



THE PRINCE GEORGE'S COUNTY GOVERNMENT

Department of Audits and Investigations

February 21, 2019

MEMORANDUM

TO: Dannielle M. Glaros, Chair
Planning, Housing & Economic Development (PHED) Committee

THRU: David H. Van Dyke, County Auditor

FROM: Sylvia King, Audit Manager

RE: Department of Permitting, Inspections, and Enforcement (DPIE)
Fiscal Year 2019 Mid-Year Budget Review

Background:

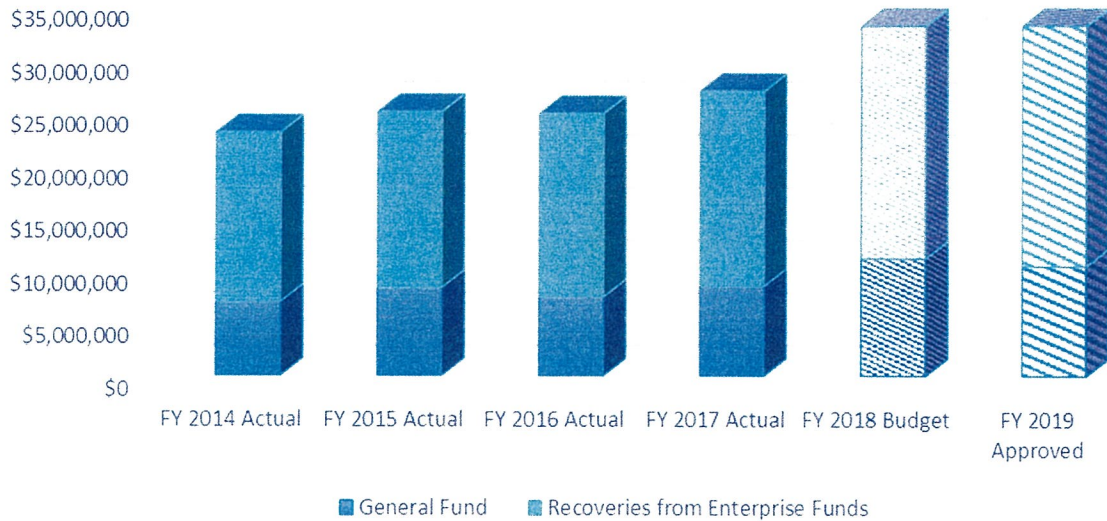
The Department of Permitting, Inspections and Enforcement (DPIE) was created within ten months in FY 2014, by consolidating permitting and licensing functions of nine County, bi-County, and State agencies into one County department, and co-locating most staff to provide a one-stop shop experience for customers. The Department promotes economic development and redevelopment in Prince George's County, and protects the health and safety of County residents, businesses and visitors through highly integrated and efficient permitting, inspection and licensing services, that ensure compliance with established building codes and property standards.

The Department's overall budget has increased by 44%, or approximately \$10.2 million since its inception in FY 2014. The Department's funding is derived from the County's General Fund and is partially recoverable from the Stormwater Management Enterprise Fund and the Solid Waste Management Enterprise Fund. The accompanying table and chart depict the budget history of the Department since FY 2014.

Department of Permitting, Inspection and Enforcement: Budget Overview						
	Amount (\$)			Distribution (%)		Total All Funds Annual Change (%)
	General Fund	Recoveries from Enterprise Funds	Total All Funds	General Fund	Enterprise Funds	
FY 2014 Actual	\$7,004,900	\$16,017,343	\$23,022,243	30.43%	69.57%	100.00%
FY 2015 Actual	\$8,350,682	\$16,641,119	\$24,991,801	33.41%	66.59%	8.56%
FY 2016 Actual	\$7,480,005	\$17,349,722	\$24,829,727	30.13%	69.87%	-0.65%
FY 2017 Actual	\$8,518,700	\$18,456,235	\$26,974,935	31.58%	68.42%	8.64%
FY 2018 Budget	\$11,131,000	\$22,022,200	\$33,153,200	33.57%	66.43%	22.90%
FY 2019 Approved	\$10,423,300	\$22,784,300	\$33,207,600	31.39%	68.61%	0.16%

