

**DEPARTMENT OF LICENSES AND INSPECTIONS  
FISCAL YEAR 2020 BUDGET TESTIMONY  
APRIL 10, 2019**

**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 2020 Operating Budget.

**DEPARTMENT MISSION & PLANS**

**Mission:** The Department of Licenses and Inspections (L&I) enforces the City's codes for the safe and lawful construction and use of buildings.

**Plans for Fiscal Year 2020:** In FY20, the Department of Licenses and Inspections will undergo a transformational technological shift through the completion of our eCLIPSE Project – essentially, the creation of an “L&I Online” – that will drive improvements in customer service, enforcement and transparency. Phases 1 and 2, which provide the issuance of all business and trades licenses, are complete and operational. Phases 3 and 4, which provide permit issuance and inspections, will go live by the first quarter of FY20. Completion of this project will propel the Department forward, towards our unwavering goal of building and sustaining a safer Philadelphia.

The Department will continue to support the Philadelphia Resilience Project in FY20 and will expand its Audits & Investigations Unit to support the Business Enforcement Task Force. Additional inspectional staff will be added to perform detailed reviews and investigations of construction activities being performed by unlicensed contractors that are non-compliant with City code and tax requirements.

The Department will be implementing a new targeted strategy to assist the City's overall violence reduction efforts. To reduce blight and improve environmental factors in high risk neighborhoods, the Department will begin to clean, green, fence and maintain vacant lots and will provide additional resources for cleaning and sealing vacant properties and demolishing imminently dangerous structures. Additional funding has been allocated for demolitions, clean and seal, and CLIP staff assigned to this project.

In FY20, the Department anticipates the continuation of record permit issuance levels from the city's recent surge in construction activity. As we approach the end of FY19, the Department anticipates exceeding projections – for the fourth consecutive year – in building, electrical, plumbing and zoning permit issuance as well as revenue-generation.

L&I will continue to promote building safety through the careful management of both City-funded and private demolitions. This proposed budget will allow L&I to continue our aggressive public demolition program with approximately \$11M in recurring funding for demolition. Since the beginning of FY19, the Department has reduced the number of imminently dangerous properties and unsafe properties by approximately 40% and 10%, respectively, both through enforcement efforts as well as aggressive demolition activity.

In FY20, the Department will continue its enhanced coordination with the Law Department's Code and Public Nuisance Litigation Unit, which has resulted in a significant increase of Municipal and Court of Common Pleas filings. As a result, judgments obtained and settlement monies collected continue to

## DEPARTMENT OF LICENSES AND INSPECTIONS (L&I)

increase. The Law Department also works in partnership with L&I on addressing larger, intractable problems including nuisance businesses and chronic non-compliant owners.

After years of operating under outdated building codes for commercial construction, Philadelphia became a national leader in modern code adoption when City Council passed a bill last year incorporating the 2018 International Building Code into Philadelphia law. The move to the 2018 Code series will provide many benefits, including a better trained inspectional force that will help carry out the Department's mission of public safety.

In FY20, the Department will follow its recently published Strategic Plan, which will serve as a Blueprint as we continue to construct the strong and modern building department that the City of Philadelphia needs and deserves.

Before I close, I would like to recognize the hard-working employees of L&I for their commitment to public safety. Thank you for the opportunity to present our proposed Fiscal Year 2020 budget. I am available to answer questions at this time.

DEPARTMENT OF LICENSES AND INSPECTIONS (L&I)

**BUDGET SUMMARY & OTHER BUDGET DRIVERS**

<b>Staff Demographics Summary (as of November 2018): General Fund</b>				
	Total	Minority	White	Female
Number of Full-Time Staff	376	228	148	131
Number of Exempt Staff	30	11	19	13
Number of Executive Staff (deputy level and above)	14	5	9	5
Average Salary, Full-Time Staff	\$57,160	\$50,896	\$66,809	\$51,402
Average Salary, Exempt Staff	\$81,532	\$67,411	\$91,592	\$78,999
Average Salary, Executive Staff	\$104,442	\$84,575	\$115,480	\$92,980
Median Salary, Full-Time Staff	\$52,967	\$47,160	\$64,663	\$44,533
Median Salary, Exempt Staff	\$77,494	\$63,654	\$87,550	\$77,494
Median Salary, Executive Staff	\$99,395	\$90,000	\$112,848	\$92,700

