

Legislative Budget Analysis
Proposed FY 2023 Operating and Capital Budgets
Office of the County Auditor
Baltimore County, Maryland
HEARING DATE: May 5, 2022



Permits, Approvals and Inspections (PAI)

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Questions to Agencies Sent	Sunday, April 17
Responses Received	Monday, April 25
Analysis considers all agency responses.	

BALTIMORE COUNTY
FISCAL YEAR 2023 BUDGET ANALYSIS

PERMITS, APPROVALS & INSPECTIONS (017)

BUDGET SUMMARY				
\$ in Thousands				

	GENERAL	SPECIAL	TOTAL	% Change Prior Year
PROPOSED CHANGE				
FY 2022 - 2023 Change	\$ (358.5)	\$ (500.0)	\$ (858.5)	-6.6%
BUDGET TRENDS				
FY 2021 Actual	\$ 9,699.0	\$ 72.0 ⁽¹⁾	\$ 9,771.0	
FY 2022 Approp.	10,437.0	2,500.0	12,937.0	32.4%
FY 2023 Request	10,078.5	2,000.0	12,078.5	-6.6%
FY 2023 Budget Analysis	10,078.5	2,000.0	12,078.5	-6.6%
POTENTIAL REDUCTIONS	TBD	\$ -	TBD	

For Information Only:

Metropolitan District Enterprise Fund ⁽²⁾

	<u>Total</u>	<u>Net Change</u>	<u>% Change Prior Year</u>
FY 2021 Actual	\$ 1,513.2		
FY 2022 Approp.	1,775.0	261.8	17.3%
FY 2023 Request	1,426.4	(348.6)	-19.6%

⁽¹⁾ Reflects audited expenditures \$56,625 less than the amount reflected in the Executive's budget documents.

⁽²⁾ 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				
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	GENERAL**		SPECIAL	
	FULL-TIME	PART-TIME	FULL-TIME	PART-TIME
PROPOSED CHANGE				
FY 2022 - 2023 Change	(12) ^(A)	(15) ^(A)	0	0
BUDGET TRENDS				
FY 2021 Actual	136	52	0	0
FY 2022 Approp.	130	66	0	0
FY 2023 Request	118	51	0	0
FY 2023 Budget Analysis	118	51	0	0
POTENTIAL REDUCTIONS	0	0	0	0
VACANCY DATA				
Positions Vacant as of April 15, 2022*	22	8	0	0

