



COUNTY OF HUMBOLDT

AGENDA ITEM NO.
C15

For the meeting of: February 13, 2018

Date: February 1, 2018

To: Board of Supervisors

From: John H Ford, Director Planning and Building

Subject: Supplemental Budget for Cannabis Planning and Current Planning (415 Required)

RECOMMENDATION(S):

That the Board of Supervisors:

1. Approve Supplemental Budget to increase 1100268, Cannabis Planning by \$686,623
2. Allocate and authorize hiring a Senior Planner in budget unit 268 (class 660, salary range 446)
3. Approve Supplemental Budget to increase 1100277, Current Planning by \$86,755
4. Dis-allocate an Investigator (Code Compliance) (class 0413, salary range 450), and allocate a Code Compliance Officer I/II (class 343, salary range 361/384) in budget unit 277.
5. Allocate one new Code Compliance Officer I/II in budget unit 277 (class 0343, salary range 361/384)

SOURCE OF FUNDING:

Cannabis Planning (budget unit 262) and Current Planning (budget unit 277) are supported from applicant fees, including those held in trust.

DISCUSSION:

Prepared by Paula Mushrush

CAO Approval

REVIEW:	Auditor <u>MSM</u>	County Counsel <u>ME</u>	Human Resources <u>LD</u>	Other _____
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TYPE OF ITEM:

Consent

Departmental

Public Hearing

Other _____

BOARD OF SUPERVISORS, COUNTY OF HUMBOLDT
 Upon motion of Supervisor Bass Seconded by Supervisor Fennell

Ayes Bass, Fennell, Sundberg, Bohn, Wilson
 Nays _____
 Abstain _____
 Absent _____

PREVIOUS ACTION/REFERRAL:

Board Order No. _____

Meeting of: _____

and carried by those members present, the Board hereby approves the recommended action contained in this Board report.

Dated: 2/13/18
 By: _____
 Kathy Hayes, Clerk of the Board

The Planning and Building Department is requesting to modify budget allocations to maintain and improve levels of service. The total budget adjustment will add a \$773,378 to fiscal year 2017-18 budget. These budget requests will be paid for by a combination of application fees and funds placed into trusts for these purposes. It is not anticipated that any of these expense increases will put an additional burden on the General Fund. The department is looking to add 8.0 full-time equivalent (FTE) extra help and regular employees to support departmental operations. This proposal will increase the budgets in Cannabis Planning (1100268) and Current Planning (1100277) to address specific needs described below.

Cannabis Planning

The proposal is to increase budget unit 268 (Cannabis Planning) by \$686,623, which are composed of application fees and application fees held in trust. The specific line items are reflected in Attachment 1 and described as follows:

- Consultant Services. This request, \$540,000, is the largest part of the budget increase. Consultants are being used to review projects, write initial studies and complete staff reports. The initial budget has exceeded the existing budget allocation and a supplemental budgetary allocation will be needed in order to maintain the current work load. The requested supplemental budget is not an expansion of the work, but a continuation of the current situation. The department is currently using six different consulting firms and would not be able to sustain the work being done without these firms.
- Senior Planner. There are currently 3.0 FTE regular Planner I and II positions and 1.0 FTE Senior Planner positions in Cannabis Planning. Additionally there are 8.0 extra help planners. The department is endeavoring to increase production and intends to add 3.0 more extra help planners. The department has not been able to recruit experienced senior level planners for extra help positions; and, the planners that are hired for those positions have limited experience. The department needs more experience to mentor the staff. The proposal is to hire 1.0 FTE Senior Planner to add the needed level of experience and assist in training and reviewing the work of junior level planners. The annual cost for this position will be \$83,314. The supplemental budget for this year has been prorated. The revenue received over the last few years in cannabis is trending up, which shows that the department can absorb this FTE. This is anticipated to remain at this level for the next two to three years.

	Current Planning	Cannabis Planning	Total
2015-16	\$527,784		
2016-17	\$659,291	\$1,238,865	\$1,898,156
2017-18	\$636,023*	\$1,845,742**	\$2,664,188

* Current: Jul-Jan \$364,144 / Feb-Jun projected \$260,103 (without code enforcement revenue)
 **Cannabis: Jul-Jan \$1,073,683 / Feb-Jun projected \$153,383

This position may be assimilated into the department when the demand for cannabis planning decreases. In addition, department staff is expected to decline over time due to natural attrition. Current Planning has 7.0 FTE regular planners and one extra help planner. The department attrition rate for planners is on average one planner a year over the last five years.

