

**DEPARTMENT OF LICENSES & INSPECTIONS**  
**FISCAL YEAR 2025 BUDGET TESTIMONY**  
**APRIL 9, 2024**

**INTRODUCTION**

Good Afternoon, President Johnson and Members of City Council. I am Bridget Greenwald, Licenses and Inspections Commissioner for Quality of Life. Joining me today is Basil Merenda, Licenses and Inspections Commissioner for Inspections, Safety and Compliance. We are pleased to provide testimony on the Department of Licenses and Inspections' Fiscal Year 2025 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 to support the Mayor's goal of building mutual trust and safety in city neighborhoods and providing economic opportunity for all. L&I works to address quality-of-life challenges across all Philadelphia neighborhoods. Under Mayor Parker's leadership, L&I is being split into two divisions – Quality of Life and Inspections, Safety and Compliance –to help it better perform its core functions, consistent with the recently-issued recommendations of the Joint Task Force on Regulatory Reform for the Department of Licenses and Inspections.

**Plans for Fiscal Year 2025:**

With Mayor Parker's bold decision to restructure L&I into two divisions, Quality of Life (QOL) and Inspections, Safety and Compliance (ISC), L&I has the unique opportunity to align priorities related to each division to ensure that both receive the full attention of the leadership and staff assigned to them. Much of the most recent quarter of FY24 has been spent determining how to implement the restructuring. Commissioners of each division have been meeting with staff, reviewing processes, and collaborating on how to ensure a restructuring that makes sense and improves both areas for our residents and business owners. In FY25, we will continue to make improvements and realign the divisions based on more experience with how the initial restructuring is working.

In Fiscal Year 2025, the Department will receive key investments technology resources that will drive innovation and process improvements in both divisions. The Department will continue to enhance the eCLIPSE system to improve the customer experience in permitting and licensing by simplifying online processes and will migrate to a new, modern eCLIPSE interface.

The ISC division will continue to promote building safety through the management of both City-funded and private demolitions. L&I will conduct more stringent investigations into illegal contractors through its Audits and Investigations Unit, and investigate complaints about work being performed without permits.

The QOL division will collaborate with fellow agencies, including the Office of Clean and Green Initiatives, CLIP, the Police Department, Commerce, Sanitation, the Philadelphia Parking Authority, and Health, to ensure proactive quality-of-life inspections are performed on a more scheduled and proactive basis.

Both divisions look forward to working with each individual Councilmember to identify general themes to be addressed, as well as specific issues in different neighborhoods. We look forward to working with you in our new roles, as do the wonderful employees of the Department of Licenses and Inspections.

**PROPOSED BUDGET OVERVIEW**

<b>General Fund Financial Summary by Class</b>						
	FY23 Original Appropriations	FY23 Actual Obligations	FY24 Original Appropriations	FY24 Estimated Obligations	FY25 Proposed Appropriations	Difference: FY25-FY24
Class 100 - Employee Compensation	\$26,670,602	\$24,116,397	\$28,501,910	\$28,420,282	\$28,420,282	\$0
Class 200 - Purchase of Services	\$14,146,162	\$14,186,995	\$14,946,444	\$16,442,394	\$13,996,444	(\$2,445,950)
Class 300/400 - Materials, Supplies & Equipment	\$809,475	\$614,011	\$809,475	\$809,475	\$809,475	\$0
<b>Total</b>	<b>\$41,626,239</b>	<b>\$38,917,403</b>	<b>\$44,257,829</b>	<b>\$45,672,151</b>	<b>\$43,226,201</b>	<b>(\$2,445,950)</b>

**Proposed Funding Request:**

The proposed Fiscal Year 2025 General Fund budget totals \$43,226,201, a decrease of \$2,445,950 from Fiscal Year 2024 estimated obligation levels. This decrease is primarily due to the reduction in non-recurring demolition pinpoint funding and eCLIPSE web user interface funding, both of which received one-time funding in FY24.

The proposed budget includes:

- \$28,420,282 in Class 100, no change from FY24. This funding will support salaries and other Class 100 costs for L&I staff.
- \$13,996,444 in Class 200, a \$2,445,950 decrease from FY24. The reduction is due primarily to the conclusion of the non-recurring demolition pinpoint funding and eCLIPSE web user interface funding.
- \$809,475 in Class 300/400, no change from FY24. These funds will support materials and supplies needs for L&I.

**STAFFING LEVELS**

The department is requesting 441 budgeted positions for FY25, which is an increase of 11 positions compared to FY24. These positions are for an additional Clean and Seal crew and for the Audits and Investigations Unit, and will be funded through the high vacancy rate in unfilled positions.

Employment Levels (as of December 2023)		
	FY25 Budgeted	Filled as of December 2023
Number of Full-Time Positions	441	334
Number of Exempt Positions	36	36
Number of Executive Positions (deputy level and above)	13	13
Average Salary of All Full-Time Positions	\$61,818	\$68,405
Median Salary of All Full-Time Positions	\$63,200	\$64,319

**NEW HIRES**

New Hires (from 7/1/2023 to December 2023)	
	Total Number of New Hires
Black or African American	23
Hispanic or Latino	5
White	8
<b>Total</b>	<b>36</b>
Detail for new hires since December 2023, if applicable: The Department has hired 10 new employees since the December 2023 increment run: six (6) identify as Black/ African American and four (4) identify as White.	

**PROGRAM BASED BUDGETING**

**Program Name:** Administration

**Program Number:** 23

**FY25 Proposed General Fund:** \$6,696,370

**Program Description:** This program is responsible for providing administrative support for the Department. Functions include human resources, employee safety, training, payroll, labor relations, budget and accounting services, procurement, and contract administration.

