



## Building and Safety Enterprise Fund Advisory Committee Minutes

### 1. Call to Order

Minutes:

CHAIR POTTER called the meeting to order at 10:02 a.m.

PRESENT: CHAIR POTTER (seated after Item 5) and MEMBERS APPLEYARD, McOSKER and MOSS

EXCUSED: MEMBER QUINN

ALSO PRESENT: JOSANNA ESPEJO, Senior Management Analyst, BRYAN SCOTT, Senior Assistant City Attorney, and ASHLEY FOSTER, 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 March 7, 2019

Motion made by Amanda Moss to Approve

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

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

### 5. Discussion for possible action regarding the election of the Chair

Minutes:

ACTING CHAIR POTTER inquired as to if CHAIR QUINN would continue to serve on the Committee to which ASSISTANT CITY ATTORNEY BRYAN SCOTT replied that he would.

MEMBER MOSS stated that the current Chair had expressed his desire to pass on the gavel; she wished to nominate ACTING CHAIR POTTER as Chair.

Motion made by Amanda Moss to elect Robert Potter as Chair

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

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

6. Discussion regarding the Building and Safety Department's third-party plan review outsourcing, which is currently handled via consultant contracts

Minutes:

MEMBER McOSKER stated that the Department of Building and Safety was near the end of a consultant services contract with Bureau Veritas. An RFP (Request for Proposal) has been issued and will close 5/14/2019 that will afford the Department the opportunity to review the services it is providing. He was aware that part of this issue has to do with staffing in plans exams; therefore, the Department has used outsourcing as its primary mechanism for plan review services.

In terms of internal plan review, he was happy to announce that a new Plans Examiner would begin immediately. A current Inspector would begin next week as a Plans Examiner after which the Department would be at its full allotment for Combination Plans Examiners. There will be some transitions in order to bring these individuals up to speed along with the two individuals hired since the Committee's last meeting. He noted the Department's efforts, which it tries to accomplish through the consultant services contract, to provide a consistent level of service to the construction community so that it can rely on a service time that is reliable and duplicable. MEMBER McOSKER believes \$650,000 has been budgeted in addition to an increase of \$300,000 to provide a consistent level of service to customers and to provide financial reimbursement to Bureau Veritas for the services they are providing.

MEMBER McOSKER was not in support of never having third-party plan review consultants on staff to meet the demands of the customers. Should the Committee advise against it, a discussion could be held; however, he felt strongly enough in the cyclical nature of the construction industry and thought it was wise to have some sort of outsourcing application.

MEMBER MOSS wondered what percentage of existing staff was cross-trained. MEMBER McOSKER said there was no contract for inspection services and believed he would seek the advice of the Committee at some point, but all Plans Examiners and Inspectors are combination plan reviewers and combination inspectors. Not all are completely certified in every discipline but many are hired partially certificated. He believed one-third of Plan Examiners are full combination prepared.

MEMBER MOSS supported the continuance of having a third-party consultant.

CHAIR POTTER asked if the Department will be able to do more over-the-counter plan checks. MEMBER McOSKER replied long-term yes and noted that the Department was also looking into an electronic plan review but was unsure how this would work with over-the-counter services. Because the applicants would be able to submit their application anytime, there may not be the need for people to come in person for a permit. CHAIR POTTER stated that in the past, the County has had requirements for over-the-counter submittals and wondered if the Department had any requirements currently or would be implementing any. MEMBER McOSKER confirmed there is a posted list of eligible and ineligible projects for over-the-counter applications. The process may be modified to accommodate the electronic plan review.

CHAIR POTTER stated that the County has an electronic plan check, and to his knowledge, there have been challenges. He suggested MEMBER McOSKER speak to the County to understand their shortcomings. MEMBER McOSKER acknowledged this stating that staff was in conversations with other jurisdictions. The Department will implement the optional submittal process starting June 18th, and he added that an industry notice has been sent out. The electronic plan review will be implemented completely in August. He did not anticipate a smooth road but staff was committed to ensuring functionality.

