

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

DEPT: Planning and Community Development

BOARD AGENDA # B-18

Urgent

Routine

CEO Concurs with Recommendation YES NO
(Information Attached)

AGENDA DATE March 18, 2008

4/5 Vote Required YES NO

SUBJECT:

Approval of the Reduction-In-Force of Nine Filled Full-Time Positions and the Deletion of Three Vacant Positions in the Department of Planning and Community Development Building Permits Division Effective May 18, 2008

STAFF RECOMMENDATIONS:

1. Approve the reduction-in-force of nine filled full-time positions and the deletion of three vacant positions in the Department of Planning and Community Development Building Permits Division budget unit as outlined in the Staffing Section of this report effective May 18, 2008.
2. Amend the Salary and Position Allocation Resolution to reflect the changes as outlined in the Staffing Impacts Section of this report effective May 18, 2008

FISCAL IMPACT:

Total revenue for the Building Permits Division from all construction permits and charges for services is estimated now to only be approximately \$2,100,000 by year end (approximately \$1,180,000 less than anticipated at the beginning of the Fiscal Year). Together with a parallel reduction in other Departmental expenditures, this reduction in force and position deletion action is expected to result in a net savings of approximately \$1,150,000 per year, roughly equivalent to the expected decrease in anticipated revenues. There is no impact to the County General Fund as the Building Permits Division is fully funded by Building Permit and Inspection revenues.

BOARD ACTION AS FOLLOWS:

No. 2008-188

On motion of Supervisor O'Brien, Seconded by Supervisor Monteith
and approved by the following vote,

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

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
CHRISTINE FERRARO TALLMAN, Clerk

File No.

DISCUSSION

The Building Permits Division is fully funded (100%) by building permit and inspection fees with no expenditure of General Fund monies. As described in the 2007-2009 Mid-Year financial report, the slow down in the building industry has resulted in a decrease in the construction activity during the first half of the fiscal year. During the previous five years, the Division processed an average of 3,657 permits per year as follows:

Fiscal Year	No of Permits Processed	No of Staff Allocated
2002-2003	3241	21
2003-2004	3628	21
2004-2005	3665	25
2005-2006	3804	25
2006-2007	3947	36
2007-2008*	2900 (Est)	34
2008-2009**	3000 (Est)	22

* 2007-2008 Permits are estimates based on projections from actual permits issued from July 2007 through February 2008

** 2008-2009 numbers of permits are estimated based on FY2007-2008; Staffing is shown as proposed following the reduction.

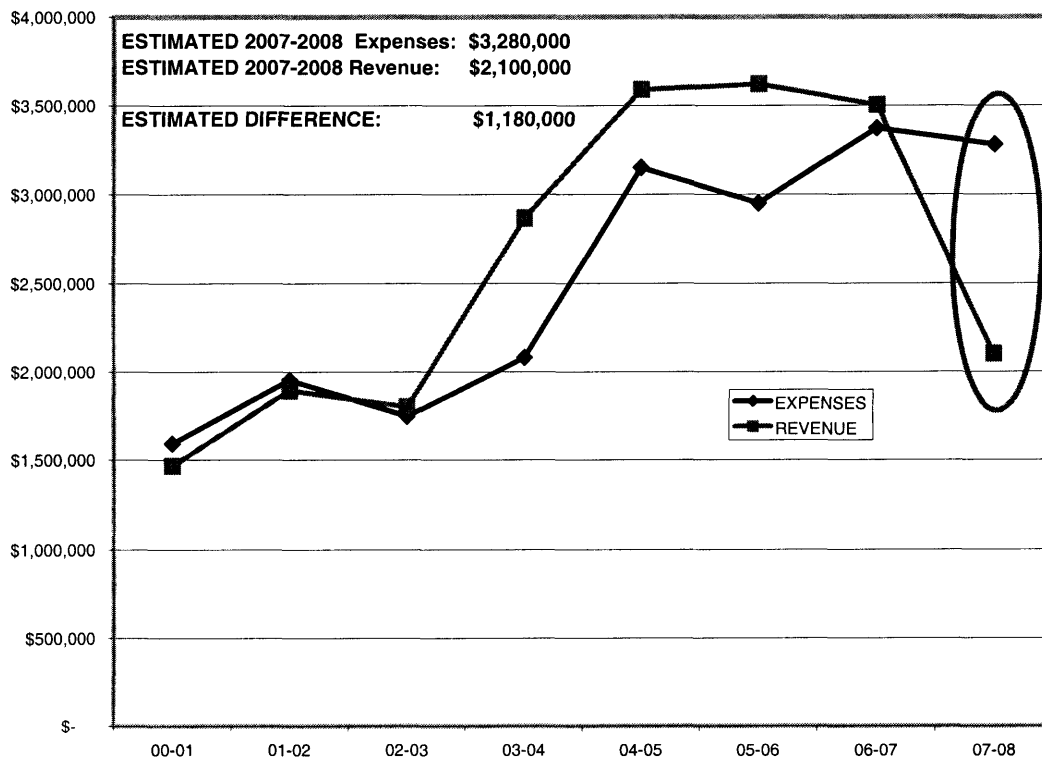
The Department has estimated that the total number of permits that may be processed this fiscal year by the Building Division will be 2,900, a decrease of 25%, and a reversal of the seven year trend of increasing activity. At mid-year, related revenues were projected to be down approximately 13.5% in the Building Permits budget. Based on the recent level of activity, the Department now anticipates the revenue loss to be anywhere from 25% to 30% by year-end.