- Office Supplies. The volume of applications being processed and staff reports being written results in an increased demand for office supplies, leases on equipment, and cost of providing legal notices. This was under estimated in the budget and in order to continue to process cannabis applications, the budget needs to be increased by an additional \$45,000.

- Computer software and equipment. The additional extra help employees need computers, software and basic equipment including phones. Without an increase in this line item, the department cannot adequately equip the additional staff needed to support the ongoing work. The requested increase is \$20,500.
- Special Department Expense. This is for refunds on applications where the applicant paid a deposit and then the project was cancelled or finished prior to using the entire deposit. There have been more canceled projects with corresponding refunds than was anticipated. These are refunds of deposits collected for processing applications, this is currently expected to cost an additional \$30,000.

Current Planning.

The Current Planning budget unit contains the administrative support costs for the department, including code enforcement. The department is requesting to increase Current Planning, budget unit 277, by \$86,755. The proposed changes for 1100277 include:

- Reallocate Investigator (Code Enforcement) to a Code Compliance Officer. The existing budget has 1.0 FTE vacant Investigator (Code Enforcement) position resulting from a resignation. There are currently 3.0 FTE code investigators on staff and 1.0 FTE vacant position. The Investigator (Code Enforcement) position is a journeyman level position that conducts the more advanced and complex tasks. A Code Compliance Officer is the junior level position conducting more of the basic research. There is a need for both levels. With 3.0 FTE Investigator (Code Enforcement) positions already filled, it is believed that much of the code compliance work could be completed by the Code Compliance Officer positions at substantial cost savings. This results in a savings of \$27,962.
- Allocate Code Compliance Officer. Code Enforcement needs additional resources to provide an adequate level of service. The mandate from the Board of Supervisors upon the adoption of the new Code Compliance Ordinance in June 2017 was to increase cannabis code enforcement activities. There is an existing back log of work that needs to be addressed as there are many illegal cannabis cultivation sites that need to be addressed and the number of complaints continues to increase, and current staffing cannot keep up with actions required to resolve both old and new complaints. This is further pronounced with the recent resignation of a Investigator (Code Enforcement) and a second one being out on extended leave results in the unit being comprised of 3.0 FTE investigators who were recently hired and one part time annuitant. This request with the change addressed above would result in 3.0 FTE Investigators (Code Enforcement) and 3.0 FTE Code Compliance Officers doing code enforcement work. The annual cost for this position will be \$56,869. The supplemental budget for this year has been prorated. Funding for the code enforcement positions comes from property owners reimbursing the county for the time and expense incurred to abate violations, as well as fines and penalties. As long as there are violations being abated, there is a revenue stream to support this position. The goal is to abate all the violations in the county but this will not happen in the foreseeable future. Revenue is trending up and will continue to do so. This fiscal year a total of \$375,348 has been paid. There is another \$1,165,000 in assessed fines and penalties; \$660,000 in signed agreements and \$505,000 waiting to be signed. All signed agreements must be paid either in full or with a payment plan within 6 months. If penalties are not paid in that time period there will be a lien placed on the violator's property.

Jul-Aug	\$ 3,746*
September	\$ 7,045
October	\$ 21,775

November	\$ 37,709
December	\$ 33,743
January	\$170,036
February (two days)	\$103,468

*County Counsel (budget unit 121) code enforcement revenue.

- Add extra help Staff. The department is looking for new administrative positions to support increased permit activity. At the beginning of fiscal year 2017-18, the department's organization was light on the number of administrative positions. It is estimated that it will cost an additional \$25,000.
- Office Supplies. This is primarily related to an increase in copies and paper, resulting from code enforcement activities and the large number of public record copy requests related to cannabis and code enforcement activities. The increase is \$10,000.
- Special Department Expense. This line item is over budget due to start-up code enforcement expenses and back paying three years of planning commissioner stipends. This line item increases by \$2,500.
- Computer Software. This expense is to support the increase in administrative help by providing work station software, an increase of \$10,000.

