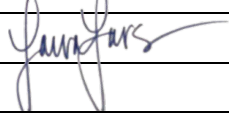




CITY OF BALTIMORE
MAYOR BRANDON M. SCOTT

TO	The Honorable President and Members of the Baltimore City Council
FROM	Laura Larsen, Budget Director 
DATE	March 4 th , 2025
SUBJECT	25-0003R Informational Hearing - Permit Reforms

The Honorable President and
Members of the City Council
City Hall, Room 400

The Department of Finance is herein reporting on City Council Bill 25-0003R, Informational Hearing - Permit Reforms, FOR the purpose of inviting representatives from the Department of Housing and Community Development, the Office of the City Administrator, the Baltimore City Fire Department, the Office of the Fire Marshal, and other relevant parties to provide information on reforms to the Department of Housing and Community Development's permit process.

The Department of Finance was given a set of eight questions prior to the hearing to respond to:

- 1. Did the costs of updating the new permit system change from what was shared previously in 2023 which was \$5,685,007.31 for a 6-year subscription? Are there any add-on costs for additional features/capabilities -- if so, what are they (please identify the additional features being purchased and the cost(s) for each feature).**

The Board of Estimates approved an agreement with Accela in September 2023 to provide professional services for implementing a system to replace the functions of the existing DHCD Permitting and Inspection Program. The new system will allow the City of Baltimore to replace two existing DHCD databases, digitize the BMZA appeals process, and create a digital archive of DHCD and BMZA records.

The approved contract authorized \$5.7 million to complete this scope of work. That cost included \$2.8 million for one-time costs to implement the system and \$2.9 million for six years of subscription costs. There was a change order to add \$354k to cover additional reporting capabilities for six years.

- 2. What are the additional costs -- beyond the subscription price -- that are associated with the new permitting system? Can you please also disaggregate these additional costs by cost center (such as personnel, new procedures, etc. etc.)?**

The current Accela agreement includes \$354k (previously mentioned change order) for additional reporting capabilities and support in the new system. As the City continues to acclimate to the new system there will likely be additional enhancement costs to further optimize the system.

- 3. How much revenue did permits generate in each of the previous years? (Can you also identify**

the total number of permits issued that generated the specified revenue?)

Revenue from permitting is based on the volume of permits issued. Since 2020, permitting has generated an average of \$10 million per year, primarily through the "combination permit" (most issued permit by DHCD). Total revenue over the past five fiscal years totals \$59.3 million. Permit issuance has remained relatively stable, averaging around 40,000 permits per year. This revenue trend has largely aligned with broader economic patterns over the past five years.

Permit Fees Collected by Type for Fiscal Years 2020 - 2025 YTD - as of January 31, 2025							
Permit Fee Types by FY	2020	2021	2022	2023	2024	2025YTD	Grand Total
BMZA Appeal Fee	\$10,050	\$25,750	\$64,225	\$50,900	\$45,400	\$30,600	\$226,925
Combination Permit	\$8,533,519	\$8,787,512	\$10,876,210	\$10,332,055	\$10,076,01	\$5,870,25	\$54,475,56
Demolition Permit	\$617,333	\$546,012	\$526,395	\$524,102	\$362,300	\$269,242	\$2,845,384
Temporary Event Permit	\$34,482	\$30,756	\$25,114	\$37,653	\$56,999	\$9,173	\$194,177
Use and Occupancy Permit	\$283,124	\$277,112	\$266,183	\$290,862	\$282,075	\$180,979	\$1,580,335
Grand Total	\$9,478,508	\$9,667,142	\$11,758,127	\$11,235,572	\$10,822,79	\$6,360,24	\$59,322,38

Permit Issued by Type for Fiscal Years 2020 - 2025 YTD - as of January 31, 2025							
Permits Issued by Type by FY	2020	2021	2022	2023	2024	2025YTD	Grand Total
BMZA Appeal Fee	121	273	382	318	237	171	1,502
Combination Permit	35,359	35,190	37,094	36,627	38,239	21,934	204,443
Demolition Permit	703	434	422	394	245	105	2,303
Temporary Event Permit	166	73	54	114	66	36	509
Use and Occupancy Permit	3,394	3,339	3,221	3,481	3,370	2,147	18,952
Grand Total	39,743	39,309	41,173	40,934	42,157	24,393	227,709

4. How much revenue do you expect permits to generate in the first, second, and third years after introducing the new system?

DHCD expects permit revenue to align with current trends. However, the construction industry is closely tied to the national economy, and events at the national level can impact local trends.

5. Have there been any cost analysis done to show whether the new system will generate additional revenue? If so, how much – and what are the factors that will produce the additional revenue (such as savings from new efficiencies, or increases in the number of permits you expect to be issued?)?

No cost analysis was conducted to determine whether the new system will generate additional revenue. However, it is important to note that failing to upgrade the permitting system left the City vulnerable to a potential catastrophic data system failure.

6. **When will the fee study be complete and the information shared?**

The Department of Finance's fee study is ongoing and is expected to be completed and made publicly available in Fiscal Year 2026.

7. **Has DOF done an analysis on raising the permit fees to pay for additional reviewers, specifically related to the Fire department?**

As part of fire code revisions adopted by City Council, the city now requires third party preliminary review for fire plans on large scale projects. Additionally, the Administration is actively working on a third-party review pilot as part of the Administration's Baltimore FAST permitting package. Finance will conduct a cost assessment of using contractors to support the current workload.

8. **Has there been an analysis done on how much it would cost to contract out parts of the process, specifically Fire plan reviews? If so much would that cost?**

This analysis has not been performed. In addition to exploring how contracted services could be used for this service we are also examining how utilizing civilian staff for this team could enhance service levels within the Fire Department.

Conclusion

The Department of Finance will be in attendance at the hearing and will answer any questions as needed.

cc: Michael Mocksten
Nina Themelis