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MEMORANDUM

City Manager's Office

Date: October 27, 2026

To: Mayor Jackola and City Council

From: Ron Whitlatch, City Manager

Subject: Amendment No. 1 to Professional Services Contract – Northwest Code Professionals, LLC

BACKGROUND

On June 12, 2024, the City Council approved a professional services agreement with Northwest Code Professionals, LLC (NWCP), for Building Official services, plan review, inspections, and related building program services. The agreement became effective July 1, 2024, and extends through June 30, 2029.

The original contract established a compensation structure consisting of percentage-based plan review fees, hourly charges for inspections and other services, and mileage reimbursement. Under this structure, the City's expenditures vary based on the volume and type of services performed.

During a review of the Building Division's financial performance, staff evaluated building permit revenues, contracted service costs, and the City's building program reserves. Oregon Administrative Rule (OAR) 918-020-0090 establishes financial and administrative responsibilities for municipal building inspection programs, including providing adequate resources to administer and enforce the program and accounting for program revenues and expenditures.

The City's building program reserve planning incorporates a benchmark of approximately 24 months of operating expenditures to maintain financial stability during periods of reduced construction activity. Building permit revenues fluctuate with economic conditions and development activity, so adequate reserves are essential to sustain services during periods of lower revenue. The City will continue monitoring building program revenues, expenditures, and reserve balances to ensure it maintains adequate resources to support ongoing program operations.

While the City cannot control fluctuations in building permit revenues, it can make its operating expenditures more predictable. The current compensation structure creates variable costs that are difficult to forecast, so a fixed compensation model could improve budget planning and support the building program's long-term financial sustainability.

Based on this review, the City and NWCP agreed to reopen negotiations on the existing contract's compensation provisions. The objective was to establish a more predictable and sustainable cost structure while maintaining the existing scope and level of services.

Following several discussions and consideration of alternative compensation proposals, the City and NWCP reached a mutually acceptable agreement on October 26, 2026.

PROPOSED CONTRACT AMENDMENT

The proposed Amendment No.1 replaces the existing variable compensation structure with a fixed monthly rate as follows:

Contract Period	Compensation
September 1–October 31, 2026	Existing contract compensation remains in effect.
November 1, 2026–June 30, 2027	$17,000 per month
July 1, 2027–June 30, 2029	$20,000 per month

Beginning November 1, 2026, the fixed monthly rate will include all services provided under the existing agreement, with no additional mileage reimbursement, percentage-based plan review fees, hourly charges, or other supplemental compensation.

The amendment maintains the existing scope and level of services, including Building Official services, plan review, inspections, office hours, and other responsibilities identified in the City's Building Inspection Program Operating Plan.

The amendment does not extend the original contract term or modify the existing termination provisions.

BUILDING PROGRAM ADMINISTRATION AND SERVICE DELIVERY

ORS 455.148(3)(a) authorizes a municipality to contract with a qualified Building Official to administer and enforce all or part of its building inspection program. The statute provides that a Building Official or contract Building Official shall attend to all aspects of code enforcement, including the issuance of building permits. The City remains responsible for maintaining its building inspection program and providing adequate program resources under OAR 918-020-0090(1)(a).

Under the existing agreement, NWCP provides Building Official services, plan review, inspections, and related technical code services. City staff continues to manage program finances, permit administration, coordination with other departments, customer service, and overall program operations. The contracted Building Official's responsibilities remain governed by applicable state law, the City's Building Inspection Program Operating Plan, and the agreement.

The current service model provides access to qualified professionals with the certifications necessary to perform these functions. It also provides continuity of service during vacations, sick leave, and other personnel absences without requiring the City to arrange additional coverage independently.

As part of its evaluation, staff also considered establishing an in-house Building Official position. The proposed contract compensation is approaching a level that warrants continued evaluation of this alternative. However, an employee's total cost extends beyond salary to include benefits, retirement contributions, training, certifications, equipment, administrative support, and coverage during absences.

The qualifications and certifications necessary to perform the full range of Building Official, inspection, and plan review services may also limit the available recruitment pool. Depending on an employee's qualifications, the City may still need supplemental contracted services.

Staff believes the negotiated compensation provides an appropriate balance of cost predictability, professional qualifications, and continuity of service under the City's current operational needs. This approach does not preclude the City from considering an in-house staffing model in the future as building activity, program revenues, service needs, and staffing availability change.

RECOMMENDATION

Staff recommends that the City Council approve Amendment No.1 to the Professional Services Contract with Northwest Code Professionals, LLC, and authorize the City Manager to execute the amendment.