


MEMORANDUM

April 9, 2018

TO: Planning, Housing, and Economic Development Committee
FROM: Jeff Zyontz,  Senior Legislative Analyst
SUBJECT: FY20 Operating Budget: Department of Permitting Services
PURPOSE: Worksession to make recommendations to the Council

Those expected to attend this worksession include:

Diane Schwartz Jones, Director, Department of Permitting Services (DPS)
Hadi Mansouri, Chief Operating Officer, DPS
Barbara Suter, Budget Specialist, DPS
Tom Laycock, Manager, Information Technology Services, DPS
George Muste, Division Chief, Residential Construction, DPS
Ehsan Motazed, Division Chief, Zoning and Site Plan Enforcement, DPS
Rick Brush, Division Chief, Land Development, DPS
Hemal Mustafa, Division Chief, Fire and Code Compliance, DPS
Steve Thomas, Division Chief, Commercial Construction, DPS
Linda Kobylski, Manager, Land Permit Processing, DPS
Gail Lucas, Manager, Building Permit Processing, DPS
Alison Dollar, Fiscal and Policy Analyst, Office of Management and Budget (OMB)

Relevant pages from the FY20 Recommended Operating Budget are attached on © 1-10.

Budget Summary:

- The proposed budget increases expenditures by 4.4 percent (\$1.8 million more than the FY19 approved budget) and adds 3 “new” positions (converting 3 contractual temp positions to 3 term positions). The FY19 budget did not add any positions, the FY18 budget transferred 27.5 positions from Fire and Rescue and the position of the Development Ombudsman from the Executive’s Office, and the FY17 budget added 3.75 new positions.
- The FY20 revenue estimate assumes a 5% fee increase in permits across the board. Revenues are budgeted to be 8.1 percent higher than budgeted FY19 revenues (\$3.4 million). FY19 estimated revenue will be \$.4 million above budgeted FY19 revenues.
- The FY20 recommended budget includes a 21.5 percent year-end balance reserve (\$11.6 million).
- In FY19, fees were increased by 3 percent through the first time use of the Enterprise Stabilization Factor.
- The proposed budget for Other Professional Services (\$2.3 million) is \$.3 million less than funds approved for FY19.
- The proposed budget for computer maintenance increases by 55%, from \$.84 million to \$1.36 million.

Staff recommends approval of the DPS Budget as recommended by the Executive.

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 As a result of accumulating fund balances, the Council approved DPS’s recommendation to reduce the automation fee to zero percent and to cap fees for large wood-frame construction.

The Council decided to use DPS revenue in excess of operating and reserve requirements to fund the Department’s share of their new offices in Wheaton. The Executive’s FY17 budget for the Department used \$6.6 million of that for Wheaton CIP expenses. Another \$14.4 million was used in FY18. The FY19 budget proposed to use the last \$4 million of those funds. Those funds are now required to meet the Department’s reserves (20% of operating costs). The Wheaton project is anticipating financing the \$4 million and the remaining \$10.5 million with bond proceeds. Once the Department occupies the Wheaton office, the Department will be contributing to debt service payments instead of paying rent it is now charged.

The budget proposes an increase in the full-time position workforce of 3. The Department seeks to convert 3 contractual temp positions to 3 term positions.² Twice in the last 4 years, changes were not proposed for the Department’s total workforce. In FY16, six positions were added. In FY17, 3.75 new positions were added and 27 positions were transferred, predominantly from Fire and Rescue Services.

¹ To avoid using money from the General Fund when fee revenues decrease, the Department’s goal is to retain a year-end fund balance of 20 percent of the Department’s total annual resources.

² Full-Time Equivalent workyears for DPS only increased by 2.25 FTEs because DOT was “charging” .75 workyears for asphalt testing in FY19 but is not doing so in FY20.

The Council approved the Department's comprehensive fee restructuring for FY16. Those fees reduced revenues more in line with the Department's needs. Projected FY19 revenues (\$42.5 million) are expected to be \$.4 million higher than FY19 budgeted revenues.

	<i>FY18 Actual</i>	<i>FY19 Approved</i>	<i>FY20 Recommended</i>	<i>% Change FY19 – FY20</i>
<i>Expenditures by fund</i>				
<i>General Fund</i>	0	0	0	
<i>Enterprise Fund</i>	\$37,117,213	\$40,234,230	\$42,018,916	4.4%
<i>Expenditures by type</i>				
<i>Personnel Cost</i>	\$29,101,237	\$30,067,501	\$31,682,720	5.4%
<i>Operating Expenses</i>	\$8,015,810	\$10,165,229	\$10,294,070	1.3%
<i>Capital Outlay or Other Debt Service</i>	\$0	\$0	\$40,626	NA
<i>Total Expenditures</i>	\$37,148,064	\$40,234,230	\$42,018,916	4.4%
<i>Positions</i>				
<i>Full-Time</i>	236	236	239	1.3%
<i>Part-Time</i>	2	2	2	0%
<i>FTEs</i>	243.65	243.75	246.0	.9%

The additional personnel costs include the following:

FY19 Compensation Adjustment	\$1,050,438
Annualization of FY19 Compensation Increases	\$ 436,150

The Department is organized into six Divisions: Land Development, Residential Building and Intake, Commercial Building Construction, Administration, Zoning and Site Plan Enforcement, and Fire Protection and Code Compliance.

These operating sections are described in more detail below. Operating Expenses and Revenues are detailed separately.

