

Legislative Budget Analysis
Proposed FY 2017 Operating and Capital Budgets
Office of the County Auditor
Baltimore County, Maryland
May 4, 2016



Permits, Approvals and Inspections

Director: Arnold Jablon

Budget Office Analyst: Michael Zomber

Legislative Analyst: Michael Walther

Questions to Department Sent	Thursday, April 14 (issue questions) Friday, April 15 (line item questions)
Responses Requested By	Thursday, April 21
Responses Received	Thursday, April 21
Analysis Due for Review	Thursday, April 28
Analysis Completed	Wednesday, May 4

BALTIMORE COUNTY
FISCAL YEAR 2017 RECOMMENDED BUDGET
PERMITS, APPROVALS & INSPECTIONS (017)

BUDGET SUMMARY

\$ in Thousands

	GENERAL	METRO ⁽¹⁾	TOTAL ⁽¹⁾	% Change Prior Year
PROPOSED CHANGE				
FY 2016 - 2017 Change	\$ 279.3	\$ 35.7	\$ 315.0	3.0%
BUDGET TRENDS				
FY 2015 Actual	\$ 8,609.7	\$ 1,464.0	\$ 10,073.7	
FY 2016 Approp.	8,889.6	1,546.4	10,436.0	3.6%
FY 2017 Proposed	9,168.9	1,582.1	10,751.0	3.0%
FY 2017 Budget Analysis	\$ 9,168.9	\$ 1,582.1	\$ 10,751.0	3.0%
POTENTIAL REDUCTIONS	\$ -	\$ -	\$ -	

⁽¹⁾ Metropolitan District Funds and the Total including Metro Funds are presented for information only. The Metropolitan District Operating Fund is financially self-supporting (i.e., an enterprise fund) and is not subject to County Council appropriation.

PERSONNEL

POSITIONS **

	FULL-TIME	PART-TIME
PROPOSED CHANGE		
FY 2016 - 2017 Change	(4)	4
BUDGET TRENDS		
FY 2015 Actual	117	69
FY 2016 Approp.	118	70
FY 2017 Proposed	114	74
FY 2017 Budget Analysis	114	74
POTENTIAL REDUCTIONS	0	0

VACANCY DATA

Positions Vacant as of April 22, 2016*	1	4
--	---	---

* Provided by the Office of Budget and Finance.

** Positions in three programs (General Administration, Real Estate Compliance and Development Review) are split funded between General Funds (69%) and Metro District Funds (31%). See Appendix B.

DEPARTMENT OF PERMITS, APPROVALS AND INSPECTIONS (017)

BUDGET SUMMARY: The proposed FY 2017 General Fund budget for the Department of Permits, Approvals and Inspections totals \$9.2 million, an increase of \$279 thousand, or 3.1%, over the FY 2016 budget. The increase in General Funds is primarily attributable to the 2% COLA as well as a \$100k increase in the service contracts line item, which includes funding for the County’s rat eradication efforts and derelict lot cleanup services. When combined with the Metropolitan District Funds allocated to the Department, which are presented for informational purposes only, the Department’s total FY 2017 budget is \$10.8 million, a 3.0% increase over the FY 2016 budget. **See Exhibits 1-3 for additional detail.**

Exhibit 1: Total Budget History (\$ in thousands)

