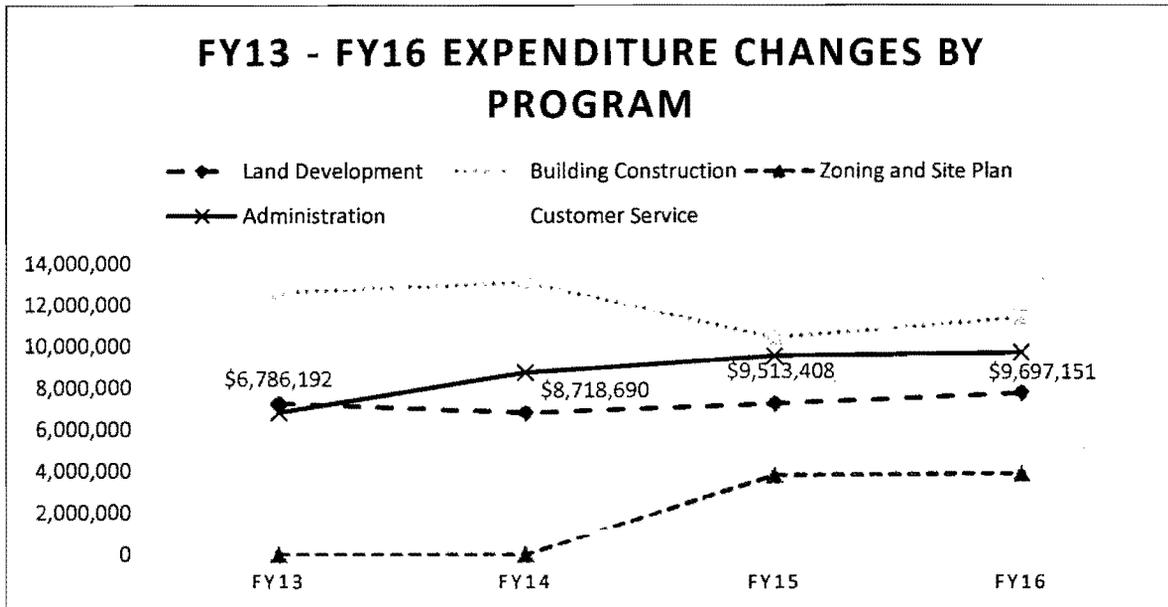
FY 16 Executive proposed changes

The changes proposed for the FY16 budget are significant given the modest changes to other agencies and departments. The 3 percent increase in personnel (6 new positions) explains \$.5 million of the \$1.8 million increase in personnel costs. Operating expenses are proposed to increase by 0.9 percent.

	<i>FY14 Actual</i>	<i>FY15 Approved</i>	<i>FY16 Recommended</i>	<i>% Change FY15 - FY16</i>
<i>Expenditures by fund</i>				
General Fund	0	0	0	
Enterprise Fund	\$29,932,521	\$32,007,836	\$33,893,405	5.9%
<i>Expenditures by type</i>				
Personnel Cost	\$22,036,882	\$23,205,436	\$25,015,060	7.8%
Operating Expenses	\$7,895,639	\$8,802,400	\$8,878,345	0.9%
<i>Total Expenditures</i>	\$29,932,521	\$32,007,836	\$33,893,405	5.9%
<i>Positions</i>				
Full-Time	195	201	207	3.0%
Part-Time	1	1	1	1
<i>FTEs</i>	200.5	206.5	212.5	2.9%

The additional personnel costs include the following:

6 Additional Employees (salary for 9 months)	\$551,344
FY16 Compensation Adjustment	\$743,407
Retirement Adjustment	\$338,768
Full year salary (an additional 3 months) for 6 new (FY15) employees	\$148,728



FY16 Expenditure Issues

	Land Development		Changes	
	FY15 App.	FY16 Rec.	\$	%
Program Total	\$7,217,744	\$7,738,799	\$521,055	7.2%
<i>Non-Personnel</i>	\$374,999	438,023	\$63,024	16.8%
<i>FTEs</i>	60.5	62.5	2.0	3.3%

The Land Development Section is responsible for stormwater management, sediment control, floodplain management, special protection areas (water quality plans), well and septic system approvals, storm drains, and work in the public right-of-way. No major issues were raised public hearing testimony.

The addition of 2 positions is the major change proposed for FY16. These positions are intended to help the Department meet the goal of reviewing commercial permits for new construction within 30 days. Land Development issues are in the critical path for the issuance of commercial permits.

Council Staff Recommendation: Approve as proposed.

	Customer Service		Changes	
	FY15 App.	FY16 Rec.		%
Program Total	\$1,070,923	\$1,194,423	\$123,500	11.5%
<i>Non-Personnel</i>	\$63,820	\$66,687	\$2,867	4.5%
<i>FTEs</i>	10.0	10.0	0	0%

The Customer Service program receives complaints; processes information requests; responds to correspondence; maintains the DPS website; publishes the DPS newsletter; and coordinates outreach events and seminars for residents, civic organizations, and professionals. It also facilitates the processing of permits, particularly for “green tape” projects. There were no major issues from public hearing testimony. Estimated productivity measure **declined** from FY14 (complaint resolution increased by 3 days; complaint response increased by almost 1 day).

There are no major changes to this section in the proposed FY16 budget.

Council Staff Recommendation: Approve as proposed.

	Building Construction		Changes	
	FY15 App.	FY16 Rec.		%
Program Total	\$10,413,912	\$11,377,072	\$963,160	9.2%
<i>Non-Personnel</i>	\$393,410	\$351,727	-\$47,683	-10.6%
<i>FTEs</i>	92.9	95.9	3.0	3.2%

The Building Permit Division administers all aspects of permits concerning buildings, electric service, mechanics, fire safety, energy conservation, and accessibility. No major issues were raised in public hearing testimony. The Division improved its performance since FY14 (commercial permit new construction – down 24 days in total time; commercial permit additions – down 14 days in total time; sprinkler permits – down 3 days in total time; residential new construction – down 15 days in total time).

The FY16 budget would add 3 new positions to the division to reach the Executive’s goal of reviewing new commercial permits, submitted electronically, within 30 days.

Council Staff Recommendation: Approve as proposed.