FY20 Expenditure Issues

	<i>Land Development</i>		<i>Changes</i>	
	<i>FY19 App.</i>	<i>FY20 Rec.</i>		<i>%</i>
<i>Program Total</i>	\$8,350,527	\$8,587,652	\$237,125	2.8%
<i>FTEs</i>	63.25	63.5	.25	.004%

The Land Development Division 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 rights-of-way.

Staff Recommendation: Approve as proposed.

<i>Residential Building Construction & Intake</i>			<i>Changes</i>	
	FY19 App.	FY19 Rec.		%
<i>Program Total</i>	\$4,986,066	\$5,297,368	\$311,302	6.2%
<i>FTEs</i>	40.9	40.9	0	0%

The Residential Building Construction and Intake Division is responsible for ensuring public safety through the effective enforcement of residential building and construction code standards. This program processes building, structural, and electrical permit applications and enforces energy conservation codes and standards. The program also requires the correction of code violations when found by their investigation of complaints.

Staff Recommendation: Approve as proposed.

<i>Commercial Building Construction</i>			<i>Changes</i>	
	FY19 App.	FY20 Rec.		%
<i>Program Total</i>	\$5,340,627	\$5,725,632	\$385,005	7.2%
<i>FTEs</i>	42.5	43.5	1	2.3%

The Commercial Building Construction Division is responsible for ensuring public safety through the effective enforcement of commercial building and construction code standards. This program processes building, mechanical, and electrical permit applications and maintains related records. The program also requires the correction of code violations when found by their investigation of complaints.

Staff Recommendation: Approve as proposed.

<i>Administration</i>			<i>Changes</i>	
	FY19 App.	FY20 Rec.		%
<i>Program Total</i>	\$12,608,898	\$13,244,529	\$ 635,631	5.0%
<i>FTEs</i>	30.1	33.1	3	0.9%

The Administration Division provides policy development, management services, and administrative support for all aspects of the Department. The added positions are for additional IT support, including document storage and recall services.

Staff Recommendation: Approve as proposed.

<i>Zoning and Site Plan Enforcement</i>			<i>Changes</i>	
	FY19 App.	FY20 Rec.		%
<i>Program Total</i>	\$4,447,634	4,626,170	\$178,536	0.4%
<i>FTEs</i>	32.0	32.0	0	0%

The Zoning and Site Plan Enforcement Division enforces the Zoning Ordinance and compliance with Planning Board-approved site plans. The Division reviews plans before building permits are issued, conducts inspections, and investigates complaints.

Staff Recommendation: Approve as proposed.

<i>Fire Prevention and Code Compliance</i>			<i>Changes</i>	
	FY19 App.	FY20 Rec.		%
<i>Program Total</i>	\$4,500,478	4,537,565	\$37,087	0.8%
<i>FTEs</i>	35.0	33.0	-2	-6.0%

The Fire Prevention and Code Compliance Division enforces national, state, and County fire prevention codes through the review, permit issuance, and inspection of new and existing buildings. In FY17, 27 positions were transferred from Fire and Rescue Services to the Department.

Staff Recommendation: Approve as proposed.

	<i>Operating Expenses</i>		<i>Changes</i>	
	FY18 App.	FY19 Rec.		%
<i>Program Total</i>	\$9,691,684	\$10,165,229	\$473,545	4.9%

Major elements of Operating Expenses

The major components of DPS Operating Expenses include:

	FY19 Approved	FY20 Proposed	Percent Change
Other Professional Services	\$2,616,356	\$2,330,845	-11%
Building Space Rentals/Leases	\$2,832,370	\$2,906,191	3%
Computer Maintenance	\$871,497 ³	\$1,356,538	55%
Assigned Motor Pool Vehicles	\$977,290	\$1,031,984	6%
Gasb45 Retirement Insurance Costs	\$1,220,520	\$944,290	-22%
Risk Management Charges	\$598,628	\$658,974	10%

In FY17, FY18, and FY19 the Council approved Other Professional Services at the \$2.6 million level. The Council has accepted the level of flexibility for the Department in those prior years. This year, the Department is requesting \$286,111 less in the Other Professional Services category.

For DPS, \$252,170 is programmed in Other Claims on Fund Balance FY19 through FY23. **It was 0 in the FY19 approved budget.**

The Department of Finance provided the following explanation:

In FY2008, the County implemented GASB Statement 43 - Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans (OPEB) and No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. As part of this implementation, a liability was recorded in all enterprise and internal service funds to recognize the unfunded cost associated with these funds. This liability has remained on the books, unchanged, since that implementation.

In FY2018, the County implemented GASB Statement 75 - Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans. As part of this implementation, the County must record, on the financial statements, the OPEB liability and the OPEB expense every year, including the unfunded liability and any implicit costs. When implementing this standard, Finance reviewed the various ways to implement and decided that the General Fund had the ultimate payment responsibility of any OPEB costs. As such, all OPEB liability is recorded on the Government-wide Statements accordingly. (NOTE: Governmental activities are recorded on a modified accrual basis; Enterprise and Internal Service Funds are recorded on a full accrual basis). However, if they recorded this liability at the government-wide level (and not allocate the liability to the enterprise and internal service funds), they also needed to remove the liability that was recorded on the financial statements under GASB 43. So as not to have a significant impact

³ An additional \$139,520 of operating expenses is identified as "Professional Computer" (\$88,000) and "Computer Equipment - Non-Capitalized" (\$51,520).

on the cash balances or the net positions of the enterprise and internal service funds, the decision was made to amortize this cost over a five year period.