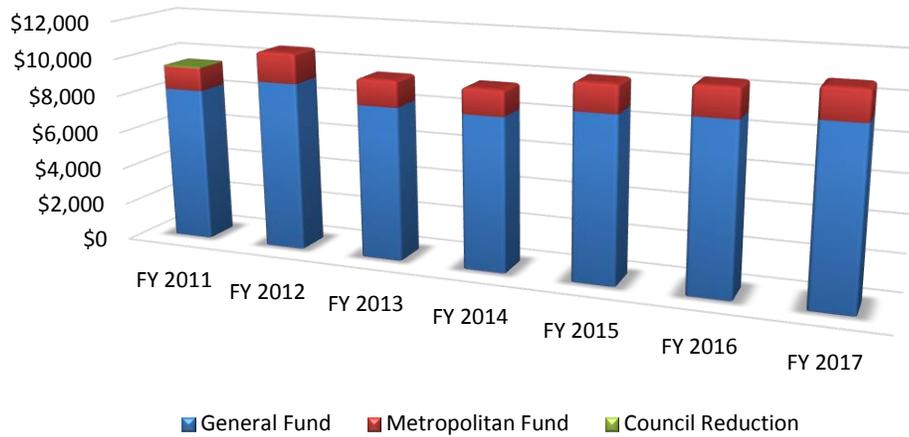
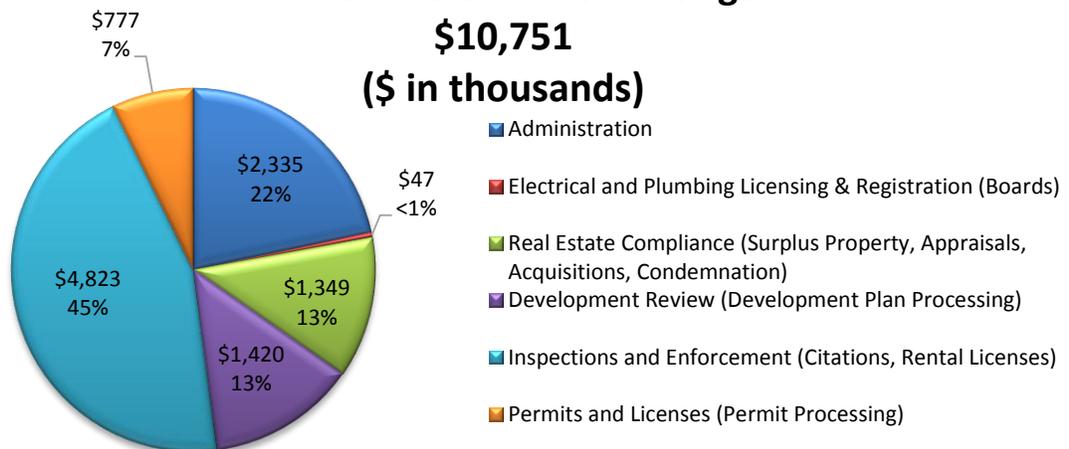


Exhibit 2: Total FY 2017 Budget \$10,751 (\$ in thousands)



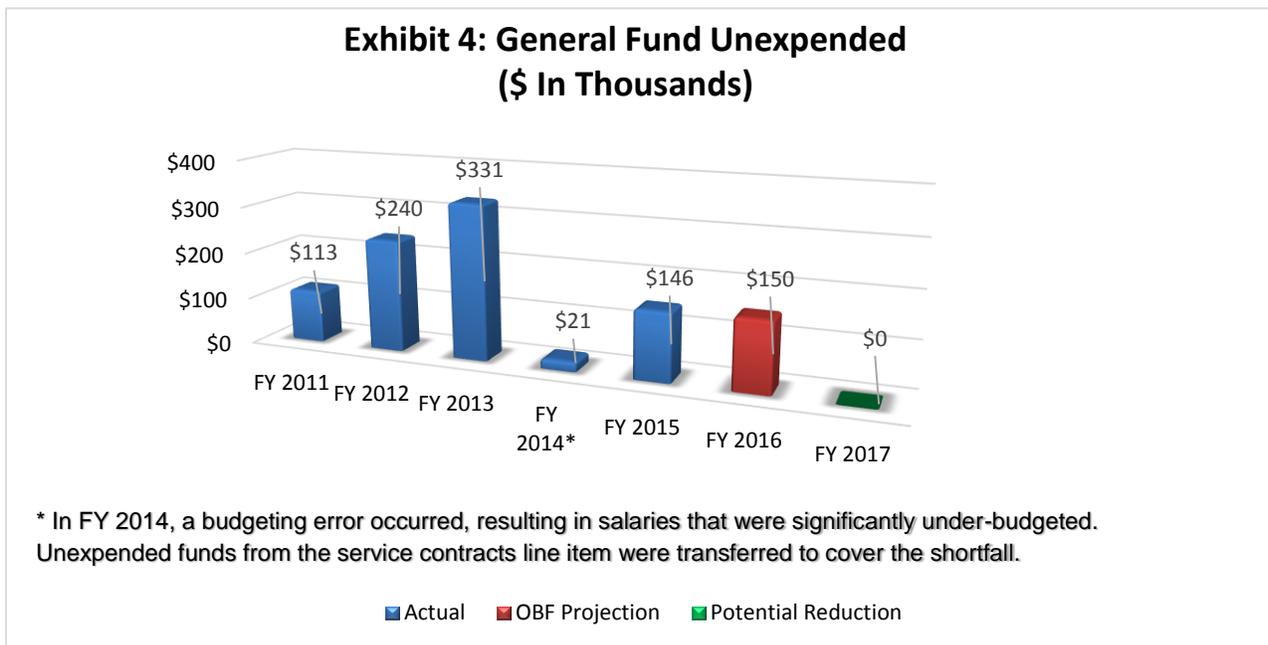
DEPARTMENT OF PERMITS, APPROVALS AND INSPECTIONS (017)

