

**DEPARTMENT OF LICENSES AND INSPECTIONS
FISCAL YEAR 2023 BUDGET TESTIMONY
APRIL 27TH 2022**

INTRODUCTION

Good Afternoon, President Clarke and Members of City Council. I am Ralph DiPietro, Commissioner of Licenses and Inspections. Joining me today are members of my Executive Team. I am pleased to provide testimony on the Department of Licenses and Inspections' Fiscal Year 2023 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 2023:

The Department continues to drive innovation and process improvements through several key technology initiatives. In FY23, L&I will continue to apply technological and process fixes to the eCLIPSE web-based system to improve building safety, efficiency, and customer satisfaction. Another key initiative for FY23 is the development of a new Permit Wizard project in partnership with the Commerce Department. The Permit Wizard is an online tool that is designed to extract detailed information on permit requirements based upon project scope. A customized report prompted by the project details entered by the user will identify the permits needed for the entire project; inform the customer of anticipated reviews by L&I and sister agencies; identify permit submission and general contractor requirements and advise the customer of the estimated total cost of permits and anticipated timeline for approval.

For the Department's inspectional staff, innovation is being driven through a new Mobile program. This program allows L&I Inspectors to log inspection results, capture and upload evidence, and queue up violations for issuance, all directly from the field. Also, in FY23 the Department will finalize the rollout of the Site Violation Notice (SVN) program, which is a new type of violation that can be issued to property owners, business license holders, or trade license holders. SVN's will be issued for less severe code violations that can be readily corrected on-site. Issuing SVN's will reduce the number of cases sent to court for enforcement. All inspectors will be provided with mobile printers to facilitate immediate issuance of SVN's and all data will be fully integrated with eCLIPSE.

In FY23, the Department will also launch transparency initiatives, such as the contractor history look-up tool. The contractor history look-up tool will be located on the L&I website and will allow the public to verify contractors' licensure and see their violation history if they have one. The Department will also begin publishing building certification information through Atlas, so that the public can look up any building's certification status.

In FY23, L&I will hire an outside expert to provide professional services for Racial Equity Coordination, Surveys and Training. Specific Racial Equity projects include establishing an employee development program focused on leadership development and well-being of employees of color. Also, training for employees, supervisors, and management on racial equity concepts will be provided. Career ladders will be reviewed to identify and remove unnecessary barriers to promotion for employees of color. The Department will also identify, map, and track service delivery data disaggregated by race and/or proxies for race. In addition, L&I will partner with the Black Contractors' Coalition Association to produce content for members.

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L&I will continue its partnership with the Community College of Philadelphia (CCP). Work is already underway between L&I and CCP to incorporate technical code enforcement coursework into CCP's existing associate degree in Construction Management. This partnership will promote the benefits of the code enforcement profession to an entirely new population of City residents that can now qualify for the L&I Building Inspector civil service examination upon completion of the associate degree Program.

L&I will also remain focused on its core public safety mission 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 \$9.5M in recurring general funding and an estimated \$2.25M in recurring demolition funding generated from a new Philadelphia County Demolition fee.

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 2022 budget. I am available to answer questions at this time.

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BUDGET SUMMARY & OTHER BUDGET DRIVERS

Please refer to attached FY23 Budget Hearing Summary Charts in section 1: Staff Demographics Summary, section 2; Employment Levels, section 3: Financial Summary by Class, section 6: Participation Rate and Goal.

PROPOSED BUDGET OVERVIEW

Proposed Funding Request:

The proposed Fiscal Year 2023 General Fund budget totals \$40,049,086, an increase of \$496,849 over Fiscal Year 2022 estimated obligation levels. This increase is primarily due to a need for additional Class 100 funding to relieve the Department's structural Class 100 deficit.

The proposed budget includes:

- \$26,590,298 in Class 100, a \$797,689 increase over FY22. This funding will relieve the Department's structural Class 100 deficit created by unbudgeted pay increases for Code Enforcement personnel (\$503,534) to correct for racial disparities, and provide for DC33, DC47, Non-Rep and Exempt salary and bonus adjustments (\$294,155).
- \$13,146,162 in Class 200, a \$300,840 decrease from FY22. This funding will provide for Racial Equity Strategies (\$100,000), transferring Xerox copier maintenance from OIT to L&I (\$5,400), and additional eCLIPSE support (\$250,000). These increases are offset by the planned reduction of Violence Reduction Cleaning Lot Funds (-\$656,200), a reduction of one-time funding.
- \$809,475 in Class 300/400, no change from FY22.

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Staffing Levels

The department is requesting 425 budgeted positions for FY23, no change from FY22, which will allow the Department to fill 53 vacant positions.

NEW HIRES

Please refer to attached FY23 Budget Hearing Summary Charts in section 8: New Hires Information.