Staff Recommendation: Approve the operating budget as submitted.

FY20 Revenue Issues

In FY19, fees were increased 3% by use of the Enterprise Fund 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. **The FY20 revenue estimate assumed an additional 5% increase in all permit fees.** A resolution to increase fees was introduced by the Council at the request of the Executive on April 2. A public hearing is scheduled for April 23. The Executive will also issue an emergency regulation to resolve an unintended effect of last fall's change to Fire Code Compliance fees. The emergency regulations will be followed by an Executive Regulation to permanently correct the error. The change will reduce Department revenues by \$675,000.

The DPS goal in establishing fees is to cover all costs and to maintain a 20% reserve to protect against a substantial downturn in permits. Personnel expenses (75% of the FY20 proposed budget) are budgeted to increase by 5.4% between FY19 and FY 20.

The Department provided the following justification for the increase in permitting fees:

...there have been several fee adjustments to align fees with costs of services and to avoid excess accumulation. As a result fees were restructured and technology surcharge was reduced and then eliminated. Fees were built in 2015 based on our expenses at that time. Since that time several things have happened which have caused year over year increases, which for FY20 culminate in a \$10 million increase in our expenses over 2015 including:

- *Rent is now 18% greater than the base year or \$449,499 more than when the rates were built.*
- *Personnel costs have gone up due both to the transfer of the FCC group from MCFRS (to no longer be supported by the general fund) and salary increases. Costs are now 27% higher than in 2015 or \$6,862,065 more.*
- *Indirect costs or charge backs for County administration are now 43% higher than in 2015 or \$1,798,605 more.*
- *Motor pool is 69% greater than in 2015 or \$462,155 more.*

The Council approved the Department's comprehensive fee restructuring for use starting in FY17. The new fees reduce revenues in line with the Department's needs. There were some specific fee reductions. The automation enhancement surcharge was put at zero and a discount for very large homes was put in place. The estimated FY19 revenues is projected to exceed the FY19 budget estimate by \$.39 million.

DPS work volume is reflected in the table below:

Fiscal Year	Sq. Ft. Plans Processed	Total Permits Processed	Customers Served at DPS Counters	Information Requests	Plans Reviews	Inspections
2006	28.9 msf	48,419	56,364	2,884	67,028	135,610
2007	23.7 msf	43,117	55,988	2,497	63,816	114,692
2008	27.6 msf	43,048	58,984	2,519	65,491	113,793
2009	14.9 msf	37,566	55,291	2,290	54,477	103,974
2010	17.3 msf	46,314	55,974	2,272	64,046	102,889
2011	23.7 msf	46,481	60,422	2,958	70,656	102,730
2012	27.8 msf	45,649	59,047	3,260	76,268	113,888
2013	26.04 msf	50,744	66,600	4,376	84,728	141,443
2014	25.7 msf	52,826	94,272	4,374	88,317	158,837
2015	26.98 msf	55,670	110,303	4,684	92,308	157,359
2016	27.06 msf	60,543	128,489	5,182	97,971	157,831
2017	28.35 msf	59,501	119,122	5,149	98,999	171,233
2018	37.64 msf	57,375+ 35,481 FCC	109,464	6,556	93,291	160,385 + 14,579

Projected FY20 revenues (\$45.97 million) are expected to be \$3.06 million higher than FY19's budgeted revenues (8.1%). The increase is expected from higher fees and estimates of permitting activity. Page 62-7 (attached on ©7) provides the Executive's estimate of revenues for the Department. Fees from building permits are projected to increase 9.7% from both rate increases and projections of permitting activity. Fire Code Compliance fees are projected to be lower by 7.4%; grading permit fees up 13.6%; and sediment control permit revenue down 18.6%.

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

This packet contains
Executive-recommended DPS Budget

© Number
1 - 9



Permitting Services

RECOMMENDED FY20 BUDGET
\$42,018,916

FULL TIME EQUIVALENTS
246.00

✱ **DIANE SCHWARTZ JONES, DIRECTOR**

MISSION STATEMENT

The Department of Permitting Services' (DPS) primary mission is to promote the health, safety, 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 residential and business communities and users of public rights-of-way through inspections of work within public rights-of-way 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 FY20 Operating Budget for the Department of Permitting Services is \$42,018,916, an increase of \$1,784,686 or 4.44 percent from the FY19 Approved Budget of \$40,234,230. Personnel Costs comprise 75.40 percent of the budget for 239 full-time position(s) and two part-time position(s), and a total of 246.00 FTEs. Total FTEs may include seasonal or temporary positions and may also reflect workforce charged to or from other departments or funds that are related to DPS services. Operating Expenses account for the remaining 24.60 percent of the FY20 budget.

COUNTY PRIORITY OUTCOMES

While this program area supports all seven of the County Executive's Priority Outcomes, the following are emphasized:

- ❖ **Easier Commutes**
- ❖ **A Greener County**
- ❖ **Effective, Sustainable Government**
- ❖ **A Growing Economy**

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 FY19 estimates reflect funding based on the FY19 Approved Budget. The FY20 and FY21 figures are performance targets based on the FY20 Recommended Budget and funding for comparable service levels in FY21.

The department combines department and applicant time components when measuring "total time to issue a permit." These times may be impacted by satisfaction of related preconditions such as sediment control submissions, approvals, and outside agency approvals.

