

CITY OF SANTA ROSA
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL
FROM: GABE OSBURN, DEPUTY DIRECTOR OF DEVELOPMENT
SERVICES
PLANNING AND ECONOMIC DEVELOPMENT

SUBJECT: SECOND AMENDMENT TO PROFESSIONAL SERVICES
AGREEMENT NUMBER F01622A WITH BUREAU VERITAS
NORTH AMERICA, INC., ATASCADERO, CA

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; and 2) approve the Second Amendment to Professional Services Agreement Number F01622A with Bureau Veritas North America, Inc., Atascadero, CA, to increase compensation by \$1,409,187 for a total amount not to exceed \$10,672,399 for the continuation of post-fire recovery and rebuild services. The increased compensation will be recovered through ongoing fee revenue.

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 2,100 permits have been processed to date, resulting in approximately 20,000 inspections. The proposed Second Amendment will increase the budget associated with the Professional Service Agreement with Bureau Veritas by \$1,409,187 to continue providing the appropriate staffing levels to meet commitments associated with plan review and inspection turnaround times.

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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. 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 2,100 permits for individual residential units that experienced complete destruction and conducted approximately 20,000 inspections. Approximately 70% 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, 2018, 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.

ANALYSIS

The significant volume of permit application submittals and inspection requests and associated revenue received in 2018, 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 continues to provide higher than projected services due to the significant volume of housing units currently under construction, thus

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requiring a Second Amendment. Staff estimates that the additional compensation of \$1,409,187 from this Second Amendment will allow for the RCPC to maintain current service levels through November 2019, which is the end of the current term of the Agreement. Upon Council approval of the Second Amendment, the revised not to exceed amount of the Agreement will be \$10,672,399.

Staff continues to anticipate all expenditures associated with the proposed Second Amendment will be offset by the plan check and inspection fees associated with the rebuild permits. The average fee package for a single family rebuild continues to remain at approximately \$5,000 per unit. Based upon the remaining number of residential homes yet to submit a permit, staff project approximately \$4,000,000 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 will be returning to Council in fall 2019 to provide a comprehensive status report about the services provided by the RCPC to date and the plan for providing services moving forward.

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 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. Last, all funds necessary to support the contract have already been appropriated by the City Council.

FISCAL IMPACT

There is no negative impact to the General Fund as the amount of the proposed amendment was approved by City Council through the adoption of the FY 2019-20 budget.

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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 – Second Amendment to PSA

CONTACT

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