



COUNTY OF NEVADA
COMMUNITY DEVELOPMENT AGENCY
950 MAIDU AVENUE, SUITE 170, NEVADA CITY, CA 95959-8617
(530) 265-1222 FAX (530) 478-5799 <http://mynevadacounty.com>

Sean Powers, Agency Director

Agricultural Commissioner

Building Department

Environmental Health

Planning Department

Dept. of Public Works

NEVADA COUNTY BOARD OF SUPERVISORS
Board Agenda Memo

MEETING DATE: June 25, 2019

TO: Board of Supervisors

FROM: **Craig Griesbach, Director of Building**

SUBJECT: Resolution authorizing the Auditor Controller to transfer Building Department fund balance to the Code Compliance Division in the amount of \$176,862.

RECOMMENDATION: Adopt the Resolution.

FUNDING: This resolution does not impact revenue or expenses for any County budget. This transfer of fund balance impacts the Building Department and Code Compliance fund balances. A budget amendment is not required and there is no impact to the General Fund.

BACKGROUND: Permit fees fund the Building Department, almost entirely. Fees for permits issued by the Building Department are charged an amount equal to the estimated time to conduct plan review and inspection services. During healthy economic times, revenues can increase dramatically and during slower times, the Building Department would see lower revenues. The cyclical nature of permitting fees can result in increases to Building fund balances and also use of fund balances to moderate the fees charged. Since the end of the Great Recession, building activity has increased as has departmental efficiencies. This combination has resulted in a high fund balance even though fees have been held for three consecutive years. The general guideline for fund balance is to hold 6 months of operating cash in reserves. Having fund balance helps to moderate slowdowns in development projects while still maintaining a level of service beneficial to our customers.

User fee calculations for Building do not include a Code component as most permit holders do not benefit from this service. Code compliance is partially supported by its own fees and collection of abatement costs. However, revenues from those fees are not sufficient to cover the full cost of that service, so Code receives most of its revenue from the General Fund. This is due to the fact that Code emphasizes education and compliance over fines and penalties and many cases are resolved well before Code is in a position to impose or collect fees and costs. In addition, for those cases in which fees and costs have been assessed, the collection rate is very low.

The Code budget has historically included three Code Compliance Officers and one Program Manager, and the General Fund Allocation has previously been set based on that level of staffing. A large majority of Code Compliance cases are related to structures and other work done without the required Building



COUNTY OF NEVADA
COMMUNITY DEVELOPMENT AGENCY
950 MAIDU AVENUE, SUITE 170, NEVADA CITY, CA 95959-8617
(530) 265-1222 FAX (530) 478-5799 <http://mynevadacounty.com>

Sean Powers, Agency Director

Agricultural Commissioner

Building Department

Environmental Health

Planning Department

Dept. of Public Works

permits. As such, Code Compliance officers spend a significant amount of time working with the Building department to close Code cases, creating a nexus between the two departments.

In recent years, the caseload count in Code Compliance has steadily increased to the point that the need for a fourth Code Compliance Officer became necessary to manage the caseload. Consequently, the addition of one FTE was approved by the CEO and additional General Funds were approved for use. To establish a Code Compliance fund balance sufficient to support ongoing expenses and reduce future reliance upon the increased General Fund allocation, a one-time transfer of \$176,862 of Building Department fund balance to Code Compliance was included in the Service Budget Unit Questionnaires and discussed with the Budget Subcommittee during the Fiscal Year 2018/19 budget process. The transfer would augment the General Fund allocation and will support the additional expense related to the fourth Officer without additional impact to the General Fund and still maintain an appropriate level of Fund Balance for the Building Department.

Item Initiated by: Daniel Chatigny

Approved by: Craig Griesbach

Submittal Date: 6/3/2019

Revision Date: