

THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS
ACTION AGENDA SUMMARY

DEPT: Planning and Community Development

BOARD AGENDA # D-2

Urgent

Routine

AGENDA DATE July 20, 2010

CEO Concurs with Recommendation YES NO

4/5 Vote Required YES NO

(Information Attached)

SUBJECT:

Consideration and Approval to Proceed with Initial Steps Regarding Regionalization of Services for Building Permits Inspection and Plan Check Services in Cooperation with the City of Modesto

STAFF RECOMMENDATIONS:

Approve proceeding with initial steps regarding regionalization of services for building permits inspection and plan check services in cooperation with the City of Modesto, including:

1. Development of a reciprocal staffing agreement with the City of Modesto.
2. Coordinate with the City of Modesto to issue a new coordinated Request for Proposals for upgraded permit tracking software.
3. Coordinate with the City to evaluate programs, service levels, and performance standards and development of a plan to become uniform in service delivery using Matrix's Best Management Practices as the baseline.

(Continued on Page 2)

FISCAL IMPACT:

Implementation of the steps discussed in this report would initially include an investment of staff time and approximately \$25,000 to \$30,000 for an update to the fee study. Funding for this study would come out of the Division's existing budget. The report also includes recommendations regarding the purchase of an upgraded software system, which is estimated to cost between \$300,000 and \$1.2 million depending on the level of upgrade and scope of services desired. This item does not request expenditure of funds for the software system at this time, but rather, requests the investment of staff time to reissue a coordinated Request for Proposals.

BOARD ACTION AS FOLLOWS:

No. 2010-471

On motion of Supervisor O'Brien, Seconded by Supervisor Chiesa
and approved by the following vote,

Ayes: Supervisors: O'Brien, Chiesa, Monteith, DeMartini, and Chairman Grover

Noes: Supervisors: None

Excused or Absent: Supervisors: None

Abstaining: Supervisor: None

1) X Approved as recommended


2) _____ Denied

3) _____ Approved as amended

4) _____ Other:

MOTION:

ATTEST:


ELIZABETH A. KING, Assistant Clerk

File No. C-6-J-2

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STAFF RECOMMENDATIONS: (Continued)

4. Coordinate with the City to evaluate adopting uniform building codes and administrative procedures.
5. Development of a cost-based fee system.
6. Explore the option of forming a Joint Powers Authority.

DISCUSSION:

In early 2010, the City of Modesto and the County of Stanislaus Building Permits Divisions jointly funded a Feasibility Study of the Regionalization of Building Inspection and Plan Check Services based on recommendations from the City/County Liaison Committee. The Matrix Consulting Group provided a final report in April, 2010 (Attachment 1).

The project team analyzed a number of approaches to service delivery for the City and County Building Divisions, including:

- Maintaining existing service delivery through separate alternatives;
- Pursuing a mutual purchasing contract for permitting software;
- Contracting relationships for services between the entities; and
- Formation of a separate legal entity, Joint Powers Authority (JPA), for provision of regionalized services.

Each of the alternatives listed above provide a number of opportunities, challenges, and ranges of fiscal impacts for the City and County to consider.

Overall, the report recommends that a City and County regionalization committee review, consider, and implement the recommendations in the report as pertaining to formation of a JPA for delivery of building permitting, plan review, and inspection services.

Although the primary focus of the study was to assess the feasibility of the City of Modesto and Stanislaus County consolidating plan check and building inspection services, the project team evaluated and identified opportunities for improvement assuming the City and / or County maintained existing service delivery approaches. The project team also evaluated several approaches to regionalization of the City and County's services where both operations maintain their status as separate entities, but combine selected services or contract to each for specific services. The report also included assessments of Best Management Practices (BMP's) and current service delivery for both jurisdictions.

Staff is not recommending a final decision on the structural organization of regionalized services at this time.

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However, staff believes that several of the Matrix recommendations can and should be implemented, and in fact, have implemented several suggestions already. These include steps that could lead to a regionalized model for provision of services regardless of whether the Board of Supervisors and City Council eventually choose to pursue formation of a Joint Powers Agreement or choose to remain as separate entities.

