



Las Vegas

Agenda Item No.: 52.

AGENDA SUMMARY PAGE
CITY COUNCIL MEETING OF SEPTEMBER 1, 2010

DEPARTMENT: CITY ATTORNEY
DIRECTOR: BRADFORD R. JERBIC

☐ Consent ☒ Discussion

SUBJECT:
RECOMMENDING COMMITTEE: ELIGIBLE FOR ADOPTION AT THIS MEETING:

Bill No. 2010-37 Amends the City's Administrative Code to adopt new fee tables applicable to permits, inspections and other services performed in connection with the City's technical codes, and to make other code-related adjustments. Sponsored by: Councilman Gary Reese

Fiscal Impact

☐

No Impact

☐

Augmentation Required

☐

Budget Funds Available

Amount:

Funding Source:

Dept./Division:

PURPOSE/BACKGROUND:

This bill will amend the City's Administrative Code to adopt new fee tables applicable to permits, inspections and other services performed in connection with the City's technical codes. The new tables are based on the cost of providing services rather than on the estimated value of construction. The tables include built-in adjustments for 2012 and 2013, unless it is determined that increases are not needed. The bill also requires a general contractor to obtain all permits and pay all related fees in the case of projects involving the work of more than one trade.

RECOMMENDATION:

ADOPTION at 9/15/2010 City Council meeting pursuant to the 8/31/2010 Recommending Committee.

First Reading 8/4/2010; First Publication 8/20/2010

BACKUP DOCUMENTATION:

1. Bill No. 2010-37
2. Fee Tables
3. Business Impact Statement
4. Bill No. 2010-37 First Amendment
5. Documentation from the National Association of Industrial Office Properties (NAIOP) by Suzette La Grange
6. Submitted at Meeting Bill No. 2010-37 Second Amendment by Chief Deputy City Attorney Val Steed

Motion made by STEVE WOLFSON to Approve as Second Amendment

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Passed For: 5; Against: 1; Abstain: 0; Did Not Vote: 0; Excused: 1

RICKI Y. BARLOW, LOIS TARKANIAN, STEVE WOLFSON, GARY REESE, STEVEN D. ROSS; (Against-STAVROS S. ANTHONY); (Abstain-None); (Did Not Vote-None); (Excused-OSCAR B. GOODMAN)

Minutes:

CHIEF DEPUTY CITY ATTORNEY VAL STEED indicated that this Bill was referred to the Recommending Committee meeting as a First Amendment and it was held in abeyance to further discuss concerns, and a Second Amendment was proposed.

CHRIS KNIGHT, Director of Building and Safety, explained that since the downturn of the economy and decreasing revenues, the Building Department has had a 60 percent employee reduction, cut travel and training costs and began to look at fees. This creates a better nexus between individual projects and the Department costs incurred for a project. Based on the valuation-based system, larger projects subsidized smaller projects. Consultant CHAD WOHLFORD was hired to look at costs and brought back a recommendation that fees need to be increased. Currently there is a 48 percent cost recovery and the proposal would result in a 65 percent fee increase. Since the existing economy cannot support a drastic increase, the proposal is an incremental increase over three years, with an immediate initial 25 percent increase. The proposal includes an additional 15 percent increase in 2012 and 10 percent in 2013.

MR. KNIGHT stated that he has worked extensively with the private industry who understands the service demands, and the Department not meeting their demands. He stated that 250 inspections are requested each day with only 16 inspectors and averaging 24 holdovers per day. The fee on a single-family production home was increased by \$24.00 and a holdover on a single-family production home costs the developer \$500. The standard for inspections done the same day is 97 percent. However, based on the 24 holdovers a day, this cannot be achieved. MR. KNIGHT further explained for COUNCILMAN ROSS that a holdover means that the inspection would not be made until three days later, costing a developer money.

MR. KNIGHT explained that the Building and Safety Enterprise Fund Committee members are appointed by the City Council. The committee reviews Building and Safety's budget, and has recommended the fee increase and will monitor the fee increase process. He indicated that JIM CHACHAS, Southern Nevada Homebuilders Association, ROBERT POTTER, AGC, STEVE QUINN, member of the State Contractors Board, MARK VINCENT, Chief Financial Officer and Director of Finance and Business Services and himself are members of the committee. These organizations and their members are not pleased with the increase, but understand the need and do not object.

