

**DEPARTMENT OF LICENSES + INSPECTIONS
FISCAL YEAR 2018 BUDGET TESTIMONY
MAY 8, 2017**

INTRODUCTION

Good Afternoon President Clarke and Members of City Council. I am Dave Perri, Commissioner of Licenses + Inspections. Joining me today are Kirk McClarren, Administrative Services Director and Rebecca Swanson, Director of Planning & Analysis. I am pleased to provide testimony on the Department of Licenses + Inspections' Fiscal Year 2018 Operating Budget.

DEPARTMENT MISSION & PLANS

Mission: The Department of Licenses + Inspections (L+I) is committed to making Philadelphia the nation's leader in building safety. The Department is the City's code enforcement agency and its mission is, first and foremost, to promote safety.

L+I accomplishes this work through the following programs:

- **Permits and Licensing:** This program issues building, plumbing, electrical, and zoning permits and business and trades licenses efficiently and in accordance with legal and code requirements.
- **Code Enforcement:** This program is responsible for enforcing the property maintenance code, cleaning and sealing vacant and abandoned properties, ensuring that businesses possess all proper licenses and comply with ordinances and regulations governing business activity, and addressing properties that pose a nuisance to the quality of life in the City through code enforcement.
- **Demolition:** This program is responsible for the demolition of imminently dangerous structures that pose a threat to Philadelphians and for responding to emergency calls related to structural collapses, fires, and related emergencies.
- **Building Inspections:** This program is responsible for conducting building inspections for all permitted activities and for patrolling construction activity to ensure that all projects are permitted and safety precautions are followed.
- **Administration:** This program is responsible for providing administrative support for the Department. Support functions include human resources, employee safety, training, payroll, labor relations, budget and accounting services, procurement, and contract administration.

Plans for Fiscal Year 2018: In Fiscal Year 2018, L+I will enter the third year of an implementation plan designed to strengthen the Department and will continue to promote building safety through the management of both public and private demolitions, with a focus on demolishing properties that pose the greatest threat. This proposed budget will increase funding for city-funded demolitions, allowing L+I to conduct 525 demolitions each year with over \$9 million in dedicated demolition funding.

The Department, in partnership with OIT, will continue to utilize new technologies that help to better identify the most dangerous properties and, in turn, prioritize them for either demolition or other enforcement measures. This technology includes LIDAR (light detection and ranging); Pictometry (aerial photography); Planimetrics (footprints and facades); and Cyclomedia (street-level imagery). This technology is particularly important because it captures data that is not observable from the street level and allows the Department to prioritize enforcement of properties that pose the greatest risk to public safety.

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The Department, along with the Office of Innovation & Technology (OIT), will implement the remaining phases of the capital-funded eCLIPSE (electronic Commercial Licensing, Inspection and Permit Services Enterprise) project in FY18. All Business and Trade licenses are now fully online in eCLIPSE and the Permits, Electronic Plan Review and Code Enforcement implementations are scheduled for full completion by April 2018.

In order to support the update of the Department's business processes to align with eCLIPSE implementation, L+I's FY18 budget proposes adding two (2) positions, a Business Process Specialist and a Change Management Analyst, to assist with the business transformation associated with eCLIPSE. These staff persons will update procedures and workflows during the implementation of the new system and will be necessary post-implementation to assist with updates to L+I's standard operating procedures.

The FY18 budget also includes additional investments for professional services contracts that will improve quality control of specialized building plan reviews, establish a crane inspection program, establish on-call engineering services to assist with collapse investigations and conduct strategic planning and training efforts. The budget also provides funding for six (6) additional Customer Service Representatives and four (4) additional plans examiners to assist with customer service enhancements to the concourse area of the Municipal Services Building. In addition, L+I will also be implementing a new customer queuing system, which will allow customers to schedule a reserved appointment online for a specific date and time.

L+I has worked with the Department of Public Property to identify space in North Philadelphia for a new district office. This area of the City has seen a great rise in the number of permits issued due to construction activity. We anticipate executing a lease this fiscal year, pending the passage of a City Council ordinance.

Funding is also proposed for a new Floodplain Manager position. This position, which was recommended by FEMA as a best practice, would be responsible for issuing floodplain permits for structures within Philadelphia floodplain areas; enforcing the requirements of the community flood damage prevention ordinance; updating flood maps, plans, and policies; and administering the National Flood Insurance Program (NFIP) for the City.

