



## Building and Safety Enterprise Fund Advisory Committee Minutes

### 1. Call to Order

Minutes:

CHAIR POTTER called the meeting to order at 2:02 p.m.

PRESENT: CHAIR POTTER and MEMBERS QUINN, APPELYARD, McOSKER and MOSS

ALSO PRESENT: JOSANNA ESPEJO, Senior Management Analyst, 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 May 13, 2019

Minutes:

NOTE: Member Quinn abstained from voting as he was not present at the Regular Meeting of May 13, 2019

Motion made by Venetta Appleyard to Approve

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

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

### 5. Report by Kevin McOsker, Director of the Department of Building and Safety, providing an overview of the Final Enterprise Fund Budget for Fiscal Year 2019

Minutes:

MEMBER McOSKER indicated there may still be some end-of-year adjustments to the Fiscal Year (FY) 2019 budget, which closed June 30, 2019, because the department is currently going through an audit process.

Referring to the spreadsheet in the backup, he provided the budgeted versus actual figures for revenue, labor expenses and non-labor expenses, which resulted in 114 percent, 86 percent and 90 percent of what was projected, respectively. The overall expenses totaled \$11,771,838 or 87 percent of the projected expenses. He summarized they ended up making more money and spending less than anticipated.

MEMBER QUINN asked what the profit was; MEMBER McOSKER responded \$747,597. He reiterated this would not be the total realized due to the pending adjustments previously mentioned as well as the benefit adjustment provided by Finance. MEMBER APPELYARD stated the benefit adjustment should not be as much as last year because last year included a catch-up amount whereas this year will be for the current year only. CHAIR POTTER asked if the \$747,597 included the contribution to the City for their support facilities. MEMBER McOSKER confirmed.

CHAIR POTTER asked if the benefit adjustment was the overall contribution that the Enterprise Fund makes to the government fund. JOSANNA ESPEJO, Senior Management Analyst, explained the benefit adjustment is the catchup of the employee benefit contribution due to a change in the formulation last year because it was not sustaining itself. That figure last year was approximately \$650,000, and they are anticipating it to be somewhat similar this year.

MEMBER McOSKER noted they are looking at potentially having a reserve capital amount under their cap of around \$159,000 after the adjustment is made so they should fall under the reserve cap. He confirmed for CHAIR POTTER that the \$159,000 does not include the benefit adjustment.

MEMBER MOSS asked what percentage of the projected expenses that were not spent were due to staff vacancies. She said she was trying to determine if what occurred was good fiscal policy or if the discrepancy was due to staff openings. MS. ESPEJO explained last year the employee and labor numbers were calculated differently in that the departments were not charged for a number of different line items that they are being charged for now; i.e., vacation pay, callback, birthday holiday, etc. This year they are being charged for every single line item specifically. There has always been about a \$2 million gap or "corridor" between what their labor number was projected to be and what it ended up being. This year they do not anticipate such a large gap between those two numbers because the departments are now being charged back by Finance for all of the individual line items regarding labor expenses, resulting in a more true reporting.

6. Report by Kevin McOsker, Director of the Department of Building and Safety, providing an overview of the Enterprise Fund Budget for Fiscal Year 2020

Minutes:

MEMBER McOSKER presented the proposed Fiscal Year 2020 budget for the period July 1, 2019 through June 30, 2020. A four percent increase in revenues was proposed across the board for a total of \$11,432,520. Projected labor expenses are \$11,536,984, with non-labor expenses projected at \$4,972,231, for a total of \$16,509,215. He thought it key to note they have a labor expense that is constant that exceeds 3.5 to five percent growth of what they typically anticipate for growth in the construction industry so it is realized in their revenue. If fully staffed, they should expect to spend \$11.5 million while taking in about \$11.4 million.

With revenue at \$11.4 million and labor expenses at \$11.5 million, CHAIR POTTER commented they were already over about \$100,000 without adding in non-labor costs, making them upside down \$5 million. MEMBER McOSKER confirmed that is what the current proposed budget reflects. He added this is partly due to it being based on a fully staffed budget, but they currently have a number of vacancies, of which he named, which will result in some savings. He also confirmed for CHAIR POTTER this proposal does not include the fee increase which is the topic of a later agenda item.

