
Government of the District of Columbia



Department of Consumer and Regulatory Affairs

Testimony of

Linda K. Argo
Director

***PROPOSED FISCAL YEAR 2011 BUDGET
OVERSIGHT HEARING***

Council of the District of Columbia
Committee on Public Services and Consumer Affairs
Muriel Bowser, Chair

May 3, 2010

Room 412
John A. Wilson Building
1350 Pennsylvania Avenue, NW
Washington, DC 20004
1:00 P.M.

Good afternoon, Chairperson Bowser, members, and staff of the Committee on Public Services and Consumer Affairs. I am Linda Argo, Director of the Department of Consumer and Regulatory Affairs. Seven weeks ago, I sat here and testified on DCRA's accomplishments during Fiscal Year 2010. Today, I'm here to testify on our goals for Fiscal Year 2011.

Our fundamental mission is to protect the health, safety, economic interests, and quality of life of District of Columbia residents, businesses, and visitors by ensuring code compliance and regulating businesses. DCRA meets this core mission by issuing business licenses and building permits, conducting building and housing inspections; enforcing construction, housing, and zoning codes; and providing consumer education.

Our agency's broad scope of authority means we have a direct and daily impact on the lives and livelihood of hundreds of thousands of residents, commuters, and visitors. This makes us highly cognizant of the effect our regulations, procedures, and decisions, particularly during the current economic times.

DCRA's proposed Fiscal Year 2011 budget shows that we, like everyone else in this challenging economic climate, are streamlining our processes so as to better focus on our core mission. This re-focusing will allow us to improve the customer experience by substantially increasing the professionalization of our staff and better leveraging of technology and innovation.

Our goal is, as you've heard me say repeatedly, to make sure the best trip to DCRA is the one you don't have to make.

As we developed our budget proposal, we conducted a careful analysis of what our core mission is and how we can do it better. This has allowed us to closely examine our operations so as to better align them with our core mission. The resulting budget proposal reflects that realignment, while also keeping to a minimum any cost increases for our customers.

We hope you will agree that today's DCRA is a much improved and responsive agency from just a few years ago. While I and each of my staff recognize we can further improve the agency, I truly believe we have made very significant progress. Before getting into the numbers, I'd like to briefly discuss some of our real progress and our goals for the new fiscal year.

A. Consumer Protection Realignment

Part of our budget proposal is to consolidate the agency's consumer protection programs with that of the Public Interests Section in the Office of the Attorney General. This consolidation will allow OAG, as the District agency with the broadest enforcement authority, to coordinate consumer protection initiatives throughout the District government.

Our joint DCRA-OAG website – consumer.dc.gov – will continue to be the main online portal for consumer protection information and complaints. We plan to expand the website to reflect the new OAG coordination role and to include information on the roles played by DCRA, OAG and other District agencies with consumer protection roles, such as the Department of Insurance, Securities, and Banking and the Metropolitan Police Department.

This centralized system will ensure that all enforcement agencies are aware of consumer complaints, thereby avoiding situations where one agency is working on a complaint without realizing that other agencies may have some overlapping jurisdiction. Designating OAG as the coordinating consumer protection agency will allow for a more effective response to individual complaints, as well as allowing for identification and reaction to developing trends.

B. Business Licensing

We continue to review our business license regulations in order to simplify the process for applicants. As the economy recovers, we want to ensure that District businesses aren't hampered by outdated or unjustifiably burdensome regulatory requirements. Our goal is to reduce the time required to review license applications, with the aim of converting more of our license categories into same-day issuances.

Included in the Mayor's proposed Budget Support Act is an amendment to the D.C. Municipal Regulations (DCMR) to include a schedule of fees listing the fees for all categories of business licenses. This will be the first time in many years that such information will be located in one chapter of the DCMR, rather than being located solely on our website.

We are also working with the Office of Documents and Administrative Issuances to re-codify most business license regulations into one title of the DCMR. Currently, the regulations are spread out in at least half a dozen different titles.

This will make it far easier for business owners to quickly and easily find the regulatory provisions applicable to their business.

We continue to put more license application and renewal functions online so that business owners can complete their paperwork without having to come in person to our Licensing Center. As much as we like seeing our customers, we're pretty sure they'd be happier not having to see us.

In the past few months, we heard a great deal of questions expressing confusion over how property owners could legally rent out their basement. Basement rentals are an essential option for residents and we seek to ensure tenants' safety, while at the same time making the license registration process as easy as possible for property owners.

To accomplish these competing goals, we created www.rentmydcbasement.com to respond to property owners and tenants seeking clarification of license requirements and building code regulations. In its first 45 days, the website has received almost 9,000 hits, received 180 comments, and has been featured on numerous online blogs and listserves.

The less time business owners spend dealing with DCRA, the more time they can spend running their businesses. We understand that simple concept and seek to align our procedures and requirements accordingly.

C. Inspections

One of our critical missions is ensuring the safety of residential buildings and rental units. We will continue to focus significant time and resources on the inspections process, outreach to housing and tenant advocates, and increasing the professionalization of our inspections division.

I'm very pleased that the D.C. Superior Court announced last Wednesday that it was launching a new program to expedite cases where tenants are suing their landlords for housing code violations. For the past year, we worked closely with Chief Judge Satterfield, OAG, tenant advocacy groups, and housing providers to develop the court's Housing Conditions Calendar. We believe this program will be greatly beneficial to both tenants and property owners.

