

MEMORANDUM

April 16, 12

TO: Planning, Housing, and Economic Development Committee
FROM: Jeff Zyontz, ^{JZ}Legislative Attorney
SUBJECT: FY13 Operating Budget: Department of Permitting Services

Those expected to attend this worksession include:

Diane Schwartz Jones, Director
Alicia Thomas, Hadi Mansouri, Reginald Jetter, and Tom Laycock, DPS
Amy Wilson, OMB

Relevant pages from the FY13 Recommended Operating Budget are attached on © 1 - 7.

Staff recommendation: Approve the budget as recommended by the Executive. The Council should get assurance that the proposed IT Strategic Plan for Electronic Filing will consider the Planning Department's and GIS' requirements.

Overview

The Department of Permitting Services is an enterprise fund; it is supposed to get sufficient revenue from non-tax sources to cover its costs and should not generally get funds from County taxes.

FY13 Expenditures

For FY13, the Executive recommends total expenditures of \$27.6 million, up \$2,595,295 or 10.4% from the FY12 approved budget of \$25.0 million. The number of positions will increase by 10 to 193. Workyears (full time equivalent positions or FTEs) will increase by 19.8.¹

¹ DPS's FY12 personnel complement included 4.0 FTEs in overtime and -13.84 FTEs in lapse, a net of -9.84. In converting to the new Hyperion Budgeting System, a technical adjustment of 9.84 FTEs was necessary, as FTEs are no longer measured for overtime and lapse. In addition to the technical adjustment for overtime and lapse, FTEs increased by 10 due to the addition of six positions associated with Fire Code inspections and two Plan Reviewers and two Inspectors in Building Construction.

Personnel costs account for 77% of the budget, and operating expenses account for the remaining 23%. See the table below for detail.

Permitting Services

	FY11 Approved	FY12 Approved	FY13 CE Recommended	Change from FY12-13	
				Amount	%
Expenditures	24,151,420	25,028,630	27,623,925	2,595,295	10.4%
Positions:					
Full time	182	182	192	10	5.5%
Part time	1	1	1	0	0.0%
Total positions	183	183	193	0	5.5%
Workyears	173.0	177.8	197.6	19.8	11.1%

Changes from FY12-FY13: The changes are summarized on © 5, and the major changes are explained below.

- +\$546,360 6 Fire Code Inspectors
- +\$530,199 Retirement adjustment
- +\$372,578 Lump sum wage adjustment
- +\$334,561 Group insurance adjustment
- +\$273,676 2 new plan reviewers and 2 new building construction inspectors
- +\$204,500 Adjustment to better reflect actual overtime
- +\$200,000 IT Strategic Plan for Electronic Filing
- +\$100,000 IT hardware, software, supplies, and training
- +\$71,560 Rent
- \$90,330 Retiree health insurance pre-funding²

Work Complement

The transfer of responsibility for fire code inspection from the Department of Fire and Rescue Services to DPS requires inspectors to be added to the DPS budget. In addition, DPS is proposing to add 2 new plan reviewers and 2 new building inspectors to handle the anticipated increase in permits. DPS

² Fund contributions are calculated based on an allocated distribution of the annual costs, as determined in the latest actuarial valuation (June 30, 2010). The allocation is based on headcount; therefore, the allocated cost may vary depending on changes to headcount. In addition, the actuarial valuation assumes an increase in the discount rate as the County reaches full funding by 2015, which has the effect of reducing the annual required contribution until full funding is reached. Proprietary funds reached full funding in FY12; as a result, budgeted FY13 contributions are reduced.

describes their recent past history and proposed budget needs for the new inspectors and plan reviewers as follows:

In FY11, DPS eliminated 41 positions. DPS's proposed budget provides for two added inspectors and two added plan reviewers. These positions were added to accommodate additional responsibilities and address increased staffing needs due to increasing workloads. DPS expects significant development activity in areas around the County including Clarksburg, Shady Grove, Great Seneca, White Flint, Wheaton, Bethesda and Silver Spring.

Staff also asked DPS about their staffing to respond to zoning violations:

In FY11, two permit technicians were moved from Customer Service to Building Construction ... Complaint investigations are handled by inspectors in the Building Construction and Land Development Divisions. Their number will remain the same [between FY13 and FY12].

