



County of Monterey

Board of Supervisors
Chambers
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Board Report

File #: ORD 20-020, **Version:** 1

Status report on the implementation of recommendations from the July 22, 2020, Citygate report reviewing the Resource Management Agency, including:

- a. Consider introducing, waiving reading, and setting for adoption an ordinance:
 1. Dissolving the Resource Management Agency,
 2. Creating two new Departments: A) Housing and Community Development, and B) Community Services,
 3. Authorizing other actions to implement the ordinance including certain fiscal actions and amending the County Code;
- b. Receive a report from County Administrative Officer on certain actions to implement the Citygate report;
- c. Receive a report from County Administrative Officer on fiscal implications of proposed actions;
- d. Adopt a resolution that implements certain actions dissolving the Resource Management Agency and creating the Housing and Community Development; and
- e. Provide direction to staff.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Introduce, waive reading and set for adoption an ordinance dissolving the Resource Management Agency (RMA) and creating a Housing and Community Development Department and a Community Services Department effective November 30, 2020;
- b. Authorize other actions to implement the ordinance including certain fiscal actions and amending the County Code;
- c. Receive a report from the County Administrative Officer (CAO) on the necessary actions to implement the Citygate report, including:
 1. Split RMA into two departments generally based on functions identified by Citygate as follows:
 - i. Housing and Community Development Department (HCD); regulatory and permitting (development-related) functions, and
 - ii. Community Services Department (CS); operations (design, construct, maintain) of County facilities (public works, facilities, and parks).
 2. CAO to move Housing functions from County Administrative Office into the newly created HCD, including certain homeless functions effective September 21, 2020.
 3. Retain Economic Development in the County Administrative Office.
 4. CAO to appoint RMA Director as Housing & Community Development Director effective November 30, 2020 at the current RMA Director salary.
 5. Human Resources Department (HRD) to retitle the Assistant Director of RMA as Assistant Director of Community Services effective November 30, 2020.
 6. Recruit, and CAO to appoint effective November 30, 2020, the Director of Community Services.
 7. Operate under existing budgets/units until new budgets are developed and adopted for FY 2021/22, beginning July 1, 2021.
 8. Adopt a resolution that implements certain actions dissolving the Resource Management Agency and creating the Housing and Community Development.
- d. Provide direction to staff.

SUMMARY:

Citygate Associates (Citygate) prepared a review of the Resource Management Agency (RMA) that includes 76 specific recommendations (report dated July 22, 2020) ranked in order of priority. On July 28, 2020, the Board accepted the Citygate report reviewing the RMA. The Board supported recommendations that include splitting the RMA into two departments: 1) Housing and Community Development (HCD) Department; and 2) Community Services (CS) Department. The CAO was directed to return with a plan and budget for implementation.

The ordinance dissolving the RMA becomes effective 30 days following adoption; however, in order to provide time for a smooth transition, the ordinance makes the dissolution effective November 30, 2020. This will afford time for the CAO to appoint the directors and they will have time to set up their organization as outlined in this report and begin the meet and confer process with employee organizations to address identified impacts, as appropriate. The CAO intends to move Housing into the RMA effective September 21, 2020.

This report discusses proposed Board actions to implement the Citygate report, suggested changes to the Citygate recommendations and actions taken and anticipated by the CAO to implement the creation of two new departments from the dissolved RMA.

DISCUSSION:

Dissolution Ordinance

County Counsel drafted a stand-alone ordinance that would dissolve the RMA and create two (2) new departments. As noted below, staff developed a list of functions not specified by Citygate. This ordinance is designed to serve as a simple and immediate regulatory bridge while the County Codes are updated. In doing so, it attempts to anticipate all actions necessary for implementation without trying to amend all the Code sections up front.

Due to the depth and complexity involved, Counsel requests authority to make the appropriate changes in the Code without processing a separate ordinance(s). Some of the Code sections were created specifically for RMA when it was created. As such, some could be extinguished and only retain what is required (e.g., Road Commissioner, Planning Official, Building Official, County Surveyor).

Organization - Functions

Recommendations 71-76 of the Citygate report reflect actions for the reorganization. Figures 6 and 7 of that report provide an illustrative organization chart of each new department identifying certain functions. The illustration provided by Citygate for the CS does not identify the Chief positions (Public Works, Facilities, and Parks), but the report does reflect these positions would be retained. As such, there will be some work needed for structuring the department while keeping within the functional concept presented by Citygate.

