DEPARTMENT OF LICENSES AND INSPECTIONS FISCAL YEAR 2016 BUDGET TESTIMONY MAY 12, 2015

EXECUTIVE SUMMARY

DEPARTMENT MISSION AND FUNCTION

Mission: To make Philadelphia the Nation's leader in building safety. The Department of Licenses and Inspections (L+I) supports investment, growth, and development through education, code enforcement, and the delivery of outstanding customer service.

Description of Major Services: L+I is in charge of enforcing the Philadelphia code and educating residents about the code's requirements. The core services of L+I are to inspect properties and businesses for compliance with fire and property maintenance, trade and professional license requirements codes; inspect, clean and seal vacant properties and demolish imminently dangerous buildings; review plans, inspect and issue permits according to building, zoning, plumbing and electrical codes; and issue licenses for various trades and business activities and locations.

PROPOSED BUDGET HIGHLIGHTS/FUNDING REQUEST

Budget Highlights: In November 2013, Mayor Nutter created a Special Independent Advisory Commission to review and evaluate the Department of Licenses and Inspections (L+I). The Commission was formed in the wake of the tragic building collapse that killed six people and injured thirteen others in June 2013. After a ten month review, the Commission released a report, titled "Safety First and Foremost", and announced 37 recommendations on the structure and operations of L+I. After receiving the Commission's report, the Mayor formed an internal Steering Committee to review the legal, fiscal and administrative implications of each recommendation. The Steering Committee consisted of key members of the Mayor's Administration with expertise on demolition, fire safety, vacant property, information technology, staffing and training, legal and financial controls. In January 2015, the Committee's draft report, entitled "2015 Plan for a Safer City", was provided to the recently established Building Safety Oversight Board (Board), which will make decisions about immediate and long-term actions necessary for the City to implement recommendations made in the Special Independent Advisory Commission's report. The Board consists of former and present City officials, administrators, and industry professionals. The Board will work with L+I and the internal City work groups to monitor the progress of implementation throughout the remainder of the administration.

In response to the recommendations of the Special Independent Advisory Commission's recommendations, this budget proposes a General Fund allocation increase of 9.2% year over year. The FY16 Proposed General Fund allocation includes a continuation of \$3 million in additional demolition funding to address the list of imminently dangerous properties. Secondly, L+I selected the 2015 *Plan for a Safer City* initiatives to be funded in FY16 based on their direct impact to public safety. The consensus between L+I and the Board was that 1) Vacant Property Management should be at the top of the list, followed by 2) Electrical Agency Oversight and Crane Safety, 3) Engineering/Plumbing Inspections, 4) Fire Code Enforcement, 5) Training and pay for Building Inspectors, 6) Business Compliance, 7) Project eCLIPSE database support, and 8) Law Department support. In order to implement all of the initiatives properly, L+I and the Board determined that a three-year implementation plan would be the most effective strategy. Initiatives that can be implemented in the short-term were identified for full funding in FY16 (\$5.5 million), while those requiring more time for recruitment and training of staff and cross-department collaboration were identified for funding in either FY17 (estimated \$9.7 million) or FY18 (estimated \$10.8 million). L+I plans to hire 31 employees in FY16, 37 in FY17, and 4 in FY18 for a total of 72 new employees by FY18. In addition, 12 employees will be hired in other Departments to support L+I in FY16, 13 employees in FY17 and 4 employees in FY18. All together, this totals 101 new employees by FY18. Please see the summary table below:

	FY16	FY17	FY18
L+I	31	37	4
Fire Department	8	3	4
Law Department	0	6	0
OIT	2	4	0
MDO	2	0	0
SUB-TOTAL	43	50	8
TOTAL			101