7. Report by Kevin McOsker, Director of the Department of Building and Safety, providing an update on the Electronic Plan Review submittal process

Minutes:

MEMBER McOSKER announced the Building Department went live with electronic plan review effective August 5, 2019. This was a monumental change and as anticipated, has been a challenge for the department because it affects both staff and customers and how they do business. He noted the initial response from those customers who are design professionals has been very positive, as the industry has been transferring documents electronically between each other for years. As of September 26, 2019, nearly 500 applications were submitted through their web portal for electronic plan review which equates to almost 50 percent of all applications submitted. There are some challenges with the smaller contractors who are used to going to the Building Department and getting their permits the same day. As such, they have modified some of their business practices to help the industry work through this and make it as easy as possible to obtain a permit and still meet minimum requirements. They will continue to improve their processes and work with the Department of

Information Technologies and the Project EDDI (Electronic Development Department Integration) Group who is building their platform. While it is not perfect, MR. McOSKER was very optimistic, and they are making strides to make the process as seamless as possible. He acknowledged MICHAEL CUNNINGHAM, Deputy Director, Building and Safety; YOLANDA PALOMO, Building and Safety Process Review Coordinator, and JOSANNA ESPEJO, Senior Management Analyst, who have been on the front line helping customers work through the new process.

With having to train both staff and customers, MEMBER MOSS asked how the department successfully navigates staff at the counter versus behind the scenes. MEMBER McOSKER explained currently they are looking at splitting staff between paper submittals and electronic submittals, noting that any submittals started in paper, would finish in paper. Right now part of the challenge is that they are working under two sets of rules. The plan is to have up to two technicians at the front desk processing paper applications, two technicians processing electronic plan review applications and two technicians processing back of house applications and answering phone calls and emails. He noted it comes in waves; sometimes fewer customers are in the lobby and sometimes there are a lot of customers waiting because there are fewer staff processing the paper applications.

MEMBER McOSKER stated one thing they did not fully realize was the impact of having the portal open Friday through Sunday and the number of electronic plan review submittals facing them Monday morning. They are going to work to figure out a best case scenario in the short-term and in the long term, they will anticipate a Monday rush and dedicate all of their resources to the ePlan process.

MEMBER MOSS commended MEMBER McOSKER and his staff pointing out there are always growing pains with such a change, but the City is the first jurisdiction to move forward with this and she knows of two industry members who indicated it has gone smoothly; she heard positive feedback related to the Fire Department side as well. MEMBER McOSKER thanked MS. MOSS for her comments.

Referring to the comment made earlier regarding the smaller contractors finding the new process more challenging, CHAIR POTTER asked if the department was going to modify the list of submittals taken over the counter in order to help these individuals. MEMBER McOSKER stated they have not modified the list significantly, but they are looking to make some adjustments to it as part of process improvements overall. Those projects typically done as an over-the-counter review were reorganized to a 24-hour review. He pointed out an advantage to ePlans is that someone does not need to wait in the lobby, a permit can be requested day or night, and it will be processed within 24 hours. The downside is that those who are accustomed to the old-school paper process no longer have the luxury of receiving a permit within an hour or so.

CHAIR POTTER requested a list of what can be accepted over the counter; ASSISTANT CITY ATTORNEY BRYAN SCOTT confirmed for MEMBER McOSKER it was appropriate to email the Committee this information after the meeting.

MEMBER McOSKER stated they will look at the workflow process and make adjustments accordingly. He noted the plan review process is a little easier and may allow for a more detailed review because the customer is not across the counter asking a lot of questions. He pointed out some adjustments were made to certain high-risk occupancies regarding whether they want to push those through in a 24-hour period.

CHAIR POTTER commented staff and the design professionals like the new process, but he asked how the third-party consultants felt about it. MEMBER McOSKER stated while it is a learning curve for them to some degree, they work for other jurisdictions where electronic plan review is being used so it is not foreign to them, just different. Optimistically, there is less labor on their part in terms of having to go to the Building Department to pick up big rolls of plans, carrying them to their office and storing them.

8. Report by Deputy Fire Chief Robert Nolan and Deputy Fire Marshal David Klein providing an update regarding residential fire sprinkler inspections

Minutes:

DEPUTY FIRE CHIEF/FIRE MARSHAL ROBERT NOLAN stated when the building and fire codes were adopted in August 2018, they included a base code requirement for residential fire sprinkler protection under the jurisdiction of the International Residential Code. At that time, they agreed to maintain Fire Department sponsored inspections for new construction residential sprinkler systems with the stipulation and understanding that these inspections would not cause delays to job sites by having a redundancy of separate inspections. He deferred to DEPUTY FIRE MARSHAL DAVID KLEIN to provide a report as to the number of inspections and the number of times inspections were done on the date requested.