IT Strategic Plan for Electronic Filing

DPS is proposing to spend \$200,000 for an IT Strategic Plan for Electronic Filing. The Department detailed the use of those funds as follows:

DPS intends to implement electronic submission, review and processing of land development and building construction plans. To provide for an efficient, cost effective, state of the art, competitive system, DPS will engage a consultant to help it identify and develop a state of the art, sustainable and effective electronic plans system. The consultant will develop a strategic plan and realistic schedule to select a system and contractor to fully integrate DPS's business operations into an electronic plans system. This plan will document the "as is" state of DPS' business operations, determine current industry best practices for electronic plans management and review, obtain a comparative analysis of electronic plan filing and review software, including an analysis of system requirements, configuration and costs (acquisition, equipment and infrastructure impacts, staff, training, deployment, maintenance, enhancements); assist with contract formation for vendor/agency responsibilities, understand system security requirements; and requirements to integrate with DPS online application and payment system; and provide realistic life cycle cost data for the project's implementation and subsequent utilization.

Staff supports the funding for an IT Electronic Strategic Plan. The Planning Department has a role in building permits, and their requirements should be integrated into the process. In addition, the County has GIS requirements that can be made more efficient by digitized drawings. Those GIS needs should also be considered in the Strategic Plan.

In advance of this work effort, DPS is undertaking short-term measures to move toward electronic filing:

DPS has already begun "short term" steps towards e-copy and filing that will proceed on a separate track from the strategic plan. Initial steps which involve little upfront investment but will realize significant improvements include implementation of e-copy of land development approved plans which began on April 1, 2012. DPS hopes to follow

with building construction plans in the very near future. In conjunction with the completion of Hansen 8 training in March, 2012 and the official launch of Hansen 8 on May 29, 2012, DPS is developing on-line payment capabilities and electronic permit application submission and processing for select business processes including electrical permits and residential deck permits. Feasibility of on-line submission of other business processes such as sediment control permits using existing systems will be explored.

IT hardware, software, supplies, and training

In addition to \$100,000 listed for hardware and software, the hardware identified for purchase in FY13 is \$31,500 for scanners. Part of the permit fee is an automation enhancement surcharge. DPS explains the current and proposed future of this fee as follows:

Under Executive Regulation 5-98, an automation enhancement fee was adopted to cover costs associated with computer system enhancements for activities related to the building permit and construction services. This fee ensures that DPS is able to pay for the automation and computer systems and services costs associated with the administrative and enforcement activities within the development process for which the Department is responsible.

This includes all aspects of automation support, services, equipment and systems. Total expenses versus total revenues vary from year to year such that in some years the revenues are less than costs incurred and in some years they are greater. On average, expenses and fees essentially balance out. This year the budgeted expenses are less than the projected revenues, but the budgeted expenses do not reflect replacement of many aspects of our IT equipment that is nearing or has exceeded life expectancy.

Future years As shown on © 5 (“Future Fiscal Impacts”), there will be cost increases starting in FY14 to implement their IT replacement plan. The Department estimates that the FY14 budget should be increased an additional \$660,000 for new servers and printers. While DPS does not yet know what it will cost to move to electronic plans processing, automation fees will be dedicated to implementing electronic plans processing. DPS anticipates that a supplemental appropriation may be needed for a new system, based on the results of the strategic plan, which will be paid for from these revenues.

FY13 Revenues

DPS shows 17 revenue items on © 4. Building permits account for almost half of total revenue and are by far the largest source of revenue. The latest estimate of revenue in **FY12** is \$33.94 million, up \$847,000 from the budget estimate of \$33.093 million.

DPS expects **FY13** revenues to decrease \$.97 million or -2.9% from the FY12 approved budget. As the last two columns on © 4 show, the estimated amount of revenue in FY13 and the percentage change from FY12 vary widely. The fee structure for building permits changed in FY12. Building permits cost more up-front and less as the building progresses. The FY12 result of that change is an increase in FY 12 fees collected and a decrease in fees in FY13.³

Fund Balance

As an enterprise fund, DPS tracks its revenues and expenses over time. The goal is to maintain a long term fund balance of between 15 and 20 percent to offset an unexpected drop in revenues or increased expenses.

