

**DEPARTMENT OF LICENSES AND INSPECTIONS
FISCAL YEAR 2017 BUDGET TESTIMONY
APRIL 12, 2016**

INTRODUCTION

Good morning, President Clarke and Members of City Council. I am Dave Perri, Commissioner of Licenses and Inspections. Joining me today is Kirk McClarren, Administrative Services Director. I am pleased to provide testimony on the Department of Licenses and Inspections Fiscal Year 2017 operating budget.

DEPARTMENT MISSION/PLANS

Mission: The Department of Licenses and Inspections is committed to making Philadelphia the Nation's leader in building safety. L+I enforces Philadelphia's Building, Property Maintenance, and Fire Codes, which set forth the legal responsibilities that come with property ownership and participation in the construction industry. Our mission is to promote public safety first and foremost across all of our core functions, which include:

- Issuing licenses and permits;
- Inspecting construction projects to ensure conformance to all plans and applicable codes;
- Enforcing the Property Maintenance Code, Fire Code, and designated business regulations; and
- Rapidly responding to building and construction emergencies.

Plans for Fiscal Year 2017:

In Fiscal Year 2017, L+I will enter the second year of an implementation plan designed to strengthen the Department as we sharpen our focus on public safety. L+I will reorganize to establish a Division of Building Safety devoted to construction and demolitions, and will hire an additional 24 Building Inspectors who will strengthen the Department's enforcement of construction codes from the plan review stage through final inspection. Another 35 Building Inspectors hired in FY15 and FY16 are in the final stages of training to obtain required certifications. Together, these new inspectors will begin to move the Department closer to optimal staffing levels. To house the growing staff of Building Inspectors, the Department will establish two new district offices in FY17. Specific locations of the new offices have yet to be finalized, but will be determined based on where the greatest amount of new construction and development, as measured by volume of permits issued, is taking place.

In total, L+I's budget request provides for 37 new positions, which in addition to the new Building Inspectors, includes staff to enforce business regulations and inspect existing buildings for Code compliance. L+I operations will be further strengthened by ten new positions within the Law Department and the Office of Innovation and Technology.

The FY17 budget includes nearly \$9 million for demolition. Three years ago, the City had over 600 imminently dangerous properties. Today, we have cut that number to 264 structures by aggressively demolishing buildings that pose a public safety threat, while also contending with the reality that Philadelphia's aging housing stock continues to deteriorate. We are on track to demolish more than 500 properties by the end this fiscal year, which we believe will allow us to meet our goal of decreasing the number of imminently dangerous properties to fewer than 250. We are also on track to end this fiscal year having performed 2,100 clean and seals of vacant properties. In FY 15, L+I demolished 495 buildings and performed 2,175 clean and seals.

In FY17, the Department will implement technology improvements that will result in more efficient and effective operations both internally and for the public. Project eCLIPSE, a capital-funded data system within OIT, will improve the Department's ability to store, retrieve, and review data and will prove particularly useful for inspectors in the field, who will be able to pull up building information in real-time. Inspectors will also be able to upload information into the system from outside of the office, including time-stamped photos and geocoded information that is crucial in code enforcement proceedings. Other benefits of eCLIPSE include a new online system for obtaining or renewing permits and licenses and better access to tax compliance data, which could in turn result in improved revenue collection for the City. Since the implementation of eCLIPSE in January 2015, an electronic interface with the Revenue Department has been established to more efficiently flag license applicants with delinquent taxes. To date, a total of \$6,651,568 has been collected in delinquent taxes as a result, including \$1,258,932 collected since January 2016.

L+I is also partnering with OIT on an initiative that is incorporating sophisticated aerial and street-level imagery, mapping, data mining, and computer modeling to help identify potentially vacant properties and prioritize inspections and demolitions of dangerous buildings. This technology is particularly important because it captures data not observable from the street level and allows the Department to predict vacancy and prioritize enforcement of properties most at risk to the public's safety. Relatedly, the Department is also investing in structural engineering services to obtain third-party expert analysis of the inventory of unsafe and imminently dangerous buildings.

The hardworking employees in L+I are committed to their focus on public safety and I commend them for their daily efforts.

Thank you for the opportunity to present our FY17 budget. I am available to answer questions at this time.