MR. KLEIN referred to the handout which was distributed and is included in the backup. The handout included the accumulation of numbers from the reports typically run for the homebuilders group on a monthly basis. January to date, there have been 245 inspection requests, and 100 percent of those were completed on the date of request. If an inspection is requested one day, it is completed the next business day. Inspections can be scheduled through the automated IVR (interactive voice response) phone system or the web portal. On average, there are 27 to 28 inspections a month, which is up from 1.5 inspections a month prior to the adoption of the code in 2018. He noted this is inclusive of all inspections they do.

He explained they conduct a two-part inspection on the systems; a 507 which is a hydrostatic test that puts the system under standing pressure to ensure there is no leakage of any devices and a final inspection to ensure the heads were not covered with drywall, etc. They then turn the system over to the developer. He noted an inspection can be requested not only by the contractor doing the installation, but also the general contractor or the developer. This opens up the avenue for whoever is involved in the project to request those inspections. MR. KLEIN noted however that predominantly the requests are still coming from the designers or installers of the systems.

MEMBER MOSS stated this report was something the members had requested be given at each meeting, if possible, and she appreciated Fire attending the meeting. She found the information helpful and was encouraged there were no delays because Henderson experienced huge delays when inspections moved over to the building side which if that occurred in the City of Las Vegas could ultimately affect the Building Department's budget.

MEMBER MOSS stated across municipalities, most of the building departments have experienced issues with rollovers and the number of inspections per inspector. She asked if the City was experiencing a number of failures, if staff was incredibly overworked, and how they anticipate keeping up with the increase in inspections they are currently experiencing. MR. KLEIN explained they have thousands of entitlements, but they do not expect more than 50 to 100 inspection requests per month which falls in line with how many permits are issued by Building and Safety. They are now embedded into the Building and Safety application and are no longer a separate, standalone deferred submittal as it was previously. He noted they have a very well-rounded, trained and certified group of inspectors that are accustomed to the work, and having the inspections completed 100 percent of the time is part of their agreement with the homebuilders and development community.

MR. KLEIN added they had one rollover in 2018, but that was due to a car accident. They are very highly committed to making sure the process works for everyone. MR. NOLAN explained every day the inspection requests are weighted by inspection supervisors or the Deputy Fire Marshal, and additional resources are pulled from various parts of the city to meet the demand where it is the greatest in order to fulfill their commitment to the development community. By doing so, they are able to keep up with the new construction requests regardless of where they are in the city.

MEMBER MOSS stated she also appreciated Fire coming out to the Development Services Center to review their process and for providing the inspectors' contact information because a lot of this is new and many builders are coming back to the City of Las Vegas for the first time in a long time. She thought that would be well received, and stated they are committed to continue to iron out the kinks of some of the incomplete submittals they are seeing to save staff time.

MR. KLEIN acknowledged ABBY SHIELDS, Fire and Rescue Permit Technician, who is very thorough. They all have eyes on this process and have had many conversations with the developers to make sure everything is in place. He stated it is an electronic process so everyone is learning.

MR. KLEIN confirmed for MEMBER QUINN that a residential riser test was included as part of the hydrostatic test. He clarified it is part of the water system and not a separate control valve. There is a domestic valve that comes into the home that basically splits where one side goes to the sprinklers and one side goes to domestic.

MEMBER McOSKER asked for clarification as to whether MEMBER MOSS wished for this report to be a recurring item on the agenda, to which she confirmed if it was possible. CHAIR POTTER thought having the Fire Department attend was a good idea and very beneficial. MR. KLEIN agreed adding it was vital everyone was on the same page.

CHAIR POTTER stated it was nice to see the Fire Department represented at the meeting and that it has taken years for this to happen. MR. KLEIN credited MEMBER McOSKER, stating they have a very working good relationship with the Building Official and the organization.