At the beginning of FY 12, DPS had a negative fund balance of \$5.4 million. DPS projects a positive fund balance at the **end** of FY12 of \$2.0 million. Although this is an improvement over prior years, the end of year reserves are only 7.6% of the Department's resources. The policy goal is 20%. The fund balance estimate for FY13 is \$4.6 million. This fund balance improves the reserves to 14.3%. Although this is still less than the 20% policy goal, the Department projects a 20% fund balance by FY15. The Department explains the budget's relationship to the fund balance policy as follows:

The Fund Balance Policy requires an unrestricted net asset fund balance, after IT set-aside, of approximately 20 percent of resources, in the budget year, and 15 to 20 percent of resources in out-years, to cover the necessary cost of operations in the event of unanticipated revenue losses or extraordinary expenditure increases.

In FY13 the Department's recommended budget would not achieve the required 20% reserve. It would continue to rebuild its fund balance which was severely impacted during the current economic recession. The budget, as submitted by the Executive, achieves and maintains the required fund balance in FY14-FY18.

³ During FY 12, two executive regulations changed DPS fees:

Executive Regulation NO. 5-11 AM: DEPARTMENT OF PERMITTING SERVICES REGULATION

Schedule of Fees for Permits, Licenses and Certifications-Method 2

SUMMARY: This Executive Regulation revised the maximum building permit fee that covers the administration, plan review and enforcement programs of the Department of Permitting Services. The building permit filing fee payable at the time of permit application increased to a percentage of the total permit fee due. The overall permit fee did not increase. Alternative energy sources, such as solar/PV, generators and wind turbines, were added. Re-inspection fees were removed. A Residential Use and Occupancy fee was added to cover the costs associated with the regulation to issue use and occupancy certificates to residential properties. The language exempting mechanical work performed without a permit from the normal fee was removed and a fee for an applicant requested partial inspection was added. A fee for minor room description name changes to approved plans was added.

Executive Regulation NO. 6-11: PROPOSED DEPARTMENT OF PERMITTING SERVICES REGULATION

Schedule of Fees for Permits, Licenses and Inspections-Method 3

SUMMARY: This Executive Regulation in general restructured the document format for ease of use. This Executive Regulation revised the minimum filing fee associated with Public Right of Way (ROW) and Sediment Control (SC) Permits, established the minimum fee for Engineered Public Right of Way Permits and revision to permits, clarified bond reduction fees, clarified Stormwater Management Administrative Waiver Review for Grandfathering fee, established fees for Site Development Stormwater Management Plan Review consistent with Stormwater Management Law, established Small Land Disturbance Permit revision fee and clarified the Post Construction Monitoring Permit fee, This regulation also clarified existing fee descriptions.

Permitting Services

MISSION STATEMENT

The mission of the Department of Permitting Services (DPS) is to protect the safety and welfare of County residents and businesses through the permitting and inspections process to ensure that the structures in which we live, work, congregate, and recreate are safe, secure and in compliance with zoning and building requirements. DPS contributes to the economic vitality of Montgomery County through the effective and efficient processing of land development and building construction permits and licenses.

BUDGET OVERVIEW

The total recommended FY13 Operating Budget for the Department of Permitting Services is \$27,623,925, an increase of \$2,595,295 or 10.4 percent from the FY12 Approved Budget of \$25,028,630. Personnel Costs comprise 77.3 percent of the budget for 192 full-time positions and one part-time position for 197.60 FTEs. Operating Expenses account for the remaining 22.7 percent of the FY13 budget.

LINKAGE TO COUNTY RESULT AREAS

While this program area supports all eight of the County Result Areas, the following are emphasized:

- ❖ *A Responsive, Accountable County Government*
- ❖ *An Effective and Efficient Transportation Network*
- ❖ *Healthy and Sustainable Neighborhoods*
- ❖ *Safe Streets and Secure Neighborhoods*
- ❖ *Strong and Vibrant Economy*
- ❖ *Vital Living for All of Our Residents*

DEPARTMENT PERFORMANCE MEASURES

Performance measures for this department are included below, with multi-program measures displayed at the front of this section and program-specific measures shown with the relevant program. The FY12 estimates reflect funding based on the FY12 approved budget. The FY13 and FY14 figures are performance targets based on the FY13 recommended budget and funding for comparable service levels in FY14.