INITIATIVES

- ★ Implementing 4Business Initiative to improve services to businesses.
- ★ Benchmarking building code regulations.
- ★ Upgrading and expanding electronic services.
- ★ Improving inspection services through technology.
- ★ Enhancing construction coordination and constructability review.
- ★ Working on Code Official Development Program in order to develop qualified code officials as part of a succession plan to address an oncoming shortage of code officials.
- ★ Initiating public relations and outreach program.
- ★ Developing standard pre-loaded right-of-way and sediment control inspections.
- ★ Working with the Tower Committee and the industry to develop a simplified application process, through a uniform stealth design for small cell towers, to meet Federal Communications Commission's (FCC) required timeline.

ACCOMPLISHMENTS

- ☑ Integrated Fire Code Compliance into DPS permit system, document imaging system, licensing and eServices.
- ☑ Launched restructured impact taxes and new Local Area Transportation Improvement Payment.
- ☑ Facilitated and assisted major projects: United Therapeutics Unisphere -- 120,000 sf Net Zero Building; Glenstone Museum - acclaimed museum and sustainability center; Marriott World Headquarters; The Wilson and The Elm; Wheaton Redevelopment Project (geothermal); Chevy Chase Lake mixed use project; Elizabeth Square; County 911 Antennas; Adventist Hospital; Artomatic; Top Golf; Pike and Rose Beach; Quicken Loans Golf Tournament.
- ☑ Maintained plan reviews in less than 30 days, residential solar permits in five days, record plat in approximately 2-3 days, sign permits in approximately one day and next day inspections.
- ☑ Implemented the International Green Construction Code to reduce the County's carbon footprint.
- ☑ Implemented many new zoning text amendments, including craft breweries, wireless towers, design for life, etc.
- ☑ Addressed wide-spread community electrical deficiencies; coordinated complex construction activities; addressed unpermitted vehicles in communities; dealt with unlicensed kennel breeding and sales; eliminated illegal slaughterhouse; filed suit to address illegal tunneling; issued zoning citations to combat human trafficking; responded to thousands of illegal signs; etc.
- ☑ Partnered with the Department of Technology Services (DTS) to develop a Construction Activity Website showing open commercial construction, demolition, and right-of-way permits by map and satellite.
- ☑ Developed a database of on-site well and septic systems.

INNOVATIONS AND PRODUCTIVITY IMPROVEMENTS

- ✱ New customer and business friendly website featuring easy to follow, step by step, instructions to obtaining permits.
- ✱ Combined event use and occupancy permit to save review time and applicants' money.

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- * Upgraded to newest Project Dox platform that will allow DPS to launch additional electronic plans submissions.
 - * Digitized microfiche records to facilitate the approximately 6,000 Public Information Act requests received each year.

COLLABORATION AND PARTNERSHIPS

* **Private and Public Projects**

Collaborated extensively to help numerous private and public projects successfully open including, but not limited to United Therapeutics' new Net Zero Building; Oliver T. Carr's very complex project interfacing with the Purple Line, the Capital Crescent Trail, and the new Bethesda Metro platform; the Elizabeth House; Jezreel Housing; Chevy Chase Lake; the Wheaton Redevelopment Office Building; Marriott's new World Headquarters, etc.

Partners

Office of the County Executive, Department of General Services, Department of Housing and Community Affairs, Department of Transportation, Maryland-National Capital Park and Planning Commission, Non-Profits

* **Improve Quality of Plans**

Collaborated with the Association of Structural Engineers Metro Washington to improve the quality of plans and to develop a checklist of necessary information for demolition projects to avoid demolition/alteration related collapses.

* **Assisted Communities to Resolve Life Safety Property Issues**

Assisted communities to resolve life safety property issues, including dangerous electrical feeds, unsafe structures, aging condo and HOA infrastructure, illegal and unsafe site work, etc.

Partners

Community Engagement Cluster, Department of Housing and Community Affairs

* **Assessing Terrorism Risks on Public Streets**

Assessed terrorism risks on public streets and sidewalks and strategies to minimize these risks, including sidewalk cafe regulations.

Partners

Office of the County Executive, Department of Police, Division of Transit Services, Department of Transportation, Maryland-National Capital Park and Planning Commission

* **Maryland Sustainable Growth Commission**

Collaborating with Maryland Department of Environment, other jurisdictions, and stakeholders on the Maryland Sustainable Growth Commission.

Partners

Department of Environmental Protection

PROGRAM CONTACTS

Contact Barbara Suter of the Department of Permitting Services at 240.777.6244 or Alison Dollar of the Office of Management and Budget at 240.777.2769 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; fire department access; and compliance and work in the public right-of-way.

Program Performance Measures	Actual FY17	Actual FY18	Estimated FY19	Target FY20	Target FY21
Right-of-way Permits – DPS average review time (in days) ¹	5.84	4.74	5	5	5
Sediment Control Permits - DPS average review time (in days)	23.06	19.45	25	25	25
Septic Permits – DPS average review time (in days)	27.18	18.95	10	10	10
Well Permits – DPS average review time (in days)	15.63	12.53	10	10	10
Record Plats – DPS average review time (in days)	6.7	2.3	7	7	7
Sediment Control Enforcement – Percentage of Inspections in compliance with code/law	94.9%	94.9%	95%	95%	95%
Successful Maryland Department of the Environment (MDE) Delegation of Review of Sediment Control and Storm-Water Management	N/A	Yes	N/A	Yes	

¹ Projections are dependent upon volumes of work, other tasks, staffing, and staff availability. It is our estimation of an outside reasonable commitment that can be met under varying work volumes and circumstances. When performance indicators are specified in days, they are calendar days and not work days.

