

Contractor Licensing Department Budget Analysis

Department Purpose

The Contractor Licensing Department (CLD) performs the operational functions for the Pinellas County Construction Licensing Board (PCCLB). The PCCLB regulates the construction and home improvement industry through uniform contractor competency licensing, code amendments and code interpretations in Pinellas County.

The department is responsible for day-to-day administration, records management, and licensing of contractors, as well as investigating complaints against licensed and unlicensed contractors in Pinellas County. The department supports the PCCLB, a Dependent Special District as defined in F.S. 75-489. The department is primarily funded through licensing fees, administrative fines, and citations.

Executive Summary

COVID-19 had a delayed impact to the department. FY20 saw the second highest department revenues in the past ten years but licensing, administrative fine, and citation revenues have decreased significantly in FY21 compared to the same period in FY20 as shown in the table below. The department's total number of transactions processed decreased 33.4% from a total of 5,185 transactions October 2020 through March 2021, compared to 7,792 total transactions October 2019 through March 2020.

In February 2021, the department outsourced its investigations team to Code Enforcement in a strategic partnership that will enhance dispatch, training, supervision, and case management.

The department's go-live date for the Accela implementation has been delayed until October 2021 to coincide with the end of the department's licensing renewal season.

The department is experiencing increased employee turnover in FY21. The department is prepared for this and has a succession plan in place for all staff to enhance subject matter expertise and cross-training.

FY21 to date compared to FY20 to date:

Summary	To 2/28/2020	To 2/28/2021	% Inc (Dec)
Licensing	\$268,774	\$251,106	-6.6%
Administrative Fines	\$119,954	\$72,181	-39.8%
Citations	\$445,461	\$152,685	-65.7%
Total	\$834,189	\$475,972	-42.9%

Five Year Staffing Summary (FY18-FY22)

FY18	FY19	FY20	FY21	FY22
11	12	12	12	12

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Budget Summary Table (FY18 - FY22)

Revenues	FY18 Actual	FY19 Actual	FY20 Actual	FY21 Budget	FY21 Estimate	FY22 Request	Budget to Budget Change	Budget to Budget % Change
Licenses and Permits	863,377	904,456	838,648	855,000	746,210	758,010	(96,990)	-11.3%
Citations	120,124	786,698	771,230	937,360	470,670	747,370	(189,990)	-20.3%
Fines	176,531	343,882	328,670	354,630	200,470	245,010	(109,620)	-30.9%
Interest Earnings	5,931	15,478	23,211	18,520	8,120	7,490	(11,030)	-59.6%
Other Miscellaneous Revenues	904	(1,804)	4,763	-	-	-	-	-
Revenues Total	1,166,866	2,048,709	1,966,522	2,165,510	1,425,470	1,757,880	(407,630)	-18.8%

Expenditures	FY18 Actual	FY19 Actual	FY20 Actual	FY21 Budget	FY21 Estimate	FY22 Request	Budget to Budget Change	Budget to Budget % Change
Personal Services	611,971	1,015,943	1,053,797	1,140,490	1,004,700	1,029,300	(111,190)	-9.7%
Operating Expenses	740,149	565,044	672,566	850,370	803,410	707,550	(142,820)	-16.8%
Capital Outlay	-	10,472	7,616	780	-	-	(780)	-100.0%
Transfers to Other Funds	-	-	-	289,000	144,480	-	(289,000)	-100.0%
Total Expenditures	1,352,120	1,591,459	1,733,979	2,280,640	1,952,590	1,736,850	(543,790)	-23.8%

