

Legislative Budget Analysis
Proposed FY 2025 Operating and Capital Budgets
Office of the County Auditor
Baltimore County, Maryland
HEARING DATE: May 2, 2024



Department of Permits, Approvals & Inspections (PAI)

Director: C. Pete Gutwald

Budget Office Analyst: Maxim Sharbaugh

Legislative Analyst: Lisa Kispert

Questions to Department Sent	Tuesday, April 16, 2024
Responses Received	Wednesday, April 24, 2024
Analysis considers all agency responses.	

BALTIMORE COUNTY
FISCAL YEAR 2025 BUDGET ANALYSIS

PERMITS, APPROVALS & INSPECTIONS (017)

BUDGET SUMMARY
\$ in Thousands

	GENERAL	SPECIAL	TOTAL	% Change Prior Year
PROPOSED CHANGE				
FY 2024 - 2025 Change	\$ 379.0	\$ -	\$ 379.0	3.0%
BUDGET TRENDS				
FY 2023 Actual	\$ 9,112.5	\$ 546.7	\$ 9,659.2	
FY 2024 Approp.	10,684.0	2,000.0	12,684.0	31.3%
FY 2025 Request	11,063.0	2,000.0	13,063.0	3.0%

<u>Metropolitan District Enterprise Fund</u> ⁽²⁾		<u>Total</u>	<u>Net Change</u>	<u>% Change Prior Year</u>
FY 2023 Actual	\$	1,333.1		
FY 2024 Approp.		1,483.2	150.1	11.3%
FY 2025 Request		1,546.1	62.9	4.2%

⁽²⁾ The Metropolitan District Operating Fund is financially self-supporting (i.e., an enterprise fund) and is not subject to County Council appropriation.

PERSONNEL

	GENERAL*		SPECIAL	
	FULL-TIME	PART-TIME	FULL-TIME	PART-TIME
PROPOSED CHANGE				
FY 2024 - 2025 Change	13	(13)	0	0
BUDGET TRENDS				
FY 2023 Actual	118	51	0	0
FY 2024 Approp.	132	35	0	0
FY 2025 Request	145	22	0	0

VACANCY DATA

Positions Vacant as of March 31, 2024	14	1		
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* Positions in two programs (General Administration 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:

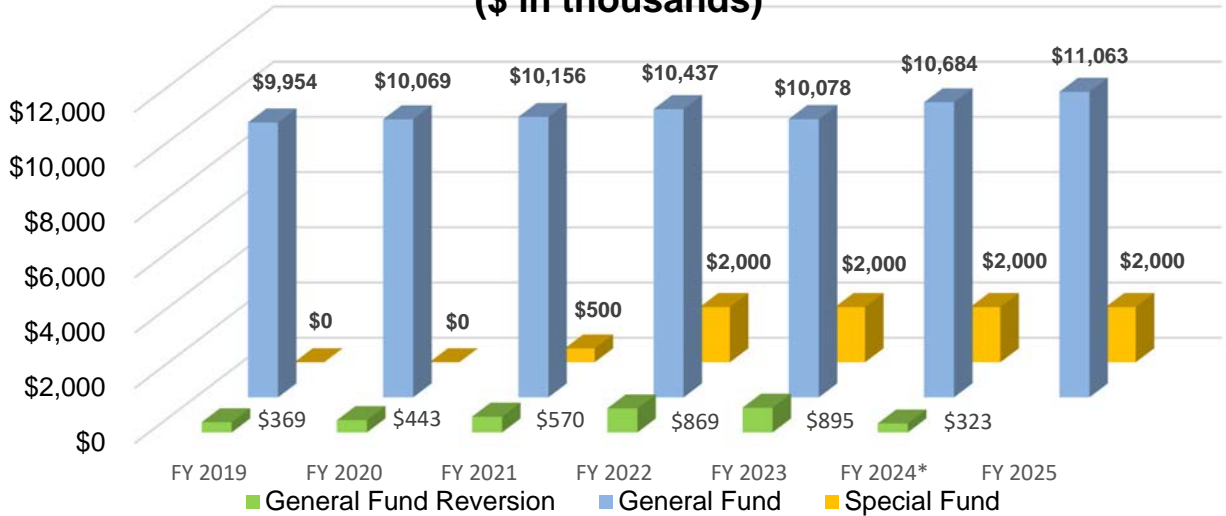
The proposed FY 2025 budget for the Department of Permits, Approvals and Inspections totals \$13.1 million, an increase of \$379 thousand, or 3.0%, over the FY 2024 budget, excluding \$1.5 million in the Metropolitan District Enterprise Fund (which the Council does not appropriate). The General Fund budget increases by \$379 thousand, or 3.5%. There is no change to the Special Fund budget. Outside the Department's budget, the comprehensive Land Use Regulatory Automation (LURA) system, funded within the Office of Information Technology's Enhanced Productivity Thru Technology (EPTT) non-lapsing project, increases by \$761 thousand. See details beginning on page 4.

	General Fund	Special Fund	Total
	(\$ in thousands)		
2025 Request	\$ 11,063	\$ 2,000	\$ 13,063
2024 Appropriation	10,684	2,000	12,684
\$ Increase	\$ 379	\$ -	\$ 379
% Increase	3.5%	0.0%	3.0%
<u>Metropolitan District Enterprise Fund (Not Appropriated)</u>			
	(\$ in thousands)		
2025.....	\$ 1,546		
2024.....	1,483		
\$ Increase.....	\$ 63		
% Increase.....		4.2%	

See Exhibit 1 for a history of the Department's budget and Exhibits 2A and 2B for the distribution of expenses across programs and expenditures, respectively, as proposed for FY 2025.

DEPARTMENT OF PERMITS, APPROVALS AND INSPECTIONS (017)

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



* FY 2024 General Fund Reversion is an estimate from the Office of Budget and Finance.

Exhibit 2A: Total FY 2025 Budget By Program (Excluding \$1,546k Metro Fund) \$13,063 (\$ in thousands)

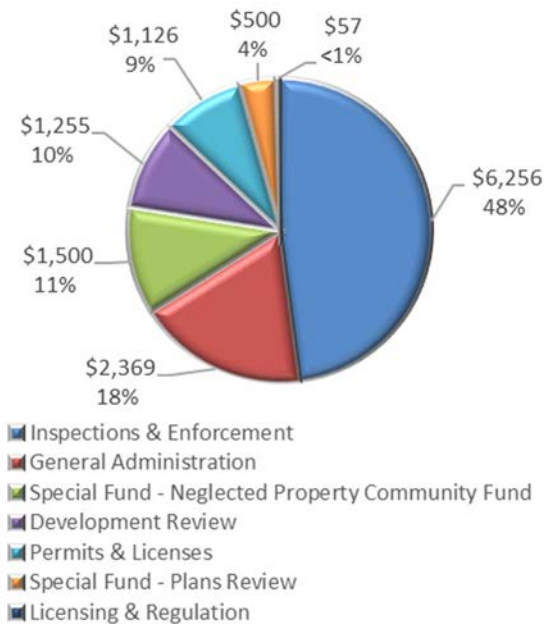
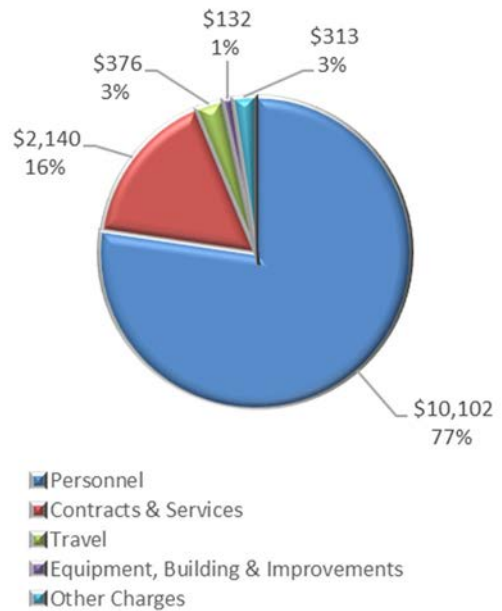


