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TOWN COUNCIL CONSENT AGENDA COMMUNICATIONS

AGENDA DATE: March 3, 2025

SUBJECT: First Amendment to Building Division Services Agreement with SAFEbuilt Colorado, LLC

ATTACHMENTS:

1. First Amendment of Agreement to provide Building Department Services between Town of Johnstown, Colorado and SAFEbuilt Colorado, LLC
2. Current Agreement to provide Building Department Services between Town of Johnstown, Colorado and SAFEbuilt Colorado, LLC
3. Monthly Expense Data: Aug. 2023 – Jan. 2025

PRESENTED BY: Jeremy Gleim, AICP, Planning & Development Director

AGENDA ITEM DESCRIPTION:

On December 5, 2022, the Town entered into an agreement with SAFEbuilt Colorado, LLC, to provide Building Division Services (Services) for the Town of Johnstown. Services provided include: plan reviews, processing permits, conducting inspections, preparing certificates of occupancy, responding to phone referrals, attending conferences with building permit applicants, and investigating complaints of violations of the Johnstown Municipal Code for residential, commercial and industrial properties. The agreement took effect in January 2023 and renews annually. Under the terms of the agreement, the Town committed to paying a monthly fee of \$25,000 for said services for the years 2023 and 2024 with the agreement providing a slight increase in calendar year 2025.

As part of our routine contract reviews, staff has evaluated our agreement with SAFEbuilt, an essential service for our community, and explored various pricing options to determine the most beneficial approach for the Town. The options considered include:

1. **Percent-Based Billing:** SAFEbuilt's preferred method involves taking a percentage of the building permit fees collected by the Town. Based on this formula, staff estimates that the cost of services would range between \$600,000 and \$700,000 annually, depending on the number and types of permits issued.
2. **Hourly Rate Billing:** Under this model, SAFEbuilt would bill the Town based on the actual hours worked each month, which could result in significant cost fluctuations. Using this method, the cost for services in 2024 would have been approximately \$435,145. (Over the past six months, the average billable hours have equaled \$38,207 per month.)
3. **Flat Monthly Rate:** Increasing the current flat monthly rate to \$35,000 would better align with the services provided while offering financial stability for budgeting purposes. The total annual cost using this approach is \$420,000.

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After careful evaluation, maintaining a predictable flat rate structure remains the most advantageous approach for the Town, balancing financial responsibility with the need for high-quality building services. Currently, the Town has budgeted \$300,000 in 2025 for these services. The proposed amendment would increase these services to a cost of \$400,000 in calendar year 2025.

It is important to note that the proposed amendment also includes provisions for annual increases based upon the annual increase in the Department of Labor, Bureau of Labor Statistics or successor thereof, Consumer Price Index (CPI) for the Town or, if not reported for the Town, the CPI for cities of a similar size within the applicable region from the previous calendar year, such increase, however, not to exceed 4% per annum.

Based on the foregoing, staff is recommending that the Town Council approve the First Amendment to the agreement to provide Building Department Services with SAFEbuilt Colorado, LLC. If approved, the effective date of the amendment would be March 1, 2025.

STRATEGIC PLAN ALIGNMENT:

- Organizational Excellence & Public Trust
 - *Strengthen public trust and confidence*
- Safe & Welcoming community
 - *Provide and maintain public safety services and awareness in our community*
- Natural & Built Environment
 - *Invest in, enhance, and conserve our parks, open spaces, agricultural areas and natural environment*

LEGAL ADVICE:

The Town Attorney reviewed the proposed amendment to the agreement.

FINANCIAL ADVICE:

A budget amendment will likely be needed at a later date to accommodate the increase.

RECOMMENDED ACTION:

Staff recommends that the Town Council approve the First Amendment to Building Division Services Agreement with SAFEbuilt Colorado, LLC, and authorize the Town Manager to execute accordingly.

Reviewed and Approved for Presentation,



Town Manager

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