

CITY OF HALLANDALE BEACH, FLORIDA
CM18-157

DATE: March 27, 2018

TO: Mayor and City Commission

FROM: Roger M. Carlton, City Manager



SUBJECT: Recommendation of Private Provider Services for Large Scale Projects

CURRENT SITUATION

Currently, there is an approximate 40-45 day backlog in plan review, specifically structural review, due to the death of Raul Alvarez, Chief Structural Inspector, the removal of a part-time CGA Structural Reviewer, and a significant increase in plan submittals. In addition to the structural review staffing shortage, both the Chief Electrical Inspector and Electric Plans Examiner/Inspector retired and resigned, respectively. The current in-house staff, in all disciplines, are working overtime to catch-up. We are actively recruiting to fill the vacant positions. To improve the current level of service, we have engaged both CGA and C.A.P. Government to provide structural and electrical plan reviewers/inspectors. In addition to City staff, the outside contractors have provided one full-time structural reviewer, two part-time structural reviewers, two building inspectors, and one part-time electrical reviewer. Notwithstanding these herculean efforts in staffing, we have not experienced a slow-down in submissions or an increase in productivity; thus, a steady decline in service levels.

Unfortunately, the Building Code Official shortage is not just a challenge for COHB or Broward County, it's a national issue. According to a February 8, 2017 article on Citylab.com, Eighty-Five percent of the respondents to an ICC survey were over the age of 45 and Eighty percent planned to retire within 15 years, and a full 30 percent in five years (Blumgart, 2017). These are alarming figures and paint a dire picture for the future of building construction safety. To mitigate this looming shortage, the Broward County Building Officials Association has partnered with Atlantic Votech and is seeking an education appropriation from the State of Florida to bring attention to our relatively "unknown" profession and provide a comprehensive code official training program. The Broward County Board of Rules and Appeals (BORA) are also reviewing their certification credentials in an effort to certify more qualified individuals; however, BORA's policy 14-02 which prohibits persons qualified by BORA to actively use their contractor's license anywhere in the State continues to be a deterrent to potential qualified candidates.

PROPOSED SOLUTION

Thinking outside the box for a resolution to the backlog, staff looked at the current Private Provider (PP) law to address permit plan review and/or inspections for large, more complex projects. Florida Statute 553.791 Alternative Plan Review and Inspection allows the fee

owner of a building or structure, or the fee owner's contractor upon written authorization from the fee owner, to choose to use a PP to provide building code inspection services with regard to such building or structure and may make payment directly to the PP for the provision of such services. During times of inadequate staffing, COHB should strongly recommend or encourage large-scale developers' to employ a PP for plan review and/or inspection services. This will allow large developments to keep moving while City staff focus on maintaining the target turnaround timeframe of 7 to 15 days for the smaller, every-day plan submittals of Residents and Contractors. Large scale development may be defined as projects with multiple structures and/or a high-rise as defined in the Florida Building Code. When the City is within the target turnaround timeframe, we would encourage the use of City staff to perform these functions. However, the City cannot prohibit the use of a PP or stop the project for any other reason not specifically provided in the Statute.

Even though the PP is contracted by the fee owner or fee owner's contractor, the PP is responsible to the Building Official. If not properly established at the onset by the Building Official, the fiscal relationship between the PP and fee owner or fee owner's contractor may be of concern due to the appearance of being a conflict of interest. The City must be cautious to not interfere with the statutory contractual relationship while ensuring the highest integrity of the code compliance process.

PROPOSED IMPLEMENTATION

The Building Official strongly recommends the developer engage a PP for services (Miami-Dade County Building Department maintains a list of Private Providers and Duly Authorized Representatives which may be accessed by the developer to assist in procuring a PP). Since the PP has a responsibility to the Building Official to maintain the integrity of the code compliance process, the PP will become a vendor of the City even though they are contracted by the fee owner. The fee owner or fee owner's contractor pays the full permit fee at permit issuance. Finance establishes an individual escrow/project account within the Building Division Fund for each PP project. The PP submits an invoice approved by the fee owner or fee owner's contractor and Building Official for disbursement from the escrow account. At the end of the project based on the services provided by the PP (plan review and inspection or inspections only), the remaining escrow funds are refunded to the fee owner or fee owner's contractor with a revenue split of 70/30 with 30% retained by the City when the PP is providing plan review and inspections; and 80/20 with 20% retained by the City when the PP is providing inspections only (50% of permit fee is collected upfront when the City provides plan review services).

FINANCIAL IMPLICATIONS

When the fee owner or fee owner's contractor elect to employ a PP, there is a fiscal impact to the City according to § 553.791 (2)(b) requiring the local jurisdiction to reduce permit fees based on the cost savings to the local enforcement agency. However, the reduced fees are only applicable to the City's building plan review and/or inspection fees which are charged at a dollar value per hour, per trade for plan review and a percentage of construction value based on a sliding scale for inspections. All other fees and surcharges are unaffected. Currently, Broward County and the municipalities surveyed have not adopted a reduced fee

for the use of a PP. However, they are planning to include a reduced fee in the fee schedule adopted for FY18/19.

The 30% or 20%, respectively, of permit fees retained by the Building Division in the revenue split agreement would cover the cost of auditing the plan review and/or inspections as permitted by § 553.791. We currently collect a permit coordination fee based on a percentage of construction value to cover the cost of maintaining documents. Typically, due to the duration (multi-year) and amount of inspections required, the permit fees collected for large-scale projects do not fully cover the cost of services when performed by City staff. The overall impact to revenues is anticipated to be approximately \$200,000 - \$400,000 annually, depending on the number of large scale projects permitted during the fiscal year.

CONCLUSION

It is in the best interest of the City, the building industry, and our property owners to recommend/encourage the developers of large scale projects presently in the permitting and DRC processes to use a PP for plan review and/or inspections to improve the turnaround timeframe from 40-45 days back to 7-15 days. Some of the large-scale projects to potentially use a PP are Optima Plaza North, Gulfstream Point, 2000 S. Ocean, Oasis, Eighth Avenue Commons, Village at Bluesten Park, Bluesten Park, Icebox, and City Center. The use of a PP would help fill the void caused by the Building Code Official shortage crisis we are experiencing. The successful implementation of this into our processes would also serve to highlight the hybrid building code enforcement service model in municipal government.

The developers of Optima Plaza North, being the farthest along in the permitting process, will serve as our pilot. Assessment of the effect on service levels by removing City staff from the responsibility of plan review and/or inspections of large-scale projects will be ongoing.



Keven Klopp, Development Services Director



Shellie Ransom-Jackson, Building Official