



Legislation Text

File #: 2024-0086, Version: 1

Report to Mayor and City Council

Tuesday, February 20, 2024

Consent

SUBJECT:

CONSIDER APPROVAL OF PROPOSED AMENDMENT NO. 1 TO THE AGREEMENT WITH TRANSTECH ENGINEERS, INC. TO PROVIDE BUILDING AND SAFETY SERVICES FOR THE CITY OF CARSON (CITY COUNCIL)

I. SUMMARY

In July 2023, the City of Carson transitioned from utilizing Los Angeles County to Transtech Engineering, Inc. (Transtech) for building and safety services. Shortly after this transition, the City experienced an increase in building permit activity. This increase caused the cost to provide building and safety services to increase well beyond those anticipated when the City entered into the original agreement with Transtech. The original contract was for \$3,900,000 over three (3) years with two, one-year extensions.

This amendment proposes to increase the maximum contract amount from \$3,900,000 to \$9,000,000 over the same three-year period. Since the compensation to Transtech is largely based on a percentage of building permit activity (and not necessarily based on consultant hours), this increase is based on increased building permit activity, which volume increased independently of the contract. As a result, Transtech's invoices have been significantly larger than expected, totaling approximately \$2,790,000 for the first six (6) months of the contract, leaving approximately \$1,110,000 for the remaining two and half years.

Based on the level of permit activity, it appears the natural amount of the contract should be about \$3,000,000 per year or \$9,000,000 over the three years. Nearly the entire contract for Transtech is paid by developers, residents, and contractors, and their fees are calculated based on the valuation of their projects. Therefore, staff is recommending approval of Amendment No. 1 to allow the building and safety services to continue for the life of the agreement.

It should be additionally noted that staff has received positive feedback from developers and the community regarding Transtech's services.

II. RECOMMENDATION

1. **APPROVE** Amendment No. 1 to the agreement with Transtech Engineers, Inc., to provide building and safety services for the City of Carson increasing the not-to-exceed amount from \$3,900,000 to \$9,000,000.

2. **AUTHORIZE** the Mayor to execute the amendment, following approval as to form by the City Attorney.

III. ALTERNATIVES

TAKE any other action the City Council deems appropriate.

IV. BACKGROUND

In July of 2023, the City of Carson transitioned from utilizing Los Angeles County to Transtech to provide building and safety services. Los Angeles County Building and Safety, managed by LA County Public Works, had been providing building and safety services since the City's incorporation in 1968.

Building and safety reviews and monitors the design, construction, demolition, and maintenance of buildings and structures by enforcing the City's building codes and regulations and through review of applications, issuance of building permits, and inspections.

Services provided under LA County were based on the hourly rate of staff assigned to work in Carson or working on specific projects in Carson, such as technical plan checkers at the Alhambra headquarters working on Carson projects. The amount billed annually by the County, generally between \$1.8 million and \$2.1 million, was less than the total amount of building permits fees the City collected, but the relationship between the fee and the cost was indirect. Transtech's contract, on the other hand, is largely based on a sliding scale percentage of the building permit fee amount, so their compensation is directly related to the amount of building fee revenue; the more permits issued by the City and the greater the value of the permits, the higher their compensation.

What the City did not anticipate in drafting the contract with Transtech at \$3.9 million over three years (for an average of \$1.3 million/year) was that the first six months of their contract would see nearly unprecedented building permit activity, driving up their compensation. This increase doesn't cost the City additional money, since the cost of providing building and safety services is fully offset by the permit fees that are collected from permit issuance.

The proposed amendment is intended to increase the available funds to continue to provide building and safety services through the life of the agreement. The term of the agreement is a three-year term, with the option to renew the agreement for two additional one-year terms, at the City's discretion. This amendment does not change the term. Staff

recommends that the Council approve this amendment.

V. FISCAL IMPACT

There is no negative fiscal related to this approval of this amendment, as expenditures are offset by the revenue provided by the services rendered by Transtech. Funds for Fiscal Year 2023-2024 have already been appropriated in the current budget and supplemented by the mid-year adjustment. Contract costs for future years of the agreement will be included in subsequent fiscal year budgets, along with offsetting revenue.

VI. EXHIBITS

1. Agreement with Transtech Engineers, Inc. (pgs. 4-52)
2. Proposed Amendment No. 1 with Transtech Engineers, Inc. (pgs. 53-58)

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