

MEMORANDUM

April 21, 2016

TO: Planning, Housing, and Economic Development Committee
FROM: Jeff Zyontz, Senior Legislative Analyst
SUBJECT: FY17 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 FY17 Recommended Operating Budget are attached on © 1-8.

Budget Summary:

- The proposed budget increases expenditure by 11.4% (\$3.9 million more than the FY16 approved budget) and adds 3.75 new positions (with service impacts) and transfers 27.5 positions from Fire and Rescue (Fire Prevention Section) and the County Executive's Office (Development Ombudsman).
- Revenues are budgeted to be 22.6% higher than budgeted FY16 revenues (\$ 8.7 million) based on estimates of FY16 actual estimates with: 1) the IT surcharge reduced to zero, 2) retaining a step down per square foot price for large single-family homes, 3) zero charges for public agency permits, and 4) the addition of Fire Prevention fees.
- In addition to maintaining a 20% reserve, the proposed budget will yield an additional \$4.9 million above expenditures **after** accounting for the costs of transferred employees and new positions.
- Cumulative fund balances by the end of FY17 will be \$35 million, enough to pay for the Department's offices in Wheaton in cash.
- The proposed budget for professional services (\$2.7 million) is \$120,000 more than for FY16.

Council Staff Recommendation:

- Approve the additional staff requested with service impacts (2 IT professionals, .75 chargeback from DOT services for lab testing, Fire Safety Division Chief).
- Revise the budget to reflect the new divisions (splitting Building Construction into 2 divisions and deleting Customer Service as a division) in the Department.
- Revise the Fiscal Plan to correct the "Other Claims on Fund Balance" lines.
- Reduce the "Other Professional Services" account by \$600,000.
- Do not fund the Development Ombudsman from permit fees.

Overview

The Department of Permitting Services (DPS) is treated for budget purposes as an enterprise fund that does not require any funds from taxes. In the past several years, DPS revenues exceeded operating costs and year-end balance reserves by a considerable margin.¹ The Council decided to use excess DPS revenue to fund the Department's share of their new offices in Wheaton. By the end of FY16, the accumulated rolling set-aside for the Department's cash payment will be just under \$30 million. The Executive's FY17 budget for the Department would add another \$3.7 million to fulfill the \$35 million goal.

As a general matter, the Department's performance measures improved from last year. The Department is embracing ePlans, which will ultimately result in even more efficient service delivery, but automation efforts have not resulted in reduced staffing requirements to date.

The Council approved the Department's comprehensive fee restructuring for FY16. The new fees were expected to reduce revenues in line with the Department's needs. The estimated FY16 revenues (which include some projects that were charged under the old higher fee structure) **will exceed the FY16 budget estimate by \$8.6 million**. Projected FY17 revenues (\$47.1 million) are expected to be \$160,000 higher than FY16's, even after reducing the IT surcharge to zero,² charging nothing for public agency permits, and retaining reduced permit fees for larger houses.³

The budget proposes a ratification of a significant inter-department reorganization. A new division (and an additional Division Chief) for Fire Prevention is proposed. **The Executive moved the Fire Prevention Staff from their work location with the Fire and Rescue Department and accommodated them in DPS office space, in advance of any Council approved budget or organizational changes.** The Customer Service Division was eliminated as a division. The Building Construction Division was split into Commercial and Residential Divisions. Although splitting the Building Construction Division, the changes to Customer Service, and the new proposed Fire Code Compliance Division are all noted in the printed budget, the budget is organized using the "old" divisions.

The FY17 budget adds costs to the Department. The 26 Fire Code Compliance Staff will generate \$1.4 million in fees but will cost \$2.85 million, including the proposed new Division Chief (\$133,000). The costs of the Development Ombudsman (\$187,500, but with no oversight by the Department) is a proposed addition to the costs to be covered by permit fees. The FY17 expenditure includes 2 new positions for IT (\$183,000) and funds for lab testing by DOT (\$200,000 with .75 FTE). These additional costs represent a 6% increase over total FY16 expenditures⁴ and 53% of the requested increase in Department expenditures between FY16 approved and FY17 proposed.⁵ It is worth repeating that the FY17 additional costs to DPS proposed by the Executive are exceeded by the Department's expected revenues.

¹ 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.

² This would be a 5% reduction from the fee established by Executive Regulation 13-13 in 2013.

³ For FY16 only, houses over 5,000 square feet are charged \$.71 per square foot for the first 5,000 square feet, then \$.30 for every square foot above 5,000, by Executive Regulation 9-15AMII.

⁴ Approved FY16 expenditures were \$33.9 million. Total new expenditures in FY17 would increase by \$2.14 million.

⁵ The proposed FY17 expenditures are \$4.1 million more than in the approved FY16 budget.

The effect of transferring more staff to DPS is to take those employees out of general tax supported status and to increase the fees required from permit applicants. *A decision to not approve the proposed cost transfers (and to retain the same work complement) would require higher general tax revenues than proposed by the Executive's budget.*

DPS has been generating more revenue than it costs, to a considerable degree. Under the laws of physics, gravity increases with mass. As a parallel phenomenon, requests for expenditures are attracted to revenue surpluses. The Council may wish to avoid this tendency for the sake of lower future fees. It is too soon to adjust fees (other than eliminating the Automation Enhancement Surcharge and retaining the FY16 fee for large houses), but it is not too soon to keep costs down in anticipation of a future fee reduction. Every \$460,000 in reduced DPS costs allows an additional 1% reduction in fees.

Council FY16 changes to the approved budget

The Council approved 6 new positions in FY16 for DPS (\$500,000 for 9 months in FY16) after approving 6 new employees in FY15. The justification for those new employees was to reduce the first review time required for new commercial permits to less than 30 days. The Department has succeeded in achieving that goal.

FY17 Executive proposed changes

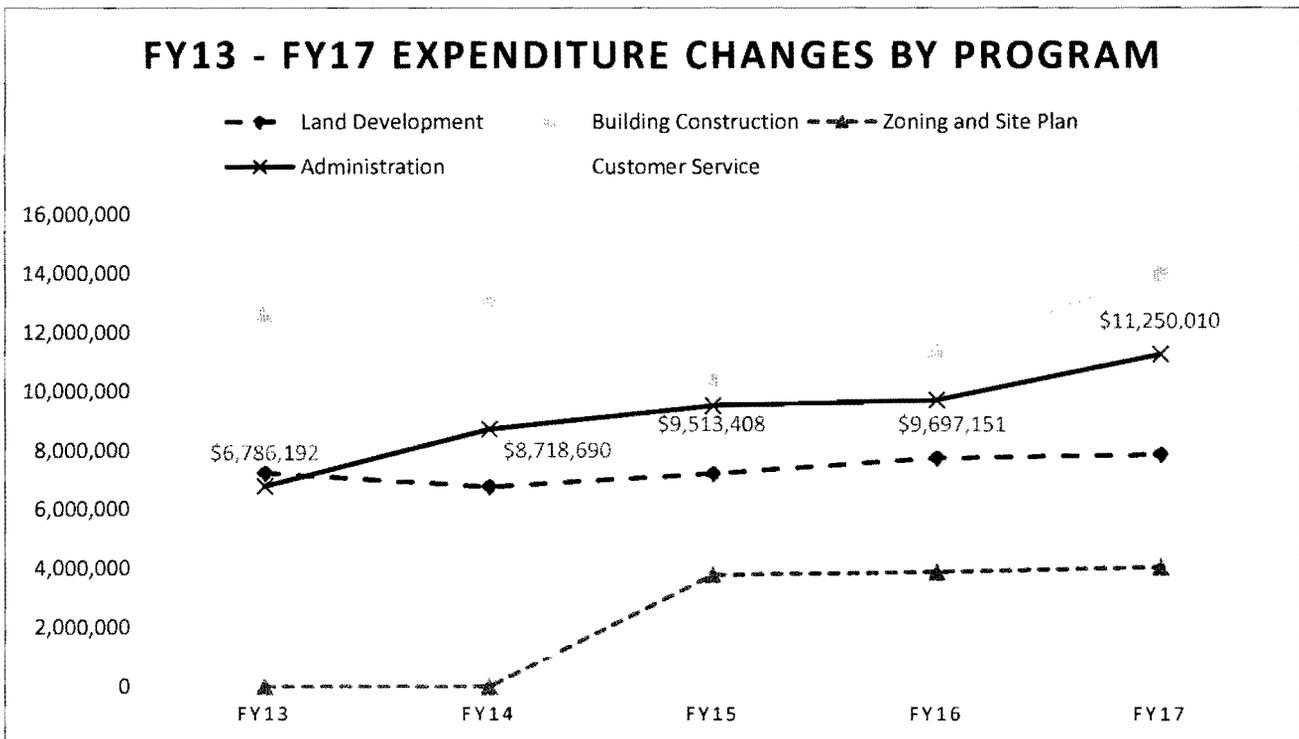
The changes proposed for the FY17 budget are significant given the modest changes to other agencies and departments. The 14% percent increase in personnel (3.75 new positions and salaries for 27 employees paid for by other Departments in FY16) explains most of the \$3.28 million increase in personnel costs. Operating expenses are proposed to increase by 6.7%.