The CAO intends to appoint the RMA Director as HCD Director and HRD to retitle the Assistant RMA Director as Assistant CS Director. HRD has taken lead on recruiting for the CS Director as an internal promotional opportunity. Staff is presenting the Board with the high-level assessment of how the departments will be divided based on functions. Once Directors are appointed, they have authority to assess how to structure their department/resources going forward.

Based on the functions identified by Citygate, the overall objective would be to create two departments as follows:

- *Housing and Community Development (HCD)*; Regulatory and permitting (development-related) functions [Section 7.3.1 Citygate report]. This includes functions related to Building Services,

Planning/Housing Services, Development/Engineering Services, Permit Center, Finance/Admin as depicted in **Attachment A**. There are two (2) Chief positions (Planning, Building). The zoning administration functions would be performed by Planning.

- *Community Services (CS)*; Operations (design, construction, maintenance) of County facilities [Section 7.3.4 Citygate report]. This includes functions related to Public Works, Facilities, Parks, and Finance/Admin as depicted in **Attachment B**. Conceptual organizational charts presented in Citygate's report do not reflect the Chief positions, but there is nothing to suggest the positions are to be deleted. As such, the organizational structure would include three (3) Chief positions over Public Works, Facilities, and Parks.

Staff created in **Attachment C**, a spreadsheet of functions using the format established by Citygate to help identify staffing/resource needs for each of these departments. This spreadsheet includes additional functions not identified by Citygate to serve as a foundation for identifying what positions get assigned to what department. Black text illustrates information provided by Citygate, and red text reflects the additional functions identified by staff.

Sorting functions at a more in-depth level than Citygate, staff identified a couple areas that we are highlighting how we determined that should be addressed, in keeping with the Citygate objectives and based on experience:

- 1) Stormwater. As noted in the overall objective, Citygate's intent is for HCD to contain the regulatory and permitting (development-related) functions. However, Citygate recommends placing regulatory stormwater functions (for the County/public agency) in CS (Item #7 on page 91 of the Citygate report), as what appears to be under Public Works. Around 2012, these functions were moved out of Public Works and included as part of Environmental Services in the RMA Land Use and Community Development Division. This regulatory function was incorporated into Environmental Services because it was taking away from the operational functions of Public Works (and Monterey County Water Resources Agency (MCWRA)). There are some stormwater functions that relate to capital projects, and belong in CS. However, the bulk of the functions pertain to regulatory and permitting, such as elevation certifications that relate to development within the floodplain. In order to retain the overall objective, the regulatory and permitting functions related to stormwater and floodplain management should continue to be located in HCD and stormwater functions related to capital projects remain with CS. Since this format has worked well since bringing the functions together, staff recommends this minor adjustment to be consistent with how/why the group was assembled.
- 2) Surveyor. Citygate also generally identifies the Surveyor to be in HCD. This makes sense from a functional perspective of reviewing and processing subdivisions. However, the County Surveyor also spends much of their time supporting Public Works (establishing right of way boundaries, setting monumentation, staking capital projects, moving monuments as part of road projects, etc.). As such, consistent with the overall objective, staff suggests having engineering functions in HCD for land use services as envisioned by Citygate (e.g. subdivision, certificates, etc.), and assigning the County Surveyor to CS to assist Public Works. The Road Commissioner issues encroachment permits, and the Road Commissioner would likely be the CS Director. This function is currently operating as part of a team led by the Surveyor and a Senior Civil Engineer, administered within Land Use. Since HCD includes the permitting function, staff recommends that encroachment permits be taken in, reviewed and processed by HCD, subject to approval by the CS Director. Staff finds that this is consistent with Citygate's intent.
- 3) Housing/Economic Development. Citygate recommends splitting housing and economic development functions with housing functions moving into the new HCD and Economic Development staying with the CAO. The report speaks about the Housing Managers and three Housing Analysts (I, II, III) make up Housing and report to the Planning Chief. Economic Development is to be made up of a

Management Analyst III, to be converted to an Economic Development Manager (already created by the Board on July 26, 2020), a Management Analyst II, and a Senior Secretary reporting to the CAO. After further review of the functions, staff recommends that the Senior Secretary shift to HCD and the vacant Redevelopment and Housing Analyst position be considered for a reallocation based on the amount financial analysis required for Housing programs.

Some positions are very clear where they are assigned (e.g. Planners vs Road Maintenance Workers). Positions where there is the same classification in both departments are more difficult (Secretaries, Management Analysts, etc.). RMA leadership is identifying staff placements based on experience and expertise in order to set both departments up for success. HRD - Labor Relations will address with labor organizations any identified impacts that result from these recommendations as part of the Meet and Confer process.

