

**DEPARTMENT OF LICENSES AND INSPECTIONS
FISCAL YEAR 2026 BUDGET TESTIMONY
APRIL 22, 2025**

INTRODUCTION

Good Afternoon, President Johnson and Members of City Council. We are Commissioners Bridget Greenwald and Basil Merenda. We are pleased to provide testimony on License's & Inspection's Fiscal Year 2026 Operating Budget.

DEPARTMENT MISSION & PLANS

Mission: Under Mayor Parker's leadership, Licenses and Inspections (L&I) has been split into two departments – Inspections, Safety and Compliance (ISC) and Quality of Life (QOL) – in order to help it better perform its core functions. ISC 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. QOL responsibly and respectfully serves the community of Philadelphia by providing quality code education and enforcement services through being transparent, approachable and embracing positivity to make Philadelphia the safest, cleanest, and greenest big city in the country with access to economic opportunity for all.

Plans for Fiscal Year 2026: The Department will continue to follow its mission when performing current duties or implementing new initiatives. See Department plan details in the Strategic Goals listed under the Program Based Budgeting Section of this document.

In Fiscal Year 2026, the Department will continue to drive innovation through technology improvements, including enhanced eCLIPSE reporting and the migration of the eCLIPSE customer portal to a new web user interface (WebUI). The new WebUI, which will be completed in October of 2025, will allow customers to obtain L&I services in multiple languages and will also provide customers with improved user navigation, accessibility, and mobility in a modern, mobile-first public application.

The Inspections, Safety and Compliance (ISC) division will continue to promote building safety through the management of both City-funded and private demolitions. ISC will conduct more stringent investigations into illegal contractors through its Audits and Investigations Unit and will continue to investigate complaints about work being performed without permits. Also, ISC will expand the Construction Complaint Unit to include the assignment of all citywide construction-related complaints and will expand permit categories eligible for virtual inspection to include minor plumbing, mechanical, and residential building permits.

The Quality of Life (QOL) division will continue partnering with fellow agencies, including the Office of Clean and Green Initiatives, Community Life Improvement Program (CLIP), the Police Department, Commerce, Sanitation, the Philadelphia Parking Authority, and Public Health, to address critical quality-of-life issues. Also, QOL will be initiating an assessment from the International Accreditation Service (IAS) for consideration of

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Code Enforcement Accreditation. The accreditation would make Philadelphia one of the premier leaders in quality-of-life code enforcement in the country.

The Administrative Services Division will continue efforts to recruit, hire, and retain all critical positions in the Department and identify additional methods to attract and retain talent. Also, Administration will establish a robust training leadership development program and will continue improvement of the Department's public communications through a user-friendly website, eCLIPSE, and social media.

Both divisions look forward to working with each individual Councilmember and would like to thank all of the wonderful employees of the Department.

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PROPOSED BUDGET OVERVIEW & OTHER BUDGET DRIVERS

General Fund Financial Summary by Class						
	FY24 Original Appropriations	FY24 Actual Obligations	FY25 Original Appropriations	FY25 Estimated Obligations	FY26 Proposed Appropriations	Difference: FY26 Proposed-FY25 Estimated
Class 100 - Employee Compensation	\$28,501,910	\$24,906,356	\$28,420,282	\$29,791,712	\$30,761,407	\$969,695
Class 200 - Purchase of Services	\$14,946,444	\$16,430,673	\$13,996,444	\$13,996,444	\$14,188,444	\$192,000
Class 300/400 - Materials, Supplies & Equipment	\$809,475	\$720,369	\$809,475	\$809,475	\$1,041,475	\$232,000
Class 500 - Contributions	\$0	\$622,423	\$0	\$0	\$0	\$0
TOTAL	\$44,257,829	\$42,679,821	\$43,226,201	\$44,597,631	\$45,991,326	\$1,393,695

Contracts Summary (Professional Services only)						
	FY22	FY23	FY24	FY25	FY25 YTD (Q1 & Q2)	FY26 Projected
Total amount of contracts	\$1,440,000	\$520,900	\$701,087	\$2,510,776	\$753,840	\$2,510,776
Total amount to M/W/DSBE	\$880,000	\$280,000	\$280,000	\$878,772	\$320,000	\$878,772
Participation Rate	61%	54%	40%	35%	42%	35%

Note: The Department's M/W/DSBE Participation Rate for Professional Services contracts is subject to annual fluctuations due to the relatively low number of L&I contracts in this category. As a result, when a large non-participating professional services contract or amendment is conformed, it can adjust the numbers significantly. The Department's overall M/W/DSBE Participation Rate when counting professional services contracts along with public demolition contracts has increased every year from FY23 to current. The Department has exceeded the participation goal of 35% every year and expects that trend to continue.