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 FY18 budget. I am available to answer questions at this time.

BUDGET SUMMARY & OTHER BUDGET DRIVERS

Staff Demographics Summary (as of December 2016)				
	Total	Minority	White	Female
Number of Full-Time Staff	333	208	125	120
Number of Civil Service-Exempt Staff	20	5	15	9
Number of Executive Staff	13	4	9	6
Average Salary, Full-Time Staff	\$48,979	\$42,078	\$57,080	\$44,593
Average Salary, Civil Service-Exempt Staff	\$85,142	\$70,474	\$92,032	\$81,680
Average Salary, Executive Staff	\$100,575	\$74,250	\$112,276	\$93,800
Median Salary, Full-Time Staff	\$41,512	\$35,534	\$49,183	\$38,472
Median Salary, Civil Service-Exempt Staff	\$84,476	\$70,000	\$90,000	\$87,000
Median Salary, Executive Staff	\$103,000	\$75,250	\$113,400	\$96,500

Employment Levels (as of December 2016)		
	Budgeted	Filled
Number of Full-Time Positions	417	333
Number of Part-Time Positions	0	0
Number of Civil-Service Exempt Positions	20	20
Number of Executive Positions	13	13
Average Salary of All Full-Time Positions	\$48,942	\$48,979
Median Salary of All Full-Time Positions	\$40,476	\$41,512

General Fund Financial Summary by Class						
	FY16 Original Appropriations	FY16 Actual Obligations	FY17 Original Appropriations	FY17 Estimated Obligations	FY18 Proposed Appropriations	Difference: FY18-FY17
Class 100 - Employee Compensation	\$19,770,711	\$18,606,512	\$21,272,576	\$21,601,380	\$23,019,730	\$1,418,350
Class 200 - Purchase of Services	\$10,261,906	\$10,401,930	\$11,053,079	\$12,011,947	\$11,823,061	(\$188,886)
Class 300 - Materials and Supplies	\$545,569	\$414,873	\$573,607	\$532,475	\$375,951	(\$156,524)
Class 400 - Equipment	\$898,372	\$1,022,355	\$712,857	\$671,726	\$536,524	(\$135,202)
Class 500 - Contributions	\$0	\$160,615	\$0	\$0	\$0	\$0
Class 700 - Debt Service	\$0	\$0	\$0	\$0	\$0	\$0
Class 800 - Payment to Other Funds	\$0	\$0	\$0	\$0	\$0	\$0
Class 900 - Advances/Misc. Payments	\$0	\$0	\$0	\$0	\$0	\$0
	\$31,476,558	\$30,606,285	\$33,612,119	\$34,817,528	\$35,755,266	\$937,738

Professional Services Contracts Summary						
	FY12	FY13	FY14	FY15	FY16	FY17 YTD (Q1 & Q2)
Total amount of contracts	\$446,957	\$367,283	\$428,035	\$448,950	\$402,675	\$364,000
Total amount to M/W/DSBE	\$195,000	\$173,680	\$189,035	\$153,220	\$197,000	\$244,000
Participation Rate	44%	47%	44%	34%	49%	67%

M/W/DSBE Contract Participation Goal			
	FY16	FY17	FY18
M/W/DSBE Contract Participation Goal	30%	30%	35%

NOTE: M/W/DSBE participation goal of 35% for FY18 is attributable to all contracts including services, supplies & equipment (SSE), professional services and public works (demolition) contracts.

PROPOSED BUDGET OVERVIEW

Proposed Funding Request:

The proposed Fiscal Year 2018 General Fund budget totals \$35,755,266, an increase of \$937,738 (excluding one-year funding reductions) over Fiscal Year 2017 estimated obligation levels. This increase is primarily due to an increase in staffing levels, funding for professional services contracts, and an increase in demolition funding.

The proposed budget includes:

- \$23,019,730 in Class 100, a \$1,418,350 increase over FY17. This funding will support 12 new positions, for a total FY18 headcount of 429.
- \$11,823,061 in Class 200, a \$188,886 decrease over FY17. This funding will support professional services contracts to establish a new crane inspection program and a new quality control program for fire suppression and mechanical engineering related plan reviews. This funding will also support strategic planning efforts.
- \$375,951 in Class 300, a \$156,524 decrease over FY17.
- \$536,524 in Class 400, a \$135,202 decrease over FY17.

