

TO: City Manager, City Council
FROM: Doug Monn, Public Works Director/Clyde Ganes, Deputy Building Official
SUBJECT: Construction Plan Review Options
DATE: June 17, 2014

NEEDS: For the City Council to consider options to improve turnaround time in the building permit review process.

- FACTS:**
1. Members of City Council requested staff review and report on options to improve the plan review process.
 2. Workloads associated with development projects continue to escalate. Submitted projects are approximately equal in number to 2007 levels; however, plan review and inspection staff reduced 53% during the recession. Consequently, plan review time averages approximately 40% longer than 2007.

Average Plan Review Time

	<u>2007</u>	<u>2014</u>
Residential	62 Days	137 Days
Commercial Industrial	91 Days	127 Days
Tenant Improvements	23 Days	67 Days

3. The City uses outside contractors to accomplish most of the plan review process.
4. The Cost for contract service is 'passed through' based on the rate negotiated by the City.
5. The current bottleneck in permit processing is the result of limited City staff to coordinate the review process, plan rechecks and calculate fees.
6. Temporary Actions taken to relieve plan check backlog include
 - a. Retained contract help in-house forty hours per week to assist the Deputy Building Official in the review process.
 - b. The existing Administrative II individual assigned to the building division will be allocated to a greater role in the plan review process.
 - c. The counter will be temporarily staffed half time by the existing Administrative II and an Administrative II currently providing support to another P.W. Division.
7. Permanent Plan Review Improvement Proposal:
 - a. Reclassify the existing Deputy Building Official to Chief Building Official.
 - b. Replace reclassified Deputy Building Official with new hire.

- c. Reclassify current Administrative II individual to Administrative III position to provide ongoing plan review technical support.
- d. Hire new Admn. II to man the front counter/customer service.

The proposed plan does not address construction inspection. Should the modifications to the review process free up permit issuance, a list of options to assure prompt inspection will be presented.

ANALYSIS &

CONCLUSION:

As is the case in the rest of the State, Paso Robles experienced a significant slowing in the construction industry during the recession leading to a reduction of building staff of 53%. As a result there are inadequate resources to process building plan reviews consistent with the time frames desired by the construction industry.

POLICY

REFERENCE:

Economic Strategy; Fiscal policy

FISCAL IMPACT:

Cost for contract service is 'pass through'; contractors/developers pay for service by the hour.

City staff time for intake, processing, fee calculation, development meetings, code search and questions are also calculated and charged using an hourly rate.

The current hourly rate charged to offset cost has not been adjusted in nine years-

The current hourly staff rate offsets only 65% of current cost.

The long term changes being recommended would increase the annual operating cost of the building division approximately 16% to \$1,120,500.

Because the Building Division also provides services not of direct benefit to the development community (see Health and Safety Code 17950-17959.5) such as code enforcement ADA and Disabled access, building nuisance, predevelopment or concept meetings, etc.), that portion of the Building Division (10% of the operating budget or approximately \$100,000 per year) budget allocated to these activities would need to be provided by the General Fund.

The Building Division spends approximately 5,440 staff hours per year on plan review and inspection.

The hourly rate for service must be adjusted upward from \$134.00 to \$264.00 per hour.

OPTIONS:

- a. Authorize the City Manager to effect the recommended personnel actions and adjust plan check hourly rates to \$264 per hour.
- b. Amend, modify, or reject the above option.

To: City Manager, City Council
From: Doug Monn, Clyde Ganes
Subject: Plan Check Services
Date: June 6, 2014

Purpose

Evaluate current Building Division staffing and make recommendations to improve time frames for plan review and permitting.

Goal:

- ✓ Reduce plan review and permit issuance time frames

Information:

- ✓ The City uses outside contractors to accomplish 95% of all plan review
- ✓ Cost for contract service is 'passed through' based on the rate negotiated by the City.
- ✓ City staff time for intake, processing, fee calculation, development meetings, code search and questions are also calculated using a Council-adopted hourly rate.

