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To: Members of Denver City Council  
From: Brad Buchanan and Jill Jennings Golich, Community Planning and Development  
Re: SAFEbuilt contract amendment, CPLAN201522027-02  
Date: April 18, 2016

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This memorandum provides an overview of the existing contract Community Planning and Development (CPD) has with SAFEbuilt for on-call plan review and inspection services. CPD is requesting that this contract be amended to increase the overall contract value. We are not proposing a change in the contract term.

## 1. Contract Background

In late 2014, CPD began discussions internally and with Purchasing to pursue an on-call contract with a firm that could provide plan review services. Originally this scope included inspections and commercial plan review, but residential review of IRC structures was the most urgent. Since 2011, the residential plan review group had seen a steady increase in work accompanied by a decrease in the number of initial reviews completed by their due date. CPD was provided additional staff for this group in late 2014, but it was taking nearly one year to get these new staff ready to actually review plans, meanwhile volumes continued to increase 77% from 2011 to 2014.

	2011	2012	2013	2014	2015
<b>Total Number of residential (single family and duplex) initial reviews completed</b>	2298	3050	3544	4074	5233*
<b>Percent of initial reviews completed by the due date</b>	65%	48%	35%	37%	54%

\*Due to the implementation of a new permitting system on 6/8/15, data for the second half of 2015 is an approximation based on the number of initial submittals received and amount of backlog remaining at the end of December.

### RFP Issuance and Vendor Selection

An RFP was issued on January 9, 2015 with proposals due to the City on January 23, 2015. A total of five responses were received, and a group of CPD staff reviewed the proposals and shortlisted two firms to be interviewed. SAFEbuilt was the selected vendor based on both qualifications and price. A contract was entered into in June 2015, and Task 1 was approved to begin building and zoning plan

review for new single-family and duplex structures, as well as some limited International Residential Code townhomes.

### Contract Term and Value

To provide flexibility in responding to increases in plan review and permit volume, the contract is for on-call services to be provided when necessary with the execution of individual task orders. The contract term is for three years (through May 31, 2018), with two one-year extension options with a maximum contract value of \$490,000.

### Fees

For most of the services SAFEbuilt performs, they receive all or a portion of the plan review fee paid to the City, and half of the fee for the zoning permit. The City retains all of the revenue for the building permits issued which is 50% greater than the plan review fee.

## **2. Contract Amendment 1 - Approved**

The first amendment to this contract was executed on March 2, 2016 to increase the services that SAFEbuilt can provide to include the following:

- a. Commercial low rise projects of any use group,
- b. Townhomes,
- c. Commercial tenant finish projects,
- d. Roofing inspections, and
- e. Certain types of commercial zoning permit applications.

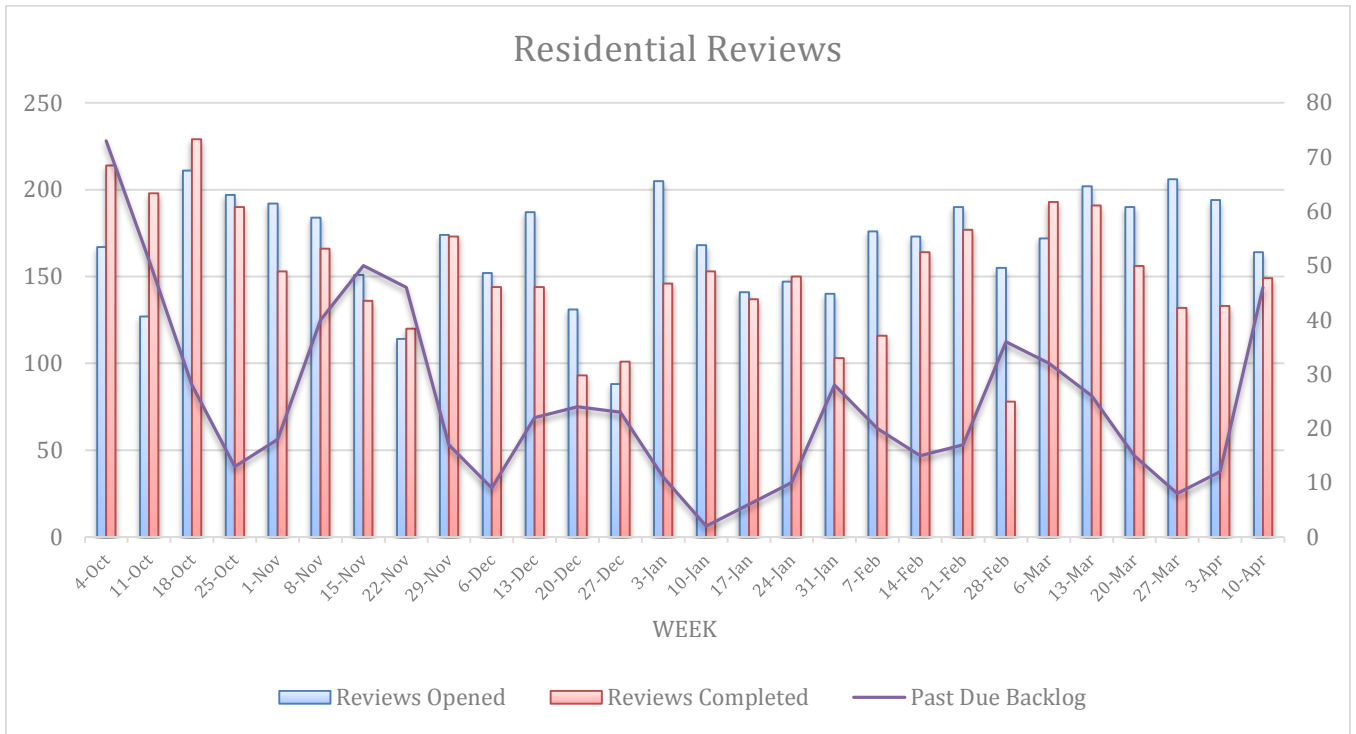
## **3. Contract Amendment 2 - Requested**

CPD is requesting a second amendment to the contract to increase the maximum dollar value of the contract from \$490,000 to \$2,000,000. This amendment requires City Council approval. The term of the contract will not be changing.