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STAFFING LEVELS

The department is requesting 429 budgeted (General Fund) positions for FY18, an increase of 12 positions over FY17.

The increase is attributed to new customer service and plans examination positions for the Department’s Municipal Services Building concourse operations, as well as additional business process support positions for the eCLIPSE Project. In addition, a new Floodplain Manager position will be added.

NEW HIRES

New Hires		
	Total Number	Spanish
Black or African American	9	0
Hispanic or Latino	2	2
White	4	0
Other	1	0
Total	16	2

PERFORMANCE, CHALLENGES, AND INITIATIVES

FY18 Performance Measures: Permits and Licensing				
Measure	FY16 Actual	FY17 YTD (Q1 & Q2)	FY17 Estimate	FY18 Target
Percent of residential plan reviews performed within 15 days	96.8%	99.8%	99.0%	99.0%
Percent of commercial plan reviews performed within 20 days	95.1%	97.8%	97.0%	97.0%
Percent of customers served within 45 minutes *	N/A	86.0%	87.0%	90.0%
Number of building, plumbing, electrical, and zoning permits issued	43,977	26,196	48,000	48,000

* New measure. Baseline data is being collected in FY17.

FY18 Performance Measures: Code Enforcement				
Measure	FY16 Actual	FY17 YTD (Q1 & Q2)	FY17 Estimate	FY18 Target
Percent of complaint inspections completed within service level agreement *	N/A			TBD
Percent of nuisance properties inspected within 7 days *	N/A	45.2%	75%	80%
Average time from referral to seal *	N/A			TBD

*Data for these measures will be available upon final implementation of Project eCLIPSE. FY18 targets will be set once baseline data is reviewed.

FY18 Performance Measures: Demolition				
Measure	FY16 Actual	FY17 YTD (Q1 & Q2)	FY17 Estimate	FY18 Target
Number of demolitions performed *	557	244	550	525
Number of Program Inspections of Unsafe Properties**	N/A			TBD
Median timeframe from “imminently dangerous” designation to demolition***	N/A			TBD

* L+I received an additional \$1 million for demolitions in FY17. In FY18 and beyond L+I will receive an additional \$500,000 annually.

** New measure. Baseline data will be collected in FY18.

*** Data for this measure will be available upon final implementation of Project eCLIPSE. FY18 target will be set once baseline data is reviewed.

FY18 Performance Measures: Building Inspection				
Measure	FY16 Actual	FY17 YTD (Q1 & Q2)	FY17 Estimate	FY18 Target
Average number of permits per inspector *	N/A			TBD
Percent of high-risk occupancies inspected annually *	N/A			TBD

*Data for these measures will be available upon final implementation of Project eCLIPSE. FY18 targets will be set once baseline data is reviewed.

FY18 Performance Measures: Administration				
Measure	FY16 Actual	FY17 YTD (Q1 & Q2)	FY17 Estimate	FY18 Target
Net personnel gain/loss (+ new hires, - separations)	8	- 5	30	25
Number of on-the-job injuries	45	18	35	35

OTHER BUDGETARY IMPACTS

Federal and State (Where Applicable)

L+I receives \$514,818 in annual Community Development Block Grant (CDBG) funding, which funds the salaries of eight (8) Building Inspectors that coordinate the demolition of imminently dangerous properties in low- to moderate-income areas of the city.