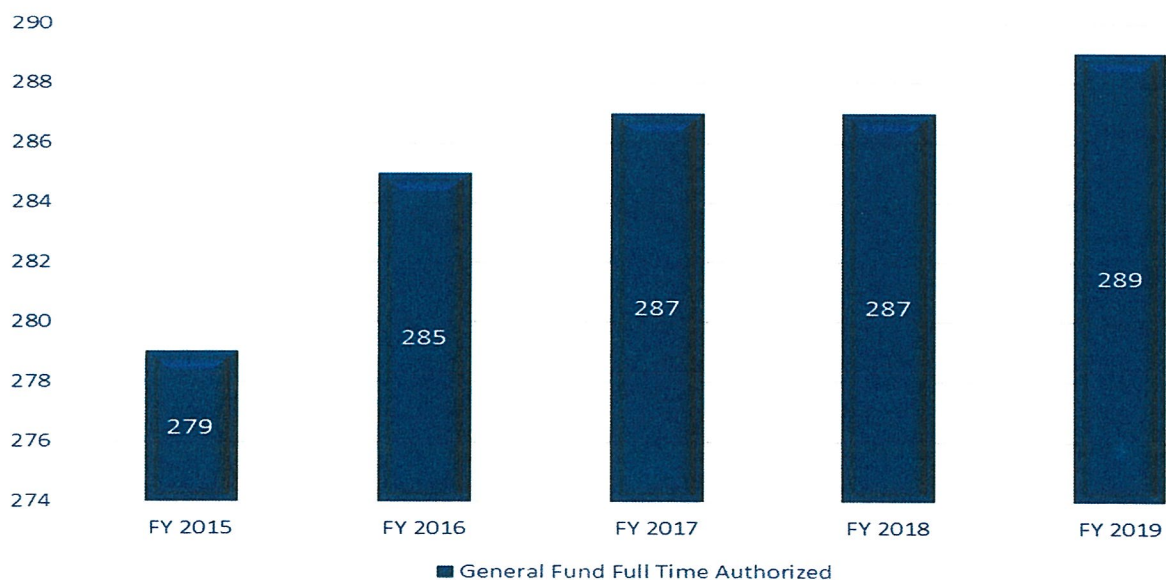
Data Source: Approved Budget books

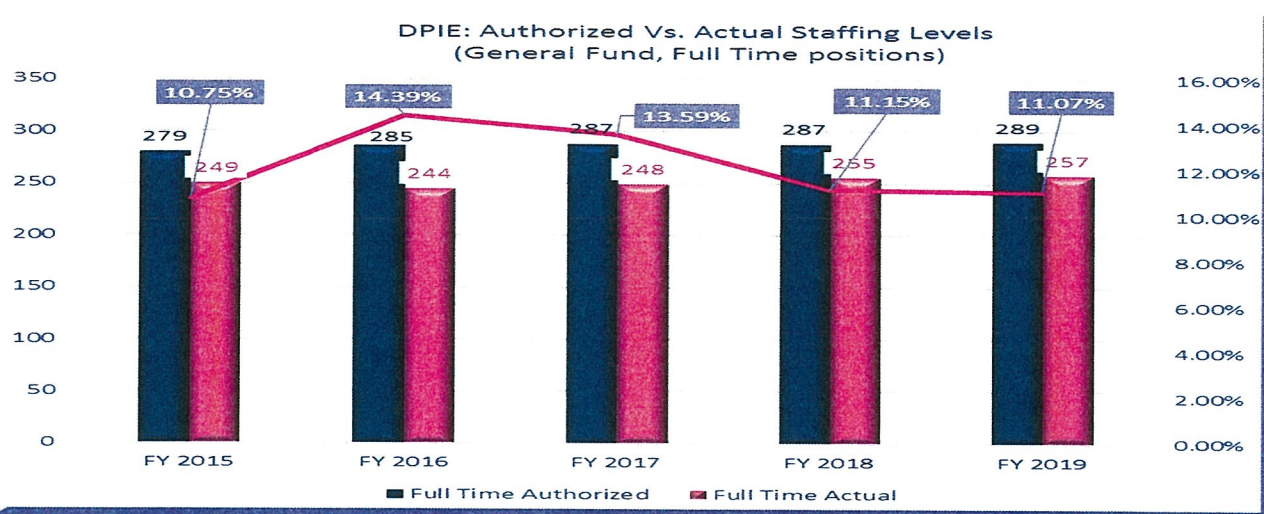
DPIE: FY 2014 - FY 2019 Budget Overview



- The General Fund full-time staffing composition for the Department has increased by ten (10) positions from 279 to 289 since FY 2015 (or 3.6% increase). However, the actual data shows an increase of only eight (8) employees (3.2%), from 249 to 257, between FY 2015 and FY 2019 (as of December 31, 2018). The following charts depict the full-time authorized positions compared to full-time actual positions for the same period:

DPIE: Authorized Staffing Levels FY 2015 - FY 2019





Data source: Budget Books, Budget Review & Responses from DPIE to the Office of Audits and Investigations (A&I) Questions

FY 2019 Approved Budget:

- The approved FY 2019 operating budget for the Department is approximately \$33.2 million, of which approximately \$10.4 million (31.4%) is from the General Fund. The remaining approximately \$22.8 million (68.6%), is initially funded through the General Fund, but is fully recoverable from the Solid Waste and Stormwater Enterprise Funds.