Exhibit 3			
FY 2017 Proposed Budget (\$ in 000's)			
How Much it Grows:	<u>General Fund</u>	<u>Metro Fund (Info Only) ⁽¹⁾</u>	<u>Total ⁽¹⁾</u>
2016 Appropriation	\$ 8,890	\$ 1,546	\$ 10,436
2017 Request	<u>9,169</u>	<u>1,582</u>	<u>10,751</u>
\$ Increase	\$ 279	\$ 36	\$ 315
% Increase	3.1%	2.3%	3.0%
⁽¹⁾ The self-supporting Metropolitan District Operating Fund, which supports operations in this Department, the Department of Public Works, and other agencies, is not subject to County Council appropriation.			
Where it Goes:			
Personnel Expenses:.....			\$ 212
2% COLA.....			158
Increments & Longevities.....			40
Other Salary Adjustments.....			31
Turnover (increase from 2.6% to 2.7%).....			(17)
Operating Expenses:.....			67
Service Contracts (increased rat eradication services).....			100
Mileage and Expenses (increased amount of reimbursements).....			20
Professional Services (e.g., property demolition).....			(52)
Other Changes.....			(1)
Total:.....			\$ 279

DEPARTMENT OF PERMITS, APPROVALS AND INSPECTIONS (017)

POTENTIAL BUDGET RECOMMENDATIONS:

The Department has historically reverted a significant amount of General Funds at the end of each fiscal year (with the exception of FY 2014, when \$229,500 in service contracts funding was transferred from the Inspections and Enforcement Program to other programs to fund under-budgeted salary costs) - see Exhibit 4 (below). Underutilization of the service contracts line item within the Inspections and Enforcement Program (1715-0318) accounts for more than the full amount of the Department's General Fund reversion in each year over the FY 2013 – FY 2015 period. The service contracts line item funds the County's rat eradication contracts. **In light of the level of complaints received about rat problems in recent months, this analysis identifies no potential reductions to the Department's budget. See Issue #1 below.**



DEPARTMENT OF PERMITS, APPROVALS AND INSPECTIONS (017)

SIGNIFICANT PROGRAM/POLICY INITIATIVES AND/OR CHANGES:

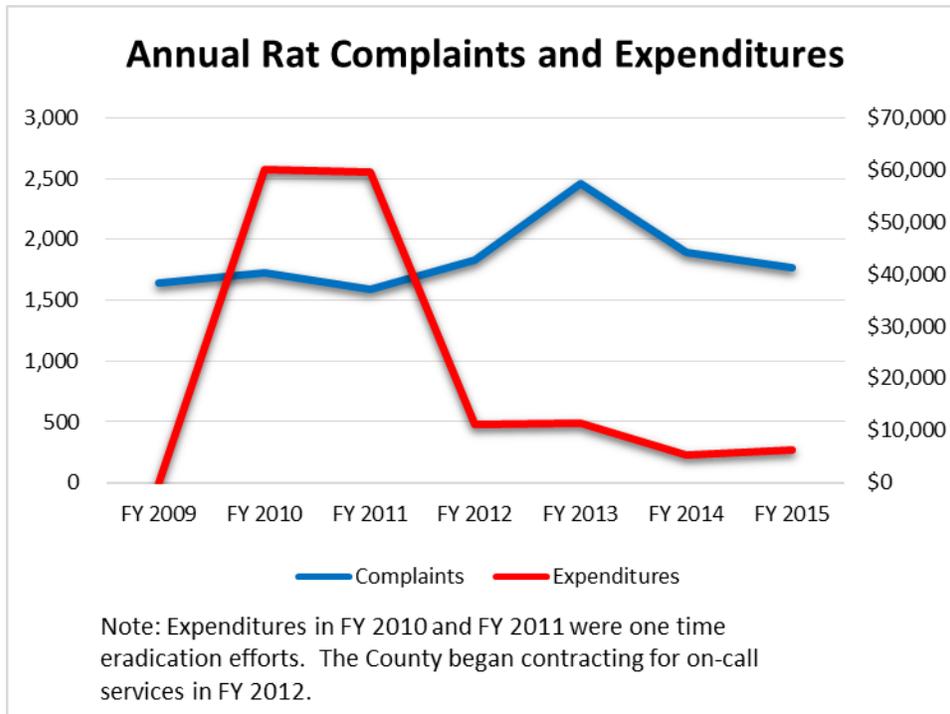
1. Intensification of Rat Eradication Efforts \$100,000

The proposed FY 2017 budget includes \$430,000 for service contracts in the Department's Inspections and Enforcement Division, an increase of \$100,000 over the amount budgeted for FY 2016, which the County Executive announced is to be dedicated to enhanced rat eradication efforts. In addition to funding rat eradication services, the service contracts line item provides for the cleanup of derelict buildings and lots, demolitions, and emergency plumbing work. The Department advised that it does not specifically budget costs for each service, rather, funds for all services are expended on a complaints-driven basis. An analysis of actual spending over the past 3 years and projected spending for the current year indicates that this line item has been under-spent each year; spending over the FY 2013 – FY 2015 period was consistently less than 50% of the budgeted amount. The Department advised that it intends to “step up” its rat eradication efforts and expend an additional \$50,000 for these services over the remainder of FY 2016. This “stepped-up” funding level brings projected FY 2016 expenditures to \$63,294.

Schedule of Historical Spending - Service Contracts				
Fiscal Year	Budget/ Request	Actual/ <i>Estimated</i> Amount	% of Budg./Req.	Over/(Under) Appropriation
2013	\$575,000	\$196,627	34.2%	(\$378,373)
2014	\$579,653	\$235,467	40.6%	(\$344,186)
2015	\$495,700	\$207,850	41.9%	(\$287,850)
2016	\$330,000	\$255,000 ⁽¹⁾	77.3%	(\$75,000)
Average	\$495,088	\$223,736	45.2%	(\$271,352)
2017	\$430,000			
Notes:				
⁽¹⁾ PAI's projection (based on plan to "step up" rat eradication expenditures)				

DEPARTMENT OF PERMITS, APPROVALS AND INSPECTIONS (017)

Average rat eradication expenditures from FY 2012 (the first year the Department contracted for on-call services) to the projected level in FY 2016 (with the planned “stepped-up” efforts) total \$19,498. Shown below are annual rat complaints received in the County from FY 2009 through FY 2015, as well as annual expenditures towards rat eradication services:



Department's Approach to Addressing the Rat Problem

The Department's rat control program is driven by complaints. The County's response to the problem is outlined below:

- i. Complaint investigation: The Department advised that it investigates each complaint received and that its typical response time is three days. A County inspector surveys the property for which a complaint has been submitted as well as any adjacent property.
- ii. Correction notice: In the event the inspector notices conditions that may support an infestation (e.g., burrows, open trash containers), the property owner is asked to correct the issue within an allotted period of time.
- iii. Re-inspection: After the allotted time period has passed, County inspectors revisit the area.