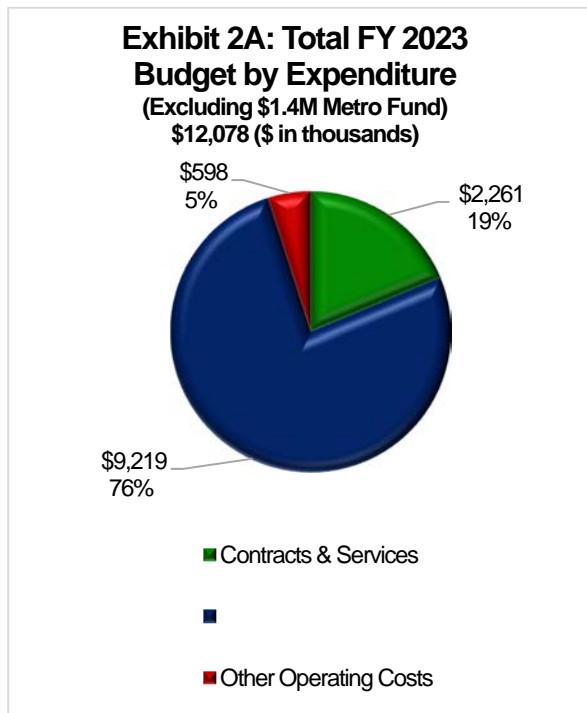
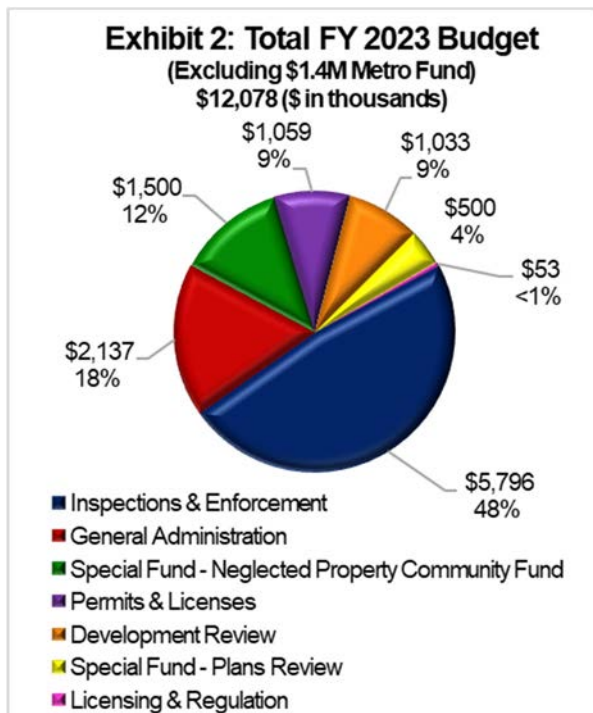
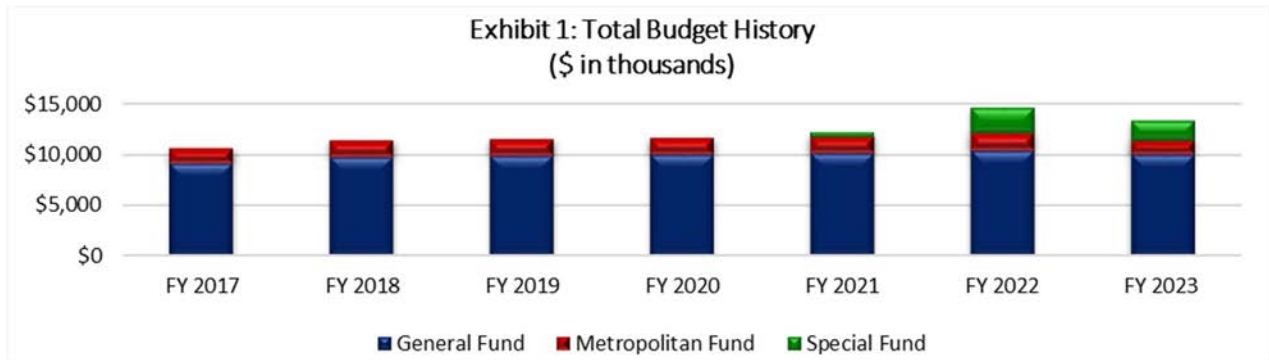
* Provided by the Office of Budget and Finance.

** Positions in three programs (General Administration, Real Estate Compliance (transferred to Law in FY 2023), and Development Review) are split funded between General Funds (69%) and Metro District Funds (31%). See Appendix B.

^(A) 16 positions transferred to the Office of Law and 8 positions transferred to the Housing Office.

DEPARTMENT OF PERMITS, APPROVALS AND INSPECTIONS (017)

BUDGET SUMMARY: The proposed FY 2023 budget for the Department of Permits, Approvals and Inspections totals \$13.5 million, including \$1.4 million in Metropolitan District Funds (which the Council does not appropriate). The General Fund portion of the budget totals \$10.1 million and decreases by \$359 thousand, or 3.4%, primarily due to the transfer of the Real Estate Compliance program to the Office of Law, offset by increases in personnel costs (primarily overtime, as well as for increments and longevities, salary review, and COLAs). The Special Fund portion of the budget totals \$2.0 million, and decreases by \$500 thousand, or 20.0%, due to reduced Neglected Property Community Fund expenses. **See Exhibits 1-3 for additional detail.**



DEPARTMENT OF PERMITS, APPROVALS AND INSPECTIONS (017)