FY20 Recommended Changes	Expenditures	FTEs
FY19 Approved	8,350,527	63.25
Increase Cost: MLS III- Sediment Control Land Development	131,379	1.00
Decrease Cost: Charges for Lab Services for Asphalt Testing	(192,400)	(0.75)
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	298,146	0.00
FY20 Recommended	8,587,652	63.50

☀ Residential Building Construction & Intake

The Residential Building and Intake Program is responsible for ensuring public safety through the effective application of residential building, structural, electrical, mechanical, and energy conservation construction codes. This is accomplished through plan reviews and construction inspections. This program processes all commercial, fire protection, and residential permit applications, handles construction complaints, and aids in recovery during natural and other disasters and incidents.

Program Performance Measures	Actual FY17	Actual FY18	Estimated FY19	Target FY20	Target FY21
Residential (home) Permits – Additions – Average total time (in days) ¹	22.61	26.62	17	17	17
Residential (home) Permits – Additions – DPS average review time (in days)	12.22	11.12	6	6	6
Residential (home) Permits – New Construction – Average total time (in days)	55.33	64.57	60	60	60
Residential (home) Permits – New Construction – DPS average review time (in days)	23.02	20.52	16	16	16
Residential (home) Fast Track – Percentage of permits serviced within 2.5 hours	92.58%	95.44%	96%	96%	96%
Insurance Services Office (ISO) building code effectiveness grading schedule score which measures the quality of the County's building codes and performance in enforcing them: One- and two-family dwellings, score range of 1 to 10 (1=best)	3	3	3	3	2
Mechanical Permits – Percentage of walk-in service permit within 2 hours	98.8%	99.01%	98%	98%	98%
Electrical Permits – Percentage of walk-in service permit within 2 hours	94.9%	96.69%	98%	98%	98%

¹ Projections are dependent upon volumes of work, other tasks, staffing, and staff availability. It is our estimation of an outside reasonable commitment that can be met under varying work volumes and circumstances. When performance indicators are specified in days, they are calendar days and not work days.

FY20 Recommended Changes	Expenditures	FTEs
FY19 Approved	4,986,066	40.90
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	311,302	0.00
FY20 Recommended	5,297,368	40.90

☀ Commercial Building Construction

The Commercial Construction program is responsible for ensuring public safety through the effective application of commercial building, structural, electrical, mechanical, fire-safety, and energy conservation codes and standards. This is accomplished through plan reviews and construction inspections for compliance with approved plans and codes. This program processes applications for and issues Building,

Mechanical and Electrical Permits. The program also handles construction complaints during natural and other disasters and provides assistance in disaster recovery.

Program Performance Measures	Actual FY17	Actual FY18	Estimated FY19	Target FY20	Target FY21
Commercial Permits – Additions – Average total time (in days) ¹	106.58	112	60	60	60
Commercial Permits – Additions – DPS average review time (in days)	28.84	33.05	35	35	35
Commercial Permits – New Construction – Average total time (in days)	72.34	79.38	140	140	140
Commercial Permits – New Construction – DPS average review time (in days)	30.43	19.87	55	55	55
Commercial Fast Track – Percentage of permits serviced within 2.5 hours	81.17%	75.9%	80%	80%	80%
Insurance Services Office (ISO) building code effectiveness grading schedule score which measures the quality of the County's building codes and performance in enforcing them: Commercial structural, score within a range of 1-10 (1=best)	3	3	3	3	2
Building Construction Inspections – Percentage occurring on scheduled day	98.2%	98.51%	98%	98%	98%

¹ Projections are dependent upon volumes of work, other tasks, staffing, and staff availability. It is our estimation of an outside reasonable commitment that can be met under varying work volumes and circumstances. When performance indicators are specified in days, they are calendar days and not work days.

FY20 Recommended Changes	Expenditures	FTEs
FY19 Approved	5,340,627	42.50
Increase Cost: MLS III- International Green Building to Assist the County in Meeting its Goal of Reducing Greenhouse Emissions by 2035.	131,379	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.	253,626	0.00
FY20 Recommended	5,725,632	43.50

✱ 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, fleet management, training, safety, quality assurance, legislative coordination, space management, historic files maintenance, and management services. This program provides outreach, customer service satisfaction and case management, which coordinates DPS disciplines engaged in plan reviews on complex projects or projects needing a higher level of assistance such as "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 program receives complaints, processes information requests, maintains the DPS website, publishes the DPS newsletter, and coordinates outreach events and seminars for residents, civic organizations, and professionals.

Program Performance Measures	Actual FY17	Actual FY18	Estimated FY19	Target FY20	Target FY21
Complaint resolution – Average number of days from complaint filing to final resolution ¹	7.93	9.63	12	12	12
Complaint response – Average number of days from the complaint being filed to first inspection contact with customer	1.98	4.06	3	3	3
MPIA responses - Percentage of information requests responded to within 30 days after receipt by DPS	90.0%	71%	90%	90%	90%

¹ Projections are dependent upon volumes of work, other tasks, staffing, and staff availability. It is our estimation of an outside reasonable commitment that can be met under varying work volumes and circumstances. When performance indicators are specified in days, they are calendar days and not work days.