	Administration		Changes	
	FY15 App.	FY16 Rec.		%
Program Total	\$9,513,408	\$9,697,151	\$183,743	1.9%
<i>Non-Personnel</i>	\$7,831,918	\$7,892,039	\$60,121	0.8%
<i>FTEs</i>	13.1	13.1	0	0%

The Administration program provides policy development, management services, and administrative support for all aspects of the Department. There were no major issues raised by public hearing testimony, except for one letter that alleged an anti-business attitude. The Department completed the comprehensive fee study in a timely manner.

There are no major changes. Rent at 255 Rockville will increase by \$209,000; the total rent for FY16 will be \$2.5 million. The budget for professional services did not decline, despite the completion of the fee study and the addition of 12 staff in the past 2 years.

Last year, contracting support funded the review of fees, developing green building code recommendations, and general staff support. The fee review is complete and 6 additional employees are proposed for FY16 (above the 6 employees added in FY15). The proposed \$2.7 million for professional services is more than the entire budget of the Office of Consumer Protection (\$2.4 million). It is a lot of money. Staff would describe it as a generous allocation of funds.

The DPS Director indicates that the fund would be used as follows:

Contract Dollars for Consultant Services – \$2,636,156 (not counting Professional Computer)

<i>Design for Life</i>	<i>\$ 100,000</i>
<i>IT consultants</i>	<i>\$1,000,000</i>
<i>Security improvements</i>	<i>\$ 200,000</i>
<i>Manual publication/media/videos</i>	<i>\$ 106,857</i>
<i>Microfiche/microfilm</i>	<i>\$ 127,000</i>
<i>Outreach and website improvement</i>	
<input type="checkbox"/> <i>Website redesign</i>	<i>\$ 75,000</i>
<input type="checkbox"/> <i>Web support</i>	<i>\$ 85,000</i>
<input type="checkbox"/> <i>Community outreach</i>	<i>\$ 150,000</i>
<i>Plans review/other consultant support</i>	<i>\$ 200,000</i>
<i>Project Search contractor</i>	<i>\$ 10,000</i>
<i>Personnel/recruitment support</i>	<i>\$ 120,000</i>
<i>Scanning/records</i>	<i>\$ 172,923</i>
<i>Fee payment office & counter</i>	<i>\$ 216,402</i>
<i>Division temps</i>	<i>\$ 72,974</i>
<i>Professional Computer</i>	<i>\$ 88,000</i>

The DPS Director added the following detail to some of these expected efforts:

Everything that we do is completely dependent on IT, including accessing our services, delivering our services, paying for and tracking our services. Technology is changing all of the time and we must be nimble in our ability to adjust and meet our customers' needs. We are still working on several business processes for eServices (ePlans and ePermits). These contractors are involved with the following, among other matters of serving IT needs:

- eServices for sediment control, stormwater concept, special protection area plans and permits, demolition, mechanical, fence, signs and commercial U&O permits. There are an estimated 37 other business processes that we are evaluating for transfer to eServices*
- launch ACH and new credit cards requirements*
- implement fee changes and fee calculator*
- develop concierge services to move towards mandatory eServices*
- eServices upgrades and changes to improve service delivery*
- in coordination with DTS develop and implement Siebel and Hansen interface*
- in coordination with MNCPPC develop address interface and exchange in Hansen*

- *routine change to business process flows*
- *coordination and implementation of website changes*
- *potential consolidated entry portal for customer tracking in new Wheaton building*
- *daily IT support to the department for hardware and software*
- *mobile and desktop apps development for customers, staff and managers*
- *coordination/integration of Hansen and ePlans for workflow efficiency and reports development*
- *future ICodes integration with ePlans*
- *add and modify reviews due to codes changes and changes in law*
- *improving data availability through dataMontgomery*
- *servicing various systems Hansen, Documentum, Avolve, Pictometry, etc.*
- *increased use and reliance on mobile devices in the field*
- *the ability to be nimble and meet other needs as they come up during the fiscal year*

What is the \$100,000 Design for Life money for?

Design for Life is a program that is intended to be much like the green business program. The contractor is intended to administer the promotional program, coordinate stakeholder workgroup sessions, develop a website that will serve as a portal for participation and promotion of designers and builders/developers that are achieving visitable and livable projects, develop certification programs and awards for DFL projects and assist with overall administration of the program.

What projects require the \$150,000 in public outreach?

We currently participate in numerous outreach events and to expand our public engagement. Our activities include, but are not limited to the following:

- *Quarterly business breakfasts*
- *Participation in trade shows, show cases, housing fairs and conferences*
- *Public trainings for new codes, policies and procedures*
- *Chamber events*
- *MACO*
- *Tables at regional events*
- *Building Safety Month programs*
- *Development of information packets and promotional materials such as Recipes for Success, Being a Good Neighbor, eServices, etc.*
- *Development of PSAs to assist with access to DPS services*
- *Press events for launching of new initiatives and services*
- *Public briefings, outreach, worksessions, hearings, record developments, etc.*

Council Staff Recommendation: Document the intended use of funds for professional services in the budget resolution.

Zoning and Site Plan Enforcement			Changes	
	FY15 App.	FY16 Rec.	\$	%
Program Total	\$3,791,849	\$3,885,960	94,111	2.5%
<i>Non-Personnel</i>	\$138,253	\$129,869	-\$8,384	-6.1%
<i>FTEs</i>	30.0	31.0	1.0	3.3%

The Zoning and Site Plan Enforcement Division enforces zoning code standards; reviews site plans; conducts inspections to ensure compliance with the size, shape, height and building massing; and investigates complaints. No major issues were raised in public hearing testimony.

One additional position is recommended for the Division so that commercial permits can be reviewed within 30 days. All such plans are reviewed for zoning compliance.

Council Staff Recommendation: No changes are recommended.

FY16 Revenue Issues

Based on past experience, the Council adjusted the Department's expected revenues for FY15 from \$36 million to \$40 million. Estimates for FY15 revenue are now just under \$38.9 million. The new fee schedule in draft Executive regulations, published in the April County Register, are expected to generate a little less revenue than the current FY15 estimate.¹ The fees proposed by the Executive regulations would result in a negligible revenue reduction. Revenues are proposed to be \$3.56 million in excess of operating expenses (including 6 new staff members budgeted for 9 months of salary in FY16) and 20% reserves.