Exhibit 2B Total FY 2025 Budget By Expenditures (Excluding \$1,546k Metro Fund) \$13,063 (\$ in thousands)



DEPARTMENT OF PERMITS, APPROVALS AND INSPECTIONS (017)

BUDGET FLEXIBILITY:

The Department's General Fund budget consists mainly of personnel services, which account for 91% of all costs. Excluding Code Inspection & Enforcement Officers, the Department has 9 vacant positions (as of March 31, 2024) with budgeted General Fund salaries totaling \$483 thousand, paired with a significantly lesser level of turnover savings budgeted for FY 2025 (\$152 thousand), which is likely to provide the Department with some budget flexibility during FY 2025. Additionally, the Department has 6 Code Inspection & Enforcement Officer position vacancies (as of March 31, 2024) with budgeted General Fund salaries totaling \$375 thousand, also paired with a significantly lesser level of turnover savings budgeted for FY 2025 (\$177 thousand), which may provide further flexibility during FY 2025. During FY 2024, the Department has been utilizing similar budget flexibility afforded by vacancies to cover an estimated \$150 thousand in higher-than-anticipated landscape architect expenses and credit card service fees associated with the online permitting system. In addition to discussing the extent of its FY 2024 and FY 2025 General Fund budget flexibility, the Department should be able to speak to the need for an additional \$761 thousand in PAYGO/EPTT funding towards its LURA system in FY 2025.

OPERATING BUDGET HIGHLIGHTS:

General Fund

Of the \$379 thousand (3.5%) General Fund increase, an increase of \$427 thousand is attributable to personnel expenses, offset by a decrease of \$48 thousand in operating expenses, as detailed in #1 and #2, respectively.

1. **Personnel Expenses total \$10.1 million** (91.3% of the budget), an increase of \$427 thousand, or 4.4%, primarily for the following:
 - **\$457 thousand – Salary Enhancements**
 - \$233 – Fully-funded increments and longevities for merit employees
 - \$148 thousand – FY 2025 COLA/equivalent wage adjustment:
 - Pay Schedule I (Baltimore County Federation of Public Employees)

DEPARTMENT OF PERMITS, APPROVALS AND INSPECTIONS (017)

includes a 1% COLA and a 9-year longevity, effective January 1, 2025.

- Pay Schedule VI and XII (Supervisory, Management, Confidential and Unrepresented Employees) includes a 3% COLA, effective January 1, 2025.
- \$97 thousand – FY 2025 effect of FY 2024 – The FY 2024 budget, adopted in May 2023, included a 2% employee COLA, effective in January 2024; thus, the FY 2024 budget absorbed a portion of the annual cost of this salary enhancement; the remaining portion of the annual cost is realized in FY 2025.
- **\$22 thousand – Personnel Annual Review** – Provides for the reclassification of the following positions on Pay Schedules I, VI, and XII, effective July 1, 2024:

Position	Pay Schedule	Current Grade	New Grade	No. of PAI Positions
Account Clerk II	I	19	20	1
Chief Building Inspector	VI	32	322	1
Chief Electrical Inspector	VI	32	322	1
Chief Plumbing Inspector	VI	32	322	1
Engineer III	XII	3M	4M	6
Engineer IV	XII	5M	6M	3
Engineering Associate II	I	25	26	4
Engineering Associate III	I	28	29	4
Engineering Associate IV	VI	30	31	2
Planner II	I	28	29	7
Planner III	XII	2M	3M	1
Planner IV	XII	4M	5M	1

- **\$14 thousand – Internal Transfer of Office Coordinator (increasing General Fund portion of the salary from 69% to 100%)**
- **(\$41 thousand) – Other Salary Adjustments**
- **(\$32 thousand) – Increased Turnover Savings from 3.1% to 3.3%**

Special Funds

There is no change in funding for FY 2025.