9. Discussion regarding adoption of the 2019 Administrative Code

Minutes:

CHAIR POTTER stated the minutes from the last meeting indicated they would push out the Administrative Code prior to the fee study and asked if that was still the case. MEMBER McOSKER explained it was not the case because of some modifications that came up recently to the Administrative Code that they wanted to vet. Recognizing that the fee increase is close to completion, it made more sense to bring the fee increase and the Administrative Code to the City Council at the same time. He explained for CHAIR POTTER that taking into consideration the results of the fee study discussion under Item 11, the game plan is to move forward with the code adoption. As a side note, minor amendments will also be made to other codes such as the energy, plumbing and mechanical code provisions that have been vetted out through the SNBO (Southern Nevada Building Officials) process and some processes that they are working out independently with the City of Las Vegas.

MEMBER MOSS appreciated the update and stated she originally asked for this agenda item because one of the last outstanding items with the first sprinkler negotiation was the removal of one of the inspections to offset that cost. She appreciated that was done in the interim so their push to get the Administrative Code through to Council is no longer as dire, but she did still wonder about the timeframe.

MEMBER McOSKER stated his goal is to try to roll everything out together but it depended on the process with regard to the Business Impact Statements and industry input if there was a huge controversy.

10. Report by Kevin McOsker, Director of the Department of Building and Safety, providing an update regarding the awarded contracts for outsourced third-party plan review

Minutes:

MEMBER McOSKER stated contracts were awarded at the August 21, 2019 City Council meeting to Bureau Veritas, West Coast Code Consultants and Shums Coda Associates so they now have three companies contracted to perform third-party plan review services. MEMBER QUINN asked if the companies were local. MEMBER McOSKER stated the corporate offices for all three are out of state, but Bureau Veritas and Shums Coda Associates have offices locally.

Discussion took place between CHAIR POTTER and MEMBER McOSKER regarding the companies fee structure. MEMBER McOSKER stated as part of the Request For Proposal process, each provided their best price and that was what was accepted. MEMBER MOSS asked if a certain percentage of the work was guaranteed in their contracts or if it was based on price and demand. MEMBER McOSKER explained it was purely based on demand and staff had the flexibility to give the work to the company it felt was most appropriate. He explained for MEMBER QUINN that the contract is set up in such a way that one company gets 70 percent of the plan review fee that is collected from the customers, and the other two receive 65 percent of the plan review fees, so the City of Las Vegas maintains 30 to 35 percent for internal processing, management of the records, processing permits, etc.

CHAIR POTTER asked if the third-party received the same percentage on resubmittals. JOSANNA ESPEJO, Senior Management Analyst, clarified the new contracts specify they receive 50 percent of the revision fee for single discipline and their regular percentage, 65 or 70 percent, if it is multi-discipline. MEMBER QUINN asked if that was the same for very minor revisions. MEMBER McOSKER responded they still allow the inspectors some latitude in the field for minor corrections. He stated as they move forward with the Administrative Code revisions, they are going to be looking at more of an hourly per unit charge for those types of revisions on smaller projects.

11. Discussion regarding the Fee Study in relation to outcome of stakeholder meetings and how to move forward with implementation of the new fee structure

Minutes:

MEMBER McOSKER stated at the last meeting, it was the recommendation of this group to gauge the stakeholders on the outcome of the fee study. Three meetings were held; one on July 24, 2019 at the homebuilders office and two on July 25, 2019 – one with the commercial industry and one with the trade industries. There were very few comments relative to commercial and trade work applications, but there was a nice turnout for the residential group meeting which lasted about an hour and a half. Some of the comments at that meeting related to the structural deficit versus the 3.5 percent. He thought a chart was provided showing the structural deficit assuming a 3.5 percent increase in construction growth. He noted they also attended various industry meetings after July 25th to reiterate they were still looking at a fee increase and would be moving forward with that process. He stated he did not hear any show-stopping criticism.

MEMBER McOSKER emphasized this was a preliminary perspective and a Business Impact Statement still had to be done and submitted through the formal channels to Council. He did not expect the trade industry to respond because a lot of their fees are being reduced eight percent as was determined by the consultant. When the data supported they were charging too much for a line item, staff supported that fee reduction. They tried to take a very fair and balanced approach, and he hoped the Committee members supported moving forward.

Discussion took place between CHAIR POTTER and MEMBER McOSKER as to where and when the commercial and trades meetings were held and how individuals were notified because he was unaware of those meetings. MEMBER McOSKER explained they went through the normal industry notification process, but apologized for not individually including the Committee members. He named several of the construction and trade entities that were included. CHAIR POTTER asked about the turnout at the construction and trades meetings. MEMBER McOSKER stated only two to three individuals were present at those meetings. The Chair expressed disappointment in not knowing about the meetings because of the very poor turnout and part of his job is to communicate this type of information to his stakeholders. He asked that the Committee members be kept informed of the next steps. MEMBER McOSKER offered to go over the presentation from the commercial and trades meeting with CHAIR POTTER and MEMBER QUINN who did not know about the meeting either. ASSISTANT CITY ATTORNEY BRYAN SCOTT indicated it would be appropriate to do so.

