

THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS
ACTION AGENDA SUMMARY

DEPT: Planning and Community Development

BOARD AGENDA # B-7

Urgent Routine

AGENDA DATE February 16, 2010

CEO Concurs with Recommendation YES NO
(Information Attached)

4/5 Vote Required YES NO

SUBJECT:

Approval of the Reduction-in-Force of Four Filled Full-Time Positions in the Department of Planning and Community Development Building Permits Division

STAFF RECOMMENDATIONS:

1. Approve the reduction-in-force of four filled full-time positions in the Department of Planning and Community Development Building Permits Division as outlined in the Staffing Impacts section of this report effective March 27, 2010.
2. Amend the Salary and Position Allocation Resolution to reflect the changes as outlined in the Staffing Impacts section of this report effective March 27, 2010.

FISCAL IMPACT:

The Building Permits Division is fully funded by permit revenue and charges for services with no net county cost to the General Fund. A fund balance has been established to provide for ongoing operations and for purchase of capital improvements including vehicles and tracking software upgrades. Over the past 2 years, the fund balance has been used to temporarily backfill operational shortages primarily related to staffing costs that were over and above the revenues received.

(Continued on Page 2)

BOARD ACTION AS FOLLOWS:

No. 2010-089

On motion of Supervisor O'Brien, Seconded by Supervisor Chiesa

and approved by the following vote,

Ayes: Supervisors: O'Brien, Chiesa, Monteith, DeMartini, and Chairman Grover

Noes: Supervisors: None

Excused or Absent: Supervisors: None

Abstaining: Supervisor: None

1) X Approved as recommended

2) _____ Denied

3) _____ Approved as amended

4) _____ Other:

MOTION:



ATTEST: CHRISTINE FERRARO TALLMAN, Clerk

File No.

FISCAL IMPACT: (Continued)

Two reductions-in-force and staffing modifications have occurred over that time. In March 2008, the Department eliminated twelve positions in the Division, and had anticipated the reduction-in-force would be adequate to address the expected decrease in permit revenue. Four additional positions were transferred or eliminated in 2009.

Revenues continue to decrease and are not adequate to cover existing staffing costs. The Division proposes a further reduction-in-force to bring expenditures more in line with revenues and to reduce the dependency on utilization of fund balance to cover projected shortfalls.

Total salary savings of the proposed reduction-in-force will be approximately \$395,000 per year with approximately \$90,000 in savings for the remainder of this fiscal year. Based on the reduction-in-force, expenses and revenues are projected to be as follows:

Table 1

	2009-2010	2010-2011	2011-2012
Projected Salary Costs	\$1,463,672	\$1,294,704	\$1,294,704
Projected Services and Supplies	\$30,034	\$30,000	\$30,000
Projected CAP Charges	\$200,828	\$200,000	\$200,000
Projected Expenses	\$1,694,535	\$1,524,704	\$1,524,704
Projected Revenues	\$1,589,269	\$1,519,001	\$1,464,507
Projected Shortfall (Fund Balance Required)	\$105,266	\$5,703	\$60,197

DISCUSSION:

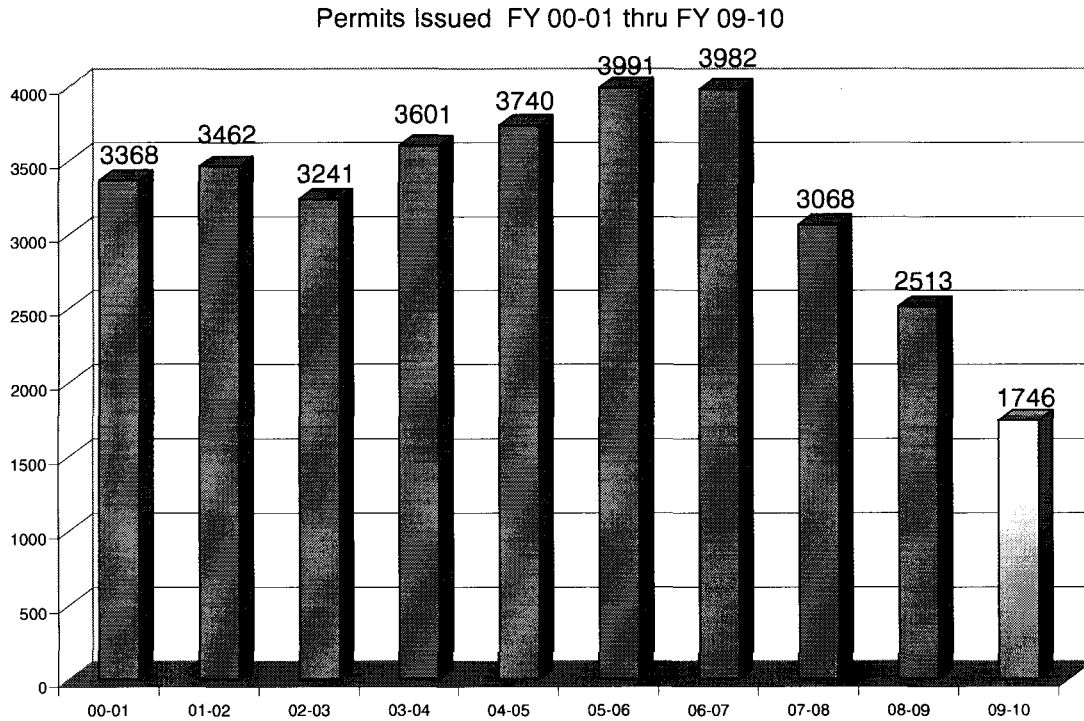
Building Activity and Economic Conditions

The Department of Planning and Community Development Building Permits Division is fully funded (100%) by building permit and inspection fees with no fiscal reliance on the County General Fund. The continuing slow down in the building industry has resulted in a decrease in the construction and inspection activity during the first half of the current fiscal year.

The number of permits issued through December 2009 have decreased by approximately 30 percent from this time last year, with similar decreases in associated revenue. Projecting out through the end of the fiscal year, the total number of permits issued and related revenues are expected to be less than the previous year. Permit numbers and revenue have been decreasing over the past three years and the Department anticipates current levels to remain for the foreseeable future.