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ADDITIONAL TOPICS FOR DISCUSSION

2. **Inspections & Enforcement Program**

The Inspection and Enforcement program's Code Inspection & Enforcement Officers are responsible for conducting inspections of complaints concerning potential violations of the County's codes, laws, and regulations.

Bring Your Own Bag Act

Effective November 1, 2023, certain retail establishments are prohibited from providing a plastic carryout bag to a customer and are required to charge a minimum of \$0.05 for each paper or reusable bag distributed. Small retail establishments and liquor stores are exempt from all provisions of the Act. A retail establishment that violates the Bring Your Own Bag Act is subject to a civil penalty not to exceed \$500, enforced by the Department. Penalties are only imposed after a retail establishment is issued a written notice and fails to comply within seven days, and a penalty may not be imposed more than once within a seven-day period. The Department advised that it has received hundreds of inquiries from the public with questions and/or concerns about the Act, but to-date, only 8 official complaints have been received, of which 6 were determined not to be a violation; the remaining 2 received written correction notices, 1 of which was brought into compliance and 1 the Department is currently monitoring.

Community Sweeps

The Department advised that for FY 2025, it plans to perform quarterly inspections of properties on the vacant structure inventory (see Vacant Structures on page 9), and continue increasing the number of proactive inspections via its Community Sweep program (a general review of a neighborhood where inspectors look for egregious visible violations, which can easily be corrected).

The Department further advised that as a direct result of adding Code Inspection & Enforcement Officer positions over the years, the number of community sweeps has increased and the number of constituent complaints has decreased. Specifically, in CY 2019, the number of community sweeps averaged 10.5 per month and complaints totaled 15,270; in CY 2022 and FY 2023, the number of

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community sweeps averaged 15.4 and 17.4 per month, and complaints totaled 13,580 and 13,400, respectively. The most complaints were due to trash, junk and debris, and tall grass and weeds.

The chart below shows the number of authorized Code Inspection & Enforcement Officer positions from FY 2019 to FY 2025. The Office of Budget and Finance advised that as of March 31, 2024, there are 6 vacancies.

Fiscal Year	Code Inspection & Enforcement Officer Positions
2019	62
2020	65
2021	65
2022	72
2023	66
2024	68
2025	67

The Department should be prepared to discuss the adequacy of its staffing levels to conduct inspections of complaints.