DEPARTMENT OF PERMITS, APPROVALS AND INSPECTIONS (017)

- iv. Fine: If the second investigation finds that corrections have not been made, the property owner may receive a fine of no more than \$500 as determined by a Code Enforcement Hearing Officer.
- v. Neighborhood Sweep: If a numerous amount of complaints are received within the same neighborhood or community, then the Department initiates a neighborhood survey, or sweep. Three County inspectors survey all properties within the neighborhood. Any property owner found to have conditions supporting an infestation will be issued a notice of correction and may be subject to a fine if the issue is not alleviated.
- vi. Extermination: In the event a neighborhood or community is deemed to have extensive rat infestation issues after a sweep, a contractor is utilized to provide extermination services. The contractor surveys each property in an entire neighborhood and exterminates any property where it is deemed necessary (i.e., placing poison where a rat burrow is found). However, exterminators are unable to treat homes that are inaccessible (e.g., homes with dogs, locked gates, or residents who do not allow an exterminator to enter). The Department estimates that anywhere from 20% to 25% of properties in a treated community are deemed inaccessible. In an attempt to reduce the number of inaccessible properties and to inform residents of a forthcoming extermination, contractors place signs throughout neighborhoods 7 to 14 days in advance of an extermination.

The Department recently increased the number of contractors it uses to provide extermination services (from 1 to 3) and stated that it is satisfied with the performance of each contractor. The Department advised that it intends to “step up” its rat eradication efforts for the remainder of FY 2016 and into FY 2017, and that contractors recently have begun providing more crews at the Department’s request and exterminations are being performed over multiple week periods. In addition, the Department plans to award multiple contracts under a new solicitation, which is expected to occur during summer 2016.

DEPARTMENT OF PERMITS, APPROVALS AND INSPECTIONS (017)

The Department advised that it is doing everything it reasonably can to educate, fine, and curb the careless handling of food sources for the rats and that it is ultimately up to residents to change their behaviors. The Department further advised that it is in regular attendance at community meetings and schools and has rodent control tips on its website. Most literature says that complete rat eradication is nearly impossible, but prevention is the first step. Other methods jurisdictions have utilized to proactively control rat infestations are dispersing infertility drugs in lieu of poison, increasing the frequency of trash collections, sweeping neighborhoods prior to receiving complaints, and providing “rat control” kits to residents, which include traps and educational materials.

The Department should be prepared to discuss:

- ***Its projected expenditures on rat eradication contractual services for FY 2017;***
- ***What methods it is taking to proactively address rat control issues before infestation occurs;***
- ***Whether there is a threshold for how extensive rat infestation issues need to be before a extermination is ordered;***
- ***Other methods considered to educate the public about preventative rat control (e.g., webinars, door pamphlets);***
- ***Alternative rat eradication methods considered (aside from poison), and whether the Department is aware of instances where poison is being eaten by pets;***
- ***The extent to which inaccessible properties contribute to rat infestations, and steps that can be taken to reduce inaccessibility; and***
- ***Whether the rental status of a problem property is determined when investigating a violation, and if the County has considered suspending rental licenses for non-compliant addresses.***

DEPARTMENT OF PERMITS, APPROVALS AND INSPECTIONS (017)

OTHER ISSUES:

2. Sediment Control

The Department, in conjunction with the Department of Environmental Protection and Sustainability (EPS), is responsible for ensuring that the County is in compliance with the Maryland Department of the Environment's (MDE) erosion and sediment control regulations, which are intended to improve erosion and sediment control practices across the State, improve the water quality of construction site runoff, and assist with Chesapeake Bay restoration efforts. The regulations were updated and strengthened during 2011, most notably, requiring twice-per-month inspection of any site with a sediment control permit. Previously, only active sites were inspected.

