



DATE: March 23, 2021

TO: Mayor and City Council

FROM: Director of Development Services

SUBJECT: Adopt a Resolution Authorizing the City Manager to Negotiate and Execute Amendments to the Agreements with Five Consulting Firms, Increasing the Compensation to an Amount Not-to-Exceed the Total Fiscal Year 2021 Budget Appropriation for Consulting Services within the Development Services Department Building Division

RECOMMENDATION

That Council adopts a resolution (Attachment II) authorizing the City Manager to negotiate and execute amendments to agreements with five consulting firms to provide on-call plan check, building inspection, and permit technician services, increasing the compensation to an amount not-to-exceed the fiscal year 2021 Development Services Department (DSD) Building Division approved operating budget appropriation for consulting services.

SUMMARY

The City currently has executed agreements with five outside consulting firms to augment DSD Building Division staff by providing plan check, inspection and permit technician services. The compensation for these agreements is for an amount not-to-exceed the original budget appropriation of \$330,000 (distributed as appropriate to each of the consultants) for FY2021, and for a term of one year from the date of execution, with the option to extend annually for up to three years.

Staff seeks Council approval authorizing the City Manager to negotiate and execute amendments to these agreements, increasing the compensation in an amount not-to-exceed the revised budget appropriation for consulting services within the DSD Building Division approved FY2021 Operating Budget.

BACKGROUND

The City of Hayward has maintained agreements with multiple firms to provide plan check and inspection services to support customer demand that exceeds the availability or workload capacity of Building Division staff.

This approach toward managing plan review applications disperses the workload between City staff and consultants, and provides the flexibility to augment staff as necessary to cover increases in permit applications and long-term absences of permanent staff. Agreements with multiple outside firms also allow staff to ensure large projects, such as complex commercial and industrial projects or subdivisions that involve multiple sets of plans, can be reviewed and inspected in a timely manner.

Retaining several firms under contract who are available to respond on short-notice also provides the City with the flexibility of utilizing qualified firms or persons which are best suited based on a specific area of specialization and availability of personnel. The City currently has executed agreements with five outside consulting firms to provide these services:

- West Coast Code Consultants
- 4 Leaf Inc.
- Shums Coda Associates
- Independent Code Consultants
- CSG Consultants

Each year, staff requests that Council approve an amendment to the fiscal year budget appropriation for consulting services based on the receipts received by the City to perform these services. Due to the current compensation language in the agreements, amendments to the budget also require an amendment to each of these agreements.

Staff is seeking Council approval to authorize the City Manager to negotiate and execute amendments to these agreements in a form approved by the City Attorney that will improve efficiencies for multiple departments, while continuing to keep Council informed through the process of approving future budget amendments as necessary based on collected revenues for these specific services.

DISCUSSION

Building permit fees are calculated based on the City's current Master Fee Schedule. Included in these calculations are fees specifically for plan check and inspection services, which are calculated utilizing the International Code Council Valuation Data Table and are collected from the applicant at the time of application submittal. These fees cover the costs for plan check and inspection services performed by both in-house staff and outside consultants, and were included in the 2015 Master Fee Study conducted by Willdan, with the intention of being full cost recovery.

As part of the FY15 approved budget, the original budget baseline appropriation for consulting services was increased from \$250,000 to \$340,000. Each year, staff has consistently returned to Council to request a budget amendment(s) to increase the appropriation for consulting services. As part of the mid-year budget process, Council recently approved Resolution #21-027 authorizing an increase to the FY21 budget

appropriation for Building Consulting Services from \$330,000 to \$780,000 to cover the actual plan check and inspection consulting expenditures and fees collected.

The Building Division has received an average of \$4.5 million annually during the period of FY15 through FY20 for services required to issue the applicable building permits per project. During this same period, the Building Division received and processed invoices from its plan check and inspection consultants, averaging \$930,000 annually. Remaining revenues cover staffing, technology surcharge, state mandated fees and other costs related to processing building permits.

The City currently has executed agreements with the five firms listed previously in this report. The terms for these agreements are for one year from the date of execution with the option for the City to extend the agreements for up to a total of three years, and a not-to-exceed amount of \$330,000. Continual amendments to the budget appropriation also require an equal number of amendments to each of these agreements due to the “not to exceed” amount. Numerous amendments to the agreements have resulted in inefficiencies across multiple City departments responsible for drafting, reviewing, executing and processing the amendments and has caused delays in processing payment to the consultants. Repeated amendments also create a risk for potential increases to the original contract rates which negates the intended rate stability during the potential three-year term of the agreements.

Staff seeks Council’s approval to amend the agreements with each firm for an amount not-to-exceed the approved budget appropriation for each fiscal year, including any approved budget adjustments, as opposed to a pre-determined not-to-exceed amount. If approved, staff will collaborate with the City Attorney’s Office to modify the agreements accordingly. The revised budget appropriation for FY2021 is \$780,000.

STRATEGIC ROADMAP

This agenda item is a routine operational item that does not directly relate to any of the six priorities outlined in the Council’s Strategic Roadmap.

FISCAL IMPACT

The cost of contracting consultants related to building plan check and inspection services is offset by the fees paid by the permit applicant based on valuation as outlined in the current Master Fee Schedule. Costs for plan check and inspection fees incurred by the consultants shall not exceed the fees collected for permits by the City specifically for these services. Consultants are hired for review or inspection services on a per project basis; therefore, there is no General Fund impact to the City should the quantity of permit applications requiring plan check and inspection either increase or decrease.

NEXT STEPS

Upon Council approval, staff will execute amendments to the Professional Services Agreements with West Coast Consultants; 4Leaf, Inc.; Shums Coda Associates; Independent Code Consultants; and CSG in a form approved by the City Attorney.

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