<b>Employment Levels (as of November 2018): General Fund</b>		
	Budgeted in FY19	Filled as of the Increment Run (11/18)
Number of Full-Time Positions	429	376
Number of Exempt Positions	30	30
Number of Executive Positions (deputy level and above)	14	14
Average Salary of All Full-Time Positions	\$55,992	\$57,160
Median Salary of All Full-Time Positions	\$52,064	\$52,967

<b>General Fund Financial Summary by Class</b>						
	FY18 Original Appropriations	FY18 Actual Obligations	FY19 Original Appropriations	FY19 Estimated Obligations	FY20 Proposed Appropriations	Difference: FY20-FY19
Class 100 - Employee Compensation	\$23,019,730	\$22,292,655	\$23,144,341	\$23,116,155	\$24,987,209	\$1,871,054
Class 200 - Purchase of Services	\$11,823,061	\$11,560,986	\$13,579,060	\$13,929,060	\$14,860,867	\$931,807
Class 300/400 - Materials, Supplies & Equipment	\$912,475	\$1,362,475	\$784,475	\$934,475	\$834,475	(\$100,000)
Class 500 - Contributions	\$0	\$184,263	\$0	\$0	\$0	\$0
	<b>\$35,755,266</b>	<b>\$35,400,379</b>	<b>\$37,507,876</b>	<b>\$37,979,690</b>	<b>\$40,682,551</b>	<b>\$2,702,861</b>

<b>Contracts Summary (Professional Services only)</b>						
	FY14	FY15	FY16	FY17	FY18	FY19 YTD (Q1 & Q2)
Total amount of contracts	\$428,035	\$448,950	\$402,675	\$1,125,015	\$397,000	\$594,000
Total amount to M/W/DSBE	\$189,035	\$153,220	\$197,000	\$344,175	\$195,000	\$240,000
Participation Rate	44%	34%	49%	31%	49%	40%

<b>Total M/W/DSBE Contract Participation Goal (Public Works; Services, Supplies &amp; Equipment; and Professional Services combined)</b>			
	FY18	FY19	FY20
M/W/DSBE Contract Participation Goal	35%	35%	35%

## **PROPOSED BUDGET OVERVIEW**

### **Proposed Funding Request:**

The proposed Fiscal Year 2020 General Fund budget totals \$40,682,551, an increase of \$2,702,861 over Fiscal Year 2019 estimated obligation levels. This increase is primarily due to DC33, DC47 and Non-Represented employee pay raises, the establishment of the Business Enforcement Task Force, and the implementation of the Philadelphia Roadmap for Safer Communities, the City's gun violence reduction initiative.

The proposed budget includes:

- \$24,987,209 in Class 100, a \$1,871,054 increase from FY19. This funding will cover the pay raises and support the hiring of staff for the Business Enforcement Task Force and the Philadelphia Roadmap for Safer Communities. A total of \$500,000 in payroll funds are being restored from the FY19 mid-year ordinance, which transferred \$350,000 in class 100 funding to class 200 for public demolitions and \$150,000 in class 100 funding to class 400 for equipment to support Project eCLIPSE implementation.
- \$14,860,867 in Class 200, a \$931,807 increase from FY19. This funding will support the Philadelphia Roadmap for Safer Communities through demolition activity and cleaning and greening of vacant lots. A total of \$350,000 in demolition funding was reduced and restored to payroll from the FY19 mid-year ordinance.
- \$834,475 in Class 300/400, a \$100,000 decrease from FY19. This funding will support the Philadelphia Roadmap for Safer Communities activities through the purchase of construction supplies. A total of \$150,000 in equipment funding was reduced and restored to payroll from the FY19 mid-year ordinance.