Exhibit 3			
FY 2023 Proposed Budget (\$ in 000's)			
How Much it Grows:	General Fund	Special Fund	Total
2022 Appropriation	\$ 10,437	\$ 2,500	\$ 12,937
2023 Request	10,078	2,000	12,078
\$ (Decrease)	\$ (359)	\$ (500)	\$ (859)
% (Decrease)	-3.4%	-20.0%	-6.6%
<u>For Information Only: Metropolitan District Enterprise Fund ⁽¹⁾</u>			
2022	\$ 1,775		
2023	1,426		
\$ (Decrease).....	\$ (349)		
% (Decrease).....	-19.6%		
(1) The self-supporting Metropolitan District Operating Fund, which supports operations in this Department and other agencies, is not subject to County Council appropriation.			
Where it Goes:			
<u>General Fund:</u>			
Personnel Expenses:.....			\$ 487
Overtime.....		204	
Increments & Longevities.....		90	
Salary Review.....		73	
3% COLA effective January 1, 2023.....		43	
2% COLA (January 1, 2022 effect).....		39	
Personnel Changes:.....		29	
Office Assistant from Real Estate Compliance Program retained by PAL.....		29	
3 FY 2022 Mid-Year Summer Employee Position Deletions (FTE remain and no salary effect).....		-	
8 Positions (6 Code Inspection & Enforcement Officer and 2 Rental Subsidy Technician) transferred to the Housing Office (funding remains in PAL).....		-	
Turnover (2.9% to 3.3%).....		(35)	
Other Personnel Expense Changes.....		44	
Operating Expenses:.....			\$ 118
Service Contracts (on-line credit card processing fees and landscape architect contracts).....		56	
Travel for Code Inspectors (increased IRS mileage rate).....		55	
Other.....		7	
Real Estate Compliance (69% General Funded) - transferred to Office of Law.....			\$ (964)
Personnel Expenses.....		(951)	
Operating Expenses.....		(13)	
General Fund Total.....			\$ (359)
<u>Special Fund:</u>			
Neglected Property Community Fund.....		(500)	
Special Fund Total.....			\$ (500)
Total:.....			\$ (859)

DEPARTMENT OF PERMITS, APPROVALS AND INSPECTIONS (017)

POTENTIAL BUDGET REDUCTIONS:

For FY 2023, the Department is proposing a new initiative for Ombudsman services, estimated to cost \$90,000, under an Office of Information Technology contract (funded in the Capital Budget's Enhanced Productivity Thru Technology project). Additionally, the Department had 30 vacant positions as of April 15, 2022, with budgeted General Fund salaries totaling more than \$1.1 million (less budgeted General Fund turnover savings of approximately \$0.4 million). To the extent that the Council deems less funding than proposed to be necessary for these purposes, budget reductions would be viable.

TOPICS FOR DISCUSSION:

1. Personnel

The proposed FY 2023 budget includes \$9.2 million for personnel expenses, a decrease of \$463 thousand, or 4.8%, primarily due to the transfer of the 16 Real Estate Compliance program positions to the Office of Law (\$951 in salaries and related personnel costs), offset by increases in salaries for existing personnel (\$245 thousand) and overtime costs (\$204 thousand). The increases in salaries for existing personnel include salary reviews for non-classified positions (\$73 thousand), increments and longevities for classified positions (\$90 thousand), and COLAs (FY 2022 and FY 2023 (\$82 thousand)).

Real Estate Compliance Program Transfer to the Office of Law

In FY 2022, the oversight of the Program's 3 Assistant County Attorneys was transferred to the Office of Law, while the salaries remained in the Department. For FY 2023, the Department advised it was determined that the Program's 16 remaining authorized positions (2 Assistant County Attorneys, 2 Project Managers, 2 Real Estate Specialist I's, Real Estate Specialist II, Appraisal Review Supervisor, Review Appraiser, Senior Review Appraiser, Engineering Associate IV, Engineering Associate III, Engineering Associate II, Legal Admin Secretary, Legal Assistant, and Office Administrator) also should be transferred to the Office of Law, since they manage transactional legal work and provide services to multiple departments.

DEPARTMENT OF PERMITS, APPROVALS AND INSPECTIONS (017)

Overtime

The Department advised that an increase in overtime is needed in order to provide more proactive code enforcement (e.g., education and awareness, community sweeps) as recommended by the County Efficiency Review (**see issue #2**); increased inspections (directly related to the increased permit applications - **see issue #3**); the manual process associated with the Cityworks system (which will not be resolved until LURA is implemented - **see issue #4**); and position turnover/difficulty filling vacancies (30 as of April 15, 2022).

The proposed FY 2023 budget also transfers the following 8 positions from the Department's Inspections and Enforcement Program to the Housing Office: 5 Code Inspection & Enforcement Officer II, 2 Rental Subsidiary Technician, and 1 Code Inspection & Enforcement Officer III positions (\$0 budgeted salary). The Department advised that these positions have always reported to and been funded by the Housing Office and were not cross-trained or performing other inspections for the Department.