Approval of the Reduction-in-Force of Four Filled Full-Time Positions in the Department of Planning and Community Development Building Permits Division
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The following chart shows the number of permits issued over the last decade by Stanislaus County. The number of permits for Fiscal Year 2009-2010 is projected based on doubling the number of permits issued from July through December 2009. (On average, over the past decade, the Division has received approximately 49% of all permit revenue from July through December.)



Estimated revenue has averaged approximately \$134,000 per month from July 2009 through December 2009. It has included construction permits and fees and charges for services to other agencies including the City of Ceres. Total revenue and monthly averages from each source are provided in Table 2 below:

Table 2

REVENUE BREAKDOWN FISCAL YEAR 2009-2010	Total Revenue July-Dec 2009	Average Per Month
Construction Permits and Fees	\$663,038	\$110,506
Charges for Services	\$141,956	\$23,659
Total Revenue Generated	\$804,994	\$134,165
Actual Expenses	\$904,310	\$150,718

The Department has been able to take advantage of salary savings in the current fiscal year resulting from limited funding provided to the Building Division by the Redevelopment Agency, Community Development Block Grants (CDBG), Neighborhood Stabilization Program (NSP), Public Facility Fee (PFF) Administration, and Capital Projects.

The adopted budget for the Building Permits Division for Fiscal Year 2009-2010 included an estimate of \$1,892,599 of expenditures with an offset of \$1,723,922 in revenues. The Division anticipated using \$165,494 of fund balance to cover the expected shortfall resulting in no net county cost.

Through December 2009, actual revenue from construction permits has been less than anticipated in the original budget. The Department estimates that total permit revenues will be approximately \$1,590,000 by the end of the Fiscal Year with \$1,250,000 of that coming directly from Building Permit fees. Year-to-date revenue from construction permits is only \$663,038 and total charges for services is only \$141,956. Mid-year estimates (based on implementing this reduction) show expenditures could be reduced to approximately \$1,694,000 by year-end. This would result in use of approximately \$105,000 of fund balance (within the originally budgeted limit of \$165,494).

Future Fiscal Challenges

Salary projections provided for Fiscal Year 2010-2011 indicate that average salary costs for the Division will increase to approximately \$141,000 per month in July 2010 not including the furlough savings. The County is in joint discussions with all labor groups to review potential strategies for labor cost reductions in Fiscal Year 2010-2011. It is unknown at this time if furloughs will be an option available as a budgeting tool during next fiscal year. The Department's projection also does not include Workers Compensation charges as these are unknown at this time, but does include projected increases in Retirement costs.

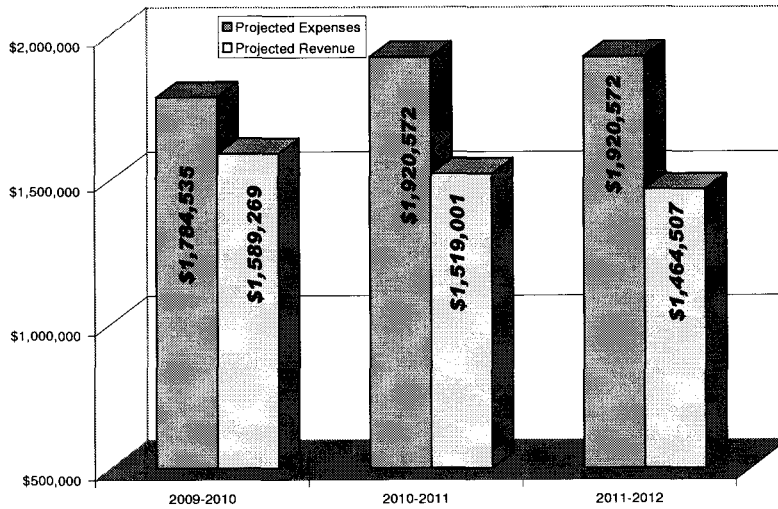
It is unlikely that the revenue sources from other programs utilized to offset salaries will continue indefinitely. Projecting out over the next two fiscal years, charges for services are expected to decline as the Neighborhood Stabilization Program, Redevelopment, and Capital Projects funding will be decreasing. It is expected that the Building Permit Division could experience a decline of up to \$70,000 in charges for services in Fiscal Year 2010-2011 and up to \$120,000 in Fiscal Year 2011-2012. It is similarly very difficult to predict the future level of building permit activity, and as such, projections are based on maintaining current numbers of permits and permit revenue over the next two fiscal years.

Without any action, total projected costs for Fiscal Year 2010-2011 and Fiscal Year 2011-2012 could exceed \$1,920,000. If projected revenues from permits remain equal to current levels, and charges for services decrease as expected, shortfalls (and use of fund balance) could reach up to \$456,000 by Fiscal Year 2011-2012.

The following chart shows expected expenses and revenues through the next two fiscal years if no action is taken:

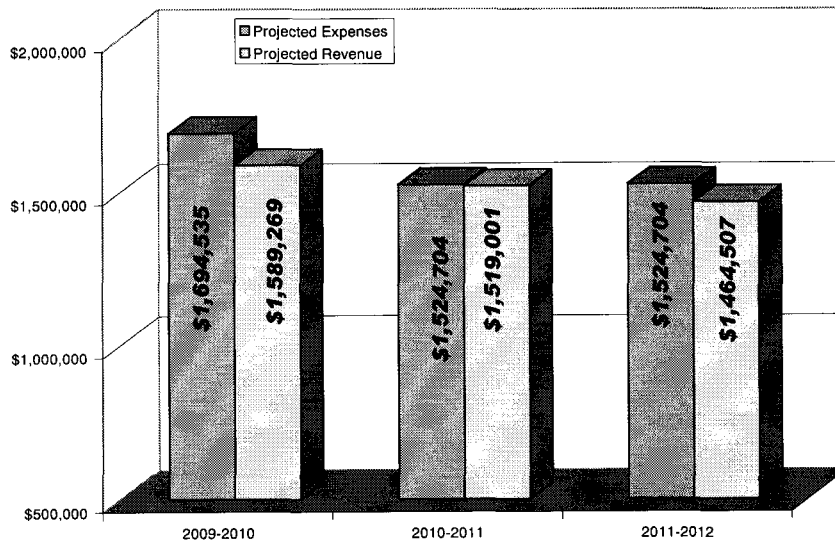
Approval of the Reduction-in-Force of Four Filled Full-Time Positions in the Department of Planning and Community Development Building Permits Division
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Planning and Community Development - Building Permits Division
Projected Expenses and Revenue
FY 09-10 thru FY 11-12
(With no modification to Staffing)