As such, this item requests the Board authorize staff to proceed with the following:

1. Development of a reciprocal staffing agreement with the City of Modesto.
2. Coordinate with the City of Modesto to issue a new coordinated Request for Proposals for upgraded permit tracking software.
3. Coordinate with the City to evaluate programs, service levels, and performance standards and development of a plan to become uniform in service delivery using Matrix BMP's as the baseline.
4. Coordinate with the City to evaluate adopting uniform building codes and administrative procedures.
5. Development of a cost-based fee system.
6. Explore the option of forming a Joint Powers Authority.

Development of a reciprocal staffing agreement

The City and County have had major reductions in staffing over the past two years. Both jurisdictions have staff trained and capable of performing field inspections and plan checks. Each jurisdiction is capable of providing back-up assistance to the other and staff recommends development of an agreement to share staffing resources according to service demand. Part of the agreement could include consideration of a joint hiring process should staff vacancies arise. To implement the agreement, staff would hold a ½ to 1- day workshop for both jurisdictions employees to familiarize each with the others processes and requirements. Staff recommends development of mutual and reciprocal staffing agreements to be brought before both the City Council and Board of Supervisors for consideration. There are no costs associated with development of this agreement except for staff time.

Coordinate with the City of Modesto to issue a new coordinated Request for Proposals (RFP) for upgraded permit tracking software.

Upgrades to permit tracking software are needed by both entities. In 2008, the Department completed a selection process for software and selected Truepoint/Accela Automation as the preferred provider (Truepoint/Accela is the vendor that currently provides service and licensing for both the City and County existing Tidemark software). With the downturn in the economy and the decrease in revenues, the software upgrade purchase was put on hold. Over the past two years, however, the County Building Permits Division has taken actions to increase efficiencies and reduce costs, and is currently in sound financial shape. The Division has adequate fund balance to cover the costs of software implementation.

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The Department believes that Truepoint/Accela remains the vendor of choice, however, the Matrix study recommended the re-issuing of a Request for Proposals to solicit additional bids.

The Matrix study also recommended the following as it relates to permit tracking software:

- Purchase a new, comprehensive permitting software application within the next three to six months.
- Adopt a technology maintenance surcharge on top of building permits or adopt the recent user fee study, which included a cost component for a new system, and allocate appropriate amounts of revenues to a special fund for replacement and maintenance of permitting software.

In June 2010, County Building Division staff contacted Truepoint/Accela to re-define the scope of work and product costs. The original scope included basic Land Management and Customer Access software as well as labor and materials to implement the new software system. The original scope also included several "bells and whistles" including Accela GIS and Accela wireless add-ons. The original price in 2008 for full implementation, including hardware and software purchases was approximately \$1.2 million, and included approximately 4,320 hours of Truepoint/Accela labor.

Staff's redefined scope eliminated the Accela GIS and Accela wireless add-ons, but maintained the basic Land Management and Customer Access software. These software modules allow for permit and fee tracking and on-line web based permitting through customer access, and would form the core system from which additional upgrades and expansions could occur. The modules can be expanded to include additional add-ons when funding or need arises.

Significant efficiencies may be realized through a re-evaluation of the scope, whether from Truepoint/Accela or another vendor. The current revised bid from Truepoint/Accela for full implementation, including hardware and software purchases is approximately \$517,000, and includes approximately 2,252 hours of Truepoint/Accela labor.

Staff also discussed the possibility of providing the master license and hardware support through the County, and "sub-licensing" any City, including Modesto. Truepoint/Accela has developed systems like this before and is willing to work with the County and City to make this work.

Additionally in June 2010, the County entered into an agreement with the City of Oakdale to provide Building Inspection and Plan Check services. As part of that contract, the City of Oakdale is also interested in examining software upgrade possibilities and seems amenable to using a similar model wherein the County provides the hardware and software licenses and the City is simply a sub-licensee. The current re-scoped bid from Accela/Truepoint includes all the basic software and implementation

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labor necessary to upgrade the County's existing system while allowing the flexibility to add additional jurisdictions, should they choose, to ultimately tie-in to the software.

The City of Modesto currently uses Tidemark/Accela and regardless of whether the City Council and Board of Supervisors ultimately choose to proceed with consolidation of services into a single stand-alone entity or not, the Matrix study concluded it is in the County's best interest (and ultimately in a regionalized model's best interest) to move forward with the software upgrade as soon as possible.