As a result of budget cuts in FY09, FY10, and FY11 during the recession, funding decreased by \$4.8 million from FY08 to FY14. Partial funding was restored (from a low of \$18 million) to \$21.2 million in FY12 and has since increased. L+I's General Fund allocation in FY14 was increased by over \$4 million relative to FY13 to pay for additional demolitions (\$3 million) to address the list of imminently dangerous properties (see performance trends for a more detailed discussion) and for 20 new code enforcement inspectors and building inspectors. While the purpose of this increase in the number of inspectors is to bolster enforcement and safety, it is also anticipated to generate revenue for the City due to an increase in permit and license fees. Grant funding has fluctuated significantly from FY08 to FY14 as a result of the Neighborhood Transformation Initiative funding from the Redevelopment Authority (\$3.5 million) in FY08 becoming available again in FY13 (\$6.6 million). Starting in FY11, L+I received a significant increase in ARRA-related grant funding from the Neighborhood Stabilization Program II (NSP2) program, which provides funds to restore foreclosed properties into productive use through selected demolitions as well as rehabilitation and new construction. NSP2 funding ended in FY13. Overall, the total FY16 Proposed Operating Budget is 7.9% higher than the FY15 Current Projection and \$1.8 million (5.3%) higher than FY08.

Fund	Class	FY08 Actual	FY14 Actual	FY15 Current Projection	FY16 Proposed Budget	FY16- FY15 Change	FY16- FY15 Percent Change
	100	17,773,107	15,002,935	17,793,010	19,770,711	1,977,701	11.1%
	200	11,897,482	10,099,962	10,042,535	10,261,906	219,371	2.2%
General	300/400	584,250	303,570	983,613	1,443,941	460,328	46.8%
_	Total	30,254,839	25,406,467	28,819,158	31,476,558	2,657,400	9.2%
	Positions	356	296	353	384	31	8.8%
	100	878,510	490,303	514,818	514,818	0	0.0%
	200	3,468,981	162,807	4,500,000	4,500,000	0	0.0%
Other*	800	60,429	2,234,801	0	0	0	0.0%
	Total	4,407,920	2,887,911	5,014,818	5,014,818	0	0.0%
	Positions	18	7	9	9	0	0.0%
	100	18,651,617	15,493,238	18,307,828	20,285,529	1,977,701	10.8%
	200	15,366,462	10,262,769	14,542,535	14,761,906	219,371	1.5%
All	300/400	584,250	303,570	983,613	1,443,941	460,328	46.8%
All _	800	60,429	2,234,801	0	0	0	0.0%
	Total	34,662,758	28,294,377	33,833,976	36,491,376	2,657,400	7.9%
_	Positions	374	303	362	393	31	8.6%

^{*} Other Funds includes: County Liquid Fuels Tax Fund, Special Gasoline Tax Fund, Healthchoices Behavioral Health Fund, Hotel Room Rental Tax Fund, Grants Revenue Fund, Community Development Fund, Car Rental Tax Fund, Housing Trust Fund, Water Fund, Water Residual Fund, Aviation Fund, and Acute Care Hospital Assessment Fund.

Staff Demographics Summary (as of December 2014)

Full-Time Staff Executive Staff Average Salary - Executive Staff Median Salary - Executive Staff

Total	Minority	Minority White	
335	335 197 138		111
13	7	6	3
\$86,653	\$84,233	\$89,476	\$83,187
\$88,023	\$85,000	\$90,586	\$75,000

Employment Levels (as of December 2014)

Full-Time Positions Part-Time Positions Executive Positions

Budgeted	Filled
362	335
0	0
13	13

Contracts Summary (*as of December 2014)

Total amount of contracts Total amount to M/W/DBE Participation Rate

FY10	FY11	FY12	FY13	FY14	FY15*
\$325,628	\$10,697,630	\$8,317,543	\$7,813,056	\$9,561,084	\$5,462,460
\$123,885	\$2,283,774	\$1,928,973	\$1,761,002	\$2,459,805	\$1,062,067
38%	21%	23%	23%	26%	19%

DEPARTMENT PERFORMANCE (OPERATIONS)

Between FY13 and FY14, the percent of over-the-counter customers processed within 30 minutes increased 1.7%. FY14 only includes data for the first three quarters because the queuing system was out of service during the fourth quarter, however, the queuing system is expected to be fully operational by March 2015. The percent of residential building plans reviewed within 15 days increased 1.3% from FY13 to FY14 and has shown an increase of almost 4% from the first half of FY14 to the first half of FY15. L+I increased the percentage of commercial plumbing, electrical and zoning plan reviews within 20 days by 3% from the first half of FY14 to the first half of FY15. However, the FY14 and FY15 year to date percentages are still below FY13 (98.0%). The percent of building permit and plumbing permit inspections performed within 2 business days has remained flat at 99.0% through FY14, and is currently at 98.5% through the first half of FY15.