| | <i>FY15 Actual</i> | <i>FY16 Approved</i> | <i>FY17 Recommended</i> | <i>% Change FY16 - FY17</i> |
|------------------------------------|--------------------|--------------------------|-----------------------------|---------------------------------|
| <i>Expenditures by fund</i> | | | | |
| General Fund | 0 | 0 | 0 | |
| Enterprise Fund | \$31,187,262 | \$33,893,405 | \$37,765,525 | 11.4% |
| <i>Expenditures by type</i> | | | | |
| Personnel Cost | \$23,778,809 | \$25,015,060 | \$28,296,228 | 13.1% |
| Operating Expenses | \$7,408,453 | \$8,878,345 | \$9,469,297 | 6.7% |
| <i>Total Expenditures</i> | \$31,187,262 | \$33,893,405 | \$37,765,525 | 11.4% |
| <i>Positions</i> | | | | |
| Full-Time | 201 | 207 | 236 | 14.0% |
| Part-Time | 1 | 1 | 2 | 100.0% |
| <i>FTEs</i> | 206.5 | 212.5 | 243.65 | 14.7% |

The additional personnel costs include the following:

| | |
|--|-------------|
| 26 Fire Code Compliance Staff Transferred from Fire and Rescue | \$2,743,878 |
| 3.75 New Merit System Employees | \$516,000 |
| Development Ombudsman's Salary | \$187,000 |
| FY16 Compensation Adjustment | \$443,000 |

The published budget reflected the same Department divisions as in FY16, even though the Director implemented an internal reorganization during FY16. The following material follows the divisions in the published budget and describes existing and proposed organizational changes.



FY17 Expenditure Issues

| | <i>Land Development</i> | | <i>Changes</i> | |
|----------------------|-------------------------|-------------------------|------------------|-------------|
| | FY16 App. | FY17 Rec. | \$ | % |
| Program Total | \$7,738,799 | \$7,864,315 | \$125,500 | 7.2% |
| <i>FTEs</i> | 62.5 | 63.0⁶ | .5 | 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.

⁶ The published budget book is in error in reporting a .25 multi-program adjustment in FTEs.

The addition of .5 positions is proposed for FY17 for a Project Search Intern. When questioned about this addition, the Department responded as follows:

The County has a “Project Search Internship Program” supported by the Ivymount School to develop workforce skills for youth with developmental and intellectual challenges. As stated on the Project Search information page, the primary goal of this program is to secure competitive employment outcomes for each intern graduate with Montgomery County or elsewhere in the community. DPS has found the Project Search program to be very beneficial both for the Department and the interns provided to us. We have an abundance of work that is provided on our behalf by our Project Search interns. The Project Search program provides meaningful job training for its participants, additional services for the County and helps us deliver services to the businesses and residents of the County. DPS has retained the services of Project search intern graduates using a mini-contract but is looking to provide a more enduring employment opportunity for the intern and continuity of services for the Department. The services provided will remain the same.

DOT lab testing chargeback (\$200,000 and .75 FTE)

A noted change to the DPS budget with service impacts was a DOT chargeback for lab testing; \$95,000 is for .75 FTE, \$10,000 for Operating Materials, and \$95,000 for contractors as needed. The Department explained the need this way:

DPS has for many years obtained and paid for lab services from DOT. DOT provides similar services for itself. In connection with determining if right-of-way is constructed/repared in accordance with permit and plans, we often need to take and evaluate asphalt, subgrade and concrete core samples to determine whether work is performed and materials are in accordance with code standards and acceptable industry practices.

This chargeback is for Lab testing for Land Development ROW Concrete and road materials. The Department has paid \$100,000 towards services provided by the DOT laboratory for many years. These charges have been applied to contract services and the amount has not been sufficient to meet the timelines and expanding needs of the Department. DOT and DPS agreed that resources needed to be increased and that we would collectively do so by funding staff with appropriate chargebacks and having contractual dollars available to assure that DPS testing needs in connection with right-of-way inspections could be timely met.

Council Staff Recommendation: Approve as proposed with a correction in the approved budget deleting the .25 FTE adjustment on page 63-3.

| | <i>Customer Service</i> | | <i>Changes</i> | |
|----------------------|-------------------------|------------------|----------------|----------|
| | FY16 App. | FY17 Rec. | | % |
| Program Total | \$1,194,423 | \$607,147 | -\$587,277 | -4.0% |
| <i>FTEs</i> | 10.0 | 6.0 | -4 | -40.0% |

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. The Division Chief position was vacant. The Department used the vacant position to split the Building Construction Division into a Residential Division and a Commercial Division. The Director moved 2 vacant Administrative Specialist positions in the Director's Office to the Central Services Unit to better support the fiscal, regulatory, and personnel needs of the department. The Office Services Coordinator was reassigned to support Land Development and Residential Construction and Intake. The Outreach Coordinator is now directly reporting to the Director.

In the Department's online description, the Customer Service Division is described as a section under the Director. The Department explains the changes as follows:

Under the internal reorganization, the Customer Service Division becomes a section. Rather than having 6 employees (5 staff and 1 manager) report to a Division Chief who reports to the Director, the manager reports to the Director. The Division Chief was repurposed to address span of control issues and enable better focus and leadership by creating a Commercial Construction Division (42.5) workyears and a Residential Construction and Intake Division (39.5) employees. Previously, we had 1 division chief with 6 employees and 1 division chief with 90 positions. Our plans processing was not performing at the target we set for ourselves. When the vacancy presented we determined that our service needs could be better met by creating a more even managerial span of control. That change and additional staffing has enabled much better performance and we are performing well within our target for initial review.

