

# Agenda Report

September 22, 2014

**TO:** Honorable Mayor and City Council

**THROUGH:** Finance Committee

**FROM:** Planning & Community Development Department

**SUBJECT: AMENDMENT TO CONTRACT NO. 21,248 WITH SCOTT FAZEKAS AND ASSOCIATES, INC., TO INCREASE THE TOTAL NOT TO EXCEED AMOUNT BY \$600,000 FROM \$600,000 TO \$1,200,000 TO PROVIDE BUILDING PLAN REVIEW SERVICES**

## **RECOMMENDATION:**

It is recommended that the City Council:

1. Find that the proposed action is categorically exempt from the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines section 15061 (b) (3), the general rule that CEQA only applies to projects that may have an effect on the environment;
2. Authorize the City Manager to amend Contract No. 21,248 with Scott Fazekas and Associates by increasing the contract amount by \$600,000 thereby increasing the not to exceed amount from \$600,000 to \$1,200,000 for continued plan check services; and
3. Appropriate \$600,000 from the Building Fund to Building – Consultant Services account: 8115-204-447200 for expenses related to building plan review services as provided in Contract No. 21,248.

## **BACKGROUND:**

The Planning and Community Development Department's Building & Safety Division reviews construction plans for all new construction in the City. The demand for these services fluctuates over time in response to a variety of factors. To meet peak demand for plan check services, the City has traditionally contracted with outside consultants to augment internal staff resources instead of hiring permanent full-time staff, which may not be necessary over a longer period of time.

In October, 2012, staff published a Request for Proposals (RFP) for plan check services. Staff evaluated proposals and recommended Scott Fazekas and Associates as the most qualified firm to perform the required services for the City. In December, 2012, City Council awarded a one-year contract to Scott Fazekas with provisions for four additional one-year renewals at the discretion of the City Manager, provided the same terms, conditions and not to exceed amount applied.

In February, 2014, the City Manager exercised the contract's first one-year renewable option, extending the contract until January 31, 2015 for an amount not to exceed \$100,000. Due to an increase in demand for plan check services, in April, 2014, the City Council authorized a \$500,000 increase to the plan check services contract, raising the allowable expenditure amount to \$600,000 for the first optional contract extension period; and an increase in the remaining three optional contract extensions from \$100,000 per year to \$300,000 per year.

It is challenging to predict with certainty the actual usage of plan check services as entitlements are valid for up to three years and it is at the applicants' discretion when plans are submitted for review. Although the contract was increased by \$500,000 in April, 2014, a surge in construction activity has placed increased demand on contracted plan check services. The additional demand has significantly depleted available funds in the contract (\$81,402 available balance as of September 15, 2014). A combination of factors has occurred that led to the expenditure of a significant amount of the contract; these key factors include the following:

- Construction activity has continued to increase rather than level off.
  - April – July project valuation has increased from \$24,776,956 (2013) to \$102,393,224 (2014); 413% increase.
  - April – July plan check fees have increased from \$622,481 (2013) to \$1,242,108 (2014); 200% increase
  - April – July permit and plan check revenues have increased from \$1,120,679 (2013) to \$2,305,262 (2014); 195% increase.
- Numerous large, complicated projects have been plan checked. Such as: Marriott Residence Inn, Union Village, Pasadena Conservatory Music Recital Hall renovation, Walnut and Hudson, Walnut and El Molino and several condominium projects to name a few.
- Employee Vacancies: Recruitments are in process for Plans Examiner and Supervising Plan Check Engineer.

The Building Division and Planning Division coordinated with developers that have large projects in the pipeline and analyzed information available to estimate the projected workload for the next year. Based on the information available, staff projects a continued increasing trend in construction activity. In order to complete plan check reviews in an efficient and timely manner, it is necessary to increase contracted plan check activity. Consequently, staff is requesting an additional \$600,000 be added to the current not to exceed amount of the current contract period. Once the vacancies are filled with full time employees, it is anticipated that the demand for contracted plan check services will decrease.

Given the level of activity, staff intends to undertake a new competitive selection process prior to the termination of the current contract period. This will allow the City to secure the services of multiple plan check consultants allowing for additional flexibility in the distribution of plan check workloads.

**COUNCIL POLICY CONSIDERATION:**

The proposed contract furthers City Council's strategic plan goals of ensuring public safety and increasing conservation and sustainability. Additionally, it furthers the City's mission to deliver exemplary municipal services.

**ENVIRONMENTAL ANALYSIS:**

This project is exempt from CEQA review pursuant to State CEQA Guidelines Section 15061 (b) 3. This contract is covered by the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to the provisions of CEQA.

**FISCAL IMPACT:**

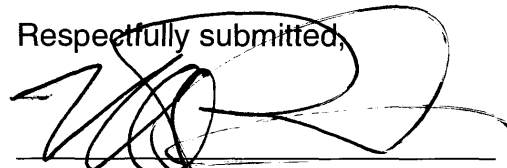
The cost of this action will be \$600,000. All costs will be funded via additional revenues from building plan check fees. Funding for this action will be addressed by an increase in appropriations to account 8115-204-447200 – Building Services – Consultant Services in the amount of \$600,000.

It is anticipated that for the entire Fiscal Year 2014/15 the City will expend \$1,100,000 for contract building plan check services, which exceeds the current line-item appropriation of \$300,000. Prior to the expiration of the existing contract period (January 31, 2015), staff will undertake a new competitive selection process and seek Council authorization for award of contract(s) and related budget appropriation. Indirect and support costs such as maintenance and IT support are expected to be addressed by the utilization of existing budget appropriations in account 8115-101-444200.

In 2011, the Building Fund reached a peak deficit of \$2,882,505. Since then, a significant increase in construction activity has yielded increases in permit and plan check revenues; the Building Fund currently has a positive fund balance of \$3,812,891. Year-to-date revenues have continued to exceed projections, a Fiscal Year 2014/15 surplus is expected that will further augment the Building Fund balance.

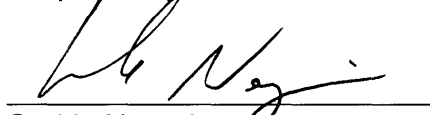
There are no anticipated impacts to other operational programs or capital projects as a result of this action.

Respectfully submitted,



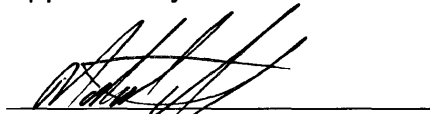
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