AMENDMENTS TO PROFESSIONAL SERVICES MASTER CONTRACTS WITH 4 LEAF, INC., CSG CONSULTANTS, INC. AND A.R. SANGUINETTI AND ASSOCIATES FOR BUILDING AND FIRE PREVENTION RELATED PLAN CHECK, INSPECTION AND ENGINEERING SERVICES

RECOMMENDATION

It is recommended that the City Council authorize, by motion, the execution of amendments to the professional services master contracts with 4 Leaf, Inc., CSG Consultants, Inc. and A.R. Sanguinetti and Associates for the provision of plan check, inspection and fire prevention engineering services to the Building and Life Safety Division of the Community Development Department and the Fire Prevention Division of the Fire Department.

Summary

As authorized by City Council in the FY 2013-2014 Budget, efforts are underway to consolidate and streamline plan check and inspection services for new construction and tenant improvements. Those efforts include the need for changes to the roles, duties, structure and staffing within the Building and Life Safety Division of the Community Development Department and the Fire Prevention Division of the Fire Department. The continuity of high quality customer service during this transformative period is of paramount importance. The process is underway to hire, shift, train, and certify City staff to function in this capacity while meeting the appropriate customer service and professional standards. During this transitional period, additional temporary resources are required in order to mitigate customer impacts. To that end, outside technical services are needed to close gaps in service delivery as functional roles and assignments change hands amongst staff, as vacancies may arise, and as staff recruitments and/or promotional opportunities wind their way through the human resources system.

4 Leaf, Inc. (“4Leaf”) CSG Consultants, Inc. (“CSG”) and A.R. Sanguinetti and Associates (“A.R. Sanguinetti”) provide survey, engineering, plan check and inspection services, and construction management to private and public sector clients. The City currently contracts with 4 Leaf for plan check and inspection services, and with CSG and A.R. Sanguinetti for fire prevention engineering services. All three firms have licensed or certified staff to assist with the City’s needs and all three firms are on the City’s master contract vendors list. Hence, contract amendments are attached for consideration and authorization by the City Council (Attachments A-D).

DISCUSSION

Background Regarding Community Development

In September 2011, the City Council authorized a contract with Management Partners, Inc. for a comprehensive analysis of the development services function. Particular focus was placed on the
structure, business practices and culture of operations at the City’s Permit Center. The analysis concluded that staff from several departments were operating under a business model considered outdated, unproductive and customer unfriendly. An intensive, forensic process ensued that consisted of individual and focus group interviews with staff and customers of the Permit Center, as well as a multi-day workshop with multi-departmental managers and staff in attendance which focused on problem identification and solution-making. Management Partners produced a report entitled “City of Stockton Development Services Review - Implementation Action Plan (“IAP”),” dated April 2012 and Amended May 2012.

On June 12, 2012, the City Council conducted a public workshop and received a report and presentation from the City Manager’s Office entitled, “Comprehensive Review of Community Development Department.” The presentation identified several foundational pieces needing immediate change, including: a disjointed, overly complex regulatory process, a prior defensive attitude by departmental management and staff, and the residual effects of significant budget cutbacks across the various functions of the department. At that meeting, the Mayor and City Manager’s Office formally introduced the incoming Director of Community Development and set forth the following direction:

- Recruit a change-minded management team for the department, focused on Permit Center coordination and customer care;
- Breakdown the functional silos that have plagued operation and customer service at the Permit Center;
- Produce a truly one-stop Permit Center supported by an efficient organizational structure, effective staff utilization, purposeful work processes, and use of modern technology that increases staff capacity and accountability;
- Hold staff accountable for high quality customer service delivery;
- Provide for the professional growth of staff;
- Right size and manage development fees; and
- Shape the department into a model of excellence for the rest of the City organization to follow.

With the direction in mind, considerable public funds were allocated to the Department in Fiscal Year 2012-13 for organizational development and training of staff. Management Partners, under a contract authorized by the Council on November 27, 2012, conducted the organizational development program where each staff member voluntarily participated in a self-assessment of their individual personality type and style of interaction. Several staff training sessions followed on January 22, February 25, April 12 and June 7, 2013 to further develop core competencies in communication, problem solving, project management, decision-making, building and leading teams, managing conflict, and understanding the dynamics of change.