Council Staff Recommendation: The DPS approved budget should be revised to reflect the organizational change made by the Director.

| | <i>Building Construction</i> | | <i>Changes</i> | |
|----------------------|------------------------------|---------------------|----------------|----------|
| | FY16 App. | FY17 Rec. | | % |
| Program Total | \$11,377,072 | \$13,984,374 | \$2,473,937 | 21.7% |
| <i>FTEs</i> | 95.9 | 121.3 | 25.4 | 26.5% |

New Commercial Building Construction and Residential and Intake Divisions

The Building Permit Division administers all aspects of permits concerning buildings, electric service, mechanics, fire safety, energy conservation, and accessibility. Although the printed budget reflects it as a single division, the online organizational chart indicates that the Division was split into 2 divisions: Commercial Building Construction and Residential and Intake divisions. The online descriptions of the new divisions are as follows:

The Commercial Building Construction Division is responsible for ensuring public safety through the effective enforcement of building construction 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. This Division processes Fire Protection Systems, Mechanical and Electrical permit applications, issues permits, and maintains related records. Commercial Building seeks correction of unpermitted building, electrical and mechanical code violations through a complaints program. The division is also responsible for conducting damage assessments during natural and other disasters and incidents and provides assistance in disaster recovery efforts.

The Residential Building and Intake Division responsible for ensuring public safety through the effective enforcement of residential building construction 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, and energy conservation codes and standards. This Division processes building permit applications, issues permits, maintains related records, and seeks correction of building code violations through a complaints program. This division is also responsible for conducting damage assessments during natural and other disasters and incidents and provides assistance in disaster recovery efforts.

Fire Protection Staff Transfer

The Executive's press release on April 1, 2016 announced his decision to move Fire Prevention Staff to DPS. The staff reported to work at DPS on April 4, 2015. The Executive's proposed FY17 budget (published before the press release) indicated this change to the Council. The Fire Code Compliance Staff enforces annual inspections for existing buildings (defined as one year after construction). Staff for this function were in the FY16 DPS budget. Fire code compliance permits, fire protection system inspections (sprinkler systems), and specialty permits are in Fire and Rescue's FY16 budget. Through FY16, Fire and Rescue will pay these staff members and receive permit revenue.

The DPS Director justified the transfer of Fire Code Compliance Staff and a proposed new position for a Division Chief as follows:

The transfer of the Fire Code Compliance program from MCFRS to DPS completes work that began a few years ago to streamline and improve service delivery by the County. The Fire Protection Systems inspections for new construction were moved to the Department of Permitting Services from MCFRS. This was initiated in response to business community frustration and was the result of a coordinated effort involving representatives from the business community, local chambers, Department of Economic Development, MCFRS and DPS. At the time there was a strong interest expressed in moving existing building fire code compliance inspections to DPS as well. One of the expressed reasons was to assure consistency in construction inspections and post-construction inspections and to assure greater efficiencies. As you know, the transfer of Fire Protection Systems inspections for new construction has been very successful with significant reductions in timing of inspection services (an improvement of an estimated average of 6 weeks of time) and significant reduction in costs to businesses as well as improved economic return as delay in occupancy due to inspections was reduced. The current transfer of existing building code compliance completes the transfer that had been begun and we expect to realize additional efficiencies with this transfer.

The Chief who supervised the Fire Code Compliance group is not transferring to DPS. More importantly though, the new Division of Fire Prevention and Code Compliance will combine the Fire Protection Systems section at DPS and the Fire Code Compliance Section from MCFRS. The Fire Protection Systems Section has responsibility for reviewing plans for fire alarms and fire protection and fire protection systems associated with construction. The Fire Code Compliance Section has the responsibility for fire code compliance for existing buildings and activities. Both staffs work from the same codes and are comprised of similar positions. Coming together provides the opportunity to merge to a centralized database and use existing resources to better meet organizational and community needs.

This unification under a single Division Chief within DPS will make better use of resources, expand the reach of each unit to more comprehensively provide services, as well as provide greater consistency in interpretation and application of laws, training, standards, policies, and department service delivery from construction through the life of the building. The Division Chief will be crucial to achieving those objectives.

Why make this change before the move to Wheaton?

Streamlining the use of resources will be a good investment in the short term and the long term and should not be deferred for a move several years out. This unification under a single Division Chief within DPS will make better use of resources, expand services, as well as provide greater coordination so that laws, standards, policies, and the department service delivery and daily operation is implemented uniformly and efficiently.

In the pre-recession days before 2009, a Fire Chief supervised Fire Code Compliance Staff as a full-time occupation. More recently, a Fire Division Chief was in charge as a part-time function (in addition to the duties of being a Division Chief). (The Fire and Rescue Department is not reducing its complement of Chiefs due to the transfer of the Fire Prevention Staff.) With the same amount of work and more staff, the DPS budget is proposing a less efficient operation than exists today. To the extent the Department expects increased efficiencies from the re-merged staff, those efficiencies are not evidenced by the Department's proposed staffing. The Fire Chief who previously had responsibility for this unit agreed with the proposal to add a Division Chief.

The *proposed* inclusion of Fire Code Compliance in DPS is a *fait accompli*.⁷ The best reason to do it is to regain cross training opportunities that were lost when the new building permit section was moved to DPS. In the words of DPS:

The move enables us to complete the one-stop-shop for fire safety services that was begun a few years ago. That effort has resulted in significant service improvements and reduced costs to businesses. Steps to address efficiencies and improve service and reach should not await the several years that it will take to complete design, construction and the move for the Wheaton Building.

Staff agrees with transferring the section to DPS.⁸

⁷ It sounds much more pleasant to use French language than anything staff could say in English. French is the language of diplomacy, is it not?

⁸ Staff does not agree with the idea that DPS's vision for a "one stop shop" should include every function in County Government that requires an annual inspection (DHCA, HHS, and DEP all have inspection responsibilities).

DPS is treated as an Enterprise fund. The Fire and Rescue Department is taxpayer supported. The Fire Code Compliance Section required about \$1.4 million in tax support, with permit fees covering half the cost. The Council should expect that DPS will ultimately propose fees for these inspections that will match their costs.

Council Staff Recommendation: The budget for Building Construction should be approved with the new Commercial, Residential, and Fire Code divisions (including the new Division Chief), but the approved budget should be revised to reflect these organizational changes.

If the Council believes that costs should be trimmed from the DPS proposed budget, the new Division Chief position might be a target.

| | <i>Administration</i> | | <i>Changes</i> | |
|----------------------|-----------------------|---------------------|----------------|----------|
| Program Total | FY16 App. | FY17 Rec. | | % |
| | \$9,697,151 | \$11,250,010 | \$ 1,552,859 | 16.0% |
| <i>FTEs</i> | 13.1 | 21.1 | 8 | 61.0% |

The Administration program provides policy development, management services, and administrative support for all aspects of the Department.

This office absorbed staff from the Customer Service Division. Customer Service is a section under the Director in the new organization. Three of the 26 staff transferred from Fire Prevention were assigned to this office.