RMA has been able to find efficiencies by consolidating certain services, thereby avoiding impacts to positions. One such area is payroll where there would be value to having services from this team (three (3) positions) shared between the two departments, even if the positions are placed in one department or the other. Also, the existing Permit Center has staff budgeted out of Building Services (HCD) that support all areas of the RMA (call center, files, records, reservations). Based on current budget unit assignment, the CS Department would not have adequate support staff resources to manage the high demand placed on this team. As such, staff would propose these groups continue to perform services as they have, at least in the short term, whereby a work order (an interdepartmental tracking system) would be used to reimburse for these services.

Currently RMA's budget includes two (2) Associate Personnel Analysts and one (1) Personnel Technician-Confidential that are largely funded through the Road Fund. These positions are currently physically located at RMA and receive day-to-day direction from RMA Executive Management. The Citygate report recommends that the Human Resources positions be moved under the purview of the HRD. This change will require an additional General Fund contribution to the Human Resources Department to fund these positions in the amount of approximately \$443,047 in FY 2021/22.

Staffing

Citygate recommends immediately filling a number of positions. Staff recommends implementing Citygate's staffing recommendations as noted below with actions set forth in **Attachment D**:

Recommendation 1 is to complete the necessary General Plan implementation. Staff assessed tasks that could effectively be completed by an outside consultant. However, there are other tasks that require staff experience for developing policy specifically in this County (Big Sur Land Use Plan, Defensible Space, etc.). See Recommendation 36 below.

Recommendation 31: Chief of Building Services. This position is vacant and the HRD is taking lead for recruiting this position.

Recommendation 32: Building Plans Examiner. At the time Citygate was gathering data, information provided at that time indicated a vacant position. However, at this time there are no vacant positions. It is worth noting that RMA converted the Senior Building Plans Examiner to a Senior Civil Engineer during the prior year, at the recommendation of the former Chief of Building Services, which is currently vacant. HRD has been actively recruiting for this position.

Recommendation 33: Civil Engineer and Water Resources Hydrologist (Environmental Services). Both positions are currently vacant, and HRD has been actively recruiting for these positions.

Recommendation 34: Assistant Engineer and Civil Engineer (Development Services). These positions have largely been filled; one of the Assistant Engineers is vacant and HR has been actively recruiting for the position.

Recommendation 35: Change one Supervising Planner into two (2) Associate Planners. This is not an equal cost. There are currently three (3) Associate Planner, two (2) Senior Planner, and one (1) Supervising Planner positions vacant. HRD has been actively recruiting for Assistant Planners. Over 90 applications have been received and are currently being screened for interviews. Rather than opening recruitment for other planning positions, staff recommends filling as many vacant planning positions as possible with qualified Assistant Planners. This will provide much needed resources that can be trained and grow within the organization.

Recommendation 36: Hold Chief of Planning position open and place RMA Deputy Director of Land Use and Community Development as Chief. The Deputy position would be deleted as there is no Assistant Director proposed for HCD. Staff recommends adding a Management Specialist (Limited-Term) to include a 2-year scope with high level tasks that were assigned to the Deputy as well as assisting the Director to implement Citygate's recommendations. These tasks include setting up a training program, as well as serving as the zoning administrator. This would also allow a recruitment to fill the Chief of Planning and provide additional temporary resources as contemplated by Citygate to hire consultants (general plan implementation, back log, etc.).

Recommendation 37: Retain the Chief of Parks position. In the last recruitment for Park Operations Managers, RMA made an operating decision to underfill the vacant Chief of Park positions with a third Operations Manager. This format has worked very well to create a reasonable span of control for specific parks, with oversight by the Assistant Director and Director. Staff recommends retaining the current structure with three operations managers reporting to the Assistant CS Director, and the CS Director when selected. In the discussion, Citygate suggests that Parks could eventually be separated out into a stand-alone Department. When Parks was placed into the RMA, staffing was generally cut from 50 to about 30. Significant resources would be required in order for Parks to be a stand-alone department again. Staff has been exploring an option to develop a ballot measure for a special tax that would support all parks. This could be an avenue to see if there is public will to create a stand-alone department and provide adequate funding for maintenance.

Recommendation 39: is to authorize overtime to address the backlog(s). With limited staff, this would extend already heavy workloads until filling with Assistant Planners. The alternative would be to contract for outside planning and building services (RMA submitted augmentations that were not funded). In addition to the work product involved, contract management is required. The Management Specialist L-T would be used to manage these contracts and provide oversight for reducing the backlog.

FINANCING:

Important to making the substantial changes proposed by Citygate is an understanding of the fiscal and budgetary impact. When the Board approved the Citygate report, you directed the CAO return with such an analysis. Staff finds that there are multiple fiscal components to implement the recommendations made in the Citygate report, from the relatively basic split of RMA and creation of two departments to the more complicated distribution of functions and staff to the new departments.

