



REPORT to the MAYOR and MEMBERS of the CITY COUNCIL
From the CITY MANAGER

DATE: May 23, 2023

SUBJECT: RESOLUTION TO INCREASE THE BUILDING DIVISION PROFESSIONAL AND SPECIALIZED SERVICES ACCOUNT BY \$200,000 FOR FISCAL YEAR 2022-2023 AND RESOLUTION TO AMEND THE AGREEMENT FOR CONSULTANT BUILDING SERVICES WITH INTERWEST CONSULTING GROUP

ISSUING DEPARTMENT: Community Development

SUMMARY:

Issues:

1. Should the City Council adopt a resolution to increase the Building Division Professional and Specialized Services account by \$200,000, for a total of \$783,200 for Fiscal Year 2022-2023?
2. Should the City Council adopt a resolution to amend the agreement for Consultant Building Services with Interwest Consulting Group to increase the not-to-exceed amount by \$200,000, for a total of \$550,000?

Recommendation:

1. Adopt a resolution (**Attachment A**) to increase the Building Division Professional and Specialized Services account by \$200,000 for Fiscal Year 2022-2023.
2. Adopt a resolution (**Attachment B**) to amend the agreement for Consultant Building Services with Interwest Consulting Group to increase the not-to-exceed amount by \$200,000.

Fiscal Impact:

The increase in budgeted funds is requested to be appropriated from General Fund reserves. The increase in expenditures to support the agreement with Interwest Consulting Group will be directly offset by building permit and plan check revenues.

City's Strategic Goals:

- Maintain a financially sound and affordable city government
- Continue to improve high quality municipal services
- Ensure safe and affordable homes for La Mesa's current and future residents

BACKGROUND:

The City has seen an upward trend in building permit activity in the past several years, in particular and most recently apartment and accessory dwelling unit (ADU) activity, and expects this trend to continue. Building permit applications require qualified staff to be available to complete plan checks and inspections in a timely manner. Flexible contract building services allow the City the ability to provide a consistent level of service to building permit applicants as building permit activity ebbs and flows. The recent high pace of building plan review and permit activity continued in Fiscal Year 2022-2023 and has outpaced the amounts initially budgeted for this activity.

The City entered into an agreement with Interwest Consulting Group for consultant building services for plan check, inspection, and support personnel with a not-to-exceed amount of \$350,000. With building permit plan check and inspection activity exceeding expected levels, the expenses incurred for this agreement have nearly exhausted the allocated funds. At current activity levels, it is anticipated that approximately \$200,000 will be needed to cover expenses for the remainder of Fiscal Year 2022-2023.

DISCUSSION:

Plan check, permit, and construction activities have continued at a high level, resulting in revenues and costs in excess of the budgeted amounts for the fiscal year. To maintain the full-time support needed for the remainder of Fiscal Year 2022-2023, staff requests an additional \$200,000 be appropriated from the General Fund for the Interwest agreement, increasing the annual budget amount in the Building Division Professional and Specialized Services account for this purpose from \$550,000 to \$750,000. The total amount budgeted in this account for this fiscal year is \$583,200, which would increase to \$783,200. The building services provided by Interwest are directly supported by fees collected for building plan check, permit, and inspection, and

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the expenditure of the increased budgeted funds will be directly offset by revenue from these fees. As of May 2023, Building Division revenues are approximately 140% of originally projected revenue, which is proportional to the budget increase requested. Since the beginning of Fiscal Year 2022-2023 on July 1, 2022, the Division has received over 2,500 applications for permits and has issued over 2,100 permits.

CONCLUSION:

Staff recommends that the City Council:


1. Adopt a resolution (**Attachment A**) to increase the Building Division Professional Services account by \$200,000 for Fiscal Year 2022-2023
2. Adopt a resolution (**Attachment B**) to amend the agreement for Consultant Building Services with Interwest Consulting Group to increase the not-to-exceed amount by \$200,000.

Reviewed by:



Greg Humora
City Manager

Respectfully submitted by:



Kerry Kusiak
Director of Community Development

Attachments:

- A. Draft Resolution to increase the Building Division Professional Services account by \$200,000 for Fiscal Year 2022-2023
- B. Draft Resolution to amend the agreement for Consultant Building Services with Interwest Consulting Group to increase the not-to-exceed amount by \$200,000