New IT Positions

Two new IT position are included in the proposed budget. Staff asked the Department why permanent IT positions were required:

DPS has 4 IT staff positions, 5 IT contractors and an IT manager for a system that serves approximately 67 business processes plus the incoming Fire Code Compliance software systems and processes. The Department serves a high volume of customers and is increasingly dependent on electronic services to meet the time improvements that our customers desire and that we aim to provide. The IT section supports a staff of 243 FTE. The IT team, with the assistance of several full-time contractors, develop and launch electronic services for workflow and continuously evolving work responsibilities with new codes, regulations, laws and responsibilities including providing support for revenue collection for services such as impact taxes, TPAR payments, School Facility Payments, fee changes, etc.⁹

⁹ To name just some of what the IT staff do – not to mention continuous software patches and updates for numerous software systems – ePermits (apply online); online fee payments (credit card, electronic checks, deferred); ePlans; permit system enhancements; disaster recovery/COOP; applications development; DPS website support (dynamic applications); permits, licenses & management information report development; system interfaces and support (M-NCPPC; dataMontgomery; SDAT; Municipalities; OCP for building contractor licenses; BOA for conditional use fees; multiple County departments; Siebel, DTS-

...DPS depends on support of several IT contractors. Each IT contractor costs approximately \$197,000 yearly, which for two contractors is \$394,000 yearly. Hiring two new IT specialist 25% above minimum with benefits would cost \$218,084 annually. This will be a savings of \$175,916 annually. While there would be meaningful savings by creating 2 IT positions, the greater value to the department is a more stable staffing knowledge base, preservation of investment, succession planning/knowledge transfer and capacity to perform additional necessary functions. Contractors lack job security and can readily be lured to a more stable position with benefits. If that were to happen, DPS would lose the time and investment in training these contractors and their knowledge base and would be hampered in its ability to meet performance time expectations and desires.

Staff recommendation: Approve the proposed 2 person addition for IT professionals.

Transferred Administrative positions from Fire Code Compliance

The Department's justification for recombining Fire Code Compliance with DPS continually raises the ideal of efficiencies, but there are no staffing or operating savings indicated in their budget.

Staff recommendation: Look for staffing efficiencies in FY18.

Transferred Payment for the Development Ombudsman in the Executive's Office

The budget proposed adding \$187,498 to DPS expenses to pay for the Development Ombudsman. How is the function of the Ombudsman related to permits? The Development Ombudsman assists in the resolution of development- and construction-related issues that arise. Those issues may involve permits or result in permits. The Ombudsman helps the development community (which lobbied for the creation of this position last year). The development community pays the vast bulk of permit fees, but the beneficiaries of the Development Ombudsman's work will include more than all permit applicants. DPS reported that it will not have any oversight or control of this position; it will only pay the staff's salary.

When the Ombudsman position was created, the goals and objective of the position were described as follows:

To act as a facilitator for commercial and residential development projects, by working as an intermediary to address challenges, issues and concerns during development; to promote regulatory efficiency, accessibility, transparency, predictability and consistency across agencies and departments; to identify systemic challenges in the entitlement process, permitting, and general regulatory procedures and to facilitate necessary changes that bring about tangible improvements that save both time and costs.¹⁰

GIS); electrical licensing ID badge system; permit management app; 30-day plan management app; servers' replacement and virtualization; document imaging system enhancement & upgrades; multiple permit system upgrades; implementation of CE and Council policy initiatives (Design for Life, tree reviews and inspections, fire inspections, deferred fees, reduced automation enhancement fee, rooftop solar panel, electrical vehicle charging stations, BLDS data standards, etc.); MS Office365; document imaging scanners, database and applications; field inspection app; customer management app; Oracle database administration; SQL server database administration; mobile user support; mobile device support; data backup/archival/recovery; equipment replacements (printers, servers, scanners, etc.); DPS business operations support, etc.

¹⁰ Bill 58-14, Legislative Request Report, 2014.

Staff Recommendation: The Council should not fund the Development Ombudsman with permit fees. The position was not created under the assumption of fee support. It is not appropriate for permit fee payers to cover the scope of services provided by the Ombudsman.¹¹ This recommendation will continue the need for tax support for the Ombudsman position.

| | <i>Operating Expenses</i> | | <i>Changes</i> | |
|----------------------|---------------------------|--------------------|------------------|-------------|
| | FY16 App. | FY17 Rec. | | % |
| Program Total | \$8,878,345 | \$9,469,297 | \$590,952 | 6.7% |

Major elements of Operating Expenses

| | |
|------------------------------------|-------------|
| Other Professional Services | \$2,760,056 |
| Building Space Rentals/Leases | \$2,600,769 |
| Gasb45 Retirement Insurance Costs | \$1,062,970 |
| Computer Equip Repairs/Maintenance | \$855,376 |
| Assigned Motor Pool Vehicles | \$718,287 |
| Charges from Risk Management | \$395,042 |

The budget for professional services is proposed to increase from \$2.64 million in FY16 to \$2.76 million in FY17. These funds have been predominantly used for IT projects, including the just-released Design for Life web application. Significant professional service funds were first added to the budget 3 fiscal years ago in lieu of adding staff. The past 2 approved budgets added 12 staff members to the Department. This budget would add another 3.75. Two additional positions are requested for IT, with no reduction in the amount requested for professional services.

The Gasb45 Retirement cost is worth noting. Most Departments had a reduction in Gasb45 costs. DPS did not. Accountants concluded that the cost is required. That is all there is to say.

IT replacements for \$250,000 were noted in the budget but no longer required. DPS had the following to say about that:

We originally asked for \$250,000 for the IVR (Interactive Voice Response) replacement, this was for hardware, software etc. After analyzing usage data, we realized that only 2 percent of inspections were using the system. Given that inspections can be scheduled through MC311 or online, we opted to retire the outdated IVR system. The budget was already submitted at this point.

Improvements to the Fire Code Compliance staff were noted at \$150,000. As noted before, the staff were moved on April 4, 2015. The moving costs were paid for out of FY16 DPS operating expenses. DPS provided the following information:

Because we were already implementing design and construction of security improvements, we were able to add the cubicles and space for the FCC (Fire Code Compliance) move to the design

¹¹ There may be a perception that DPS will have an undue influence on the Ombudsman’s activities if it is the source of the Ombudsman’s paycheck, but Staff would not anticipate an actual problem in this regard.

and proposed construction that was in the works to meet our security needs. Approximately \$130,000 has been spent from DPS contract dollars to address FCC transfer as part of other improvements being made. Expenses were kept low by repurposing materials from existing cubicle surplus that we had in storage. New materials that were required are included in the above amount. The FCC section brought their own chairs, laptops, file cabinets, bookcases and miscellaneous furnishings and vehicles with them to minimize costs.

DPS was asked why additional funds for accommodations were required for staff already in place and when there is an impending move to Wheaton:

DPS is working diligently to use as much existing resources as possible to minimize expenditures and expects that the number will be less than this amount.

... the budget was prepared in anticipation of the decision by the CAO to move the section from MCFRS to DPS. We were collectively able to complete the steps for the physical transfer expeditiously which enables us to begin work to realize efficiencies and improvements from colocation. We will not spend the money twice, however, in light of events around the country involving security of workers, there are additional security improvements that we want to make that exceed what we are in the midst of completing in FY16.

The DPS Director indicates that the FY16 funds 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> |

DPS was asked how the FY16 funds were actually spent:

Per the information provided last year, we have spent these funds on Design for Life, IT contractors and other professional services, public outreach through printed media, presentations at events, brochures, project search contractor, miscellaneous support from temps, security and other improvements. The additional \$100,000 is a nominal increase intended to cover space needs to include the FCC transfer – which was an estimate at the time the budget was prepared.

Rent at 255 Rockville Pike will increase by \$33,249; the total rent for FY17 will be \$2.6 million. The Council should expect substantial savings in rent when the Department moves into its cash-financed Wheaton offices.

Council Staff Recommendation: Reduce the “other professional services” account by \$600,000. Major expenses requiring this level of expenditures are no longer evident. Staff has significantly increased over the past 12 fiscal years and may expand further in the FY17 budget. The fee study is completed (cost not identified). The Design for Life effort was completed in FY16 (\$100,000). The IT replacement cost noted in the budget is no longer recommended by the Department (\$250,000). The Fire Code Compliance staff were relocated using FY16 funds (\$150,000). Security improvements in Rockville should taper off in light of the impending move to Wheaton (\$200,000). The addition of IT staff should offset some of the need for IT consultants (\$1,000,000). On a lesser scale, the “Project Search” intern position, which was funded out of contract, will be funded from salaries under the FY17 budget.