ACCOMPLISHMENTS AND INITIATIVES

- ❖ *DPS received a NACO Achievement Award for its "Permitting Services Case Management Program".*
- ❖ *DPS maintained maximum allowable delegation of sediment control inspections from Maryland Department of the Environment (MDE) and is working on changes to the Code to comply with new Maryland sediment control regulations and for the protection of street trees.*
- ❖ *DPS improved its Insurance Services Office (ISO) Building Code Grading for residential property from the last assessment from 5 to 4. DPS maintained the rating of 4 for commercial and industrial property. The lower Building Code Grading has an indirect positive impact on insurance rates for residents and businesses.*
- ❖ *DPS developed a quality control program and technical training programs through new field supervision. DPS is also initiating a final inspection protocol to ensure completion and close out of permits.*
- ❖ *DPS will upgrade to Hansen 8 for improved permit tracking and initial steps towards e-permitting.*
- ❖ *DPS launched a redesigned website.*

- ❖ **DPS will develop short-term and long-term strategies for electronic receipt, processing and storage of permit applications and approved plans which will result in reduced costs to the Department and permit review and issuance efficiencies.**
- ❖ **In conjunction with the Planning Board and other agencies, DPS will analyze the development process and initiate changes for streamlining the entitlements and inspections processes. DPS will also work to improve permit requirements and coverage to more effectively address one-time events taking place in established communities.**
- ❖ **Productivity Improvements**
 - **In cooperation with MCFRS, the inspection of new construction Fire Protection Systems was transferred to DPS. This ensures the entire permit process is now housed in one department with inspection scheduling times reduced from two weeks to 24 hours.**
 - **To improve efficiencies at permit counters and provide enhanced services, DPS is in the process of defining hours for "heavy users" (applicants with multiple permit packages) and will be establishing defined "pick up" times for permit issuance.**
 - **Improved the enterprise fund cash flow through new executive regulations to allow collection of 30% of DPS fees at time of permit application, and began collecting fees from all utility companies for permits for construction within public rights of way as allowed under the law.**
 - **Integration of environmental site design and stormwater management in the public right-of-way in collaboration with the Planning Board, DOT, DEP, and other agencies.**

PROGRAM CONTACTS

Contact Alicia Thomas of the Department of Permitting Services at 240.777.6392 or Amy Wilson of the Office of Management and Budget at 240.777.2775 for more information regarding this department's operating budget.

PROGRAM DESCRIPTIONS

Land Development

The Land Development program is responsible for ensuring the protection of the County's land and water resources and for the protection of the environment and the safety of residents and businesses through its engineering and inspection functions related to stormwater management, sediment control, floodplain management, special protection areas, well-and-septic systems approval, storm drain design and construction, and work in the public right-of-way.

FY13 Recommended Changes	Expenditures	FTEs
FY12 Approved	6,810,950	57.30
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs. Other large variances are related to the transition from the previous mainframe budgeting system to Hyperion.	420,848	5.20
FY13 CE Recommended	7,231,798	62.50

Customer Service

The Customer Service program ensures customer service and satisfaction. This division measures customer satisfaction through communication and public outreach. Customer service receives complaints, processes information requests, responds to departmental correspondence, maintains the DPS web site, publishes the DPS newsletter, and coordinates outreach events and seminars for residents, civic organizations and professionals. Customer Service assists applicants with intake and issuance of permits and facilitates the processing of permits for "green tape" projects (i.e., affordable housing and areas such as the Silver Spring, Wheaton, and Long Branch enterprise zones). This division develops customer service surveys for the department, analyzes the results, reports findings, and recommends a course of action for improvement.

