



City of Ketchum

**CITY COUNCIL MEETING AGENDA MEMO**

Meeting Date: October 2, 2023 Staff Member/Dept: Morgan Landers, AICP – Director of Planning and Building

Agenda Item: Recommendation to review information and provide direction to staff on staffing of the Ketchum Building Department

Recommended Motion:  
No motion required.

- Reasons for Recommendation:
- The Ketchum Building Department has been staffed by the State of Idaho since 2015. Since that time, various provisions of the contract have been difficult to achieve including enforcement of local ordinances and consistent staffing of inspectors.
  - The city has received various concerns related to quality of inspections, quality of plan review, and clunky permitting/inspection platforms.
  - Staff have evaluated various options for staffing of the building department for consideration by City Council.

Policy Analysis and Background (non-consent items only):

**Why Now:**  
Staff began evaluation of the city’s contract with the State of Idaho in later winter/early spring of this year to determine what services are needed to adequately serve the community, what of those services are provided by the state, and what services does the city currently need additional support. As noted above, various contract provisions have been difficult to achieve. Of most importance to the City of Ketchum and its residents, the Ketchum Municipal outlines many roles and responsibilities of the “Building Official” in upholding our local regulations which protect the health and safety of our community. As of late spring, the state communicated to staff that they would only enforce building codes adopted by the state but would not assist in enforcing locally adopted ordinances. This created a staffing void that had to be supplemented by additional resources from our Community Service Officers, Fire Marshall, and Director of Planning. Staff believes that with this determination, it is critical to seek out alternative solutions to staff the building department.

**Options:**  
Staff initiated discussions with the Wood River Valley jurisdictions in May of this year to determine if there was a scenario where joint building department services would be viable. We appreciate the willingness of the other jurisdictions to engage in an open and collaborative discussion. Ultimately, for various reasons unique to each jurisdiction, a joint solution could not be achieved so city staff focused efforts on two feasible options to staff Ketchum’s building department independently. Below is an over of those two

options and the pros and cons of each. Additionally, Attachment A is a cost comparison of each scenario for high revenue and low revenue years. Both scenarios would provide a full time building official with inspections offered five days a week, new permitting software, and streamlined processes for building permit applications, inspection scheduling, and certificates of occupancy. All trades (mechanical, electrical and plumbing) inspections and permitting still have to go through the state.

**Option A:** Hire a full-time in-house Chief Building Official who can carry out the duties of the “Building Official”, conduct inspections (no trades), and conduct plan reviews as capacity and expertise permits. Outsource most plan reviews to a third-party plan review firm.

- Pros – Integrated Ketchum employee under city management.
- Cons – Financial obligation during recession years. Difficult to scale up or down based on development cycles. Higher fixed costs than option B with large one-time costs for setup/onboarding. May be a difficult position to fill due to number of qualified applicants and housing availability. May extend the timeline for transition if position can’t be filled.

**Option B:** Contract with a third-party consultant who specializes in providing full-service building department functions. This would include one full-time dedicated on-site Building Official, plan review, and inspections (no trades).

- Pros – Full-time dedicated Building Official that would enforce all locally adopted codes as permitted by law. Contract can be scaled up or down in response to development cycles. Permitting software included in full-service contract. Less financial risk during slow cycles. Lower cost than Option A.
- Cons – Indirect performance management (through contract).

The city also has the option of continuing our service with the state with a renegotiated contract for service. That is the lowest cost option, however, the state’s determination on enforcing our local municipal code will not change with a renegotiated contract.

#### **Next Steps:**

At this time, staff is recommending Option B as the path forward as we do not know how robust the development market will be over the next few years and a scalable staffing model allows for flexibility depending on market conditions. Staff has received a preliminary proposal from SafeBuilt, a national provider of full-service building department services, that has a strong presence in Idaho. Safebuilt has a national network of certified building officials and inspectors and have demonstrated interest from many to serve our community. SafeBuilt’s contract for services is a flat, not graduated, percent of revenue (53%) for building permits and building plan review fees.

If the City Council supports the recommended option, staff would proceed with contract negotiations with SafeBuilt and advance transition of our Building Department services. Based on our research, staff believes that SafeBuilt provides a full-service model not found with any other consulting firm. There are firms that provide portions of services we need, however, managing multiple consulting contracts for one department’s core functions is overly onerous. For this reason, we do not plan to issue an RFP to obtain bids for these services. Consulting services are exempt from RFP bid requirements.

Our goal is to transition the department to the new model by February 2024 ahead of the 2024 construction season. A 90-day notice to the state is required for this transition.

Sustainability Impact:

Either option provides a better resource to the City of Ketchum when implementing sustainability goals related to design and construction of more sustainable city buildings. SafeBuilt also implements contracts in states where more advanced green building codes are adopted and enforced.