FY20 Recommended Changes	Expenditures	FTEs
FY19 Approved	12,608,898	30.10
Increase Cost: IT Replacement Servers	460,000	0.00
Increase Cost: Imaging Operators for IT Section	106,122	3.00
Increase Cost: Increase in Rent	73,821	0.00
Shift: Annualization of ESRI Enterprise Agreement - Shift to DTS	(6,100)	0.00
Decrease Cost: Decrease Temporary Clerical Contractors	(118,123)	0.00

Permitting Services

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FY20 Recommended Changes	Expenditures	FTEs
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	119,911	0.00
FY20 Recommended	13,244,529	33.10

☀ 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 Maryland-National Capital Park and Planning Commission certified site plan requirements. This division reviews plans prior to permit issuance, conducts inspections, and investigates and responds to complaints to administer and enforce the zoning standards established by Chapter 59 of the Montgomery County Code. This program regulates the size, shape, height, and mass of a building; the uses that are allowed on the property; and signage.

FY20 Recommended Changes	Expenditures	FTEs
FY19 Approved	4,447,634	32.00
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	178,536	0.00
FY20 Recommended	4,626,170	32.00

☀ Fire Prevention and Code Compliance

The Fire Prevention and Fire Code Compliance program is responsible for ensuring public safety through enforcement of the National Fire Codes and Standards, the Montgomery County Fire Code and the Maryland State Fire Prevention Codes. For new construction, this is done through plans review, permits issuance and inspections of fire protection systems and fire alarm systems. For existing occupied facilities, the program is responsible for preventive inspections. This program issues Fire Code Compliance permits and operational permits for all businesses, schools, multi-family buildings, healthcare facilities, places of worship and all other commercial buildings or occupancies. This program responds to and investigates code violations through a complaints program.

Program Performance Measures	Actual FY17	Actual FY18	Estimated FY19	Target FY20	Target FY21
Fire Protection (Sprinkler Permits) – Average total time (in days) ¹	11.71	6.9	12	12	12
Fire Protection (Sprinkler Permits) – DPS average review time (in days)	4.97	2.4	6	6	6

¹ Projections are dependent upon volumes of work, other tasks, staffing, and staff availability. It is our estimation of an outside reasonable commitment that can be met under varying work volumes and circumstances. When performance indicators are specified in days, they are calendar days and not work days.

FY20 Recommended Changes	Expenditures	FTEs
FY19 Approved	4,500,478	35.00
Decrease Cost: Eliminate Two Permitting & Code Enforcement Inspectors Due to Program Efficiencies	(189,244)	(2.00)
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	226,331	0.00
FY20 Recommended	4,537,565	33.00

BUDGET SUMMARY

	Actual FY18	Budget FY19	Estimate FY19	Recommended FY20	% Chg Bud/Rec
PERMITTING SERVICES					
EXPENDITURES					
Salaries and Wages	21,632,995	22,475,069	22,480,640	23,653,645	5.2 %
Employee Benefits	7,468,242	7,592,432	7,581,465	8,029,075	5.8 %
Permitting Services Personnel Costs	29,101,237	30,067,501	30,062,105	31,682,720	5.4 %
Operating Expenses	8,015,810	10,166,729	8,899,356	10,294,070	1.3 %
Capital Outlay	0	0	0	40,626	—

BUDGET SUMMARY

	Actual FY18	Budget FY19	Estimate FY19	Recommended FY20	%Chg Bud/Rec
Debt Service G.O Bonds	166	0	0	0	—
Debt Service Other	0	0	0	1,500	—
Permitting Services Expenditures	37,117,213	40,234,230	38,961,461	42,018,916	4.4 %
PERSONNEL					
Full-Time	236	236	236	239	1.3 %
Part-Time	2	2	2	2	—
FTEs	243.75	243.75	243.75	246.00	0.9 %
REVENUES					
Automation Enhancement Fee	151,365	95,437	0	0	-100.0 %
Building Permits	24,986,876	22,106,143	23,088,344	24,261,450	9.7 %
Electrical Permits and Licenses	4,275,846	4,534,810	4,079,479	4,200,000	-7.4 %
Fire Code Compliance	0	0	0	1,187,437	—
Fire Code Enforcement Permits	2,632,197	2,415,946	2,988,310	2,405,943	-0.4 %
Grading/Storm Drains/Paving/Driveway Permits	4,088,911	3,697,727	4,387,046	4,200,000	13.6 %
Information Requests	0	0	127,075	0	—
Investment Income	560,411	776,730	880,000	880,000	13.3 %
Mechanical Construction Permit	1,856,330	1,569,836	1,552,508	1,648,328	5.0 %
Miscellaneous Revenues	89,982	0	0	0	—
Occupancy Permits	604,572	603,695	611,951	633,880	5.0 %
Other Charges/Fees	754,110	1,244,027	674,564	1,661,907	33.6 %
Other Fines/Forfeitures	110,305	89,772	97,050	89,772	—
Other Licenses/Permits	442,935	594,672	608,994	638,329	7.3 %
Sediment Control Permits	3,338,786	3,811,233	2,772,528	3,101,270	-18.6 %
Sign Permits	220,587	191,776	241,083	262,500	36.9 %
Special Exception Fee	205,536	230,549	230,549	242,076	5.0 %
Stormwater Mgmt and Water Quality Plan Fee	310,046	284,702	254,702	288,814	1.4 %
Well and Septic	357,790	274,308	318,113	274,308	—
Permitting Services Revenues	44,986,585	42,521,363	42,912,296	45,976,014	8.1 %
GRANT FUND - MCG					
EXPENDITURES					
Salaries and Wages	2,933	0	0	0	—
Employee Benefits	772	0	0	0	—
Grant Fund - MCG Personnel Costs	3,705	0	0	0	—
Operating Expenses	27,146	0	0	0	—
Grant Fund - MCG Expenditures	30,851	0	0	0	—
PERSONNEL					
Full-Time	0	0	0	0	—
Part-Time	0	0	0	0	—
FTEs	0.00	0.00	0.00	0.00	—
REVENUES					
State Grants	27,146	0	0	0	—
Grant Fund - MCG Revenues	27,146	0	0	0	—
DEPARTMENT TOTALS					
Total Expenditures	37,148,064	40,234,230	38,961,461	42,018,916	4.4 %
Total Full-Time Positions	236	236	236	239	1.3 %
Total Part-Time Positions	2	2	2	2	—
Total FTEs	243.75	243.75	243.75	246.00	0.9 %
Total Revenues	45,013,731	42,521,363	42,912,296	45,976,014	8.1 %