In FY14, the Department’s professional service budget was increased in lieu of adding staff positions. 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). As staff pointed out last year, the proposed \$2.7 million for professional services is more than the entire FY16 budget of the Office of Consumer Protection (\$2.3 million). With the increase in staffing and the absence of targeted projects, a reduction is in order.

| | <i>Zoning and Site Plan Enforcement</i> | | <i>Changes</i> | |
|----------------------|---|--------------------|----------------|----------|
| | FY16 App. | FY17 Rec. | \$ | % |
| Program Total | \$3,885,960 | \$4,059,679 | 173,719 | 4.5% |
| <i>FTEs</i> | 31.0 | 32.0 | 1.0 | 3.2% |

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.

One additional position is recommended for the Division.

Council Staff Recommendation: No changes are recommended.

FY16 Revenue Issues

The Department’s revenues in FY15 were \$38.9 million. Estimates for FY16 revenue are now just under \$47.0 million. The fee revenue in FY17 is now expected to be \$47.1 million (with revenue from Fire Code Compliance and no revenue from the Automation Enhancement Surcharge). Revenues are proposed to be \$4.92 million in excess of operating expenses (including all of the noted increase in expenses) and a 20% reserve.

The new fee regulation includes a “rate stabilization factor”. This factor allows 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 FY17.

The budget includes a proposed 5% fee reduction by setting the Automation Enhancement Surcharge to zero. A 5% surcharge was established by Executive Regulation 13-13 in 2013. Staff was told that the budget also allows for reduced fees for large homes, established by regulation 9-15AMII. The Executive will publish a proposed regulation in May and recommend that the Council amend this regulation in June.

Assuming the Council wants to accumulate more cash for the new Wheaton Offices, the proposed budget would allow for an approximately 3% reduction in licenses and permit fees, in addition to the 5% proposed reduction, an amount *not worth using the rate stabilization factor*.

Staff Recommendation: Approve the revenue estimate in the budget as submitted.

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 \$31.3 million in funds for the new Wheaton offices by the end of FY16 and approximately \$35.0 million by the end of FY17.

Capital expenses necessary for the Department’s functions are a legitimate expense of the fund. Last year, the Council by its actions agreed that the financing of the Department’s new Wheaton office would come from the accumulation of cash from permit fees. As directed by the Council, a line for the cumulative rolling set-aside for claims on fund balance was included in the Department’s fiscal plan.

Council Staff Recommendation: The “other claims on fund balance” lines in the fiscal plan should be corrected to read as follows (assuming no change to proposed expenditures and revenues):

| | FY14 | FY15 | FY16 | FY17 |
|------------------------------|-------------|--------------|--------------|--------------|
| Other claims on fund balance | (4,497,975) | (16,346,351) | (10,504,288) | (3,651,386) |
| Cumulative rolling set-aside | | (20,844,326) | (31,348,614) | (35,000,000) |

This packet contains

Executive Recommended DPS Budget

© Number

1 – 8



Permitting Services

Mission Statement

The Department of Permitting Services' (DPS) primary mission is to promote the health, safety and welfare and economic well-being of residents, businesses and communities of Montgomery County with timely, professional, transparent and consistent review and processing of plans and permits and through inspections of structures, rights-of-way and development. DPS protects the public through application and enforcement of national, state and local codes for fire and life safety, electrical, mechanical, energy, accessibility, building and other public safety and zoning codes. DPS protects the environment through application and enforcement of national, state and local environmental protection codes protecting our natural resources. DPS protects residential and business communities and users of public rights-of-way through inspections of work within public rights-of-way and inspections to assure adherence to approved site plans and special exceptions. DPS strives to promote economic well-being and customer service through ongoing process improvements, timely response and service while ensuring that structures are safe for occupants and visitors, sustainable for future generations and that development is consistent with requirements to protect the environment.

Budget Overview

The total recommended FY17 Operating Budget for the Department of Permitting Services is \$37,765,525, an increase of \$3,872,120 or 11.42 percent from the FY16 Approved Budget of \$33,893,405. Personnel Costs comprise 74.93 percent of the budget for 236 full-time position(s) and two part-time position(s), and a total of 243.65 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 25.07 percent of the FY17 budget.

Linkage to County Result Areas

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

- ◆ An Effective and Efficient Transportation Network
- ◆ Healthy and Sustainable Neighborhoods
- ◆ A Responsive, Accountable County Government
- ◆ 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 (where applicable), with multi-program measures displayed at the front of this section and program-specific measures shown with the relevant program. The FY16 estimates reflect funding based on the FY16 approved budget. The FY17 and FY18 figures are performance targets based on the FY17 recommended budget and funding for comparable service levels in FY18.

Initiatives

- ★ The current Information Technology Automation Enhancement fee will be suspended in FY17.
- ★ Create the new Fire Prevention Division to complete the County Executive's goal of a "One Stop Shop". This division will streamline fire safety and protection services.

- ★ Review the sign permit processes
- ★ Continue migration to eServices and begin mandating the use of ePermits and ePlans
- ★ Redesign the Department's current website to be more responsive and user-friendly
- ★ Adopt new codes including those from the National Fire Protection Association
- ★ Implement the International Green Construction Code
- ★ Publish Roadside Tree Manual

Accomplishments

- ✓ Implemented eServices for new homes, residential additions, renovations, decks, commercial building, commercial alterations, commercial additions, fire alarm and fire protections systems, electrical permits, residential revisions, rooftop solar, electrical vehicle charging stations, right-of-way permits for utilities, driveway and engineered plans, fences, and recently completed stormwater management, special protection area plan approvals and sediment control permits. To date the department has processed over 4,000 plans electronically. Additionally, electronic check payment was launched and implemented the County's new credit card payment system with expanded credit card option.
- ✓ Performed a comprehensive study and restructuring of all fees, including adoption of regulations and application of new rate structures to more than 2,000 electronic calculations in the permitting system in FY16. The revised residential fees eliminated a regressive rate system, reduced permit fees for smaller houses, and provided a reduced rate for MPDU units in multi-family structures.
- ✓ Won a National Association of Counties (NACO) award for its One-Stop Shop Fire and Life Safety Permitting and Inspection unit which continues to provide consistently improved services for local businesses
- ✓ Implemented County roadside tree and tree canopy programs through adoption of regulations, incorporation into permit processing, creation of review policy, application of requirements and completion of draft Roadside Tree Design Guidelines. In FY15 the roadside tree program resulted in 300 trees being protected and 140 trees being planted.
- ✓ Received Maryland Department of the Environment renewal of delegation of the sediment control program
- ✓ Launched the sign enforcement program
- ✓ Opened a Washington Suburban Sanitary Commission office at DPS

Productivity Improvements

- ✱ Launched 30-days review plans processing program
- ✱ Created solar and townhouse models for plan review reference
- ✱ Improved processing and response times - sign permits went from an estimated seven weeks to one week; service requests increased over 22% to 2,263 and response time decreased by two days

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, roadside tree protection, tree canopy enhancement, record plat approval and compliance and work in the public right-of-way.