PERFORMANCE, CHALLENGES, AND INITIATIVES

PERMITS AND LICENSING

Performance Measure	FY21 Year-End	FY22 Target	FY23 Target
Median wait times for over-the-counter permit customers (in minutes) ¹	N/A	N/A	N/A
Median timeframe for permit issuance -- Residential (in days)	6	20	10
Median timeframe for permit issuance -- Commercial (in days)	29	30	30
Number of building, electrical, plumbing, and zoning permits issued	50,942	53,000	50,000

¹Change of circumstances due to COVID-19. During this time there are no walk-in customers- appointment only.

Program FY23 Strategic Goals

- Primary participation in an inter-departmental online Permit Wizard to outline City permit and license requirements for a wide array of business and development activities. The Permit Wizard project will provide an online tool to extract detailed information on permit requirements based upon project scope. A customized report prompted by the project details entered by the user will achieve the following:
 - Identify the permits needed for the entire project.
 - Inform the customer of anticipated reviews by L&I and sister agencies.
 - Identify permit submission and general contractor requirements.
- Advise the customer of the estimated total cost of permits and anticipated timeline for approval.
- The pilot project will focus on residential renovations and storefront fit-outs with the goal of identifying the right tool for the City to realize objectives.
- Successful transition to updated local and State codes that include the later versions of model codes and local requirements designed to protect adjacent property during construction. This initiative includes the development of legislation, the update of all internal and external collateral materials, and the training of internal and external stakeholders.
- Streamline license renewals to provide greater ease of the process, which includes legislative changes and technology updates to group expiration of an entity’s license and allow for easier renewal of bulk licenses

CODE ENFORCEMENT

Performance Measure	FY21 Year-End	FY22 Target	FY23 Target
Percent of nuisance properties inspected within 20 days	75.3%	85.0%	85.0%
Average time from complaint to clean and seal of vacant property	7	15	15

Program FY23 Strategic Goals

- Increase enforcement of subcontracting requirements at new construction projects.
- Complete and launch transparency initiatives, such as the L&I website’s contractor history look-up tool and the ATLAS building certification publication.

DEMOLITION

Performance Measure	FY21 Year-End	FY22 Target	FY23 Target
Number of demolitions performed	429	450	525
Number of "imminently dangerous" properties	95	A reduction from FY21	A reduction from FY22
Median timeframe from "imminently dangerous" designation to demolition (in days)	116	130	130
Number of unsafe properties	3,824	A reduction from FY21	A reduction from FY22

Program FY23 Strategic Goals

- Continued management of the demolition program with an emphasis on overall reduction in the number of ID and unsafe buildings.
- Reduce the time between Imminently Dangerous (ID) designation and demolition completion.

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BUILDING INSPECTIONS

Performance Measure	FY21 Year-End	FY22 Target	FY23 Target
Average number of permits per building inspector ¹	661	900	600

¹Inspector hiring scheduled for second half of FY22 is expected to bring inspector permit levels down to more manageable levels.

Program FY23 Strategic Goals

- Implement the new Site Violation Notice (SVN) program.
- Continue reduction of permit caseload for Building Inspectors.

ADMINISTRATION

Performance Measure	FY21 Year-End	FY22 Target	FY23 Target
Net personnel gain/loss (+ new hires, - separations) ¹	-28	10	10
Number of on-the-job injuries	19	A reduction from FY21	A reduction from FY22

¹FY22 Hiring was delayed until March 7, 2022, with 10 new code enforcement inspectors and 9 new building inspectors. Additional hiring planned in the 4th quarter.

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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.

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CONTRACTING EXPERIENCE

Please refer to attached FY23 Budget Hearing Summary Charts in section 4: Contracts Summary.

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EMPLOYEE DATA

Please refer to attached FY23 Budget Hearing Summary Charts in section 7: Staff Demographics.

LANGUAGE ACCESS

- 1. Provide the name of your language access coordinator, the date of your last department training, and a link to the posting of your language access plan.**

L&I's Language Access Coordinator is Kirk McClarren. The last department training was conducted in April 2018. The Department's language access plan is posted at www.phila.gov/documents/language-access-plans

- 2. Breakdown new hires and existing staff by race and language. Breakdown how many front-line personnel are trained to provide language access services.**

Demographic information for both new and existing staff is contained in the *Staff Demographics* table.

- 3. How many requests for language access services did your department receive in the past year? How many language access services were delivered by staff? Breakdown language access services provided, by language, including but not limited to the language line, translation of public notices and documents, website language services, and advertisement/publication services.**

Language Access services such as in-person and telephonic interpretation services are provided. The Department is currently developing improved internal processes that will provide better metrics on language access services usage.

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

In-person and telephone interpretation services continue to be utilized on a frequent basis. Several Department publications have been translated. Also, the Department continues to review all forms and publications to determine those that must be translated.