MR. KNIGHT discussed with COUNCILMAN ROSS that even with the 25 percent increase, the Department is not at one hundred percent. The 25 percent increase will put the Department at 50 percent cost recovery, the 15 and 10 percent at 68 percent recovery. Additionally, the 25 percent allows keeping the current staff but does not allow restoring staff that was lost. The Councilman appreciated MR. KNIGHT bringing this issue to the private sector for their input.

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COUNCILMAN WOLFSON verified that public safety is not being affected at this point. Inspectors are salary employees, and there is an expectation for inspectors to perform all inspections scheduled. There are three supervisors who are in contact with the inspectors throughout the day, in the event they need help to complete the inspections.

COUNCILMAN BARLOW verified with MR. KNIGHT that future projected goals for cost recovery should be 96 percent and the way to achieve that is to continue with efficiency in the department. The issue is about providing the service but that is no longer the case because of staff layoffs. The Department needs to maintain staffing levels and if fees are not increased, the projection is that there will be more layoffs. He will continue to find ways to meet the budget demands. He shares COUNCILMAN ANTHONY'S concern about raising fees during this economic downturn.

COUNCILMAN WOLFSON discussed with MR. KNIGHT that fees are commonly passed onto the homeowner, and provided examples of fee costs depending on the square footage of a project. Compared to other entities, such as the City of Henderson, the City of Las Vegas has lower inspection fees.

COUNCILWOMAN TARKANTON confirmed with MR. KNIGHT that without the fee increase services can no longer be provided or continue to keep the quality of the inspections, and that without the fee increase, the harm to the private sector and the growth and development of the industry, would be greater at a reduced revenue level than it would be with increased fees.

COUNCILMAN ANTHONY remarked that he spoke with the private industry and for the most part, they are barely hanging on, and without work, they are not making any money. The fee increase would send a message that it costs more to do business with the City of Las Vegas. He cannot support the fee increase because it could be passed onto the homeowners. The focus should be on discussions regarding consolidation and possibly getting help from private companies to conduct inspections. MR. KNIGHT understood the Councilman's concerns and emphasized that the Department is averaging 67 plans per week; 61 percent of those plans go through the over-the-counter process where plans are reviewed on the spot. Staff is working to save customers time, effort and costs. He fully realizes that service would be an issue and the entire development review process is being affected, but realizes that the process needs to be more efficient making it better to do business in the City of Las Vegas.

COUNCILMAN WOLFSON discussed with MR. KNIGHT that the construction cost for a completed 5,000 square foot building would be \$495,000.

MAYOR PRO TEM REESE pointed out that staff has been proactive in working with all organizations to provide the services in a safe manner. The proposed fee increase is still the lowest in the County.

SUZETTE LA GRANGE appeared on behalf of the National Association of Industrial Office Properties (NAIOP), which represents owners and developers. She acknowledged the layoffs the City of Las Vegas has made and the impact on revenues. She is concerned about the high salaries paid to employees and it is unfortunate that the bargaining agreement does not allow for

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any flexibility. MR. KNIGHT responded that the City's salaries are commensurate with the other three entities in the Valley.

DAN TARWATER, Director of Human Resources, commented on the Review Journal Article and remarked that the plans examiners' salaries are one percent higher or equal to other entities. Electrical inspectors are five percent lower than two entities, and combination inspectors are six percent lower than the three entities. MS. LA GRANGE responded that she was not provided with that information. The information she has reflects that a building inspector's salary ranges from \$115,000 to \$145,000 annually. The organizations do not oppose the 25 percent increase but disagree with the automatic increase in 2012 and 2013. Their position is that after the two years to allow time to improve services and implement a new fee schedule and see if it is enforced fairly and equitably.