| Program Performance Measures | Actual FY14 | Actual FY15 | Estimated FY16 | Target FY17 | Target FY18 |
|---|----------------|----------------|-------------------|----------------|----------------|
| Right of way Permits -- DPS average review time (In days) | 5.0 | 5.71 | 5 | 5 | 5 |
| Sediment Control Permits - DPS average review time (In days) | 39.2 | 37.35 | 30 | 30 | 30 |
| Septic Permits -- DPS average review time (In days) | 12.3 | 15.26 | 15 | 12 | 10 |
| Well Permits -- DPS average review time (In days) | 10.3 | 11.62 | 12 | 12 | 10 |
| Record Plats -- DPS average review time (In days) | 14.2 | 9.71 | 9 | 9 | 9 |
| Sediment Control Enforcement -- % of sites in compliance within 5 days following November | | 95.2 | 95.0 | 95.0 | 95.0 |
| Successful Maryland Department of the Environment (MDE) Delegation of Review of Sediment Control and Storm-Water Management | Yes | | Yes | | Yes |

| FY17 Recommended Changes | Expenditures | FTEs |
|---|------------------|--------------|
| FY16 Approved | 7,738,804 | 62.50 |
| Increase Cost: Project Search Intern | 17,905 | 0.50 |
| Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs. | 107,606 | 0.25 |
| FY17 Recommended | 7,864,315 | 63.25 |

Customer Service

The Customer Service program ensures customer service and satisfaction. Customer Service offers concierge service through its case management program to help coordinate DPS disciplines engaged in plans reviews on complex projects or projects needing a higher level of assistance. 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, strategic redevelopment areas such as White Flint, and faith based institutions). 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.

| Program Performance Measures | Actual FY14 | Actual FY15 | Estimated FY16 | Target FY17 | Target FY18 |
|---|----------------|----------------|-------------------|----------------|----------------|
| Complaint resolution -- Average number of days from complaint filing to final resolution | 9.0 | 14.83 | 12 | 12 | 12 |
| Complaint response -- Average number of days from the complaint being filed to first inspection contact with customer | 4.2 | 3.38 | 3 | 3 | 3 |
| MPIA responses - percent of information requests responded to within 30 days after receipt by DPS | 99 | 97 | 100 | 100 | 100 |
| Percent of MC311 service requests (SR) meeting the service level agreement (SLA) response time | 81.3 | 90 | 90 | 90 | 90 |

| FY17 Recommended Changes | Expenditures | FTEs |
|---|------------------|--------------|
| FY16 Approved | 1,194,424 | 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. | (587,277) | (4.00) |
| FY17 Recommended | 607,147 | 6.00 |

Building Construction

The Building Construction program ensures public safety through reviews of 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 program assists businesses and applicants through pre-submission meetings and guidance; is responsible for conducting county-wide damage assessments during natural and other disasters and incidents and provides assistance in disaster

recovery efforts; and seeks correction of code violations through a complaints program.

The current recommended budget for FY17 includes the transfer of Fire and Rescue positions under Building Construction, however a new Fire Prevention Division will be created within DPS for this function.

The Commercial Construction Division is responsible for ensuring public safety through the effective enforcement of commercial building construction codes and standards. This Division processes building, mechanical and electrical permit applications, issues permits, and maintains related records.

The Residential Building and Intake Division is responsible for ensuring public safety through the effective enforcement of residential building construction codes and standards. This Division processes all building permit applications, issues permits, and maintains related records.

| Program Performance Measures | Actual FY14 | Actual FY15 | Estimated FY16 | Target FY17 | Target FY18 |
|--|----------------|----------------|-------------------|----------------|----------------|
| Residential (home) Permits - Additions - Average total time (In days) ¹ | 17 | 19 | 17 | 17 | 17 |
| Residential (home) Permits -- Additions -- DPS average review time (In days) | 8 | 7 | 6 | 6 | 6 |
| Residential (home) Permits -- New Construction -- Average total time (In days) | 73.65 | 73.23 | 70.00 | 60.00 | 60.00 |
| Residential (home) Permits -- New Construction -- DPS average review time (In days) | 16.2 | 18.7 | 17.0 | 16.0 | 16.0 |
| Residential (home) Fast Track -- Service within 2.5 hours | 94 | 95 | 95 | 96 | 96 |
| Commercial Permits -- Additions -- Average total time (In days) ² | 66.53 | 100.1 | 55 | 55 | 55 |
| Commercial Permits -- Additions -- DPS average review time (In days) ³ | 31 | 37 | 37 | 35 | 35 |
| Commercial Permits -- New Construction -- Average total time (In days) ⁴ | 174.66 | 151.10 | 145.00 | 140.00 | 140.00 |
| Commercial Permits -- New Construction -- DPS average review time (In days) ⁵ | 61.55 | 49.90 | 55.00 | 55.00 | 55.00 |
| Commercial Fast Track -- Service within 2.5 hours | 64 | 74.58 | 75 | 80 | 80 |
| Fire Protection (Sprinkler Permits) -- Average total time (In days) | 34.6 | 15 | 15 | 15 | 15 |
| Fire Protection (Sprinkler Permits) -- DPS average review time (in days) | 33.6 | 11.60 | 12 | 12 | 12 |
| Mechanical Permits -- Walk-in service permit within 2 hours | 96.53 | 98.14 | 98 | 98 | 98 |
| Electrical Permits -- Walk-in service permit within 2 hours | 96.54 | 97.66 | 98 | 98 | 98 |
| Building Construction Inspections -- Percentage occurring on scheduled day | 94 | 96.96 | 98 | 98 | 98 |

¹ Permit issuance is a combination of department and applicant performance times and may be impacted by satisfaction of related preconditions such as sediment control submissions and approvals and outside agency approvals.

² Based on plan tracking, DPS reviews are an average of 37 days. Permit issuance is a combination of department and applicant performance times and may be impacted by satisfaction of related preconditions such as sediment control submissions and approvals and outside agency approvals.

³ Permit issuance is a combination of department and applicant performance times and may be impacted by satisfaction of related preconditions such as sediment control submissions and approvals and outside agency approvals. Total time includes post permit issuance revisions.

⁴ DPS Total review time was tracked as an average of 49.90 total days. Permit issuance is a combination of department and applicant performance times and may be impacted by satisfaction of related preconditions such as sediment control submissions and approvals and outside agency approvals. Total time includes post permit issuance revisions.

⁵ Permit issuance is a combination of department and applicant performance times and may be impacted by satisfaction of related preconditions such as sediment control submissions and approvals and outside agency approvals. Total time includes post permit issuance revisions.

| FY17 Recommended Changes | Expenditures | FTEs |
|---|-------------------|---------------|
| FY16 Approved | 11,377,075 | 95.90 |
| Add: Division Chief - Division of Fire Prevention and Code Compliance | 133,362 | 1.00 |
| Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs. | 2,473,937 | 24.40 |
| FY17 Recommended | 13,984,374 | 121.30 |

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, revenue collection (fees and development taxes and charges), reporting and management, automation, human resources, training, safety, quality assurance, legislative coordination, space management, historic files maintenance, and management services.

| FY17 Recommended Changes | Expenditures | FTEs |
|---|---------------------|--------------|
| FY16 Approved | 9,697,142 | 13.10 |
| Increase Cost: IT Replacement Plan | 250,000 | 0.00 |
| Add: Information Technology Specialist | 183,027 | 2.00 |
| Increase Cost: Facility improvements to accomodate Division of Fire Prevention and Code Compliance | 150,000 | 0.00 |
| Increase Cost: Office Rent | 33,249 | 0.00 |
| Increase Cost: IT Maintenance Costs | 4,999 | 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. | 931,593 | 6.00 |
| FY17 Recommended | 11,250,010 | 21.10 |

Zoning and Site Plan Enforcement

The Zoning and Site Plan Enforcement program protects the quality of life in Montgomery County and the public health, safety, welfare, and comfort 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.

