



Agenda Report

MEETING DATE: Tuesday, April 13, 2021

TO: City Council

FROM: COMMUNITY DEVELOPMENT DIRECTOR MERRIAM
ROB ALLEN, ASSISTANT CDD DIRECTOR/BUILDING OFFICIAL

SUBJECT: CONTRACT AMENDMENT WITH CSG CONSULTANTS, INC. FOR
BUILDING CONSTRUCTION, FIRE PLAN REVIEW, SUPPLEMENTAL
PERMIT TECHNICIAN AND FIELD BUILDING INSPECTION
SERVICES

STATEMENT OF ISSUES:

Requesting additional increase for contract and appropriations due to increased building activities.

RECOMMENDED ACTION:

Staff recommends that the City Council adopt a resolution approving a contract amendment with CSG consultants, Inc. ("CSG") for an additional amount of:

- \$70,000 for FY 2020/2021; and
- \$70,000 for FY 2021/2022; and

The total contract amount will be \$380,000.00.

It is also recommended that the City Council appropriate \$70,000 in revenue (account #0150-315-5242) and expense (account #0150-315-7309) for FY 2020/21 for this contract amount.

BACKGROUND

The Community Development Department currently utilizes outside consultant services to provide construction-related plan review for all large commercial and residential projects, including new buildings, subdivisions, additions, tenant improvements, modifications, and some minor repairs.

In addition, the Department's Engineering Plan Checker requires the review of soils reports and complex structural designs be done by a consultant specializing in those areas, since we have no one in the department with the required expertise. CSG has been providing these services for the last several years for the department.

CSG's performance has been outstanding in the past, with a high level of customer service to the communities that they serve, 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 plan reviews and inspection services. It includes reviews of building codes, fire codes, soils reports, and structural elements for building construction plans.

The specific terms of CSG's contract for comprehensive plan review is based on the reimbursement of 65% of plan review fees collected from customers. The City retains the remaining 35% of the plan review fee for administrative, recording, issuance, and routing of the plans and permits. Any items separately submitted from the complete submittal for plan review would be an hourly rate of \$110.00 per hour. Building inspection services are charged at an hourly rate of \$110.00 per hour.

DISCUSSION:

In Spring, 2020, staff expected that the construction industry would slow down as the country entered a Covid-19 related recession. For that reason, the City froze the Permit Technician position after it was vacated in January, 2020, and utilized permit technicians from CSG to help with demand two days a week. In addition, the contract with CSG was reduced by approximately \$40,000 as the City expected building plan review to decrease. What we experienced in Watsonville was quite the opposite. Building projects and demand on the department have increased since April, 2020. The increased building plan review coupled with twice weekly contract permit technician assistance has drained the consultant budget.

Plan review with CSG has been averaging approximately \$13,000 per month. Given this amount, staff proposes to increase the entire 2-year CSG budget by \$140,000. \$70,000 would be allocated to the 2020-2021 budget, with the remaining funds to be allocated to the 2021-2022 budget. The total contract amount would be \$380,000.

The cost to provide these required services is funded by the project applicant and is merely a pass-through fee with no direct cost to the City. All of the fees for projects are collected from the applicant at the time of project submittal or permit issuance and a percentage of what is collected is used to pay for this consultant's service contract. If the volume of projects submitted or the number of permits issued drops, then the contracted services are discontinued or reduced with no additional or continued cost to the City. CSG is responsible for staffing up for any short period of time where development may spike, rather than the City. The current contract contains the right of termination by the City with a 10-day notice for any reason. If CSG's services were no longer needed, the City could terminate the contract.

The contract has been developed so that we can be assured that coverage for the City's needs is maintained in all areas of consultant services. All of the revenues from these projects will be collected at the project start by the Community Development Department

and deposited into the general fund. This strategy to contract makes good planning sense in order to ensure all of our customers' needs are met and our staffing costs are also covered for the services provided to the customers.

STRATEGIC PLAN:

The approval of this contract supports Goal 4 (Economic Development) of the 2018-2020 Strategic Plan by providing high quality and timely plan review and inspection services for residential and commercial customers in the City.

FINANCIAL IMPACT:

There is no direct financial impact to the City for building plan review services or the engineering peer review services. Plan review services will continue to be paid from a percentage of the fees collected from the applicant. Building inspection services will also have no impact to the City budget; these are paid in advance by the permit applicant. We are requesting to appropriate a like amount in revenue and expense for Fiscal Year 2020-21 into accounts 0150-315-5242 and 0150-315-7309.

ALTERNATIVE ACTION:

The City Council may deny the contract; however, this would significantly reduce the Department's ability to provide timely plan review services for the community.

ATTACHMENTS AND/OR REFERENCES (If any):

None.