FY20 RECOMMENDED CHANGES

PERMITTING SERVICES	Expenditures	FTEs
FY19 ORIGINAL APPROPRIATION	40,234,230	243.75

Permitting Services

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FY20 RECOMMENDED CHANGES

	Expenditures	FTEs
Other Adjustments (with no service impacts)		
Increase Cost: FY20 Compensation Adjustment	1,050,438	0.00
Increase Cost: IT Replacement Servers [Administration]	460,000	0.00
Increase Cost: Annualization of FY19 Personnel Costs	436,150	0.00
Increase Cost: MLS III- Sediment Control Land Development [Land Development]	131,379	1.00
Increase Cost: MLS III- International Green Building to Assist the County in Meeting its Goal of Reducing Greenhouse Emissions by 2035. [Commercial Building Construction]	131,379	1.00
Increase Cost: Imaging Operators for IT Section [Administration]	106,122	3.00
Increase Cost: Increase in Rent [Administration]	73,821	0.00
Increase Cost: Risk Management Adjustment	60,346	0.00
Increase Cost: Retirement Adjustment	48,395	0.00
Increase Cost: Motor Pool Adjustment	44,262	0.00
Increase Cost: IT Maintenance Costs	29,491	0.00
Shift: Annualization of ESRI Enterprise Agreement - Shift to DTS [Administration]	(6,100)	0.00
Decrease Cost: Decrease Temporary Clerical Contractors [Administration]	(118,123)	0.00
Decrease Cost: Eliminate Two Permitting & Code Enforcement Inspectors Due to Program Efficiencies [Fire Prevention and Code Compliance]	(189,244)	(2.00)
Decrease Cost: Charges for Lab Services for Asphalt Testing [Land Development]	(192,400)	(0.75)
Decrease Cost: OPEB Adjustment	(281,230)	0.00
FY20 RECOMMENDED	42,018,916	246.00

PROGRAM SUMMARY

Program Name	FY19 APPR	FY19 APPR	FY20 REC	FY20 REC
	Expenditures	FTEs	Expenditures	FTEs
Land Development	8,350,527	63.25	8,587,652	63.50
Residential Building Construction & Intake	4,988,066	40.90	5,297,368	40.90
Commercial Building Construction	5,340,627	42.50	5,725,632	43.50
Administration	12,608,898	30.10	13,244,529	33.10
Zoning and Site Plan Enforcement	4,447,634	32.00	4,626,170	32.00
Fire Prevention and Code Compliance	4,500,478	35.00	4,537,565	33.00
Total	40,234,230	243.75	42,018,916	246.00

FUTURE FISCAL IMPACTS

CE RECOMMENDED (\$000S)

Title	FY20	FY21	FY22	FY23	FY24	FY25
PERMITTING SERVICES						
EXPENDITURES						
FY20 Recommended	42,019	42,019	42,019	42,019	42,019	42,019
No inflation or compensation change is included in outyear projections.						
Annualization of Positions Recommended in FY20	0	79	79	79	79	79
New positions in the FY20 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 FY20	0	(12)	(12)	(12)	(12)	(12)
Items recommended for one-time funding due to the creation of two positions in FY20 (laptops, cell phones, supplies, cubicles/furniture), will be eliminated from the base in the outyears.						
IT Maintenance Costs	0	3	7	7	9	9
Represents additional maintenance costs for the system upgrades and post-warranty maintenance for servers, scanners, and printers.						
IT Replacement Plan	0	(460)	60	100	(160)	0
Key components of Permitting Service's technology replacement plan include: FY20 six servers for \$460,000, FY22 \$60,000 in printers, and FY23 \$160,000 in Scanners.						
Retiree Health Insurance Pre-funding	0	(4)	(12)	(81)	(129)	(165)
Labor Contracts	0	213	213	213	213	213
These figures represent the estimated annualized cost of general wage adjustments, service increments, and other negotiated items.						
Subtotal Expenditures	42,019	41,839	42,355	42,326	42,020	42,144