During FY 2012, four sediment control inspectors from EPS were transferred to the Department as it assumed responsibility for complying with the MDE and County regulations. The positions were cross-trained with existing code enforcement officers (see issue #3, below) and effective for FY 2015, only one specialized environmental position remained that was solely responsible for performing environmental inspections. Inspectors are equipped with tablets for use in the field allowing real-time report submittal. The Department advised that it is in compliance with all regulations and is up-to-date on inspections. The Department further advised that it is generally able to inspect each site within three days of a complaint, as required.

The Department should provide the Council with the following sediment control information for each fiscal year over the FY 2012 – FY 2016 period:

- ***Number of inspections performed;***
- ***Number of complaints received; and***
- ***Number of correction notices issued.***

The Department should be prepared to discuss:

- ***The steps it is taking to ensure ongoing compliance with the MDE regulations;***
- ***Why it is beneficial to cross-train specialized environmental inspectors given the sufficient, increased workload as a result of the strengthened regulations; and***
- ***How it is assured that its pool of inspectors are appropriately trained in the specifics of environmental sediment-control requirements and are able to investigate complaints within the require three day period.***

DEPARTMENT OF PERMITS, APPROVALS AND INSPECTIONS (017)

3. Inspection and Code Enforcement Organization and Workload

The proposed FY 2017 budget includes funding for 68 authorized inspector/enforcement positions, including 56 code inspection and enforcement officers, 8 license inspectors, 3 chief inspectors, and 1 environmental inspector and enforcement officer. In comparison, the total number of authorized inspector/enforcement positions is down 13 from FY 2011 (prior to the Retirement Incentive Program), and down 1 from FY 2013 (the most recent major organizational shift); the composition of inspector positions has changed as follows:

	FY 2011	FY 2013	FY 2017	FY 2011- FY 2017 Change
Code Inspection and Enforcement Officer	65	49	56	(9)
License Inspectors	15	13	8	(7)
Environmental Inspector / Enforcement Officer (Sediment Control)	0	4	1	1
Chief Inspector/ Supervisor	1	3	3	2
Total	81	69	68	(13)

During FY 2012 and FY 2013, the Department experienced several staffing and organizational changes including the net loss of 20 positions (including 9 code inspector/enforcement officer positions) in FY 2013, along with the County's implementation of the Retirement Incentive Program. The Department had advised that many of the positions could be eliminated due to technological efficiencies and that the reduction in staffing would not affect its services or response times. Another notable organizational shift that occurred during FY 2013 was the addition of five housing inspectors and four environmental inspectors/enforcement officers (see related issue #2, above) that were transferred in from the Housing Office and the Department of Environmental Protection and Sustainability, respectively. The Department advised at the time that the nine inspector positions would be cross-trained with existing code enforcement officers and building inspectors allowing the positions to perform multiple functions. The Department expected that the cross-training would improve operational efficiency and customer service.

DEPARTMENT OF PERMITS, APPROVALS AND INSPECTIONS (017)

The Department advised that it is typically able to handle permit inspections the day after a request and building inspection complaints within three days unless otherwise deemed an emergency (i.e., arcing, sparking, and burning).

The Department should be prepared to discuss:

- ***Operational efficiencies realized from cross-training of employees;***
- ***Whether response times have increased (e.g., due to rising demand for services and a reduction in license and enforcement staff); and***
- ***Typical response time the Department strives to meet and how that compares to response times in other jurisdictions.***

4. Technology Projects

The proposed FY 2017 budget includes approximately \$327,000 in ongoing support and maintenance costs for the Accela Permits, Inspections, and Licensing Project and the Accela Land Management Application. Both projects were implemented during FY 2012 and cost approximately \$2.5 million.

