



## Building and Safety Enterprise Fund Advisory Committee Minutes

### 1. Call to Order

Minutes:

CHAIR POTTER called the meeting to order at 2:05 p.m.

PRESENT: CHAIR POTTER and MEMBERS APPELYARD, McOSKER and MOSS

EXCUSED: MEMBER QUINN

ALSO PRESENT: MICHAEL CUNNINGHAM, Deputy Director of Building and Safety, BENITA CROOK, Administrative Secretary, BRYAN SCOTT, Assistant City Attorney, and DEBRA A. OUTLAND, Deputy City Clerk

### 2. Announcement Regarding: Compliance with Open Meeting Law

Minutes:

ANNOUNCEMENT MADE: This meeting has been properly noticed and posted at the following locations: City Hall, 495 South Main Street, 1st Floor; Clark County Government Center, 500 South Grand Central Parkway; Grant Sawyer Building, 555 East Washington Avenue; City of Las Vegas Development Services Center, 333 North Rancho Drive.

### 3. Public Comment: Comment during this portion of the agenda must be limited to matters on the agenda for action. If you wish to be heard, come forward and give your name for the record. The amount of discussion, as well as the amount of time any single speaker is allowed, may be limited.

Minutes:

None.

### 4. For possible action to approve the Final Minutes by reference of the Regular Meeting of October 7, 2019

Minutes:

MEMBER MOSS wanted to follow up on a request made by CHAIR POTTER regarding a list of items that could be accepted over the counter, and MEMBER McOSKER said he would be distributing the list following the vote.

Motion made by Amanda Moss to Approve

Passed For: 4; Against: 0; Abstain: 0; Did Not Vote: 0; Excused: 1

For-Venetta Appleyard, Kevin McOsker, Robert W. Potter, Amanda Moss; Excused-Stephen P. Quinn;

### 5. Report by Kevin McOsker, Director of the Department of Building & Safety, regarding an update to the 2020 Enterprise Fund Budget for Fiscal Year 2020

Minutes:

MEMBER McOSKER reported that as of November 2019, which represents 42 percent of the fiscal year, the total revenue was about \$5.8 million, which is 51 percent of the proposed revenue. The nondiscretionary labor expenses amounted to \$3.6 million, or 31 percent of the budgeted amount. Discretionary expenses amounted to \$1.5 million, or 30 percent of budgeted expense, for a total of \$5 million or 31 percent. Revenues were higher than expected for the time of year, and he did not expect December to be a great turnaround for evaluation since

it is typically a slow month, but he felt the budget was doing better on both revenues and expenses.

6. Report by Deputy Fire Chief Robert Nolan regarding an update on residential fire sprinkler inspections

Minutes:

DEPUTY FIRE CHIEF ROBERT NOLAN announced that the report he brought represented the previous quarter. He apologized, and said the correct report will have to be submitted at another time. He said the first sheet would show the number of inspections completed and how many were completed the day they were requested. In September it was 100 percent, but he again reiterated this was not the current report.

ASSISTANT CITY ATTORNEY BRYAN SCOTT advised that it would be appropriate for a Board member to make a motion to hold the item in abeyance.

Subsequent to the motion and vote, CHAIR POTTER asked MR. NOLAN how he felt about the current quarter, and assured that the numbers would reflect 100 percent of inspections were completed on the day they were requested.

Motion made by Amanda Moss to Hold in Abeyance to the next Committee meeting

Passed For: 4; Against: 0; Abstain: 0; Did Not Vote: 0; Excused: 1

For-Venetta Appleyard, Kevin McOsker, Robert W. Potter, Amanda Moss; Excused-Stephen P. Quinn;

7. Report by Kevin McOsker, Director of the Department of Building & Safety, regarding express plan review fees since the inception of electronic plan review

Minutes:

MEMBER McOSKER said this was a follow-up item from the previous meeting when the Board was talking about fee structures, and one of the discussion points was regarding non-statutory fees and how those fees are affected with electronic plan review. Last fiscal year, \$41,799 in express plan review fees were collected. This averaged about \$3,500 per month, which was a fairly small portion of their overall budget for last year. MEMBER McOSKER read figures from August through November for a total of \$20,000, and explained it did not appear that electronic plan review had made any impact to the amount of fees that had been collected.

MEMBER MOSS said she appreciated this item, as this had been a question posed from one of her members. She wanted to make sure that the fee increase was enough to offset the cost that staff is seeing. She said as long as staff is comfortable and confident, she would be as well.

