



COUNTY OF SONOMA

575 ADMINISTRATION
DRIVE, ROOM 102A
SANTA ROSA, CA 95403

SUMMARY REPORT

Agenda Date: 2/4/2020

To: Sonoma County Board of Supervisors

Department or Agency Name(s): Permit Sonoma County, County Administrator, Auditor-Controller-Treasurer-Tax Collector

Staff Name and Phone Number: Tennis Wick, 707-565-2296; Niki Berrocal, 707-565-2431; Levi Ehrlich, 707-565-3289

Vote Requirement: Majority

Supervisorial District(s): Countywide

Title:

Mid-Year Revenue Update and Amendment of Department Allocation List

Recommended Action:

1. Receive an update from Permit Sonoma on midyear revenue estimates. 2. Adopt a personnel resolution amending the Department Allocations List for the Permit and Resource Management Department (Permit Sonoma) as detailed in Attachment A.

Executive Summary:

This item is a mid-year revenue update and amendment to two existing positions within the Administration Division for Permit Sonoma. Revenue is steady with a peak due to the most recent code change.

Permit Sonoma agreed to return with a midyear revenue update, as noted by the department during budget hearings for FY 2019-20. Permit Sonoma has been working with the County Administrators Office (CAO) and the Sonoma County Auditor-Controller-Treasurer-Tax Collector (ACTTC) to review all of the funding sources available to the department and validate both revenue assumptions and mid-year estimates for FY 2019-20. This included specific work with ACTTC to confirm that the methods used by the department to report permit fees revenue are in accordance with generally accepted accounting principles.

Permit Sonoma, the CAO, and ACTTC are also working with an outside consultant to review fee rate development methods, possible designation of department operations into an Enterprise fund, and to review the accounting estimates used to budget and report unearned revenue from permit fees.

Discussion:

Midyear Revenue Update

Many factors (power shut off events, fires, floods, code changes, housing crisis) continue to contribute to a fluctuating business environment where building activity changes quickly. The Department is currently wrapping up workflow analysis throughout divisions to streamline and make efficiency improvements. The Department is also working on a comprehensive user fee study geared to happen during Q1 FY 2020-21.

To ensure Permit Sonoma would still be able to adapt to a fluctuating business environment, the department was directed by the Board during budget hearings to hold on adding additional positions and prepare a

midyear report to further validate the revenue and staffing level assumptions incorporated within the Recommended Budget for FY 2019-20.

In collaboration with assigned Deputy County Administrator, Permit Sonoma has finalized its FY 2019-20 midyear estimates, including estimates of revenue from permit fees, project minimum fees, and charges for services revenue from customer projects. Revenue estimates in our midyear include federal, state, and county funding of grant related activity. Additionally, an estimate of total reimbursements for work performed by our Engineering and Natural Resources sections in support of other county departments was reviewed including Regional Parks and Transportation and Public Works.

The overall variance between the revenue amounts originally budgeted for in FY 2019-20 and midyear estimates project \$115,310 less than budgeted. The variance is from planning at-cost project activities provided via contract. The unfavorable revenue variance is partially offset by \$58,100 from reduced contract costs and salary savings. Salary and benefits are estimated to come in \$645,070 below budget due to vacancies that relate to high staff turnover and recruitment difficulties.

The Department accounted for an anticipated increase in permitting activity associated with a building code change beginning January 2020, included in the Adopted Budget for FY 2019-20. As second quarter December 2019 permit revenue was 50% higher than revenue generated December 2018, staff associated this spike to the building code changes. Revenue from permit activity is on pace with amounts budgeted; including the service levels projected for fire re-build activity.

FUNDING	FY 2018-2019 ACTUAL	FY2019-2020 ADJUSTED BUDGET	FY2019 0 2020 ACTUAL YTD - DECEMBER 2019	FY 2019-2020 MIDYEAR ESTIMATE	VARIANCE BUDGET to ESTIMATED (FAVORABLE) UNFAVORABLE
PERMIT FEE REVENUE	15,731,170	18,081,036	6,109,662	18,078,723	2,313
GRANT REVENUE	113,798	688,375	345,113	717,227	(28,852)
CODE ENFORCEMENT FINES & PENALTIES	3,696,825	1,932,448	1,934,285	2,434,408	(501,960)
AT-COST CHARGES	8,214,485	9,554,151	3,861,009	8,986,109	568,042
MISC REVENUE	(1,058,372)	78,162	(88,897)	2,396	75,766
OPERATING TRANSFERS	581,484	2,050,716	-	2,050,716	-
TOTAL	27,279,389	32,384,888	12,161,172	32,269,578	115,310

Although we have found stability in a dynamic fluctuating business environment and revenue has somewhat

stabilized; the department will remain cautious and not add new positions at this time. Staff will return to the Board later to address additional positions related to Engineering, Well & Septic, and recent grant activity increases expected throughout the department during FY 2019-20 through FY 2022-23.

