

# Capitola City Council

## Agenda Report



**Meeting:** February 24, 2022

**From:** Community Development Department

**Subject:** Approve Sole-Source Contract with CSG Consultants for Building Division Contract Services

Recommended Action: 1) Authorize the City Manager to execute a sole-source contract with CSG Consultants in an amount not-to-exceed \$154,000 for on-call Building Division contract services for three and a half years; and 2) Approve the proposed resolution amending the FY 2021-22 Budget.

Background: Prior to 2018, the Building Division included two full-time positions: one building official and one building inspector. Under this structure, the majority of building plan checks were done in-house, with the exception of projects requiring special engineering review and larger commercial projects.

In 2018, the Building Division was restructured to include: one part-time building official, one full-time building inspector, and one full-time development service technician with half of the technician time dedicated to affordable housing administration. The development service technician position is currently filled at three quarter time (30 hours) with 20 hours dedicated to the Building Division and 10 hours toward affordable housing administration. Under the current Building Division structure, the majority of work is done in-house with the building official completing building plan reviews and the inspector performing all inspections. The development service technician and building inspector share administrative duties during open counter hours each morning.

In January 2022, the City's full-time building inspector resigned. Recruitment has been challenging due to the current labor shortage and high demand in the building industry. To maintain a high level of service, while the inspector position is vacant a portion of building plan checks and all building inspections will be contracted through a third party.

Discussion: For the next several months, the Building Division will must rely on consultant services for building plan review and inspections due to the current vacancy and the part-time status of the building official. An outside consultant will allow the building official to focus on Building Division operations, training existing and future staff, and completing building plan checks for over the counter permits. Both building plan review and building inspections are contemplated in the contract.

In the first half of FY 2021-22, the City received \$60,700 in plan review fees, while incurring a cost of \$14,500 for building plan review and building inspections by CSG. For the remainder of FY 2021-22, staff expects the building plan review costs to follow the same trend, but revenue will decrease because the majority of building plan reviews will be completed by a third party.

Staff anticipates plan review fees of \$35,000 and inspector service fees of \$30,000. CSG will provide an inspector for four hours in the afternoon three days a week. \$30,000 will cover inspection services February through June. Staff has also built in \$14,500 of previously incurred costs. In total, the contract will includes \$79,500 for the 2021-22 fiscal year. This amount will be partially offset with an estimated \$31,000 in salary savings due to the vacant Building Inspector position.

Once a building inspector is hired, the trend should improve with decreased reliance on an outside contractor for inspection and building plan review. For FY 2022-23, staff anticipates the Building Division to send approximately 20 percent of plan review to a third party, to allow the building official adequate time to train the future building inspector. The contract also includes 60 hours of building inspection services to cover during scheduled staff time off, and \$5,000 for special engineering plan reviews. The contract includes \$29,500 for the 2022-23 fiscal year.

For FY 2023-24 and FY 2024-25 the trend should normalize with \$10,000 in building plan review for larger projects, \$5,000 for special engineering review, and 60 hours of building inspector coverage for scheduled training and time off. The contract and cost estimates anticipate an increase in building inspector fees annually.

<b>Scope</b>	<b>Cost</b>
February 2022 – June 2022	
Plan Review	\$35,000
Building Inspector: 264 hours	\$30,000
Incurred Cost FY 21/22	\$14,500
<b>Total</b>	<b>\$79,500</b>
Fiscal Year 2022-23	
Plan Review	\$17,500
Building Inspector: 60 hours	\$7,000
Engineering Review	\$5,000
<b>Total</b>	<b>\$29,500</b>
Fiscal Year 2023-24	
Plan Review	\$10,000
Building Inspector: 60 hours	\$7,500
Engineering Review	\$5,000
<b>Total</b>	<b>\$22,500</b>
Fiscal Year 2024-25	
Plan Review	\$10,000
Building Inspector: 60 hours @ \$128/hour	\$7,500
Engineering Review	\$5,000
<b>Total</b>	<b>\$22,500</b>
<b>Contract Total</b>	<b>\$154,000</b>

Staff recommends a sole-source contract with CSG Consultants due to their knowledge of the Capitola Building Division processes and procedures. The contract with CSG is for on-call services as requested by the Community Development Director. There is no obligation by the City to spend the funds budgeted. The contract does not include a termination penalty should the City's contract service needs be less than currently anticipated.

Fiscal Impact: The contract building plan review is a revenue source for the Building Division based on the valuation of projects. CSG Consultants charges the industry standard of 65 percent of the building plan fee. At mid-year, the budget for building plan check consultant services was increased to \$43,100 of which \$14,341 has been utilized. In total, \$28,759 remains budgeted for third party review for this fiscal year. If approved, this action will increase the FY 2021-22 budget for outsourced plan checks by \$51,000 and reduce wages by \$31,000 for a net increase to the expenditure budget of \$20,000.

Following the mid-year budget amendments related to general fund revenues, there are adequate resources to provide for the \$20,000 increase to the budget. Additionally, if approved, staff will include the contract costs for FY 2022-23, FY 2023-24, and FY 2024-25 in the proposed budgets presented for City Council.

Attachments:

1. Contract
2. CSG Consultants Pricing
3. Sole Source
4. Proposed resolution
5. Budget Amendment

Report Prepared By: Katie Herlihy, Community Development Director

Reviewed By: Chloé Woodmansee, City Clerk; Jim Malberg, Finance Director; and Samantha Zutler, City Attorney

Approved By: Jamie Goldstein, City Manager