(1) Initial Split. The CAO worked with RMA, County Counsel and HR to complete actions associated with splitting the RMA into two separate Departments (HCD and CSD) and moving Housing functions to RMA (ultimately HCD), including some homeless programs from the CAO to the newly created HCD Department.

No outside resources were required, so there is no fiscal impact.

(2) FY 2020/21 Budget. Staff recommends maintaining the same fiscal structure that the Board approved when Adopting the FY 2020/21 Budget until June 30, 2021. Both HCD and CSD Directors will work in collaboration managing within the confines of the current adopted budgets assigned under the RMA and CAO. With Citygate recommending filling certain positions, the department(s) will need to manage recruitment of other general fund positions to balance the vacancy/attrition rate built in as part of this budget. As such, staff anticipates no negative impact to the general fund.

However, there are some program recommendations that require more research and scope development such as a recommendation for outside consultant services to implement the general plan and a recommendation for implementing an asset management plan. Staff was not able to quantify in time for this reporting. During the course of the current fiscal year, Staff will bring forward to the Board, via Committees, the cost to implement the priority “A” recommendations in the Citygate report. **Attachment E** identifies for most of the 76 recommendations a rough order of magnitude estimate.

(3) FY 2021/22 Budget. In early October, the Auditor Controllers Office (ACO) requires County Departments to submit, for the upcoming fiscal year organizational structural changes that impact fiscal reporting. Staff will provide to the ACO the FY 2021/22 recommended changes to eliminate the RMA Department fiscal units and assign those fiscal units to the two newly created HCD and CS Departments, as reflected in Citygate’s report. **Attachment D** reflects the recommended position changes to implement the creation of HCD and CSD. CAO actions include “Y rating” the current RMA director into the newly created HCD Director position. Depending on the recruitment for the new CS Director there may be an impact to the Road Fund in future years, however there are salary savings with the vacancy of the Deputy Director of Public Works, Parks and Facilities to offset the increase in FY 2020/21.

During the development of the FY 2021/22 Budget, Staff will include the costs associated with implementing the Citygate recommendations that have fiscal impacts. Most notably, will be to strategically eliminate the long-term vacancies to better depict the actual labor force available to serve the community. Working these recommendations into the budget process will allow for further analysis of budgetary needs and identification of fiscal impact.

There will be several challenges and opportunities in implementing recommendations in the Citygate report. Most significantly is a need to focus on the recruitment and retention of qualified staff. While the RMA includes salary savings in its Adopted Budgets, this was done in part to meet budgetary constraints, not to deliberately hold vacant positions to generate these savings, resulting in increased workload on existing staff. RMA attempts to fill all vacancies, but often the recruitment workload makes this challenging. COVID-19 is also contributing to difficulty in retaining qualified staff. Currently, RMA has five vacancies that are attributed to COVID-19, two were unplanned retirements and three resignations to care for family members associated with distance learning.

The FY 2020-21 Adopted Budgets were also based on permit revenues pre-COVID-19. In FY 2019-20 actual permit revenues were lower than budget by \$1,321,306 which is expected to continue into the current fiscal year. Implementing Citygate recommendations with lower revenue receipts will place a greater need on County General Funds. Depending on projected revenue and the general fund contribution, this could impact existing positions.

CONCLUSION:

The Citygate report, and the Board support thereof, provides a unique opportunity to re-shape how Monterey County provides the variety of services found in the Resource Management Agency. The intent of the Citygate report is create two new departments from RMA so they can better focus on similarly situated functions. We know RMA is staffed with abundant talent who can make these new departments successful. The new departments should be able to capitalize on the renewed focus to continue their recent improvements providing public service and provide employees opportunities for growth, advancement and meaningful engagement.

We look forward to Board approval of the recommended actions as well as County Counsel, CAO, HRD, HCD Director and CS Director actions to implement.

OTHER AGENCY INVOLVEMENT:

County Administrative Office
County Counsel
Human Resources
Resource Management Agency

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

The action supports the Board of Supervisors' Strategic Initiatives

 X Economic Development
 X Administration
___ Health & Human Services
___ Infrastructure
___ Public Safety

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Attachments:

Attachment A - Housing and Community Development Department Organization
Attachment B - Community Services Department Organization
Attachment C - Functional Responsibilities Matrix
Attachment D - Recommended Position Changes
Attachment E - Citygate Recommendation Cost Impact Matrix
Attachment F - RMA Dissolution Ordinance
Attachment G - Resolution