CLIMATE CHANGE

1. How has climate change affected your department's provision of services?

When stronger rain and snow events occur, they contribute to quicker deterioration of unsafe & imminently dangerous (ID) properties.

2. How might worsening climate change increase costs and demands for your department?

Increased frequencies of major rain and snow events will increase the amount of unsafe and ID properties that require demolition.

3. How does your department intend to mitigate and adapt to climate change?

The Department hired its first ever "Flood Plain Manager" in 2018 to provide greater emphasis in this area.

1. Staff Demographics Summary

Staff Demographics Summary (as of December 2021)				
	Total	Minority	White	Female
Number of Full-Time Staff	352	225	127	125
Number of Exempt Staff	29	17	12	12
Number of Executive Staff (deputy level and above)	10	4	6	4
Average Salary, Full-Time Staff	\$64,688	\$58,780	\$75,060	\$58,314
Average Salary, Exempt Staff	\$83,228	\$78,980	\$89,974	\$79,098
Average Salary, Executive Staff	\$122,775	\$105,000	\$121,752	\$115,745
Median Salary, Full-Time Staff	\$60,444	\$55,831	\$73,979	\$47,683
Median Salary, Exempt Staff	\$80,000	\$81,200	\$94,000	\$80,000
Median Salary, Executive Staff	\$113,765	\$105,000	\$118,765	\$115,000

2. Employment Levels

Employment Levels (as of December 2021)		
	Budgeted	Filled
Number of Full-Time Positions	425	352
Number of Part-Time Positions	0	0
Number of Exempt Positions	33	29
Number of Executive Positions (deputy level and above)	10	10
Average Salary of All Full-Time Positions	\$59,842	\$64,688
Median Salary of All Full-Time Positions	\$63,955	\$60,444

3. Financial Summary by Class

Some departments may also want to provide financial summary tables for other funds, such as the Grants Fund. Departments should delete any budget lines that have \$0 in every year (i.e. if a department has no Class 500 appropriations, actuals, or proposed appropriations, the Class 500 row should be deleted).

General Fund Financial Summary by Class						
	FY21 Original Appropriations	FY21 Actual Obligations	FY22 Original Appropriations	FY22 Estimated Obligations	FY22 Proposed Appropriations	Difference: FY23-FY22
Class 100 - Employee Compensation	\$23,970,217	\$24,779,256	\$24,577,968	\$25,792,609	\$26,590,298	\$797,689
Class 200 - Purchase of Services	\$13,447,002	\$12,128,927	\$13,522,002	\$13,447,002	\$13,146,162	(\$300,840)
Class 300/400 - Materials, Supplies & Equipment	\$834,475	\$366,827	\$834,475	\$809,475	\$809,475	\$0
	\$38,251,694	\$37,275,010	\$38,934,445	\$40,049,086	\$40,545,935	\$496,849

FY23 Budget Hearing Summary Charts - Licenses and Inspections

4. Contracts Summary

This table focuses on large professional services contracts with for-profit vendors.

"Large" is defined as meaning that an RFP was required.

Departments should focus on contracts that have been conformed to date.

Any departments that have large contracts with non-profit providers are encouraged to provide board makeup information in the optional "Non-Profit Vendor Demographics" table below.

M/W/DSBE Participation on Large Professional Services Contracts

Top Five Largest Contracts, FY22

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) [yes / no]	Waiver for Living Wage Compliance ? [yes / no]
Batta Environmental Associates, Inc.	Asbestos Survey Services	\$80,000	5/24/2019	7/1/2021	MBE: 25%-30%	100%	\$80,000	100%	\$80,000	No	No
					WBE: 25%-30%	0%	\$0				
					DSBE:	0%	\$0				
Bell Remediation, LLC	Asbestos Survey Services	\$80,000	5/24/2019	7/1/2021	MBE: 25%-30%	100%	\$80,000	100%	\$80,000	No	No
					WBE: 25%-30%	0%	\$0				
					DSBE:	0%	\$0				
Synertech Incorporated	Asbestos Survey Services	\$80,000	5/24/2019	7/1/2021	MBE: 25%-30%	0%	\$0	0%	\$0	No	No
					WBE: 25%-30%	0%	\$0				
					DSBE:	0%	\$0				
USA Environmental Management Inc.	Asbestos Survey Services	\$80,000	5/24/2019	7/1/2021	MBE: 25%-30%	0%	\$0	0%	\$0	Yes	No
					WBE: 25%-30%	0%	\$0				
					DSBE:	0%	\$0				
Westchester Environmental, LLC	Asbestos Survey Services	\$80,000	5/24/2019	7/1/2021	MBE: 25%-30%	100%	\$80,000	100%	\$80,000	No	No
					WBE: 25%-30%	0%	\$0				
					DSBE:	0%	\$0				

Non-Profit Vendor Demographics

N/A

6. Participation Rate and Goal

The Contracts Summary table is for **professional services contracts only**.
 The Contract Participation Goal table is for **all contracts** (Public Works, SS&E, and Professional Services, combined).