DEPARTMENT OF LICENSES AND INSPECTIONS (L&I)

**STAFFING LEVELS**

The department is requesting 446 General Fund budgeted positions for FY20, an increase of 17 positions over the FY19 level.

The increase is attributed to the building inspection and clerical staff to be hired for the Business Enforcement Task Force and the Clean and Seal crew to be hired for the Philadelphia Roadmap for Safer Communities.

**NEW HIRES**

New Hires (from 7/1/2018 to 11/25/18)			
	Total Number of New Hires	Malayalam	Hindi
Black or African American	2		
Asian	2	1	1
White	2		
Total	6	1	1

The Department has hired 21 new employees since the increment run: nine identify as Black of African American; six identify as Hispanic or Latino, five identify as White, and one identifies as “Other.”

**PERFORMANCE, CHALLENGES, AND INITIATIVES**

**PERMITS AND LICENSING PROGRAM**

FY20 Strategic Goals				
<ul style="list-style-type: none"> <li>Increase usage of online license modules and implement online permit modules.</li> <li>Reduce MSB concourse wait times through the implementation of web-based appointments.</li> </ul>				
FY20 Performance Measures				
Measure	FY18 Actual	FY19 YTD (Q1 + Q2)	FY19 Target	FY20 Target
Median wait times for over-the-counter permit customers (in minutes) <sup>1</sup>	N/A	23	22	20
Percentage of Residential Plan Reviews performed within 15 days	97.0%	98.7%	99.0%	99.0%
Percentage of commercial building, plumbing, electrical and zoning plans reviewed within 20 days	97.0%	98.6%	97.0%	97.0%
Number of building, electrical, plumbing, and zoning permits issued	56,952	29,802	55,000	55,000

<sup>1</sup> This is a new measure for FY19. This measure captures wait times only. Accurate data for FY18 cannot be pulled from the queuing system, so it is not available. Wait times increased in FY19 Q2 due to the unexpected attrition of counter staff. L+I expects staffing levels to improve during the second half of FY19 to meet the target.

**CODE ENFORCEMENT PROGRAM**

FY20 Strategic Goals				
<ul style="list-style-type: none"> <li>Continue support for the Philadelphia Resilience Project and the Business Enforcement Task Force.</li> </ul>				
FY20 Performance Measures				
Measure	FY18 Actual	FY19 YTD (Q1 + Q2)	FY19 Target	FY20 Target
Percent of nuisance properties inspected within 20 days <sup>1</sup>	82.3%	82.5%	85.0%	85.0%
Average time from complaint to clean and seal of vacant property <sup>2</sup>	20	22	20	20

<sup>1</sup> This measure decreased in FY19 Q2 due to the challenging nature of these inspections. L+I inspects nuisance properties during nights and weekends, accompanied by police officers and sometimes firefighters. Results fluctuate depending on how complex the logistics are for each inspection. Although L+I is behind the FY19 target as of FY19 Q2, the Department expects the percentage to rise during the remainder of the year to meet the target.

<sup>2</sup> L+I expects the average time to decrease during the second half of FY19 to meet the target. L+I recently backfilled a number of vacant positions in the Clean & Seal unit. This is expected to increase productivity.

**DEMOLITION PROGRAM**

FY20 Strategic Goals				
<ul style="list-style-type: none"> <li>Continue to reduce the number of imminently dangerous properties.</li> </ul>				
FY20 Performance Measures				
Measure	FY18 Actual	FY19 YTD (Q1 + Q2)	FY19 Target	FY20 Target
Number of demolitions performed <sup>1</sup>	428	227	500	500
Number of "imminently dangerous" properties	179	118	A reduction from FY18	A reduction from FY19
Median timeframe from "imminently dangerous" designation to demolition (in days)	150	130	145	140
Number of unsafe properties <sup>2</sup>	4,516	4,096	A reduction from FY18	A reduction from FY19

<sup>1</sup> L+I had a large \$600,000 demolition during the first half of FY19.