L+I also made significant progress towards decreasing the number of properties that are classified as Imminently Dangerous (ID). At the end of the second quarter of FY14, there were over 600 properties categorized as ID. At the end of the second quarter of FY15 there were 218, a decrease of 64%. These improvements are the direct result of a \$3 million demolition funding increase in FY14 and FY15. L+I expects to meet the FY15 goal of 600 demolitions for FY15. L+I demolished 321 residential buildings during the first half of FY15 compared to 249 during the same period in FY14, an increase of 29%. During the first half of FY13, L+I issued 17,378 building, electrical and plumbing permits. The number of building, electrical and plumbing permits increased by 5.6% year over year in the first half of FY15 relative to the first half of FY14, and L+I expects to issue 33,000 permits during FY15 and FY16.

Performance Measure	FY08	FY13	FY14	FY14- FY13 Change	FY14 Q1-Q2	FY15 Q1-Q2	FY15- FY14 Q1-Q2 Change	FY15 Goal	FY16 Goal
Over-the-counter customers processed within 30 minutes	N/A	98.0%	99.7%	1.7%	100.0%	N/A	N/A	100.0%	100.0%
Percent of residential building plans reviewed within 15 days	N/A	95.0%	96.3%	1.3%	96.0%	99.9%	4.0%	100.0%	100.0%
Percent of commercial building, plumbing, electrical and zoning plans reviewed within 20 days	N/A	98.0%	95.0%	-3.1%	91.0%	94.0%	3.3%	100.0%	100.0%
Percent of building permit and plumbing permit inspections performed within 2 business days	N/A	99.0%	99.0%	0.0%	99.0%	98.5%	-0.5%	100.0%	100.0%
Number of Imminently Dangerous (ID) properties	N/A	375	566	50.8%	603	218	-63.9%	250	250
Number of residential demolitions	405	521	522	0.2%	249	321	28.9%	600	600
Number of building, electrical and plumbing permits issued	37,306	39,696	35,444	-10.7%	18,460	19,490	5.6%	33,000	33,000

DEPARTMENT CHALLENGES

As outlined below, a variety of challenges were highlighted in the 2015 Plan for a Safer City (The Plan). One of the most significant issues facing the Department, Vacant Property Management, will be addressed by hiring additional staff and implementing enhanced technology. Investments have been made by the City's Office of Innovation and Technology (OIT) to purchase LIDAR, Pictometry and Planimetrics systems, which will deliver accurate building heights and heatmaps by mid FY16. In addition, Electrical, Crane and Plumbing Inspectors will be added in FY16 to address challenges related to specialty inspections along with additional engineers to improve the quality of building plan reviews. Project eCLIPSE support has also been a significant challenge for the Department. The Plan addresses this challenge by adding four OIT employees in FY17.

ACCOMPLISHMENTS & INITIATIVES

Implementation of 2015 Plan for a Safer City: As explained in the Budget Trends section, the *Plan for a Safer City* (*Plan*) will be implemented over three years. The *Plan* will be phased in:

