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CITY OF SACRAMENTO

DEPARTMENT OF PLANNING AND DEVELOPMENT

1231 "I" Street

Sacramento, Ca. 95814

Administration

Room 300 449-5571

Building Inspections

Room 200 449-5716

Planning

Room 200 449-5604

December 6, 1985

Transportation and Community Development/
Budget and Finance Committees
Sacramento, California

Honorable Members in Session:

SUBJECT: FAST TRACK BUILDING ACTIVITY PROGRESS REPORT

SUMMARY

The attached report sets forth activities in the Building Division of the Planning and Development Department relating to increased construction activity during this year.

This matter first came before the City Council on August 6, 1985, when this Department requested additional expenditure authority to meet service demands caused by increased building activity. This report details the response of the Department to these needs.

This item was heard by two members of the Budget and Finance Committee on December 3, 1985. The Committee reviewed the report and recommended that it be forwarded to the City Council for acceptance.

RECOMMENDATION

It is recommended that this report be reviewed at a joint meeting of the Transportation and Community Development and Budget and Finance Committees to provide more opportunity to review the report.

Respectfully submitted,

Mac Mailes, Director
Planning and Development

RECOMMENDATION APPROVED:

Solon Wisham, Jr., Assistant City Manager

Attachment/

December 17, 1985
All Districts



CITY OF SACRAMENTO

DEPARTMENT OF PLANNING AND DEVELOPMENT
1231 "I" Street Sacramento, Ca. 95814

Administration
Room 300 449-5571
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November 19, 1985

Budget and Finance Committee
Sacramento, CA

Honorable Members in Session:

SUBJECT: FAST TRACK BUILDING ACTIVITY PROGRESS REPORT

SUMMARY

On August 6, 1985, staff recommended and City Council approved the increased funding for the Planning and Development Department to meet an unanticipated and precipitous increase in building activity. This report describes the size and duration of extraordinary service demand, and the successful City response.

Analysis shows that, during the first three months of the fiscal year, building activity reached an all-time high. We anticipate that activity will decrease for the remainder of the fiscal year, but will remain at a level well above last year. The City is generally meeting its service requirements in all building inspection and plan checking activities.

The increased funding may be discontinued in early 1986. Additional revenues generated by increased activity will offset costs.

BACKGROUND

From June through September of this year, Sacramento builders produced a surge of construction which demanded extraordinary service response from the Building Division. To meet this demand, the City Council approved a \$293,800 augmentation to the Building Division's budget to be financed through increased revenues. This report describes the nature, cost, and effectiveness of the department's response.

BUILDING ACTIVITY

Total building activity has remained at an extremely high level during the summer months. The daily rate of permits issued significantly exceeded

the 1984 rate in June, July, August, and September. The October permit rate fell slightly below the 1984 rate. This trend is reflected below and on Exhibit "A".

<u>Month</u>	<u>Overall</u> <u>Average Permits Issued</u> <u>Daily</u>		<u>% Change</u>
	<u>1984</u>	<u>1985</u>	<u>From 1984</u>
June	36.1	44.6	+24
July	39.8	55.4	+39
August	39.2	48.5	+24
September	40.7	55.4	+36
October	45.0	43.6	-3

The chart below demonstrates this increase by building category.

<u>Type of Construction</u>	<u>Permit Valuation (In Millions)</u> <u>July - September</u>		
	<u>Actual</u> <u>1984</u>	<u>Actual</u> <u>1985</u>	<u>%</u> <u>Change</u>
Single Family Residences	28.4	49.4	+ 74
Multi-Family Residences	29.2	80.5	+175
Office	17.3	16.3	- 6
Retail	3.4	11.8	+247
Industrial	7.6	2.8	- 63
Other	34.1	16.4	- 52
Total Permit Valuation	120.0	177.2	+ 48

* The 1985-86 budget was based on a projected decrease in total activity from the 1984-85 fiscal year. The expected total activity level for the same period was \$101.0 million, which places actual activity \$76.2 million above the expected level.

These statistics demonstrate a doubling in residential construction from last year due (probably) to the combined effects of dropping interest rates and increased housing demand. (The residential rental vacancy rate is under 2%).

