



DATE: June 5, 2018

TO: Mayor and City Council

FROM: Interim Development Services Director

SUBJECT Authorization to Amend the FY2018 Operating Budget for the Development Services Department Building Division to Increase the Consulting Services Allocation from \$790,000 to \$1,040,000, an increase of \$250,000, for Outside Plan Check, Building Inspection and Permit Technician Services

RECOMMENDATION

That Council adopts the attached Resolution approving an amendment to the FY2018 budget for the Development Services Department - Building Division in the amount of \$250,000 for consulting services for outside plan check, building inspections and permit technician services.

SUMMARY

Staff is requesting an additional appropriation of \$250,000 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 of 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.

Fee related revenues in FY 2018 have exceeded the projected budget by 36%. On December 12, 2017, Council approved a \$450,000 increase to the Development Services Department's Building Division for consultant services from \$340,000 to \$790,000 to address service demands for plan check, building inspection, and permit technician services.

DISCUSSION

The continued rise in demand for permits and inspection services further necessitates the utilization of outside services, resulting in increased costs which have surpassed the revised budget appropriation of \$790,000 established by Resolution 17-194. 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 May 21, 2018, staff estimates that a total of \$775,293 invoices have been processed for outside and on-site plan check, building inspection, and permit technician services for services through March 2018.

Staff seeks Council approval to increase the expenditure appropriation for Consultant Services by an additional \$250,000 for a total revised budget of \$1,040,000 to cover the cost of outside plan check, building inspection and permit technician services through the end of the fiscal year.

FISCAL IMPACT

There is no net impact to the General Fund. The approval of the additional \$250,000 appropriation 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 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 recovery and will be fully borne by permit applicants and permittees.

STRATEGIC INITIATIVES

This agenda item is a routine operational item and does not relate to one of the Council's Strategic Initiatives.

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: Stacey Bristow, Interim Development Services Director

Approved by:

A handwritten signature in black ink, appearing to read 'K. McAdoo', is positioned above a horizontal line.

Kelly McAdoo, City Manager