



CITY COUNCIL AGENDA REPORT

MEETING DATE: MAY 15, 2012

ITEM NUMBER:

SUBJECT: BUILDING INSPECTION SERVICES REQUEST FOR PROPOSALS

DATE: MAY 8, 2012

FROM: ECONOMIC & DEVELOPMENT SERVICES/BUILDING AND SAFETY DIVISION

PRESENTATION BY: KHANH NGUYEN, BUILDING OFFICIAL

FOR FURTHER INFORMATION CONTACT: KHANH NGUYEN (714) 754-5270

RECOMMENDATION:

Staff recommends that the City Council:

1. Direct staff to reject all proposals;
2. Direct staff to implement a "hybrid model" for building inspection services and eliminate the two vacant inspector positions;
3. Authorize staff to rescind layoff notices that were distributed to Building Inspection and Code Enforcement personnel.

The hybrid model involves maintenance of existing high service levels with a combination of existing employees and contract staff. Under the hybrid model, the Senior Electrical Inspector and Combination Inspector positions would be eliminated.

BACKGROUND:

To provide quality building inspection services at a reasonable cost, the City Council authorized releasing the Request for Proposals (RFP) for this service on September 20, 2011. The RFP was released on September 26, 2011 and seven proposals were submitted to the City on or before the October 20, 2011 deadline. Most proposals contain an "hourly-cost" pricing and two contain a "percentage-of-fees-collected" pricing.

The evaluation team reviewed the proposals and ranked them per the pre-defined scoring criteria on January 10, 2012. The evaluation team invited the top three scoring vendors for an interview on January 27, 2012.

After further review and completing reference checks, the evaluation committee unanimously ranked one of those vendors as the top vendor based on qualifications and pricing. See Attachment 1.

ANALYSIS:

Reorganization of Building Inspection Services

The following table summarizes the existing staffing due to reorganization:

Table A

"HISTORIC MODEL" Previous Staff Levels <i>Adopted FY 2011/2012</i>	"NEW HYBRID MODEL" Current Reorganization <i>Proposed FY 2012/2013</i>
(1) Chief of Inspection	(1) Chief of Inspection
(1) Senior Electrical Inspector	
(1) Combination Inspector	
(1) Office Coordinator	
(1) Office Specialist	(1) Office Specialist
(1) Contract Inspector**	(2) Contract Inspector**
TOTAL: 5 Full-time City Employees 1 Contract Inspector	TOTAL: 2 Full-time City Employees 2 Contract Inspectors

***Consultant from existing contracts with CSG or Bureau Veritas*

For Fiscal Year (FY) 2011-2012, the budget for Building Inspection services included five (5) full-time (FT) positions and one (1) contract inspector. The positions were comprised of one (1) Chief of Inspection, one (1) Senior Electrical Inspector, one (1) Combination Inspector, one (1) Office Coordinator, and one (1) Office Specialist.

During the two-month period between July and August 2011, the Combination Inspector resigned and the Chief of Inspection retired. The workload was filled with contract inspectors through an existing contract with CSG and Bureau Veritas. In December 2011, those contract inspectors were converted to part-time (PT) employees as a cost saving measure.

During the same timeframe, the Office Coordinator was promoted to the Planning Division. The duties and responsibilities for that position were absorbed by other employees; therefore, the Office Coordinator position was eliminated in the fall of 2011.

Thus, in a span of six months, the Building Inspection section was reorganized from five (5) FT positions and one (1) contract inspector to two (2) FT positions and two (2) contract inspectors. The City still has the ability to utilize additional contract inspectors on an as-needed basis.

Utilizing contract inspectors (or PT employees) provides the City with the ability to adjust staffing levels based on the fluctuation in the workload, which saves money. Using key in-house personnel maintains the institutional knowledge that is critical for delivering consistent services to our large customers such as South Coast Plaza. The hybrid model allows the City to utilize the advantage of both staffing models.

Staff believes that the new hybrid style staffing model is cost effective and maintains the high levels of customer service to the community.

Comparison with Other Cities

The following is a summary table identifying the organizational structure, including the "hybrid model", in surrounding cities.

Table B

City	Staffing
Newport Beach	All City Employees, except 1 contractor
Huntington Beach	All City Employees
Santa Ana	All City Employees
Fountain Valley	All Contractors
Irvine	Hybrid: Both City & Contract Employees
Tustin	Hybrid: Both City & Contract Employees

INNOVATIVE MERIT:

The implementation of technology (i.e. wireless field units, as approved by the City Council last summer) provides staff with the tools necessary to be more efficient and effectively facilitate the reorganization to a hybrid staffing model.

FISCAL REVIEW:

Given that the City received proposals from the vendors and that additional staffing changes are proposed, staff believes that two sets of analysis are best.

First, the City issued the request for a proposal consistent with previous staffing levels. As seen on Attachment 2, it appears that the vendor proposal was higher by approximately \$73,000. However, analysis provided based on the total productive or service hours shows that the vendor might provide a greater amount of service for this cost. Therefore, to gain consistency in analysis, staff reduced the vendor proposal to a like number of productive hours that would be provided by City staff. This analysis shows the vendor pricing is still higher by approximately \$4,100 as seen in the chart below.

A comparison of the vendor pricing (as provided in the proposal) to that of fully burdened top step City staff (at 1,800 productive hours), shows the vendor's pricing is about \$7 per hour higher than the cost of City staff.

Second, City management staff is proposing a change in staffing levels for the Building Division. Unfortunately the City has not issued an RFP at these revised staffing levels. Therefore, staff used the vendor rates provided with the original RFP to compare possible costs. As seen on Attachment 3 and below, when vendor pricing is adjusted for productive time it is \$11,300 higher than the proposed hybrid model.

	City Cost	Vendor Proposed	Difference
Current Staffing Model	\$ 654,366	\$ 658,500 ¹	\$ 4,134
Hybrid Staffing Model	\$ 439,586	\$ 450,900 ^{1,2}	\$ 11,314

¹ – Proposed pricing adjusted for comparable productive/service hours.

² – Amount calculated based on original proposed rates, vendor was not asked to provide proposal for hybrid staffing model.

Based on the analysis, comparing the current staffing level costs for FY 12/13 (\$654,366) to the proposed hybrid model (\$439,586), the City could reduce costs by **\$214,780**.

LEGAL REVIEW:

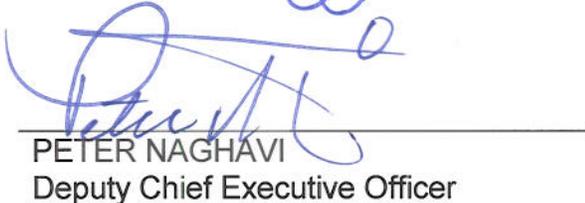
No legal review is required at this time.

CONCLUSION:

The use of key City staff supplemented by contracts for required Building Inspection services is cost effective while maintaining a high level of service to the community.


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 Building Official


 BOBBY YOUNG
 Finance & IT Director


 PETER NAGHAVI
 Deputy Chief Executive Officer

DISTRIBUTION: Chief Executive Officer
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ATTACHMENTS: 1 Building Inspection RFP Determination Book
 2 Current Budget Compared to Vendor Proposal
 3 Hybrid Model Compared to Vendor Proposal