**DEPARTMENT OF LICENSES AND INSPECTIONS
BUDGET SUMMARY AND OTHER BUDGET DRIVERS**

Staff Demographics Summary (as of January 2016)

	Total	Minority	Female
Full-Time Staff	330	201	116
Executive Staff	12	4	6
Average Salary - FTS	\$47,746	\$43,104	\$44,749
Average Salary - ES	\$95,902	\$70,146	\$88,802
Median Salary - FTS	\$42,722	\$38,472	\$37,411
Median Salary - ES	\$89,689	\$68,813	\$83,813

Employment Levels (as of January 2016)

	Budgeted	Approved	Filled
Full-Time Positions	384	384	330
Part-Time Positions	0	0	0
Executive Positions	12	12	12
Overall Average Salary	\$49,714	\$49,714	\$47,746
Overall Median Salary	\$44,667	\$44,667	\$42,722

Financial Summary by Class - General Fund

	Fiscal 2015 Actual Obligations	Fiscal 2016 Original Appropriations	Fiscal 2016 Estimated Obligations	Fiscal 2017 Proposed Appropriations	Difference FY17-FY16
Class 100 - Employee Compensation	\$17,339,946	\$19,770,711	\$19,770,711	\$21,594,751	\$1,824,040
Class 200 - Purchase of Services	\$10,040,699	\$10,261,906	\$10,261,906	\$10,730,904	\$468,998
Class 300 - Materials and Supplies	\$595,765	\$545,569	\$545,569	\$573,607	\$28,038
Class 400 - Equipment	\$387,323	\$898,372	\$898,372	\$712,857	(\$185,515)
Class 500 - Contributions	\$1,447,843	\$0	\$0	\$0	\$0
Class 700 - Debt Service	\$0	\$0	\$0	\$0	\$0
Class 800 - Payment to Other Funds	\$0	\$0	\$0	\$0	\$0
Class 900 - Advances/Misc. Payments	\$0	\$0	\$0	\$0	\$0
TOTAL	\$29,811,576	\$31,476,558	\$31,476,558	\$33,612,119	\$2,135,561

Contracts Summary (as of December 2015)

	FY11	FY12	FY13	FY14	FY15	FY16*
Total amount of contracts	\$10,697,630	\$8,317,543	\$7,813,056	\$9,561,084	\$6,448,649	\$4,850,795
Total amount to M/W/DBE	\$2,283,774	\$1,928,973	\$1,761,002	\$2,459,805	\$1,522,514	\$1,305,311
Participation Rate	21.35%	23.19%	22.54%	25.73%	23.61%	26.91%

*as of December 2015.

DEPARTMENT OF LICENSES AND INSPECTIONS PROPOSED BUDGET OVERVIEW

PROPOSED FUNDING REQUEST

The proposed Fiscal Year 2017 general fund budget totals \$33,612,119, an increase of \$2,135,561 over Fiscal Year 2016 estimated obligation levels. This increase is primarily due to the Special Independent Advisory Commission (SIAC) recommendations and the pay increases for the DC47 and Non-Represented employees.

The proposed budget includes:

- \$21,594,751 in Class 100, a \$1,824,040 increase over FY16. \$184,760 of the increased funding will support the 3% pay raises for the DC47 and Non-Rep staff. The residual \$1,639,280 of increased funding will support the hiring of 31 inspectors and 6 supervisors to address the Fire Code Enforcement, Business Compliance and Building Inspection sections of the SIAC report. \$300,000 of planned class 100 funding was moved to class 200 and Class 400 to support new district offices to house the additional inspectors.
- \$10,730,904 in Class 200, a \$468,998 increase over FY16. \$296,998 of increased funding will support Fire Code Enforcement, Business Compliance and Building Inspections to cover smartphone service, certifications, training, travel and parking expenses for inspectors. Also \$172,000 of the reallocated Class 100 dollars is to fund leasing costs for the new district offices.
- \$573,607 in Class 300, a \$28,038 increase over FY16. The increased funding will support Fire Code Enforcement, Business Compliance and Building Inspections to fund inspector uniforms, code book and supplies.
- \$712,857 in Class 400, a \$185,515 decrease below FY16. \$703,666 of decreased funding is a result of one time FY16 purchases of furniture and vehicles required for heightened enforcement in the areas of Vacant Property, Fire Code Enforcement, Electrical & Crane Inspectors and Plumbing Inspectors & Engineers. \$390,151 of increased funding is for Business Compliance and Building Inspectors to purchase office equipment, vehicles and furniture renovations. Also \$128,000 of the reallocated Class 100 dollars is to fund furniture purchases for the new district offices.

