



# Staff Report

City Council

Item No. {{section.number}}.B

---

**Meeting Date:** June 26, 2024

**From:** Andrew Firestine, Director of Community and Economic Development

**Title:** Contract Award for Building Plan-Check and Inspection Services

---

**RECOMMENDATION:**

To approve a Professional Services Agreement with HR Green, for three-years (3), with two (2) one-year extensions, and authorize the City Manager to approve one-year extensions.

**BACKGROUND:**

Over the last twenty years, the City's Building and Safety Division of the Community and Economic Development Department ("Building Division") has relied on third-party consultants to supplement plan-check and inspection services. In recent years, many local governments made the conversion to allow the digital submission of plans and permits and electronic plan review, creating efficiencies in the plan review process. The State of California's current and upcoming laws streamline many permitting processes, creating further need for a responsive review process. The City of Cathedral City ("City") has struggled with the necessary software, training equipment, and third-party consultants required to meet these demands.

The Community and Economic Development Department committed to the re-implementation of our enterprise software, Energov EPL, in partnership with Information Systems and other departments. This action was imperative for all departments to provide the level of service sought by applicants and, in many cases, required by law. A streamlined and more efficient review process also promotes the City's economic goals of business attraction and retention by reducing the time an application is in the review process and better facilitating review comments, working to reduce uncertainty and risk in the review process.

The Energov EPL is a critical part of the overall solution to improve the City's services offered to the development community. It is, however, only a software platform and it requires staff and third-party consultants to operate it to achieve its intended goals. Staff have been deeply immersed in training as part of the Energov redeployment. Recognizing, however, that the City has historically relied on third-party consultants to perform plan check services on new commercial, major commercial tenant improvement building permits, and new residential

---

permit, staff issued a Request for Proposals (RFP) for building plan check and inspection services with an updated scope of work that reflected the City's current needs. The contract for plan check services had also not been bid out in over 15 years, also creating the opportunity to ensure that the City was receiving competitive rates for the advertised services.

In the last two years, the Building Division issued over two-thousand building permits annually and performed approximately six thousand inspections each year. In the RFP, staff laid out detailed guidelines which required the ability to perform electronic plan-review using Bluebeam software, access to and user experience with Energov/EPL permitting software and the ability to utilize the software effectively without guidance from City staff. It also addressed the City's desire to perform building inspections with a one business day turnaround and the need for on-call building inspection services to supplement City staff to meet this target.

The RFP was issued on March 18, 2024 and closed on April 12, 2024. The City received a total of ten (10) responses to the RFP. The RFP responses were scored and ranked based on specific experience and qualifications of each firm related to building services; the qualifications of key personnel; their project approach in terms of utilization of technology, software and experience with electronic plan review; and the cost proposal. After an internal review performed by Community and Economic Development Department staff, the top three scoring candidates were identified and invited for an in-person interview with the City's plans examiner, chief building official and department director.

Each firm was asked to make a presentation following a specific format and requesting the consultants to describe their approach to plan check services, including how their review process works from the point a new plan check is assigned to the point it is approved; their experience with Energov and Bluebeam; their customer service and quality check processes; and an account of those measures they take to contain plan checks to three rounds of review or less. The firms were also asked to disclose the availability of contract building inspectors starting on July 1, 2024 and other details that would demonstrate their ability to perform building inspection services for the City.

## **DISCUSSION:**

HR Green was identified as the contractor that is best suited to meet the City's current needs and staff recommends executing a professional services agreement for both building plan check and inspection services with HR Green. This recommendation is based on many factors, notably their ability to meet the City's expectations to perform electronic plan-review utilizing the Energov EPL system and Bluebeam software and their commitment and demonstrated ability to minimize plan check review time in three rounds or less. HR Green demonstrated a highly responsive level of customer service from project intake to project approval, communicating directly with the applicant and or designer to address submittal requirements or to clarify plan check comments. HR Green also has the bandwidth and experience to accommodate the City's inspection needs.

From a cost standpoint, their proposal is competitive with other proposals and the compensation paid for building plan check services is less than the City's current contract. The fee structures for third-party building plan check services are typically established as a revenue share, whereby a third-party is paid a percentage of the fees collected by the City.

The current contractor receives 75 percent of the plan check fees collected by the City for the plan checks it performs. HR Green's proposal incorporated a sliding scale, ranging between 55 and 70 percent, depending on the monthly plan check fees collected by the City for projects assigned to HR Green. The proposal calls for compensation in the amount of 70 percent of the first \$35,000 in monthly fees collected by the City on projects assigned to HR Green, 65 percent for the additional amount between \$35,001 and \$50,000, and 55% for any amount over \$50,000. Based on the City's currently utilization of third-party plan check services, the City will be typically be billed at the 70 percent rate but with the potential for lower rates during periods where the City is realizing higher volumes of permitting activity.

### **FISCAL IMPACT:**

The City of Cathedral City collects fees at the submission of building permit applications that are calculated from an established master fee schedule based on the valuation of a proposed construction project. The fees are intended to provide a cost recovery for the review of a building permit application. For FY 2024/25, the Development Services Department has budgeted \$360,000 for third-party plan check and inspection services based on projected submittals and anticipated revenue for the upcoming year.

### **FIVE-YEAR STRATEGIC PLAN:**

A-1, Study the need to reallocate staff resources including the use of contracts.  
C-9, Procure additional professional service contracts to increase staff capacity related to private development plan review, building plan review and inspections, capital project delivery, and land use planning to ensure required city services are performed based upon applicant need vs staff availability.

### **ATTACHMENTS:**

1. HR Green Proposal
2. Professional Services Agreement