COUNCILMAN ROSS recognized MS. LA GRANGE'S concern about the automatic increase without the review process. COUNCILMAN WOLFSON asked whether the bill as proposed requires an automatic increase in 2012 and 2013. CHIEF DEPUTY CITY ATTORNEY STEED replied that the bill was drafted so that the default of increases would take effect with the caveat that those increases would be referred to the Building and Safety Fee Prepayment Fund Committee for review, at which time the Director of Building and Safety could recommend that the City Council repeal or change those automatic increases.

MS. LA GRANGE commended MR. KNIGHT for working with her and for agreeing to establish an appeal board and an advisory committee, in which NAIOP could be involved. She added that given the fixed cost and salaries in place, it is unlikely that MR. KNIGHT would come back before the City Council to repeal the 15 percent and 10 percent increase. The industry is trying to be a good partner with the City, but a 50 percent increase over three years would be too burdensome at this time.

COUNCILMAN WOLFSON confirmed with MS. LA GRANGE that NAIOP is now known as the Commercial Real Estate Development Organization that represents office, industrial and retail with 500 members, many of which conduct business with the City of Las Vegas. The members recognize the need and the benefit they will receive with the fee increase because it is important to get permits in a timely fashion, recognizing also the predicament the City is in.

COUNCILMAN WOLFSON verified that should only the 25 percent increase be approved at this time, MR. KNIGHT could come back at the end of the two years and request another fee increase. COUNCILWOMAN TARKANIAN pointed out there has not been a fee increase since 1993.

WARREN HARDY, Associated Builders and Contractors of Nevada, indicated he has not had an opportunity to speak with his members. Obviously, in this economic crisis, they would oppose the fee increase, but that decision does not exist in a vacuum. It is going to be difficult to determine which is worse; an increase in fees or not being able to rely on timely inspections. The holdovers are devastating to the industry and agreed with the fee increase, and requested a continued review of the process. He agreed with NAOIP that the increase not be automatic.

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COUNCILMAN ROSS acknowledged that fee increases are never popular, but the level of service needs to be saved because the City wants the industry to do business at the City. The economy will change and MR. KNIGHT needs the tools to continue providing the same level of service and conduct inspections in a timely manner. In response to COUNCILMAN ROSS query about only the 25 percent increase approval, MR. KNIGHT responded that the difficulty is that the process would need to be repeated and it has already been difficult getting to the 25 percent; however, he would leave it at the Council's discretion.

CITY MANAGER ELIZABETH FRETWELL added that in two years the justification will be exactly the same. The proposed bill has a cost-based excess. Management is diligently working with labor units to reduce costs. As she indicated to NAIOP, the City Council has been passionate and aggressive about reducing the cost of delivering services and that cannot be done unitarily but what can be done unitarily is lay off people. This year alone nine people were laid off to stabilize this fund for two years. She would gladly provide the City Council with the outcome of the Enterprise Advisory Committee discussion. If it is something too difficult for the industry to absorb, staff will bring back an amendment to the ordinance that stays the implementation of the 10 percent increase. The worst would be for her to come back and tell the City Council that everybody went to the City of Henderson since they had enough staff to provide services and the City of Las Vegas could not perform.

COUNCILMAN ROSS pointed out that communication between staff, the AISC, NAIOP and the other organizations need to continue.

COUNCILMAN WOLFSON commented that even though the fee increase is not liked, the industry recognizes the level of services that the City provides. He recognized that City employees are not unfairly paid in comparison to other entities.

COUNCILMAN ANTHONY commented that he has not heard any complaints from the industry about the Building and Safety Department, but rather about the loss of business, people being laid off people and the fee costs. He reiterated that discussions need to continue about the new City, new innovations and privatization. He does not feel this is the right time to increase fees.

COUNCILMAN BARLOW believes that in order to remain whole, difficult decisions must be made. At what point does the City start looking at other opportunities to avoid more layoffs and avoid impact to services. Sensible opportunities need to be looked at in order to adjust fees accordingly and appropriately. The economy is not getting better, and the fee increase is needed and looks forward to future adjustments if needed.

See Item 12 for related backup.

Second reading and bill adopted as a Second Amendment as Ordinance 6110.