The fees are proposed to be based more on building floor area and less on the method of construction and the value of the work. For residential permits, this would create a progressive fee structure. More modest homes would pay more modest fees that would be less than FY15 fees. Fees concerned with land development (sediment control, stormwater management, and right-of-way) are higher to reflect the work involved in reviewing those permits. The development community seems supportive of the new fees in general. Small builders and custom home builders think the proposed fees are too high. The builders of large commercial buildings would want a cap on fees. DPS believes the new fees more accurately reflect their costs. The adjustments suggested by testimony would make the fee structure more complicated.

The new fee structure attempts to time payments with the labor required by the Department. Some land development payments will be paid more in line with when DPS time is required. There will be additional fees if the permit needs to be extended in time. This anticipates higher labor costs in future years.

The new regulation includes a "rate stabilization factor". This factor would allow the Executive to annually adjust all fees such that projected fees cover the Department's expenses, including its 20 percent reserve. Given the complete lack of experience with the new fee schedule, the Executive does not intend to use this adjustment factor in FY16. The Council budget action would be on expenditures, and the Executive would establish fees required by a percentage change (up or down) to all fees. The adjustment

¹ The Department studied how it was spending its time between major categories of building permits. It proposed fees to recover those costs in its draft regulations. The regulation to approve the fees will be before the Council shortly.

factor would avoid any accumulating surpluses or deficits. It would be relatively easy to make a year-to-year change because there are many fewer subcategories of permits.

As published in the County Register, the rate stabilization factor would be applied to adjust all fees on July 1 each year, but the Director is only required to publish the calculated factor by July 1. No notice would be required. **Unless this is changed when the regulation is transmitted to the Council, Staff will recommend that the proposed budget calculate the proposed adjustment factor and that the final adjustment factor be published by June 1 for a July 1 implementation. In addition, Staff will recommend detailing the method for calculating the factor in the regulation.**

If the Council does not wish to accumulate fees for DPS's new offices in Wheaton or approve funds for additional staff, it could find a way to have the Executive lower fees in FY16. (If generating funds for Wheaton by fees is not the Council's policy, then projected fee revenue is 9% higher than merely covering expenses and reserves.) **Staff does NOT recommend lowering fees in FY16, given the uncertainty of a completely new fee structure.**

Other Claims on Fund Balance

The Council approved CIP funding for DPS to be relocated to Wheaton by 2020. The estimated cost for DPS's share of the new building and parking is \$35 million. There is no general obligation bond capacity in the CIP for this building. A source of non-general obligation bond financing is needed to make a new office in Wheaton viable. The FY15 budget approved the use of fees in excess of immediate needs to be "claimed" to pay cash for its share of the new building, to the extent of available cash. Under the Department's fiscal plan, there will be more than \$22.8 million in claimed funds by the end of FY15 and approximately \$26.4 million by the end of FY16. These funds were generated from unchanged fees, increasing permit activity, and lower operating costs. With annually adjusted fees, generating funds in excess of operating costs may be a Council policy.

Capital expenses necessary for the Department's functions are a legitimate expense of the fund. The policy question for the Council is whether the applicants for permits in the next 5 fiscal years should pay for a 50 year investment.² **If it is in fact the Council's policy to generate funds for Wheaton from fees, the policy to require fees in excess of annual operating expenses should be articulated in the budget and reflected in the calculation of the rate stabilization factor through FY20.**

There is no line in the proposed budget that cumulates claims from prior years; the "claims on fund balance" disappear in future budget years as if the funds were spent.³ The \$4.5 million from FY14 is not documented anywhere in the published fiscal plan. The footnote in Department's fiscal plan states:

"Other Claims on Fund Balance" are to fund the department's share of the new headquarters in Wheaton. Current estimates for the cost to DPS are approximately \$35 million.

²Currently, DPS pays \$2.5 million in rent. Presumably, if the Department pays cash for the building, this rent payment would be reduced to only money for energy and maintenance costs. The benefit of lower operating costs would go to future permit applicants who are not necessarily the same as the applicants who paid for the building.

³ Neither OMB nor the Department would argue that "claims on fund balance" are equal to an appropriation, but it appears in one fiscal year and disappears in the next fiscal year just like an expenditure. Year end balances, on the other hand, are rolled into the succeeding year's budget.

That does not completely reflect the fiscal plan’s unstated policy of accumulating additional funds between FY16 and FY20.

Staff recommends:

- 1) documenting the use for the claim on funds⁴; and
- 2) showing cumulative claim on fund totals in the Department’s fiscal plan.⁵

Green Building Code

The Council expected the International Green Building Code to be proposed as an Executive regulation. The code could have replaced the Council’s Green Building Law. The Department worked diligently on that issue in FY15, but the Executive has not published a regulation to implement the new code out of his concern for increasing building costs. **If the Council wants to approve the Green Building Code in the face of no action by the Executive, it can only do so by approving changes to County law.**

A regulation approving the 2015 International Building code (different from the Green Building code) was published in the County Register and will be transmitted for Council review shortly.

<u>This packet contains</u>	<u>© number</u>
Executive Recommended DPS Budget	1 – 7
Revised fiscal plan with cumulative other fund	8
Summary of proposed fee regulations	9 – 10

⁴ This can be accomplished by adding the following footnote to the fiscal plan table:

“‘Other Claims on Fund Balance’ are to fund DPS’s proportional expenses for a new one-stop-shop complex with M-NCPPC in Wheaton. The DPS share of the building and tenant fit-out costs are estimated to be 25% of the total cost of the building. Fund balance in excess of reserve is set aside for the DPS share of the costs, up to an estimated amount of \$35 million. The Department plans to move to the new location in FY19.”

⁵ Using numbers in the proposed budget...

	FY14	FY15	FY16	FY17	FY18	FY19
Other claims on fund balance	(4,497,975)	(18,321,270)	(3,558,818)	(1,306,173)	(2,491,500)	(1,720,573)
Cumulative claims		(22,819,245)	(26,378,063)	(27,684,236)	(30,175,736)	(31,896,309)

Permitting Services

MISSION STATEMENT

The mission of the Department of Permitting Services (DPS) is to protect the safety and welfare of County residents and businesses through the permitting and inspections process to ensure that the structures in which we live, work, congregate, and recreate are safe, secure and in compliance with zoning and building requirements. DPS contributes to the economic vitality of Montgomery County through the effective and efficient processing of land development and building construction permits and licenses.