However, because the original Request for Proposals was originally released in 2007, staff is recommending authorization to re-issue a coordinated Request for Proposals for separate consideration.

Staff will continue to coordinate with the City of Modesto to determine which product can still meet both jurisdictions needs. The goal would be to have the new or upgraded software package rolled out within six to eight months.

Evaluation of Programs, Service Levels, and Performance Standards

The City and County currently have differing styles, methods and processes of delivering service to our customers. Matrix provided an assessment of Best Management Practices (BMP's) and made specific suggestions for process improvements for both jurisdictions. The Building Permits Division has already implemented several of the recommended improvements.

Additionally, should a Joint Powers Agreement or Authority be the ultimate desire, an analysis of the various programs and services provided by both jurisdictions is required. A list of joint services to be provided also needs to be developed. For example, the City provides a Neighborhood Preservation Unit within the Building Permits Division, while the County provides Code Enforcement through the Department of Environmental Resources. Should a single entity be formed to provide Inspection and Plan Check services, a determination must also be made as to the location of code enforcement services.

Staff recommends to analyze the differences and develop a plan to become uniform in service delivery using the Matrix BMP's as the baseline. Implementation of a joint service plan is somewhat dependent on software and on-line permitting capability, and may differ depending on the ultimate decision regarding organizational structure.

There are no costs associated with this evaluation except for staff time.

Evaluation of adopting uniform building codes and administrative procedures

The State of California requires that both jurisdictions adopt new Building Codes by January 2011. In the past, the City and County have essentially adopted the same Building Codes but have distinct administrative sections. Staff recommends evaluating

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administrative needs and merging them to the greatest extent possible into one document and adopting consistent codes by the January 2011 deadline. There are no costs associated with the evaluation and adoption of new codes except for staff time.

Development of a cost-based fee system

Both the City and County use an antiquated valuation based fee system. The County completed a fee analysis in 2008 and 2009 with the intention of presenting a cost-recovery based fee structure to the Board of Supervisors for adoption. This action has been on hold during the economic slow-down, although in 2009 and 2010 the Board has adopted minor modifications to the valuation based system. The City of Modesto is currently working with Matrix to perform a stand-alone fee assessment for the City Building Department.

The Matrix study concluded that existing fees do not recover the full county-wide costs of providing services and recommended that the County:

- Perform a revised study for adoption in the 2010-2011 Budget Year.
- Implement the new fee structure at the same time as the new permit software system in order to achieve an economy of scale in programming costs associated with the change in fee structure methodology.

Staff recommends that an updated fee study be developed on a cost based fee system. This should be done in conjunction with the implementation of new software. Until the ultimate organizational structure is chosen, staff recommends developing two optional fee structures: one for the County as a stand-alone entity, and one for a joint organization. Staff recommends that the joint fee structure costs be shared with the City of Modesto.

The Matrix study recommends an estimated cost of a new fee study at approximately \$25,000.

Explore the option of forming a Joint Powers Authority

The Matrix study assessed that advantages and disadvantages of various options related to organizational structure of both the City and County Building Permits Divisions including the following:

- Remain as separate legal entities and enter a mutual contract to purchase a new permit information system.
- Enter a contracting relationship whereby the City of Modesto contracts with Stanislaus County for services or vice versa.
- Form a Joint Powers Authority (JPA) and completely regionalize services as a separate entity from either the City or the County.

Should the Board of Supervisors and City Council ultimately agree that a stand-alone JPA is the appropriate organizational structure, there will be a need for impartial leadership and direction through the merging process and administration after the merge. As the JPA Board and Director will be ultimately responsible for the end product of the JPA, they should be involved in discussions and decisions regarding leadership, employment selection, benefits, fees and budget.

The Matrix Consulting Group study ultimately recommends that a City and County regionalization committee review, consider, and implement the recommendations in this report as pertaining to formation of a JPA for delivery of building permitting, plan review, and inspection services. The Board of Supervisors may wish to consider assigning an AdHoc Committee the task of reviewing the various organizational options, or provide immediate direction for staff to proceed with one or more regional organizational models.

SUMMARY

Based on direction from the City/County Liaison Committee, the City of Modesto and Stanislaus County Building Permits Divisions jointly funded a feasibility study regarding regionalization of building permits inspection and plan check services. The report provided several recommendations, many of which can and should be implemented to increase Divisional efficiencies regardless of whether the City Council and Board of Supervisors choose to proceed with consolidation of services into a single stand-alone entity or not.