8. Report by Kevin McOsker, Director of the Department of Building & Safety, regarding bonding line item fees for projects within the right-of-way

Minutes:

MEMBER McOSKER reported this was an item from the last agenda regarding the bonding line items and civil line of work. He performed an evaluation on the bonding estimates, and MEMBER MOSS provided some data which compared other jurisdictions.

MICHAEL CUNNINGHAM, Deputy Building and Safety Director, explained he consulted with the Public Works Department, who gave him five of their most recent Capital Improvement Projects, which had 24 bids in total. He took the average unit cost the City is being charged and compared it with line items his department charged. He named the various line items he reviewed and explained that the majority of his department's items are still well below what they have to pay when bidding on projects, and did not think anything could be done. He used the example of Type 2 Gravel Base, and said the current bond is \$29.60 per square yard, and the City is paying \$64.40 per square yard on average, so they are about \$35 per square yard short. He said there are a couple of line items that they are paying more than the amount they are charged, but when they are under, they are under by a lot. Some of the storm drain and sewer manholes are the biggest difference, as it gets up to almost \$5,000 that they are charging under. They did send an industry notice regarding the construction cost increase and they try to stay within reason of what the City sees when they are sending out bids.

MEMBER MOSS said she appreciated this item, and knew by looking back in the minutes, there was some talk about most of these items being Public Works items, but builders on the residential side send their fee workups to Building and Safety. She initially had a concern because she had four private builders whose cost-to-carry was

almost \$20,000, and they asked for an adjustment because builders are bonding for a lot more than what it takes to put in the infrastructure. She said the City of North Las Vegas adjusted their bond down almost 16 percent at the industry's request, but she wants to keep the City whole and liked that it was tied to some index.

CHAIR POTTER asked if the City is assuming the fees as a public process of which it is prevailing wages, and MR. CUNNINGHAM confirmed. CHAIR POTTER asked if the City would have to pay the prevailing wages if they had to call a bond on a private home builder that was performing work. MR. CUNNINGHAM explained that if the City calls the bond for a homeowner that could not complete the work, the City would pull the bond and construct it as a public project. That is why their unit costs are about two to three times more than what the private contractors pay. CHAIR POTTER asked how many bonds the city had to take care of in the last year, and MR. CUNNINGHAM said they have not taken care of any in the last year because calling bonds is not something they typically do. Agreements are good for two years then it goes into default. When business is moving forward, they rarely have to call the bonds.

Subsequent to Item 9, CHAIR POTTER re-opened this item for discussion and asked about the rules for who can bond off-sites. MR. CUNNINGHAM said the only person that is allowed to bond for a project is the developer and/or property owner that has the authority to enter into a financial security agreement with the city. They do allow lessees to bond as long as they provide a lease agreement with the property owner. MR. CUNNINGHAM confirmed for CHAIR POTTER that this does not include contractors.

9. Discussion regarding modification of Combination Building Inspector pay grades

Minutes:

MEMBER McOSKER said he placed this item on the agenda to get the Committee's thoughts on making an adjustment to the Combination Building Inspector pay grades. It was recently discovered that there is a disparity with other jurisdictions that employ Combination Building Inspectors. The City of Las Vegas would like to be the preferred employer, but the salary mid-point is about \$75,000. City of Henderson's mid-point salary structure is about \$91,000 per year and Clark County's is \$81,000. MEMBER McOSKER said he consulted with the Human Resources Department about potentially changing the pay structure and having two pay grades. This would impact about 30 employees, which is about a third of their staff.

CHAIR POTTER asked what it would cost for those 30 positions based upon the two rate increases. MEMBER McOSKER said he does not have an exact number, but it would be an eight percent increase in labor over one third of their staff. In looking at the budget, salaries equate to \$5.5 million, so the increase would be about \$440,000.

MEMBER MOSS said her concern was that they are in the process of raising fees to keep the City whole, but this increase would reverse that. She understood the City is at a disadvantage, but there is a lot to think about. MEMBER McOSKER re-evaluated the math and it came to a \$150,000 increase. He recognized the fee increase, but he does not want to get into a position where they cannot hire anyone. MEMBER MOSS asked if current staff has complained or if there are issues filling open positions, and MEMBER McOSKER said they are seeing less individuals apply for the open positions. He felt if they could be a more competitive with some of the salary structure, it would give the City of Las Vegas more of an advantage.

MEMBER MOSS said different pay structures still affect the General Fund, and asked if there would be a potential issue if they raised this class and not giving a raise City-wide. ASSISTANT CITY ATTORNEY BRYAN SCOTT said it would be a consideration when negotiating salary increases. MEMBER McOSKER said he brought this up with Human Resources, and they are very careful to see how this will impact the overall fund. He said this could be tabled for a later date, but he did not want to make a decision without getting an input from the Committee since it involves a large portion of the staff.