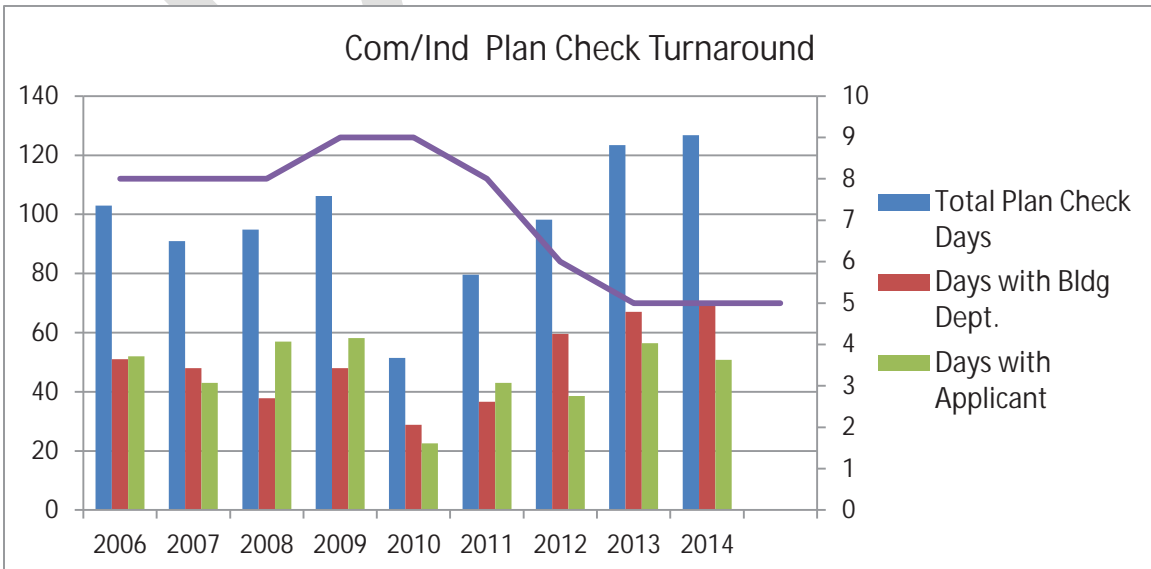
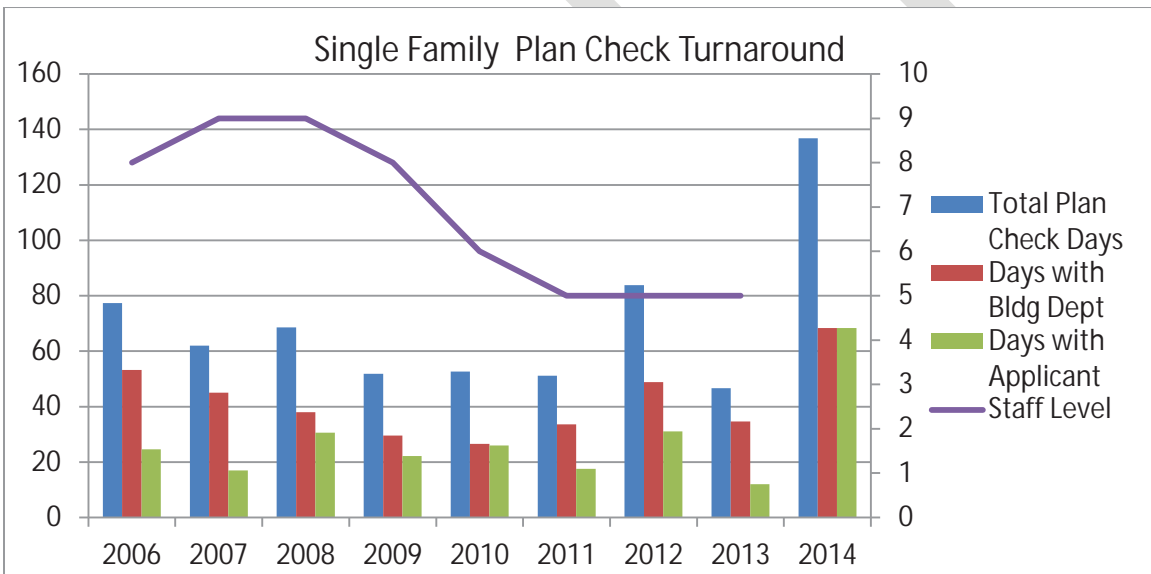
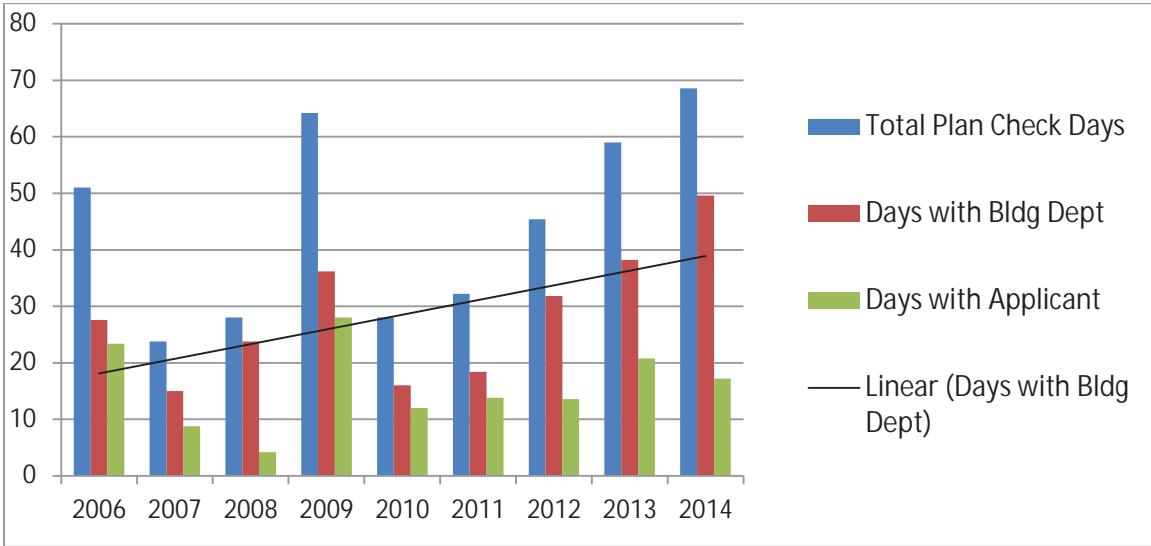
Plan Review:

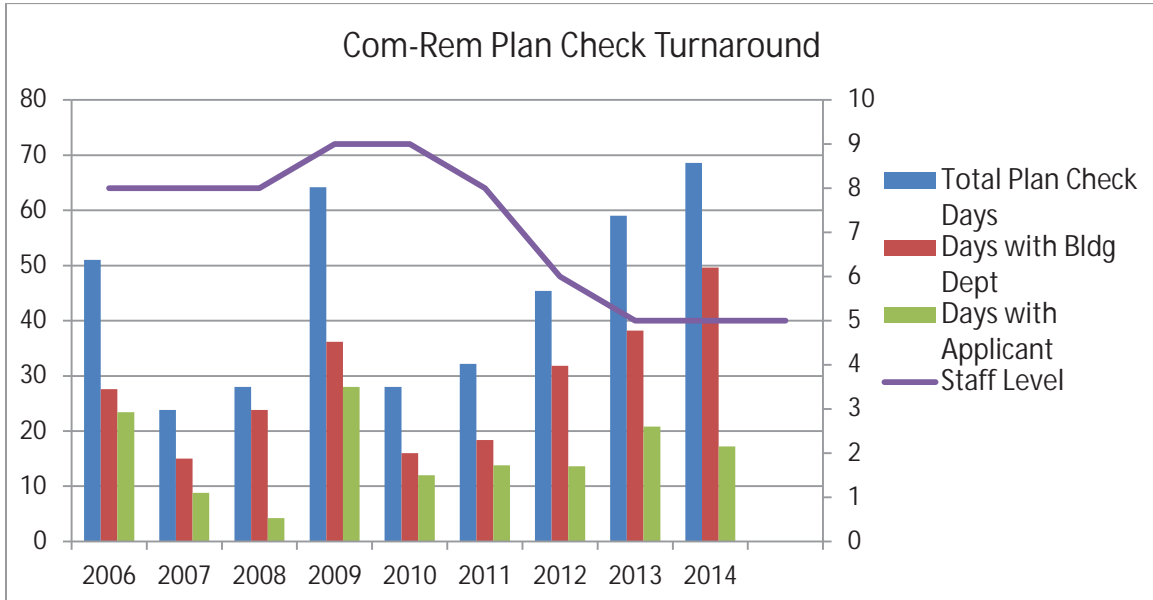
Workloads associated with development projects continue to escalate. Presently submitted projects are equal in number to 2007 levels; however, plan review time averages approximately 40% longer than 2007.