FINANCIAL IMPACT:

All costs will be covered through reimbursement of staff costs either associated with application cost reimbursement or through re-imbursement of cost enforcement costs.

The Current Planning trust, 3575, has a balance of \$730,872. \$86,755 has been budgeted should there be a downturn in either code enforcement revenue or current planning revenue.

Cannabis fees to date have already exceeded annual projections by \$325,000. If there were no more application fees collected the department could rely on the Cannabis Planning Trust which holds pre-paid applicant fees, 3697. The balance is currently \$4,611,760.

This request meets your Board's Strategic Framework of Priorities for New Initiatives by providing the community appropriate levels of service and managing resources to ensure sustainability of services, and by providing appropriate service levels for permit processing.

OTHER AGENCY INVOLVEMENT:

There are no other agencies involved in this action.

ALTERNATIVES TO STAFF RECOMMENDATIONS:

The Board could choose not to approve the requests for the supplement budget increase to both the budget units or could itemize increases to approve and not approve. These alternatives are not recommended as the department has been cautious about increases in staff and expenses, attempting to project what are needed to provide an adequate level of service. Rejecting these requests will compromise the department's ability to respond to existing demands.

ATTACHMENT: Supplemental Budget Request.

ATTACHMENT

RECOMMENDED BUDGET ADJUSTMENTS

Fund	Budget Unit	Acct #	Budget Name	Account Name	Adjustment
Supplemental Budget					
Revenue					
1100	268	608420		Medical Cannabis Permit Fees	\$ 325,000
1100	268	710050		Fund Balance Transfer	\$ 361,623
				Total Cannabis Planning	\$ 686,623
1100	277	707800		Trust Fund Transfer	\$ 86,755
				Total Current Planning	\$ 86,755
				Total Revenue	\$ 773,378
Expenditures					
1100	268	1100	Cannabis Planning	Salaries and Wages	\$ 19,349
1100	268	1450	Cannabis Planning	Unemployment Insurance	\$ 39
1100	268	1470	Cannabis Planning	Health Insurance	\$ 2,891
1100	268	1471	Cannabis Planning	Life & Air Travel Insurance	\$ 12
1100	268	1472	Cannabis Planning	Dental Insurance	\$ 234
1100	268	1500	Cannabis Planning	Retirement	\$ 4,521
1100	268	1510	Cannabis Planning	PARS Contribution	\$ 97
1100	268	1600	Cannabis Planning	FICA	\$ 1,480
1100	268	2117	Cannabis Planning	Office Supplies	\$ 45,000
1100	268	2118	Cannabis Planning	Professional & Special Service	\$ 540,000
1100	268	2119	Cannabis Planning	Publication & Legal Notices	\$ 20,000
1100	268	2120	Cannabis Planning	Rents & Leases - Equipment	\$ 2,500
1100	268	2148	Cannabis Planning	Computer Software	\$ 2,500
1100	268	2317	Cannabis Planning	Office Expense - Equipment	\$ 18,000
1100	268	2323	Cannabis Planning	Special Dept Expense	\$ 30,000
				Total Cannabis Planning	\$ 686,623
1100	277	1100	Current Planning	Salaries and Wages	\$ 25,122
1100	277	1400	Current Planning	Extra Help	\$ 25,000
1100	277	1450	Current Planning	Unemployment Insurance	\$ 50
1100	277	1470	Current Planning	Health Insurance	\$ 4,899
1100	277	1471	Current Planning	Life & Air Travel Insurance	\$ 24
1100	277	1472	Current Planning	Dental Insurance	\$ 467
1100	277	1500	Current Planning	Retirement	\$ 6,647
1100	277	1510	Current Planning	PARS Contribution	\$ 125
1100	277	1600	Current Planning	FICA	\$ 1,921
1100	277	2117	Current Planning	Office Supplies	\$ 10,000
1100	277	2123	Current Planning	Special Department Expense	\$ 2,500
1100	277	2148	Current Planning	Computer Software	\$ 10,000
				Total Current Planning	\$ 86,755
				Total Expenses	\$ 773,378