With the action as proposed, costs could decrease from approximately \$1.92 million to approximately 1.52 million per year (a savings of almost \$400,000 per year). The following chart shows projected total expenses and revenues through Fiscal Year 2011-2012 with actions as proposed:

Planning and Community Development - Building Permits Division
Projected Expenses and Revenue
FY 09-10 thru FY 11-12
(With modifications as proposed)



Budget Strategy

The Department has met with the Chief Executive Office to develop a strategy to address the downturn in construction related revenue and the impact to the Building Permits Division and after careful analysis recommends a reduction-in-

force of four (4) filled allocated positions. The Department will continue to examine other potential cost savings, including reducing direct costs and impacts related to providing services for other agencies and Departments (i.e., credit card charges for permit issuance, Strategic Business Technology (SBT) charges, and other incidental costs). The Department will also continue to examine potential revenue generating opportunities and partnerships.

Revised Staffing Plan

The Division is currently allocated 18 positions. This is 16 less positions than originally approved by the Board in the Division reorganization in 2005. The reorganization was approved in order to provide staffing levels and resources adequate enough to meet customer demand and specifically implement a "one-stop shop" for building permits, reduce turn-around time for issuance of those permits, and acquire updated permit tracking software.

Two reductions-in-force and staffing modifications have occurred since March 2008. The Department eliminated 12 positions in 2008 and an additional four positions were transferred or eliminated in 2009. The Department is also evaluating the potential for regionalization and combination of building permit and inspection services with the City of Modesto. Matrix Consulting Group has provided a diagnostic assessment of both the County and City building plan check and inspection processes, and expects to have a draft feasibility study of potential regionalization completed by March 2010.

With the proposed actions, the Building Permit Division intends to continue to provide core services of plan checking, building inspection and record retention. The reduction-in-force of the four filled allocated positions is expected to reduce costs, ensure budgetary balance, and reduce the long term dependency on utilization of fund balance.

This reduced staffing level is similar to that of the Building Permits Division prior to Fiscal Year 1999-2000. Reorganization steps in 2005 and again in 2007 were adopted in order to speed up turnaround time for permits and inspections, provide a one-stop shop for customers at the front counter, and to increase efficiency of permit review and issuance. The proposed reduction in staff has been designed to continue to provide a basic level of service based on a decreased number of active building permits. With the assignment of three to four staff to other duties, the reduction-in-force as proposed, and the remaining vacancy, the Division will essentially have only 9 to 10 people to do the required work on a daily basis, including providing reception duties at the front counter.

As such, the reduction in staff as proposed may result in impacts to important departmental goals, but is necessary to address the immediate and long-term reductions of revenue from construction permits and other charges for services. Nevertheless, the Department is committed to continuing to provide core services in an efficient manner for customers.

POLICY ISSUES:

The Board should determine whether this action meets its priority of the efficient delivery of public services.

STAFFING IMPACTS:

The recommendations in this agenda item will result in staffing impacts to existing full-time allocated positions in the Department of Planning and Community Development Building Permits Division. The recommendations include the reduction-in-force of four (4) filled classified positions. Table 4 reflects the total number of positions affected by the recommended changes.

Table 4:

Position Number	Allocated Classification	Vacant/Filled	Filled Classification	Recommendation
851	Building Inspector I/II	Filled	Building Inspector I/II	Delete
6459	Building Inspector I/II	Filled	Building Inspector I/II	Delete
9280	Senior Engineering Technician	Filled	Senior Engineering Technician	Delete
11097	Application Specialist II	Filled	Application Specialist II	Delete

The reductions are recommended to be effective March 27, 2010. Total salary savings related to this reduction will be approximately \$395,000 per year with approximately \$90,000 in savings for the remainder of this fiscal year.

Staff from the Chief Executive Office and the Department of Planning and Community Development have initiated discussions with the designated labor representatives regarding the projected impacts of these recommendations on existing County employees. Chief Executive Office staff will work with the affected employees regarding other employment opportunities within the organization.

CONTACT PERSON:

Kirk Ford, Director, Telephone: (209)525-6330

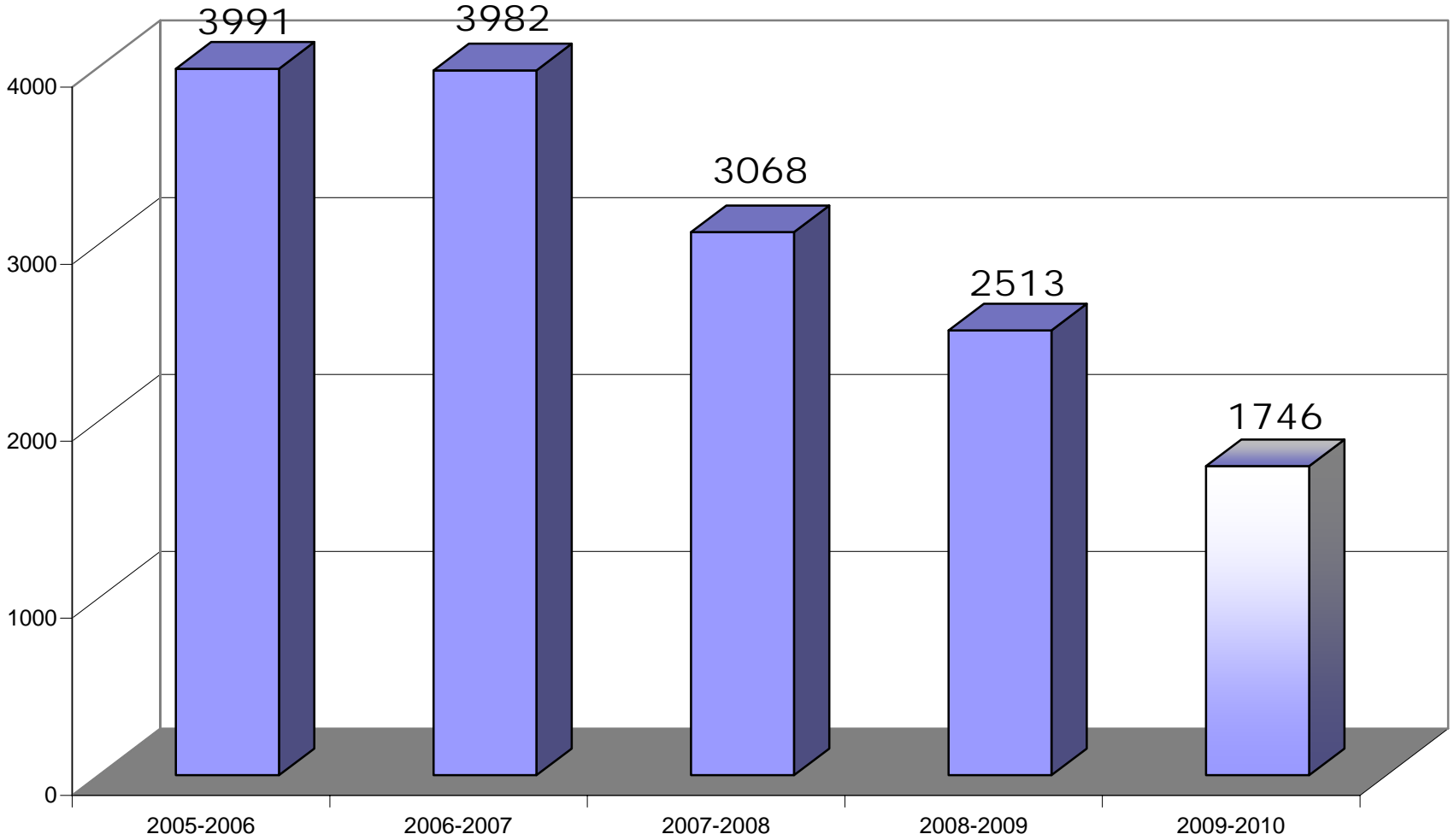
Planning and Community Development

Building Permits Division

PowerPoint Presentation