Average Plan Review Time

	<u>2007</u>	<u>2014</u>
Residential	62 Days	137 Days
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Tenant Improvements	23 Days	67 Days

Average Plan Review Time





Description of review process:

First plan review:

- ✓ All plans are collected by Building Division counter staff where all of the intake information is logged into the computer.
- ✓ Intake information would be included but is not limited to:
 - Property owner
 - Address
 - Project description
 - Project size
 - Lot size
 - Water meter needs
 - Sewer needs
 - Fire Sprinkler needs
 - Project Valuation
 - Initiating a permit, verifying and updating addressing and ownership.
 - Initial routing of plans to Planning, Engineering & Waste Water as necessary.
- ✓ With the exception of small project (patio overs, etc.) all building plans are referred for outside review by companies or individuals contracted to the City.
- ✓ Added volume requires more interfacing with applicants thereby reducing the uninterrupted time for complex plan checks.

Plans are then forwarded to the Deputy Building Official for:

- ✓ Review to verify a complete submittal (all documents/plans received).
- ✓ Assignment to a Contract Plan Review Service & routed accordingly.

Second plan review (recheck):

- ✓ Plans are returned from the first review contract service with plan check comments.
- ✓ Comments are reviewed by Deputy Building Official prior to being sent back to the applicant.
- ✓ The Deputy Building Official is then prepared to answer questions on the comments or make special notes to go along with comments to assist in gaining compliance with the code.
- ✓ If the review comments can be handled at this level the permit can be issued expediting the process or the plans are returned to the design professional.
- ✓ This service is directly affected by the available staff time
- ✓ The review process can require multiple rechecks depending on the completeness of the response of the architect or engineer.
- ✓ Each time the plans come in and out of the Building Division they are stamped and logged into a tracking log to monitor the total time plans are held by the City, plan review and design professional.
- ✓ When the plan review is complete any applicable notes are added to the plans and the final permit fees calculated.
- ✓ Permit fees include but are not limited to all applicable Development Impact, sewer/water connection charges, School Fees, any special sewer assessment fees; all 3rd party plan check invoices have been added.
- ✓ When applicable staff verifies all required forms from various departments are collected prior to issuing i.e. Health Department, Water, Waste Water, SLO County Assessor, and Engineering Dept.
- ✓ Staff routes plans internally for final approval to various departments (fire, engineering, water and waste water) depending on the nature of the permit.
- ✓ When all departments have reviewed accepted the plans the permit is issued.

