Capitola City Council

Agenda Report

Meeting: August 27, 2026

From: Community and Economic Development Department

Subject: Contract Amendment for Planning and Building Services

Recommended Action: Authorize the City Manager to execute 1) Amendment 2 to the Professional Services Agreements with CSG Consultants, Inc. for Planning Consultant Services to increase contract funding by $50,000; and 2) Amendment 1 to the Professional Services Agreement with CSG Consultants, Inc. for Building Consultant Services to increase contract funding by $95,000.

Background: To meet current operational demands within a highly competitive regional job market, the Department has adapted its staffing models and leveraged the existing CSG agreement to ensure service continuity.

In April 2026, the City underfilled the Senior Planner position with an Assistant Planner. Additionally, the City successfully onboarded a new Building Official in March 2026, who is currently progressing through a comprehensive professional development plan toward full certification by March 2028. To maintain uninterrupted community services during this transitional period, staff recommends amending the agreement with CSG Consultants, Inc. to continue to provide seamless building plan reviews and inspection coverage.

Discussion: Staff is seeking amendments to the two separate agreements with CSG Consultants to provide an additional $50,000 in planning services and $95,000 in building services. The services will be provided on an as-needed basis through June 30, 2027.

Planning Consultant Services: On July 30, 2025, the City entered into a Professional Services Agreement with CSG Consultants, Inc. (CSG) for Planning Consultant Services. The not-to-exceed amount was $50,000. The City and CSG entered into a First Amendment to the PSA for Planning Consultant Services to increase the not-to-exceed amount from $50,000 to $125,000.

With the Senior Planner position currently underfilled by an Assistant Planner, there remains a need for an experienced planner to assist with complex projects, including density bonus applications, commercial development proposals, subdivisions, and projects subject to SB 330. CSG has provided planning assistance on recent applications, including the Tesla tenant improvement, subdivision applications, density bonus applications, and SB 330 preliminary applications.

For development projects, the City typically collects a planner cost recovery deposit and bills the applicant for staff and consultant time on an hourly basis. As a result, the majority of CSG's planning costs associated with development applications are recovered from project applicants.

Some consultant activities are administrative in nature and are not billable to project applicants. These activities are offset by the salary and benefit savings realized by underfilling the Senior Planner position with an Assistant Planner.

Staff recommends an amendment to provide $50,000 in additional on-call planning services and extend the agreement through June 30, 2027. The proposed Second Amendment to the PSA for Planning Consultant Services would increase the not-to-exceed amount from $125,000 to $175,000. The agreement is for services requested by City staff on an as-needed basis, and there is no obligation for the City to expend the full contract amount.

Building Plan Review and Inspection Services: On July 1, 2024, the City entered into a Professional Services Agreement with CSG for Building Division and Public Works Department Consultant Services. The not-to-exceed amount was $120,000 for fiscal year 2024-25, $90,000 for fiscal year 2025-26, and $90,000 for fiscal year 2026-27.

Because the City's Building Official is currently completing the certification requirements necessary to perform building plan review, all building plan review is currently being provided by CSG. CSG also provides supplemental building inspection services when the Building Official is unavailable.

CSG receives 65 percent of the applicable building plan check fee for plan review services. Building plan review fees are collected from applicants at the time of application, and the full cost of the plan review is recovered through these fees. Accordingly, the $85,000 budgeted for building plan review is anticipated to be fully offset by applicant-paid fees.

The City is also requesting $10,000 for supplemental building inspection services when the Building Official is out of the office. These services provide continuity of building inspection services and ensure that required inspections can continue when the Building Official is unavailable.

Staff recommends an amendment of $95,000 ($85,000 for building plan review and $10,000 for supplemental building inspection services). The proposed First Amendment to the PSA for Building Consultant Services would increase the not-to-exceed amount from $90,000 to $185,000 for fiscal year 2026-27.

The proposed First Amendment will provide the City with continued access to experienced building plan review and inspection resources while the Building Official completes the certification process. CSG services will be provided on an as-needed basis, and there is no obligation for the City to expend the full amount authorized.

Fiscal Impact: The proposed CSG contract amendments are already included in the City's adopted FY 2026-27 budget. The action before the City Council is limited to amending the existing contracts and does not require a budget amendment or additional appropriation.

The FY 2026-27 budget includes $50,000 for planning consultant services and $95,000 for building services, consisting of $85,000 for building plan review and $10,000 for supplemental building inspection services. The total amount associated with the proposed amendments is $145,000.

A significant portion of these costs is recovered through the City's development fee cost recovery process. The $85,000 for building plan review is anticipated to be fully recovered through applicant-paid plan review fees. Planning services associated with development applications are also primarily recovered through applicant-paid deposits and hourly cost recovery. The City will be responsible for certain non-billable administrative and coordination activities associated with planning consultant services; these costs are offset by the personnel savings associated with underfilling the Senior Planner position with an Assistant Planner.

No additional General Fund appropriation is requested.

Attachments:

1. Professional Services Agreement for Planning Consultant Services dated July 30, 2025
2. First Amendment to Professional Services Agreement for Planning Consultant Services dated January 2, 2026
3. Proposed Second Amendment to Professional Services Agreement for Planning Consultant Services
4. Professional Services Agreement for Building Division and Public Works Department Consultant Services dated July 1, 2024
5. Proposed First Amendment to Professional Services Agreement for Building Consultant Services

Alignment with 2025-2029 Strategic Plan Priority: Accountable Government; Sustainable Infrastructure

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Reviewed By: Julia Gautho, City Clerk

Approved By: Jamie Goldstein, City Manager