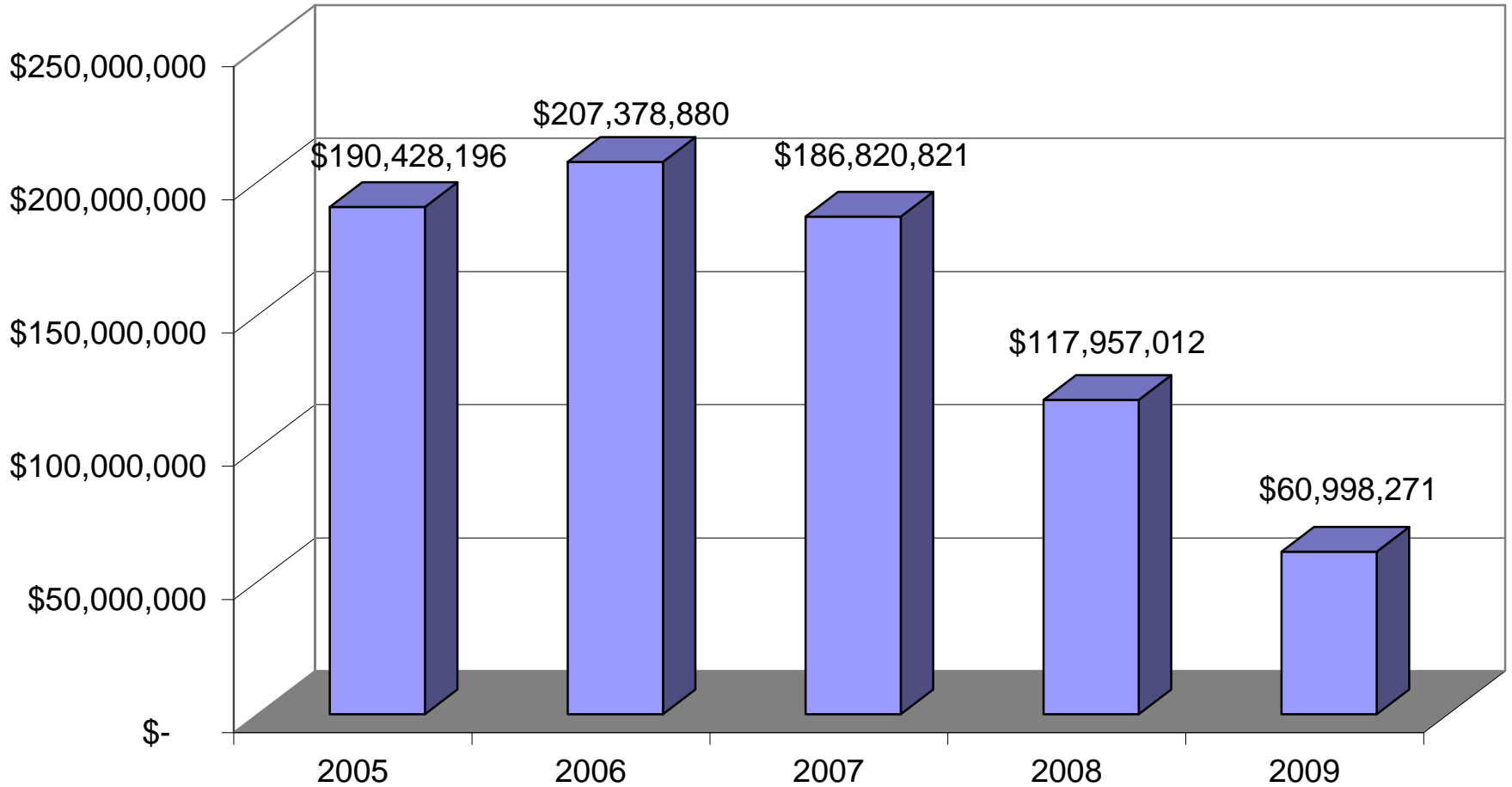
Permits Issued

Yearly Totals: FY 05-06 thru FY 09-10

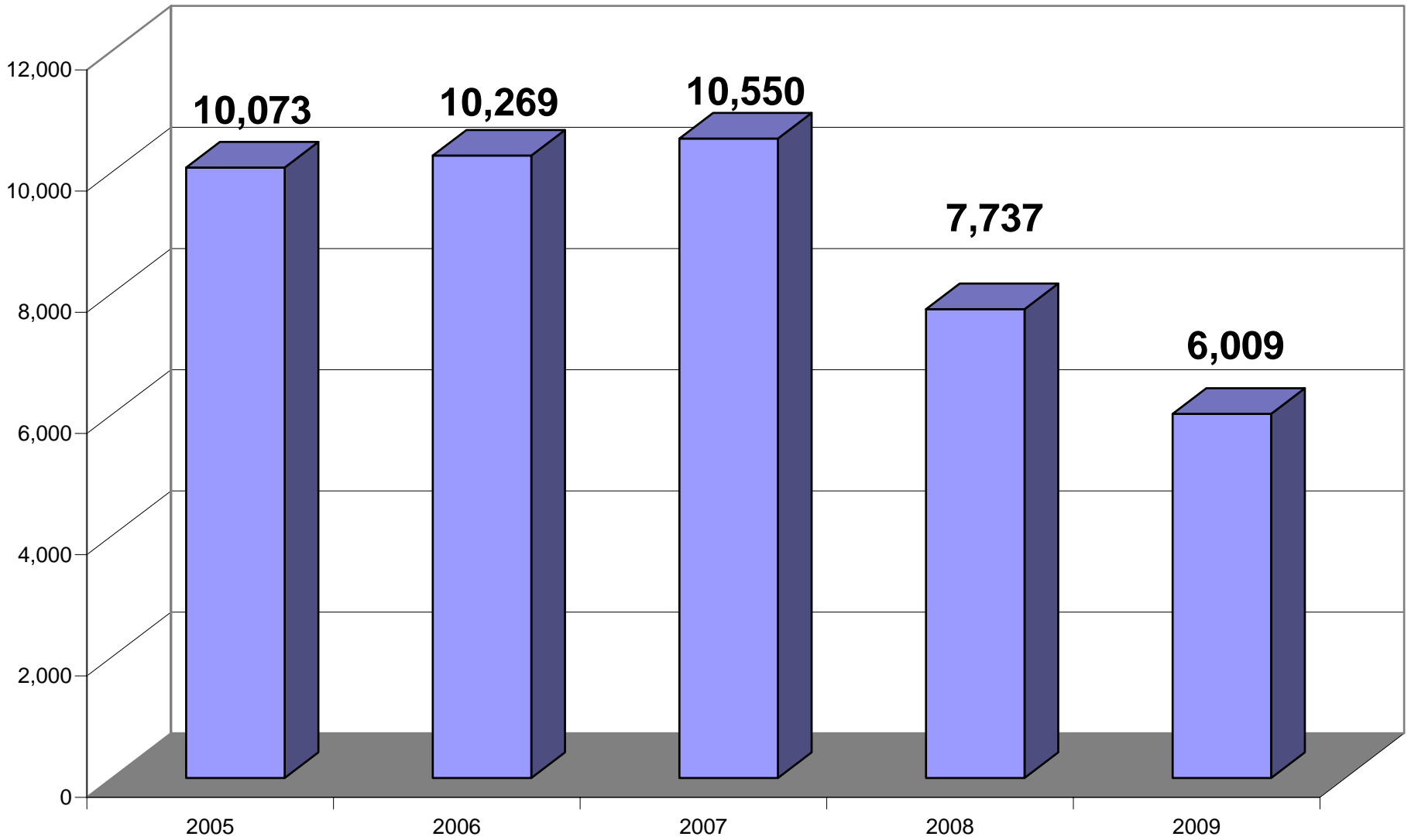


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