



DATE: May 9, 2017

TO: Mayor and City Council

FROM: Development Services Director

SUBJECT Adopt Two Resolutions: 1) Amending the Fiscal Year 2017 Budget By Increasing the Revenue and Corresponding Expenditure Appropriation for Consultant Services in the Building Division by an Additional \$200,000; and 2) Authorizing the City Manager to Negotiate and Execute Amendments to the Agreements with Six Consulting Firms for Building-Related Services by Eliminating the Maximum Limit of \$340,000 Per Firm

RECOMMENDATION

That Council adopts the attached resolutions.

BACKGROUND

The City of Hayward currently has agreements with six (6) private firms to provide plan check, inspection, and permit technician services for the Building Division, to help meet customer demand that exceeds the capacity of City staff. Keeping several firms under contract and available to respond also 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. The current contracts with the firms were executed in August 2017, with a term running through June 30, 2020.

On July 5, 2016, Council approved Resolution No. 16-129, authorizing the negotiation and execution of contracts for plan check services through June 30, 2020, subject to annual appropriation through the budget process. The six firms approved by this action are: West Coast Consultants (WC3); Kutzmann & Associates, Inc.; 4 Leaf Inc.; Shums Coda & Associates; TRB Associates; and CSG Consultants.

On March 7, 2017, Council approved Resolution No. 17-020 amending the FY 2017 revenue and expenditure appropriation for Consultant Services within the Building Division as part of the mid-year budget amendment. This action resulted in an increase to the original \$340,000 appropriation by an additional \$650,000, for a total of \$990,000 for Consultant Services related to plan check, building inspection, and permit technician services, and a Revised Budget of \$3,206,000 for additional revenues associated with a high level of permit activity.

As of March 31, 2017, invoices totaling \$934,000 have been received for outside and on-site plan check, inspection, and permit technician services.

DISCUSSION

The rising demand for permits and inspection services has further necessitated the utilization of outside services, resulting in increased costs which have surpassed the \$340,000 per vendor limit established by Resolution No. 17-020. These services allow staff to assure large projects, such as complex commercial and industrial projects or residential tracts that involve multiple sets of plans, can be reviewed in a timely manner and inspections are conducted the next business day after requested, in line with the Building Division's standard.

Staff seeks Council approval to increase the permit revenue and corresponding expenditure appropriation by an additional \$200,000, and authority for the City Manager to negotiate and execute an amendment to the agreements with the six firms to eliminate the \$340,000 per vendor limit to provide greater flexibility in distributing construction drawings for plan check to the firms that best serve the City of Hayward and customers' needs. Such flexibility would better allow staff to distribute plans based on the firm's qualified and available personnel and ability to provide expedited or timely services as needed by the City.

FISCAL IMPACT

The additional cost of contracting for these services will be offset by the fees paid for building plan check by permit applicants at the time plans/applications are submitted and permit fees for inspections collected when permits are issued. 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. In summary, all costs associated with consultant services will be fully borne by permit applicants and permittees, resulting in complete cost recovery by the City.

PUBLIC CONTACT

No public contact has occurred associated with this action.

NEXT STEPS

Should Council adopt the attached resolutions, staff will prepare for execution amendments to the Agreements with West Coast Consultants (WC3), Kutzmann & Associates, Inc., 4 Leaf Inc., Shums Coda & Associates, TRB Associates, and CSG, Consultants. Should Council not approve the resolutions, the established next business day inspection standard and established plan check turn-around times would be significantly impacted.

Prepared by: Jade Kim, Administrative Analyst

Recommended by: David Rizk, AICP, Development Services Director

Approved by:

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

Kelly McAdoo, City Manager