Program Performance Measures	Actual FY10	Actual FY11	Estimated FY12	Target FY13	Target FY14
Response time on complaint investigations - Average number of days from the complaint being filed to first contact between a Permitting Inspector and the customer	3.4	5.0	5.0	5.0	5.0
Response time on complaint investigations - Average number of days from the complaint being filed to final resolution of the complaint	6.3	14.0	13.0	13.0	13.0
Percent of complaints that are resolved on the first inspection	83.6	80.0	80.0	80.0	80.0

FY13 Recommended Changes	Expenditures	FTEs
FY12 Approved	945,010	12.10
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs. Other large variances are related to the transition from the previous mainframe budgeting system to Hyperion.	68,802	-1.10
FY13 CE Recommended	1,013,812	11.00

Building Construction

The Building Construction program ensures public safety and welfare through the effective enforcement of construction, zoning codes and standards, and site plan requirements. This division reviews engineering plans for permit issuance and conducts construction inspections in the administration and enforcement of building, structural, electrical, mechanical, fire-safety, energy conservation, green building, and accessibility codes and standards. This division assists businesses and applicants through pre-submission meetings and guidance. County zoning standards are maintained by this division through review of building applications for zoning compliance and investigation of zoning complaints. The program is also responsible for conducting county-wide damage assessments during natural and other disasters and incidents and provides assistance in disaster recovery efforts.

Program Performance Measures	Actual FY10	Actual FY11	Estimated FY12	Target FY13	Target FY14
Average number of days to issue a permit - New construction: Commercial permits	177.0	160.0	163.0	163.0	163.0
Average number of days to issue a permit - New construction: Residential permits	138.3	110.0	90.0	90.0	90.0
Average number of days to issue a permit - Additions: Commercial permits	117.8	78.0	73.0	73.0	73.0
Average number of days to issue a permit - Additions: Residential permits	22.0	21.0	16.0	16.0	16.0
Median number of minutes to issue a permit - Permits for commercial alterations obtained using the Department of Permitting Services' Fast Track process	137.0	140.0	160.0	160.0	160.0
Median number of minutes to issue a permit - Residential permits using the Department of Permitting Services' Fast Track process	53.0	60.0	58.0	58.0	58.0
Percent of building permits issued that received a final inspection: Commercial permits	34.8	38.0	50.0	50.0	50.0
Percent of building permits issued that received a final inspection: Commercial permits through the Department of Permitting Services' Fast Track process	57.2	77.0	74.0	74.0	74.0
Percent of building permits issued that received a final inspection: Residential new construction	42.9	85.0	83.0	83.0	83.0
Percent of building permits issued that received a final inspection: Residential all construction	47.5	70.0	63.0	63.0	63.0

FY13 Recommended Changes	Expenditures	FTEs
FY12 Approved	10,861,060	93.90
Add: Fire Code Inspections	546,360	6.00
Enhance: Add two Plan Reviewers and two Inspectors to the Building Construction Division	273,676	4.00
Increase Cost: Adjustment to Overtime to Better Reflect Actual Expenditures - increased cost is funded by the overtime offset fee	204,500	0.00
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs. Other large variances are related to the transition from the previous mainframe budgeting system to Hyperion.	701,796	8.10
FY13 CE Recommended	12,587,392	112.00

Administration

The Administration program provides policy development and leadership for all programs within the department. Staff specialists are responsible for a full range of administrative, financial, and budgetary tasks, including daily operations, automation, human resources management, training, safety, quality assurance, legislative coordination, space management, historic files management, and management services.

FY13 Recommended Changes	Expenditures	FTEs
FY12 Approved	6,411,610	14.50
Add: IT Strategic Plan for Electronic Plan Filing and Review	200,000	0.00
Increase Cost: Increase IT Funding for Hardware, Software, Supplies, and Training	100,000	0.00
Increase Cost: Rent adjustment	71,560	0.00
Increase Cost: Replacement of Scanners - cost reflects annual payment of five year financing plan	31,500	0.00

	Expenditures	FTEs
Decrease Cost: IT Maintenance Costs	-11,700	0.00
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs. Other large variances are related to the transition from the previous mainframe budgeting system to Hyperion.	-12,047	-2.40
FY13 CE Recommended	6,790,923	12.10