As such, staff recommends proceeding with the six initial steps defined in this report in cooperation with the City of Modesto, and to report progress back to the Board and City/County Liaison Committee.

POLICY ISSUES:

The Board of Supervisors should determine whether or not implementation of the initial steps described above would be consistent with the Board priorities of a Safe Community, Efficient Delivery of Public Services, and Effective Partnerships.

STAFFING IMPACTS:

Staff from the Department of Planning and Community Development Building Permits Division will coordinate and implement the recommendations presented in this report. Staff from County Counsel and the Chief Executive Office will also participate. No additional staff is required at this time.

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CONTACT PERSONS:

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Steve Treat, Chief Building Official. Telephone (209) 525-6557

ATTACHMENTS:

1. Feasibility Study of the Regionalization of Building Inspection and Plan Check Services City of Modesto and Stanislaus County, California, Introduction and Executive Summary

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INTRODUCTION AND EXECUTIVE SUMMARY

This section provides the introduction and background for the Feasibility Study of the Consolidation of Building Inspection and Plan Check Services between the City of Modesto (the City) and Stanislaus County (the County), as well as the executive summary which identifies the primary findings and recommendations of the report.

1. INTRODUCTION

Between November 2009 and March 2010, the Matrix Consulting Group conducted the feasibility study for the consolidation of building inspection and plan check services between the City and the County. The comprehensive approach to complete the study included:

- Interviewing key elected officials, City and County executives, and respective Department managers and supervisors to obtain a high-level understanding of current operations, challenges, and improvement opportunities.
- Interviewing key Department staff from both the City and the County, including personnel from building inspections, plan checking, and technical and administrative support to understand processes, roles and responsibilities, etc.
- Collecting extensive data from the permit information management systems to understand workload levels, processing times, etc., as well as budget and financial information to understand funding, revenue, etc.
- Assessing the current service delivery organization and operations and identifying opportunities for improvement assuming no regionalization occurred.
- Reviewing the consolidation efforts of other City / County jurisdictions that have recently combined some number of community development functions and services.
- Development and analysis of consolidation assumptions and alternatives, and examining the associated issues related to staffing, technology, governance, etc.

Throughout the course of the study, there was ongoing collaboration with the Project Steering Committee to review interim deliverables (such as the Profile and Best Management Practices) and discuss opportunities for improvement. The following sections summarize the findings and recommendations of the report:

2. EXECUTIVE SUMMARY

Although the primary focus of the study was to assess the feasibility of the City of Modesto and Stanislaus County consolidating plan check and building inspection services, the project team evaluated and identified opportunities for improvement assuming the City and / or County maintained existing service delivery approaches. As such, the following sections identify the primary findings and recommendations in order to improve the respective efficiency and effectiveness of the City's and County's current plan check and building inspection services.

(1) There Is a Cost Savings for the City in Maintaining an Existing Approach to Service Delivery

The following table summarizes the primary findings and recommendations of the City of Modesto's existing service delivery approach:

Primary Finding	Recommendation
The Division's Inspection Function is more than Sufficiently Staffed for Existing Workload Demands	<p>The core staffing level for the Building and Safety Division should be one (1) Senior Building Inspector, and three (3) Building Inspector II/I positions.</p> <p>The Division should eliminate one (1) existing Building Inspector II/I position and backfill with contract Building Inspectors for vacancies</p>
The Plan Review and Permit Counter Functions are Not Adequately Staffed for Existing Workload Demands	The Division should eliminate one (1) existing Associate Civil Engineer position and backfill with an as-needed contract staff for structural review.