| FY17 Recommended Changes | Expenditures | FTEs |
|---|---------------------|--------------|
| FY16 Approved | 3,885,960 | 31.00 |
| Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs. | 173,719 | 1.00 |
| FY17 Recommended | 4,059,679 | 32.00 |

Budget Summary

| | Actual FY15 | Budget FY16 | Estimate FY16 | REC FY17 | %Chg Bud/Rec |
|--|------------------------|------------------------|--------------------------|---------------------|-------------------------|
| PERMITTING SERVICES | | | | | |
| EXPENDITURES | | | | | |
| Salaries and Wages | 17,140,293 | 18,036,021 | 17,938,966 | 20,887,278 | 15.8 % |
| Employee Benefits | 6,638,516 | 6,979,039 | 6,725,327 | 7,408,950 | 6.2 % |
| Permitting Services Personnel Costs | 23,778,809 | 25,015,060 | 24,664,293 | 28,296,228 | 13.1 % |
| Operating Expenses | 7,408,453 | 8,878,345 | 9,072,941 | 9,469,297 | 6.7 % |
| Permitting Services Expenditures | 31,187,262 | 33,893,405 | 33,737,234 | 37,765,525 | 11.4 % |
| PERSONNEL | | | | | |
| Full-Time | 201 | 207 | 207 | 236 | 14.0 % |
| Part-Time | 1 | 1 | 1 | 2 | 100.0 % |
| FTEs | 206.50 | 212.50 | 212.50 | 243.65 | 14.7 % |
| REVENUES | | | | | |
| Automation Enhancement Fee | 1,843,372 | 1,942,650 | 2,215,709 | 0 | -100.0 % |
| Building Permits | 18,619,057 | 17,303,987 | 25,665,265 | 25,665,265 | 48.3 % |
| Electrical Permits and Licenses | 4,058,410 | 3,403,352 | 3,997,312 | 3,997,312 | 17.5 % |
| Fire Code Enforcement Permits | 1,701,380 | 2,435,618 | 1,412,610 | 2,847,610 | 16.9 % |
| Grading/Storm Drains/Paving/Driveway Permits | 5,462,025 | 4,777,732 | 5,811,013 | 5,811,013 | 21.6 % |
| Investment Income | 65,618 | 177,460 | 148,370 | 211,960 | 19.4 % |
| Mechanical Construction Permit | 1,545,272 | 1,547,794 | 1,185,045 | 1,185,045 | -23.4 % |
| Miscellaneous Revenues | (1,039) | 0 | 0 | 0 | — |
| Occupancy Permits | 693,126 | 1,201,028 | 885,252 | 885,252 | -26.3 % |
| Other Charges/Fees | 67,645 | 75,059 | 104,484 | 104,484 | 39.2 % |
| Other Fines/Forfeitures | 114,445 | 85,043 | 147,464 | 147,464 | 73.4 % |
| Other Licenses/Permits | 452,502 | 1,954,704 | 0 | 880,061 | -55.0 % |

| | Actual FY15 | Budget FY16 | Estimate FY16 | REC FY17 | %Chg Bud/Rec |
|--|-------------------|-------------------|-------------------|-------------------|-----------------|
| Sediment Control Permits | 3,056,766 | 1,222,542 | 3,306,018 | 3,306,018 | 170.4 % |
| Sign Permits | 155,908 | 317,674 | 140,650 | 140,650 | -55.7 % |
| Special Exception Fee | 230,400 | 322,149 | 322,149 | 322,149 | - |
| Stormwater Mgmt and Water Quality Plan Fee | 295,150 | 133,765 | 281,443 | 281,443 | 110.4 % |
| Utility Permits | 0 | 1,175,879 | 1,034,616 | 1,034,616 | -12.0 % |
| Well and Septic | 303,950 | 344,150 | 299,412 | 299,412 | -13.0 % |
| Permitting Services Revenues | 38,663,987 | 38,420,586 | 46,956,812 | 47,119,754 | 22.6 % |

FY17 Recommended Changes

| | Expenditures | FTEs |
|--|--------------|------|
|--|--------------|------|

PERMITTING SERVICES

FY16 ORIGINAL APPROPRIATION **33,893,405 212.50**

Changes (with service impacts)

| | | |
|---|---------|------|
| Enhance: Department of Transportation lab testing chargeback | 200,000 | 0.75 |
| Add: Information Technology Specialist [Administration] | 183,027 | 2.00 |
| Add: Division Chief - Division of Fire Prevention and Code Compliance [Building Construction] | 133,362 | 1.00 |

Other Adjustments (with no service impacts)

| | | |
|--|-----------|--------|
| Shift: Transfer of Fire Rescue Code Compliance to DPS | 2,743,878 | 26.00 |
| Increase Cost: FY17 Compensation Adjustment | 443,436 | 0.00 |
| Increase Cost: IT Replacement Plan [Administration] | 250,000 | 0.00 |
| Shift: Development Ombudsman from the County Executive's office | 187,498 | 1.00 |
| Increase Cost: Facility improvements to accommodate Division of Fire Prevention and Code Compliance [Administration] | 150,000 | 0.00 |
| Increase Cost: Group Insurance Adjustment | 148,625 | 0.00 |
| Increase Cost: Annualization of FY16 Lapsed Positions | 135,031 | 0.00 |
| Increase Cost: Office Rent [Administration] | 33,249 | 0.00 |
| Increase Cost: Risk Management Adjustment | 29,664 | 0.00 |
| Increase Cost: Project Search Intern [Land Development] | 17,905 | 0.50 |
| Increase Cost: IT Maintenance Costs [Administration] | 4,999 | 0.00 |
| Increase Cost: Printing and Mail | 3,329 | 0.00 |
| Decrease Cost: Retiree Health Insurance Pre-funding | (160) | 0.00 |
| Decrease Cost: Motor Pool Adjustment | (12,131) | 0.00 |
| Shift: Telecommunications to the Telecommunications Non-Departmental Account | (76,010) | 0.00 |
| Decrease Cost: Elimination of One-Time Items Approved in FY16 | (111,940) | 0.00 |
| Decrease Cost: Retirement Adjustment | (246,821) | 0.00 |
| Decrease Cost: Annualization of FY16 Personnel Costs | (344,821) | (0.10) |

FY17 RECOMMENDED **37,765,525 243.65**

Program Summary

| Program Name | FY16 APPR | | FY17 REC | |
|----------------------------------|-------------------|---------------|-------------------|---------------|
| | Expenditures | FTEs | Expenditures | FTEs |
| Land Development | 7,738,804 | 62.50 | 7,864,315 | 63.25 |
| Customer Service | 1,194,424 | 10.00 | 607,147 | 6.00 |
| Building Construction | 11,377,075 | 95.90 | 13,984,374 | 121.30 |
| Administration | 9,697,142 | 13.10 | 11,250,010 | 21.10 |
| Zoning and Site Plan Enforcement | 3,885,960 | 31.00 | 4,059,679 | 32.00 |
| Total | 33,893,405 | 212.50 | 37,765,525 | 243.65 |

Future Fiscal Impacts

| Title | CE RECOMMENDED (\$000s) |
|-------|-------------------------|
|-------|-------------------------|

