



Agenda Report

MEETING DATE: Tuesday, November 15, 2022

TO: City Council

FROM: COMMUNITY DEVELOPMENT DIRECTOR MERRIAM
ROB ALLEN, ASSISTANT COMMUNITY DEVELOPMENT
DIRECTOR

THROUGH: CITY MANAGER MENDEZ

SUBJECT: CONTRACT AMENDMENT WITH CSG CONSULTANTS TO
INCLUDE APPROPRIATION REQUEST OF \$170,000 FOR THE 2023
FISCAL YEAR

RECOMMENDED ACTION:

Adopt a resolution approving the third amendment to a contract between the City of Watsonville and CSG Consultants, Inc., authorizing a \$170,000 budget appropriation from the general fund, and authorizing and directing the City Manager to execute same.

BACKGROUND:

The City Council approved a contract with CSG, Consultants on June 24, 2020 for a two-year period to provide building construction, fire plan review, and field building inspection services for the City. The two-year contract totaled \$240,000, with \$120,000 budgeted for each year. These costs are paid through development plan review fees and are not paid out of the General Fund.

A first amendment to the contract was approved by City Council on April 13, 2021 to add another \$70,000 for fiscal year 2021-2022 due to a significant increase in development review activity.

A second amendment was approved by City Council on September 13, 2022, to extend the contract to June 30, 2023, however staff inadvertently neglected to also increase the amount of the contract to cover the same time period. Therefore, the contract is coming back for a third amendment in order to add necessary funds to complete the services outlined in the contract.

DISCUSSION:

In the past year, CSG has been billing an average of \$15,600 per month for plan review and inspection services. CSG is reimbursed both on hourly rates for inspections, and they receive

a percentage of the City's plan check fee for plan review. For instance, if the City charges \$100 to review a building permit application, CSG would receive 65% of that, or \$65, to review the plans, while the City retains the remaining \$35 to cover expenses.

Given the high level of activity we're experiencing in development plan review and inspection, staff is requesting a \$170,000 increase to carry through fiscal year 2023, which has been budgeted in account 0150-315-7309. We expect to issue a new RFP for plan review services for fiscal years 2024-2026 to coincide with the 2024/2026 budget cycle.

CSG's performance has been outstanding in the past, and the company provides a high level of customer service to the communities that they have served including Watsonville. Their years of service to their City clients have clearly proven that they understand the needs of the community and are considered an extension of City staff by the development community. The basic service provided to the City by this firm is a ten-day turnaround of plan reviews for 90% of the projects. Complex or very large projects typically take an additional five to ten working days. The current contract with CSG covers services related to building plan reviews and fire plan reviews & inspection service. It includes reviews of building codes, fire codes, soils reports, and structural elements for building construction

STRATEGIC PLAN:

This request aligns with the May 2022 Strategic Plan by ensuring housing development proposals are properly reviewed and evaluated to meet current building code requirements. Further providing desirable infrastructure and environment. Fiscal health is maintained as the costs are a pass through for services provided. Assist with meeting economic development goals and objectives. Ensures a high level of public safety through strong and safe building codes. These services further continue to ensure an efficient and well performing government.

FINANCIAL IMPACT:

Staff requests an appropriation from the general fund to account number 0150-315-7309 in the amount of \$170,000. These funds will be reimbursed to the City, as the City collects fees for CSG's services. We collect these fees from the applicant at the time that the plan review application and permit application are submitted. As a result of these funds being reimbursed to the City, there is no impact to the General Fund.

ALTERNATIVE ACTION:

City Council could choose not to extend these contracts, which would place the full burden of responsibilities on existing staff to perform the services currently performed by CSG. This would cause significant delays in providing thorough and timely plan reviews and inspections.

ATTACHMENTS AND/OR REFERENCES (If any):

None.