3. Permitting Processing

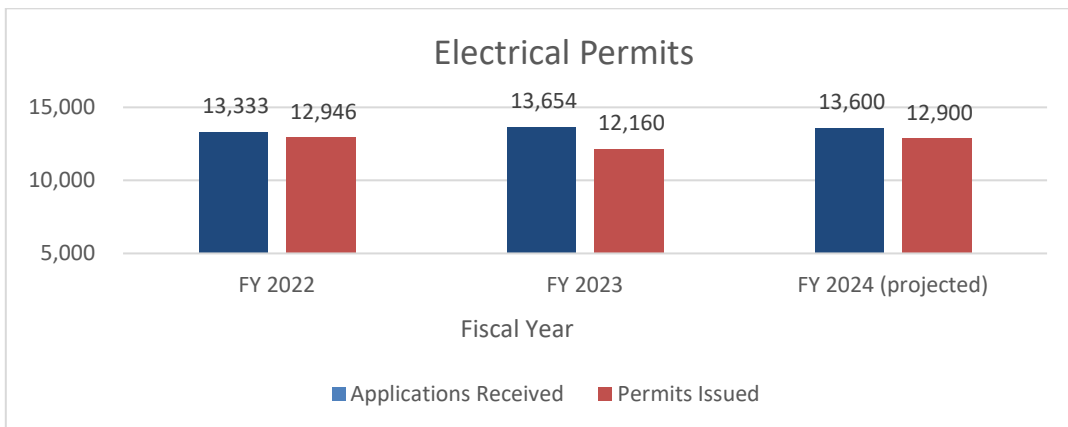
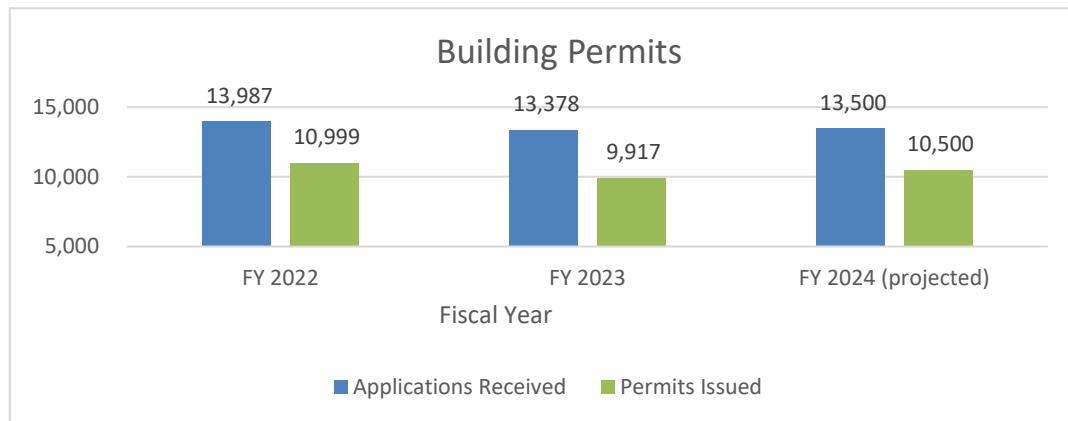
Beginning on November 1, 2021, the County's online permitting system went live, allowing residents to apply and pay for building, electrical, and plumbing permits online 24 hours per day, 7 days per week. As a result, the Department has experienced a higher number of applications received, as well as increased costs for online credit card processing fees (the County pays a 4% fee) and the use of on-call landscape architects (to assist with the review and approval of landscape and lighting plans submitted to the Department in accordance with the Baltimore County Landscape Manual). The proposed FY 2025 budget totals \$165 thousand for credit card service fees and \$89 thousand for contractual landscape services; the Department advised that while these amounts reflect increases of

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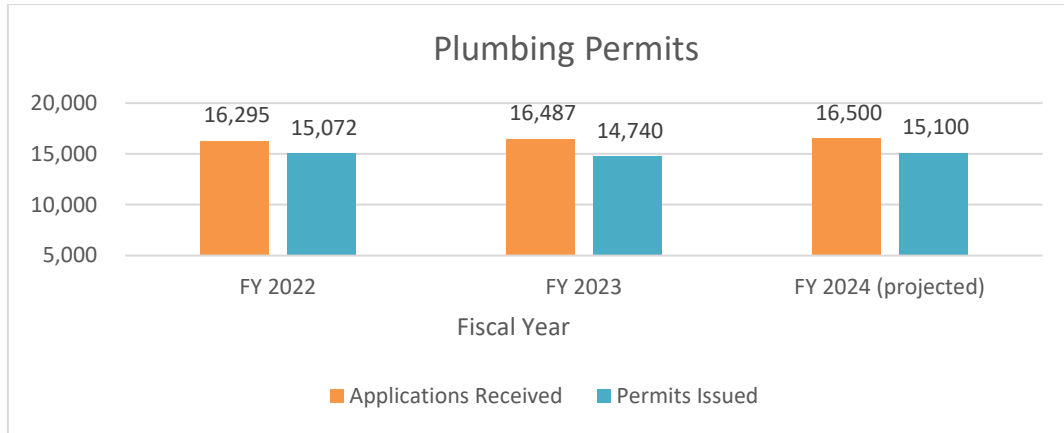
\$10 thousand and \$14 thousand over the FY 2024 budget, it projects FY 2024 expenditures of \$175 thousand and \$146 thousand, respectively.

The Department advised that overtime continues to be used to aid in the processing of the increased number of permit applications received. The Department also advised that permit processing times have increased due to the high number of applications that contain errors and need to be resubmitted, but the Department is working with residents to decrease the number of errors. The Department further advised that the creation of an Ombudsman position in FY 2023 has assisted with technical issues and has assisted numerous applicants by walking them through the application process.