Interim Options for decreasing plan review time:

Internal Staffing:

- ✓ Make better use of existing staff by reclassification of current Administrative Assistant II to Administrative Assistant III to assist in plan review, permit and fee calculation support work.
- ✓ Man the building counter position using a combination of the existing building administrative assistant II half days with the remaining half day covered by an existing administrative assistant II from fleet services.
- ✓ This is an interim action until a reclassification is complete and a full time replacement Administrative Assistant II is hired to staff the public counter.

Reclassified Individual:

Primary duties associated with the reclassified individual would be coordination of plan review process and calculation of permit fees. IE:

- Expedite plan check turnaround times by providing plan review on plans coming in for 2nd review.
- Conduct plan review for smaller projects

- Coordinate plan review with consultants, schedule meetings with consultants and applicants.
- Leads & reviews work of front counter Admin.
- Coordinate fee calculations and fee estimates
- Prepares & reconciles monthly reports regarding Building activity, communicates information to other regulatory agencies and organizations.
- Handle inquiries regarding process, process timing, straightforward code questions
- Update Permit software program periodically as fees change
- Monitors and coordinates electronic plan archiving

External staffing contract:

- ✓ Hire a contract individual(s) (for a total of 40 hours weekly) to assist in the plan review process through one of our contract plan review providers.
- ✓ The individual(s) would reside in the City Building Division at City Hall

Fiscal Needs for Interim Action:

- ✓ The cost for the contract individual is \$145.00 per hour and would be a passed through to the project/developer.
- ✓ The hourly rate for City staff time would remain the same during the interim period.

Permanent long Term Proposal

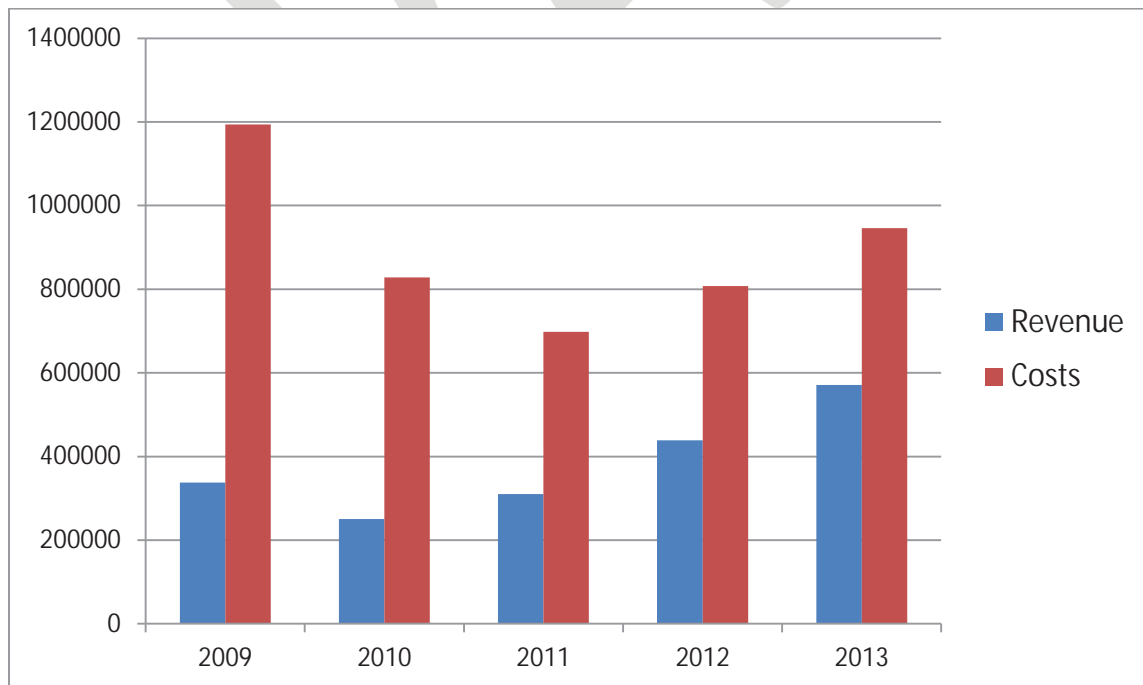
- ✓ Reclassify the existing Deputy Building Official to Chief Building Official.
- ✓ Replace reclassified Deputy Building Official with new hire.
- ✓ Reclassify current Administrative II individual to Administrative III position (future plan includes certification of this individual as a Combination Building Inspector and further reclassification to Building Tech III. Once complete this action will provide backup depth for inspection service during times of high activity or when inspectors are ill or on vacation in lieu of an additional full time position).
- ✓ Replace reclassified Administrative II position

