



DATE: May 20, 2014

CATEGORY: Consent

DEPT.: Public Works

TITLE: **Appropriate Additional Funding to the Public Works Operating Budget and Amend Professional Services Contract with Hatch Mott MacDonald**

RECOMMENDATION

1. Authorize the City Manager to amend the existing professional services contract with Hatch Mott MacDonald for an additional \$90,000 for engineering plan check services for a total contract amount of \$272,000.
2. Appropriate \$90,000 from the development revenues received, in the General Operating Fund, in excess of budget to the Public Works Land Development Engineering Operating Budget. (Five votes required)
3. Appropriate \$260,000 from the development revenues received, in the General Operating Fund, in excess of budget to the Public Works Construction Engineering Operating Budget. (Five votes required)

BACKGROUND

To keep pace with increasing development activity over the past three years, the Public Works Department has contracted with the civil engineering firm Hatch Mott MacDonald (HMM) for land development plan review and traffic engineering services. HMM provides flexible staffing on an as-needed basis so the Land Development Engineering Section can meet required time lines for reviewing building permits, planning applications, and excavation permits. The current contract with HMM is funded in the amount of \$182,000 from the multi-year reimbursement agreement between the City and Google. The Google agreement was approved by Council on December 13, 2011 and provides funding from Google for a 1.0 full-time equivalent (FTE) limited-term Senior Planner position in the Community Development Department and a 0.5 FTE limited-term Senior Civil Engineer position for the Public Works Department. Staff is in the process of updating that agreement, which will include funding for additional Public Works engineering staff.

The increased development activity has also impacted the workload of the Public Works Department's Construction Engineering Section. Construction Engineering is responsible for the inspection of capital improvement and private development projects. Before the recent increase in development activity, approximately 70 percent of the Construction Section inspection time was devoted to the inspection of capital improvement projects, with the remaining 30 percent to private development projects. The section's budget is reflective of that ratio: roughly 30 percent of the inspection personnel budget is provided by the General Operating Fund, with the remaining funding provided by various capital improvement projects. During the current fiscal year, over 70 percent of construction inspection time has been devoted to private development projects.

ANALYSIS

Development activity has been and remains consistently high. The Public Works and Community Development Departments collect development-related revenues for their services such as fees for planning, plan checking, excavation permits, and inspection. These development services-related revenues are currently deposited into the General Operating Fund. Actual development services-related revenues to date for the Public Works Department exceed budgeted projections by approximately \$600,000.

The Public Works Department has been making effective use of engineering services from HMM to augment City staff to keep pace with the increased number of development reviews. HMM has provided quality staff that are now familiar with the City's development requirements and processes. With a continued high level of development activity, the recommended contract amendment would provide sufficient services for the remainder of the 2013-14 fiscal year. To cover the cost of this amendment, staff is proposing an appropriation of \$90,000 from the \$600,000 development services revenue surplus in the General Operating Fund to the Public Works Land Development Engineering Section budget.

To cover the cost of increased inspection of private development construction, staff is proposing an appropriation of \$260,000 from the \$600,000 development services revenue surplus in the General Operating Fund to the Public Works Construction Engineering Section budget. This inspection is performed by a combination of full-time City staff, hourly staff, and contract inspectors hired on an as-needed basis depending on workload.

FISCAL IMPACT

For Fiscal Year 2013-14, Google deposited \$379,176 with the City, of which \$182,000 is being used for a half-time Senior Civil Engineer position in Public Works. The funding is nearly exhausted. An additional \$90,000 is requested to be appropriated as a budget adjustment to the Public Works Land Development Engineering Section. With the continued high level of development activity, the requested budget adjustment of \$90,000 has been recovered through Public Works plan check fees from other development projects currently in process. If the recommended action is approved, the HMM contract will be funded at \$272,000.

The continued high development activity has also increased the costs for the inspection of private development construction projects, costs that have far exceeded the budget for those activities. The requested budget adjustment of \$260,000 to account for these costs has been recovered from excavation permit fees and inspection fees from other development projects currently in process.

ALTERNATIVES

1. Request proposals from additional firms in lieu of amending the contract with HMM.
2. Use staff from the Capital Projects Section of the Engineering Division to support the Land Development Section. This alternative would negatively impact the delivery of existing capital improvement projects.

PUBLIC NOTICING – Agenda posting.

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JB-EA/7/CAM
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Attachment: 1. Hatch Mott MacDonald Rate Schedule

cc: Mr. Glenn Ritter, Hatch Mott MacDonald

AAII – Grimm, SAA – Burgess, F/c

Approved by:

Michael A. Fuller
Public Works Director

Daniel H. Rich
City Manager