BUDGET OVERVIEW

The total recommended FY16 Operating Budget for the Department of Permitting Services is \$33,893,405, an increase of \$1,885,569 or 5.9 percent from the FY15 Approved Budget of \$32,007,836. Personnel Costs comprise 73.8 percent of the budget for 207 full-time positions and one part-time position, and a total of 212.50 FTEs. Total FTEs may include seasonal or temporary positions and may also reflect workforce charged to or from other departments or funds. Operating Expenses account for the remaining 26.2 percent of the FY16 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**
- ❖ **Healthy and Sustainable Neighborhoods**
 - **Safe Streets and Secure Neighborhoods**
- ❖ **Strong and Vibrant Economy**
- ❖ **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 FY15 estimates reflect funding based on the FY15 approved budget. The FY16 and FY17 figures are performance targets based on the FY16 recommended budget and funding for comparable service levels in FY17.

ACCOMPLISHMENTS AND INITIATIVES

- ❖ **The Department of Permitting Services has engaged in a comprehensive study of its fees. A significant outcome of the study is that the Department will be moving away from a construction cost-based fee for new commercial construction to a rate per square foot which more accurately reflects the necessary DPS staff work. This new approach is projected to yield a fee structure that is more equitable, predictable, and consistent with maintaining reserve policy. In FY15, DPS reduced the information technology surcharge fee by 50 percent and reduced fees for mid-rise woodframe construction. The FY16 budget is proposing a new permit fee structure that will result in materially lower permit fees across multiple charges for services.**
- ❖ **DPS won the National Association of Counties (NACO) top award for "Best in Category" for their Apply Online program.**
- ❖ **The Department expanded eServices (ePermits and ePlans) to include Residential permits (new homes, additions, renovations, and decks), Public Right-of-way permits (engineered plans, utility and driveway permits), Commercial Building permits (new construction and alterations), Fire alarm permits and Fire Protection System permits and Electrical permits and created and posted training videos to replace weekly in-office training for customers.**

- ❖ **In FY15, DPS launched comprehensive legislative programs for Design for Life, Tree Canopy and Roadside Trees and expedited residential solar and electric vehicle charging station permits, and implemented the Zoning Rewrite and new State septic requirements.**
- ❖ **The Department improved responses to complaints, launched cross-agency sign sweeps, provided education at numerous civic and community meetings, succeeded in getting Clarksburg Town Center work under open permits reactivated; and in coordination with the Department of Housing and Community Affairs and the County's Regional Service Centers, got extensive safety improvements and Zoning enforcement underway in multiple areas.**
- ❖ **In FY15, DPS created and launched the cross-agency "Recipes for Success" program which includes the Restaurant Welcome Package and Pre-Design Consultation to assist restaurants seeking to locate or expand in Montgomery County.**
- ❖ **The department continues to make progress in the adoption of Green Building Code to reduce building energy consumption by 10 percent, incorporate recycling/waste stream reduction into construction processes, reduce heat island effects, and generally implement construction related elements of the Climate Protection Plan.**
- ❖ **Streamlining the development process continues to be a priority for the County Executive. The Department of Permitting Services FY16 Recommended Budget maintains funding for ongoing streamlining activities and includes an additional \$551,344 for strategic efforts to improve the overall development approval process. With this additional funding, DPS will accomplish the following:**
 - **help the Department of Permitting Services meet its commitment to complete initial review and comment within 30 days for properly prepared and electronically submitted commercial plans**
 - **reduce the processing time for sediment control plans**
 - **staff more frequent revamped development review meetings with MNCPPC**
 - **continue the Department's move to electronic plans review and electronic permit processing**
 - **improve coordination of construction activities impacting business and community use of public rights-of-way in County business districts while facilitating orderly construction activities**
- ❖ **Productivity Improvements**
 - **Mandated a new 30-day turn around time for review of commercial plan processes.**
 - **eServices – DPS will continue transition to full online process for core services including: mechanical permits, sediment control permits, stormwater concept permits, special protection area permits, and demolition permits and ACH payments. In addition, DPS will create a concierge for in-office online permit application and processing.**
 - **Business process improvements include: created a Service Manual and training for MC311; launched Fee Payment Office; revised and created new performance measures; published nine datasets for dataMontgomery; and implemented 38 of the Cross-agency Streamlining Initiative recommendations.**

PROGRAM CONTACTS

Contact Barbara Suter of the Department of Permitting Services at 240.777.6244 or Dennis Hetman of the Office of Management and Budget at 240.777.2770 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 land and water resources and for the protection of the environment and the safety of residents and businesses through its engineering and inspection functions related to stormwater management, sediment control, floodplain management, special protection areas, well-and-septic systems approval, storm drain design and construction, and work in the public right-of-way.

FY16 Recommended Changes	Expenditures	FTEs
FY15 Approved	7,217,744	60.50
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	521,055	2.00
FY16 CE Recommended	7,738,799	62.50

(2)

Customer Service

The Customer Service program ensures customer service and satisfaction. This division measures customer satisfaction through communication and public outreach. Customer service receives complaints, processes information requests, responds to departmental correspondence, maintains the DPS web site, publishes the DPS newsletter, and coordinates outreach events and seminars for residents, civic organizations and professionals. Customer Service assists applicants with intake and issuance of permits and facilitates the processing of permits for "green tape" projects (i.e., affordable housing and areas such as the Silver Spring, Wheaton, and Long Branch enterprise zones, strategic economic development projects such as White Flint, and faith based institutions). This division develops customer service surveys for the department, analyzes the results, reports findings, and recommends a course of action for improvement.

Program Performance Measures	Actual FY13	Actual FY14	Estimated FY15	Target FY16	Target FY17
Complaint Resolution -- Average number of days from complaint filing to final resolution	11.30	8.95	12.00	12.00	12.00
Complaint Response -- average number of days from the complaint being filed to first inspection contact with customer	7.15	4.21	5.00	5.00	6.00

FY16 Recommended Changes	Expenditures	FTEs
FY15 Approved	1,070,923	10.00
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	123,500	0.00
FY16 CE Recommended	1,194,423	10.00

Building Construction

The Building Construction program ensures public safety and welfare through the effective enforcement of construction, zoning codes and standards, and site plan requirements. This division reviews engineering plans for permit issuance and conducts construction inspections in the administration and enforcement of building, structural, electrical, mechanical, fire-safety, energy conservation, green building, and accessibility codes and standards. This division assists businesses and applicants through pre-submission meetings and guidance. The program is also responsible for conducting county-wide damage assessments during natural and other disasters and incidents and provides assistance in disaster recovery efforts.

