



ARLINGTON COUNTY, VIRGINIA

**County Board Agenda Item
Meeting of July 7, 2007**

SUPPLEMENTAL REPORT

DATE: July 2, 2007

SUBJECT: Supplemental Report to the Request to advertise a public hearing on September 8, 2007 to Amend, Reenact and Recodify Chapter 3, Building Code; Chapter 7, Electrical Code; and Chapter 18 Plumbing and Gas Codes of the Code of Arlington County, Virginia, concerning the fees charged for construction and related permits.

DISCUSSION: This Supplemental Report provides additional information on the creation of an enterprise fund. It is meant as a companion document to the Board Report of the same subject heading. The focus of this Supplemental Report and the Board Report is the Inspection Services Division within the Department of Community Planning, Housing and Development (DCPHD). There are also a separate Board Report and Supplemental Report that focus on the Zoning Section. The Zoning Section and the Inspection Services Division's functions of permitting, plan review and inspections comprise the enterprise fund.

A consolidated Board Report will be submitted for the September 2007 Board meeting, which will discuss the enterprise fund and all its organizational units. It will provide additional detail regarding expenses, revenue and other operational issues. The Report will make recommendations to adopt an increased level of revenue, expenses (staffing and operating expenses) to run the enterprise fund.

In the FY 2008 adopted budget, the County articulated its philosophical shift to better customer service in the organizational units of the DCPHD that provide construction and trade permits, and building, zoning and application reviews by creating an enterprise fund. In simple terms, an enterprise fund is a budget mechanism or a way of budgeting. Instead of using County General Funds to pay for operating expenses (personnel and non-personnel), the revenue captured from fees for the functions of permitting, zoning, and inspections would be used.

The sustained high volume of residential and commercial construction activity in Arlington County has created enormous challenges to the County to deliver fast, consistent and predictable permitting, plan review and inspections. Staffing enhancements and operational improvements

County Manager: _____

County Attorney: _____

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must be made to the Inspection Services Division, in order to improve County service delivery and customer service.

Staff researched the FY 2008 staffing patterns of surrounding jurisdictions to understand how they have staffed up to meet the area's high construction activity levels, and their staffing metrics and performance measures. Armed with this knowledge, the Division developed a new proposed staffing pattern to address current customer service complaints and to bring the County's staff workload more in-line with industry standards and surrounding jurisdictions.

Staff also has included in the proposed fee-supported expenditure budget all of the other non-personnel cost associated with running an enterprise fund operation. The staffing enhancements and operational improvements will necessitate additional office and customer service space and additional investments in technology. Therefore, the proposed expenditure budget includes expenses for additional lease space in the Courthouse Plaza area and the associated costs for moving and office furniture; the cost of paying County overhead charges for human resource, finance, legal and other services; and the cost of enhancing the current technology to support increased customer service.

Revenue captured from increased fees for building and trade permits would pay for the needed improvements to staffing and all operating expenses, in the enterprise fund.

Table A (below) shows the FY 2007 and FY 2008 adopted budgets and the new proposed budget for FY 2008. The major changes between the FY 2008 adopted budget and the new proposed FY 2008 budget are increases to personnel and non-personnel expenses for additional FTEs (from 51 to 67); and the cost of paying for non-personnel expenses associated with operating an enterprise fund, including lease of space, County overhead charges, and technology enhancements. The surplus revenue shown will be used to cover deficits elsewhere in the enterprise fund, to yield a fully fee-supported enterprise fund.

Table A: Expenditure Budget Summary - Inspection Services Division

	FY 2007 Budget	FY 2008 Adopted	FY 2008 Proposed
Personnel	\$4,038,611	\$4,365,037	\$5,528,636
Non-Personnel	\$788,128	\$819,805	\$1,047,565
Sub-total =	\$4,826,739	\$5,184,842	\$6,576,201
Other Non-Personnel			
Space Lease	-	-	\$880,000
County Services	-	-	\$1,285,704
Technology	-	-	\$900,000
Miscellaneous	-	-	\$450,000
Sub-total =	-	-	\$3,515,704
Total Expenditures =	\$4,826,739	\$5,184,842	\$10,091,905
15% Reserve Fund =	-	-	\$1,513,786
Grand Total =			*\$11,605,691
Revenue	\$4,903,292	\$5,451,100	*\$12,434,389
Net Tax Support	(\$76,553)	(\$266,258)	0
FTEs	49.0	51.0	67.0

*Note: The difference between the proposed revenue and total expenditures (including the reserve fund) is slightly over \$800,000. This amount will be used to subsidize the Zoning Section, the other organizational unit within the enterprise fund and discussed in a separate Board Report.

Table B (below) compares the new proposed staffing pattern for the Division against Fairfax County, the District of Columbia and the City of Alexandria by function.

Table B: Inspection Services Division Functions and FTEs by Metro Area Jurisdictions

	Arlington County			Fairfax County	D.C.	Alexandria
	FY 2008 Adopted	FY 2008 Proposed Add'l FTEs	FY 2008 Proposed New Total	FY 2008 Adopted		
Permitting	11	2	13	21	19	12
Plan Review	11	13	24	28	27	15
Inspections	29	0	29	88	40	17
Records Mgmt.	0	1	1	7	Not available	15.2
TOTAL =	51	16	67	144	86	59.2

It is difficult to make pure apples-to-apples comparisons with other jurisdictions because of the different ways jurisdictions organize and the staff the functions; however, Table B does provide a rough idea of how the County's proposed new staffing pattern corresponds to the other jurisdictions in FY 2008. It is important to note that all presented figures include front-line staff which perform each function, and supervisory and administrative support. In addition, in the District of Columbia for inspections, the 40 full-time equivalents (FTEs) represent commercial inspections only; there are an additional 40 inspectors that do a combination of residential inspections and code enforcement. (Arlington's 29 inspectors do both commercial and residential inspections.) Last, in Alexandria for records management, the 15.2 FTEs provide records management and training administration to the equivalent of Arlington's Inspection Services Division and the Fire Department. While it is not possible to know how many of Alexandria's 15.2 staff serve just the inspection's side, it is worth noting that regardless of the specific number, Arlington currently has no dedicated staff to this function in inspections.