The Department has met with the Chief Executive Office to develop a strategy to address the downturn in the housing market and the impact to the Building Permits Division, and recommends a reduction in force of three vacant budgeted positions and nine filled positions and will be implementing an additional reduction in other direct costs.

The adopted budget for the Building Permits Division for Fiscal Year 2007-2008 included \$3,655,576 of expenditure appropriations offset by \$3,406,500 in revenues (\$2,865,000 of which was expected to come from actual construction permit revenues). The Division anticipated using \$249,076 of fund balance to cover the anticipated shortfall resulting in no net county cost. On July 1, 2007, the Division started the year with a cash reserve of \$2,249,418. Approximately \$1,000,000 of that reserve has been set aside to cover costs of software upgrades that were discussed with the Board in the December 2005 Divisional reorganization.

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Through January 2008, actual revenue from construction permits has been even less than anticipated. Year to date revenue from construction permits is only \$1,292,000 and total charges for services is only \$113,000. Current total revenue from all construction permits and charges for services is now estimated at \$2,100,000 at year end. Expenditures are estimated at \$3,280,000, which without corrective action could result in a shortfall of up to \$1,180,000 in revenue by year end that would have to come from fund balance. The following shows annual expenditures and revenues from Fiscal Year 2000-2001 to date:



At present staffing levels, the Division requires approximately \$290,000 per month to cover all salaries and expenses. Average monthly revenue over the first seven months of Fiscal Year 2007-2008 is only \$205,000.

The Department has utilized fund balance to cover this shortfall in the short term, but projecting this scenario out over the next fiscal year, the Department anticipates that without corrective action the entire fund balance would be completely expended by June 2009.

The Department believes it is imperative to address the revenue shortfall as soon as possible. In order to maintain a "zero" net county cost for the Division and to ensure that fund balance is not fully expended, the Department must significantly

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decrease costs, and will be targeting a 30% across the board reduction in expenditures.

The Division is currently allocated 34 positions which was approved by the Board in the Division reorganization in 2005. This reorganization was approved in order to provide staffing levels and resources adequate enough to specifically implement a "one-stop shop" model for building permits, reduce turn-around time for issuance of those permits, and acquire updated permit tracking software.

In order to reduce costs by 30%, the Department recommends eliminating three vacant positions and nine filled positions as follows:

POSITION ALLOCATIONS	Currently Allocated	Filled	Vacant	Proposed Eliminated	Resulting Allocation
Public Works Mgr II (CBO)	1	1	0	0	1
Supv Building Inspector	1	1	0	0	1
Confidential Assistant III	1	1	0	0	1
Assoc Civil Engineer	1	0	1	1	0
Building Inspector III	4	3	1	2	2
Plan Check Engineer	4	4	0	1	3
Staff Services Coordinator	1	1	0	0	1
Building Inspector II	11	10	1	5	6
Sr Engineering Tech	1	1	0	0	1
Application Specialist II	1	1	0	0	1
Account Clerk III	2	2	0	1	1
Admin Clerk III	3	3	0	0	3
Admin Clerk II	3	3	0	2	1
TOTAL	34	31	3	12	22

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This reduced staffing level is close to that of the Division in 2003-2004 prior to the reorganization that was adopted by the Board in December of 2005. That reorganization was 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 positions and staff has been strategically designed to continue to provide a similar, yet reduced level of service, based on a decreased number of active building permits. A reduction in staff as proposed may result in impacts to these goals, (ie. longer turn-around times for permits) but is necessary to address the significant reduction of revenue from construction permits and other charges for services.

The Department further proposes to make the reductions immediately and effective no later than 60 days following approval.

Total salary savings of the entire reduction-in-force will be approximately \$900,000 per year with approximately \$114,000 in savings for the remainder of this fiscal year.

With additional reductions in expenditures (estimated at approximately \$250,000 per year), the total annual reduction in overall costs for the Division will be approximately \$1,150,000, roughly equivalent to the anticipated shortfall in revenue.

Summary

The Department of Planning and Community Development has determined that there is inadequate revenue to fund all costs identified in the proposed budget for the Building Permits Division, creating a budget shortfall with related lack of funds, and has determined that a reduction in the work force and reductions in other Divisional expenditures is necessary to meet such shortfall and lack of funds in the Fiscal Year 2007-2008 budget and beyond.

The Department proposes an across the board cut of approximately 30% in staffing and other costs to be implemented immediately resulting in overall savings of approximately \$1,150,000 per year.

POLICY ISSUES:

The Board should determine whether this action meets the priority of Efficient Delivery of Public Services.

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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. The recommendations include the deletion of three vacant positions and the reduction-in-force of nine filled classified positions. Table 2 reflects the total number of positions affected by the recommended changes, all of the positions are allocated to the Building Permits Division budget unit.

Position Number	Allocated Classification	Vacant/Filled	Recommendation
3141	Administrative Clerk II	Filled	Delete
3356	Administrative Clerk II	Filled	Delete
11095	Account Clerk III	Filled	Delete
2156	Associate Engineer	Vacant	Delete
891	Building Inspector I/II	Filled	Delete
951	Building Inspector I/II	Filled	Delete
11098	Building Inspector I/II	Filled	Delete
10829	Building Inspector I/II	Filled	Delete
1100	Building Inspector I/II	Vacant	Delete
9282	Building Inspector III	Filled	Delete
849	Building Inspector III	Vacant	Delete
10831	Plan Check Engineer	Filled	Delete

The reductions are recommended to be effective May 18, 2008. Total salary savings related to this reduction will be approximately \$900,000 per year with approximately \$114, 000 of savings for the remainder of Fiscal Year 2007-2008.

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 County.