Program Performance Measures	Actual FY13	Actual FY14	Estimated FY15	Target FY16	Target FY17
Commercial Fast Track -- Service within 2.5 hours	66.00%	64.13%	75.00%	90.00%	90.00%
Commercial Permits -- Additions -- Average total time (In days)	51.00	66.53	52.00	50.00	50.00
Commercial Permits -- Additions -- DPS average review time (In days)	39	31	35	30	30
Commercial Permits -- New Construction -- Average total time (In days)	265.00	174.66	150.00	120.00	120.00
Commercial Permits -- New Construction -- DPS average review time (In days)	82.00	61.55	60.00	30.00	30.00
Fire Protection (Sprinkler Permits) -- DPS average review time (In days)	12.0	33.6	28.0	21.0	21.0
Residential (home) Fast Track -- Service within 2.5 hours	95.00%	93.95%	95.00%	95.00%	95.00%
Residential (home) Permits - Additions - Average total time (In days)	17	17	16	15	14
Residential (home) Permits -- Additions -- DPS average review time (In days)	6	8	6	5	4
Residential (home) Permits -- New Construction -- Average total time (In days)	82.03	73.65	58.00	55.00	50.00
Residential (home) Permits -- New Construction -- DPS average review time (In days)	21.0	16.2	14.0	13.0	12.0

FY16 Recommended Changes	Expenditures	FTEs
FY15 Approved	10,413,912	92.90
Add: County Executive's Economic Development Initiative - 6 positions to ensure 30 day turnaround time for commercial plan reviews	551,344	6.00
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	411,816	-3.00
FY16 CE Recommended	11,377,072	95.90

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.

(3)

<i>Program Performance Measures</i>	Actual FY13	Actual FY14	Estimated FY15	Target FY16	Target FY17
Building Construction Inspections -- Percentage occurring on scheduled day	90.00%	93.54%	95.00%	95.00%	96.00%
Electrical Permits -- Walk-in service permit within 2 hours	94.00%	96.54%	97.54%	98.54%	99.54%
Fire Protection (Sprinkler Permits) -- Average total time (In days)	15.3	34.6	31.0	24.0	24.0
Mechanical Permits -- Walk-in service permit within 2 hours	95.00%	96.53%	97.53%	98.53%	99.53%
MPIA responses - percent of information requests responded to within 30 days after receipt by DPS		99%	99%	99%	99%
Percent of MC311 Service Requests (SR) Meeting the Service Level Agreement (SLA) Response Time	87.35%	81.34%	85.00%	85.00%	85.00%
Quality Control Inspections -- under construction					
Record Plats -- DPS average review time (In days)		14.24	12.00	12.00	12.00
Right of way Permits -- DPS average review time (In days)		5.01	4.00	5.00	5.00
Sediment Control Enforcement -- % of sites in compliance within 5 days following NOV -- Under construction					
Sediment Control Permits - DPS average review time (In days)		39.21	35.00	37.00	35.00
Septic Permits -- DPS average review time (In days)		12.28	14.00	14.00	14.00
Successful Maryland Department of the Environment (MDE) Delegation of Review of Sediment Control and Storm-Water Management	Yes	Yes	Yes	Yes	Yes
Well Permits -- DPS average review time (In days)		10.25	11.00	11.00	11.00

<i>FY16 Recommended Changes</i>	Expenditures	FTEs
FY15 Approved	9,513,408	13.10
Increase Cost: Rent at 255 Rockville Pike	209,649	0.00
Increase Cost: Refiree Health Insurance Pre-funding Adjustment	123,030	0.00
Increase Cost: Expenditures for Credit Card Charges	62,000	0.00
Increase Cost: Risk Management Adjustment	59,128	0.00
Increase Cost: IT Maintenance Cost	1,960	0.00
Decrease Cost: IT Replacement Plan	-510,000	0.00
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	237,976	0.00
FY16 CE Recommended	9,697,151	13.10

Zoning and Site Plan Enforcement

The Zoning and Site Plan Enforcement program protects the quality of life in Montgomery County and the public safety, welfare, health, and comfort of the present and future inhabitants of Montgomery County, through the effective application and enforcement of zoning code standards and M-NCPPC certified site plan requirements. This division reviews plans prior to permit issuance and conducts inspections, as well as investigates complaints in order to administer and enforce the zoning standards established by Chapter 59 of the Montgomery County Code. This program regulates size, shape, height, and mass of a building and the uses that are allowed on the property.

<i>FY16 Recommended Changes</i>	Expenditures	FTEs
FY15 Approved	3,791,849	30.00
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	94,111	1.00
FY16 CE Recommended	3,885,960	31.00

(4)

BUDGET SUMMARY

	Actual FY14	Budget FY15	Estimated FY15	Recommended FY16	% Chg Bud/Rec
PERMITTING SERVICES					
EXPENDITURES					
Salaries and Wages	15,808,143	16,891,234	16,837,758	18,036,021	6.8%
Employee Benefits	6,228,739	6,314,202	6,719,763	6,979,039	10.5%
Permitting Services Personnel Costs	22,036,882	23,205,436	23,557,521	25,015,060	7.8%
Operating Expenses	7,895,639	8,802,400	8,525,700	8,878,345	0.9%
Capital Outlay	0	0	0	0	—
Permitting Services Expenditures	29,932,521	32,007,836	32,083,221	33,893,405	5.9%
PERSONNEL					
Full-Time	195	201	201	207	3.0%
Part-Time	1	1	1	1	—
FTEs	200.50	206.50	206.50	212.50	2.9%
REVENUES					
Automation Enhancement Fee	2,169,708	1,633,791	1,879,221	1,942,650	18.9%
Building Permits	21,872,917	21,001,416	19,768,926	17,303,987	-17.6%
Electrical Permits and Licenses	4,089,207	3,400,000	3,853,593	3,403,352	0.1%
Fire Code Enforcement Permits	1,935,911	1,544,934	1,747,053	2,435,618	57.7%
Grading/Storm Drains/Paving/Driveway Permits	5,730,606	6,000,000	4,889,931	4,777,732	-20.4%
Investment Income	24,815	24,000	45,640	177,460	639.4%
Mechanical Construction Permit	1,431,695	1,200,000	1,541,273	1,547,794	29.0%
Miscellaneous Revenues	7,537	0	0	0	—
Occupancy Permits	829,800	700,000	646,813	1,201,028	71.6%
Sediment Control Permits	2,912,151	2,569,000	2,685,389	1,222,542	-52.4%
Sign Permits	166,923	196,510	187,318	317,674	61.7%
Special Exception Fee	228,839	232,010	228,502	322,149	38.9%
Stormwater Mgmt and Water Quality Plan Fee	293,810	270,000	262,423	133,765	-50.5%
Utility Permits	0	0	0	1,175,879	—
Well and Septic	241,783	200,000	170,142	344,150	72.1%
Other Charges/Fees	76,601	92,784	58,519	75,059	-19.1%
Other Fines/Forfeitures	93,658	0	136,800	85,043	—
Other Licenses/Permits	1,158,402	1,146,180	810,456	1,954,704	70.5%
Permitting Services Revenues	43,264,363	40,210,625	38,911,999	38,420,586	-4.5%