**FY25 Strategic Goals:**

- Finalize the split of duties for each L&I division.
- Finalize all necessary job specification changes to establish a new promotional path and address pay equity issues for L&I Code Enforcement Inspection staff.
- Continue aggressive recruitment and hiring for all vacant positions in the Department. Identify additional methods to attract and hire talent.
- Establish an employee recognition and satisfaction program.
- Update the Department’s Language Access Plan.
- Continue to improve the Department’s public communications through a user-friendly website and eCLIPSE; highlight positive impacts to neighborhoods via various media platforms.

**FY25 Performance Measures:**

Measure	FY23 Actual	FY24 Target	FY25 Target
Net personnel gain/loss (+ new hires, - separations)*	-16	20	20
Number of on-the-job injuries**	43	A reduction from FY23	A reduction from FY24

\*Hiring challenges with various positions have contributed to lower staffing levels. The Department is aggressively working to fill vacant positions.

\*\*An increase in FY23 caused the Department to miss the target, which L&I is taking steps to address. The Department is in the process of strengthening safety training efforts in order to reduce future injuries.

**Program Name:** Demolition

**Program Number:** 24

**FY25 Proposed General Fund:** \$12,349,567

**Program Description:** This program is responsible for the demolition of imminently dangerous (ID) structures and for responding to emergency calls related to structural collapses, fires, and related emergencies.

**FY25 Strategic Goals:**

- Continued management of the demolition program with an emphasis on overall reduction in the number of ID and unsafe buildings.

- Continued focus on reducing the time between ID designation and demolition completion.
- Create an unsafe building manager position to handle resolution of structurally compromised buildings, including those designated as historic.

**FY25 Performance Measures:**

Measure	FY23 Actual	FY24 Target	FY25 Target
Number of demolitions performed*	357	425	380
Number of "imminently dangerous" properties	157	A reduction from FY23	A reduction from FY24
Median timeframe from "imminently dangerous" designation to demolition (in days)**	149	130	130
Number of unsafe properties	3,403	A reduction from FY23	A reduction from FY24

\* Cost increases in stucco and sealing of abandoned lateral have impacted the number of demolitions, leading to a decreased target being set in FY25.

\*\*The Department is continuing to work to fill positions to bring this metric in line with the target.

**Program Name:** Building

**Program Number:** 28

**FY25 Proposed General Fund:** \$7,474,547

**Program Description:** 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.

**FY25 Strategic Goals:**

- Continued growth of the Audits and Investigation Unit to investigate illegal, unlicensed and problematic contractors.
- Support the growth of the Construction Complaint District to include the assignment of all city-wide construction-related complaints.
- Institute a vigorous training program for future and current inspectors.

**FY25 Performance Measures:**

Measure	FY23 Actual	FY24 Target	FY25 Target
Average number of permits per building inspector*	989	850	850

\*The department is training a newly hired class of Building Inspectors that started in September 2023, which should improve performance on this metric.

**Program Name:** Permits & Licensing

**Program Number:** 29

**FY25 Proposed General Fund:** \$7,277,545

**Program Description:** This program issues building, plumbing, electrical, and zoning permits and business and trades licenses in accordance with legal and code requirements.

**FY25 Strategic Goals:**

- Migration of eCLIPSE Customer Portal to new Web User Interface to provide a modern, mobile-first public application.
- Assess the use of Artificial Intelligence (AI) for Online Chat Function.
- Work with the PHL Open for Business initiative on streamlining the business licensing process.

**FY25 Performance Measures:**

Measure	FY23 Actual	FY24 Target	FY25 Target
Median timeframe for permit issuance -- Residential (in days)*	6	10	10
Median timeframe for permit issuance -- Commercial (in days)*	25	30	30
Number of building, electrical, plumbing, and zoning permits issued	48,474	Meet Demand	Meet Demand

\*The target for this measure is the Department’s SLA.

**Program Name:** Code Enforcement

**Program Number:** 30

**FY25 Proposed General Fund:** \$9,428,172

**Program Description:** This program is responsible for enforcing the Philadelphia Property Maintenance and Fire Codes, ensuring that businesses possess proper licenses and comply with ordinances and regulations governing business activity, cleaning and sealing vacant and abandoned properties, and addressing properties that pose a nuisance to quality-of-life in the city.

**FY25 Strategic Goals:**

- Strategically dispatch Clean and Seal crews to mirror the proactive code enforcement inspections that will occur in designated areas of the City.
- Proactively educate the business community on licensing and zoning requirements, while simultaneously enforcing existing codes to eliminate nuisance business activity.
- Initiate an assessment from the International Accreditation Service (IAS) for consideration of Code Enforcement Accreditation to obtain professional code enforcement certification.

**FY25 Performance Measures:**

Measure	FY23 Actual	FY24 Target	FY25 Target
Percent of nuisance properties inspected within 20 days*	91.5%	80.0%	80.0%
Average time from complaint to clean and seal of vacant property (in days)**	25	15	15

\*The nature of Nuisance Property Inspections is unpredictable and these inspections must be performed after hours/weekends and sometimes with police presence. Though a result of 91.5% was achieved in FY23, the measure is likely to fluctuate over time.

\*\*Response time was longer than targeted due to short staffing. The Department is in the process of filling vacancies.

**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 seven (7) Building Inspectors who coordinate the demolition of imminently dangerous properties in low- to moderate-income areas of the city.