CHAIR POTTER spoke to some of the difficulties he has experienced with such a submittal process. MEMBER MOSS echoed those challenges as they relate to residential as she believed once a process begins online, it must stay online, or once a process begins on paper, it must stay on paper. She appreciated the open dialogue with MEMBER McOSKER and his department.

MEMBER McOSKER would like to maintain a consistent process but would not implement a hard rule. He thought one of the helpful advantages to an electronic plan review is that all firms are capable of utilizing an electronic plan review. It also saves times and manpower in shipping plans to consultants. He believed there would be a lot of efficiencies gained.

7. Discussion regarding the Building and Safety Department's vacant Inspector Trainee positions

Minutes:

MEMBER McOSKER acknowledged the discussion held at the last meeting regarding the Combination Inspector Trainee program. He had with him the job description and stated that the City had developed a training program for the Combination Plans Examiner Trainee position which he thought could serve as a baseline to get started. He thought with this program, there was some self-study but it still included management supervision of the process. He was not sure he was ready to act upon a Combination Inspector Trainee program but believed MEMBER WALKER'S comments regarding the Department growing its own staff and having a future development pipeline were valid. MEMBER McOSKER was hopeful other jurisdictions in the building and safety industry could come together to develop a program. He was aware that the College of Southern Nevada was working on a program to educate on building, safety and construction codes.

MEMBER MOSS wondered if an analysis could be completed in terms of the amount of rollovers or number of inspections per inspector as they are training. She hoped a trainee program like this would not create unintended short-term consequences as a result of long-term growth.

MEMBER McOSKER shared this same concern as he did not wish to inhibit the ability of staff to perform the inspections in which the Department is obligated to perform by trying to train at the same time. It was a long-term consideration and staff would review the training program. He confirmed they would evaluate rollovers as a function of the training program.

8. Discussion regarding the sustainability of the Enterprise Fund Reserves as impacted by a potential fee increase

Minutes:

Referencing the handouts attached as backup, MEMBER McOSKER explained that the two graphs illustrate the Enterprise Fund Reserves without a fee increase and with a fee increase noting staff's recommendation was a 16 percent fee increase. The graphs were to illustrate how a fee increase would affect the unreserved working capital which was the 50 percent of expenses the Department of Building and Safety was able to maintain, under Nevada Revised Statute (NRS), for the Enterprise Fund. One of the graphs assumed a 3.5 percent growth of the construction industry and included a four percent labor growth and a one percent growth in non-discretionary expenses. This graph illustrates how the unreserved working capital is affected by those two assumptions which were consistent on both graphs.

MEMBER MOSS asked if the Enterprise Fund Reserves were close to the 50 percent NRS cap or if part of the intent of a fee increase was to get close to that cap so that staffing levels may be maintained. JOSANNA ESPEJO, Senior Management Analyst, stated that currently the fund balance was at \$5,495,535 and was projected to be slightly \$100,000 over the 50 percent mark at the end of the year.

MEMBER MOSS asked if the goal of the graph was to show what an increase would look like to the Enterprise Fund Reserves and whether it would put the Enterprise Fund Reserves over the 50 percent cap. MEMBER McOSKER replied yes and believed it would be wise for the Enterprise Fund Reserves to maintain as close to the 50 percent as possible. He noted that the construction industry was not consistent enough for the amount to hover around 49 percent all of the time. There is the ability to be over the allotment for two years until a fee rollback must be done.