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Primary Finding	Recommendation
Two Positions in the Division are Performing Duties Outside Their Classification Descriptions	<p>Convert the existing Senior Administrative Office Assistant Position to an ICC Certified Permit Technician.</p> <p>Convert the Building Inspector II position performing full-time plan review duties to a Plan Review Engineer.</p>
The Division's Existing Fee Structure Does not Recover the Full Cost of Providing Services	<p>A more thorough analysis of fees for service should be conducted which more closely correlates the amount of staff hours and City costs to various project types and sizes, not the valuation of the project.</p> <p>The Division's fees for service should be adopted as close to 100% of the City-wide cost of providing services as is feasible.</p>
The Division Needs Funding to Meet its Permitting Software Needs	<p>Plan for replacement of the Tidemark System within the next two to three years.</p> <p>Adopt a technology maintenance surcharge on top of building permits and allocate revenues to a special fund for replacement and maintenance of permitting software.</p> <p>Study the technology maintenance surcharge within the context of a revisit to charging full cost recovery fees for service.</p>

The project team has recommended minor adjustments to staffing levels and classifications, as well as addressed the issue of permit software replacement needs, with an objective to maintain existing service levels. A summary of total budgetary impacts associated with these recommendations is provided on the following page:

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Recommendation	Net Cost Increase / (Savings)
Elimination of one (1) full time Building Inspector II/I	(\$92,000)
Elimination of one (1) full time Associate Civil Engineer and augmentation of core staffing levels with a contract part-time plan reviewer	(\$73,500)
Conversion of Senior Administrative Office Assistant position to an ICC certified Permit Technician	\$3,000
Conversion of one Building Inspector II position to a Plan Review Engineer	\$4,500
Updated User Fee Study	\$25,000
Replacement and maintenance of permit software (annual), offset by permit surcharge	\$0
TOTAL	(\$133,000)

In addition to these recommendations, there are a number of opportunities for improvement noted in Chapter 3, Best Management Practices Analysis, that could be accomplished with little to no fiscal impact, including:

- Inspection requests should be accepted until 7:00 AM of the day inspections are to be completed.
- The Division should publish better documents for educating contractors and the public on the timing of the construction inspection process
- A uniform plan check checklist by type of project should be used by all plan reviewers.
- Track data on the number of incomplete or rejected submittals.
- Revise cycle time goals to Best Management practices for Residential Additions and Remodels, and Tenant Improvements. Publish cycle time goals to the Division's website
- Establish cycle time agreements with departments external to the Building Division that review plans and provide the Building Division with the authority to enforce agreed upon timelines.

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- Develop a routing matrix by project type for use at the front counter. Limit the number of reviewing departments to only those which are absolutely critical, to avoid processing delays.
- Publish a list of common plan review defects to the Division's website.
- Update the Division's policies and procedures manual to reflect the current organization.

With an objective to maintain existing service delivery levels, the Division should implement the project team's staffing and organizational change recommendations and focus on opportunities for improvement identified in the Best Management Practices Analysis, Chapter 3, that require little to no monetary investment.

(2) There Is a Significant Cost Increase Required for the County in Maintaining Existing Service Delivery

The following table summarizes the primary findings and recommendations of Stanislaus County's existing service delivery approach:

Primary Finding	Recommendation
The Inspection Function of the Building Permits Division is Understaffed for Existing Workload Demands	Authorize a part-time Building Inspector contract to augment existing staffing levels.
Permit Processing and Plan Review Staffing Levels are not Adequate for Workload Demands	<p>Eliminate one (1) Building Inspector II position.</p> <p>Hire a full-time Permit Technician position and require ICC Certification upon hire or within one year of hire.</p> <p>Back up the front counter operation with the existing Staff Services Coordinator position and existing plan check staff as needed.</p> <p>Augment existing plan review staffing capacity with contract services for structural review and workload overflow.</p>

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<p>The Division's Permitting Software Requires Immediate Replacement for Effective Service Delivery</p>	<p>Purchase a new, comprehensive permitting software application within the next three to six months.</p> <p>Adopt a technology maintenance surcharge on top of building permits or adopt the recent user fee study, which included a cost component for a new system; and allocate appropriate amounts of revenues to a special fund for replacement and maintenance of permitting software.</p> <p>Eliminate one Admin Clerk II position once the new permitting software is implemented</p> <p>Re-hire or replace the Application Specialist II position.</p>
<p>Existing Fees For Service Do Not Recover the Full County-wide Costs of Providing Services</p>	<p>Perform a revised study for adoption in the 2010-11 budget year.</p> <p>Implement the new fee structure at the same time as the new permit software system in order to achieve an economy of scale in programming costs associated with the change in fee structure methodology.</p>
<p>The Current Organization Does Not Maximize the Utilization of Personnel.</p>	<p>Change the Status of the Interim Chief Building Official Position to Permanent.</p> <p>Eliminate the vacant Supervising Building Inspector position and upgrade one (1) Building Inspector I/II position to a Building Inspector III.</p>