Ombudsman

The proposed FY 2023 Capital Budget (Enhanced Productivity Thru Technology project) includes the creation of an Ombudsman (OIT-contracted service) to provide support for both the new online permitting system (**see issue #3**) and subsequent phases of the Land Use Regulation Authorization (LURA) system (**see issue #4**).

The Department should be prepared to discuss:

- ***Results from proactive code enforcement initiatives; and***
- ***Initiatives to retain current employees and to fill vacancies.***

2. Neglected Property Community Fund

The proposed FY 2023 budget for the Neglected Property Community Fund totals \$1.5 million, a decrease of \$500 thousand, or 25.0%, due to reduced planned expenses. The Fund receives monies from any realty liens and accrued interest assessed and collected against properties for non-payment of a civil penalty for code enforcement non-compliance and any other funds

DEPARTMENT OF PERMITS, APPROVALS AND INSPECTIONS (017)

provided/designated by the County (e.g., \$2 million in General Funds contributed in FY 2022 to establish the Fund).

The purpose of the Fund is to:

- stabilize, repair, or demolish derelict, blighted, and deteriorated properties and structures;
- provide County residential and business property owners with financial assistance to bring properties into compliance with the County Code (Department is required to submit an annual report to the County Council outlining financial assistance provided); and
- implement other existing or innovative code enforcement compliance techniques, including tall grass, weed, rodent, or trash control.

FY 2022 Progress

The Department advised that in FY 2022 to-date, \$1.8 million has been collected and \$773 thousand has been expended/encumbered for the following: to secure two adjoined structures from weather and vandalism and numerous properties for trash, junk, and debris; to address numerous tall grass complaints; and to expand the Rat Eradication Program into two new communities (Turner Station and Boston Courts), as well as to intensify treatment (i.e. repeat 8-week treatment) for 5 existing communities (Eastwood, Middlesex, Berkshire, Colgate, and West Inverness). The Department also advised that it has been working closely with the Departments of Housing & Community Development and Public Works & Transportation on coordinating enforcement issues related to trash, livability codes, and signs.

Tall Grass and Weeds

On April 4, 2022, the Council passed Bill 16-22, which amended the County's nuisance laws related to the growth of grass, weeds, or other rank vegetation, reducing the maximum permissible height to 8 inches (recommendation from the County Efficiency Review). The bill added specific penalties for repeat offenders, which are in addition to any other applicable civil or criminal penalties.

DEPARTMENT OF PERMITS, APPROVALS AND INSPECTIONS (017)

Complaints and Inspections

The Department advised that during FY 2021 and FY 2022 to-date, it has received and performed the following complaints and inspections, respectively.

Complaints	FY 2021	FY 2022 to-date
Trash, Junk, Debris	4,403	4,059
Tall Grass	4,133	2,445
Rodents	2,180	1,614
Improper Trash Storage	1,128	1,126
Untagged/Inoperable Vehicles	1,223	1,175
Other	4,561	705
TOTAL COMPLAINTS	17,628	11,124
TOTAL INSPECTIONS	23,698	18,537

The Department also advised that it performs off-hours inspections on an as-needed basis (e.g., if a complaint necessitates an inspection during certain business hours).

Efficiency Review

The Department advised that to-date, all of the recommendations from the County Efficiency Review regarding the Department have been completed or are in progress, and that the proposed FY 2023 budget includes \$15 thousand for overtime to address the Rethinking Code Enforcement (to provide more proactive code enforcement) and Tall Grass Code recommendations. The Department also advised that it is working to ensure additional coordination with the State's Attorney's Office and the Court system related to the escalating number of penalties and search warrants, and with the County's contractor AutoReturn regarding inoperable vehicles. (The Department advised that the County and AutoReturn are in the process of finalizing contractual terms for establishing this additional service. The Office of Budget and Finance, Purchasing Division, advised that service contracts with towing companies for this purpose are forthcoming.) In addition for FY 2023, the Department advised that plans include escalating penalties for repeat

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offenders related to trash/junk/debris, illegal businesses, zoning issues, etc. and establishing an abandoned structure inventory (Code Enforcement Workgroup recommendation) to address blighted areas in a more comprehensive and systematic process.