- Vacant Property Management: The top priority in the 2015 Plan for a Safer City is addressing the thousands of vacant buildings that threaten public safety and drain the city of millions of dollars annually. A targeted vacant property program focused on proactive inspections of vacant buildings will significantly reduce the number of properties that create public safety risks - such as increased crime, fire, and nuisance behavior - and require expensive abatement work. L+I's previous vacant property program, which ran from 2012 through last year, resulted in the rehabilitation or re-occupancy of more than one-third of the buildings cited, meaning that thousands of vacant properties were returned to productive use. In FY16, L+I will hire five inspectors, two research assistants, two GIS Analysts and one Code Administrator for this new unit. These resources will help better assemble and distribute property data for use by different City agencies as a part of larger blight reduction and public safety strategies and lead to both cost savings and increased revenue for the city. While the financial benefits are secondary to public safety, it is important to note that the investment in this program will have a return. Vacant properties cost the City millions of dollars a year to maintain and reduce the City's collection of property, wage, and transfer taxes, but a study by The Reinvestment Fund proved that these costs can be eliminated – and revenue gained – through proactive inspection programs. The reduction in the number of vacant properties created by L+I's previous program significantly reduced the City's annual maintenance costs. Based on historical revenue, the rehabilitation and re-occupancy of these properties also brings with it approximately \$466,284 in annual revenue from the issuance of permits and licenses.
- Electrical Agency Oversight and Crane Safety: Additional Electrical Inspectors and a new Crane Inspector position will also have a direct impact on public safety and allow increased auditing of Electrical Inspection agencies. Four Electrical Inspectors and one Crane Inspector will be hired in FY16. Electrical permits are the only permit inspections not carried out by departmental staff, and so it is critical to public safety that oversight of these third party agencies is improved. L+I will increase audit activity to 50% of all electrical permits. The proposed Crane Inspector will ensure all equipment certifications, operator licensing and rigger/signal person certifications and by conducting on-site audits.
- Engineering/Plumbing Inspections: Four experienced Staff Engineers with specialized experience in Structural, Mechanical, and Electrical engineering will be hired in FY16 to improve the quality of permit plan reviews. The engineers will help streamline the permit review process to ensure efficiency and accountability. The engineers will possess at least five years of experience and will hold a Pennsylvania Professional Engineer's license. They will also help guide L+I's newer engineers and make recommendations on future staffing.

 In addition, six specialized Plumbing Inspectors will be hired in FY16 to strengthen L+I's oversight of plumbing projects throughout the city. The prevention of illegal and unsafe plumbing work is of great concern to L+I, and has been evidenced by recent critical enforcement against unsafe tunneling below public streets and major thoroughfares. Tunneling without proper bracing and shoring to prevent collapse is critical to public safety. The addition of specialized Plumbing Inspectors will allow L+I to step up enforcement and also will allow L+I's building inspectors to focus on other critical building safety enforcement.
- Fire Code Enforcement & Law Department Support: The Plan also prioritizes the expansion of the City's fire prevention efforts. Investing in the creation of a dedicated Fire Prevention Unit within L+I and phasing in a new joint inspection and referral system between L+I and the Philadelphia Fire Department will increase public safety and reduce fire deaths throughout the city. Phased in over several years, this investment will allow L+I and the Fire Department to provide up-to-date Fire Code training for inspectors and increase the number of inspections that the departments can conduct. By combining the expertise of L+I's Fire Code inspectors and the Fire Department's Fire Code officials, the departments will be able to exercise additional oversight over buildings that present heightened fire risks, including large vacant commercial and industrial buildings and other critical buildings and businesses. Because of the highly technical nature of the training and the complexities of personnel reassignment involved, it is necessary to phase this part of the plan in over three years to ensure that the program is implemented systematically and with identifiable results. FY16 will fund eight of the fifteen new inspectors in L+I and also eight of the fifteen new inspectors in the Fire Department. This will grow to eleven new inspectors in each department in FY17 and the full level of fifteen in each department by FY18. As L+I begins to see the impact of increased Fire Code enforcement during FY16, additional resources for the Law Department will be needed to handle this anticipated increase in cases being referred for prosecution; a total of six Law positions will be funded in FY17 to account for this increase.
- Training, Building Inspectors Pay, and New Hires: L+I will implement a "broadband" pay range and a new streamlined L+I Building Inspector title in FY16, which will provide a clearly defined career progression and easier to understand requirements. Employees will also progress through the new broadband title/pay range

without having to take further civil service examinations. The starting salary and full performance level salary of existing inspectors will increase as a result of this change and the Department will be able to hire new inspectors at any step in the pay range based on qualifications and experience. These changes will be implemented in FY16 and twenty-four new Building Inspectors will be hired in FY17 under the new, improved requirements. L+I will also hire one Training and Development Manager in FY16, which will have an immediate impact by enhancing L+I's Training offerings. L+I will have the ability to provide expanded proactive training that will fulfill the re-certification continuing education requirements needed by all Building Inspectors. In addition, training offerings for all department employees will expand.

