



Item No. 18 Town of Atherton

CITY COUNCIL STAFF REPORT – REGULAR AGENDA

TO: HONORABLE MAYOR AND CITY COUNCIL

FROM: GEORGE RODERICKS, CITY MANAGER

DATE: JUNE 21, 2017

SUBJECT: REVIEW THE STAFF REPORT AND PROVIDE STAFF WITH DIRECTION WITH RESPECT TO THE BUILDING AND LIFE SAFETY SERVICES CONTRACT; AND IF APPROPRIATE, DIRECT THE CITY ATTORNEY TO PREPARE AND AUTHORIZE THE CITY MANAGER TO EXECUTE AN AMENDMENT TO EXTEND THE CONTRACT FOR A PERIOD OF 3 YEARS VIA A 1-YEAR AMENDMENT WITH 2 SINGLE-YEAR EXTENSIONS

RECOMMENDATION

Review the staff report and provide staff with direction with respect to the Building and Life Safety Services Contract; and if appropriate, direct the City Attorney to prepare and authorize the City Manager to execute an amendment to extend the contract for a period of 3 years via a 1-year amendment with 2 single year extensions.

BACKGROUND

In 2014, the City Council authorized a 3rd Amendment to the Consultant Services Agreement with Interwest Consulting Group for Building and Life Safety Services extending the Agreement to June 30, 2016. Part of that Amendment read as follows: “It is the intent of the Town to consider a full contract service review during FY 2015/16 and *may* place this service out for public bid.”

Following approval of the Amendment, staff conducted an informal review of the Building and Life Services provided by Interwest Consulting Group and found no significant discrepancies or negative issues related to the provision of services to Atherton residence. The review consisted of informal inquiries with local builders and developers, participation on the Builder’s Roundtable hearing opinions and perspectives of the local builders, review of invoices and billing for detail and accuracy, conversations with property owners related to service provision, and discussions with the service providers (management as well as staff). Review of the building and safety services was not a review of the cost of services but rather the performance of services.

The current contract for services expired on June 30, 2016 and the Agreement has been operating month-to-month since its expiration.

ANALYSIS

Service Delivery

As stated, following the informal reviews, staff found no significant discrepancies or negative issues related to the provision of services. With respect to the service performance, the services provided to Atherton residents have been exemplary. Comments received include feedback such as: good quality services, timely responses, detailed and thoughtful, helpful, friendly, approachable, willing to work with you, good turnaround times, and better than most communities.

Staff does not recommend changes to services or service levels.

Compensation

With respect to compensation, a survey of other agencies and their service providers was conducted (contract service providers only). Comparative contracts were sought where the basis of payment is a percent of the fee collected versus straight hourly time/material rates.

Atherton’s agreement provides that Interwest Consulting Group is paid 58% of the first \$1,000,000 in building fee revenue and 55% of building fee revenue in excess of \$1,000,000. In FY 2017/18, building fee revenue is estimated at \$1,738,160. Budgeted costs for contract Building and Life Safety Services is \$985,988. The amounts do not exactly match up to the 58%/55% dispersion because Interwest Consulting Group agreed to hold their revenue base year constant (July 2013) even though the Town adjusted its fee schedule.

Below is a table of comparative contracts. It is important to note that the volume of work and fee do not correlate exactly so it is difficult to compare apples-to-apples in terms of service delivery and workload. Those agencies that provide “full service” are most comparable to the level of service delivery in Atherton as they provide and operate a fully functional building department. Generally, this would mean that the revenue percentage would be higher as the consultant is operating a full-service building department staff load regardless of the workload (i.e. more risk on the consultant).

Consultant/Jurisdiction	Fee Information	Description of Services
Charles Abbott & Associates		
City of Cypress	70% of Fees	Plan Review Services
	55% of Fees	Building Inspection Services
City of Fountain Valley	First \$800,000 - 65% of Fees Over \$800,000 – 55% of Fees	Plan Review & Building Inspection Services
City of La Palma	65% of Fees	Plan Review Services

Consultant/Jurisdiction	Fee Information	Description of Services
City of Los Alamitos	60% of Fees	Plan Review & Part-Time Building Official, Permit Tech, and Inspector
EsGil Corporation		
City of Poway	75% of Fees	Plan Review & Building Inspection Services
City of Santee	75% of Fees	Plan Review & Building Inspection Services
City of Lemon Grove	75% of Fees	Plan Review & Building Inspection Services
City of Encinatas	75% of Fees	Plan Review & Building Inspection Services
City of Solana Beach	75% of Fees	Plan Review & Building Inspection Services
City of Del Mar	90% of Fees	Plan Review & Building Inspection Services
Willdan & Associates		
City of Goleta	75% of Fees	Plan Review & Building Inspection Services
Interwest Consulting Group		
City of Bell	65% of Fees	Full Service
City of Pomona	65% of Fees	Full Service
City of Lake Forest	55% of Fees	Full Service
<i>Town of Atherton</i>	<i>First \$1m – 58% of Fees Over \$1m – 55% of Fees</i>	<i>Full Service</i>

The Town’s current fee structure seems in line with, if not better than, comparatives.

Staff recommends that the City Council direct the City Attorney to prepare and authorize the City Manager to execute an amendment to extend the contract for a period of 3 years via a 1-year amendment with 2 single-year extensions.

POLICY FOCUS

The Building and Life Safety Services contract with Interwest Consulting Group has been in place since 2011 (6 years). The policy issue for Council discussion is whether to continue the contract for another appropriate time period weighed against the public proposal process cost/time/potential result and the potential of a changeover of service delivery.

FISCAL IMPACT

None.

PUBLIC NOTICE

Public notification was achieved by posting the agenda, with this agenda item being listed, at least 72 hours prior to the meeting in print and electronically. Information about the committee and commission vacancies was also disseminated via the Town's electronic News Flash and Atherton Online between March and June. There are approximately 1,300 subscribers to the Town's electronic News Flash publications. Subscribers include residents as well as stakeholders – to include, but be not limited to, media outlets, school districts, Menlo Park Fire District, service providers (water, power, and sewer), and regional elected officials.

ATTACHMENTS

None.