The Department is currently working with a user fee consultant to review cost accounting detail for fees and hourly billing rates. As part of the workflow analysis, the department is also reviewing process improvements that are expected to generate efficiencies in labor costs, increase revenue capture, and improve processing times on customer projects. Cost allocation methods have also been established so that the department can more accurately assign overhead and support costs to the direct producing units inside and outside of each division within Permit Sonoma, including Permit Sonoma, Sea Ranch CSA 41, Zone 2, Fire Prevention & Hazmat, and Fire Resiliency.

Amending Department Allocations

The Department hired an outside professional to assess the Administration Division and it was determined that two existing job classifications should be changed. The Department worked collaboratively with Human Resources and received support and approval to move forward with two position changes.

The position adjustments requested in this item are to add and delete two key positions within Permit Sonoma's Administrative division. The program changes would result in zero net increase in department staff allocation with only slight increase in labor costs. The cost to change the two existing positions combined is \$18,607 for FY 2019-20, \$44,289 for FY 2020-21, and \$45,618 for FY 2021-22. The cost increases are covered by revenue, and there is no need for additional General Fund support.

Permit Sonoma is responsible for all land development and construction that takes place in the unincorporated areas of Sonoma County. Due to changing complexities related to rising housing costs, lack of affordable housing, and the increase in the number and severity of natural disasters, Permit Sonoma needs to focus on business strategies in order to achieve its goals. There has been a greater emphasis on providing affordable housing in recent years; the focus on this priority comes at the expense of finalizing other projects in a timely manner. Added to this, the department's responsibilities in relation to the increasing occurrence of natural disasters has added greatly to the workload, again negatively impacting other projects. The department needs to focus on ways to streamline all development and construction processes.

The Department needs to strengthen its Administration Division in order to effectively achieve the goals of a more modern, efficient, and fiscally sustainable department. Permit Sonoma seeks to increase the efficiency of its operations due to changing priorities, driven by multiple factors within the community. As mentioned above, these factors include the increasing need for affordable housing, response to an increased workload related to multiple natural disasters over the past several years, and the direction of the Board of Supervisors to achieve full cost recovery for the activities of the department, while managing the costs to the public.

In order to achieve these goals, the department is requesting to add one Business Development Manager as an executive-level position to develop, implement, and manage the business strategies of the department. These strategies include, among others, revenue maximization and cost recovery, technology modernization, and disaster planning and response. Each of these initiatives will result in better service to the public, while minimizing the costs. The allocation of this position will allow the department to be more nimble in

responding to changes in priorities and to provide improved customer service and public transparency.

New initiatives have been, and will continue to be, undertaken by the department in order to better serve the public, to minimize fee increases, respond to current and future natural disasters, and changing market conditions. There are multiple high-level business strategies underway or needed in order to ensure success. Among them are the following:

- A multi-department cost recovery study to ensure adequate fees to support the activities of the departments (Permit Sonoma, Agricultural Commissioner, and Department of Health Services). The Administration Division Manager in Permit Sonoma is lead on this project.
- The continued integration of Fire Prevention and Hazard Materials program after the dissolution of the Fire and Emergency Services Department.
- The development and implementation of a Vegetation Management Plan to reduce fire risk.
- Multi-Year implementation of Accela, that began in 2016, an on-line permitting software, which will be utilized by Permit Sonoma staff, other County departments, and the public. The public will be able to review permit history, apply for permits, schedule inspections, and track the progress of their projects, all on-line. Staff will be able to approve or deny inspections using mobile devices in the field. The department will also be able to generate various reports directly from the system.
- Seeking of opportunities for leveraging funding with other agencies, and seek additional grant funding.

The Administration Division has been tasked with taking the lead on these high-level projects, but does not currently have the appropriate job classification assigned. If this position change request is approved, the department will be deleting one Administrative Services Officer II allocated to the Administration Division.

The Administration Division Manager (currently allocated as an Administrative Services Officer II) is assigned to develop, implement, and manage the business strategies of the department. These strategies include, among others, customer service optimization, revenue maximization and cost recovery, technology modernization, and disaster planning and response. The increased level of responsibility does not allow the Division Manager the capacity to also manage the department's Human Resources functions. Therefore, the department is also seeking to add one Administrative Services Officer I dedicated to managing these functions. After careful analysis with Human Resources, it was determined that the Administrative Services Officer I classification is the appropriate classification to perform these duties.