Prior to the release of the *Plan*, L+I hired 27 additional building inspectors in FY15 for the Department's Emergency Services and Compliance Divisions. The inspectors specifically target unlicensed, unpermitted, or unsafe construction and demolition sites and will also respond to building emergencies. This new group of inspectors will complement the work of the Building Division by providing additional oversight on top of the code-required inspections conducted by Building Inspectors.

- Business Compliance: The re-establishment of a Business Compliance Unit in L+I will allow L+I to improve enforcement of all required business licenses, zoning, signage and regulated use. Eight inspectors will be hired in FY17 for this unit, which will be housed in L+I's Operations Division. Two Code Administrators will also be hired to supervise the unit.
- Project eCLIPSE Support: Project eCLIPSE (electronic Commercial Inspection Permit Service Enterprise) will
 replace L+I's current database system and will offer residents online access to many L+I services. Project
 eCLIPSE will improve data accuracy, enable online application and payment for licenses and permits, and
 expand performance measurement tools. The first phase, business licensing, went live on January 5, 2015. L+I's
 vendor for Project eCLIPSE, Computronix, winds down its presence in FY16, and four additional positions will be
 funded in FY17 to ensure a smooth transition during post-implementation (one IT Director, one Project Lead,
 one Mobile Device Lead and one Trainer).

Increasing Demolition and Construction Safety: L+I implemented new demolition application and permit controls as well as new construction site signage requirements that were passed into law in 2014. In addition, demolition permits now require a 20-day plan review to include site safety plans, engineering reports, tax clearances and contractor experience requirements where previously these were issued over the counter.

In FY14, L+I formed the Construction Site Task Force (CSTF) to address construction site and licensing issues and to enforce all contractor licensing requirements, monitor construction sites for clean and safe conditions and ensure Streets Department Right of Way (ROW) permits and licenses for all contractors working on the sites. CSTF has issued over 75 Stop Work Orders so far in FY15. L+I estimates that it will issue 200 Stop Work Orders in FY15 and 225 in FY16.

Increasing Transparency: L+I launched a new website in FY14 (www.phila.gov/LI) that provides citizens with information on permits, licenses, violations and enforcement actions for any property within the city, a major step toward increasing transparency of City government. L+I provides its extensive collection of data in a way that can be easily searched, mapped, and analyzed. The website's mapping tool will help residents and businesses not only monitor the work the L+I does in their neighborhoods, but also identify and report problems to the Department in order to make their neighborhoods safer and promote compliance.

Code Enforcement: After working closely with City Council to adopt the International Property Maintenance Code, L+I is currently preparing for enforcement by investing in comprehensive training and certification for all code enforcement inspectors in the Operations Division, which is responsible for enforcing the Property Maintenance Code. Since the City already recognizes the International Code Council's Building Code for construction of new buildings, adopting the ICC property maintenance code will bring all of the code under the nation's best practice, which has been adopted by 36 other states across the country.

L+I will continue the practice it began in FY15 of securing the perimeter of imminently dangerous properties until they are either repaired or demolished. The perimeter barriers establish a visible deterrent to entry and trespass while

corrective repair or demolition is pending. To date, 70 imminently dangerous properties have been secured pending demolition.

A new Compliance Division has been created to increase oversight on construction and demolition sites to improve public safety. As L+l's newly hired building inspectors conclude their certification training, this Division will be fully staffed. The Division is responsible for ensuring that development projects fully comply with all applicable laws, statutes, ordinances, rules and regulations related to the protection of people, the environment, or property. The division also performs internal audits of departmental operations.

Receipt of IAS Accreditation: L+I underwent a comprehensive review of procedures and field visits for more than a year. In September 2013, the Department received accreditation from the International Accreditation Service (IAS) for observing high standards in plan review, permit inspection, and code enforcement procedures. Philadelphia is now the largest municipality in the nation to hold this accreditation. In order to maintain this distinction, IAS will return in 2016 to again review L+I's policies and procedures and make a determination on whether best practices have been upheld.

L+I continues to employ a diverse staff. Of the 335 full-time employees in L+I, 67% are Male, 33% are Female, 49% are African-American, 41% are White, 7% are Hispanic, 2% are Asian and 1% Other Ethnicities. Of the 54 employees hired in the last 12 months, 78% are Male, 22% are Female, 41% are African-American, 57% are White, and 2% are Hispanic.