The Department advised that in FY 2022, FY 2023, and FY 2024 (projected), the number of building, electrical, and plumbing permit applications received and permits issued were as follows:



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The Department should be prepared to discuss turnaround time to process permit applications, and whether the Ombudsman position assists residents only, or also provides assistance to builders/contractors working on jobs for residents.

4. **Neglected Property Community Fund: \$1.5 million (Special Funds)**

The Neglected Property Community Fund (established via Bill 43-21) 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, as well as any other funds provided/designated by the County.

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 (the Department is required to submit an annual report to the County Council outlining financial assistance provided – no financial assistance provided from the Fund to-date); and
- implement other existing or innovative code enforcement compliance techniques, including tall grass, weed, rodent, or trash control.

DEPARTMENT OF PERMITS, APPROVALS AND INSPECTIONS (017)

FY 2024 Progress

The Office of Budget & Finance (OBF) was unable to provide year-to-date revenues for FY 2024, advising that there was a miscoding of revenue sources in FY 2023 and OBF staff are currently working with the vendor to validate FY 2024 revenues. However, OBF advised that in FY 2024 to-date, the County has expended approximately \$798.5 thousand on Fund activities.

The Administration should be prepared to discuss the miscoding of Neglected Property Community Fund revenues for FY 2023 and FY 2024 and if it is affecting the Department's ability to address derelict properties.

Vacant Structures

Under the County's new Vacant Structures law (Bill 5-23), the Director of Permits, Approvals and Inspections can designate a structure as vacant under certain conditions and must maintain an inventory of such structures. The Department advised that research is performed on all properties on the vacant inventory to try and connect with the owner and/or their legal representative, and all properties on the vacant inventory receive quarterly inspections to check for any code violations and determine if the property is still vacant. The Department further advised that since the law went into effect, 289 properties have been determined as vacant at the time of inspection: 50 were tier 1 (vacant but no violations); 211 were tier 2 (vacant with code violations); and 28 were tier 3 (vacant with structural issues). The Department also advised that of the 289 properties initially determined as vacant, 76 are currently no longer vacant; of the 28 vacant properties in tier 3, 12 have permits being issued or have been razed (demolished) by the property owner.

For Informational Purposes

Policies & Procedures

The Department advised that efficiencies have been created with the adoption of new and updated Development Management and Zoning policy manuals, Flood Plain regulations, and Plumbing and Gas codes. The Department anticipates more efficiencies in FY 2025 with updates to the Landscaping and Open Space manuals and the Building Code.

DEPARTMENT OF PERMITS, APPROVALS AND INSPECTIONS (017)

CAPITAL BUDGET HIGHLIGHTS:

5. The proposed FY 2025 Capital Budget's Enhanced Productivity Thru Technology project includes \$761 thousand in new funding for the Department's comprehensive **Land Use Regulatory Automation (LURA) system**, which provides faster and a more up-to-date workflow for County employees, constituents, and developers to view and track plans and approvals and pass/fail inspections online via the Cityworks platform. The Department previously advised that the implementation of the 8-phase LURA system was fully implemented in CY 2022. OIT previously estimated the total cost to implement all phases of LURA was \$4.1 million; however, \$5.2 million in costs have been incurred to-date. During last year's budget process, the Department advised that \$200 thousand in American Rescue Plan Act (ARPA) grant funding was also being utilized towards this project.

The Department should be prepared to discuss challenges experienced with the implementation of LURA, and whether the proposed FY 2025 reflects ongoing system costs associated with maintenance/updates or continued phases of initial development.