FY16 RECOMMENDED CHANGES

	Expenditures	FTEs
PERMITTING SERVICES		
FY15 ORIGINAL APPROPRIATION	32,007,836	206.50
Changes (with service impacts)		
Add: County Executive's Economic Development Initiative - 6 positions to ensure 30 day turnaround time for commercial plan reviews [Building Construction]	551,344	6.00
Other Adjustments (with no service impacts)		
Increase Cost: FY16 Compensation Adjustment	743,407	0.00
Increase Cost: Retirement Adjustment	338,768	0.00
Increase Cost: Rent at 255 Rockville Pike [Administration]	209,649	0.00
Increase Cost: Annualization of FY15 Personnel Costs	148,723	0.00
Increase Cost: Refreee Health Insurance Pre-funding Adjustment [Administration]	123,030	0.00
Increase Cost: Annualization of FY15 Lapsed Positions	113,427	0.00
Increase Cost: Expenditures for Credit Card Charges [Administration]	62,000	0.00
Increase Cost: Group Insurance Adjustment	60,207	0.00
Increase Cost: Risk Management Adjustment [Administration]	59,128	0.00
Increase Cost: Motor Pool Rate Adjustment	38,471	0.00
Increase Cost: Expenditures for General Office Supplies	35,580	0.00
Increase Cost: IT Maintenance Cost [Administration]	1,960	0.00
Decrease Cost: Printing and Mail	-19,948	0.00
Decrease Cost: Elimination of One-Time Items Approved in FY15	-70,177	0.00
Decrease Cost: IT Replacement Plan [Administration]	-510,000	0.00
FY16 RECOMMENDED:	33,893,405	212.50

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PROGRAM SUMMARY

Program Name	FY15 Approved		FY16 Recommended	
	Expenditures	FTEs	Expenditures	FTEs
Land Development	7,217,744	60.50	7,738,799	62.50
Customer Service	1,070,923	10.00	1,194,423	10.00
Building Construction	10,413,912	92.90	11,377,072	95.90
Administration	9,513,408	13.10	9,697,151	13.10
Zoning and Site Plan Enforcement	3,791,849	30.00	3,885,960	31.00
Total	32,007,836	206.50	33,893,405	212.50

FUTURE FISCAL IMPACTS

Title	CE REC.	(5000's)				
	FY16	FY17	FY18	FY19	FY20	FY21
This table is intended to present significant future fiscal impacts of the department's programs.						
PERMITTING SERVICES						
Expenditures						
FY16 Recommended	33,893	33,893	33,893	33,893	33,893	33,893
No inflation or compensation change is included in outyear projections.						
Elimination of One-Time Items Recommended in FY16	0	-112	-112	-112	-112	-112
Items approved for one-time funding in FY16, including costs for computers, phones, and vehicle will be eliminated from the base in the outyears.						
Labor Contracts	0	111	111	111	111	111
These figures represent the estimated annualized cost of general wage adjustments, service increments, and associated benefits.						
IT Maintenance Costs	0	102	76	179	81	84
Represents additional maintenance costs for the system upgrades and post-warranty maintenance for servers, scanners, and printers.						
IT Replacement Plan	0	0	69	629	419	-32
Key components of Permitting Service's technology replacement plan include:						
FY18 Scanners (\$100,000);						
FY19 Printers (\$60,000), Servers (\$600,000);						
FY20 Permit DB Servers - Hardware & Software (\$450,000).						
Office Rent	0	190	386	588	796	796
Represents projected rent increase.						
Retiree Health Insurance Pre-funding	0	0	-36	-76	-97	-120
These figures represent the estimated cost of pre-funding retiree health insurance costs for the County's workforce.						
Subtotal Expenditures	33,893	34,185	34,387	35,211	35,091	34,621

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FY16-21 PUBLIC SERVICES PROGRAM: FISCAL PLAN

