



# STAFF REPORT

**Report To:** Board of Supervisors

**Meeting Date:** October 18, 2018

**Staff Contact:** Lee Plemel, Community Development Director

**Agenda Title:** For Presentation Only: To provide an annual update on building permit services provided by Charles Abbott Associates, LLC, under Contract No. 1415-050, as amended. (Lee Plemel, lplemel@carson.org)

**Staff Summary:** Charles Abbott Associates ("CAA") has provided building permit review and inspection services for Carson City since September 2014. The City pays CAA based on a percentage of the total building permit fees collected in accordance with the fee schedule in the contract. The CAA contract is automatically renewed each year until September 2, 2021, unless either party provides the required notice of termination. This agenda item is intended to provide an annual update on CAA's performance and other issues related to the building permitting and inspection services.

**Agenda Action:** Other/Presentation

**Time Requested:** 20 minutes

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## **Proposed Motion**

No action.

## **Board's Strategic Goal**

Efficient Government

## **Previous Action**

August 21, 2014: The Board of Supervisors approved Contract No. 1415-050 for CAA to provide building permit services.

December 18, 2014: The Board of Supervisors approved Amendment No. 1 to the Contract to expand services and amend the fee schedule.

May 4, 2017: The Board of Supervisors approved Amendment No. 2 to the Contract to revise the contract fee schedule to reduce the amount of fees paid for certain building permit revenue tiers.

## **Background/Issues & Analysis**

Under the contract, CAA provides a building official and the necessary number of employees to perform permit processing services, including permit reviews and inspections, in addition to other functions associated with the Building Division. CAA currently has six full-time employees located in the Community Development permit center, including a building official, two building inspectors, one plans examiner, and two permit counter technicians. In addition, CAA sends plans to off-site staff for review, as needed, to meet workload demand. CAA uses their own vehicles for inspections, and provides their own ancillary equipment for building permit functions. The City provides building space and associated furniture and equipment for the permit center and CAA employees.

The contract includes performance measures that identify the expectations of CAA in performing the building permit functions. Refer to the first attachment to the this staff report for CAA's response to the performance measures for the past year.

Staff would note that CAA has generally met the performance measures on a consistent basis. CAA has increased its staff over the last two years to meet the permit processing demands. City departments continue to work with CAA staff to improve the permit review process.

In the last year, the Building Division has moved towards electronic plan review, requiring all building permit applicants to submit an electronic copy of the permit plans so that plans can be routed and reviewed electronically. The tools to implement complete electronic plan submittal and review are not in place yet, but the new "ERP" permitting system that Community Development will be implementing in September 2019 will allow full electronic plan submittal and review.

CAA is paid based on a percentage of the building permit fees collected each month, on a graduated scale based on the amount of fees collected as follows:

<u>Building Permit Fees</u>	<u>CAA Fees</u>
The First \$20,000	70%
Between \$20,001 and \$40,000	65%
Between \$40,001 and \$100,000	50%
Over \$100,000	40%

A minimum level of staffing is required to operate the daily building permit operations, regardless of the level of building permit activity. Therefore, the percentage of fees paid is higher when the fees collected are lower. At higher levels of fee collections, staffing workload increases but the percentage of fees can be reduced.

A summary of the Building Fund revenues and expenditures for FYs 2016-18 follows, and the detailed budget with actual expenses is attached.

#### **Building Fund Revenues and Expenditures**

	FY16	FY17	FY18	Total
Revenues	\$1,205,281	\$1,242,500	\$1,138,671	\$3,586,452
Expenditures	\$1,151,720	\$1,105,347	\$1,169,668	\$3,426,735
Difference	\$53,561	\$137,153	-\$30,997	\$159,717

Following is a summary of the Building Permit revenues and the fees paid to CAA through the life of the contract to date. (Note: "Building Fund" revenues include other revenues, such as Engineering Permit fees, while CAA is paid strictly based on building permit revenues collected.)