ANNUALIZATION OF PERSONNEL COSTS AND FTES

	FY20 Recommended		FY21 Annualized	
	Expenditures	FTEs	Expenditures	FTEs
MLS III- International Green Building to Assist the County in Meeting its Goal of Reducing Greenhouse Emissions by 2035.	125,379	1.00	164,936	1.00
MLS III- Sediment Control Land Development	125,379	1.00	164,936	1.00
Total	250,758	2.00	329,872	2.00

FY20-25 PUBLIC SERVICES PROGRAM: FISCAL PLAN

Permitting Services

FISCAL PROJECTIONS	FY19 ESTIMATE	FY20 REC	FY21 PROJECTION	FY22 PROJECTION	FY23 PROJECTION	FY24 PROJECTION	FY25 PROJECTION
ASSUMPTIONS							
Indirect Cost Rate	18.23%	20.45%	20.45%	20.45%	20.45%	20.45%	20.45%
CPI (Fiscal Year)	2.2%	2.3%	2.5%	2.7%	2.7%	2.7%	2.7%
Investment Income Yield	2.3%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Enterprise Stabilization Factor (EFSF)	0	1.05%	1.00%	1.03%	1.11%	1.14%	1.17%
BEGINNING FUND BALANCE	16,417,858	14,474,146	11,590,938	9,804,245	7,906,079	8,225,480	8,570,903
REVENUES							
Licenses & Permits	41,133,607	43,344,335	43,646,368	44,802,498	48,068,387	50,924,201	52,609,443
Charges For Services	801,639	1,661,907	1,678,528	1,826,311	1,712,284	1,729,387	1,746,881
Fines & Forfeitures	97,050	89,772	89,772	89,772	90,870	91,578	92,492
Miscellaneous	880,000	880,000	880,000	880,000	880,000	880,000	880,000
Subtotal Revenues	42,912,296	45,976,014	46,295,196	47,527,981	51,651,391	53,625,164	55,388,616
INTERFUND TRANSFERS (Net Non-CIP)							
Transfers To The General Fund	(5,642,377)	(6,588,136)	(6,588,136)	(6,588,136)	(6,588,136)	(6,588,136)	(6,588,136)
Indirect Costs	(5,481,305)	(6,479,118)	(6,479,118)	(6,479,118)	(6,479,118)	(6,479,118)	(6,479,118)
Telecommunications NDA	(52,052)	0	0	0	0	0	0
DCM	(109,020)	(109,020)	(109,020)	(109,020)	(109,020)	(109,020)	(109,020)
Transfers From The General Fund	0	0	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Reinstates Green Tape and Public Agency Permits	0	0	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
TOTAL RESOURCES	53,687,777	53,882,024	53,297,998	52,743,690	54,969,245	57,262,508	59,371,382
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(38,961,461)	(42,018,916)	(43,782,767)	(45,625,461)	(47,540,012)	(49,557,106)	(51,653,552)
FFI- Labor Agreement	0	0	(337,000)	(337,000)	(337,000)	(337,000)	(337,000)
FFI- Retiree Health Insurance Pre-Funding	0	0	3,870	11,650	80,820	129,480	164,800
FFI- IT Maintenance	n/a	0	(2,173)	(7,153)	(7,403)	(8,985)	(9,345)
FFI- IT Replacement Plan	n/a	n/a	480,000	(60,000)	160,000	(160,000)	0
FFI- Wheaton Operating Budget Impacts (OBIs)	n/a	n/a	418,487	1,432,513	1,161,000	1,242,000	1,342,000
Subtotal PSP Oper Budget Approp / Exp's	(38,961,461)	(42,018,916)	(43,241,583)	(44,585,441)	(46,491,595)	(48,691,605)	(50,493,097)
OTHER CLAIMS ON FUND BALANCE	(252,170)	(252,170)	(252,170)	(252,170)	(252,170)	0	0
TOTAL USE OF RESOURCES	(39,213,631)	(42,271,086)	(43,493,753)	(44,837,611)	(46,743,765)	(48,691,605)	(50,493,097)
YEAR END FUND BALANCE	14,474,146	11,590,938	9,804,245	7,906,079	8,225,480	8,570,903	8,878,285
END-OF-YEAR RESERVES AS A							
PERCENT OF RESOURCES	27.0%	21.5%	18.4%	15.0%	15.0%	15.0%	15.0%

Assumptions:

- The Enterprise Fund Stabilization Factor (EFSF) is assumed to be a 5% increase over current fees for FY20.
- The EFSF is the factor by which the fee calculation is adjusted to cover DPS labor and operating expenses and to manage the DPS reserve policy of 15 to 20 percent of total resources in the out years as set by the 2002 Principles of the Fiscal Management of the Permitting Services Fund.
- Projections above are based on the Executive's recommended budget and include CPI, revenue, and resource assumptions of that budget. The projected future revenues and fund balances may vary based on changes to the EFSF, future labor agreements, increases in County administrative expenses, lease and maintenance expenses, and other factors not assumed here.
- The General Fund transfer for Public Agency Permits and Green Tape Programs will be deferred through FY20 for fiscal reasons.
- DPS contributed \$21 million in current revenue in prior years (FY17- \$6,591,000, FY18- \$14,400,000), and is intended to support \$14.47 million in non-taxable debt to fund its proportional share of the Wheaton Redevelopment CIP# P361701. \$4,009 million that had been planned to be funded in current revenues in FY19 will now be non-taxable debt funded to meet reserve policy.
- Other claims on fund balance represents GASB 75 OPEB liability.