STAFFING LEVELS

The proposed Fiscal Year 2017 general fund budget will support 417 positions – an increase of 37 positions from FY16. The Department’s staffing level as of January 2016 is 330 general fund positions. During FY16, the Department recruited and hired several highly skilled staff members to better address complex issues, including 3 Electrical Inspectors to increase audit capacity of electrical permits and a Staff Engineer to provide expert guidance on complex plan reviews. The Department also brought on a Training & Development Manager to improve training of staff across the board. In addition, the Department hired 2 Research Analysts and 2 GIS Analysts to support its increased use of technology to identify and prioritize demolition of dangerous buildings. The Department, in cooperation with DC33 and DC47, has completely re-designed the job titles for both Building Inspectors and Code Enforcement Inspectors. As part of this effort, inspector salaries were raised to competitive levels that will allow the City to both recruit and retain inspectional talent. The new inspector job titles will be presented to the Civil Service Commission on April 20, 2016. Recruitment and testing for inspectional positions will begin in late FY16, which will allow the Department to fill inspectional vacancies.

- The Department has hired 29 employees since July 1, 2015. Of those 29 new employees, 11 are White and 18 are African-American. One of these employees is bilingual.
- See appendix for Bilingual Employees Chart

**DEPARTMENT OF LICENSES AND INSPECTIONS
 PERFORMANCE, CHALLENGES AND INITIATIVES**

DEPARTMENT PERFORMANCE (OPERATIONS)

Performance Measures	FY15 Actual	FY16 YTD (as of 12/31/15)	FY17 Target
Number of building, electrical and plumbing permits issued	39,883	21,486	34,000
Percent of commercial building, plumbing, electrical and zoning plans reviewed within 20 days	95.6%	97%	95%
Percent of residential building plans reviewed within 15 days	99.7%	94.6%	95%
Percent of over the counter customers processed within 30 minutes (customer care and license issuance unit)	63.3%	68.6%	90%
Percent of building permit and plumbing permit inspections completed within 2 days	98.6%	98.7%	98%
Number of residential demolitions	492	252	500
Number of Imminently Dangerous Properties	258 (at end of year)	223 (as of 12/31/15)	200 (at end of year)
Average cost per residential demolition (new measure)	No Data	No Data	\$17,000

**DEPARTMENT OF LICENSES AND INSPECTIONS
OTHER BUDGETARY IMPACTS**

FEDERAL AND STATE (WHERE APPLICABLE)

The Department of Licenses and Inspections currently receives \$514,818 in annual Community Development Block Grant (CDBG) funding. These federal grant funds are disbursed to L+I through the Department of Planning & Development and directly fund nine (9) inspectional positions in L+I's Contractual Services Unit. These positions perform key inspectional tasks related to code enforcement of unsafe and imminently dangerous properties. Continuation of these CDBG funds is critical to L+I.

**DEPARTMENT OF LICENSES AND INSPECTIONS
CONTRACTING EXPERIENCE**

**M/W/DSBE Participation on Large Contracts
FY16 Contracts**

Vendor	Service Provided	Amount of Contract	Contract Start Date	Ranges	% of M/W/DSBE Participation Achieved	\$ Value of M/W/DSBE Participation	Total % and \$ Value Participation - All DSBEs	Local Business	Living Wage Compliant?
Gama Wrecking	Demolition	\$1,067,778	6/30/15	MBE: 15% to 20%	0%	\$0	0% \$0	Y	Y
				WBE: 10% to 15%	0%	\$0			
				DSBE:	0%	\$0			
Pedro Palmer	Demolition	\$1,018,487	6/30/15	MBE: 15% to 20%	0%	\$0	0% \$0	Y	Y
				WBE: 10% to 15%	0%	\$0			
				DSBE:	0%	\$0			
Mangual	Demolition	\$910,669	7/8/15	MBE: 15% to 20%	100%	\$910,669	100% \$910,669	Y	Y
				WBE: 10% to 15%	0%	\$0			
				DSBE:	0%	\$0			
USA	Demolition	\$562,736	6/30/15	MBE: 15% to 20%	0%	\$0	0% \$0	Y	Y
				WBE: 10% to 15%	0%	\$0			
				DSBE:	0%	\$0			
A&M Curran	Demolition	\$442,080	8/17/15	MBE: 15% to 20%	0%	\$0	0% \$0	N	Y
				WBE: 10% to 15%	0%	\$0			
				DSBE:	0%	\$0			
Monticello	Demolition	\$194,522	8/17/15	MBE: 15% to 20%	0%	\$0	0% \$0	N	Y
				WBE: 10% to 15%	0%	\$0			
				DSBE:	0%	\$0			
Ray's Home Repair	Demolition	\$139,849	8/17/15	MBE: 15% to 20%	100%	\$139,849	100% \$139,849	Y	Y
				WBE: 10% to 15%	0%	\$0			
				DSBE:	0%	\$0			
RLC	Demolition	\$100,518	7/23/15	MBE: 15% to 20%	0%	\$0	0% \$0	Y	Y
				WBE: 10% to 15%	0%	\$0			
				DSBE:	0%	\$0			