MEMBER MOSS thought one of the reasons there were more in attendance at the homebuilders meeting was because a lot of the commercial rates will be going down because they saw through the fee study that so much more time was involved with single family and some of the models than is currently in the fee structure. That is some of the heartburn they originally had at the last meeting in that she did not want to give a recommendation until they had the chance to properly vet it out through the industry. The residential side will see most of the 16 percent increase, but through conversations with the homebuilder members, they feel comfortable knowing how important it is to keep the fund whole and to make sure there is adequate staffing.

MEMBER QUINN mentioned as general contractors and developers, their fees are merely a float-through of the owner. CHAIR POTTER agreed but being on the frontline, they are asked to represent what those fees are in an intelligent manner.

MEMBER McOSKER stated in hindsight, he should not have relied specifically on the industry and felt equally to blame for the Enterprise Fund Advisory Committee members not being at the meeting. CHAIR POTTER stated they would work with MEMBER McOSKER to set up a date for the presentation.

In defense of the low turnout on the commercial side, DEPUTY FIRE CHIEF ROBERT NOLAN stated many of the contractors were provided with that information through the bimonthly AGC and NCA (The Las Vegas Associated General Contractors and Nevada Contractors Association) meeting in the months leading up to this and were well aware there was going to be a reduction.

MEMBER MOSS asked what the next step was. MR. SCOTT advised that the members could provide direction to staff. MEMBER MOSS stated it sounded as if the Chair would like a one-on-one meeting, and if that came out positively, she asked if an ordinance would be drafted at that point to get the process started. CHAIR POTTER did not think the outcome of that meeting would have any bearing on the final outcome; the final outcome is based on facts. He simply wanted to meet with MEMBER McOSKER to hear how the information was presented so that everyone is on the same page. MR. SCOTT stated after MEMBER McOSKER briefed the Chair and the stakeholders, the results of that meeting could be presented at the next Committee meeting.

CHAIR POTTER asked about a timeline. MEMBER McOSKER stated ideally if there was a recommendation to move forward, he would look at trying to put together a package for the City Attorney's Office to start the Business Impact Statement in early November. MR. SCOTT added he thought there was a 30-day response window once it gets out to the stakeholders. CHAIR POTTER commented staff did their job, and he did not want to hold anything up. He saw no reason not to move forward. MEMBER McOSKER confirmed they would like the new fee increase to be implemented in January. The Chair recommended moving forward.

MR. SCOTT confirmed for MEMBER MOSS the meeting between MEMBER McOSKER and the Chair could still take place while the Business Impact Statement is open. MEMBER MOSS stated she just wanted to do her due diligence, and that she was comfortable with the Chair's recommendation. MEMBERS QUINN and APPELYARD supported the recommendation as well.

MEMBER McOSKER thanked the Committee for that recommendation and noted he would be tied up with the 2019 International Code Council Conference for the next two weeks, but his schedule would allow for a meeting/presentation the last week of October.

12. Discussion regarding the Budget Forecast for Fiscal Year 2021

Minutes:

MEMBER MOSS commented one of the main questions about the fee study was not if it was enough but rather how far out the increase would take them; i.e., to make sure they are maintaining sustainability and that the reserves are as close to 50 percent as possible. Their concern is that 24 percent of the City's budget is non-mandatory revenue, and it is not calculated in the study because most of their builders utilize the express plans check process. They purposely pay for overtime inspections on Friday, and a lot of that revenue is reflected in their budget but not in the fee study. She did not know if the online plans process would help or exacerbate the problem. She wondered if there was a way to calculate this out. She recognized the Building Department does a great job cross-training and bringing in additional staff to keep vacancies down, but she does not see a lot of those problems going away which she thought would ultimately affect the budget down the road which was the reason for the fee increase. She wanted her concern on the record of how they were going to keep up with revenue because now even with the increase it will not do that.