I'm also very happy to report that our proactive housing inspections program has resulted in the inspection of 1,493 rental units in 517 buildings in every ward. By

proactively inspecting rental properties, we are able to identify and rectify any housing code violations before they become a danger to the health or safety of tenants. We have received very positive feedback on the program from both tenant advocates and rental housing providers.

Last July, we launched a new Third Party Inspections program requiring the same International Code Council (ICC) certifications for third party inspectors as we require for our own inspectors. We acknowledge this requirement is a high standard, but our paramount concern is ensuring the safety of residents, workers, and visitors in the District.

To address the concerns of the third party inspections industry and to guide them through the ICC certification process, we have met with them three times in the past three months. We will also be conducting monthly meetings with them as we head toward the July 2010 certification deadline.

Beginning later this month, we will be launching our new Interactive Voice Response (IVR) system for permit inspections. The IVR system will provide customers with 24/7 availability for scheduling all building permit-related inspections, including canceling and rescheduling inspections appointments. Customers will be able to call the system to obtain inspections results, and contractors will be able to request automatic notifications of inspections results sent to them by fax or phone. We're very excited about this system and believe it will be very beneficial to customers.

D. Building Permits

One of the things customers notice immediately about our new Waterfront facility is the Permit Center. We now have seven agencies involved in the building permit review process located on site. This will be greatly beneficial to customers by speeding up the permit review process.

As I've mentioned in previous testimony, we have invested significant resources in the Project Dox system. This electronic permit submittal and review system will greatly assist both plan designers and plan reviewers and will put the District at the technological forefront of surrounding jurisdictions.

As the economy rebounds and construction projects increase, we will be well-positioned to coordinate the review process more effectively so that rather than standing in line, builders can do what they do best: construct buildings to bring in

new residents, businesses, and visitors and helping revitalize our emerging commercial corridors.

And because we're bringing renewed focus to how we can help businesses face a less burdensome regulatory environment, we are working to simplify the home occupancy permit process for small businesses run out of the business owners' home. These types of businesses are a significant backbone of our local economy and typically have minimal effects on surrounding residences, such as traffic and noise. I see little reason why we can't create a process that takes that into account, while also ensuring all zoning and building code regulations are met.

We are striving to change the traditional bureaucratic mindset from one that sets up hurdles for businesses to one that understands the importance of assisting entrepreneurs in getting their businesses up and running.

E. Enforcement

Our enforcement division is essential to our regulatory role. Yet we are also very mindful that we must balance our role as the regulator with our role in economic development. Although we seek to ensure that all businesses are licensed and operating according to the law, rather than immediately issue stiff fines which could bankrupt a business, we generally seek to bring businesses into voluntary compliance.

To address fine collection levels that are lower than where we want them to be, we've proposed several statutory modifications in the Budget Support Act. One provision would allow us to serve notices via electronic mail, in addition to service by first class mail or in-person service. This would put the District at the forefront of technology and administrative law procedures.

A second provision would simplify the citation issuance process. Currently, the law requires us to issue a total of three citations before we can impose a fine for violations. First we must send a notice of violation. If the person fails to correct the violation, we then issue a notice of infraction. And if the person fails to answer that notice, then we send out a second notice of infraction and can charge a fine.

Our proposal is to simplify the process by eliminating the need to issue two notices of infraction before a fine can be imposed. Instead, a person would get a notice of violation and, if they fail to correct the violation, we would issue a notice of

infraction and a fine. Nothing in our proposal would impact the recipient's ability to appeal either notice to the Office of Administrative Hearings.

Additionally, we have also strengthened our internal procedures to significantly reduce the numbers of citations that are rejected by OAH for improper form or service. However, we continue to have fines significantly reduced or altogether eliminated by administrative law judges at OAH. We also encounter an appeals process that regularly takes some six months to get a final adjudication of a citation.

We continue to focus on technological improvements to help make our enforcement processes more efficient. We are also identifying areas where we can work with OAH to standardize judicial review standards and increase compliance levels.

F. Fiscal Year 2011 Budget Proposal

DCRA's proposed FY2011 budget is \$25,592,321, a decrease of \$9,540,741 from the FY2010 budget of \$35,133,062. The FY2011 budget includes authority for 266 FTEs; however, this number doesn't include a shift of nine FTEs to the capital budget. Our total FTE count is a decrease of 27 FTEs from the FY2010 budget authority of 302 FTEs;

I should note that although the decrease seems significant, \$6.2 million of it is due to fixed cost items, such as rent, utilities, and telephones, which have moved to a new, centrally-controlled fixed cost agency.

The FY2011 budget includes \$8,061,095 and 83 FTEs funded with local funds and \$17,531,226 and 183 FTEs funded with special purpose revenue.

The proposed budget also reflects \$520,996 in assessments for services from the Department of Human Resources (DCHR), the Department of Public Works (DPW), and the Office of Contracting and Procurement (OCP). The assessments, \$130,810 for DCHR, \$118,608 for DPW, and \$271,578 to OCP, are for services provided by these agencies to DCRA.

The proposed FY2011 budget reflects our operational efficiencies and realignments, as well as our ongoing efforts to structure the agency for optimal efficiency, productivity, and value to our customers.

G. Conclusion

We believe the Mayor's proposed FY2011 budget supports our efforts to refocus on our core missions. Although we have made significant improvements in DCRA's functions and services, I know we still have much to do.

We continuously seek the input of our customers so we can serve them better. And, as our economic outlook improves over the coming months, we will be well-positioned to assist our customers by making their interactions with DCRA easy and fast.

Chairperson Bowser, thank you for providing us this opportunity to report on DCRA's proposed FY2011 budget. My staff and I are prepared to answer any questions you may have at this time.