The requested position of Administrative Services Officer I would provide professional level human resources, safety, and training functions for Permit Sonoma. While the position will report directly to the Administration Division Head, it will also receive direction from, and report back to, the Director of Permit Sonoma. The ASO I will have independent decision-making authority in assigned functions. The responsibilities of the new position will include:

- Manage the recruitment and hiring of Permit Sonoma employees: manage the position allocation list; verify vacancy; ensure that funds are budgeted for the position; work collaboratively with County HR staff to develop job bulletin and testing processes; oversee, participate in, and coordinate department selection; prepare paperwork finalizing hiring decision.
- Manage all discipline, disability, and discrimination matters; act as liaison with the Unions and with central Human Resources; interpret and apply MOU and County policy provisions; advise managers on performance management; ensure County policies, MOUs, Human Resources laws, and best practices

are followed; continuously provide HR education and advice to managers and supervisors.

- Supervise the payroll clerk; ensuring payroll is processed in a timely fashion and in accordance with all policies and MOUs. Ensure the tracking and management of all leaves.
- Improve, implement, and track training for managers and supervisors within the unit, ensuring professional licenses and certifications are maintained.
- Manage contract process: review and approve department contracts for professional and technical services; ensure that correct template and language are used, and that deliverables are documented appropriately; ensure that contracts conform with budget; manages execution of contracts; coordinates and tracks agreements; ensure agreement terms, conditions, and insurance requirements have been met; coordinate the review and processing of Board Items, ensuring formatting is correct, and timelines are met.
- Write and update department policies: research and analyze issue; review relevant laws, regulations, and related policies; ensures policy is reviewed by other County departments as appropriate, such as Human Resources and County Counsel; identifies need for, and meets and confers with Union as appropriate; communicates newly approved policies to Commission staff.
- Ensures the safety of Commission staff and visitors; acts as departmental Safety Coordinator and liaison with County Safety staff; conducts and/or tracks regular safety meetings and continuously enforces safety practices and procedures; ensures that all safety programs are followed and that appropriate training is provided; creates and updates safety plans as needed; approves and signs off on all reports of illness or injury; proactively identifies safety issues and implements new safety practices as needed; conducts periodic safety reviews; performs or arranges for ergonomic evaluations; ensures staff have ergonomic tools as needed.

If the position change request is approved for the Administrative Services Officer I, the department will be deleting a Department Analyst.

Prior Board Actions:

05/14/2019: Consolidated Fee Hearing FY 2019-20

06/28/2019: Adopted FY 2019-20 Budget

FISCAL SUMMARY

Expenditures	FY 19-20 Adopted	FY20-21 Projected	FY 21-22 Projected
Budgeted Expenses	18,607	44,289	45,618
Additional Appropriation Requested			
Total Expenditures	18,607	44,289	45,618
Funding Sources			
General Fund/WA GF			
State/Federal			
Fees/Other	18,607	44,289	45,618
Use of Fund Balance			
Contingencies			

Total Sources	18,607	44,289	45,618
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Narrative Explanation of Fiscal Impacts:

The fiscal impacts to add and delete the two administrative positions will be managed within existing allocations. The department will continue to hold on requesting additional positions, and first incorporate what is learned from the current fee study.

Positions may be requested in relation to planning and mitigation grants recently awarded. The positions will be included as part of third quarter budget adjustments there will be 75% grant funded with 25% local match. The local match is managed within the County Administrator's Office for these Hazard Mitigation Grant Program grants.

No General Fund or additional appropriations needed at this time.

Staffing Impacts:			
Position Title (Payroll Classification)	Monthly Salary Range (A-I Step)	Additions (Number)	Deletions (Number)
Administrative Services Officer II	\$7,851.05 - \$9,543.36		1
Business Development Manager	\$8,404.14 - \$10,216.45	1	
Department Analyst	\$5,790.02 - \$7,038.81		1
Administrative Services Officer I	\$6,824.88 - \$8,294.56	1	

Narrative Explanation of Staffing Impacts (If Required):

Add 1.0 Full-Time Business Development Manager, and a 1.0 Full-Time Administrative Services Officer I, and Deletion of a 1.0 Full-Time Administrative Services Officer II, and a 1.0 Full-Time Department Analyst.

Human Resources and the County Administrators Office have approved and supported this organizational change.

Attachments:

Attachment 1: Personnel Resolution

Related Items "On File" with the Clerk of the Board:

N/A