BALTIMORE COUNTY
FISCAL YEAR 2025 BUDGET ANALYSIS

DEPARTMENT OF PERMITS, APPROVALS AND INSPECTIONS (017)

APPROPRIATION DETAIL					
	FY 2023 ACTUAL	FY 2024 APPROP	FY 2025 REQUEST	NET CHANGE	
				AMOUNT	%
<u>General Fund</u>					
General Administration	\$ 2,018,162	\$ 2,247,624	\$ 2,369,133	\$ 121,509	5.4%
Electrical Licensing & Regulation	19,932	20,852	21,428	576	2.8%
Plumbing Licensing & Regulation	31,817	34,682	35,646	964	2.8%
Development Review	959,965	1,053,612	1,125,672	72,060	6.8%
Inspections & Enforcement	5,208,923	6,282,674	6,256,512	(26,162)	-0.4%
Permits and Licenses	<u>873,685</u>	<u>1,044,616</u>	<u>1,254,618</u>	<u>210,002</u>	<u>20.1%</u>
General Fund Total	<u>\$ 9,112,484</u>	<u>\$ 10,684,060</u>	<u>\$ 11,063,009</u>	<u>\$ 378,949</u>	<u>3.5%</u>
<u>Special Fund</u>					
GR-1022 MISC Plans Review	\$ -	\$ 500,000	\$ 500,000	\$ -	0.0%
Neglected Property Community Fund	<u>546,709</u>	<u>1,500,000</u>	<u>1,500,000</u>	<u>\$ -</u>	<u>0.0%</u>
Special Fund Total	<u>\$ 546,709</u>	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>	<u>\$ -</u>	<u>0.0%</u>
Total All Funds	<u><u>\$ 9,659,193</u></u>	<u><u>\$ 12,684,060</u></u>	<u><u>\$ 13,063,009</u></u>	<u><u>\$ 378,949</u></u>	<u><u>3.0%</u></u>

BALTIMORE COUNTY
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DEPARTMENT OF PERMITS, APPROVALS AND INSPECTIONS (017)

METROPOLITAN DISTRICT ENTERPRISE FUND DETAIL					
	FY 2023	FY 2024	FY 2025	NET CHANGE	
	ACTUAL	APPROP	REQUEST	AMOUNT	%
General Administration	\$ 894,639	\$ 1,009,801	\$ 1,040,328	\$ 30,527	3.0%
Development Review	438,468	473,362	505,737	32,375	6.8%
Total	<u>\$ 1,333,107</u>	<u>\$ 1,483,163</u>	<u>\$ 1,546,065</u>	<u>\$ 62,902</u>	<u>4.2%</u>

NOTE: The Metropolitan District Operating Fund is financially self-supporting (i.e., an enterprise fund) and is not subject to County Council appropriation.

BALTIMORE COUNTY
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DEPARTMENT OF PERMITS, APPROVALS AND INSPECTIONS (017)

PERSONNEL DETAIL

	FY 2023 ACTUAL		FY 2024 APPROP		FY 2025 REQUEST		NET CHANGE		
	FULL	PART	FULL	PART	FULL	PART	FULL	PART	
<u>General & Metropolitan District Funds:</u>									
General Administration ^(A)	23	9	24	8	27	4	3	(4)	
Electrical Licensing & Regulation	0	3	0	3	0	3	0	0	
Plumbing Licensing & Regulation	0	5	0	5	0	5	0	0	
Development Review ^(A)	20	1	19	2	21	0	2	(2)	
Inspections & Enforcement	59	30	72	17	78	9	6	(8)	
Permits and Licenses	<u>16</u>	<u>3</u>	<u>17</u>	<u>0</u>	<u>19</u>	<u>1</u>	<u>2</u>	<u>1</u>	
General Fund Total	<u>118</u>	<u>51</u>	<u>132</u>	<u>35</u>	<u>145</u>	<u>22</u>	<u>13</u>	<u>(13)</u>	
 <u>Special Fund</u>									
GR-1022 Plans Review	0	0	0	0	0	0	0	0	
Neglected Property Community Fund	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
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><u>118</u></u>	<u><u>51</u></u>	<u><u>132</u></u>	<u><u>35</u></u>	<u><u>145</u></u>	<u><u>22</u></u>	<u><u>13</u></u>	<u><u>(13)</u></u>	

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