He directed the Members' attention to the graph without a fee increase. He showed that the orange bar, which is the fund balance, is negative in 2025. The graph assumes a fairly consistent revenue increase year to year at 3.5 percent and although this number is not a perfect model of what will happen in the construction industry, MEMBER McOSKER did know that labor increases at about four percent every year and is fairly consistent as it is contractual with the Las Vegas City Employees' Association (LVCEA) through a collective bargaining agreement. A one percent increase is also seen in the Department's general expenses which consists of purchasing gas and office supplies. Referring to the graph with a fee increase, MEMBER McOSKER stated that when a 16 percent increase is added, the fund balance maintains a positive 40 percent increase up until 2025. The graph reflects a level of consistency in the fund balance that staff feels comfortable about. He noted that the 3.5 percent is a consistent assumption and was received from the Department of Finance as a general rule of thumb.

CHAIR POTTER complimented the graphs. He believed staff does an excellent job in controlling costs but thought that the only one that cannot be controlled was the CAP (cost allocation plan) costs. The Chair wondered what percentage of the budget goes to this. MS. ESPEJO said the government services allocation

is 20 percent of the labor budget and goes to the General Fund. She explained that the facilities charges are a separate line item within the Department's budget but the government services pays for support from other offices such as the City Attorney's Office and the City Clerk's Office. MEMBER McOSKER added that these are typically General Fund departments and since his department's fees are collected from the Enterprise Fund, there are certain services provided by the General Fund departments that must be reimbursed back to the General Fund. MS. ESPEJO confirmed for CHAIR POTTER that the reimbursement is part of the 20 percent.

MEMBER APPLEBYARD stated that there was a plan to hire a General Plan Consultant that is an expert at general cost allocation for this particular purpose and would be able to return to the committee with a consultant report. CHAIR POTTER asked if the cost of this would be included within the 20 percent. MEMBER APPLEBYARD replied no stating that it since it was based upon the salary of those departments that support the Building and Safety Enterprise Fund, it is not based upon the other costs.

MEMBER MOSS asked staff to walk her through the percentage permits that are received for commercial versus residential as she believed it was about 70 percent residential as she thought the 16 percent of the budget was not made whole of the staff time it takes for tract permits versus what is currently the cost. She believed this may be why the fee increase may disproportionately affect residential because there is a missing gap. MEMBER McOSKER stated that there were two components to the breakdown of permits received that are commercial versus residential. One of the components is number of permits and the other is the construction value. He explained that construction value usually tells how complicated something is whereas a permit is one entity and does not indicate how difficult or easy one application may be. Typically both numbers are used as a judgment character. MEMBER MOSS said her issue was that the number for permits was nearly even in comparison to April of last year to April of this year. In looking at the valuation of construction, MEMBER MOSS pointed out that the cost of construction was double. She wanted to ensure her assumptions were correct as other entities throughout the valley were looking at fee decreases. MEMBER McOSKER confirmed there was a discrepancy between the April 2018 and April 2019 numbers and that the single-family residences valuation factor had not been acknowledged. He was unsure if he could speak to whether or not there was an increase to the square footage of houses being submitted are larger than those submitted a year ago. From a permit perspective, in January through April of 2019, 4,887 permits have been issued in the single-family dwellings category which included new homes, additions, remodels and miscellaneous over the counter projects. The grand total for building permits was 7,568 permits. Although he did not have a direct percentage, MEMBER McOSKER believed about two-thirds of permits are residential in nature. Conversely, the valuation is almost \$10 million versus \$450 million.

MEMBER MOSS wondered when the valuation number was changed, what the number was previously, and how the number is calculated. MS. ESPEJO stated that permits are not charged by valuation so fees would have not been adjusted; it is simply the reporting numbers that would have been adjusted. MEMBER McOSKER added that the change in valuation was strictly for reporting purposes only and MEMBER MOSS' members should have not seen a fee increase because of the change in valuation. MEMBER MOSS believed this to mean by allowing the valuation numbers to be more accurately reflected in the overall budget, that now puts a challenge on the Department when looking at the 50 percent statutory cap and because those numbers are higher, the Department is now closer to meeting that amount. She asserted her effort to try and find the cost valuation and what that looks like to the potential unintentional consequences of the cap. She thought the reason for the study was to look at long-term sustainability for everyone.