The Department should be prepared to discuss:

- ***Whether residential and business property owners were provided financial assistance to bring properties into compliance with the County Code and if so, the timetable to provide the annual report to the County Council;***
- ***Metrics used to determine that two additional communities needed to be added to the Rat Eradication program;***
- ***The timetable for establishing the abandoned structure inventory;***
- ***The current status of discussions with the State's Attorney's Office/Court system related to the escalating number of penalties and search warrants; and***
- ***Its timeframe for finalizing contracts with AutoReturn and towing companies.***

3. Building, Electrical, and Plumbing Permits

The proposed FY 2023 budget includes \$72 thousand, an increase of \$45 thousand, or 166.7%, to cover the anticipated increase in online credit card processing fees resulting from the County's online permitting system that went "live" on November 1, 2021. The new system allows residents to apply/pay for building, electrical, and plumbing permits online, 24 hours a day, 7 days a week, 365 days a year. In this regard, the Department advised that it has seen significant year-over-year increases of 30% in permit applications in December, January, and February 2022.

The Department advised that in FY 2021 and FY 2022 (as of 3/31/2022 and projected), the number of permit applications received and permits issued were as follows:

DEPARTMENT OF PERMITS, APPROVALS AND INSPECTIONS (017)

Fiscal Year	Building Permits		Electrical Permits		Plumbing Permits	
	Applications Received	Permits Issued	Applications Received	Permits Issued	Applications Received	Permits Issued
2021	12,614	10,897	11,313	11,217	7,740	7,654
2022 <i>(as of 3/31/22)</i>	9,953	8,019	9,546	9,380	11,992	9,703
2022 <i>(Projected)</i>	17,000	16,700	14,700	14,600	19,200	19,100

The Department advised that overtime has been required in order to process the permits in a timely fashion (**see issue #1**). In this regard, the Department advised that it currently has an approximate 1-day turnaround time for trade (electrical and plumbing) permits, and a 3- to 5-day turnaround time for building permits, depending on their complexity.

Ombudsman Service

The proposed FY 2023 Capital Budget (Enhanced Productivity Thru Technology project) includes \$90 thousand to create a contractual Ombudsman service for the Office of Information Technology (OIT), which will support both the new online permitting system and subsequent phases of the Land Use Regulation Authorization (LURA) system (**see issue #4**). The Department advised that numerous individuals are having difficulty navigating the new online permitting system (replaced the old in-person application process), and that the Ombudsman service will assist customers and troubleshoot issues with the new system, the permit application process itself, or permit application reviews performed by other agencies. OIT also advised that its consultant is presently recruiting personnel for this purpose, under an existing contract with Information Technology Consulting & Technical Services (ITCATS) for one contractual position with the right to hire after six months. This contract includes supplemental staff labor categories with expertise in application administration and customer support.

The Department and OIT should be prepared to discuss:

- ***How the Department has been able to provide reasonable turnaround times despite the increase in permit applications;***

DEPARTMENT OF PERMITS, APPROVALS AND INSPECTIONS (017)

- *The reason for and extent of the difficulty individuals are experiencing navigating the new online permitting system; and*
- *Coordination between the Department and OIT to ensure such problems are addressed timely.*

4. Capital Budget - Tech Fund *(For Informational Purposes Only)*

The proposed FY 2023 Capital Budget's Enhanced Productivity Thru Technology project includes \$750 thousand to continue funding the implementation of a comprehensive Land Use Regulatory Automation (LURA) system, which will provide faster and up-to-date workflow for County employees, constituents, and developers to view and track plans and approvals and pass/fail inspections online. The Department advised that the implementation of LURA is an 8-phase process and is expected to be fully implemented by November 29, 2023: phase I (permits and inspections) is complete, phase II (development management) is underway, and phase III (trade licenses only) is on an accelerated path due to the mainframe being eliminated. OIT advised that estimated project costs total \$4.1 million, including \$3.6 million for vendor services and \$500 thousand for software, hardware, and project management support; \$2.4 million in costs have been incurred to-date.

BALTIMORE COUNTY
FISCAL YEAR 2023 BUDGET ANALYSIS

DEPT. OF PERMITS, APPROVALS AND INSPECTIONS (017)