#### **Contract Fees Paid**

	FY16	FY17	FY18	FY19*
Bldg. Permit Revenues	\$1,047,759	\$1,107,098	\$983,411	\$277,991
CAA Fees Paid	\$677,891	\$685,595	\$579,688	\$145,196

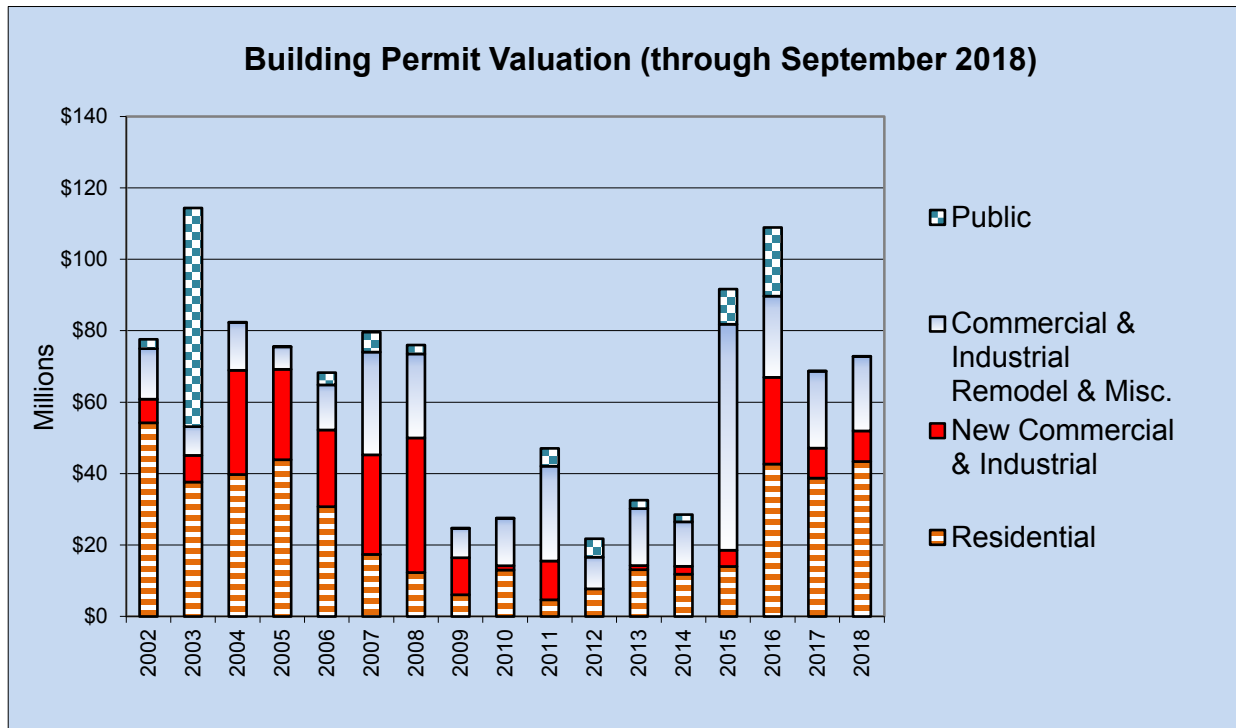
\* Through August 2018

The Community Development Department and Building Division work closely with the Nevada Builders Alliance (NBA) on issues related to the building permit process. City staff has reached out to the NBA for comments regarding CAA's performance. As of the writing of this staff report, staff has not received written comment regarding CAA's performance.

However, City management has generally received positive comments from the NBA and the building community in general regarding CAA's performance. Over the last two years, the Community Development Department has offered comment sheets for department services, including building permit processing and

inspection services. Attached are the comments and summary data from comment sheets that have been returned to the City Manager's office or Community Development office. The "average" rating for all services has been in the "Excellent" range.

Following is a chart showing the historic trend of total building permit valuation. Permit valuation is a general indicator of workload .



CAA staff will be available at the meeting to answer questions. Contact Lee Plemel at 283-7075 or lplemel@carson.org for any questions regarding this item.

**Applicable Statute, Code, Policy, Rule or Regulation**

N/A

**Financial Information**

Is there a fiscal impact?  Yes  No

If yes, account name/number: 525 Building Fund

Is it currently budgeted?  Yes  No

Explanation of Fiscal Impact: Contract fees are paid based on a percentage of the Building Permit fees collected by the City.

**Alternatives**

**Attachments:**

- 1) CAA response to contract performance measures
- 2) Customer survey results - building permit processing services
- 3) Customer survey results - building inspection services
- 4) Building Fund budget, including prior years' actuals
- 5) Contract Amendment No. 2
- 6) Contract Amendment No. 1
- 7) Complete Contract and Scope of Work

**Board Action Taken:**

Motion: \_\_\_\_\_

1) \_\_\_\_\_

2) \_\_\_\_\_

Aye/Nay

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(Vote Recorded By)