**DEPARTMENT OF LICENSES AND INSPECTIONS
EMPLOYEE DATA**

Staff Demographics (as of January 2016)

<i>Full-Time Staff</i>			<i>Executive Staff</i>		
	Male	Female		Male	Female
	African-American	African-American		African-American	African-American
<i>Total</i>	88	83	<i>Total</i>	1	2
<i>% of Total</i>	26.7%	25.2%	<i>% of Total</i>	8.3%	16.7%
<i>Average Salary</i>	\$41,992	\$40,910	<i>Average Salary</i>	\$57,960	\$68,813
<i>Median Salary</i>	\$40,531	\$38,467	<i>Median Salary</i>	\$57,960	\$68,813
	White	White		White	White
<i>Total</i>	108	21	<i>Total</i>	4	4
<i>% of Total</i>	32.7%	6.4%	<i>% of Total</i>	33.3%	33.3%
<i>Average Salary</i>	\$53,232	\$48,295	<i>Average Salary</i>	\$118,599	\$98,797
<i>Median Salary</i>	\$50,245	\$46,013	<i>Median Salary</i>	\$112,686	\$97,281
	Hispanic	Hispanic		Hispanic	Hispanic
<i>Total</i>	9	9	<i>Total</i>	1	0
<i>% of Total</i>	2.7%	2.7%	<i>% of Total</i>	8.3%	0.0%
<i>Average Salary</i>	\$42,887	\$44,702	<i>Average Salary</i>	\$85,000	\$0
<i>Median Salary</i>	\$40,898	\$42,549	<i>Median Salary</i>	\$85,000	\$0
	Asian	Asian		Asian	Asian
<i>Total</i>	6	2	<i>Total</i>	0	0
<i>% of Total</i>	1.8%	0.6%	<i>% of Total</i>	0.0%	0.0%
<i>Average Salary</i>	\$59,192	\$74,360	<i>Average Salary</i>	\$0	\$0
<i>Median Salary</i>	\$61,007	\$74,360	<i>Median Salary</i>	\$0	\$0
	Other	Other		Other	Other
<i>Total</i>	3	1	<i>Total</i>	0	0
<i>% of Total</i>	0.9%	0.3%	<i>% of Total</i>	0.0%	0.0%
<i>Average Salary</i>	\$64,518	\$47,996	<i>Average Salary</i>	\$0	\$0
<i>Median Salary</i>	\$61,924	\$47,996	<i>Median Salary</i>	\$0	\$0
	Bi-lingual	Bi-lingual		Bi-lingual	Bi-lingual
<i>Total</i>	8	6	<i>Total</i>	1	0
<i>% of Total</i>	2.4%	1.8%	<i>% of Total</i>	8.3%	0.0%
<i>Average Salary</i>	\$57,413	\$52,939	<i>Average Salary</i>	\$85,000	0.0%
<i>Median Salary</i>	\$56,194	\$55,674	<i>Median Salary</i>	\$85,000	0.0%
	Male	Female		Male	Female
<i>Total</i>	214	116	<i>Total</i>	6	6
<i>% of Total</i>	64.8%	35.2%	<i>% of Total</i>	50.0%	50.0%
<i>Average Salary</i>	\$49,926	\$44,750	<i>Average Salary</i>	\$102,893	\$88,802
<i>Median Salary</i>	\$47,134	\$39,602	<i>Median Salary</i>	\$99,007	\$83,813

DEPARTMENT OF LICENSES AND INSPECTIONS
APPENDIX (Other Relevant Data and Charts)

Number of Bilingual Employees (as of January 2016)

	Spanish	Malayalam	Hindi	Urdu	Nepali	German	Tamil	Italian
Permit Intake	0	1	1	1	1	1	1	0
Code Enforcement	3	0	0	0	0	0	0	0
Building District Operations	0	0	1	0	0	1	0	1
Contractual Services	1	0	0	0	0	0	0	0
Building Administration	1	0	0	0	0	0	0	0
Engineering Services	0	1	0	0	0	0	0	0
Human Resources	0	1	1	0	0	0	0	0
Fiscal	1	0	0	0	0	0	0	0
Development Administration	1	0	0	0	0	0	0	0
Total - All Divisions	7	3	3	1	1	2	1	1
Total - # of Bilingual Employees	14							
Total - # of Languages Spoken	8							