Contracts Summary (Professional Services only)				
	FY19	FY20	FY21	FY22 YTD (Q1 & Q2)
Total amount of contracts	\$734,000	\$902,430	\$525,000	\$400,000
Total amount to M/W/DSBE	\$290,000	\$264,000	\$247,155	\$240,000
Participation Rate	40%	29%	47%	60%

Total M/W/DSBE Contract Participation Goal (Public Works; Services, Supplies & Equipment; and Professional Services combined)			
	FY21	FY22	FY23
M/W/DSBE Contract Participation Goal	35%	35%	36%

FY23 Budget Hearing Summary Charts - Licenses and Inspections

7. Staff Demographics

Totals in this table should tie out to numbers in tables 1 and 2 above.
 Biracial employees should be included under "Other."
 The number of employees who identify as non-binary (i.e. employees who do not identify as either female or male) should be included in the text box below the table, along with salary detail.

Staff Demographics (as of December 2021)					
Full-Time Staff			Executive Staff		
	Male	Female		Male	Female
	African-American	African-American		African-American	African-American
<i>Total</i>	93	83	<i>Total</i>	2	0
<i>% of Total</i>	26%	24%	<i>% of Total</i>	20%	0%
<i>Average Salary</i>	\$58,979	\$53,213	<i>Average Salary</i>	\$102,500	N/A
<i>Median Salary</i>	\$57,963	\$46,521	<i>Median Salary</i>	\$102,500	N/A
	White	White		White	White
<i>Total</i>	105	22	<i>Total</i>	2	4
<i>% of Total</i>	30%	6%	<i>% of Total</i>	20%	40%
<i>Average Salary</i>	\$75,432	\$69,508	<i>Average Salary</i>	\$133,765	\$109,333
<i>Median Salary</i>	\$76,667	\$65,916	<i>Median Salary</i>	\$133,765	\$105,000
	Hispanic	Hispanic		Hispanic	Hispanic
<i>Total</i>	14	7	<i>Total</i>	2	0
<i>% of Total</i>	4%	2%	<i>% of Total</i>	20%	0%
<i>Average Salary</i>	\$65,833	\$60,360	<i>Average Salary</i>	\$107,500	N/A
<i>Median Salary</i>	\$59,796	\$60,029	<i>Median Salary</i>	\$107,500	N/A
	Asian	Asian		Asian	Asian
<i>Total</i>	12	10	<i>Total</i>	0	0
<i>% of Total</i>	3%	3%	<i>% of Total</i>	0%	0%
<i>Average Salary</i>	\$75,836	\$73,439	<i>Average Salary</i>	N/A	N/A
<i>Median Salary</i>	\$76,881	\$70,746	<i>Median Salary</i>	N/A	N/A
	Other	Other		Other	Other
<i>Total</i>	3	3	<i>Total</i>	0	0
<i>% of Total</i>	1%	1%	<i>% of Total</i>	0%	0%
<i>Average Salary</i>	\$54,219	\$52,832	<i>Average Salary</i>	N/A	N/A
<i>Median Salary</i>	\$59,396	\$46,621	<i>Median Salary</i>	N/A	N/A
	Bilingual	Bilingual		Bilingual	Bilingual
<i>Total</i>	16	14	<i>Total</i>	1	0
<i>% of Total</i>	5%	4%	<i>% of Total</i>	10%	0%
<i>Average Salary</i>	\$62,632	\$56,487	<i>Average Salary</i>	\$120,000	N/A
<i>Median Salary</i>	\$62,357	\$59,796	<i>Median Salary</i>	\$120,000	N/A
	Male	Female		Male	Female
<i>Total</i>	227	125	<i>Total</i>	6	4
<i>% of Total</i>	64%	36%	<i>% of Total</i>	60%	40%
<i>Average Salary</i>	\$68,145	\$58,314	<i>Average Salary</i>	\$114,588	\$115,745
<i>Median Salary</i>	\$65,995	\$50,558	<i>Median Salary</i>	\$113,765	\$115,000

Detail for non-binary employees, if applicable N/A

8. New Hire Information

Date range is 7/1/21 to December 2021 increment run. Detail for any hires since then can be added in the text box below the table.

New Hires (from 7/1/2021 to December 2021)	
	Total Number of New Hires
Black or African American	1
Asian	0
Hispanic or Latino	0
White	0
Other	0
Total	1

New Hires (since December 2021)	
	Total Number of New Hires
Black or African American	14
Asian	1
Hispanic or Latino	2
White	9
Other	1
Total	27