DEPUTY FIRE CHIEF ROBERT NOLAN explained that people within a bargaining unit have to go through a class and comp process. Bargaining units will negotiate benefits, contributions and cost of living raises. He wanted that on the record to relieve any misunderstandings. Cost of living raises are across the board, and everything else is specific to that classification.

CHAIR POTTER clarified that even with the eight percent increase, the City would still be \$3,000 to \$4,000 below Clark County. MEMBER McOSKER said that was correct, but they did not want to make the pay structure so high that it would be out of balance with other positions. They strategically looked at where they can make a positive impact without it becoming too large of an issue. CHAIR POTTER said going forward with the rate increases

might be advantageous. He wanted to take things one step at a time and bring this back up at a later date. MEMBER MOSS was in agreement, and also mentioned her concern about how this might affect the morale of the rest of the department that would not be getting a raise. There are other variables department-wide that need to be taken into consideration.

10. Report by Kevin McOsker, Director of the Department of Building & Safety, regarding an update of the Fee Study status

Minutes:

MEMBER McOSKER said this was a follow-up item and believed the fee study was ready. Staff finalized the details and the presentation to be presented to Business Impact Statement. Due to his recent illness, he was not sure what the status was but he said he was working on it and was excited to move forward.

MEMBER MOSS asked if the effective date would still be July, and MEMBER McOSKER said the Business Impact Statement would be coming out fairly soon with the implementation of the fee study, which would be effective as of July 1<sup>st</sup>.

CHAIR POTTER asked when this would be going to the City Council, and MEMBER McOSKER predicted March or April.

MEMBER MOSS said there are still residential and commercial projects moving through the system, and wondered at what stage in the process the applicants are under the new fee structure. MEMBER McOSKER said it would generally be when the payment of the fee is collected.

11. Report by Kevin McOsker, Director of the Department of Building & Safety, regarding an update of the Administrative Code status

Minutes:

MEMBER McOSKER reported the Administrative Code is in the same position with the fee structure.

CHAIR POTTER asked him to elaborate on the big items he sees changing in the Administrative Code.

MEMBER McOSKER said the number of exemptions is a big difference. There were 15 and now there are 80 permitting exemptions. Staff benchmarked what partner jurisdictions were doing and included a number of construction activities that were exempted by default or by lack of requirements. They have also clarified language regarding the Special Inspection Program, updated the inspection criteria and eliminated the drywall inspection.

MEMBER MOSS added that was per the negotiations for mandatory fire sprinklers, which was the last outstanding item that had not been implemented. MEMBER McOSKER clarified that is not currently a required inspection based on the adoption of the fire sprinkler ordinance. CHAIR POTTER asked if they are still doing it on commercial, and MEMBER McOSKER said he would get back to him with an answer. A current ordinance would say that unless it is part of a fire-rated assembly or structural assembly, it would be exempt from an inspection. CHAIR POTTER asked if a shear wall would be included in a structural assembly, and MEMBER McOSKER said it would, although they do not see many due to the migration of current codes. The design loads have doubled and took half the value away. CHAIR POTTER said he did not assume the drywall was part of the shear, but because it is a structural assembly, he asked if staff would waive the drywall inspection. MEMBER McOSKER said he did not consider that as part of the structural system, so it would be exempt. It would only be required if it were a drywall shear wall or a fire resistive assembly.

CHAIR POTTER said it had come to his attention that Clark County is eliminating requirements for masters, electrical, plumbing and mechanical, and wondered if staff is addressing any of those issues in the exemptions or waivers. MEMBER McOSKER said they were. His current proposal in the Administrative Code is not to eliminate these items, but he is curious to see where it goes. He said there is a lot of pushback from the electrical and plumbing industry, but added that the City has the ability to verify that the person doing the work is a qualified journeyman if there is a failed inspection. Clark County's argument is that it is a quality control issue for the contractor to deal with, but it has been a longstanding process to have a qualified journeyman perform the work. As the Administrative Code was being drafted, staff did not know these requirements were being pulled.

CHAIR POTTER said he just wanted to know if MEMBER McOSKER was engaging in that same process because he needs to understand. MEMBER McOSKER said he did not remove it from the Administrative Code.

MEMBER MOSS added that Southern Nevada Home Builders (SNHB) supported the County removing that requirement, and for the residential industry specifically, it is difficult to figure out if there is a workmanship issue and who is liable. They do not have the time, staff or the resources to enforce it. The City of Sparks has also removed it; the City of Reno is the only other city trying to enforce it. From an affordability, workforce and liability standpoint, she and her team would be in support of removing those requirements. CHAIR POTTER said he had mixed emotions on this and wants to understand both sides. MEMBER McOSKER said he is sure this will be brought up again.