MEMBER McOSKER stated their model shows that if they did not implement a fee increase, they would fall behind in revenue. For the sake of argument, in 2025 without a fee increase, they would be at only 6.5 percent of their allocated unreserved working capital. This would keep them between 35 percent and 45 percent through Fiscal Year 2026 assuming a 3.5 percent increase of revenue. This would extend them out approximately six years because they considered somewhere between the 30 percent and 40 percent to be the area where they would start to be concerned when the unreserved working capital would start to fall below 30 percent resulting in only have three months of backup versus the statutory requirement of six months.

MEMBER MOSS expressed concern with the possibility of having to turn around and reduce fees in two years because of the revenue that was not included in the calculation. MEMBER McOSKER clarified the consultant's fee study did not include any non-mandatory fees and further explained the calculation process. There will always be express and overtime inspections, but they cannot count on that. If they realized those non-

mandatory fees, then they would definitely run into a problem. He also pointed out any time there is a fee increase, they run the risk of the cyclical and inconsistent nature of the construction industry. They try to model after what they have seen in the past, which is generally 3.5 percent, and is the typical recommendation from Finance.

MEMBER MOSS requested a report at the next meeting as to whether the number of express plan requests has decreased since going to electronic plan review. Fewer people coming in because they can now submit online would affect the budget, but if that is not the case, then it is a moot point. She thought the non-mandatory revenue should be continually monitored by the Committee to determine its dependability in the foreseeable future.

MEMBER McOSKER stated their express plan review fees were reviewed, and they have seen a consistent reduction in express review fees since 2015. Fiscal Year 2016 was a very robust year for the Enterprise Fund, ending up almost \$2 million ahead with \$233,000 in express plan review fees whereas only \$30,000 was collected in express plan review fees in Fiscal Year 2019. There is some risk going forward due to the unsure nature of the construction industry year to year, but they are trying to make their best guess. If they have to make a fee adjustment downward in a couple of years statutorily, then they will have to do that. That is no different than having to increase fees to ensure the Enterprise Fund is stable and whole. He offered to do any analysis requested by the members to help make good sound decisions, but a best guess is done based on history. With process improvements, some of the express plan review demands have gone down, but it is not a service that they are living and dying by. The reality is some customers find themselves in a situation where they have to utilize express.

CHAIR POTTER was not sure he understood the correlation between the need to utilize express plan review and the electronic plan review process. He thought the need for express was due to timelines that have to be maintained. People do not pay more for conventional or electronic submittals; they pay more for express. MEMBER McOSKER agreed that they should be independent in the short term. With the learning curve and some of the issues yet to be worked out, he anticipated more express plan reviews because of staff's and the client's unfamiliarity with the system. He agreed that long term there should not be a change with respect to electronic plan review.

MEMBER QUINN thought they would see more express because the holding cost on the funds would pay for the express service. CHAIR POTTER added that was true if Public Works is in order because it does not pay to do express if you cannot pull the permit.

MEMBER McOSKER understood the dynamic of it not making fiscal sense to pay additional fees for express if one is unable to get the permit at the end of the process. So in some cases, it may not make sense to utilize express. CHAIR POTTER gave accolades to the Building Department because they just utilized the express service and were very happy with that process.

MEMBER McOSKER reported staff will start working on the budget right after Christmas. Finance will provide data to them in early January, and he would like to have an open discussion as to where they think the construction industry will be. They filled all of the open positions in plan review and very briefly had a full staffing of inspectors but then had some turnover. They have three vacancies currently in inspections and three on the books for this fiscal year. To help with planning for the budget, he asked about the feel of the construction industry, but if the members thought it was too premature to tell, he suggested meeting prior to the end of the year or at the beginning of next year. CHAIR POTTER commented everyone has a different opinion as to what is going to happen next year, but it would be nice to have one more meeting to finalize the documents that will be submitted to the Council as well as to receive a tabulation of what has occurred for the year.

MEMBER MOSS stated residential will be flat next year. They anticipated 11,000 in 2018, and they had 11,004. She went on to say they experienced a really bad first quarter. A lot of people pulled triple the amount of permits in March and then the numbers were down sometimes by two or three digit percentages in April, May and June as builders were trying to build through the permits they had pulled prior to the effective date of the new building code. She thought end of year may be a good quarter to try to get those numbers back up, but their workforce and demand cannot go much higher than where they are at right now. She anticipated 11,500 for next year adding that Clark County is probably 38 percent of their growth of which the City of Las Vegas is about 20 percent of that. She noted they have a lot in North Las Vegas as well. Overall, it is pretty even in each of the municipalities; however, with Skye Canyon the City might see an increase.