At the same time, the Director and his newly recruited management team were also looking at changes to the roles, duties and structure of the Department to streamline, simplify and bring down the cost of the customer’s experience throughout the development services process. The goal, as stated in the IAP, was “…to establish a culture of project management responsibility and problem solving for the customer at every level within the department so that customers feel the City is
interested in their business and that they have someone helping them through the process.” In essence, get the customer safely, timely and less costly to the finish line. However, to reach that goal, changes to the role, structure and staffing of the department are required.

Changes were brought before the City Council via the FY 2013-2014 Budget. The Council approved a reorganization and consolidation plan that called for an increase in staffing levels in the Community Development Department (4 new positions and 5 re-classified positions), and changes to business systems and tools that would increase staff capacity from within as well. A key objective of that plan was to drive-down turn-around times for plan check and inspection services for new construction and tenant improvements that require a Building Permit. Another objective was to generate a service system that fosters repeat customers rather than construction activities without the benefit of a permit. Other objectives included reaching out to institutional and economic engines of the community, such as the Port of Stockton and the University of the Pacific, to: 1) establish value-added processes for their unique needs; 2) reach out to customers desiring to “green-up” Stockton through investment in solar energy and heating systems; 3) reach out to those property owners, investors and developers with a desire to breathe new life into the Downtown area; and 4) make preparations for an increased volume of customer inquiries and project applications as economic conditions gradually improve beyond the lingering effects of the Great Recession.

To accomplish these objectives, changes in roles, structure, staffing and workflow processes are also needed in other departments that provide ancillary support to the building and life safety function, which is where the Fire Prevention Division comes into play.

Background Regarding Fire Prevention

In early 2012, Management Partners also conducted a review of the service delivery model, staffing structure and work programs of the Fire Prevention Division, which is physically located in the Permit Center. Much like the findings for the Community Development Department, Management Partners observed significant, inefficient workflow problems in the Fire Prevention Division, with attendant negative effects on customer service. Management Partners questioned the purpose, extent and efficiency/effectiveness of the work then being conducted, as stated below:

- “The City’s longstanding approach to fire prevention has been based on what is allowable and billable with respect to a fee under the State Health and Safety and Fire Codes as opposed to what is most effective in reducing fire safety risk within the community. The goal appears to have been regulatory and revenue generation to the fullest extent allowable, but not necessarily as required by law. The full impact on customer service and the business community as well as the administrative systems and staffing support needed to maintain this strategy or the actual results in terms of fire/life safety may not have been fully understood.”

- “The City does not appear to have conducted a comprehensive risk analysis based on incident reports to determine whether basic fire and rescue incidents could have been prevented by inspection or education or whether the severity of the incident could have been reduced by inspections or education.”

- “While the City may be in compliance with mandated re-inspection frequencies required for various occupancies under the State Health and Safety Code, there has not been an analysis of the most effective allocation of resources to perform those inspections.”
Management Partners recommended that the City reevaluate the Fire Prevention Division’s work program relative to actual fire incident data versus perceived risk reduction and opportunities for revenue generation. In essence, the City needed to re-purpose and restructure the Division to what actually needed to be done under State mandates as well as conditions unique to Stockton. Therefore, a changing of metrics and an adoption of best practices of peer agencies across California was necessary. Management Partners also recommended that the City develop a fire prevention database, one that is user friendly, and for which resource allocation and staffing levels could be derived. Of particular relevance to this discussion, Management Partners recommended that low level or redundant aspects of the Division’s work programs be spun-off or consolidated with the building function, so as to free-up staff capacity for public outreach on fire safety matters.

This latter recommendation is directly related to the consolidation of the work programs for the Fire Prevention Division and the Building and Life Safety Division. Hence the reorganization and consolidation plan that was adopted as a part of the FY 2013-2014 Budget. That plan called for the training and certification of building staff to address fire prevention matters relative to new construction and tenant improvements. This would free-up fire staff to perform annual re-inspections of certain buildings and equipment as mandated by State law, and allow them to conduct important fire safety education in the community. Under this new plan, the Fire Chief would maintain regulatory authority over the work of building staff on matters of fire prevention plan check and inspection of new construction and the Community Development Director and Building Official would confer with and defer to the authority of the Fire Chief in these matters.

Present Situation

Staff has made considerable headway on process improvements, public outreach and working with project applicants to remedy problems in fulfillment of the IAP. As a result, changes in staffing have occurred which required the departments to contract with private firms in order to maintain high levels of customer service. Plan check turn-around times improved to an average of 6-working days from the previous, four to six weeks. An E-Z Permit system was initiated, allowing for same day over-the-counter plan checking and permitting on small to medium sized additions or tenant improvements. Fax-Back Permits and E-Permits are now in-place for simple, routine matters, such as a water heater or household electrical outlet. Construction activities at the Port of Stockton are now accommodated onsite at a satellite office of the Building & Life Safety Division. Photovoltaic solar systems on residential roofs are now plan checked and inspected for building and fire code compliance solely by the Building & Life Safety Division, in an effort to cut down the number and type of plan checks and inspections from two to one, thereby reducing costs, time, paperwork and handling.

