

CITY OF SANTA ROSA
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL
FROM: GABE OSBURN, DEPUTY DIRECTOR OF DEVELOPMENT SERVICES
SUBJECT: PLANNING AND ECONOMIC DEVELOPMENT
THIRD AMENDMENT TO PROFESSIONAL SERVICES AGREEMENT F01622A WITH BUREAU VERITAS NORTH AMERICA, INC., ATASCADERO, CA, WAIVING THE COMPETITIVE SELECTION PROCESS PER COUNCIL POLICY 600-01, EXTENDING THE TERM OF THE AGREEMENT, INCREASING COMPENSATION BY \$3,045,000 FOR A TOTAL NOT TO EXCEED AMOUNT OF \$13,717,399 FOR POST-FIRE RECOVERY AND REBUILD SERVICES, AND AMEND THE FISCAL YEAR 2019/20 GENERAL FUND BUDGET BY INCREASING APPROPRIATIONS OF \$2,425,000.

AGENDA ACTION: RESOLUTION

RECOMMENDATION

It is recommended by the Planning and Economic Development Department that the Council, by resolution, (1) waive the competitive selection procedures in Council Policy 600-01 in the best interests of the City; (2) approve the Third Amendment to Professional Services Agreement F01622A with Bureau Veritas North America, Inc., Atascadero, CA to a) extend the term of the Agreement, and b) increase compensation by \$3,045,000 for a total amount not to exceed \$13,717,399; and (3) amend the Fiscal Year (FY) 2019/20 General Fund adopted budget by increasing appropriations of \$2,425,000; of which \$1,547,000 will be offset with anticipated associated permitting revenue and \$878,000 will be appropriated from the General Fund Reserve balance.

EXECUTIVE SUMMARY

Since December 2017, staff from the City of Santa Rosa and Bureau Veritas North America, Inc. have provided a variety of permit processing, plan check and inspection services for the repair and reconstruction activities associated with the Tubbs Fire. Nearly 2,200 permits have been processed to date, resulting in approximately 56,000 inspections. The proposed Third Amendment will increase the budget associated with the Professional Service Agreement with Bureau Veritas by \$3,045,000, for a revised

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total not to exceed amount of \$13,717,399, from associated fee revenue to continue providing the appropriate staffing levels to meet commitments associated with plan review and inspection turnaround times.

BACKGROUND

Prior to the widespread destruction of the wildfires in October 2017, the City was highly focused on expanding its available housing stock. With the loss of homes due to the fires, it was critical that the City created additional staffing capacity to ensure production of housing citywide while at the same time expeditiously facilitating the rebuilding of destroyed homes and businesses. In response, the City issued a Request for Proposals for Post-Fire Recovery and Rebuilding Assistance (RFP #17-85) on November 8, 2017 to solicit bids from consulting firms with specialized and licensed staff to perform all aspects of the plan check review, approval and inspection work for those affected by the fires. A Professional Services Agreement with Bureau Veritas North America, Inc., Atascadero, CA, was approved by City Council on November 21, 2017 to support fire rebuilding services for a two-year period with an amount not to exceed \$8,886,160.

After execution of the Agreement, PED began taking the necessary steps to set up a dedicated location where individuals affected by the fire could obtain information and services associated with the rebuilding process. The Resilient City Permit Center (RCPC) was open to the public on December 1, 2017. Since the opening of RCPC, staff from the City and Bureau Veritas have processed nearly 2,200 permits for individual residential units that experienced complete destruction and conducted approximately 56,000 inspections. Approximately 77% of the residential units damaged by the fire have either completed construction, are in the construction phase, or have a permit under review.

PRIOR CITY COUNCIL REVIEW

On November 21, 2017, the City Council authorized the approval of a Professional Services Agreement F01622A with Bureau Veritas North America, Inc. for \$8,886,160 to perform post-fire recovery and rebuilding services for a two-year period.

On March 12, 2019, the City Council authorized 1) the approval of an Amendment to Agreement F01622A to increase compensation by \$377,052 for a total amount not to exceed \$9,263,212; and 2) to amend the Fiscal Year (FY) 2018-19 adopted budget to increase appropriations for plan check and inspection professional services in the amount of \$4,357,322, which was offset by an increase in associated fee revenue.