12. Report by Kevin McOsker, Director of the Department of Building & Safety, regarding an overview of the Enterprise Fund Budget for Fiscal Year 2021

Minutes:

MEMBER McOSKER said he is currently in the planning process of developing the Fiscal Year 2021 budget. It will be implemented July 1<sup>st</sup>, 2020 with a turn-in date of February 3<sup>rd</sup>, 2020. He wanted to have a discussion about where things are going in the construction industry with industry members who may have more insight. In looking at permit numbers for December 2019, he noted that it was relatively flat in terms of permits and inspections. The construction valuation had doubled from the previous year, which could have been a short-term issue with the larger projects they had permitted in the 2019 calendar year. Overall, 2019 was a good year with permits for the Circa, The D Las Vegas, residential projects in Symphony Park and the World Market Center Convention Expo. In terms of planning, his initial thought process was to not be aggressive when looking at revenue projections, and he wanted to see if that was consistent with this Committee's thoughts.

MEMBER MOSS predicted things would stay flat. She is expecting an increase of 200 to 400 permits for single family, 11,000 from the residential side and 14,000 overall. Numbers from last year are still coming in, but they were less than expected and they contributed part of that to the building code update. She did not foresee the issues from the last year to affect this year's numbers, but the industry is at capacity.

CHAIR POTTER said he did not have any comments because he could not speak on the construction industry.

MEMBER MOSS wondered if the same number of permits would be coming in but the valuation would be higher. MEMBER McOSKER said the two metrics he uses in the Building and Safety industry is the number of permits issued and the construction value, which is defined by the owner of ICC (International Code Council) valuation tables. That would give an idea of how complex the work is and how big the project is. MEMBER MOSS thought this would not necessarily impact the budget just because the valuation is up, and MEMBER McOSKER said there is no simple way to describe it, but there is somewhat of a function to the complexity of the work that is related to the fees they collect. They will evaluate the occupancy, type of construction and size of the building to determine what the fees are. In Clark County, their permit and plan review valuations were directly tied valuation, so that does have a direct impact to their revenue. MEMBER MOSS asked if they are seeing an increase in revenue and a corresponding increase in the expenditures because the projects are more complex. MEMBER McOSKER said it was hard to quantify that at this time. It has more to do with the need for services and additional services that require outside sources.

13. **Discussion regarding topics for future agenda items.** Comments made during this portion of the agenda by individual members shall refer solely to proposals for future agenda items and any discussion shall be limited to whether or not such proposed items are within the purview of the Committee and/or whether such proposed items shall be placed on a future agenda. No discussion regarding the substance of any such proposed topic shall occur and no action shall be taken.

Minutes:

MEMBER MOSS confirmed they would be abeying Item 6 to the next meeting, and also wanted to talk about what the City is doing with the 2021 Code. She also requested an update on the larger commercial projects.

MEMBER McOSKER said there would be no issue adding those items, but the summertime might be a better time to discuss the 2021 code. His idea would be to hold a meeting in July or August so that way they have a good idea where they are at with the fiscal year.

The members discussed when to hold the meeting, and MEMBER McOSKER said he would look into a date in mid-August.

MEMBER MOSS asked if the meeting could be held on a day of the week other than Tuesday. MR. SCOTT explained that this Commission only needs to meet twice per fiscal year, and there is no specific date or time listed in the Bylaws.

14. **Citizens Participation:** Public comment during this portion of the agenda must be limited to matters within the jurisdiction of the Committee. No subject may be acted upon by the Committee unless that subject is on the agenda and is scheduled for action. If you wish to be heard, come forward and give your name for the record. The amount of discussion on any single subject, as well as the amount of time any single speaker is allowed, may be limited.

Minutes:  
None.

15. **Adjournment**

Minutes:  
The meeting was adjourned at 3:07 p.m.

Respectfully submitted:

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Debra A. Outland, Deputy City Clerk

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Kevin McOsker, Director of Building & Safety

Minutes Prepared by:  
Cheyenne LaRance, Deputy City Clerk

THIS MEETING WAS PROPERLY NOTICED AND POSTED AT THE FOLLOWING LOCATIONS:

City Hall, 495 South Main Street, 1st Floor  
Clark County Government Center, 500 South Grand Central Parkway  
Grant Sawyer Building, 555 East Washington Avenue  
City of Las Vegas Development Services Center, 333 North Rancho Drive