



Folsom City Council Staff Report

MEETING DATE:	1/13/2026
AGENDA SECTION:	Consent Calendar
SUBJECT:	Resolution No. 11535 - A Resolution Authorizing the City Manager to Amend the FY 2025-26 Budget with an Additional Appropriation for Building Services Contracts in the amount of \$435,000 in the General Fund (Fund 010)
FROM:	Community Development Department

RECOMMENDATION / CITY COUNCIL ACTION

Staff respectfully recommend that the City Council move to approve Resolution No. 11535 - A Resolution Authorizing the City Manager to Amend the FY 2025-26 Budget with an Additional Appropriation for Building Services Contracts in the amount of \$435,000 in the General Fund (Fund 010)

BACKGROUND

All building construction plans for proposed development in the City of Folsom are submitted to the Community Development Department, Building Division. The submittals are reviewed by plan check staff for conformance to the California Building Code and local ordinances prior to issuance of the building permit. Once the building permit is issued and construction begins, Building Inspectors will inspect the site to ensure construction is consistent with the approved plans and Code.

Building activity in the City each year fluctuates in response to a variety of factors including but not limited to economic conditions, market demand, land use trends, land availability and readiness, and the age/conditions of existing structures. Regardless of the fluctuation, the City is obligated to review plans, issue permits, and conduct inspections in a timely manner.

The Community Development Department Building Division currently employs 11 full-time staff for Building Services to assist in plan review, permitting, and inspection services as listed below.

Building Division Positions	# Staff
Permit Technicians	3
Building Plans Coordinator	1
Plan Checker II	1
Plan Check Engineer	1
Building Official	1
Building Inspector I/II	2
Senior Building Inspector	1
Supervising Building Inspector	1

The City’s current staffing levels represent minimum baseline staffing to support low to moderate levels of building development activity. Over the last five-year period, the City has experienced consistently high levels of building development activity exceeding staff capacity. To meet the customer needs for these higher levels of building development activity, the City has employed supplemental contract services (on call service contracts) for permit processing, plan check, and inspection services paid for by corresponding revenue for services.

For each fiscal year budget, the Community Development team prepares projections for anticipated development activity Citywide for planning, development engineering, and building plan check and inspection services with corresponding revenue estimates based on current fees for projected activity. Historically, the proposed budget includes more conservative estimates for revenue associated with development activity (20% below projections) and a flat consultant contract budget is appropriated for building plan check and inspection divisions to supplement staffing capacity. If the City receives high levels of development activity increasing supplemental contract demand, Community Development requests additional contract budget appropriation supported by the corresponding revenue for development activity. Notably, for the current fiscal year budget projection, Community Development projections were included without a 20% reduction as has been done in the past.

The table below shows historical projected and actual revenue and contract expense data for building services for the last full five-year period (including the pandemic). The table also includes revenue and contract expenditure data for the first six months of this fiscal year. Revenue has consistently exceeded projections by an average of 50%. As a direct correlation, contract costs for supplemental plan check and inspection service demands over that same five-year period have consistently exceeded contract budget expense allocations.

CDD Building Revenue and Contract Expense History				
Fiscal Year	Projected Revenue	Actual Revenue	Approved Contract Budget Appropriation	Actual Contract Expense
FY 2020/21	\$2,160,356	\$4,651,797	\$675,000	\$711,344
FY 2021/22	\$3,367,656	\$4,904,803	\$209,500	\$262,623
FY 2022/23	\$3,989,296	\$5,268,332	\$265,000	\$557,703
FY 2023/24	\$3,175,750	\$5,365,953	\$265,000	\$1,337,601
FY 2024/25	\$3,859,300	\$4,629,862	\$267,443	\$1,038,228
FY 2025/26*	\$3,867,700	\$1,942,516	\$265,000	\$335,426
* 6-month data July 1 through Dec 31, 2025				

Annual average revenue for the Building Division over the last five years is \$4,964,149 and the average annual contract expense over the same five-year period is \$781,499. Despite the high annual contract expense, the contract budget appropriation for the last three fiscal years has been \$265,000. Each year, Community Development continues to request City Council approval of additional contract budget appropriation to meet the Building Division service demand and that expense is covered by the building services revenue.

In the first 6 months of FY2025-26, building revenue is at 51% of the projected \$3.8 million for the year. Corresponding contract expenses for the first 6 months with invoices received in December are \$335,000, which exceeds the total contract budget for the full year of \$265,000. As a reminder, this projected revenue was not discounted by 20% as had been done in previous years. If the 20% reduction in projected revenue had been incorporated, revenue would exceed projections by \$388,503 for the first six months of this fiscal year and \$777,006 for the full fiscal year. That revenue will offset additional contract expense for higher levels of development activity.