Fiscal Information:

- ✓ The City uses contract plan review to accomplish 95% of all plan review
- ✓ Cost for contract service is 'pass through' in that contractors/developers pay for the contract service by the hour based on the rate negotiated by the City.
- ✓ City staff time for intake, processing, fee calculation, development meetings, code search and questions are also calculated using an hourly rate.
- ✓ Sections 17950 – 17959.5 of the California Health and Safety Code establish a jurisdiction can only charge for those services of a benefit to contractors/developers.
- ✓ The current hourly rate charged to offset staff cost and overhead has not been reviewed since 2005 (not adjusted in nine years).
- ✓ The current hourly staff rate offsets approximately 65% of current staff and overhead cost.
- ✓ The changes being recommended would increase the annual operating cost of the building division approximately 16% to \$1,120,500.

- ✓ Because the Building Division also provides services not of direct benefit to the development community (see Health and Safety Code 17950-17959.5) such as code enforcement ADA and Disabled access, building nuisance, predevelopment or concept meetings, etc.), that portion of the Building Division (10% of the operating budget or approximately \$100,000 per year) budget allocated to these activities would need to be provided by the General Fund.
- ✓ The Building Division's estimated budget is \$1,120,500.
- ✓ One million twenty thousand will need to be covered by development fees.
- ✓ The Building Division spends approximately 5,440 staff hours per year on plan review and inspection.
- ✓ To achieve the goals and ensure development related services are fiscally neutral as stated in Council Policy the hourly rate for service would need to be adjusted upward 97% \$264.00 per hour

Revenue/Operating Cost:	2009	2010	2011	2012	2013
Permit fees Collected	\$337,558	\$250,360	\$310,422	\$438,687	\$570,914
Operating Cost	\$1,193,986	\$827,851	\$698,029	\$807,637	\$946,002
Carry over or shortfall	\$(856,428)	\$(577,491)	\$(387,607)	\$(368,950)	\$(375,088)



HEALTH AND SAFETY CODE

SECTION 17950-17959.5

17950. The provisions of this part, the building standards published in the State Building Standards Code, or the other rules and regulations promulgated pursuant to the provisions of this part which relate to apartment houses, hotels, motels, and dwellings, and buildings and structures accessory thereto, apply in all parts of the state.

17951. (a) The governing body of any county or city, including a charter city, may prescribe fees for permits, certificates, or other forms or documents required or authorized by this part or rules and regulations adopted pursuant to this part. (b) The governing body of any county or city, including a charter city, or fire protection district, may prescribe fees to defray the costs of enforcement required by this part to be carried out by local enforcement agencies. (c) The amount of the fees prescribed pursuant to subdivisions (a) and (b) shall not exceed the amount reasonably required to administer or process these permits, certificates, or other forms or documents, or to defray the costs of enforcement required by this part to be carried out by local enforcement agencies, and shall not be levied for general revenue purposes. The fees shall be imposed pursuant to Section 66016 of the Government Code.