MEMBER MOSS asked what the valuation numbers did to the long-term sustainability to the reserves. MS. ESPEJO said the fee study, performed by a third-party consultant was based on cost recovery. The valuation number does not figure into that cost analysis except that with increased square footage comes increased valuation or with increased complexity comes increased valuation. The correction made was to have more accurate reporting to the public.

MEMBER MOSS repeated what she thought MS. ESPEJO had stated. MS. ESPEJO stated that when the type of project becomes more complex, the fee study looked at each category. Across that, every type of permit offered is reviewed.

After reviewing the graph, MEMBER McOSKER wished to clarify that the total in single-family dwelling valuation is \$138 million. The total permits in that same category were 5,670 and 75 percent of total permits were residential which is 30 percent of the valuation.

CHAIR POTTER read from Page 6 of the fee study. He thought the graphs provided by staff illustrated a shift from valuation-based revenue to cost of services. MEMBER McOSKER stated that the City has been

under a cost recovery model as opposed to a valuation model since he has been employed. This is the continuation of the study after that process had gone through and sometimes has passed. MS. ESPEJO added that even a prior fee study was conducted on a cost recovery basis. She explained that on the fee estimator online, a fee is determined by inputting the construction type and square footage.

MEMBER McOSKER wondered how the Members felt about the 16 percent increase as their opinion would help him to determine whether he takes the matter to the industry. CHAIR POTTER wished to discuss the matter under Item 9. MEMBER MOSS thought MEMBER McOSKER wished to discuss the matter under Item 8.

MEMBER MOSS stated that she struggles with the definition of attainable or affordable housing. She noted that for every increase of \$1,000 to the price of a single-family home, 1,800 Nevadans are priced out of the market. For her, she had discomfort about the discussion but also acknowledged the Members desire for the Enterprise Fund to be whole. She requested individual meetings with respective organizations be held as well as one whole meeting to learn why an increase was needed within Las Vegas when other Enterprise Fund groups are looking at decreases. She thought the graph should be part of that presentation as it shows why an increase is needed. She also wished to know a timeframe for implementation.

CHAIR POTTER stated that if the Enterprise Fund is mandated by NRS to maintain a 50 percent balance, he would like for any violation to be presented on the graphs. MEMBER McOSKER explained that NRS indicates up to 50 percent can be kept within the Enterprise Fund balance; however, 50 percent cannot be exceeded for more than two fiscal years. Anything below 50 percent meets NRS requirements. MS. ESPEJO added that the last year the Enterprise Fund was over the 50 percent was Fiscal Year 2016.

CHAIR POTTER liked MEMBER MOSS' comment about collecting input from different stakeholder groups and thought a fee increase was dependent upon the stakeholders. He recalled staff comparing the data presented to Henderson's current fee schedules and asked if this was correct. MEMBER McOSKER confirmed the data was compared to Henderson and from a budget and size perspective, Las Vegas matches closely noting that the two municipality's budgets and total number of Inspectors are relatively close; however, he believed Henderson's fees to be higher.

Given all of the data and MEMBER MOSS' comments, the Chair desired comparison of Henderson, North Las Vegas, and Clark County and justification of why the fees may be higher, lower, etc. He was in support of a fee increase if necessary but wished for data so that when the Members present to their stakeholders, a report can be given.

MEMBER MOSS asserted that North Las Vegas does not have an Enterprise Fund and Clark County's fees are based upon the number of resort projects brought in. She thought that Henderson matches more closely and was probably the only entity that could be compared to Las Vegas.

In response to the Chair's request, MEMBER McOSKER was unsure if he could rationalize all of the expenses related to the other jurisdictions. CHAIR POTTER corrected himself stating that he wished to only have a comparison of Henderson per MEMBER MOSS' comments.