The 16 new FTEs in the Inspection Services Division will significantly decrease wait times for permitting and plan review services. At the current staffing level, Arlington County is grossly understaffed to keep up with the demand for services and to maintain building safety. In addition, new services that are not currently offered will enhance customer service and improve staff efficiency and productivity. The 16 new FTEs are as follows:

- Permitting – Two (2) permitting technicians would be added to expedite services at the permitting counter, over the web and the phone. Technicians would provide personalized service to all residential and commercial customers from permitting through the issuance of the certificate of occupancy. For large, commercial projects, technicians would track and monitor the status of plan reviews and permitting for each case and coordinate pre-construction and status meetings. The current number of technicians is inadequate to meet customer demands and when benchmarked against surrounding jurisdictions, Arlington County has the least number of permitting staff.
- Plan Review – Thirteen (13) plan reviewers would be added to expedite the current work, to respond to current and anticipated workload and to provide new services that are not currently provided. Six of the 13 plan reviewers would do building, fire, mechanical, plumbing and electrical plan reviews. In addition to reviews in their trades, they will also work on mixed use projects and provide code consultation and interpretation services for complex issues such as tower permits. Three of the reviewers would be structural engineers that would be responsible for reviewing structural plans and completing structural inspections; and the remaining four reviewers would provide while-you-wait reviews of interior alterations of commercial buildings, a service that is not now provided. With the addition of 13 new staff, Arlington's staffing pattern would be more on par with surrounding jurisdictions.
- Inspections – No staff increases; two of the structural plan reviewers will also provide mechanical (called "special") inspections and as a result, Arlington would be more on par with surrounding jurisdictions' staffing levels.

- **Records Management** – One FTE would be added to manage the newly created records management initiative within the Division. The position would inventory paper records (including plans, drawings and other building documents of varying sizes); facilitate their scanning and the creation of electronic records; and manage the retrieval and disposition of records. All surrounding jurisdictions have at least one records manager.

To provide a gauge of the volume of work and individual work load of Arlington's staff in FY 2006 (the last full year in which reporting is available) compared to Fairfax County and Alexandria, the following measures are provided:

- **Permitting** – The average number of permits issued per technician per day. Fairfax County was 16 and Alexandria was 8. Arlington was 9. Fairfax County's figure is larger than Arlington's given the size of that county and the volume of residential, tract housing that is developed. For Alexandria, the figure is larger than Arlington's because it includes fire department permits. In Arlington, fire permits are not issued by the Inspection Services Division. If Alexandria removed fire permits from its counts, the number of permits issued per technician would decrease.

Staff anticipates that with the addition of the new proposed permitting staff (and with the same volume of work), wait times for permitting services will be reduced. Wait times and the length of time for transactions are measures that will be introduced in FY 2008. In addition, with increased staffing, Arlington will reduce the number of permits issued per technician (from 9 to 7 daily) freeing staff up to provide more personalized service and to attend to other permitting functions such as routing plans, answering phones and issuing business licenses. The overall number of permits issued by the Division will not decrease given current and anticipated workloads.

- **Plan Review** – The Insurance Service Organization's (ISO) building code effectiveness standard for the average number of plans reviewed per plan reviewer per day is one commercial plan or two residential plans. Fairfax averaged 4.6 and Alexandria averaged 3. Arlington, on the other hand, averaged 10.3. The proposed additional staff will decrease the number of plans reviewed by inspector and will put the County more in-line with the ISO standards and other jurisdictions. It will also allow Arlington to provide new services not now provided.
- **Inspections** – The ISO standard for the average number of inspections per inspector per day is 10. Fairfax County averaged 10.4. Alexandria averaged 15; this figure includes fire-related inspections. If fire-related inspections were not counted, Alexandria's figure would be lower. Arlington averaged 14 for all trades except elevator inspections. If elevator inspections were factored in, Arlington's figure would be even higher. At this time, additional inspectors are not being requested. It is anticipated that Arlington can get closer to the ISO standard through enhanced management and operational practices.

To ensure that increases in staff result in improved services, the following performance standards would be instituted and monitored for the functions of permitting, plan review and inspections:

- Complete permitting and plan review of interior alterations of existing commercial buildings while-you-wait. Current wait times of over 90 days would be reduced to same day service (or the next day for complex projects).
- Complete initial reviews of new commercial projects within 10 weeks and issuance of permits within six months, as compared to the current five to six months.
- Issue all new residential permits within four weeks, as compared to the current four to five week wait time, if not longer for some projects.
- Complete 100 percent of inspections within 24 hours of being scheduled; currently, 85% to 95% of inspections are completed within 24 hours.
- Improve customer satisfaction with the quality, professionalism, timeliness and expertise of permitting technicians as a result of new technical training and certification requirements; customer service instruction; and team rewards program, as measured by customer satisfaction surveys.