The Accela Permits, Inspections, and Licensing software allows for automation of certain Department processes and centralizes the data for building, electrical, plumbing and miscellaneous permits. The software additionally provides limited public online access, allowing County residents to file for permits electronically. Further, the software allows code enforcement inspectors field access, enabling inspectors to increase their workload by eliminating the need for return trips to hand file records each day. The Department advised that Accela has reduced the number of paper applications and decreased processing turnaround time from 8-10 weeks to 2-3 weeks. Beginning May 1, 2016, County residents will be able to upload rabies vaccination certificates into the system, eliminating the need to file by mail or in person.

The Accela Land Management Application integrates with the Permits, Inspections, and Licensing software to coordinate and track the subdivision and development review and approval processes.

DEPARTMENT OF PERMITS, APPROVALS AND INSPECTIONS (017)

This application provides for limited public online access, allowing residents to track the status of a proposed development. The Department advised that the application has increased certain response times for phase one of the development review process and has reduced the number of phone calls and emails to the Department. However, the Department further advised that it still must rely on other data systems since not all Development Management processes are integrated with Accela.

On March 23, 2016, Harford County launched an “ePERMIT CENTER” allowing citizens 24/7 access to numerous permits and inspections-related services. Citizens are able to search for a residential, commercial, or miscellaneous permit by permit number or address, tracking it from request to completion. Further, citizens are able to track the real-time status of inspection requests and search the progress of a proposed development plan. Harford County’s costs for this technology initiative totaled \$2.1 million in one-time expense, with the related annual support and maintenance fees totaling \$226,000.

The Department advised that the Office of Information Technology tentatively plans to expand the Accela software applications in FY 2018, which will enhance public access, integrate building permitting application data, and provide further Development Management phase capabilities.

The Department should be prepared to discuss:

- ***The limitations and challenges associated with needing to utilize multiple programs and databases for Departmental processes;***
- ***How much additional access and capability the public will experience with the expansion of the Accela software applications;***
- ***When building permitting applications and all Development Management processes will be integrated with Accela;***
- ***How Departmental operations will be improved through an expansion of the software; and***
- ***The accuracy and level of detail that is currently publicly available online relating to development plan applications and reviews.***

DEPARTMENT OF PERMITS, APPROVALS AND INSPECTIONS (017)

5. Rental Housing Licensing Program (RHLP)

The Rental Housing Licensing Program (RHLP) requires anyone who owns property that contains six dwelling units or fewer and intended for rent to be registered and licensed unless exempt. The program started as a pilot program in certain areas of the County in June 2002 and expanded to cover the entire County in February 2008. To qualify for a license, the property owner must obtain a home inspection by an approved private home inspector. Licenses are obtained for a 3-year period, with differing licensing and renewal dates. All private rental property owners and apartment complexes must comply with the requirement to install carbon monoxide alarms in rental units if the units are heated by fuel burning equipment or have enclosed parking areas. The Department advised that 20,686 rental units are registered under the program, an increase of 3,519 units since FY 2012, and that all units are compliant with the carbon monoxide requirement, an increase from 80% compliant in FY 2012. The Department further advised that RHLP information is contained in the Accela software program but is split between old and new databases. The Department added one office assistant position during FY 2016 to handle the increased demand.

The Department should be prepared to discuss:

- ***Its oversight of private home inspectors to ensure all rental properties are in full compliance;***
- ***If the number of registered properties is expected to continue to increase and whether any staffing changes will be necessary to meet demand;***
- ***Any limitations and challenges associated with the data being split between two databases;***
- ***The challenges associated with identifying property owners who do not seek registration; and***
- ***The extent to which the program has assisted communities in addressing problems with irresponsible landlords.***

DEPARTMENT OF PERMITS, APPROVALS AND INSPECTIONS (017)

6. Development Review Responsibilities

The proposed FY 2017 budget includes \$1,419,601 for the Development Review Program (program 1714), which reviews and approves development plans for developments proposed throughout Baltimore County. 99% of the program's budget funds salaries of 24 County employees (22.54 FTE), including a Development Manager (proposed FY 2017 salary of \$95,756), and 4 Project Managers (proposed combined FY 2017 salaries of \$298,440).