Fund	FY 2018 Approved	FY 2018 Estimated	% Change - Est vs App	FY 2019 Approved	\$ Change FY18 App vs FY19 App	Percentage Change
General Fund	\$ 11,131,000	\$ 10,562,300	-5.1%	\$ 10,423,300	\$ (707,700)	-6.4%
Recoveries from Enterprise Funds	22,022,200	20,319,900	-7.7%	22,784,300	762,100	3.5%
Total	\$ 33,153,200	\$ 30,882,200	-6.9%	\$ 33,207,600	\$ 54,400	0.2%

General Fund Comparison and Year-to-Date Expenditures

Category	FY 2018 Approved*	FY 2018 Estimated*	FY 2019 Approved*	FY 2019 Actual YTD**	FY 2019 Remaining	YTD % Expended
Compensation	\$ 18,522,800	\$ 17,741,900	\$ 19,525,100	\$ 10,604,832	\$ 8,920,268	54.3%
Fringe Benefits	6,131,000	5,479,000	6,508,400	3,257,721	\$ 3,250,679	50.1%
Operating Expenses	8,499,400	7,661,300	7,174,100	1,190,327	\$ 5,983,773	16.6%
Total	\$ 33,153,200	\$ 30,882,200	\$ 33,207,600	\$ 15,052,880	\$ 18,154,720	45.3%
Recoveries	(22,022,200)	(20,319,900)	(22,784,300)	-	(22,784,300)	N/A
Total	\$ 11,131,000	\$ 10,562,300	\$ 10,423,300	\$ 15,052,880	\$ (4,629,580)	144.4%

*Data Source: FY 2019 Approved Budget Book

**Data Source: SAP FY19 Budget to Actual Report (General Fund) as of February 21, 2019

- In response to the mid-year budget questions provided to the Office of Audits & Investigations, the Department reported that it plans to remain within the FY 2019 approved budget level and does not anticipate any supplemental budget requests.

Issues and Successes

Staff reviewed the responses provided to mid-year budget questions and prior year's budget review, and noted the following successes and issues that Committee members may wish to discuss with representatives of the Department.

- The Department expects that it will exceed the approved budgeted overtime compensation for FY 2019 by a projected \$199,000, due to inspection demands, and reports that the overage will be offset by salary lapse. A significant portion of overtime is also used during the Spring season for cutting tall grass, board ups and clean ups.
- The Department has experienced a significant amount of turnover resulting in \$199,313 projected leave payout, which was not initially budgeted in FY 2019.

<u>Account</u>	<u>FY 2019 Approved Budget</u>	<u>FY 2019 Projected Amount</u>
Overtime Compensation	\$216,000	\$415,000
Leave Payout	\$-0-	\$199,313

- In the prior year's budget review and in response to A&I's Mid-Year Budget Review Questions, the Department reported the following issues that have impeded planned progress, and could further inhibit planned program performance and operations:
 - Inability to fill staff vacancies, both in a timely manner and the ability to offer competitive salary structures to selected candidates have resulted in:
 - Increased costs as a result of hiring contractual workers to assist with work demands and backlogs.
 - Increased work load causing strain on staff; resulting in high usage of sick and annual leave, which decreases productivity, and employee motivation.
 - Decreased quality of work.
 - Losing staff with institutional knowledge to other jurisdictions and/or companies with more competitive salaries.
 - The aging housing stock in Prince George's County, and the number of vacant properties, thereby affecting the need for enforcement staff to monitor the properties and funding to maintain abandoned properties.
 - Enforcing unfunded legislative mandates with no additional staffing.
 - Lack of staff with data management and virtual Customer Service skillsets to train DPIE staff utilizing acquired technology systems.