CHAIR POTTER wished to determine a timeline and asked what would be a reasonable timeline for the Committee to go to stakeholders for dialogue. MEMBER McOSKER stated that the next step would be to develop a presentation. He would defer the implementation of a fee increase based upon input received by the industry. He anticipated somewhere within the calendar year but could not confirm.

CHAIR POTTER said most groups have a tendency to not meet during the summer. He wondered if much would be accomplished during the summer and if it would affect decision making availability. MEMBER MOSS agreed but believed that her members would be able to provide feedback regardless.

MEMBER McOSKER thought an October timeframe seemed most realistic. CHAIR POTTER wondered when MEMBER McOSKER would be prepared to submit a recommendation to the City Council. MEMBER McOSKER wished to provide a better timeframe but believed there was a business impact statement that would need to go out.

MEMBER MOSS asked if a fee increase would need to go through the Planning Commission, Recommending Committee and City Council. SENIOR ASSISTANT CITY ATTORNEY BRYAN SCOTT said it is dependent upon what MEMBER McOSKER was proposing.

MR. SCOTT explained the process of implementing a business impact statement and discussion ensued regarding meetings being held with stakeholders prior to the implementation of the business impact statement. He informed MEMBER MOSS that this item was not agendaized for action but believed MEMBER McOSKER understood the Members' desires.

CHAIR POTTER asked if the Members could receive some sort of documentation that could be presented to their industry members. MR. SCOTT replied in the affirmative, and MEMBER McOSKER added that he had some thoughts already written down in a bullet list.

CHAIR POTTER listed the industry groups in which he was associated and would meet with. MEMBER McOSKER also thought there were sub-trade groups that would be impacted.

MEMBER MOSS encouraged publicly noticing the meeting. CHAIR POTTER wondered if it would be possible to hold a meeting in the Council Chambers.

9. Discussion regarding backup documentation presented at the March 7, 2019, Building and Safety Enterprise Fund Advisory Committee meeting relating to budget, staffing, and the Large Project List

Minutes:

JOSANNA ESPEJO, Senior Management Analyst, stated that the purpose of the item was to address a frustration expressed at the last meeting regarding the amount of backup documentation received at one time.

CHAIR POTTER asked if there was anything new on the Large Project List. MEMBER McOSKER stated that a number of potential projects for the downtown area and Symphony Park are being reviewed.

MEMBER MOSS asked how many of the projects are anticipated to use the base code high-rise definition. She also wondered about the allocation of staff and dedicated resources to manage these large anticipated projects.

MEMBER McOSKER said most of these projects have gone to the third-party plan review agencies. He was acutely aware of two projects that were potentially looking at the adjustment made to the high-rise provision one of which was on Meadows Lane. The other was a project by Marriott which discussed the potential of using the mid-rise application to code. He briefly mentioned two other projects in Symphony Park and one in the World Market Center he was also aware of. He also noted that some resources are being shifted to downtown as the demand to build increases.

10. **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 wished to see an update on the electronic plan review submittal process. She also wished for an update at every meeting on residential fire sprinklers.

MEMBER MOSS stated that every other committee equivalent she is a part of, other departments also attend the meetings to get feedback reports. She thought of extending an invitation to other City departments to attend the Committee's meeting.

Lastly, she asked for an update regarding the current RFP (Request for Proposal) as she wished to review the possibility of opening third-party plan review outsourcing to other companies.

MEMBER McOSKER asked if the report on residential fire sprinklers could be accepted from the Fire Department. MEMBER MOSS replied in the affirmative.

MEMBER MOSS also asked for an update on the admin code. MEMBER McOSKER had intended to complete the admin code and the fee study at once; however, there were too many things important in the admin code to wait for the fee study. Based upon this meeting's discussions, he would push out the admin code before the fee study. An update would be provided.

11. **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.

12. **Adjournment**

Minutes:

The meeting was adjourned at 11:35 a.m.

Respectfully submitted:

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Ashley Foster, Deputy City Clerk

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Kevin McOsker, Director of Building & Safety

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