Based on information provided by Patterson Research Associates, the Finance Department's economic consultant, it appears that the peak of extraordinary activity has passed and that activity will return to normal levels over the remainder of this fiscal year. An analysis of the Patterson projections indicates that building activity will continue at a level about 13% above last year. We, therefore, can anticipate continued high activity, but not the unprecedented level experienced since July. Projected activity levels by type of construction for the remainder of this fiscal year are:

Building Activity (October 1984 - June 1985)
Percent Change from Prior Year

<u>Building Category</u>	<u>% Change From 1984-85 (Oct.-June)</u>
Single Family Residential	- 2
Multi-Family Residential	+26
Office	+18
Retail	- 4
Industrial	+40
Other	<u>+26</u>
Total Building Activity	+13

IMPACT ON OPERATIONS

The surge in building activity created a concomitant demand on services provided by the Planning and Development Department. The situation was described in an initial report to the City Council (Fast Track Building Activity, August 6, 1985) which appropriated funds in time to meet the impending demand. The goal was to meet the substantial demand without delays or degraded service quality. This analysis provides a description of the increased demand, the actions taken to meet the demand and the effectiveness of those actions.

Residential Plan Check Activity

The Residential Plan Check Unit reviews and approves construction plans for new single family and duplex construction. Activity for the first three months of this fiscal year compared to earlier activity and estimates was:

<u>Residential Plans Approved</u> (July - September)		
<u>1984 Actual</u>	<u>Budget Projected</u>	<u>1985 Actual</u>
482	437	701

The actual workload was 60% above the budgeted resources. A sudden seven week backlog in residential plan checking developed. In answer to this demand, staff recommended and the City Council appropriated, funding to contract with an outside plan check service, and field Building Inspectors were assigned to assist with residential plan checking.

The outside plan checking service has completed an average of 30 plan checks a month. As a result of these actions, the backlog was reduced to two weeks. The department discontinued using Building Inspectors for plan checking in September, and discontinued sending plans to the outside plan checking service in October. Regular Residential Plan Check staff are now completing all review within two weeks. If the projected leveling off of the workload

proves to be accurate, existing staff should be able to reduce the turnaround to one week during the remainder of this fiscal year.

Commercial Plan Check Activity

The Commercial Plan Check Unit reviews and approves construction plans for all apartment and commercial construction projects. For the first three months of this fiscal year the workload held at 35% above budget projections. This increase was primarily in new apartment construction, which generated a backlog of 209 plans in July and caused a potential ten-week delay in processing plans.

In response, the City took the following actions:

- . The City Council appropriated funding to contract with an outside plan check service to provide additional plan review resources.
- . Staff issued partial permits (i.e. foundation permits) on major jobs to avoid construction delays.
- . Apartment plans were accelerated by preferential handling to meet a deadline mandated by new state legislation keyed to building permit issuance dates. If permits had not been issued prior to the deadline, applicants would have been required to completely redraw plans and then wait until the City's review of the revised plans was complete.

Since these actions were taken, 24 plans have been sent for outside review. The backlog has been reduced from 209 to 96 and there is no dead time between plan submittal and the beginning of staff review. Based on the Patterson projections, budgeted staff will suffice to meet the demand for the remainder of the fiscal year. Staff will continue to utilize outside plan checking to expedite major projects.

Field Inspections

The Field Inspection Units perform on-site inspections to insure code compliance on construction projects. Activity for the first three months of this year compared to earlier activities and estimates was:

<u>Field Inspections Requested</u> (July - September)		
<u>1984 Actual</u>	<u>Budget Projected</u>	<u>1985 Actual</u>
35,354	32,408	44,711

The workload was 38% above budgeted resources. In August, staff could not perform 24% of the inspections within 24-hours following the inspection request.

In response, the City took the following actions:

- . The City Council approved hiring six additional Building Inspectors for a six-month period.
- . The City Council approved the utilization of temporary clerical support for the Field Inspection activity.
- . Building Inspectors were placed on mandatory overtime.

Immediate steps were taken to fill the newly-created positions. Qualified applicants were found and hired for four of the Building Inspector positions during the week of August 19. Greater difficulty was encountered in filling the remaining two positions, which were filled on September 9 and October 7. All of the new Inspectors have been trained and are in the field. These additions have increased the average number of Inspectors in the field from under 14 in August to over 20 in October (See Exhibit B).

The actions taken have significantly improved response to increased demand as shown on Exhibits C and D. The average daily number of inspections has increased since spring by 84% and the overload inspections (not completed within 24 hours) has decreased from 24% to 5%.