BUDGET SUMMARY

	Actual FY11	Budget FY12	Estimated FY12	Recommended FY13	% Chg Bud/Rec
PERMITTING SERVICES					
EXPENDITURES					
Salaries and Wages	14,801,220	14,271,570	13,987,624	15,437,044	8.2%
Employee Benefits	5,295,209	4,847,140	5,024,390	5,914,321	22.0%
Permitting Services Personnel Costs	20,096,429	19,118,710	19,012,014	21,351,365	11.7%
Operating Expenses	5,062,890	5,909,920	5,816,890	6,272,560	6.1%
Debt Service Other	12,256	0	0	0	—
Capital Outlay	0	0	0	0	—
Permitting Services Expenditures	25,171,575	25,028,630	24,828,904	27,623,925	10.4%
PERSONNEL					
Full-Time	182	182	182	192	5.5%
Part-Time	1	1	1	1	—
FTEs	173.00	177.80	177.80	197.60	11.1%
REVENUES					
Automation Enhancement Fee	2,656,161	2,742,810	3,380,520	2,864,710	4.4%
Building Permits	13,599,237	15,950,310	17,143,420	14,343,500	-10.1%
Electrical Permits and Licenses	2,666,404	2,699,190	3,124,760	2,726,170	1.0%
Fire Code Enforcement Permits	723,579	783,930	650,500	1,529,410	95.1%
Grading/Storm Drains/Paving/Driveway Permits	4,356,597	4,732,410	4,340,040	4,737,000	0.1%
Investment Income	4,986	4,530	4,420	4,520	-0.2%
Mechanical Construction Permit	710,356	744,230	744,230	751,670	1.0%
Miscellaneous Revenues	2,623	0	0	4,630	—
Occupancy Permits	361,999	346,260	429,060	555,760	60.5%
Sediment Control Permits	2,037,230	3,071,580	2,330,400	2,569,000	-16.4%
Sign Permits	175,783	194,560	227,290	196,510	1.0%
Special Exception Fee	227,065	229,710	229,710	232,010	1.0%
Stormwater Mgmt and Water Quality Plan Fee	404,897	454,920	301,760	518,260	13.9%
Well and Septic	281,091	308,860	224,480	293,870	-4.9%
Other Charges/Fees	58,445	71,390	53,200	72,100	1.0%
Other Fines/Forfeitures	64,193	85,410	65,030	87,270	2.2%
Other Licenses/Permits	1,057,627	673,010	691,640	639,030	-5.0%
Permitting Services Revenues	29,388,273	33,093,110	33,940,460	32,125,420	-2.9%

FY13 RECOMMENDED CHANGES

	Expenditures	FTEs
PERMITTING SERVICES		
FY12 ORIGINAL APPROPRIATION	25,028,630	177.80
Changes (with service impacts)		
Add: Fire Code Inspections [Building Construction]	546,360	6.00
Enhance: Add two Plan Reviewers and two Inspectors to the Building Construction Division [Building Construction]	273,676	4.00
Add: IT Strategic Plan for Electronic Plan Filing and Review [Administration]	200,000	0.00
Other Adjustments (with no service impacts)		
Increase Cost: Retirement Adjustment	530,199	0.00
Increase Cost: Lump Sum Wage Adjustment	372,578	0.00
Increase Cost: Group Insurance Adjustment	334,561	0.00
Increase Cost: Adjustment to Overtime to Better Reflect Actual Expenditures - increased cost is funded by the overtime offset fee [Building Construction]	204,500	0.00
Increase Cost: Increase IT Funding for Hardware, Software, Supplies, and Training [Administration]	100,000	0.00
Increase Cost: Rent adjustment [Administration]	71,560	0.00
Increase Cost: Replacement of Scanners - cost reflects annual payment of five year financing plan [Administration]	31,500	0.00
Increase Cost: Motor Pool Rate Adjustment	31,430	0.00
Increase Cost: Risk Management Adjustment	9,180	0.00
Increase Cost: Longevity Adjustment	7,561	0.00
Technical Adj: Conversion of WYs to FTEs in the New Hyperion Budgeting System; FTEs are No Longer Measured for Overtime and Lapse	0	9.84
Technical Adj: Decrease FTEs Due to Rounding	0	-0.03
Decrease Cost: Printing and Mail Adjustment	-1,670	0.00
Shift: Help Desk - Desk Side Support to the Desktop Computer Modernization NDA	-6,670	0.00
Shift: Remove Occupational Medical Services Chargeback from OHR	-7,440	-0.01
Decrease Cost: IT Maintenance Costs [Administration]	-11,700	0.00
Decrease Cost: Retiree Health Insurance Pre-Funding	-90,330	0.00
FY13 RECOMMENDED:	27,623,925	197.60