MEMBER McOSKER echoed that same sentiment. In looking at their inspection numbers, through August of this year, they did 66,955. The prior year they did 67,117, which equates to around 160 fewer inspections over the course of eight months or 20 a month. He noted this fluctuates sometimes, as they saw a spike in permits in July because the deadline was August 4th, but they also saw a spike in February. MEMBER MOSS pointed out the dates she previously mentioned were incorrect. MEMBER McOSKER stated the artificial spikes are not economic driven, but rather due to the code deadline. MEMBER MOSS thought it was economic driven because it cost each builder \$500,000 to resubmit plans and pull permits under the new building code that included zero life safety changes.

MEMBER McOSKER stated to properly plan, they need to feel out where the construction industry may be from both a residential and commercial perspective. He also thought it would be fairly level. What concerns him is the inspections anticipated on major projects such as Symphony Park and Circa. It is still an unknown how those large projects will affect them.

CHAIR POTTER commented those projects are already in the ground but the overall question was what do they see happening in the construction industry in 2020. He stated he does not see a lot of new big projects; there are smaller ones but nothing on The Strip that is not already in the ground or under construction. He stated some people say a recession is coming and some say the opposite, so it is difficult to speculate due to the many unknowns.

MEMBER McOSKER stated they do have to be somewhat speculative on budget forecasting because they have to start planning in the next 90 days for the next year and a half. He agreed it is difficult, especially in the construction industry which is so market driven and fickle at times. He gave the example of years when there is a Presidential election and everyone waiting to see the outcome.

He recognized it is dangerous and difficult, but it is the model with which they have to work with. He spoke of carrying over the three extra positions to the following year if they are not filled and that they would not be filled until the demand necessitates such. He informed CHAIR POTTER the Combination Inspector positions generally run \$100,000 for salary and benefits.

MEMBER McOSKER asked if it was the desire of this group to meet at the end of the year or the first part of next year to revisit this issue. CHAIR POTTER thought the first part of the year would be better due to people not being available to meet around the holidays.

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:

Referencing the issues valley wide with regard to the number of inspections per inspector, where the inspectors are located and the differential between commercial and residential as well as the number of rollovers/failed inspections, MEMBER MOSS requested Fire and Rescue give a presentation providing those numbers to help identify if the issues are due to being short-staffed or more of an uninformed customer base and development community issue. She also wished to discuss any proposed solutions; i.e., a workforce training program, working with the University of Nevada, Las Vegas or the College of Southern Nevada, etc.

MEMBER MOSS stated they have been working across the valley with other Building Departments to look at bonding reductions pointing out North Las Vegas just lowered theirs 14 percent. They want to make sure that the City is whole if something were to ever turn over, but currently, the City is the highest across the valley. She explained currently residential builders are paying interest to bond against the amount at prevailing wage, and they do not get the interest back even if they do an early bonding or bond release or bond reduction. Cost to carry is a huge issue. They are trying to get as many projects started as possible, but there is a market issue because they can only have so much bonding capacity. She asked if a discussion on that topic was feasible.

MEMBER McOSKER asked a point of clarification because this is the Building and Safety Enterprise Fund Committee and although the Building and Safety Department does permits and bond work for the Public Works

side, what MEMBER MOSS spoke of falls under the General Fund. As such, he was not sure if it was appropriate for this Committee to discuss, but said they always like to engage their clients. He clarified for MEMBER MOSS that all of their offsite construction work falls within the General Fund related to the public right-of-way, including plan review and inspection services. From a context perspective, he would gladly meet with the homebuilders, but he did not believe it fell under the purview of this Committee. CHAIR POTTER agreed but thought something could still be placed on the agenda to discuss it further.

ASSISTANT CITY ATTORNEY BRYAN SCOTT opined it would be appropriate for this to be on the agenda as a report in order to get the information out there.

MEMBER QUINN asked about the bond percentage relative to the number of projects that default. MEMBER McOSKER indicated MICHAEL CUNNINGHAM, Deputy Director, Building and Safety, could better speak to that, and he would ask him to provide that data.

MEMBER MOSS also wished for an update with regard to any correlation between online submittals and express plans and if there has been an even greater number of reductions since the 2015 number that was presented earlier.

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 3:37 p.m.

Respectfully submitted:

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Debra A. Outland, 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