A summary of total budgetary impacts associated with these recommendations is provided below:

Recommendation	Net Cost Increase / (Savings)
Contract Services authorization to augment existing building inspection staffing	\$60,000
Eliminate one (1) Building Inspector II/I from counter operations	(\$92,000)
Add one (1) full-time Permit Technician	\$62,400
Contract Services authorization to augment existing plan review staffing levels	\$88,000
Cash outlay for new permitting system	\$375,000
Elimination of one Admin Clerk II Position	(\$48,000)
Add one (1) Application Specialist II for software implementation and support	\$79,000
Revision to January 2009 fee study	\$25,000
Elimination of one (1) vacant Supervising Building Inspector position and upgrade of an existing Building Inspector I/II to a Building Inspector III	(\$116,800)
TOTAL	\$432,600

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Recommendations made by the project team indicate a cost increase of \$432,600 required over the next year required to maintain existing service levels.

In addition to these recommendations, there are a number of opportunities that could be accomplished with little to no fiscal impact, including:

- Accomplish concurrent plan review with other reviewing departments. The Building Division currently waits for the Planning, Engineering and Fire departments to perform their first review of the building plans before starting their review
- Establish agreed upon cycle time objectives for all reviewing departments by project type as shown in the table below:

<p>Basic non-structural Residential Alterations and Improvements, Simple Trade (MPE only) permits,</p> <ul style="list-style-type: none"> - All departments perform Over the Counter review - Review can be completed in approximately 2 hours
<p>Single family additions:</p> <ul style="list-style-type: none"> - Planning – 1 week - Engineering – 1 week - Building – 1 week
<p>Tenant Improvements:</p> <ul style="list-style-type: none"> - Planning – 1 week - Engineering – 1 week - Building – 1 week
<p>Commercial New:</p> <ul style="list-style-type: none"> - Planning – 4 weeks - Engineering – 4 weeks - Building – 4 weeks
<p>Residential New:</p> <ul style="list-style-type: none"> - Planning – 3 weeks - Engineering – 3 weeks - Building – 3 weeks

- Website Improvements:
 - Document the timing of the Inspection process according to various types of construction projects. Offer pre-construction meetings to developers of larger projects.
 - Provide sample plan review templates.

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- Post cycle time review objectives for first plan submittal review and re-submittals for all reviewing departments.
- Provide a summary of common plan check defects seen on building permit plans.
- Develop a routing matrix for counter personnel by project type. Currently counter staff uses discretion on each project.
- Train counter staff and plan review personnel to perform simple zoning clearances on building permits for items such as repeat production home plans, pools, etc.
- Update existing informational handouts and allocate space to the County for a kiosk in the combined City / County permit counter area.

With an objective to maintain existing service delivery levels, the Division should implement the project team's staffing and organizational change recommendations, and focus on opportunities for improvement identified in the Best Management Practices Analysis, Chapter 4, that require little to no monetary investment.

(3) Forming a Joint Powers Authority Would Leverage Resources, Maintain Service Levels, and Balance the Short-Term and Long-Term Needs for Regional Plan Check and Building Inspections.

Municipalities across the State of California and the United States are continuing to explore alternative service delivery approaches to leverage resources, become cost-effective, and maintain service levels, in order to face a number of challenges, such as:

- Decreasing budgets and resources
- Workforce shortages and planning challenges
- Fragmentation of service delivery to the public
- Advancing citizen expectations
- Increasing and diversifying service demands

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The alternative service delivery approaches to address these types of challenges involve regionalizing and consolidating staff resources, technology, services, processes, etc.; as well as contracting for services with other government entities and / or commercial service providers, which includes the following alternatives:

- Remain as separate legal entities and enter a mutual contract to purchase a new permit information system.
- Enter a contracting relationship whereby the City of Modesto contracts with Stanislaus County for services or vice versa.
- Form a Joint Powers Authority (JPA) and completely regionalize services as a separate entity from either the City or the County.