APPROPRIATION DETAIL					
	FY 2021 ACTUAL	FY 2022 APPROP	FY 2023 REQUEST	NET CHANGE	
				AMOUNT	%
<u>General Fund</u>					
General Administration	\$ 1,658,578	\$ 2,053,037	\$ 2,137,220	\$ 84,183	4.1%
Electrical Licensing & Regulation	12,608	19,460	20,021	561	2.9%
Plumbing Licensing & Regulation	27,902	32,366	33,303	937	2.9%
Real Estate Compliance	811,200	964,361	- ^(B)	(964,361)	-100.0%
Development Review	913,964	1,012,486	1,032,843	20,357	2.0%
Inspections & Enforcement	5,375,300	5,365,732	5,796,326	430,594	8.0%
Permits and Licenses	899,451	989,524	1,058,763	69,239	7.0%
General Fund Total	<u>\$ 9,699,003</u>	<u>\$ 10,436,966</u>	<u>\$ 10,078,476</u>	<u>\$ (358,490)</u>	<u>-3.4%</u>
<u>Special Fund</u>					
GR-1022 Plans Review	72,000 ^(A)	500,000	500,000	-	0.0%
Neglected Property Community Fund	-	2,000,000	1,500,000	(500,000)	-25.0%
Special Fund Total	<u>\$ 72,000 ^(A)</u>	<u>\$ 2,500,000</u>	<u>\$ 2,000,000</u>	<u>\$ (500,000)</u>	<u>-20.0%</u>
Total All Funds	<u><u>\$ 9,771,003</u></u>	<u><u>\$ 12,936,966</u></u>	<u><u>\$ 12,078,476</u></u>	<u><u>\$ (858,490)</u></u>	<u><u>-6.6%</u></u>

^(A) Reflects audited expenditures \$56,625 less than the amount reflected in the Executive's budget documents.

^(B) Transferred to the Office of Law.

BALTIMORE COUNTY
FISCAL YEAR 2023 BUDGET ANALYSIS

DEPT. OF PERMITS, APPROVALS AND INSPECTIONS (017)

METROPOLITAN DISTRICT ENTERPRISE FUND DETAIL					
	FY 2021	FY 2022	FY 2023	NET CHANGE	
	<u>ACTUAL</u>	<u>APPROP</u>	<u>REQUEST</u>	<u>AMOUNT</u>	<u>%</u>
General Administration	\$ 741,430	\$ 902,451	\$ 962,404	\$ 59,953	6.6%
Real Estate Compliance	362,677	417,613	- ⁽¹⁾	(417,613)	-100.0%
Development Review	<u>409,120</u>	<u>454,885</u>	<u>464,031</u>	<u>9,146</u>	<u>2.0%</u>
Total	<u>\$ 1,513,227</u>	<u>\$ 1,774,949</u>	<u>\$ 1,426,435</u>	<u>\$ (348,514)</u>	<u>-19.6%</u>

⁽¹⁾ Transferred to the Office of Law.

NOTE: For informational purposes only.

BALTIMORE COUNTY
FISCAL YEAR 2023 BUDGET ANALYSIS

DEPT. OF PERMITS, APPROVALS AND INSPECTIONS (017)

PERSONNEL DETAIL

	<u>FY 2021 ACTUAL</u>		<u>FY 2022 APPROP</u>		<u>FY 2023 REQUEST</u>		<u>NET CHANGE</u>	
	FULL	PART	FULL	PART	FULL	PART	FULL	PART
<u>General & Metropolitan District Funds:</u>								
General Administration ^(A)	21	8	22	9	23	9	1 ⁽¹⁾	0
Electrical Licensing & Regulation	0	3	0	3	0	3	0	0
Plumbing Licensing & Regulation	0	5	0	5	0	5	0	0
Real Estate Compliance ^(A)	16	4	13	4	0	0	(13) ⁽¹⁾	(4) ⁽¹⁾
Development Review ^(A)	21	1	20	3	20	1	0	(2) ⁽²⁾
Inspections & Enforcement	63	27	59	39	59	30	0	(9)
Permits and Licenses	15	4	16	3	16	3	0	0
General Fund Total	<u>136</u>	<u>52</u>	<u>130</u>	<u>66</u>	<u>118</u>	<u>51</u>	<u>(12)</u>	<u>(15)</u>
 <u>Special Fund</u>								
GR-1022 Plans Review	0	0	0	0	0	0	0	0
Neglected Property Community Fund	0	0	0	0	0	0	0	0
Special Fund Total	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total All Funds	<u>136</u>	<u>52</u>	<u>130</u>	<u>66</u>	<u>118</u>	<u>51</u>	<u>(12)</u>	<u>(15)</u>

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

⁽¹⁾ 16 positions were transferred to the Office of Law and 1 position was transferred to the General Administration program.

⁽²⁾ 8 positions were transferred to the Housing Office.