These changes didn’t happen overnight and did not come without bumps in the road. Pilot testing, some trial and error, the unwinding of institutional grips, discomfort to line-staff, and gap filling by private firms were all done and will continue as we make our way through this transformation. Notwithstanding, the feedback from customers has been resoundingly positive: “The City is starting to get it” and “Keep it up, you’re on the right track.”

The recommended action would allow continuance of the services being rendered by 4 Leaf, CSG and A.R. Sanguinetti, to cover staffing gaps and maintain a high degree of responsiveness to caseload volumes while the rest of the reorganization and consolidation plan is implemented. As mentioned above, 4 Leaf is currently under contract with the Building and Life Safety Division, and...
CSG and A.R. Sanguinetti are under contract with the Fire Prevention Division, however, those contracts have either expired or are about to expire. Therefore, the amended contracts would ensure continued services and allow the aggressive turn-around times for plan check and inspections to be maintained throughout this transformative period.

Contract Details

The City routinely uses professional consulting services on an "as needed" basis for specific programs and projects. In order to streamline the process of retaining a consultant, the City maintains a pool of vendors utilizing professional services master contracts. On July 13, 2010, the City Council adopted Resolution No. 10-0242 approving master contracts with qualified firms that provide planning, design and construction expertise. These firms were identified through a Request for Qualifications ("RFQ") process, wherein consultants were invited to submit details of their experience, staff resources and capabilities. The submittals were assessed by a selection committee, and 254 firms were found to be qualified in their respective fields. Master contracts were then authorized by the City Council for five-year terms. When a firm is retained for a specific program or project, a contract amendment is issued which specifies the scope of services and the associated cost schedule for the project/services to be provided. If the cost of the contract exceeds the dollar limit for City Manager execution under the Charter, then the contract amendment is submitted to the City Council for consideration and authorization.

4 Leaf, CSG and A.R. Sanguinetti are uniquely qualified to provide the same plan check and inspection services provided by the Community Development Department and the Fire Prevention Division, as those departments conduct (and hopefully complete) their reorganization and consolidation plan. As a bonus, these firms are familiar to the City as well as the local development community. 4 Leaf, on behalf of the City, currently provides plan check and inspection services at the Port of Stockton and also provides building related plan check services at the Permit Center and both CSG and A.R. Sanguinetti provide fire prevention plan check and inspection services to the Fire Prevention Division. In addition, all three firms have worked on many private and public developments in and around Stockton. In summary, these firms are on the Master Vendors List, they are uniquely qualified to deliver the needed services, they are familiar with the City’s caseload and internal processes, and they have proven to perform effectively and efficiently, thus helping staff to improve turn-around times.

Moving forward, these firms will answer directly to the City Building Official, acting under the management of the Community Development Director and the Fire Chief.

The initial term of the amended contracts would run until the end of fiscal year 2013-2014, with the possibility of up to a one-year extension if needed. This provides sufficient time to complete the consolidation of the Building and Fire work programs, hire, shift, train and certify City staff to fully conduct these functions thereafter.

FINANCIAL SUMMARY

Adequate funds are allocated in the FY 2013-2014 Budget, under 048-1830-530 (Community Development = $242,000) and 048-2631-530 (Fire = $170,000). The cost of these consultant services is largely covered by a combination of development fees, vacancy cost savings and, if needed, already allocated General Fund support to the development services function. Costs are
billed on a City-authorized time and materials basis and not-to-exceed costs are based on estimated caseload volumes that may or may not materialize over the course of the one-year term and/or during any extension that might occur.

Specific “up - to” costs that are written into the respective contracts include: 4 Leaf ($160,000 per fiscal year); CSG ($82,000 per fiscal year for Building related work and an additional $82,000 per fiscal year for Fire related work); and A.R. Sanguinetti ($88,000 per fiscal year for Fire related work).

Attachment A - 4Leaf, Inc. - Building & Life Safety
Attachment B - CSG Consultants Inc. - Building & Life Safety
Attachment C - A.R. Sanguinetti - Fire Prevention
Attachment D - CSG Consultants Inc. - Fire Prevention