



CITY COUNCIL AGENDA REPORT

MEETING DATE: February 4, 2014

ITEM NUMBER:

SUBJECT: REORGANIZATION IN THE DEVELOPMENT SERVICES DEPARTMENT

DATE: JANUARY 29, 2014

FROM: THOMAS R. HATCH, CHIEF EXECUTIVE OFFICER

PRESENTATION BY: THOMAS R. HATCH, CHIEF EXECUTIVE OFFICER

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RECOMMENDATION:

Staff recommends that the City Council:

1. Eliminate the following Development Services positions:

Inspection Services

- 1.5 FTEs (Part-Time Permit Technician and a Senior Combination Inspector)
- 2 Contract Combination Inspectors
- 1 Part-Time Combination Inspector
- 1 Part-Time Inspector

Plan Check Services

- 1 Building Technician (full-time)
- 1 Contract Building Technician II

2. Authorize the following Development Services positions:

Inspection Services

- 1 Permit Processing Specialist
- 5 Building Inspectors

Plan Check Services

- 1 Part-time Plan Checker
- 2 Building Technician II

Planning

- 1 Assistant Development Services Director
- 1 Principal Planner
- 1 Associate Planner
- 1 Assistant Planner

3. Appropriate \$250,000 from the General Fund fund balance to fund these positions for the remainder of FY 13-14.
4. Appropriate \$150,000 from the General Fund fund balance to Development Services for general consulting assistance needed.

BACKGROUND AND DISCUSSION:

The Development Services Department is responsible for building, planning and code enforcement which is led by the Director of Development Services/Deputy CEO. Table 1 below shows the total department staffing from FY 2009-10 to FY 2013-14.

Table 1: Development Services Department Staffing FY 2009-10 to FY 2013-14

Fiscal Year	Total Development Services Staffing (FTEs)
2009-10	50.84
2010-11	35.48
2011-12	31.70
2012-13	27.59
2013-14	27.00

Table 1 shows that the Development Services Department staffing in FY 2009-10 was 50.84 full-time equivalent (FTE) and in FY 2013-14 is 27 FTE, which is a reduction of 23.25 FTEs.

Building – Inspection Services

The Building Division is currently staffed utilizing a hybrid inspection staffing model which consists of contract staff and City employees, which the City Council authorized in May 2012. The inspection team is currently comprised of the following positions all of whom report to the Building Official.

- 1 Chief of Inspection (full-time)
- 1 Senior Inspector (full-time)
- 2 Part-time Combo Inspectors (both at 1,560 hrs)
- 1 Contract Senior Inspector (1,960 hrs)
- 2 Contract Combo Inspectors (3,390 hrs)
- 1 Contract Building Inspector (500 hrs)

The Building Division has experienced a steady increase in the number of inspections, which is projected to continue. Table 2 shows that number of inspections from 2009-10 to 2014-15 (projected).

Table 2: Inspections FY 2009-10 to FY 2014-15 (projected)

Fiscal Year	Total Inspections	Average Inspections/Per Day
2009-10	15,904	63
2010-11	13,837	55
2011-12	16,175	64
2012-13	18,994	76
2013-14 (projected)	23,214	92
2014-15 (projected)	25,500	102

Table 2 shows that the total number of inspections between FY 2009-10 and FY 2014-15 is expected to increase by 9,596 or a 60% increase. This is an increase of 39 inspections per day. Attachment A shows the inspections trends from May 2005 through December 2013.

The table below shows the number of building permits issued between FY 2009-10 and FY 2014-15.

Table 3: Building Permits Issued between FY 2009-10 and FY 2014-15

Fiscal Year	Building Permits Issued
2009-10	1,836
2010-11	2,017
2011-12	2,259
2012-13	2,386
2013-14 (projected)	2,500
2014-15 (projected)	2,650

Table 3 shows that in FY 2009-10 the City issued 1,839 building permits and in FY 2014-15 that number is expected to rise to 2,650. The increase in inspection activity is due to the increase in infill projects on the West side, the 113 units Fairfield project, the Mesa Verde Senior Apartments, the Villa Venetian major renovation, South Coast Plaza tenant improvements, and the recent entitlement approval for the 250 unit midrise project on Avenue of the Arts (slated for construction in the Spring of 2014).

Staff and the contractors work extremely hard to provide the highest quality customer service every day; however, the significant increase in the workload in the last several years has resulted in an inability to provide the highest levels of customer service at all times. Thus, there have been customer complaints about the length of time it takes to receive assistance and even customers having to leave the counter and come back later to get their questions answered.

In addition, CalPERS annuitants (retirees) are limited to their respective employment tenure and by the number of hours they can work for an agency. Effective January 1, 2012, Assembly Bill (AB) 1028 amended Government Code (G.C.) section 21224. G.C. 21224 allows public agencies to temporarily employ CalPERS retirees. These sections apply to retirees employed as temporary "extra help" appointments during an emergency to prevent stoppage of public business or to perform work of limited duration, i.e., elimination of backlog, special projects of what the employer's permanent employees can do, etc. CalPERS retirees should not be appointed to vacant permanent positions even if hours worked will not exceed 960 hours per fiscal year. Many of the contract providers utilize PERS retirees. Thus, the City is limited in the amount of time they can work for the City. This has caused staffing issues since the new regulations went into effect.

Based upon the increase in the inspection workload, customer complaints and changes in the law regarding the use of CalPERS annuitants as contract staff, several staffing changes are recommended.

Positions to Eliminate

- 1.5 FTEs (Part-Time Permit Technician and a Senior Combination Inspector)
- 2 Contract Combination Inspectors
- 1 Part-Time Combination Inspector
- 1 Part-Time Inspector

New Positions

- 1 Permit Processing Specialist
- 5 Building Inspectors

The estimated annual net result of eliminating the positions listed above is a savings of \$529,000 and adding the additional five (5) Building Inspectors and one (1) Permit Processing Specialist is a cost of \$605,000 including salaries and benefits. This is an increase cost of the general fund of \$76,000 per year.