Total M/W/DSBE Contract Participation Goal (Public Works; Services, Supplies & Equipment; and Professional Services combined)			
	FY24	FY25	FY26 Projected
M/W/DSBE Contract Participation Goal	35%	35%	35%

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Proposed Funding Request:

The proposed Fiscal Year 2026 General Fund budget totals \$45,991,326, an increase of \$1,393,694 over Fiscal Year 2025 estimated obligation levels. This increase is primarily due to funding for filled vacancies; short-term vehicle rentals; and the addition of a new administrative position.

The proposed budget includes:

- \$30,761,407 in Class 100, a \$969,695 increase from FY25. This will fund additional administrative support, contracted increases, and funding for filled vacant positions.
- \$14,188,444 in Class 200, a \$192,000 increase from FY25. This will fund short-term vehicle rentals for inspectors.
- \$1,041,475 in Class 300/400, a \$232,000 increase from FY25. This will fund Clean & Seal Crew Supplies and one Crew Cab Utility truck.

STAFFING LEVELS

The Department is requesting 442 budgeted positions in the General Fund for FY26, an increase of one position from FY25. The increase is attributed to the hiring of one new administrative position.

General Fund Employment Levels (as of November 2024)			
	FY25 Budgeted	Filled as of November 2024	FY26 Proposed
Number of Full-Time Positions	441	382	442
Number of Exempt Positions	36	41	44
Number of Executive Positions (deputy level and above)		14	
Average Salary of All Full-Time Positions		\$69,895	
Median Salary of All Full-Time Positions		\$63,694	

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NEW HIRES

New Hires (from 7/1/2024 to November 2024)									
	Total Number of New Hires	Spanish	Arabic	Punjabi	Urdu	Hindu	Telugru	Tagalog	Ilcano
Black or African American	23		1						
Asian	2			1	1	1	1		
Hispanic or Latino	4	2							
White	15		1						
Other	5							1	1
Total	49	2	2	1	1	1	1	1	1

Detail for new hires since November 2024, if applicable: five new hires, of which one is bilingual (Arabic).

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PROGRAM BASED BUDGETING:

Program Name: Administrative (Shared Services)

Program Number: 2631

FY26 Proposed General Fund: \$4,009,447

Program Description: This program is responsible for providing administrative support for both ISC and QOL. Functions include human resources, employee safety, payroll, employee and labor relations, budget and accounting services, procurement, contract administration, and general services.

FY26 Strategic Goals:

- In partnership with the Office of Human Resources, Administration plans to recruit and hire for all vacant positions in the Department and identify additional methods to attract and retain talent.
- Establish a robust training leadership development program to encourage career growth and opportunity.
- Continue improvement of the Department's public communications through a user-friendly website, eCLIPSE, and social media.
- Enhance eCLIPSE reporting and dashboards to allow for real-time tracking of key metrics, enabling the Department to generate detailed, up-to-date reports. This improvement will speed up service monitoring and enhance the ability to assess and adjust service delivery more efficiently.

FY26 Performance Measures:

Measure	FY24 Actual	FY25 Target	FY26 Target
Net personnel gain/loss (+ new hires, -separations)	13	20	20
Number of on-the-job injuries	25	Reduction from FY24	Reduction from FY25

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Program Name: Inspections, Safety & Compliance (ISC)

Program Number: 2632

FY26 Proposed General Fund: \$31,475,453

Program Description: This program issues building, plumbing, electrical, and zoning permits and business and trades licenses in accordance with legal and code requirements. This program also conducts building inspections for all permitted activities, and patrols construction activity to ensure that all projects are permitted. In addition, this program is responsible for managing the demolition of imminently dangerous structures and for responding to emergency calls related to structural collapses, fires, and related emergencies. ISC also provides administrative support to the appellant and advisory boards associated with the Department.

FY26 Strategic Goals:

- Reduce total L&I plan review time by 25 percent. The total review time is the cumulative time spent on multiple L&I reviews under an application.
- Continue to grow the Construction Complaint District to include the assignment of all citywide construction-related complaints.
- Expand permit categories eligible for virtual inspection to include minor plumbing, mechanical, and residential building permits.
- Migrate the eCLIPSE customer portal to a new web user interface to provide a modern, mobile-first public application. L&I's eCLIPSE system serves as the Department's database and online application processing system for permit and licensing applications.

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FY26 Performance Measures:

Measure	FY24 Actual	FY25 Target	FY26 Target
Median timeframe for permit issuance: Residential (in days) ¹	7	10	10
Median timeframe for permit issuance: Commercial (in days) ¹	22	30	30
Number of building, electrical, plumbing, and zoning permits issued	48,200	Meet demand	Meet demand
Percent of complaints inspected within the SLA ²	N/A	85%	85%
Number of demolitions performed	306	380	380
Number of "imminently dangerous" properties	160	Reduction from FY24	Reduction from FY25
Median timeframe from "imminently dangerous" designation to demolition (in days)	123	130	130
Number of unsafe properties	3,488	Reduction from FY24	Reduction from FY25
Average number of permits per building inspector ³	1,055	850	850

¹ The permit review process may involve multiple review cycles between initial submission and final approval. The 10-day target accommodates applicant response times, which are outside of L&I's control. Given the potential for year-to-year fluctuations in this measure, L&I has opted to maintain the 10-day goal as a consistent performance benchmark.