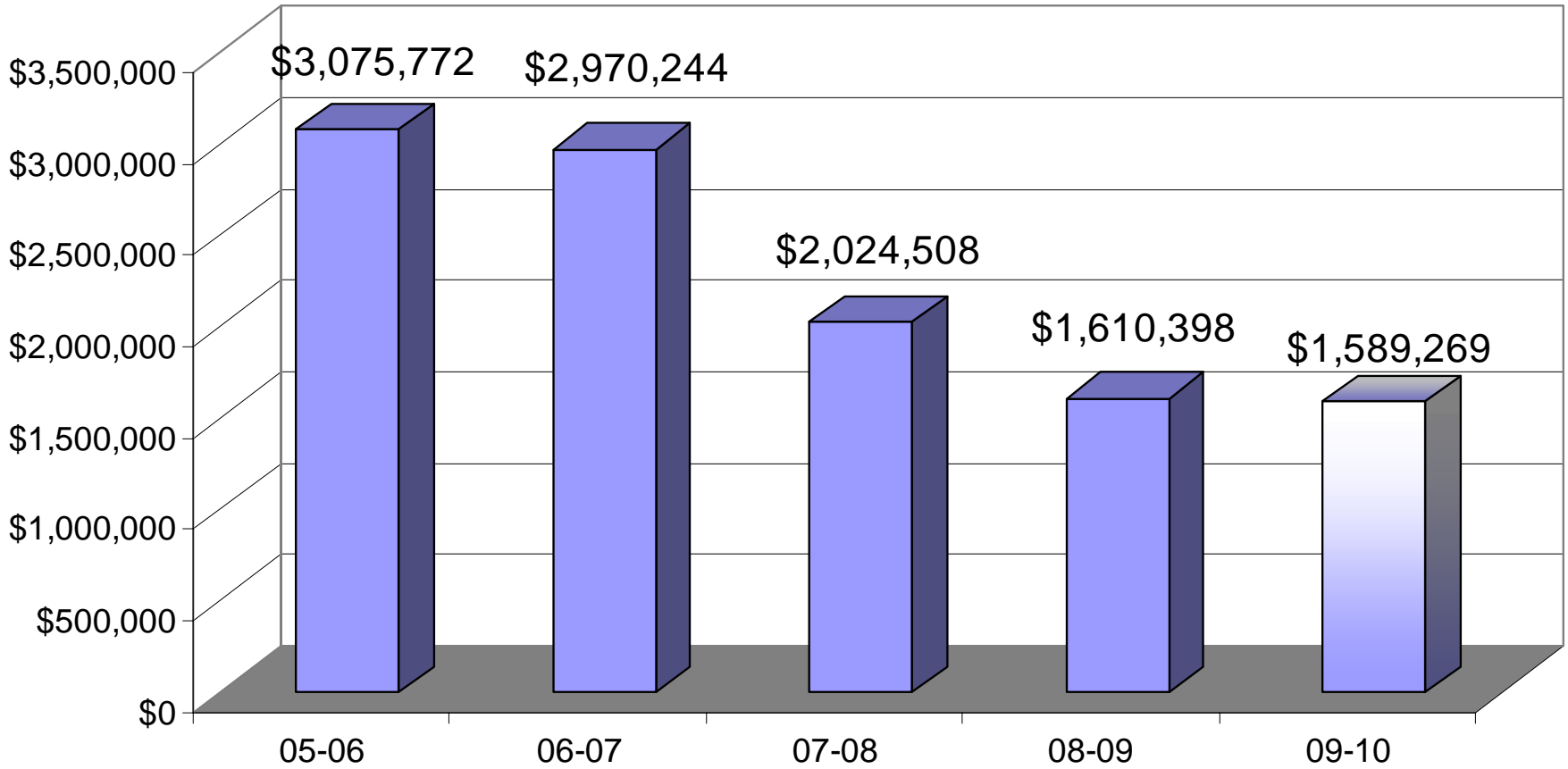
Value of Building Permits Issued 2006 - 2009



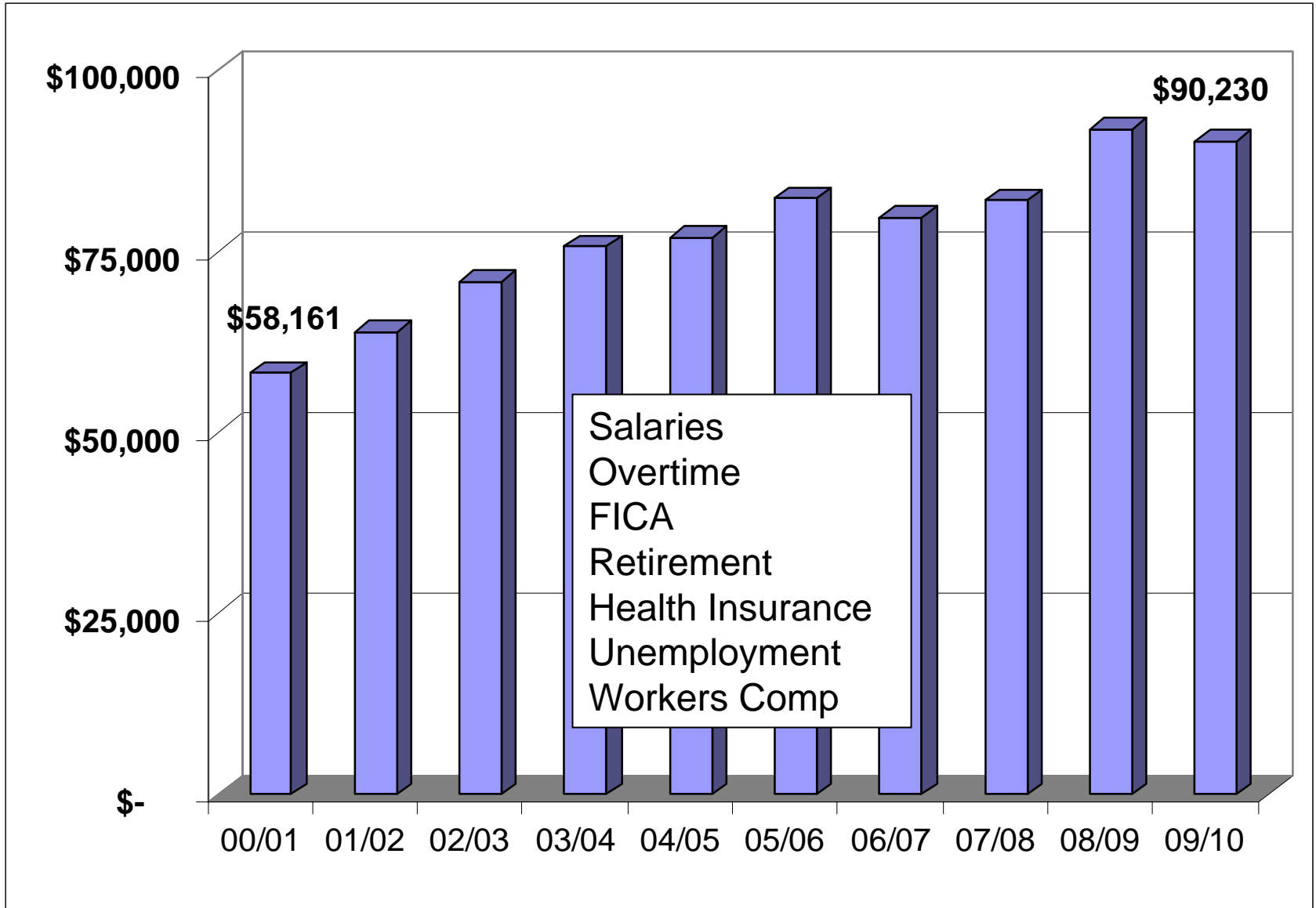
Annual Customer Count - Counter Visitors