The Department should be prepared to discuss the duties of key Development Review Program positions and their roles in the development approval process (e.g., local open space waivers).

BALTIMORE COUNTY
FISCAL YEAR 2017 RECOMMENDED BUDGET

DEPT. OF PERMITS, APPROVALS AND INSPECTIONS (017)

GENERAL FUND APPROPRIATION DETAIL						
	FY 2015 ACTUAL	FY 2016 APPROP	FY 2017 REQUEST	NET CHANGE		
				AMOUNT	%	
1701 General Administration	\$ 1,521,025	\$ 1,614,527	\$ 1,611,452	\$ (3,075)	-0.2%	
1711 Electrical Licensing and Regulation	17,257	17,425	17,704	279	1.6%	
1712 Plumbing Licensing Regulation	28,740	28,975	29,440	465	1.6%	
1713 Real Estate Compliance	837,544	876,146	930,465	54,319	6.2%	
1714 Development Review	924,295	951,231	979,525	28,294	3.0%	
1715 Inspections & Enforcement	4,545,980	4,647,580	4,823,262	175,682	3.8%	
1716 Permits and Licenses	<u>734,826</u>	<u>753,742</u>	<u>777,098</u>	<u>23,356</u>	<u>3.1%</u>	
Total	<u>\$ 8,609,667</u>	<u>\$ 8,889,626</u>	<u>\$ 9,168,946</u>	<u>\$ 279,320</u>	<u>3.1%</u>	

BALTIMORE COUNTY
FISCAL YEAR 2017 RECOMMENDED BUDGET

DEPT. OF PERMITS, APPROVALS AND INSPECTIONS (017)

METROPOLITAN DISTRICT ENTERPRISE FUND DETAIL						
	FY 2015 ACTUAL	FY 2016 APPROP	FY 2017 REQUEST	NET CHANGE		
				AMOUNT	%	
1701 General Administration	\$ 673,955	\$ 725,366	\$ 723,985	\$ (1,381)	-0.2%	
1711 Electrical Licensing and Regulation	-	-	-	-	NA	
1712 Plumbing Licensing Regulation	-	-	-	-	NA	
1713 Real Estate Compliance	375,701	393,630	418,035	24,405	6.2%	
1714 Development Review	414,312	427,364	440,076	12,712	3.0%	
1715 Inspections & Enforcement	-	-	-	-	NA	
1716 Permits and Licenses	-	-	-	-	NA	
Total	<u>\$ 1,463,968</u>	<u>\$ 1,546,360</u>	<u>\$ 1,582,096</u>	<u>\$ 35,736</u>	<u>2.3%</u>	

NOTE: For informational purposes only.

BALTIMORE COUNTY
FISCAL YEAR 2017 RECOMMENDED BUDGET

DEPT. OF PERMITS, APPROVALS AND INSPECTIONS (017)

PERSONNEL DETAIL									
		FY 2015 ACTUAL		FY 2016 APPROP		FY 2017 REQUEST		NET CHANGE	
		FULL	PART	FULL	PART	FULL	PART	FULL	PART
<u>General & Metropolitan District Funds:</u>									
1701	General Administration ^(A)	22	7	20	9	19	11	(1)	2
1711	Electrical Licensing and Regulation	0	3	0	3	0	3	0	0
1712	Plumbing Licensing Regulation	0	5	0	5	0	5	0	0
1713	Real Estate Compliance ^(A)	15	4	16	3	13	7	(3)	4
1714	Development Review ^(A)	20	3	19	4	18	6	(1)	2
1715	Inspections & Enforcement	46	42	49	41	50	37	1	(4)
1716	Permits and Licenses	14	5	14	5	14	5	0	0
	Total	<u>117</u>	<u>69</u>	<u>118</u>	<u>70</u>	<u>114</u>	<u>74</u>	<u>(4)</u>	<u>4</u>

^(A) Positions are funded by General funds at 69% and Metropolitan District funds at 31%.