PERMITTING SERVICES

EXPENDITURES

| | FY17 | FY18 | FY19 | FY20 | FY21 | FY22 |
|--|--------|--------|--------|--------|--------|--------|
| FY17 Recommended | 37,766 | 37,766 | 37,766 | 37,766 | 37,766 | 37,766 |
| No inflation or compensation change is included in outyear projections. | | | | | | |
| Annualization of Positions Recommended in FY17 | 0 | 79 | 79 | 79 | 79 | 79 |
| New positions in the FY17 budget are generally assumed to be filled at least two months after the fiscal year begins. Therefore, the above amounts reflect annualization of these positions in the outyears. | | | | | | |
| Elimination of One-Time Items Recommended in FY17 | 0 | (170) | (170) | (170) | (170) | (170) |
| Items recommended for one-time funding in FY17 will be eliminated from the base in the outyears. | | | | | | |
| IT Maintenance Costs | 0 | 124 | 127 | 52 | 10 | 10 |
| Represents additional maintenance costs for the system upgrades and post-warranty maintenance for servers, scanners, and printers. | | | | | | |
| IT Replacement Plan | 0 | (282) | 379 | 169 | (282) | (282) |
| Key components of Permitting Service's technology replacement plan include: FY18 Scanners (\$31,500) FY19 Servers \$60,000, Servers \$600,000; FY20 Permit DB Servers - Hardware & Software \$450,000 FY21 Scanners (\$31,500) | | | | | | |
| Office Rent | 0 | 76 | 64 | 68 | 72 | 72 |
| Represents projected rent increase. | | | | | | |
| Retiree Health Insurance Pre-funding | 0 | (36) | (76) | (97) | (120) | (120) |
| These figures represent the estimated cost of pre-funding retiree health insurance costs for the County workforce. | | | | | | |
| Labor Contracts | 0 | 257 | 257 | 257 | 257 | 257 |
| These figures represent the estimated annualized cost of general wage adjustments, service increments, and other negotiated items. | | | | | | |
| Subtotal Expenditures | 37,766 | 37,814 | 38,426 | 38,124 | 37,612 | 37,612 |

Annualization of Personnel Costs and FTEs

| | FY17 Recommended | | FY18 Annualized | |
|--|------------------|-------------|-----------------|-------------|
| | Expenditures | FTEs | Expenditures | FTEs |
| Information Technology Specialist | 170,227 | 2.00 | 215,984 | 2.00 |
| Division Chief - Division of Fire Prevention and Code Compliance | 121,662 | 1.00 | 155,003 | 1.00 |
| Total | 291,889 | 3.00 | 370,987 | 3.00 |

| FY17-22 PUBLIC SERVICES PROGRAM: FISCAL PLAN | | Permitting Services | | | | | |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| FISCAL PROJECTIONS | FY16 ESTIMATE | FY17 REC | FY18 PROJECTION | FY19 PROJECTION | FY20 PROJECTION | FY21 PROJECTION | FY22 PROJECTION |
| ASSUMPTIONS | | | | | | | |
| Indirect Cost Rate | 15.98% | 16.45% | 16.45% | 16.45% | 16.45% | 16.45% | 16.45% |
| CPI (Fiscal Year) | 0.8% | 1.8% | 2.3% | 2.5% | 2.7% | 2.7% | 2.7% |
| Investment Income Yield | 0.0035 | 0.005 | 0.01 | 0.015 | 0.025 | 0.025 | 0.03 |
| Enterprise fund stabilization factor (ESF) | 0 | 1.00 | TBD | TBD | TBD | TBD | TBD |
| BEGINNING FUND BALANCE | 12,561,520 | 11,060,380 | 11,947,421 | 13,466,993 | 14,171,141 | 14,890,248 | 15,791,157 |
| REVENUES | | | | | | | |
| Licenses & Permits | 44,340,785 | 46,655,846 | 43,790,596 | 44,885,360 | 46,097,265 | 47,341,891 | 48,620,122 |
| Charges For Services | 2,320,193 | 104,484 | 106,887 | 109,559 | 112,517 | 115,555 | 118,675 |
| Fines & Forfeitures | 147,464 | 147,464 | 150,856 | 154,627 | 158,802 | 163,090 | 167,493 |
| Miscellaneous | 148,370 | 211,960 | 423,920 | 635,880 | 847,840 | 1,059,800 | 1,271,760 |
| Subtotal Revenues | 46,956,812 | 47,119,754 | 44,772,258 | 46,785,427 | 47,216,425 | 48,680,336 | 50,178,051 |
| INTERFUND TRANSFERS (Net Non-CIP) | | | | | | | |
| Transfers To The General Fund | (4,206,430) | (4,815,802) | (4,858,020) | (4,805,968) | (4,805,968) | (4,805,968) | (4,805,968) |
| Indirect Costs | (3,997,410) | (4,654,730) | (4,696,948) | (4,696,948) | (4,696,948) | (4,696,948) | (4,696,948) |
| Other: DCM | (109,020) | (109,020) | (109,020) | (109,020) | (109,020) | (109,020) | (109,020) |
| Telecommunications NDA | 0 | (52,052) | (52,052) | 0 | 0 | 0 | 0 |
| Other: DOT Lab Testing | (100,000) | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfers From The General Fund | 0 | 0 | 1,153,770 | 1,153,770 | 1,153,770 | 1,153,770 | 1,153,770 |
| Payment for Public Agency Permits | 0 | 0 | 1,059,660 | 1,059,660 | 1,059,660 | 1,059,660 | 1,059,660 |
| Payment for Green Tape Positions | 0 | 0 | 94,110 | 94,110 | 94,110 | 94,110 | 94,110 |
| TOTAL RESOURCES | 55,301,902 | 53,364,332 | 52,715,430 | 55,600,222 | 57,735,367 | 59,918,387 | 62,317,009 |
| PSP OPER. BUDGET APPROP/ EXPS. | | | | | | | |
| Operating Budget | (33,737,234) | (37,765,525) | (37,765,525) | (37,765,525) | (37,765,525) | (37,765,525) | (37,765,525) |
| Labor Agreement | n/a | 0 | (256,647) | (256,647) | (256,647) | (256,647) | (256,647) |
| Annualizations and One-Time | n/a | n/a | 90,902 | 90,902 | 90,902 | 90,902 | 90,902 |
| IT Maintenance | n/a | n/a | (124,039) | (126,695) | (52,404) | (10,167) | (10,167) |
| IT Replacement Plan | n/a | n/a | 281,500 | (378,500) | (168,500) | 281,500 | 281,500 |
| Office Rent | n/a | n/a | (75,930) | (64,055) | (67,775) | (71,646) | (71,646) |
| Retiree Health Insurance Prefunding | n/a | n/a | 35,830 | 76,230 | 97,240 | 119,750 | 119,750 |
| Subtotal PSP Oper Budget Approp / Exps | (33,737,234) | (37,765,525) | (39,248,437) | (41,429,081) | (42,845,119) | (44,127,230) | (45,998,977) |
| OTHER CLAIMS ON FUND BALANCE | | | | | | | |
| Cumulative rolling set-aside | (10,504,288) | (3,651,386) | 0 | 0 | 0 | 0 | 0 |
| TOTAL USE OF RESOURCES | (44,241,522) | (41,416,911) | (39,248,437) | (41,429,081) | (42,845,119) | (44,127,230) | (45,998,977) |
| YEAR END FUND BALANCE | 11,060,380 | 11,947,421 | 13,466,993 | 14,171,141 | 14,890,248 | 15,791,157 | 16,318,032 |
| END-OF-YEAR RESERVES AS A | | | | | | | |
| PERCENT OF RESOURCES | 20.0% | 22.4% | 25.5% | 25.5% | 25.8% | 26.4% | 26.2% |

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 Enterprise fund Stabilization Factor (ESF) is the factor by which the fee rate is adjusted, up or down, to maintain the minimum 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.