On August 27, 2019, the City Council authorized 1) waiver of the competitive selection procedures in Council Policy 600-01 in the best interests of the City; and 2) approval of the Second Amendment to Professional Services Agreement F01622A with Bureau Veritas North America, Inc., Atascadero, CA increasing compensation by \$1,409,187 for a total amount not to exceed \$10,672,399.

ANALYSIS

The significant volume of permit application submittals and inspection requests and associated revenue received in 2018 and to date in 2019, resulted in the dedication of a higher number of staff hours than originally projected, thus requiring staff to request a First Amendment to increase compensation by \$377,052 earlier than it was initially projected. The First Amendment approved by Council on March 12, 2019 allowed for sufficient funding to provide services until July 2019. The RCPC continued to provide higher than projected services due to the significant volume of housing units currently under construction and Council approved a Second Amendment for an additional \$1,409,187 RCPC to maintain current service levels into November 2019, bringing the revised not to exceed amount of the Agreement to \$10,672,399. A Third Amendment was approved to extend the term of the Agreement through December 31, 2019 to allow staff to determine next steps for providing these services. With approximately 700 parcels still outstanding in the rebuild area, dedicated plan check and inspection services are still necessary, thus requiring a Third Amendment. Staff estimates an additional \$3,045,000 in compensation is necessary to continue to provide plan check and inspection services for a revised total not to exceed of \$13,717,399.

Staff continues to anticipate all expenditures associated with the proposed Third Amendment will be offset by the plan check and inspection fees associated with the rebuild permits. The average building permit fee package for a single family rebuild has increased to approximately \$7,000 due to increases in the average home size. Fee averages for the first two years of the rebuild fell within the range of \$5,000 to \$6,000 per building permit. Based upon the remaining number of residential homes yet to submit a permit, staff project approximately \$5,000,000 in additional revenue. However, it is unclear as to the timing of when the City will receive this revenue since it is based upon when the permit is submitted by the homeowner or developer. Commercial rebuilds continue to provide a much higher fee due to the increase in square footage and complexity in design. The proposed action will not result in any increase to the plan check or inspection fees associated with rebuild permits.

Staff continue to meet regularly with residents in the rebuild area, along with developers, to understand the interests and concerns of those who have yet to submit permits. It is expected that all outstanding parcels will eventually submit a permit, but due to a variety of circumstances, these may manifest at different times. Staff continues to monitor the trends associated with the rebuilding process and modifications to staffing level are occurring in response to reduction in activity levels.

Waiver of Competitive Bid – Council Policy 600-01

Council Policy 600-01 requires a competitive process prior to selection and award of professional services agreements. Article 4.1.2 of Council Policy 600-01 states that the City Council may waive this process if the Council finds it is in the best interests of the City to do so. The competitive process required by Council Policy 600-01 includes the

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execution of a Request for Proposals (RFP) that is sent out to multiple agencies and the required receipt of at least three competitive bids from which a selection can be made. The City executed RFP #17-85 in November 2017, of which Bureau Veritas, Inc. was selected as the vendor to support post-fire rebuilding services.

Staff believes it is in the best interests of the City to enter into an amendment with Bureau Veritas, Inc. without engaging the competitive process as specified under Policy 600-01 because Bureau Veritas possesses the history, expertise and knowledge that is required to seamlessly continue providing post-fire plan review and inspection services. In addition, its budget, timeline, and scope of work have been deemed acceptable by PED.

FISCAL IMPACT

The approval of the Third Amendment to the Professional Services Agreement with Bureau Veritas North America, Inc., will impact the General Fund by \$3,045,000. The approval will amend the FY 2019/20 adopted budget by increasing appropriations in Fire Recovery Contract Staff (JL key 08046) by \$2,425,000. Offsetting revenue of \$1,547,000 will be appropriated in the General Fund from anticipated associated permitting revenue (see Exhibit A) and the remaining \$878,000 will be appropriated from the General Fund Reserve balance.

The remaining \$620,000 of the Third Amendment will be appropriated with the adoption of the FY 2020/21 annual budget.

ENVIRONMENTAL IMPACT

This action is exempt from the California Environmental Quality Act (CEQA) because it is not a project which has a potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment, pursuant to CEQA Guideline section 15378.

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

Not applicable.

NOTIFICATION

Not applicable.

ATTACHMENTS

Resolution
Exhibit A – FY 2019-20 PED Budget Amendment
Exhibit B – Third Amendment with Bureau Veritas North America, Inc., Atascadero, CA

CONTACT

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