Budget Analysis

Revenues

- Department Revenues for FY22 are budgeted \$407,630, or 18.8%, below the FY21 Adopted Budget.
 - Licensing Fee Revenue is decreasing by \$96,990, or 11.3% from the FY21 Adopted Budget.
 - The number of licensed contractors, including journeymen, has decreased by approximately 500, or 3.6%, from approximately 13,800 in March 2020 to approximately 13,300 in March 2021.
 - This has an impact of approximately \$33,000 on license renewal revenue.
 - Additional revenue from late fees and penalties related to the lower number of licensed contractors is estimated at \$20,000.
 - Citation Revenue is decreasing by \$189,990, or 20.3%, from the FY21 Adopted Budget.
 - This is due to multiple factors:
 - The department has received 206, or approximately 40.0%, fewer complaints through February 2021 compared to the same time frame last year.
 - The department had two (2) vacant investigator positions which equated to fewer citations issued.
 - There can be a lag of several months between citation issuance and receiving citation payment.
 - In February 2021, CLD strategically aligned its investigations unit under the supervision of Pinellas County Code Enforcement Division (CED). This is a result of the

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Palm Harbor Pilot Project which explored combining the two departments' enforcement and investigations efforts.

- CED will oversee the training, dispatch, case management, and supervision of PCCLB investigators who will continue to report to the Contractor Licensing Department and PCCLB.
 - The investigations team is now fully staffed.
- Administrative Fine Revenue is decreasing by \$109,620, or 30.9% from the FY21 Adopted Budget.
 - Administrative Fine revenue is collected principally from expired permit violations initiated by complaints from Pinellas County Building Services, in addition to the St. Petersburg, St. Pete Beach, Largo, and Treasure Island building departments.
 - Administrative Fine revenue is down almost 40.0% from FY20.
 - The department will continue to suffer significant declines in Administrative Fine revenue until at least mid-FY22 due to the Governor's Executive Order 21-45 Emergency Management extension of executive order 20-52-COVID-19.
 - The Governor's Executive Order 20-51 (signed March 9, 2020) and subsequent Order 21-45 (signed February 26, 2021), established the COVID-19 response and protocol.
 - This declaration provides developers additional time by extending the expiration dates for valid development orders, permits and other authorizations for the length of time the declaration is in effect plus six months.
 - While waiting for the Governor to lift the Executive Order, the department is working to recoup revenues by implementing organizational changes, a collections initiative, and staff training plan.
 - Historically, in the period October 1 to February 28, Admin Fine revenue contributed as much as \$41,274 per month.

	FY19	FY20	FY21
Average Admin Fine revenue per month	41,274	22,424	13,545

User Fee Schedule

- There are no proposed changes to the department's user fees in FY22.
- The department is researching fees charged in other jurisdictions and anticipates user fee changes in FY23.

Expenditures

- Department Expenditures for FY22 are budgeted \$543,790, or 23.8%, below the FY21 Adopted Budget.
 - Personal Services costs decreased by \$111,190, or 9.7% from the FY21 Adopted Budget.
 - This is due to positions being filled at lower rates within the paygrade.
 - Operating costs decreased by \$142,820, or 16.8%.

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- Temporary staffing budget is being reduced by \$106,060, or 73.3%.
 - Temporary staffing needs decreased due to the reorganization of responsibilities and identifying and creating efficiencies within existing staff assignments.
- Cost Allocations continue to be a significant portion of the department's operating budget.
 - Total FY22 allocated costs are \$497,560, or 70.3%, of the departments operating costs.
- Repayment of outstanding liabilities to the General Fund and Business Technology Services (BTS) Fund have been paused half way through FY21.
 - Forecasted fund balance levels have declined due to the reduced revenues in FY21 and pausing the transfers will allow the fund to maintain a fund balance that is in line with policy.
 - Transfers will resume when the fund's reserve level can support repayment.

Potential threats to the fund/department

- There were several bills before the House and the Senate that threatened PCCLB's authority to issue local specialty licenses.
 - HB735 has passed, and if signed by the Governor, will affect the department by:
 - Preempting all licensure of construction trades to the State and prohibiting local governments from issuing any local specialty licenses, except for Journeymen.
 - The PCCLB will lose the ability to explore any new licenses after July.

Attachments

- Attachment 1 – Contractor Licensing Department Performance Dashboard
- Attachment 2 – Contractor Licensing Department User Fee Schedule
- Attachment 3 – Contractor Licensing Department Org Chart