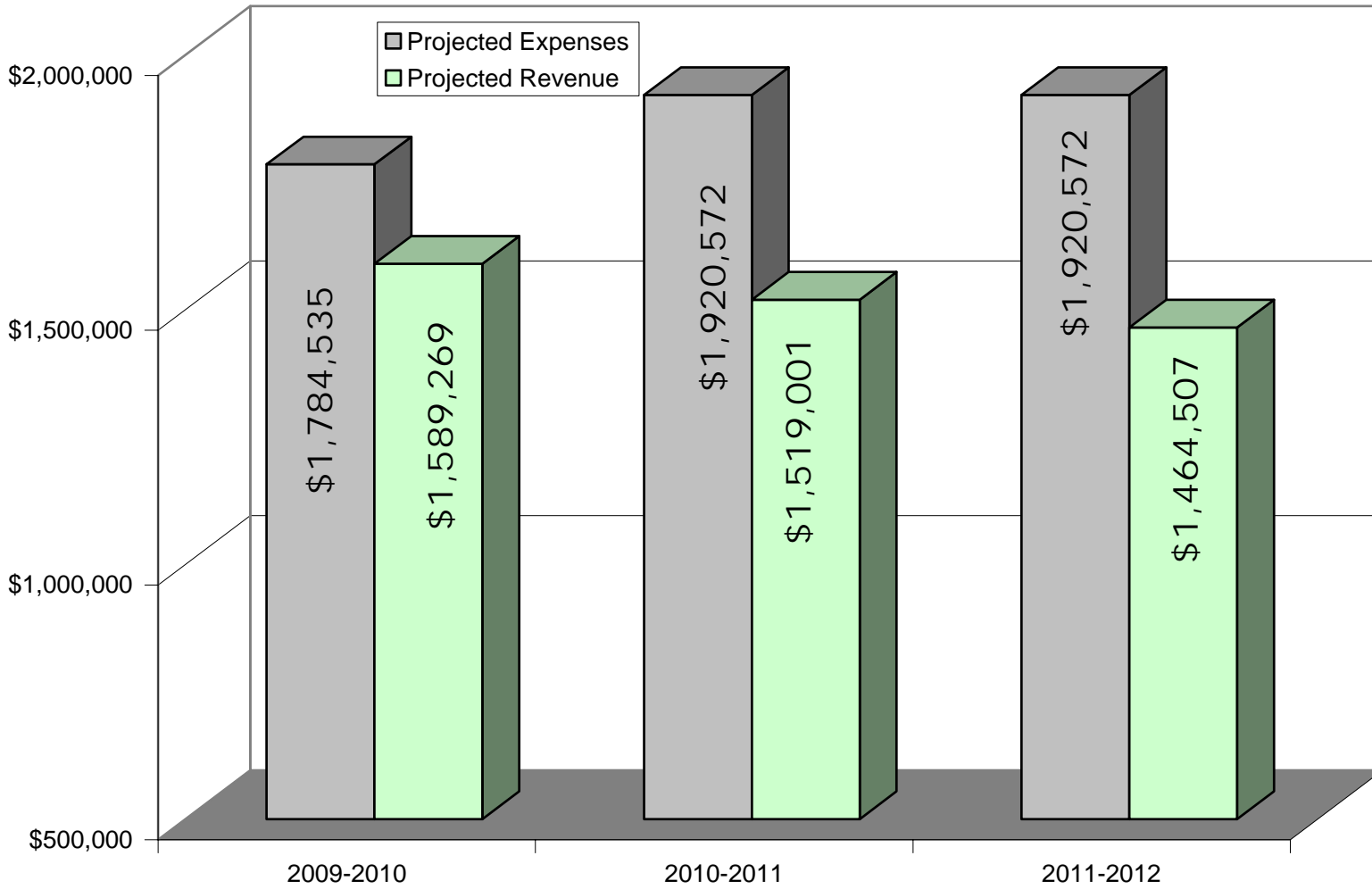
Revenue Collected FY05-06 Through FY09-10