With inspections on construction projects which were approved (issued a permit) during the summer surge, field inspection activity will hold at a high level through early 1986. Resources are sufficient to meet demand. Mandatory overtime will be discontinued during December. The need for the six temporary positions is expected to continue into early 1986.

The temporary clerical positions were filled in mid-August; however, their effectiveness has been offset by lengthy illnesses and injuries to regular career employees. Therefore substantial overtime and late hours are still needed to meet the clerical support demands. As the regular full time staff members recover and return to duty, the clerical staff will be returned to the normal personnel pattern. The temporary positions will be needed through the end of 1985.

FINANCIAL DATA

Revenue

The fast track report provided information showing a dramatic increase in revenue for July. That trend continued through September (please refer to Exhibit E) and is summarized here.

Revenue
(July 1985 - September 1985)

<u>Revenue Source</u>	<u>Budgeted</u>	<u>Actual</u>	<u>Surplus</u>	<u>% of Budget</u>
Residential Permits	\$179,194	\$362,623	\$183,429	202
Commercial Permits	254,929	462,855	207,926	182
Residential Plan Check	57,823	92,790	34,967	160
Commercial Plan Check	198,268	267,635	69,367	135
TOTAL	\$690,214	\$1,185,903	\$495,689	172

Since the 1985-86 revenue budget was based on an estimated decrease in building activity, it is prudent to project that revenue will also exceed budget for the remaining three quarters of the fiscal year.

Expenditures

As part of the fast track augmentation, the City Council appropriated an additional \$293,800 to the departmental budget to meet the surge in building activity. Listed below is the additional amount appropriated by object code compared to the additional expenditures generated by the surge.

<u>Account</u>	<u>Additional Appropriation</u>	<u>Additional Expenditures Through 11/1/85</u>
Salaries	\$105,900	\$42,938
Overtime	43,500	25,773
Outside Plan Check	130,000	42,463
Temporary Clerical	14,400	6,584
Printing (Permit Forms)	--	3,000
Microfilm Process.	--	8,000
TOTAL:	\$293,800	\$128,758

Although the size of the building surge was very close to estimates, the duration now appears to be shorter than estimated.

An analysis of anticipated workload and budgeted resources indicates that the additional appropriation will be more than sufficient to support increased building activities for the duration of the fiscal year. There is a strong possibility that the department will not spend the total additional appropriation and the excess funds will be available to transfer to other uses.

Self-Sufficiency

City Council direction required that Building Division costs be supported by plan checking and permit fees. Revenue and cost comparison for the first three months of this fiscal year are:

Actual Revenue Versus Cost (July 1985-September 1985)

<u>Activity</u>	<u>Revenue Generated</u>	<u>Direct Expenditures</u>	<u>Indirect Cost</u>	<u>Total Cost</u>	<u>Surplus</u>
Residential Plan Check	\$92,790	\$31,668	\$13,060	\$44,728	\$48,062
Commercial Plan Check	267,635	158,078	65,189	223,267	44,368
Field Inspections	<u>840,480*</u>	<u>341,580</u>	<u>127,440</u>	<u>469,020</u>	<u>371,460</u>
TOTAL	\$1,200,905	\$531,326	\$205,689	\$737,015	\$463,890

* Includes fees for FHA inspections and other inspections which are not included as part of the building permit revenue described earlier in this report.

Revenue is currently financing both direct and indirect costs. Because building permit fees are received prior to incurring costs, the surplus may decrease as we perform the inspection activities related to the permits issued during the summer surge. However, it is unlikely that the surplus will be depleted before July 1, 1986.

CONCLUSIONS

A significant and immediate potential for a serious breakdown of services presented itself in early summer with the onset of an unexpected "mini-boom" in building activity. The situation was aggravated by relatively long-term illness and injury absences in the workforce, and state legislation that became effective during the same period.

The City's response has been effective in averting breakdown and maintaining acceptable and prudent levels of quality and financial responsibility in the face of very large increases in the volume of work.

The line personnel of the Building Division should be congratulated for the exemplary way in which they responded to extensive demands for overtime, weekend work, and sudden reassignments.