The following table presents a summary of the advantages and disadvantages for each service delivery option:

Approach	Advantages	Disadvantages
Maintain Existing Approach to Services	<ul style="list-style-type: none"> • No shared transitional costs to City or County. Each entity can continue to focus on their own operations. • Small cost savings to the City. 	<ul style="list-style-type: none"> • Missed opportunities to leverage staffing resources, information technology resources and service delivery methods. • Higher cost to the County given immediate technology needs.
Separate Entities with Mutual Software Purchase	<ul style="list-style-type: none"> • Shared costs of permit system and technology upgrades. 	<ul style="list-style-type: none"> • Missed opportunities to achieve economies of scale in staffing and other operational procedures. • Significant capital outlay required for the purchase of two software systems.
City Contracts Services from County	<ul style="list-style-type: none"> • Leveraging of resources for both entities. • City would have flexibility in staffing levels based on need. • Significant cost savings for the City. • Cooperation on regional challenges and solutions. • Self-funded through cost recovery fees for service for plan check and building inspections. 	<ul style="list-style-type: none"> • Potential loss of control or authority by the City (e.g., for employee selection, etc.) • Missed opportunities to regionalize building code application and enforcement. • Potential resistance from the community. • Potential resistance from labor unions. • County is behind City technologically and in many best practice areas of service delivery.

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Approach	Advantages	Disadvantages
Joint Powers Authority	<ul style="list-style-type: none"> • Cost savings for both agencies. • Flexible and easy to form, also easy to dissolve. • Large economy of scale achieved in purchasing one permitting system. • Creation of regionalized building regulations/code administration. • Leverage of staffing resources. • Self-funded through cost recovery fees for service for plan check and building inspections. • Elimination of general fund subsidy required by City. • Lays groundwork for future consolidation for other development review functions such as fire prevention, and/or other City/County functions such as building related code enforcement. • Flexibility in utilizing contract services to augment core staffing levels. • Limits issues and challenges associated bargaining units and MOUs. 	<ul style="list-style-type: none"> • Requires significant mutual trust to form. • Removes community development department-head direct management authority over the plan check and building inspection processes. • May cause additional issues and levels of inter-agency coordination for timely service delivery. • May require a fee increase to fully recover operating and infrastructure costs, beyond the respective policy objectives of the City and County.

The following presents a summary of each service delivery option from a fiscal impact perspective to the City:

Approach	Year One Savings, Increase, or Transitional Costs	On-Going Savings or Cost Increase
Maintain Existing Approach to Service Delivery	Savings of \$133,000	Technology needs of \$1 to \$1.5 million over 7 years (\$200,000 per year) Continued general fund subsidy of up to \$700,000 per if no fee increase
Separate Entities with Mutual Software Purchase	\$300,000 technology investment	Technology needs of \$1 to \$1.5 million over 7 years (\$200,000 per year) Continued general fund subsidy of up to \$700,000 per if no fee increase

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Approach	Year One Savings, Increase, or Transitional Costs	On-Going Savings or Cost Increase
City Contracts Services from County	\$300,000 technology investment Savings of \$600,000 in operating costs.	Technology needs of \$1 to \$1.5 million over 7 years (\$200,000 per year) Elimination of general fund subsidy of up to \$700,000 per year (assuming fees for service are set at full cost recovery)
Formation of Regionalized Building Department via JPA	\$270,000 technology and fee study investment, total of \$72,000 investment required after subtracting operating cost savings.	Savings of \$198,000 in operating costs, in addition to the elimination of any general fund subsidies (assuming fees for service are set at full cost recovery).

The following presents a summary of each service delivery option from a fiscal impact perspective to the County:

Approach	Year One Savings, Increase, or Transitional Costs	On-Going Savings or Cost Increase
Maintain Existing Approach to Service Delivery	Investment of \$407,600 for technology and staffing needs	Technology needs of \$1 to \$2.7 million over 7 years (\$250,000 per year) Continued revenue shortfall if no fee increase.
Separate Entities with Mutual Software Purchase	\$379,000 technology investment	Technology needs of \$1 to \$2.7 million over 7 years (\$250,000 per year) Continued revenue shortfall if no fee increase.
City Contracts Services from County	\$379,000 technology investment Increase in operating costs of \$1.2 million to acquire staff for City	Technology needs of \$1 to \$2.7 million over 7 years (\$250,000 per year) Continued revenue shortfall if no fee increase.