Staff Demographics (as of December 2014)

Full-Time Staff				Executive Sto	ıff	f FY15 New Hires		
	Male	Female		Male	Female		Male	Female
	African- American	African- American		African- American	African- American		African- American	African- American
Total	88	77	Total	5	1	Total	12	8
% of Total	26.3%	23.0%	% of Total	38.5%	7.7%	% of Total	22.2%	14.8%
	White	White	_	White	White	_	White	White
Total	115	23	Total	4	2	Total	31	2
% of Total	34.3%	6.9%	% of Total	30.8%	15.4%	% of Total	57.4%	3.7%
	Hispanic	Hispanic	-	Hispanic	Hispanic	-	Hispanic	Hispanic
Total	13	9	Total	1	0	Total	1	0
% of Total	3.9%	2.7%	% of Total	7.7%	0.0%	% of Total	1.9%	0.0%
	Asian	Asian	_	Asian	Asian	_	Asian	Asian
Total	5	2	Total	0	0	Total	0	0
% of Total	1.5%	0.6%	% of Total	0.0%	0.0%	% of Total	0.0%	0.0%
	Other	Other	•	Other	Other	•	Other	Other
Total	3	0	Total	0	0	Total	0	0
% of Total	0.9%	0.0%	% of Total	0.0%	0.0%	% of Total	0.0%	0.0%
	Bi-lingual	Bi-lingual		Bi-lingual	Bi-lingual	-	Bi-lingual	Bi-lingual
Total	10	6	Total	1	0	Total	2	0
% of Total	3.0%	1.8%	% of Total	7.7%	0.0%	% of Total	3.7%	0.0%
	Male	Female	1	Male	Female	1	Male	Female
Total	224	111	Total	10	3	Total	44	10
% of Total	66.9%	33.1%	% of Total	76.9%	23.1%	% of Total	81.5%	18.5%

M/W/DBE Participation on Large Contracts FY15 Contracts

Vendor	Service Provided	Amount of Contract	RFP Issue Date	Contract Start Date	Ranges in RFP	% of M/W/DBE Participation Achieved	\$ Value of M/W/DBE Participation	Total % and \$ Value Participation - All	Living Wage Compliant?
		\$1,641,936			MBE:	0%	\$0		Yes
Pedro Palmer	Public Demolitions			9/8/14	WBE:	0%	\$0	0%	
					DSBE:	0%	\$0	\$0	
					MBE:	0%	\$0	·	
Gama Wrecking	Public Demolitions	\$1,459,106		8/1/14	WBE:	0%	\$0	0%	Yes
					DSBE:	0%	\$0	\$0	
					MBE:	100%	\$797,870	·	
Mangual	Public Demolitions	\$797,870		8/27/14	WBE:	0%	\$0	100%	Yes
					DSBE:	0%	\$0	\$797,870	
				8/1/14	MBE:	0%	\$0		Yes
USA Env	Public Demolitions	\$549,765			WBE:	0%	\$0	0%	
					DSBE:	0%	\$0	\$0	
					MBE:	0%	\$0		Yes
A & M Curran	Public Demolitions	\$197,592		10/1/14	WBE:	0%	\$0	0%	
					DSBE:	0%	\$0	\$0	
	Public Demolitions	\$142,200		9/9/14	MBE:	0%	\$0		Yes
RLC					WBE:	0%	\$0	0%	
					DSBE:	0%	\$0	\$0	
					MBE:	0%	\$0		Yes
Monticello	Public Demolitions	\$74,747		11/21/14	WBE:	0%	\$0	0%	
					DSBE:	0%	\$0	\$0	
					MBE:	100%	\$61,297		
Ray's Home Repair	Public Demolitions	\$61,297		10/1/14	WBE:	0%	\$0	100%	Yes
					DSBE:	0%	\$0	\$61,297	
					MBE:	0%	\$0		
JPC Group	Public Demolitions	\$2,764		8/8/14	WBE:	0%	\$0	0%	Yes
					DSBE:	0%	\$0	\$0	