- Inadequate in-house technical Information Technology (IT) staff to support development and implementation of the new Permitting & Licensing System (PLS), Administrative Hearing Management System, ProjectDox/ProjectFlow, etc.
- Resignations continue to be the number one reason for the Department's employee separations. Over the next four (4) years, 94 staff, or over 30%, of the Departments FY 2019 approved staffing complement of 289 will be eligible for retirement.
- As of February 4, 2019, the Department reported 37 full-time vacant positions. The impact of these vacancies is the Department's inability to adequately respond to increasing service demands and emergencies on a timely basis. The Department reported that it is actively recruiting to fill these positions.
- The additional \$25,000 in approved funding in FY 2019 to provide for the purchase of noise meters and related staff training is being used to procure a sound technician (\$16,200), with no scheduled training for staff and no plans to purchase any additional sound meters.
- Since its inception, the Department has achieved significant process time reductions, ranging from 50 – 93%, in permitting, plan review, and licensing. See chart below:

Permitting and Licensing Activity	Pre-DPIE	DPIE	Average % Reduction in Process Time
Bond Review and Processing	3–10 weeks	2–3 days	93%
Plan Log-In, Screening and Case Number Assignment	3 weeks	1–2 day	90%
Most Business Licenses	1–2 weeks	1–2 day	80%
Special Utility Permits	3 weeks	1 week	67%
Electrical Contractor Permits	1–3 days	1–2 hours	90%
Building Plan Review (first cycle)	16 weeks	4 weeks, 2 weeks (Peer Plan Review)	75% 88%
Site/Road Plan Review (first cycle)	8 weeks	4 weeks, 2 weeks (Peer Plan Review)	50% 75%

Source: 2018 Leadership Transition Planning – Organization Overview and Top Accomplishments

- The Department has implemented Peer Plan Review, Third-Party Plan Review, and Third-Party Inspection programs that enable applicants to voluntarily pay for these services, expedite projects, and leverage scarce DPIE plan review and inspection staffing. Vacancies are impacting the current review timeframes for both Site/Road Plan Reviews (from 4 to 6 weeks), and Building Plan Review (from 4 to 6 and possibly 8 weeks).
- The County's increasing economic growth impacts the Building Plan Review and Licensing Divisions' customers, who expect an expeditious permitting process. The Department implemented

the e-Plan digital plan review system, and numerous online applications to automate permit and license application/issuance processes. Technology integration will serve to improve customer service to include, among other things, reductions in paper design submissions.

- The Administrative Hearing Process was created in response to legislation passed by the County Council in 2017 (CB-64-2017) to allow Hearing Officers to adjudicate citations issued for code enforcement citations for property standards and housing violations of County code, instead of waiting for the courts to hear the cases. This process will serve to expedite the current judicial process in district court for contested or unpaid citations. Program updates include:
 - Start of the adjudicating of citations on August 1, 2018, with four (4) DPIE Property Standards Inspectors issuing citations in targeted jurisdictions, and hearings being held weekly, within 30 days of the request.
 - Developed the process where the Administrative Hearing Unit will forward default orders and hearing decisions to the Office of Law, which will then submit to District Court for judicial enforcement on a separate docket.
 - Anticipate more inspectors will be issuing an increased number of citations in the coming months, which will possibly increase the number of hearings.
- The Short-Term Rental Legislation (referred to trade name Air BnB) becomes effective November 2019. The number of additional staff allotted will determine the structure, duties, and responsibilities for this unit and/or service.
- The MGM Electrical Accident (Injury) Investigation is ongoing by both DPIE and the County's Police Department as a result of the serious injury incurred by a six-year old girl at the MGM National Harbor Resort Plaza/P7 level. The plaza is currently open to the public and is closely monitored by the company. MGM has installed temporary lighting on the plaza to replace the handrail lighting. The County is working with MGM and an independent 3rd party inspector to inspect and examine the entire plaza area to confirm no other issues exist.
- The Department has 77 out of its current fleet of 158 vehicles, or almost 49%, that meet the replacement criteria for exceeding 100,000 miles, and or 10 years in service. The Department is in need of operable vehicles for inspectors to conduct daily inspections and enforcement activities, respond to emergency operations, and assist the Department of Public Works and Transportation (DPW&T) with their Snow and Ice Program.
- Facilities upgrades are needed for 9400 Peppercorn Place to address daily complaints from staff and customers regarding numerous failing systems such as: air quality and temperatures that do not function properly and/or inoperable daily, elevators are inoperable once a month, inadequate and failing restrooms, poor lighting in employee/customer parking lots, and insufficient landscaping services.

- The Department is in need of acquiring additional space at 9400 Peppercorn Place to co-locate (Inspections, Health, Fire, M-NCPPC) County permitting, inspection and plan review services to complete the “One-Stop Shop” concept. This will provide customers and staff a streamlined service for processing permitting, licensing, and plan review functions in a timely manner.