Permitting Services

FISCAL PROJECTIONS	FY15 ESTIMATE	FY16 REC	FY17 PROJECTION	FY18 PROJECTION	FY19 PROJECTION	FY20 PROJECTION	FY21 PROJECTION
ASSUMPTIONS							
Indirect Cost Rate	15.87%	15.98%	15.98%	15.98%	15.98%	15.98%	15.98%
CPI (Fiscal Year)	1.7%	2.0%	2.2%	2.3%	2.5%	2.8%	3.1%
Investment Income Yield	0.17%	0.65%	1.25%	1.75%	2.25%	2.75%	3.50%
Rate Stabilization factor	1.00	1.00	1.00	1.00	1.00	1.00	1.00
BEGINNING FUND BALANCE	28,183,801	12,601,123	9,363,056	9,184,186	9,866,183	10,246,146	9,095,997
REVENUES							
Licenses & Permits	36,791,819	36,140,374	38,291,769	40,540,274	41,565,943	42,729,790	44,067,232
Charges For Services	1,937,740	2,017,709	2,062,099	2,110,145	2,163,532	2,224,111	2,293,726
Fines & Forfeitures	136,800	85,043	86,914	88,939	91,189	93,742	96,677
Miscellaneous	45,640	177,460	341,270	477,780	614,290	750,800	955,560
Subtotal Revenues	38,911,999	38,420,586	40,782,052	43,217,139	44,434,955	45,798,443	47,413,195
INTERFUND TRANSFERS (Net Non-CIP)							
Transfers To The General Fund	(4,090,186)	(4,206,430)	(4,224,180)	(4,224,180)	(4,224,180)	(4,224,180)	(4,224,180)
Indirect Costs	(3,682,700)	(3,997,410)	(4,015,160)	(4,015,160)	(4,015,160)	(4,015,160)	(4,015,160)
DCA Replacement	(109,020)	(109,020)	(109,020)	(109,020)	(109,020)	(109,020)	(109,020)
Technology Modernization CIP project	(198,466)	0	0	0	0	0	0
DOT Lab testing Transfer	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)
Transfers From The General Fund	0	0	0	1,153,770	1,153,770	1,153,770	1,153,770
Payment for Public Agency Permits	0	0	0	1,059,660	1,059,660	1,059,660	1,059,660
Payment for Green Tape Position	0	0	0	94,110	94,110	94,110	94,110
TOTAL RESOURCES	63,005,614	46,815,279	45,920,928	49,330,914	51,230,728	52,974,179	53,438,782
PSP OPER. BUDGET APPROP/ EXPS.							
Operating Budget	(32,083,221)	(33,893,405)	(35,139,355)	(36,479,415)	(37,946,225)	(39,577,245)	(41,411,825)
Labor Agreement	n/a	0	(111,127)	(111,127)	(111,127)	(111,127)	(111,127)
Annualizations and One-Time	n/a	n/a	111,940	111,940	111,940	111,940	111,940
IT Maintenance	n/a	n/a	(101,999)	(76,038)	(178,634)	(81,282)	(83,983)
IT Replacement Plan	n/a	n/a	0	(68,500)	(628,500)	(418,500)	31,500
Office Rent	n/a	n/a	(190,188)	(386,082)	(587,853)	(795,677)	(795,677)
Retiree Health Insurance Pre-Funding	n/a	n/a	160	35,990	76,390	97,400	119,910
Subtotal PSP Oper Budget Approp / Exp's	(32,083,221)	(33,893,405)	(35,430,569)	(36,973,232)	(39,264,009)	(40,774,491)	(42,139,262)
OTHER CLAIMS ON FUND BALANCE	(18,321,270)	(3,558,818)	(1,306,173)	(2,491,500)	(1,720,573)	(3,103,691)	0
TOTAL USE OF RESOURCES	(50,404,491)	(37,452,223)	(36,736,742)	(39,464,732)	(40,984,582)	(43,878,182)	(42,139,262)
YEAR END FUND BALANCE	12,601,123	9,363,056	9,184,186	9,866,183	10,246,146	9,095,997	11,299,520
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	20.0%	20.0%	20.0%	20.0%	20.0%	17.2%	21.1%

Assumptions:

- 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 or tax rates, usage, inflation, future labor agreements, and other factors not assumed here.
- Revenue projections in FY16 and future years assume a gradual increase in construction market activity.
- Key components of Permitting Service's technology replacement plan include:
 FY18 Scanners (\$100,000);
 FY19 Printers (\$60,000), Servers (\$600,000)
 FY20 Permit DB Servers - Hardware & Software (\$450,000);
- "Other Claims on Fund Balance" are to fund the department's proportional share of the new headquarters in Wheaton. Current estimates for the cost to DPS is approximately \$35 million.
- The Rate Stabilization Factor (RSF) is the factor by which the fee rate is adjusted, up or down, to maintain the reserve policy of 20% of total resources in the budget year.
- The Permitting Services fund balance policy target is 20% of resources, after the IT set-aside, and 15% to 20% in the out years.
- The General Fund transfer for Public Agency Permits and Green Tape will be deferred from FY15-FY17 for fiscal reasons.

Revised w/ Cumulative Claims of Other Funds

FY16-21 PUBLIC SERVICES PROGRAM: FISCAL PLAN		Permitting Services					
FISCAL PROJECTIONS	FY15 ESTIMATE	FY16 REC	FY17 PROJECTION	FY18 PROJECTION	FY19 PROJECTION	FY20 PROJECTION	FY21 PROJECTION
ASSUMPTIONS							
Indirect Cost Rate	15.87%	15.98%	15.98%	15.98%	15.98%	15.98%	15.98%
CPI (Fiscal Year)	1.7%	2.0%	2.2%	2.3%	2.5%	2.8%	3.1%
Investment Income Yield	0.17%	0.65%	1.25%	1.75%	2.25%	2.75%	3.50%
Rate Stabilization factor	1.00	1.00	1.00	1.00	1.00	1.00	1.00
BEGINNING FUND BALANCE	28,183,801	12,601,123	9,363,056	9,184,186	9,866,183	10,246,146	9,095,997
REVENUES							
Licenses & Permits	36,791,819	36,140,374	38,291,769	40,540,274	41,565,943	42,729,790	44,067,232
Charges For Services	1,937,740	2,017,709	2,062,099	2,110,145	2,163,532	2,224,111	2,293,726
Fines & Forfeitures	136,800	85,043	86,914	88,939	91,189	93,742	96,677
Miscellaneous	45,640	177,460	341,270	477,780	614,290	750,800	955,560
Subtotal Revenues	38,911,999	38,420,586	40,782,052	43,217,139	44,434,955	45,798,443	47,413,195
INTERFUND TRANSFERS (Net Non-CIP)							
Transfers To The General Fund	(4,090,186)	(4,206,430)	(4,224,180)	(4,224,180)	(4,224,180)	(4,224,180)	(4,224,180)
Indirect Costs	(3,682,700)	(3,997,410)	(4,015,160)	(4,015,160)	(4,015,160)	(4,015,160)	(4,015,160)
DCM Replacement	(109,020)	(109,020)	(109,020)	(109,020)	(109,020)	(109,020)	(109,020)
Technology Modernization CIP project	(198,466)	0	0	0	0	0	0
DOT Lab testing Transfer	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)
Transfers From The General Fund	0	0	0	1,153,770	1,153,770	1,153,770	1,153,770
Payment for Public Agency Permits	0	0	0	1,059,660	1,059,660	1,059,660	1,059,660
Payment for Green Tape Position	0	0	0	94,110	94,110	94,110	94,110
TOTAL RESOURCES	63,005,614	46,815,279	45,920,928	49,330,914	51,230,728	52,974,179	53,438,782
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(32,083,221)	(33,893,405)	(35,139,355)	(36,479,415)	(37,946,225)	(39,577,245)	(41,411,825)
Labor Agreement	n/a	0	(111,127)	(111,127)	(111,127)	(111,127)	(111,127)
Annualizations and One-Time	n/a	n/a	111,940	111,940	111,940	111,940	111,940
IT Maintenance	n/a	n/a	(101,999)	(76,038)	(178,634)	(81,282)	(83,983)
IT Replacement Plan	n/a	n/a	0	(68,500)	(628,500)	(418,500)	31,500
Office Rent	n/a	n/a	(190,188)	(386,082)	(587,853)	(795,677)	(795,677)
Retiree Health Insurance Pre-Funding	n/a	n/a	160	35,990	76,390	97,400	119,910
Subtotal PSP Oper Budget Approp / Exp's	(32,083,221)	(33,893,405)	(35,430,569)	(36,973,232)	(39,264,009)	(40,774,491)	(42,139,262)
OTHER CLAIMS ON FUND BALANCE	(18,321,270)	(3,558,818)	(1,306,173)	(2,491,500)	(1,720,573)	(3,103,691)	0
Cumulative Claims on Fund Balance	(22,819,245)	(26,378,063)	(27,684,236)	(30,175,736)	(31,896,309)	(35,000,000)	(35,000,000)
TOTAL USE OF RESOURCES	(50,404,491)	(37,452,223)	(36,736,742)	(39,464,732)	(40,984,582)	(43,878,182)	(42,139,262)
YEAR END FUND BALANCE	12,601,123	9,363,056	9,184,186	9,866,183	10,246,146	9,095,997	11,299,520
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	20.0%	20.0%	20.0%	20.0%	20.0%	17.2%	21.1%

