



**DATE:** November 12, 2019

**CATEGORY:** Consent

**DEPT.:** Community Development

**TITLE:** **Amendment to Contracts for Outside Plan Checking, Inspection, and Administrative Services**

### **RECOMMENDATION**

1. Increase appropriations in the amount of \$3,560,000 in the Community Development Department, Development Services Fund, for building and fire plan checking and inspection services. (Five votes required)
2. Authorize the City Manager to execute amendments to increase consultant contracts for outside building and fire plan checking and inspection services with: CSG Consultants, Inc., from \$200,000 to \$400,000; ESH Consultants from \$100,000 to \$275,000; Fire & Risk Alliance, LLC, from \$100,000 to \$300,000; Shums Coda Associates, Inc., from \$650,000 to \$3,650,000, for services rendered July 1, 2019 through June 30, 2020, for total contract increases of \$3,575,000.

### **BACKGROUND**

Over the past 28 years, the Building Inspection Division has used consulting firms to provide structural, Fire, and Building Code services. Contracting with these professional firms allows the Building Inspection Division the flexibility to respond and manage the development workload as it fluctuates. Consultants have been necessary to maintain quick turnaround times for building and fire plan checking, and inspection services, thus maintaining a customer service level that is expected by the City's businesses and developers, and meeting requirements under State law.

On June 4, 2019, Council authorized building inspection and fire plan checking, and inspection contract services for Fiscal Year 2019-20 with the following companies and amounts totaling \$1,420,000:

BMI Imaging, Inc. – Digital Imaging Services	\$ 120,000
CSG Consultants, Inc. – Building Services	200,000
ESH Consultants – Fire Services	100,000
Fire & Risk Alliance, LLC (FRA) – Fire Services	100,000
O’Brien Code Consulting, Inc. (OCC) – Building Services	150,000
Shums Coda Associates, Inc. (SCA) – Building and Fire Services	650,000
Telecommunications Engineering Associates (TEA) – Fire Services	<u>100,000</u>
 TOTAL	 <u>\$1,420,000</u>

Even though the average annual expense for contract plan check and inspection services has been approximately \$4,900,000 per year, over the past three fiscal years, the amount budgeted in the Fiscal Year 2019-20 was significantly lower, in keeping with the City’s practice to be conservative during the budget adoption process. Dependent on the level of development activity, staff will make adjustments as necessary during the course of the fiscal year.

### ANALYSIS

Development activity continues to be high. In addition, projects continue to get larger and more complex, requiring multiple levels of review and coordination. Some of the projects requiring plan check and inspection services include, 2580 California Street (Greystar), 150 Hope Street (Robert Green), 1255 Pear Avenue (Sobrato), 700/800 East Middlefield Road (LinkedIn Campus), Charleston East (Google), 1045 La Avenida (Microsoft), 525 East Evelyn Avenue (Prometheus), 500 Ferguson Drive (EFL), 2601 Garcia Avenue (Intuit), 950 West El Camino Real (Palo Alto Housing), 1720 Villa Street (Prometheus), and 2310 Rock Street (Dividend Homes).

While a modest increase in staffing was approved for the current fiscal year in response to the high volume, due to the challenging hiring environment, it is taking longer to hire and train staff. Additionally, due to the code changes effective January 1, 2020, many applicants are submitting their permits ahead of schedule by the end of this year, which is adding to the expected volume.

Staff evaluated the current contracts and the anticipated workload for building and fire inspections prior to the end of the fiscal year and recommends the following increases: CSG Consultants, Inc., from \$200,000 to \$400,000; ESH Consultants, from \$100,000 to \$275,000; Fire & Risk Alliance, LLC, from \$100,000 to \$300,000; and Shums Coda Associates, Inc., from \$650,000 to \$3,650,000. With these increases, the new total for contract services would be \$4,955,000. These are estimated contract amounts. Staff may need to return to the City Council to request another amendment/increase to these contracts if development activity increases during the remainder of the fiscal year. Should any funds remain at the end of the fiscal year, they will be returned to the Development Services Fund. The term of these contracts is within the current fiscal year through June 30, 2020, with a 30-day notice prior to termination.

### **FISCAL IMPACT**

Of the \$1,510,000 included in the Fiscal Year 2019-20 Adopted Budget for building and fire plan checking and inspection contract services, \$1,420,000 has been used for contract services previously approved by Council on June 4, 2019, and another \$75,000 used for David Chen (IT Services), leaving a balance of \$15,000 for additional contract services. Additional appropriations of \$3,560,000 are requested for the \$3,575,000 increase in contract services which will be funded by increased revenues.

Building Services are budgeted separately and are fully cost-recovered from plan checking and permit fees paid for by the developer. There is sufficient balance available to fund the requested \$3,560,000, in appropriations, which would be recovered by developer fees and returned to the Development Services Fund.

### **ALTERNATIVES**

1. Do not approve contract amounts. If not approved, staff would be unable to meet the City Manager-approved plan check turnaround times for development projects.
2. Provide other direction to staff.

**PUBLIC NOTICING** – Agenda posting.

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Attachment: 1. Council Report – June 4, 2019