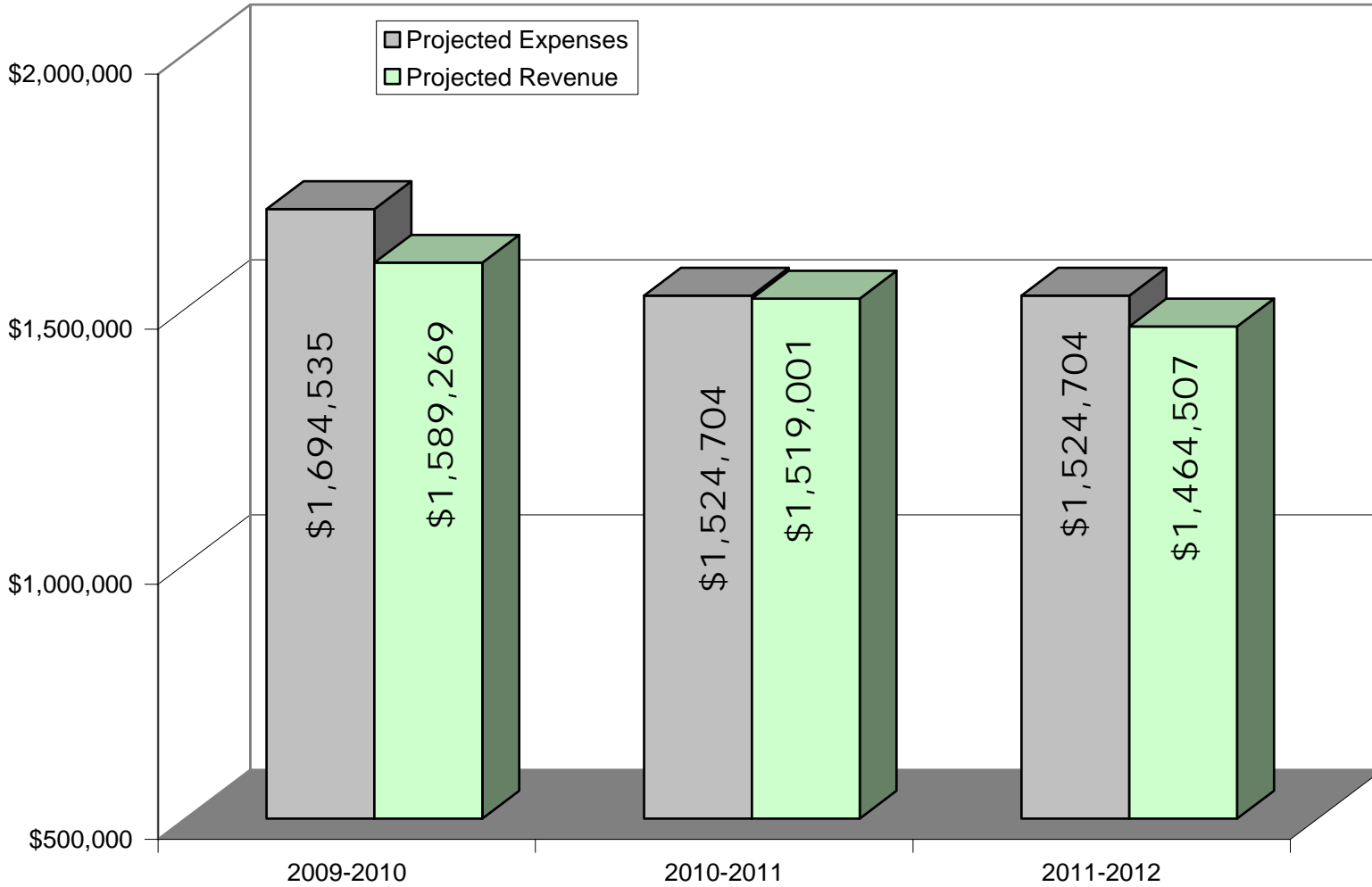
Average Cost per Person 2001-2010



Planning and Community Development - Building Permits Division
Projected Expenses and Revenue
FY 09-10 thru FY 11-12
(With no modification to Staffing)



Planning and Community Development - Building Permits Division
Projected Expenses and Revenue
FY 09-10 thru FY 11-12
(With modifications as proposed)



Planning and Community Development

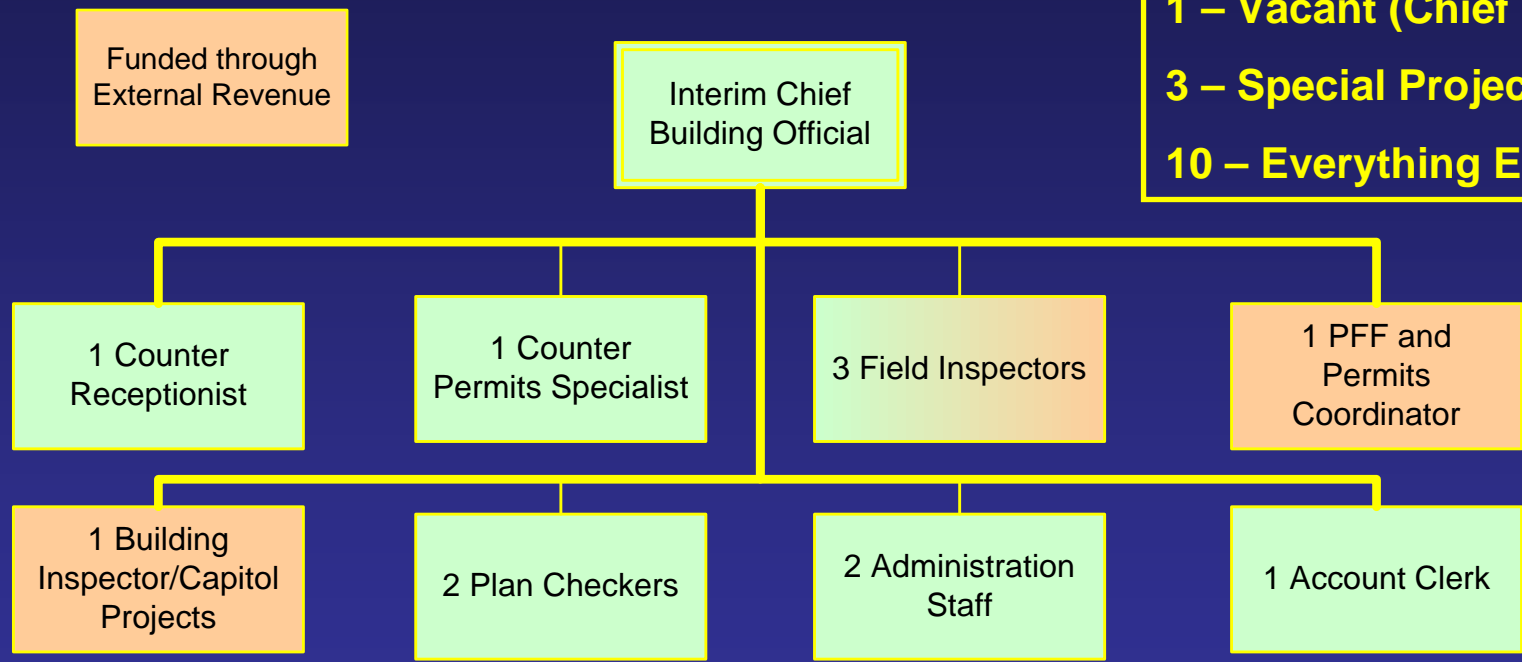
Building Permits Division

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Planning and Community Development

Building Permits Division

Proposed Staffing - 14
1 – Vacant (Chief Bldg Official)
3 – Special Projects
10 – Everything Else



Planning and Community Development

Building Permits Division

CORE SERVICES

1. Plan Checking
2. Permit Issuance
3. Inspections
4. Record Retention

Planning and Community Development

Building Permits Division

Recommendation:

1. Approve the reduction-in-force of four filled full-time positions in the Department of Planning and Community Development Building Permits Division as outlined in the Staffing Impacts section of this report effective March 27, 2010.
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