Assumptions:

- 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 or tax rates, usage, inflation, future labor agreements, and other factors not assumed here.
- Revenue projections in FY16 and future years assume a gradual increase in construction market activity.
- Key components of Permitting Service's technology replacement plan include:
FY18 Scanners (\$100,000);
FY19 Printers (\$60,000), Servers (\$600,000)
FY20 Permit DB Servers - Hardware & Software (\$450,000);
- "Other Claims on Fund Balance" are to fund the department's proportional share of the new headquarters in Wheaton. Current estimates for the cost to DPS is approximately \$35 million.
- The Rate Stabilization Factor (RSF) is the factor by which the fee rate is adjusted, up or down, to maintain the reserve policy of 20% of total resources in the budget year after accounting for the proportional funds to pay for the department's new headquarters in Wheaton (other claims on fund balance).
- The Permitting Services fund balance policy target is 20% of resources, after the IT set-aside, and 15% to 20% in the out years.
- The General Fund transfer for Public Agency Permits and Green Tape will be deferred from FY15-FY17 for fiscal reasons.



Department of Permitting Services Proposed Fee Regulations 8-15 and 9-15

OVERVIEW

Publication Date April 1, 2015

Hearing Date April 9, 2015 1:30pm at DED 111 Rockville Pike

- **BASICS**
 - Relate fees to cost centers
 - Cover all expenses
 - Manage reserve to avoid snowball affect
 - Simplify
- **Steps**
 - Functional analysis of staff
 - Analysis of work involved
 - Analysis of related data – volumes, open/closure, declared valuations, etc.
- **Examples of changes**
 - New Commercial – proposes to move from multiple fee structures to single \$/sf of construction
 - Residential – proposes \$/sf rather than multiple, potentially regressive flat fees
 - Eliminates MNCPPC zone as a multiplier
 - More flat fees
 - Creates a specific fee for utilities

Regulation Highlights and Upcoming Hearings

- **Effective Date** – July 1, 2015
- **Rate Stabilization Factor** - the factor by which the permit calculation is adjusted, up or down:
$$\frac{\text{Total Resources Available} - \text{Total Funds Needed}}{\text{Total Funds Needed}}$$
- **Filing Fee** – 50%
- **Extension Fees**
 - Application – 15% of filing fee
 - Permit – 15% of permit fee
- **Sediment Control timing of payment**
- No fee cap
- **Fees not changed**
 - (1)Electrical and mechanical; (2)Record Plat; (3)IT
- **Next Steps:**
 - 4/1 Proposed Regulations are published and 30-day comment period begins
Contact for MCER NO 8-15 Linda Kobyiski, Manager, Land Development – 240-777-6346
Contact for MCER NO 9-15 Gail Lucas, Manager, Building Construction – 240-777-6267
 - 4/9 Public Hearing on proposed regulations 1:30pm at 111 Rockville Pike, DED Conf. Rm.
 - 5/1-5/15 – review, revise, transmit
 - June – council process to complete

Department of Permitting Services Proposed Fee Regulations 8-15 and 9-15

Representative Fee Summary See Regulations for Full Listings of Fees and Changes

TYPE	NEW	OLD
New Commercial	\$1.19/sf	Varying rates depending on type of construction, valuation and site plan
Commercial Alterations	\$0.024 x valuation	Variable from \$0.018 to \$0.0301 x valuation
New and Addition Residential	\$.71/sf	Per sf DPS/site plan zones Under 5000-\$1475/\$2350 5000-7500 - \$2085/\$3345 7500+ - \$2725/\$4355 Attached - \$680/\$1090 Additions – \$190 or 0.2209/\$0.3092/sf and \$310 or \$0.3535/\$0.4948/sf
Residential alteration/repair	\$.63/sf	Ranged from greater – \$190 or \$0.2209/sf and \$310 or \$0.3535/sf
Fire Code	Eliminated inspection fee and fire code U&O fee \$7/sprinkler head and \$31/devise for alarm/protection system	Inspection fee - \$2.30/sprinkler head; \$6.00 - \$12.00/device fire alarm + \$115/story Base fee - \$60 commercial inspection fee; \$85 residential inspection fee U&O variable ranged from \$210 - \$415 + \$0.01/sf over 20000sf
Sediment Control – engineered plans	\$0.086/sf	\$0.062/sf
ROW - engineered	14.65%	14.93%
Utility Permits	Above ground - \$425 Below ground - \$775	Public utilities - \$141.75 Varies based on scope of work based on 14.93% of cost of work
Traffic Management Plans	\$2600	N/A
SWM Concept – non-spa	\$2765	Varied from \$1,040 to \$3120
SWM Concept – spa –varies based on preliminary/final or combined	Greater of \$2765 or \$815/acre but NTE \$16,300	Varied – from \$1425-\$22,260

For more information on the proposed regulations visit
www.montgomerycountymd.gov/permittingervices or
www.montgomerycountymd.gov/exec/register/main