RECOMMENDATION

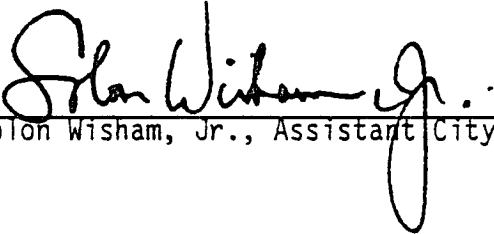
It is recommended that the Budget and Finance Committee review the attached report and forward it to the City Council.

Respectfully submitted,



Mac Mailes, Director
Planning and Development

RECOMMENDATION APPROVED:

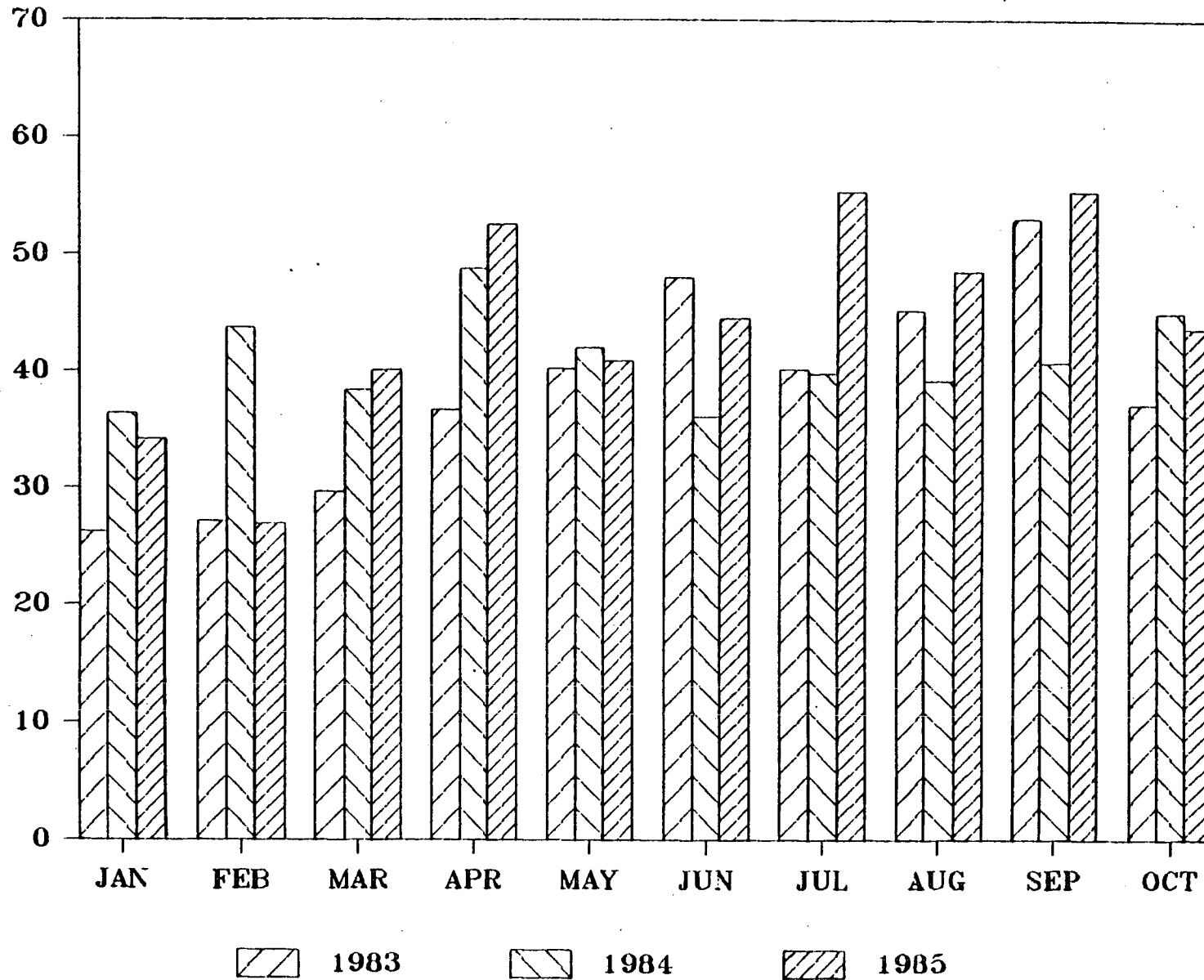


Solon Wisham, Jr., Assistant City Manager