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Approach	Year One Savings, Increase, or Transitional Costs	On-Going Savings or Cost Increase
Formation of Regionalized Building Department via JPA	\$270,000 technology and fee study investment, total of \$99,000 investment required after subtracting operating cost savings.	Savings of \$171,000 in operating costs

To address both immediate and long-term needs, the City and County should pursue formation of a JPA, as it would provide cost-effective access to an upgraded permit information system, as well as enhanced leveraging of resources and service delivery. As this assessment has demonstrated, the need for upgrade and replacement of both jurisdictions' permitting systems is the most immediate need for consideration, especially for the County. While there exists an opportunity for the City and County to leverage purchasing power for new respective systems, there are further economies of scale to be gained if one system can be purchased and fully integrated to not only provide plan check, permitting, and building inspections services to the entire region, but also interface with any disparate financial systems currently in place in the City and County.

The following are the key advantages to formation of a JPA as evaluated by the project team:

- Formation of a JPA would allow the City and County to leverage technology resources through the purchase of one software system rather than two. The project team estimates this would provide a combined savings of between \$500,000 and \$1 million, over 7 years. In addition, the initial cash investment for technology resources would be significantly reduced.
- Most of the County's workload occurs within 20 miles of the City/County building where the jurisdictions' operations are already co-located. It makes sense to combine deployment of inspection resources in this manner.
- Regionalization of the City and County's building permitting operations would require analysis of existing local Building Code ordinances and administrative

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codes. Adoption of a regionalized code offers many benefits to the community at large, and paves the way for other jurisdictions in the County to join in the future. The JPA would set the precedence for uniformity in code interpretations between the City and County.

- There are 26 County-owned "islands" of property within Modesto's City limits. Regionalization of the construction approval and building code interpretations would provide a benefit to the community for economic development, as well as leverage building inspector resources better on a daily basis.
- Regionalization of building services paves the way for regionalization of other services and cooperation agreements that could save money and provide further benefits, such as building related code enforcement, and fire code review.
- A slow economic period is an opportune time to enter this venture as a basis for high standards of service delivery as the economy returns.
- JPA formation allows flexibility for labor negotiations, as well as removes the limitation for the County to contract for non-special services such as building inspection, etc. Contractor augmentation for fluctuations in workload are a cost saving mechanism.
- Both the City and County achieve a total cost savings in formation of a JPA of approximately \$369,000. Both the City and County achieve savings in year-one which can be applied toward transition costs.

The Matrix Consulting Group recommends that a City and County regionalization committee review, consider, and implement the recommendations in this report as pertaining to formation of a JPA for the delivery of building permitting, plan review, and inspection services.

Regionalization of Building Permits and Inspections

- City/County Liaison Committee
- City/County Executive Committee
- City/County Building Divisions
- Matrix Consulting Group Study

PowerPoint Presentation

Regionalization of Building Permits and Inspections

MATRIX STUDY

- Profiles of existing services
- City and County best practices assessments
- Analysis of current service delivery
- Analysis of regionalization approaches
- Alternatives and recommendations

Regionalization of Building Permits and Inspections

MATRIX STUDY

- Maintaining existing service delivery through separate alternatives including implementation of BMPs and staff sharing;
- Pursuing a mutual purchasing contract for permitting software;
- Consolidation of Administrative Codes

Regionalization of Building Permits and Inspections

MATRIX STUDY

- Contracting relationships for services between the entities; and
- Formation of a separate legal entity, Joint Powers Authority (JPA), for provision of regionalized services.

Regionalization of Building Permits and Inspections

City/County Liaison Committee Recommendations

- 1. Development of a reciprocal staffing agreement*
- 2. Coordinate with the City of Modesto to issue a new coordinated Request for Proposals (RFP) for upgraded permit tracking software.*
- 3. Evaluation of Programs, Service Levels, and Performance Standards*

Regionalization of Building Permits and Inspections

City/County Liaison Committee Recommendations

- 4. Evaluation of adopting uniform building codes and administrative procedures*
- 5. Development of a cost-based fee system*
- 6. Explore the option of forming a Joint Powers Authority*

Regionalization of Building Permits and Inspections

RECOMMENDATION

Approval to Proceed with Initial Steps Regarding
Regionalization of Services for Building Permits
Inspection and Plan Check Services in Cooperation with
the City of Modesto