POLICY / RULE**

As set forth in Section 5.05H of the City Charter, prior to the City Council making any supplemental appropriation, the City Manager shall certify that monies in excess of those estimated in the budget are available for appropriation. Any such supplemental appropriation may be made for the fiscal year by resolution up to the amount of any available excess funds.

ANALYSIS

As described in the background section of this report, Folsom has experienced consistently high volumes of building permit, plan check, and inspection activity over the last five years exceeding our baseline staffing capacity. To meet the building service demand that exceed our staff capacity and/or expertise, Folsom has utilized consultant service contracts for building plan check and inspection services. All contract revenue and expenses are accounted for in the City’s general fund.

The City of Folsom has a three-year contract in place with five on-call consultants who receive on average, 65% of the City’s Plan Check Fees for a full plan review as shown in the table below.

Consultant Costs for Services				
Consultant	Percentage of Plan Review Fee		Hourly Rate for Staff	
	Commercial	Residential	Permit Technician	Building Inspector
4Leaf, Inc.	64%	64%	\$80	\$115
TRB & Associates	55%	30%	\$75	\$115
CSG Consultants	65%	45%	\$80	\$125
BPR Consulting Group	68%	65%	\$65	\$115
Bureau Veritas	65%	60%	\$70	\$105

Consultant Inspection and Technician Services are invoiced on an hourly basis and funded through the Permit Issuance Fees collected. Consultant inspection services are utilized for smaller, less complex construction projects such as residential remodels and new residential construction while City Staff inspect larger, more complex projects such as hotels, large apartment complexes, and commercial projects. Permit Technician services are utilized when high volumes of permit applications are anticipated to maintain customer service levels.

Each fiscal year, the Community Development Staff prepare revenue projections based on discussions with potential developers, landowners, and stakeholders about approved or planned entitlements and projects to predict the level of development activity for the next fiscal year. This projection is used to identify any additional staffing needs/costs and to estimate supplemental contract services needs/costs. Historically, the City’s adopted budget includes a conservative percentage of the Staff revenue projection for development activity. For the last five-year period, actual development activity and corresponding revenue and consultant contract costs have exceeded both the City’s adopted budget and the Staff projections. Staff will continue to prepare cost-benefit analysis of high contract service costs vs additional full-time staff to meet building service needs.

The City has experienced consistently high levels of development activity over the last five years exceeding minimum baseline staffing levels for low development activity levels. While building revenue continues to remain high, appropriated contract expenses remains around \$265,000 annually. When projecting building revenue for FY 2025-26, a more calculated approach was taken, however the approved budget did not reflect the additional contract expense needed to support the higher development activity level. As Building revenues increase, Building consultant expenses increase as well to meet timelines and construction demands.

For FY 2025-26, Building is on track to meet or exceed projected revenues (currently at 51% of total revenue anticipated) entering the second half of the fiscal year, which historically collects more revenue than the first half of the fiscal year due to better weather and hours of daylight for construction activity to continue. As previously identified, the current revenue projection for FY2025-26 reflects staff projection without the historical 20% reduction. It is anticipated that Building contract costs will not exceed \$700,000 this fiscal year. With invoices

received to date, contract expenses of \$335,426 in the first half of the year are 126% of the total contract budget of \$265,000.

Staff is recommending the City Manager be authorized to amend FY 2025-26 budget with additional appropriation for building services contracts in the amount of \$435,000 in the General Fund (Fund 010) for a total appropriation of \$700,000 to cover anticipated contract expenses for the second half of the fiscal year. The contract expense will continue to track with building permit revenue for full cost recovery.

FINANCIAL IMPACT

The cost of Third Party Building Plan Review and Inspection Services is offset by revenue generated by Plan Check and Issuance Fees adopted by City Council Resolution.

The Community Development Building Division contract budget in the General Fund (Fund 010) is established by City Council budget authorization. In the current FY 2025-2026 budget, funds in the amount of \$265,000 are budgeted in the contracts line item for all Building Division contracts. Cumulative contract expenditures have exceeded \$265,000 annually for the last five years, and staff is now requesting the City Council appropriate additional funds in the Community Development Building Division contract budget in the General Fund (Fund 010) for FY 2025-26 in the amount of \$435,000 for a total building contract budget of \$700,000.

ENVIRONMENTAL REVIEW

The project is exempt from the California Environmental Quality Act (CEQA) pursuant to Section 15061 b (3) (General Rule Exemption) of the CEQA Guidelines.

ATTACHMENT

Resolution No. 11535 - A Resolution Authorizing the City Manager to Amend the FY 2025-26 Budget with an Additional Appropriation for Building Services Contracts in the amount of \$435,000 in the General Fund (Fund 010)

Submitted,



Pam Johns, Community Development Director