

<b>County Council Agenda Item #15</b>	<b>Date:</b> April 23, 2019
<b>Subject:</b> Enterprise Fund Stabilization Factor of 1.05 for FY20 (An increase of 5% over FY19 permit fees)	
<b>Purpose:</b> To receive testimony – no vote expected	
<b>Analyst:</b> Jeffrey L. Zyontz, Senior Legislative Analyst	<b>Committee:</b> PHED recommends approval.
<b>Keywords:</b> #DPS, Permit Fees	

## EXPECTED ATTENDEES

Diane Schwartz-Jones, Director, Department of Permitting Services

## COUNCIL DECISION POINTS & COMMITTEE RECOMMENDATIONS

- 1) The PHED Committee recommends approval of the Department of Permitting Services (DPS) FY20 Operating Budget as submitted by the Executive.
- 2) The DPS FY20 Operating Budget as submitted by the Executive assumes the Council's approval of a 5% increase in permitting fees above FY19 fees.

## DESCRIPTION/ISSUE

The item is a public hearing on the proposed fee increase.

## SUMMARY OF KEY DISCUSSION POINTS

- The increase in fees is necessary to support the Department of Permitting Services FY20 operating budget.
- Permitting fees with less than a 5% increase will either require tax support funds for the Department or a reduction in operating expenses.

### **This report contains:**

Introduction and Resolution to approve an Enterprise Fund Stabilization Factor of 1.05 for FY20

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**Introduction**

**MEMORANDUM**

April 2, 2019

TO: County Council

FROM: Jeffrey L. Zyontz, Senior Legislative Analyst

SUBJECT: Resolution to approve the Enterprise Fund Stabilization Factor

PURPOSE: Introduction – no Council vote required

The attached resolution to increase Department of Permitting Services (DPS) Fees by 5% is scheduled for introduction on April 2, 2019. The lead sponsor is the Council President at the request of the County Executive. A public hearing is scheduled for April 23, 2019 at 1:30 p.m.

The Director of Permitting Services must calculate an Enterprise Fund Stabilization Factor (EFSF) each year to be applied to each fee on July 1 of each year. The EFSF is the factor by which the fee calculation is adjusted, up or down, to cover DPS labor and operating costs and to manage the DPS reserve policy under the 2002 Principles of the Fiscal Management of the Permitting Services Fund. The Director published the EFSF on March 15, 2019.

The proposed FY20 DPS budget assumes that fees will be increased by 5%. The Planning, Housing, and Economic Development Committee has scheduled a worksession on the Department's proposed budget on April 30.

This Packet Contains  
Draft resolution

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Resolution No.: \_\_\_\_\_  
Introduced: \_\_\_\_\_  
Adopted: \_\_\_\_\_

**COUNTY COUNCIL  
FOR MONTGOMERY COUNTY, MARYLAND**

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Lead Sponsor: Council President at the request of the County Executive

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**SUBJECT:** Enterprise Fund Stabilization Factor 1.05 for FY20

**Background**

1. The Department of Permitting Services (Department or DPS) was established as a fee-supported enterprise within the Executive Branch of Montgomery County in 1996. Revenues that support the Department are established by Method 2 or Method 3 Executive Regulations and, for services provided by the Department under Chapter 59, by District Council resolution.
2. In Fiscal Year 2015, a comprehensive study of Department revenues, fee structure, and work volumes was undertaken to tie permit rates to the known volumes of work in FY14 and cost centers performing that work. The resulting rates were implemented in July FY15 and included an Enterprise Fund Stabilization Factor to be calculated each year and to be applied to each fee on July 1 of the Fiscal Year. The Enterprise Fund Stabilization Factor is the factor by which the fee calculation is adjusted, up or down, to cover DPS labor and operating costs and to manage the DPS reserve policy under the 2002 Principles of the Fiscal Management of the Permitting Services Fund.
3. On March 15, 2019, the Council received the County Executive's Recommended Operating Budget, which includes DPS and the proposed EFSF of 1.05.
4. DPS published the EFSF of 1.05 (an upward adjustment of 5% on current fees) for the upcoming fiscal year on March 15, 2019 to cover rising labor and operating costs and reserve policy.
5. Each fee for DPS services, including those in Executive Regulations 11-17, 26-16, 20-07AM, 15-16, and 12-12, and County Council Resolution 18-317, will be subject to the EFSF of 1.05, which is an upward adjustment of 5% over current fees.
6. On April 11, 2019, the Council's Planning, Housing, and Economic Development Committee held a worksession on the DPS Budget.

7. On May \_\_\_\_, 2019, the Council approved the DPS Operating Budget, which includes the 1.05 EFSF adjustment to current fees.

**Action**

The County Council for Montgomery County, Maryland approves the following resolution:

The County Council approves the EFSF of 1.05 for each current fee for DPS services, including those in Executive Regulations 11-17, 26-16, 20-07AM, 15-16, and 12-12, and County Council Resolution 18-317.

This is a correct copy of Council action.

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Megan Davey Limarzi, Esq.  
Clerk of the Council