

Government of the District of Columbia
Office of the Chief Financial Officer



Jeffrey S. DeWitt
Chief Financial Officer

MEMORANDUM

TO: The Honorable Phil Mendelson
Chairman, Council of the District of Columbia

FROM: Jeffrey S. DeWitt
Chief Financial Officer 

DATE: December 1, 2020

SUBJECT: Fiscal Impact Statement – Department of Buildings Establishment Act of 2020

REFERENCE: Bill 23-91, Committee Print provided to the Office of Revenue Analysis on November 17, 2020

Conclusion

Funds are not sufficient in the fiscal year 2021 through fiscal year 2024 budget and financial plan to implement the bill. The bill will cost \$11.7 million beginning in fiscal year 2022 and \$33.1 million over the four-year financial plan.

Background

The bill establishes a new executive agency called the Department of Buildings (DOB) and charges it with ensuring the safety of District buildings and other physical environments. DOB functions will include reviewing plans, issuing permits, inspecting premises, and enforcing laws and regulations that govern construction, rental housing, and zoning. The functions will be moved from the Department of Consumer and Regulatory Affairs (DCRA) to the new agency. The bill does not add any new responsibilities to DOB that are not currently being managed by DCRA. However, the bill creates two new statutory positions of Chief Inspection Official and Strategic Enforcement Administrator and sets requirements and terms for the positions. The bill also adds requirements for already existing positions of Zoning Administrator and Chief Building Official and establishes the overall budget structure for the agencies. All the functions not moved to DOB, including business licensing and corporate registrations, will remain with DCRA, and DCRA is redesignated as the Department of Licensing and Consumer Protection (DLCP).

The bill requires the City Administrator to prepare several elements of a transition plan to facilitate the creation of the new agency. Within 60 days of the effective date of the bill, the CA must provide an organizational plan and chart; within 120 days, the CA must provide a strategic human capital plan and a communications strategy; within 180 days, the CA must provide a Comprehensive

Document Control Inventory identifying all the documents and assets that must be revised to reflect the change in agency responsibility.

Financial Plan Impact

Funds are not sufficient in the fiscal year 2021 through fiscal year 2024 budget and financial plan to implement the bill. The bill will cost \$11.7 million beginning in fiscal year 2022 and \$33.1 million over the four-year financial plan.

The bill impacts the budget in five main areas:

1) The bill requires two new statutory positions to be created within DOB - the Strategic Enforcement Administrator and the Chief Inspection Official. Currently these positions do not exist in DCRA.

2) The agencies will require additional positions to ensure sufficient level of administrative support services. Both DLCP and DOB will need resources to perform administrative functions, including legal support, communicating with stakeholders, responding to FOIA requests, and maintaining labor relations. In some cases, DCRA's existing administrative units cannot simply be split in two. Staffing of the administrative unit might include several specialties that must be covered/maintained in each agency, and sufficient expertise is also needed at supervisory levels. For example, both DCRA and the new Department of Buildings will require a General Counsel, but since only one General Counsel position exists in DCRA, a new (or elevated) position is required. DCRA estimates that 47 new administrative positions will be required to successfully meet the needs of the split agencies, including the bill's mandated two new positions.

3) The agencies will require information technology system modifications to operate as two individual entities. DCRA indicates that current technology systems are designed to support integrated workflows and data access across all the agency's functions, including those that will be split out into the new Department of Buildings.¹ According to DCRA it would not be workable to provide login access by both agencies into the existing information technology systems. Instead, technology system processes will need to be split up to support the individual policies and goals of the newly separated agencies. At the same time, application programming interfaces will still be required to allow for the separate agency systems to communicate. For example, while an inspector in the Department of Buildings may still require access to business license information in the new DCRA, both agencies may have separate approval chains, administrative requirements, and timelines that cannot be accommodated in the unified current system. There are some information technology services that charge per person license fees that can simply follow FTEs to the new agency and will not add to the overall cost beyond the new administrative positions proposed. DCRA estimates approximately \$2.5 million will be required for the two agencies systems and to meet baseline informational technology needs for each agency.

4) The funding sources for both agencies will need to be clarified. Because more than half of DCRA is funded by special purpose revenue funds, when the agency size is reduced, special purpose revenue funding in the new agency may exceed the total cost of DCRA. If this occurs, additional local funding will be required to fund the Department of Buildings, and this cost is not included in

¹ See Testimony on the bill by Director Chrappah, December 10, 2019.

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FIS: "Department of Buildings Establishment Act of 2020," Bill 23-91, Committee print provided to the Office of Revenue Analysis on November 17, 2020.

the FIS estimate. This is a significant technical problem that needs to be addressed before the agency split can be finalized.

5) There will be costs for office space for the new positions, as well as relocation and reconfiguration of space housing the existing staff of DCRA. We have provided an estimate of this cost, but the final cost will depend on the details of the transition plan.

Department of Buildings Establishment Act of 2020 Bill 23-91 Fiscal Year 2021 – Fiscal Year 2024 (\$ thousands)					
	FY 2021	FY 2022^(a)	FY 2023	FY 2024	Total
Salary for Additional Staff (47 FTEs)^(b)	\$0	\$5,440	\$5,440	\$5,440	\$16,319
Fringe^(c)	\$0	\$1,350	\$1,370	\$1,390	\$4,108
Supplies and Equipment	\$0	\$329	\$0	\$0	\$329
Information Technology Costs		\$2,440	\$2,140	\$2,140	\$6,718
Office Space for New Staff^(d)	\$0	\$1,692	\$1,692	\$1,692	\$5,076
Relocation or reconfiguration of existing staff^(e)	\$0	\$500	\$0	\$0	\$500
TOTAL	\$0	\$11,749	\$10,640	\$10,661	\$33,051

Table Notes

(a) This estimate assumes the reorganization will not occur until fiscal year 2022.

(b) This estimate is based resource needs provided by DCRA.

(c) DCRA's FY2021 fringe rate is 24.8 percent of salaries.

(d) \$120 per square foot at an estimated 300 square foot per person per new FTE.

(e) This is a placeholder estimate, there are no specific reconfiguration plans currently.