



DATE: December 18, 2018

TO: Mayor and City Council

FROM: Director of Development Services

SUBJECT: Authorization to Amend the FY2019 Operating Budget for the Development Services Department Building Division for Outside Plan Check, Building Inspection, and Permit Technician Services

RECOMMENDATION

That Council adopts the attached resolution approving an amendment to the FY2019 budget for the Development Services Department - Building Division increasing the appropriation from \$340,000 to \$890,000 for consulting services for outside plan check, building inspections, and permit technician services.

SUMMARY

Staff is requesting an additional appropriation of \$550,000 to cover the cost of outside plan checking, building inspections, and permit technician services. This appropriation will be covered by fees paid by individuals requesting and receiving these services. There will be no net impact to the General Fund due to this increase.

BACKGROUND

The City currently has agreements with four outside professional firms to provide services related to plan checking, building inspection, and permitting for the Building Division of the Development Services Department, to help meet customer demand that exceeds the workload capacity of City staff. Engaging with several firms provides the City the flexibility of utilizing qualified persons from firms on short notice who are selected based on specific areas of specialization to supplement staff availability and capacity.

On May 22, 2018, Council approved an original budget appropriation of \$340,000 for consultant services within the Building Division. The City has recently received permit applications for several large projects including Lincoln Landing, Mission Seniors, SOHAY, Legacy Partners, and Maple & Main that are being reviewed by the outside professional firms.

DISCUSSION

The continued rise in demand for permits and inspection services necessitates the utilization of outside services, resulting in increased costs that have surpassed the revised budget

appropriation of \$340,000 established by Resolution 18-089. This proposed budget adjustment allows staff to assure large projects, such as complex commercial and industrial projects or residential tracts that involve multiple sets of plans, are reviewed in a timely manner and inspections be conducted the next business day after requested, in line with the Building Division's standard.

As of the end of November, approximately \$751,600 was charged by outside consultants for plan check, building inspection, and permit technician services. These charges are largely due to several large projects including Lincoln Landing, Mission Seniors, SOHAY, Legacy Partners, and Maple & Main. The invoice for Lincoln Landing has been received and totals over \$275,000.

Staff seeks Council approval to increase the expenditure appropriation for Consultant Services by an additional \$550,000, for a total revised budget of \$890,000, to cover the cost of outside plan check, building inspection, and permit technician services for these large projects.

FISCAL IMPACT

There is no net impact to the General Fund. The additional \$550,000 of appropriated funds will be offset by fees paid for building plan check by permit applicants at the time plans and applications are submitted and permit fees for inspections are collected. The City will not incur these expenses if fee revenues are not generated. To date, approximately \$1.3M in revenue has been collected for permit and inspection fees. The agreements are structured to ensure costs for plan check and inspection fees incurred by the consultants shall not exceed the City's plan check and inspection fees collected by the City and shall not exceed the budget appropriation for the fiscal year. All anticipated costs associated with consultant services are fully cost recoverable and will be fully borne by permit applicants and permittees.

STRATEGIC INITIATIVES

This agenda item supports the Complete Communities Strategic Initiative. The purpose of the Complete Communities Strategic Initiative is to create and support structures, services, and amenities to provide inclusive and equitable access with the goal of becoming a thriving and promising place to live, work, and play. This item supports the following goal and objective:

Goal 3: Develop a Regulatory Toolkit for Policy Makers.

Objective 3: Develop and refine other regulatory tools.

SUSTAINABILITY FEATURES

The recommended action for this report will not directly result in physical development; the purchase of a product or service; new policy or legislation related to sustainability.

PUBLIC CONTACT

No public contact has occurred in association with this action.

NEXT STEPS

Should Council approve this action, staff will prepare a Budget Revision Form to request the re-appropriation of funds.

Prepared by: Jade Kim, Management Analyst II

Recommended by: Laura Simpson, Director of Development Services

Approved by:

A handwritten signature in black ink, appearing to read 'K. McAdoo', written in a cursive style.

Kelly McAdoo, City Manager