DEPARTMENT OF LICENSES AND INSPECTIONS (L&I)

<sup>2</sup> The number of unsafe properties discovered by inspectors increased in FY18. Additional unsafe properties are being identified through enhanced use of Cyclomedia software and other industry-standard technologies.

**BUILDING INSPECTIONS PROGRAM**

FY20 Strategic Goals				
<ul style="list-style-type: none"> <li>Reduce the number of permits assigned to each Building Inspector.</li> <li>Implement a new Interactive Voice Response (IVR) system<sup>1</sup> to automate permit inspection scheduling through the new eCLIPSE system.</li> </ul>				
FY20 Performance Measures				
Measure	FY18 Actual	FY19 YTD (Q1 + Q2)	FY19 Target	FY20 Target
Average number of permits per building inspector <sup>1</sup>	441	547	500	500

<sup>1</sup> Hiring impact is delayed due to a lengthy training period. A planned hiring is pending for Q4.

**ADMINISTRATION PROGRAM**

FY20 Strategic Goals				
<ul style="list-style-type: none"> <li>Work with DPP to open a new Southwest Philadelphia district office.</li> <li>Fill all remaining inspector vacancies.</li> </ul>				
FY20 Performance Measures				
Measure	FY18 Actual	FY19 YTD (Q1 + Q2)	FY19 Target	FY20 Target
Net personnel gain/loss (+ new hires, - separations)	47	-13	12	10
Number of on-the-job injuries	37	18	A reduction from FY18	A reduction from FY19

<sup>1</sup> Interactive Voice Response (IVR) technology will allow permit holders to schedule permit inspections through the use of voice and input via a telephone keypad. IVR will directly communicate with eCLIPSE and will route the requested inspections to the appropriate L+I district office for scheduling.

**OTHER BUDGETARY IMPACTS**

**Federal and State (Where Applicable)**

L&I receives \$490,303 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.



DEPARTMENT OF LICENSES AND INSPECTIONS (L&I)

**CONTRACTING EXPERIENCE**

M/W/DSBE Participation on Large Professional Services Contracts with For-Profit Vendors											
Top Five Largest Contracts over \$34,000 for FY19											
Vendor Name	Brief Description of 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	Is This a Local Business? (principal place of business located within City limits) [yes / no]	Does the Vendor Have a Waiver for Living Wage Compliance? [yes / no]
Bell Environmental, LLC	Asbestos Survey Services	\$80,000	3/13/2015	7/1/2015	MBE: 25% - 30%	100%	\$80,000	100%	\$80,000	No	No
					WBE: 25% - 30%	0%	\$0				
					DSBE: N/A	0%	\$0				
Batta Environmental Associates, Inc.	Asbestos Survey Services	\$80,000	3/13/2015	7/1/2015	MBE: 25% - 30%	100%	\$80,000	100%	\$80,000	No	No
					WBE: 25% - 30%	0%	\$0				
					DSBE: N/A	0%	\$0				
USA Environmental Management	Asbestos Survey Services	\$80,000	3/13/2015	7/1/2015	MBE: 25% - 30%	0%	\$0	0%	\$0	Yes	No
					WBE: 25% - 30%	0%	\$0				
					DSBE: N/A	0%	\$0				
Synertech Incorporated	Asbestos Survey Services	\$80,000	3/13/2015	7/1/2015	MBE: 25% - 30%	0%	\$0	0%	\$0	Yes	No
					WBE: 25% - 30%	0%	\$0				
					DSBE: N/A	0%	\$0				
Westchester Environmental	Asbestos Survey Services	\$80,000	3/13/2015	7/1/2015	MBE: 25% - 30%	100%	\$80,000	100%	\$80,000	No	No
					WBE: 25% - 30%	0%	\$0				
					DSBE: N/A	0%	\$0				

DEPARTMENT OF LICENSES AND INSPECTIONS (L&I)