Building – Plan Check Services

Currently staffing in Plan Check Services in the Building Division consists of the following staff who report to the Building Official.

- Plan Check Engineer
- Building Technician
- Contract Building Technician II
- Part-time Building Technician II
- Supplemented by 5 plan check consultants

Table 3 above shows the increased building permit workload from FY 2009-10 to FY 2014-15. Based upon this workload increase staffing changes are needed in Plan Check Services. The changes are described below:

Positions to Eliminate

- 1 Building Technician (full-time)
- 1 Contract Building Technician II

New Positions

- 1 Part-time Plan Checker
- 2 Building Technician II

The estimated annual net result of eliminating the positions listed above is a savings of \$166,000 and adding the additional part-time Plan Checker and two (2) Building Technician II positions is a cost of \$244,000. This is an increase cost of the general fund of \$78,000 per year.

Administration and Planning

The Planning Division provides comprehensive planning services in both advanced and current planning. Advanced Planning functions involve General Plan amendments, rezones, ordinance preparation, environmental review, urban plan preparation, socio-economic data collection and analysis, and Federal Flood Insurance Program implementation. Current Planning functions include processing land use applications and plans. The Planning Division staff includes the following:

- 1 Principal Planner
- 2 Senior Planners
- 1 Associate Planner
- 1 Assistant Planner

All of these positions report to the Assistant Director of Development Services.

The workload for Planning Services has increased significantly during the second half of calendar year 2013 and, like Building Permit activity, is rising to pre-recession levels. Entitlement projects are being contemplated and submitted at a record pace. In addition, the General Plan Update is a work plan item that requires a significant amount of staff time.

Further, the Planning Commission Goals (Attachment B), as a result of the May 2013 Study Session, have created additional priorities and an increased workload for the Department. The significant workload has resulted in Development Services having limited time to spend on other critical assignments such as Economic Development, raising the bar on design elements throughout the city, improved customer service, attracting new development projects and businesses and ensuring that we provide quality services and meet expectations. Additional staffing will allow staff to take on some of these priorities and expectations and anticipate needs for the future of the City.

In order to achieve the goal of increase economic development, additional staff is needed to assist in this area as well. The Director of Development Services/Deputy CEO needs the assistance of an Assistant Director to ensure high levels of customer service are being provided across the department, bringing forward new initiatives and to work with developers to ensure the final outcome of the projects in the City meet Costa Mesa's standards.

Based upon the significant increase in the workload described above, staff recommends that the following full-time staff be added to the Development Services Department:

- 1 Assistant Director of Development Services (focused on Economic Development)
- 1 Principal Planner
- 1 Associate Planner
- 1 Assistant Planner

Attachment C shows an organization chart for the department. The annual fiscal impact of these four (4) new positions is \$559,000, including salaries and benefits.

Conclusion

Overall, these changes result in an elimination of three (3) contractors and a net increase of eight (8) FTEs in the Development Services Department, which would bring the total FTEs in the department to 35.

ALTERNATIVES CONSIDERED:

1. Approve all positions recommended by staff.
2. Approve a combination of positions, but not all positions recommended by staff.
3. Do not make any changes to the organizational structure.

FISCAL REVIEW:

Table 4 below shows the total development services revenue from all permit and plan check fees, and planning applications for FY 2008-09 to FY 2013-14.

Table 4: FY 2008-09 – FY 2013-14 Development Services Revenue

Fiscal Year	Development Services Revenue
FY 2008-09	\$ 876,000
FY 2009-10	\$1,060,000
FY 2010-11	\$1,278,000
FY 2011-12	\$1,629,000
FY 2012-13	\$1,704,000
FY 2013-14*	\$1,900,000

*projected

Table 4 shows that development services revenue increase by over \$1 million from FY 2008-09 to FY 2013-14.

Table 5 below shows the estimated annual cost of these organization changes.

Table 5: Fiscal Impact of Organizational Changes

Title	Total Annual Cost
<i>Inspection Services</i>	
Eliminate: 2 Contractors & 3.5 FTEs	(\$ 529,000)
Add: 6 FTEs	\$ 605,000
Sub-Total	\$ 76,000
<i>Plan Check Services</i>	
Eliminate: 1 Contractor & 1 FTE	(\$ 166,000)
Add: 2.5 FTEs	\$ 244,000
Sub-Total	\$ 78,000
<i>Administration & Planning</i>	
Add: 1 FTE – Assistant Director of Development Services	\$ 207,000
Add: 1 FTE – Principal Planner	\$ 146,000
Add: 1 FTE – Associate Planner	\$ 111,000
Add: 1 FTE Assistant Planner	\$ 95,000
Sub-Total	\$ 559,000
TOTAL	\$ 713,000

The estimated annual increase in General Fund cost is \$713,000. Funding for these positions for FY 2013-14 will be \$250,000 from the General Fund fund balance as discussed on November 12, 2013 at the City Council Budget Study Session.

CONCLUSION:

Each of these additional positions is critical to the Development Services Department achieving its goals now and in the future. Staff recommends that the City Council approve the proposed reorganization plan for the Development Services Department, appropriate \$250,000 from the General Fund fund balance for FY 13-14 for these positions and appropriate \$150,000 annually for general consulting services. Additional revenues in future years will offset some of these increased costs.

THOMAS R. HATCH
Chief Executive Officer

[Attachment A: Trimester Inspection Counts](#)

[Attachment B: Planning Commission Goals](#)

[Attachment C: Development Services Functional Organization Chart](#)