

Capitola City Council

Agenda Report



Meeting: May 23, 2024

From: Community Development Department

Subject: Plan Review Consulting Services Agreement

Recommended Action: Adopt a resolution authorizing the City Manager to execute a sole-source Professional Services Agreement with CSG Consultants in an amount not to exceed \$300,000 for on-call Building Division and Public Works Department contract services for three years.

Background: For the past five years, the Building Division was structured with a shared Building Official between the City of Capitola and the City of Scotts Valley. In January of 2024, the previous Building Official retired and the Building Inspector was promoted to full-time Building Official, and the shared Building Official contract with Scotts Valley was terminated.

The Building Division currently includes one full-time Building Official and one full-time Development Services Technician, with half of the technician time dedicated to Building and half to Planning/affordable housing administration. Within the current staffing structure, the Building Division relies more heavily on consultant services for building plan review and occasional onsite services for inspections during planned time off.

Discussion: The City currently has a contract with CSG Consultants for both building plan review and building inspection services. The original contract anticipated only large-scale projects going out for third-party review. Under current operations, all new residential units and more complex commercial upgrades are sent to CSG Consultants for building plan review.

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% of the building plan fee. The cost of building plan review has averaged \$5,500 monthly for typical projects associated with single-family homes and commercial tenant improvements. More complex plan reviews have much higher costs. For example, the cost for CSG Consultants to review the new 36-unit affordable housing development at 4401 Capitola Road is \$19,000. These costs are paid by the applicants.

Staff is recommending a new three-year agreement with CSG which will account for fluctuation in budget due to unknown costs associated with larger projects. In FY 2024-25, staff anticipates up to \$60,000 in annual costs for typical plan review and around \$30,000 for the 52-unit development at 1098 38th Avenue. For the three-year contract, staff is estimating up to \$210,000 for both building plan review and building inspection services. This would cover the current trend of typical permits and one larger development per year.

Public Works Department staff supports the Community Development Department by ensuring public right of way and stormwater compliance for various private land development applications. In general, the Public Works building permit phase of private development review is very time-intensive. Utilizing CSG to perform the building permit reviews associated with Public Works requirements provides staff the flexibility to engage in a broader range of projects, such as capital improvement and environmental sustainability. Moreover, using CSG for Public Works plan review ensures consistency in review feedback, streamlining the process and avoiding the need to involve multiple departments. Staff estimates up to \$30,000 per year for the Public Works review. These costs are paid by project applicants.

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: 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% of the building plan fee. If approved, this action will create a new contract for outsourced building plan checks for up to \$210,000 and public works review for up to \$90,000 over three years. Additionally, staff will include the contract costs for FY 2024-25, FY 2025-26, and FY 2026-27, in the proposed budgets presented to the City Council. These costs will be offset by corresponding revenue.

Attachments:

1. Sole Source Determination
2. CSG Statement of Qualifications

Report Prepared By: Katie Herlihy, Community Development Director, and Jessica Kahn, Public Works Director

Reviewed By: Julia Gautho, City Clerk; Samantha Zutler, City Attorney

Approved By: Jamie Goldstein, City Manager