Financial Impact:

None OR Adequate funds exist in account:	<p>Currently, the city spends approximately 30% of its building permit and building plan check revenue on building department services from the state. Attachment A includes an overview of each option in high and low revenue years based on previous data. Option A is the more costly option and creates exposure to the city in low revenue years. Option B is less costly and can be scaled up or down depending on development cycles.</p> <p>Attachment A also provides anticipated costs and net revenue under Option B for FY24 based on adopted budget projections and 5-year averages of actual revenue. The adopted budget for FY24 anticipated an increase in building department expenses of 65% of revenue with a net revenue number of \$173,250. Under Option B, the total percent of revenues paid to SafeBuilt would be 53%, which is less than what is budgeted and would provide net revenue above the revenue projected in the adopted budget.</p>
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Attachments:

A. Building Department Migration Options – Budget Overview

**BUILDING DEPARTMENT MIGRATION OPTIONS - BUDGET OVERVIEW**

Revenue Information	FY 2019-2023		FY 2005-2023		FY 2024
	5 year Avg	5 year Med	Low year (2010)	High Year (2023)	Budget
Building Permit	\$ 416,734.80	\$ 410,234.89	\$ 87,227.00	\$ 556,373.50	\$ 300,000.00
Building Plan Check	\$ 265,398.32	\$ 257,663.50	\$ 45,416.00	\$ 351,026.93	\$ 195,000.00
<b>Total</b>	<b>\$ 682,133.11</b>	<b>\$ 667,898.39</b>	<b>\$ 132,643.00</b>	<b>\$ 907,400.43</b>	<b>\$ 495,000.00</b>
			Net Revenue	\$	173,250.00

**OPTION COMPARISON**

**Option A:** Ketchum hires an in house Chief Building Official/Inspector that will do all building official duties, inspections, and some plan review if time allows. Most plan reviews would be outsourced to SafeBuilt for electronic plan review off-site similar to what happens now.

**Pricing:** Fixed costs for staff, permitting software, vehicle maintenance, and annual certification maintenance. Plan review cost is based on a percent of revenue (57%).

**Option B:** Ketchum would hire SafeBuilt as a full service building department service provider which includes a dedicated on-site Chief Building Official/Inspector five days a week in Ketchum. The building official would conduct all building official duties, inspections, and some plan review. Plan review would also be done by SafeBuilt off-site similar to what happens now.

**Pricing:** No fixed costs for staff. Permitting software is included in price. Fee is based on a percent of permit and plan review revenue (53%).

Option A: High Revenue Year	
Staffing	\$ 177,901.00
Plan Review (57% of rev)	\$ 210,085.35
Inspections	0
Permitting Software	\$ 30,500.00
Other Annual Costs	\$ 18,360.00
<b>Subtotal</b>	<b>\$ 436,846.35</b>
Net Rev	\$ 470,554.08
<b>One-Time Expenses*</b>	<b>\$ 102,000.00</b>

Option B: High Revenue Year	
Staffing	\$ -
Plan Review (53% of rev)	\$ 186,044.27
Inspections (53% of rev)	\$ 294,877.96
Permitting Software	\$ -
Other Annual Costs	\$ 1,000.00
<b>Subtotal</b>	<b>\$ 481,922.23</b>
Net Rev	\$ 425,478.20
<b>One-Time Expenses*</b>	<b>\$ -</b>

FY24 Projections - Option B		
	FY24 Budget	5 year Actuals
Staffing	\$ -	\$ -
Plan Review	\$ 103,350.00	\$ 140,661.11
Inspections	\$ 159,000.00	\$ 220,869.44
Permitting Software	\$ -	\$ -
Other Annual Costs	\$ 1,000.00	\$ 1,000.00
<b>Subtotal</b>	<b>\$ 263,350.00</b>	<b>\$ 362,530.55</b>
Net Rev	\$ 231,650.00	\$ 319,602.56
<b>One-Time Expenses*</b>	<b>\$ -</b>	<b>\$ -</b>

Option A: Low Revenue Year	
Staffing	\$ 177,901.00
Plan Review (57% of rev)	\$ 29,887.12
Inspections	0
Permitting Software	\$ 30,500.00
Other Annual Costs	\$ 10,860.00
<b>Subtotal</b>	<b>\$ 249,148.12</b>
Net Rev	\$ (116,505.12)
<b>One-Time Expenses*</b>	<b>\$ 102,000.00</b>

Option B: Low Revenue Year	
Staffing	\$ -
Plan Review (53% of rev)	\$ 24,070.48
Inspections (53% of rev)	\$ 46,230.31
Permitting Software	\$ -
Other Annual Costs	\$ 1,000.00
<b>Subtotal</b>	<b>\$ 71,300.79</b>
Net Rev	\$ 61,342.21
<b>One-Time Expenses*</b>	<b>\$ -</b>

\*One time expenses include vehicle purchase/registration/materials, IT equipment, and initial setup of permitting software.