GOVERNMENT CODE

SECTION 66016-66018.5

66016. (a) Prior to levying a new fee or service charge, or prior to approving an increase in an existing fee or service charge, a local agency shall hold at least one open and public meeting, at which oral or written presentations can be made, as part of a regularly scheduled meeting. Notice of the time and place of the meeting, including a general explanation of the matter to be considered, and a statement that the data required by this section is available, shall be mailed at least 14 days prior to the meeting to any interested party who files a written request with the local agency for mailed notice of the meeting on new or increased fees or service charges. Any written request for mailed notices shall be valid for one year from the date on which it is filed unless a renewal request is filed. Renewal requests for mailed notices shall be filed on or before April 1 of each year. The legislative body may establish a reasonable annual charge for sending notices based on the estimated cost of providing the service. At least 10 days prior to the meeting, the local agency shall make available to the public data indicating the amount of cost, or estimated cost, required to provide the service for which the fee or service charge is levied and the revenue sources anticipated to provide the service, including General Fund revenues. Unless there has been voter approval, as prescribed by Section 66013 or 66014, no local agency shall levy a new fee or service charge or increase an existing fee or service charge to an amount which exceeds the estimated amount required to provide the service for which the fee or service charge is levied.

If, however, the fees or service charges create revenues in excess of actual cost, those revenues shall be used to reduce the fee or service charge creating the excess. (b) Any action by a local agency to levy a new fee or service charge or to approve an increase in an existing fee or service charge shall be taken only by ordinance or resolution. The legislative body of a local agency shall not delegate the authority to adopt a new fee or service charge, or to increase a fee or service charge. (c) Any costs incurred by a local agency in conducting the meeting or meetings required pursuant to subdivision (a) may be recovered from fees charged for the services which were the subject of the meeting. (d) This section shall apply only to fees and charges as described in Sections 51287, 56383, 57004, 65104, 65456, 65863.7, 65909.5, 66013, 66014, and 66451.2 of this code, Sections 17951, 19132.3, and 19852 of the Health and Safety Code, Section 41901 of the Public Resources Code, and Section 21671.5 of the Public Utilities Code. (e) Any judicial action or proceeding to attack, review, set aside, void, or annul the ordinance, resolution, or motion levying a fee or service charge subject to this section shall be brought pursuant to Section 66022.

66017. (a) Any action adopting a fee or charge, or increasing a fee or charge adopted, upon a development project, as defined in Section 66000, which applies to the filing, accepting, reviewing, approving, or issuing of an application, permit, or entitlement to use shall be enacted in accordance with the notice and public hearing procedures specified in Section 54986 or 66016 and shall be effective no sooner than 60 days following the final action on the adoption of the fee or charge or increase in the fee or charge. (b) Without following the procedure otherwise required for the adoption of a fee or charge, or increasing a fee or charge, the legislative body of a local agency may adopt an urgency measure as an interim authorization for a fee or charge, or increase in a fee or charge, to protect the public health, welfare and safety. The interim authorization shall require four-fifths vote of the legislative body for adoption. The interim authorization shall have no force or effect 30 days after its adoption. The interim authority shall contain findings describing the current and immediate threat to the public health, welfare and safety. After notice and public hearing pursuant to Section 54986 or 66016, the legislative body may extend the interim authority for an additional 30 days. Not more than two extensions may be granted. Any extension shall also require a four-fifths vote of the legislative body.

66018. (a) Prior to adopting an ordinance, resolution, or other legislative enactment adopting a new fee or approving an increase in an existing fee to which this section applies, a local agency shall hold a public hearing, at which oral or written presentations can be made, as part of a regularly scheduled meeting. Notice of the time and place of the meeting, including a general explanation of the matter to be considered, shall be published in accordance with Section 6062a. (b) Any costs incurred by a local agency in conducting the hearing required pursuant to subdivision (a) may be recovered as part of the fees which were the subject of the hearing. (c) This section applies only to the adopting or increasing of fees to which a specific statutory notice requirement, other than Section 54954.2, does not apply. (d) As used in this section, "fees" do not

include rates or charges for water, sewer, or electrical service. 66018.5. "Local agency," as used in this chapter, has the same meaning as provided in Section 66000.

DRAFT