PROGRAM SUMMARY

Program Name	FY12 Approved		FY13 Recommended	
	Expenditures	FTEs	Expenditures	FTEs
Land Development	6,810,950	57.30	7,231,798	62.50
Customer Service	945,010	12.10	1,013,812	11.00
Building Construction	10,861,060	93.90	12,587,392	112.00
Administration	6,411,610	14.50	6,790,923	12.10
Total	25,028,630	177.80	27,623,925	197.60

FUTURE FISCAL IMPACTS

Title	CE REC.			(S000's)		
	FY13	FY14	FY15	FY16	FY17	FY18
This table is intended to present significant future fiscal impacts of the department's programs.						
PERMITTING SERVICES						
Expenditures						
FY13 Recommended	27,624	27,624	27,624	27,624	27,624	27,624
No inflation or compensation change is included in outyear projections.						
Annualization of Positions Recommended in FY13	0	73	73	73	73	73
New positions in the FY13 budget are generally lapsed due to the time it takes a position to be created and filled. Therefore, the amounts above reflect annualization of these positions in the outyears.						
Elimination of One-Time Items Recommended in FY13	0	-202	-202	-202	-202	-202
Items approved for one-time funding in FY13, including development of an IT strategic plan for electronic plan filing and review, and one-time expenditures for new positions, will be eliminated from the base in the outyears.						
Elimination of One-Time Lump Sum Wage Adjustment	0	-373	-373	-373	-373	-373
This represents the elimination of the one-time lump sum wage increases paid in FY13.						

Title	CE REC.					
	FY13	FY14	FY15	(\$000's)		
	FY16	FY17	FY18			
IT Maintenance Costs	0	115	42	46	150	99
Represents additional maintenance costs for the system upgrades and post-warranty maintenance for servers, scanners, and printers.						
IT Replacement Plan	0	660	440	140	0	-32
Key components of Permitting Service's technology replacement plan include: FY13 Scanners (\$31,500), and Software upgrades and maintenance, training, and professional services (\$100,000); FY14 Printers (\$60,000), Scanners (\$31,500), Servers (\$600,000), Software upgrades and maintenance, training, and professional services (\$100,000); FY15 Scanners (\$31,500), Database servers and services (\$440,000), Software upgrades and maintenance, training, and professional services (\$100,000); FY16 Scanners (\$31,500), Network switch (\$140,000), Software upgrades and maintenance, training, and professional services (\$100,000); FY17 Scanners (\$31,500), Software upgrades and maintenance, training, and professional services (\$100,000); FY18 Software upgrades and maintenance, training, and professional services (\$100,000).						
Longevity Adjustment	0	1	1	1	1	1
This represents the annualization of longevity wage increments paid during FY13.						
Office Rent	0	74	150	229	311	395
Represents projected rent increase.						
Retiree Health Insurance Pre-Funding	0	-180	-465	-483	-489	-489
These figures represent the estimated cost of the multi-year plan to pre-fund retiree health insurance costs for the County's workforce.						
Subtotal Expenditures	27,624	27,792	27,291	27,056	27,096	27,098

ANNUALIZATION OF PERSONNEL COSTS AND FTES

	FY13 Recommended		FY14 Annualized	
	Expenditures	FTEs	Expenditures	FTEs
Enhance: Add two Plan Reviewers and two Inspectors to the Building Construction Division [Building Construction]	264,116	4.00	337,346	4.00
Total	264,116	4.00	337,346	4.00

