



DATE: January 25, 2022

TO: Mayor and City Council

FROM: Assistant City Manager/Development Services Director

SUBJECT: Adopt a Resolution Authorizing the City Manager to Amend the FY2022 Operating Budget for the Development Services Department Building Division for Outside Plan Check, Building Inspection, and Permit Technician Services

RECOMMENDATION

That Council adopts a resolution (Attachment II) approving an amendment to the FY2022 budget for the Development Services Department (DSD) - Building Division, increasing the appropriation from \$330,000 to \$800,000 for consulting services for outside plan check, building inspections, and permit technician 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 annual budget appropriation (distributed as appropriate amongst the consultants for work performed) for FY22, and for a term up to three years or until 2024.

The additional \$470,000 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. To date, approximately \$1.5 million in revenue has been collected for permit and inspection fees. Staff is requesting an additional appropriation of \$470,000 to cover the cost of outside plan checking, building inspections, and permit technician services for a total of \$800,000. There will be no impact to the General Fund due to this increase.

Moving forward as part of the FY23 budget process, staff intends to review and consider updating the annual Building Division budget to more accurately reflect the actual revenues and expenditures related to Building Division services.

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 that large projects, such as complex commercial and industrial projects or subdivisions, involving 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 the flexibility to use qualified firms or persons that are best suited, based on specific areas of specialization and availability of personnel. The City currently has executed agreements with five outside consulting firms to provide these services:

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

Each year, staff requests that Council approve an amendment to the fiscal year budget appropriation for Consulting Services in the Building Division based on the receipts received by the City to perform these services. Staff is seeking Council approval to amend the FY2022 Operating Budget for the DSD Building Division for outside plan check, building inspection and permit technician services based on collected revenues for these specific services.

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 original FY 2022 budget appropriation of \$330,000 established by Resolution 21-042. As of the end of December 2021, staff anticipates approximately \$386,485 will be 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, SOHAY, Legacy Partners, Hines, Berkeley Farms, and Mission Crossings.

The additional \$470,000 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 \$1.5 million in total revenue has been collected for permit and inspection fees.

Staff seeks Council approval to increase the expenditure appropriation for Consultant Services in the Building Division by an additional \$470,000, for a total revised budget of \$800,000, to cover the cost of outside plan check, building inspection, and permit technician services.

FISCAL IMPACT

There is no net impact to the General Fund. The additional \$470,000 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 \$1.5 million in total 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 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.

NEXT STEPS

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

Prepared by: Tera Maroney, Management Analyst
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Recommended by: Jennifer Ott, Assistant City Manager/Development Services Director

Approved by:



Kelly McAdoo, City Manager