Employee Data

Staff Demographics (as of November 2018)					
Full-Time Staff			Executive Staff		
	Male	Female		Male	Female
	African-American	African-American		African-American	African-American
<i>Total</i>	93	88	<i>Total</i>	2	2
<i>% of Total</i>	25%	23%	<i>% of Total</i>	14%	14%
<i>Average Salary</i>	\$51,604	\$46,080	<i>Average Salary</i>	\$90,000	\$76,632
<i>Median Salary</i>	\$50,565	\$41,973	<i>Median Salary</i>	\$90,000	\$76,632
	White	White		White	White
<i>Total</i>	124	24	<i>Total</i>	6	3
<i>% of Total</i>	33%	6%	<i>% of Total</i>	43%	21%
<i>Average Salary</i>	\$66,634	\$67,719	<i>Average Salary</i>	\$121,280	\$103,879
<i>Median Salary</i>	\$64,663	\$59,740	<i>Median Salary</i>	\$121,899	\$106,090
	Hispanic	Hispanic		Hispanic	Hispanic
<i>Total</i>	11	10	<i>Total</i>	1	0
<i>% of Total</i>	3%	3%	<i>% of Total</i>	7%	0%
<i>Average Salary</i>	\$50,036	\$52,658	<i>Average Salary</i>	\$89,610	N/A
<i>Median Salary</i>	\$45,021	\$51,254	<i>Median Salary</i>	\$89,610	N/A
	Asian	Asian		Asian	Asian
<i>Total</i>	12	7	<i>Total</i>	0	0
<i>% of Total</i>	3%	2%	<i>% of Total</i>	0%	0%
<i>Average Salary</i>	\$72,192	\$63,682	<i>Average Salary</i>	N/A	N/A
<i>Median Salary</i>	\$68,699	\$61,800	<i>Median Salary</i>	N/A	N/A
	Other	Other		Other	Other
<i>Total</i>	5	2	<i>Total</i>	0	0
<i>% of Total</i>	1%	1%	<i>% of Total</i>	0%	0%
<i>Average Salary</i>	\$55,993	\$50,828	<i>Average Salary</i>	N/A	N/A
<i>Median Salary</i>	\$50,565	\$50,828	<i>Median Salary</i>	N/A	N/A
	Bilingual	Bilingual		Bilingual	Bilingual
<i>Total</i>	16	15	<i>Total</i>	1	0
<i>% of Total</i>	4%	4%	<i>% of Total</i>	7%	0%
<i>Average Salary</i>	\$60,206	\$54,084	<i>Average Salary</i>	\$89,610	N/A
<i>Median Salary</i>	\$59,942	\$57,480	<i>Median Salary</i>	\$89,610	N/A
	Male	Female		Male	Female
<i>Total</i>	245	131	<i>Total</i>	9	5
<i>% of Total</i>	65%	35%	<i>% of Total</i>	64%	36%
<i>Average Salary</i>	\$60,238	\$51,402	<i>Average Salary</i>	\$110,810	\$92,980
<i>Median Salary</i>	\$55,483	\$44,533	<i>Median Salary</i>	\$108,257	\$92,700

**LANGUAGE ACCESS**

**1. Has your leadership received language access training?**

Yes. Training was conducted in April 2018.

**2. Do you currently have a language access coordinator?**

Yes, L&I's language access coordinator is Kirk McClarren.

**3. Has your department written a language access plan and is it posted online?**

Yes, the Department has written a language access plan. It has been distributed to all Department employees and it is posted on the City's website at [www.phila.gov/documents/language-access-plans](http://www.phila.gov/documents/language-access-plans).

**4. Explain what your department has done to improve language access services over the past year.**

The Department, in partnership with the City's Office of Immigrant Affairs, conducted Language Access training for all customer-facing employees in April 2018. Also, the Department continues to review all forms and publications to determine those that must be translated. In-person and telephone interpretation services also continue to be utilized on a frequent basis.