FY13-18 PUBLIC SERVICES PROGRAM: FISCAL PLAN

Permitting Services

FISCAL PROJECTIONS	FY12 ESTIMATE	FY13 REC	FY14 PROJECTION	FY15 PROJECTION	FY16 PROJECTION	FY17 PROJECTION	FY18 PROJECTION
ASSUMPTIONS							
Indirect Cost Rate	12.59%	12.13%	12.13%	12.13%	12.13%	12.13%	12.13%
CPI (Fiscal Year)	3.1%	2.7%	2.9%	2.9%	2.7%	2.7%	2.7%
Investment Income Yield	0.0015	0.0025	0.0035	0.0085	0.016	0.0235	0.0285
BEGINNING FUND BALANCE	(5,410,100)	2,032,380	4,625,110	6,251,590	7,461,210	8,092,730	7,692,370
REVENUES							
Licenses & Permits	30,437,290	29,092,190	29,383,120	29,676,930	29,973,710	30,273,450	30,576,170
Charges For Services	3,433,720	2,936,810	2,966,180	2,995,840	3,025,800	3,056,060	3,086,620
Fines & Forfeitures	65,030	87,270	88,140	89,020	89,910	90,810	91,720
Miscellaneous	4,420	9,150	9,310	9,490	9,680	9,880	10,080
Subtotal Revenues	33,940,460	32,125,420	32,446,750	32,771,280	33,099,100	33,430,200	33,764,590
INTERFUND TRANSFERS (Net Non-CIP)							
Transfers To The General Fund	(2,822,850)	(3,062,540)	(2,953,590)	(2,926,200)	(2,798,940)	(2,798,940)	(2,798,940)
Transfers From The General Fund	1,153,770	1,153,770	1,153,770	1,153,770	1,153,770	1,153,770	1,153,770
TOTAL RESOURCES	26,861,280	32,249,030	35,272,040	37,250,440	38,915,140	39,877,760	39,811,790
PSP OPER. BUDGET APPROP/ EXPS.							
Operating Budget	(24,828,900)	(27,623,925)	(28,852,045)	(30,122,275)	(31,390,195)	(32,713,555)	(34,111,195)
Annualizations and One-Time	n/a	n/a	500,290	500,290	500,290	500,290	500,290
IT Maintenance	0	0	(114,870)	(41,820)	(45,850)	(149,950)	(99,140)
IT Replacement Plan	0	0	(660,000)	(440,000)	(140,000)	0	31,500
Office Rent	0	0	(73,940)	(150,370)	(229,380)	(311,050)	(395,470)
Retiree Health Insurance Pre-Funding	0	0	180,110	464,940	482,720	488,870	488,870
Subtotal PSP Oper Budget Approp / Exp's	(24,828,900)	(27,623,925)	(29,020,455)	(29,789,235)	(30,822,415)	(32,185,395)	(33,585,145)
TOTAL USE OF RESOURCES	(24,828,900)	(27,623,925)	(29,020,455)	(29,789,235)	(30,822,415)	(32,185,395)	(33,585,145)
YEAR END FUND BALANCE	2,032,380	4,625,110	6,251,590	7,461,210	8,092,730	7,692,370	6,226,650
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES							
	7.6%	14.3%	17.7%	20.0%	20.8%	19.3%	15.6%

Notes and Assumptions:

1. These projections are based on the Executive's Recommended budget and include the revenue and resource assumptions of that budget. The projected future expenditures, revenues, and fund balances may vary based on changes not assumed here to fee or tax rates, usage, inflation, future labor agreements, and other factors not assumed here.
2. The year-end unrestricted net asset fund balances are targeted to restore the fund balance to the policy level and to protect against the cyclical downturns in the construction market and related permit fee revenues.
3. Revenue projections in FY13 and future years assume a gradual increase in construction market activity.
4. Key components of Permitting Service's technology replacement plan include:
 FY13 Scanners (\$31,500), and Software upgrades and maintenance, training, and professional services (\$100,000);
 FY14 Printers (\$60,000), Scanners (\$31,500), Servers (\$600,000), Software upgrades and maintenance, training, and professional services (\$100,000);
 FY15 Scanners (\$31,500), Database servers and services (\$440,000), Software upgrades and maintenance, training, and professional services (\$100,000);
 FY16 Scanners (\$31,500), Network switch (\$140,000), Software upgrades and maintenance, training, and professional services (\$100,000);
 FY17 Scanners (\$31,500), Software upgrades and maintenance, training, and professional services (\$100,000);
 FY18 Software upgrades and maintenance, training, and professional services (\$100,000).