Through the 2016 budget process, CPD received \$200,000 to fund this contract. The contract amendment request before City Council today would increase the dollar value of the contract; it would not increase the amount of funds available to CPD. Based on the considerations described above, CPD anticipates a budget supplemental will be needed for 2016.

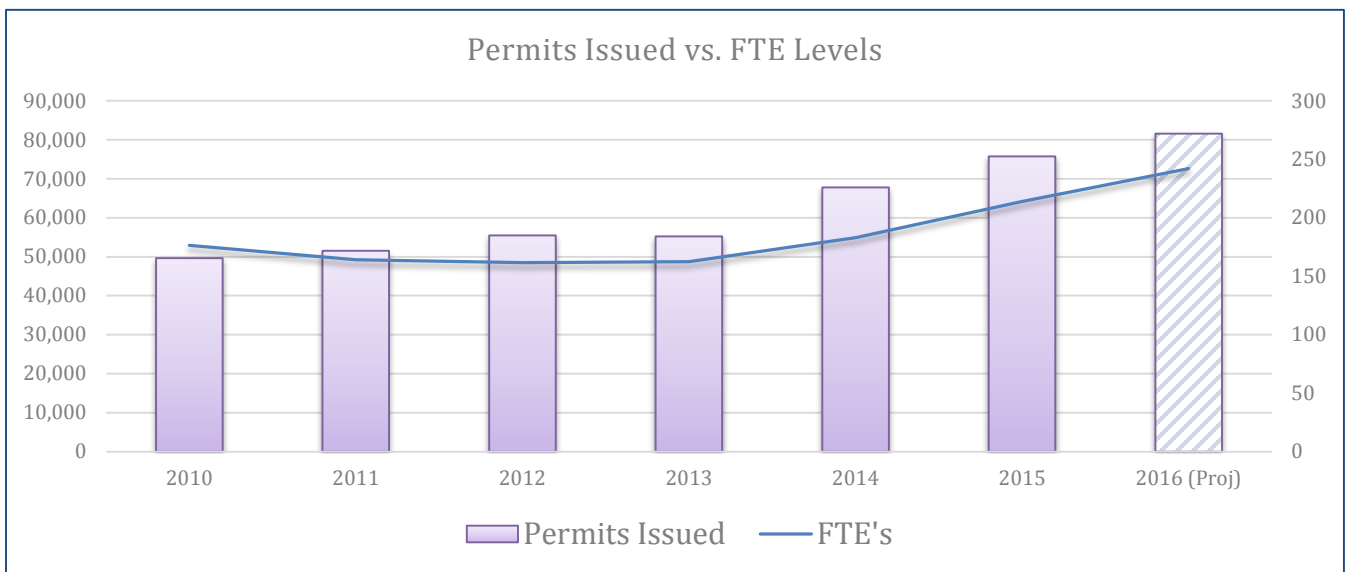
### Reason for Additional Funding

CPD has determined that the contract value must be increased in order to retain the services of SAFEBuilt for the term of the contract to assist in addressing the permit volume challenges for the residential and commercial review teams and to address additional inspection challenges as well. New review and inspection requests are simply outpacing the ability of city staff to complete review and inspections within established time frames. (See chart below.)



### Permit Volume

Year-to-date 2016 permit volumes are exceeding the already historically high volumes we witnessed in 2015. CPD is currently projecting an 8% annual increase over 2015 levels, or over 81,500 permits issued for 2016. Below are the actual volumes for 2016 with comparison to permits issued dating back to 2010.



## Roofing Inspections

Currently, there is a backlog of over 5,000 building inspection requests, comprised almost entirely of roofing requests. While the number of new requests has decreased slightly over the past few months, these levels have not dropped to a level that would allow inspection staff to make significant gains against the backlog. In order to eliminate the backlog, CPD proposes to (1) contract with SAFEbuilt for 3<sup>rd</sup> Party Inspections, (2) hire additional On-Call staff and (3) encourage overtime among our inspectors.

With this combined approach, CPD estimates that we can eliminate the roofing inspection backlog within 12-19 weeks depending on how aggressively we can fill the on-call positions. Below are two scenarios, including their respective cost, and are based on the assumption incoming requests remain stable.

### Scenario 1: Eliminate Backlog in 19 weeks

Scenario 1	Backlog	Rate	Inspectors	Weekly Inspections Completed	Weekly Cost	Total Cost
3rd Parties	5,000	\$42	2	80	\$3,360	\$64,615
On-Calls	5,000	\$28	3	120	\$3,360	\$64,615
OT	5,000	\$46	5	60	\$2,760	\$53,077
			10	260	\$9,480	\$182,308

### Scenario 2: Eliminate Backlog in 12 weeks

Scenario 2	Backlog	Rate	Inspectors	Weekly Inspections Completed	Weekly Cost	Total Cost
3rd Parties	5,000	\$42	3	120	\$5,040	\$60,480
On-Calls	5,000	\$28	6	240	\$6,720	\$80,640
OT	5,000	\$46	5	60	\$2,760	\$33,120
			14	420	\$14,520	\$174,240