² FY24 data is not available as this measure was introduced in FY25.

³ The target of 850 is based on increased staffing levels. The Department hired a class of new Building Inspectors in October 2024. Once fully certified, they will begin conducting inspections, which will impact outcomes for this measure.

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Program Name: Quality of Life (QOL)

Program Number: 2633

FY26 Proposed General Fund: \$10,506,426

Program Description: This program is responsible for enforcing 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 the quality of life in the City. QOL also represents the Department in court actions against persons failing to comply with code violations. QOL also conducts annual school inspections for all District-operated and charter-operated schools and enforces codes for property owners to have fire protection systems inspected and certified by qualified tradespeople.

FY26 Strategic Goals:

- Initiate an assessment from the International Accreditation Service (IAS) for consideration of Code Enforcement Accreditation. IAS provides objective evidence that an organization operates at the highest level of ethical, legal, and technical standards.
- Expand the Business Education and Enforcement (BEE) program. QOL leadership met with all ten District Councilmembers to determine a strategy to provide proactive code education and enforcement along business corridors, hand-selected by the Councilmembers as those causing the most quality-of-life issues. The BEE program partners with Commerce, business development groups, and community development corporations. QOL inspectors and supervisors educate business owners in person and with materials written in easy-to-read graphics and multiple languages. The program has been met with much success and has exceeded initial expectations, with more vehicles removed and businesses in compliance.
- Expand its partnership with the Philadelphia Police Department (PPD) in Center City on education and enforcement efforts on quality-of-life issues, such as dumpsters, nuisance businesses, and unlicensed vendors.
- Continue the partnership with PPD and the Philadelphia Parking Authority (PPA) to perform code enforcement and vehicle removals from illegal and unlicensed auto repair shops.

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FY26 Performance Measures:

Measure ¹	FY24 Actual	FY25 Target	FY26 Target
Percent of complaints inspected within the SLA	N/A	85%	85%
Total number of business investigations conducted annually as part of the Business Education & Engagement (BEE) program ²	N/A	300	1,700
Number of door and window inspections completed	N/A	1,000	1,000
Time to resolution for vacant and open structures from initial inspection (days) ³	N/A	10	30
Average time to reinspection for open case files (days)	N/A	45	45
Time between initial violation and referral to Law Department, in days (serious violations) ⁴	N/A	70	70

¹All measures in the Quality of Life program are new as of FY25.

² QOL set a conservative initial target for FY25. The FY26 target is more realistic based on FY25 year-to-date performance.

³ QOL set an ambitious goal for FY25, and the target will not be reached. The FY26 target is more realistic based on FY25 year-to-date performance.

⁴The target of 70 days reflects the necessary time for QOL to conduct an initial inspection and two re-inspections before referral to the Law Department.

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

L&I receives \$1,000,000 annually from the Commonwealth for the County Demolition Fund to support the demolition of imminently dangerous properties in the city.

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CONTRACTING EXPERIENCE

M/W/DSBE Participation on Large Professional Services Contracts											
Top Five Largest Contracts, FY25											
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	Waiver for Living Wage Compliance?
Batta Environmental Associates, Inc.	Asbestos Survey Services	\$80,000	6/14/2023	8/1/2023	MBE: BGFE	100%	\$80,000	100%	\$80,000	NO	NO
					WBE: BGFE	0%	\$0				
					DSBE: BGFE	0%	\$0				
Bell Remediation, LLC	Asbestos Survey Services	\$80,000	6/14/2023	8/1/2023	MBE: BGFE	100%	\$80,000	100%	\$80,000	NO	NO
					WBE: BGFE	0%	\$0				
					DSBE: BGFE	0%	\$0				
Environmental Technicians, LLC	Asbestos Survey Services	\$80,000	6/14/2023	8/1/2023	MBE: BGFE	100%	\$80,000	100%	\$80,000	NO	NO
					WBE: BGFE	0%	\$0				
					DSBE: BGFE	0%	\$0				
Synertech Incorporated	Asbestos Survey Services	\$80,000	6/14/2023	8/1/2023	MBE: BGFE	0%	\$0	0%	\$0	YES	NO
					WBE: BGFE	0%	\$0				
					DSBE: BGFE	0%	\$0				
Westchester Environmental, LLC	Asbestos Survey Services	\$80,000	6/14/2023	8/1/2023	MBE: BGFE	100%	\$80,000	100%	\$80,000	NO	NO
					WBE: BGFE	0%	\$0				
					DSBE: BGFE	0%	\$0				

Non-Profit Vendor Demographics not applicable.