CONTRACTING EXPERIENCE

M/W/DSBE Participation on Large Professional Services Contracts											
Top Five Largest Contracts, FY17											
Vendor Name	Service Provided	Dollar Amount of Contract	RFP Issue Date	Contract Start Date	Ranges in RFP	% of M/W/DSBE Participation Achieved	\$ Value of M/W/DSBE Participation	Total % Participation - All DSBEs	Total \$ Value Participation - All DSBEs	Local Business (principal place of business located within City limits)	Waiver for Living Wage Compliance?
Batta Environmental Assoc. Inc	Asbestos Survey Services	\$60,000	3/13/2015	7/1/2015	MBE: 25-30%	100%	\$60,000	100%	\$60,000	no	no
					WBE: 25-30%	0%	\$0				
					DSBE: best efforts	0%	\$0				
Bell Environmental LLC	Asbestos Survey Services	\$60,000	3/13/2015	7/1/2015	MBE: 25-30%	100%	\$60,000	100%	\$60,000	no	no
					WBE: 25-30%	0%	\$0				
					DSBE: best efforts	0%	\$0				
Synertech Inc	Asbestos Survey Services	\$60,000	3/13/2015	7/1/2015	MBE: 25-30%	0%	\$0	0%	\$0	yes	no
					WBE: 25-30%	0%	\$0				
					DSBE: best efforts	0%	\$0				
USA Environmental	Asbestos Survey Services	\$60,000	3/13/2015	7/1/2015	MBE: 25-30%	25%	\$15,000	25%	\$15,000	yes	no
					WBE: 25-30%	0%	\$0				
					DSBE: best efforts	0%	\$0				
Westchester Environmental	Asbestos Survey Services	\$60,000	3/13/2015	7/1/2015	MBE: 25-30%	100%	\$60,000	100%	\$60,000	no	no
					WBE: 25-30%	0%	\$0				
					DSBE: best efforts	0%	\$0				

EMPLOYEE DATA

Staff Demographics (as of December 2016)				
Full-Time Staff			Executive Staff	
	Male	Female	Male	Female
	African-American	African-American	African-American	African-American
<i>Total</i>	90	85	1	2
<i>% of Total</i>	27%	26%	8%	15%
<i>Average Salary</i>	\$41,601	\$39,555	\$70,000	\$73,500
<i>Median Salary</i>	\$39,137	\$35,534	\$70,000	\$73,500
	White	White	White	White
<i>Total</i>	102	23	5	4
<i>% of Total</i>	32%	7%	38%	31%
<i>Average Salary</i>	\$56,426	\$61,775	\$118,937	\$103,950
<i>Median Salary</i>	\$50,238	\$64,176	\$120,000	\$104,500
	Hispanic	Hispanic	Hispanic	Hispanic
<i>Total</i>	9	11	1	0
<i>% of Total</i>	3%	3%	8%	0%
<i>Average Salary</i>	\$46,699	\$42,623	\$80,000	\$0
<i>Median Salary</i>	\$40,882	\$39,525	\$80,000	\$0
	Asian	Asian	Asian	Asian
<i>Total</i>	6	2	0	0
<i>% of Total</i>	2%	1%	0%	0%
<i>Average Salary</i>	\$57,876	\$71,158	\$0	\$0
<i>Median Salary</i>	\$64,801	\$71,158	\$0	\$0
	Other	Other	Other	Other
<i>Total</i>	4	1	0	0
<i>% of Total</i>	1%	0%	0%	0%
<i>Average Salary</i>	\$59,668	\$46,129	\$0	\$0
<i>Median Salary</i>	\$58,449	\$46,129	\$0	\$0
	Bilingual	Bilingual	Bilingual	Bilingual
<i>Total</i>	9	8	1	0
<i>% of Total</i>	3%	2%	8%	0%
<i>Average Salary</i>	\$54,365	\$48,808	\$80,000	\$0
<i>Median Salary</i>	\$53,115	\$50,860	\$80,000	\$0
	Male	Female	Male	Female
<i>Total</i>	213	120	7	6
<i>% of Total</i>	64%	36%	54%	46%
<i>Average Salary</i>	\$49,951	\$44,593	\$106,383	\$93,800
<i>Median Salary</i>	\$45,729	\$38,472	\$110,000	\$96,500

Department of Licenses + Inspections

NUMBER OF BILINGUAL EMPLOYEES

Number of Bilingual Employees									
	Spanish	Hindi	Malayalam	Mandarin	Arabic	German	Urdu	Nepali	Tamil
Administration	2	1	0	0	0	0	0	0	0
Demolition	1	0	0	0	0	0	0	0	0
Building Inspections	0	0	0	0	0	1	0	0	0
Permits & Licensing	2	2	2	2	0	1	1	1	1
Code Enforcement	3	0	0	0	1	0	0	0	0
Total - All Divisions	8	3	2	2	1	2	1	1	1
Total - # of Bilingual Employees		17							
Total - # of Languages Spoken		9							