December 3, 1985
All Districts

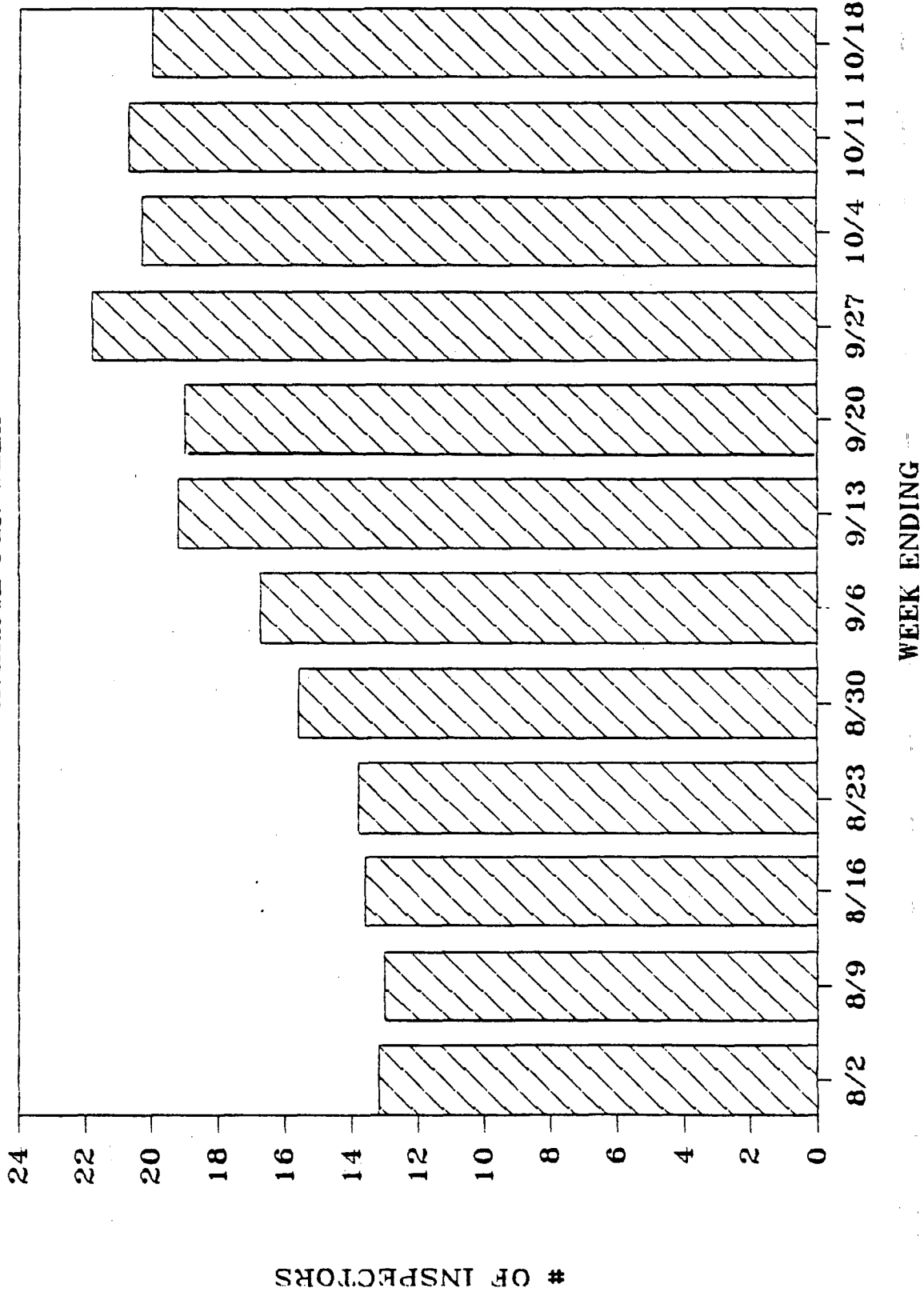
Attachments/

AVERAGE DAILY RATE OF PERMITS ISSUED



NUMBER OF INSPECTORS IN THE FIELD

AVERAGE PER WEEK



MONTHLY INSPECTION STATISTICS
(June - October)

<u>June</u>	<u>1984</u>	<u>1985</u>
Total stops requested	6,520	6,004
Total inspections requested	9,682	8,479
Stops completed by Inspectors	5,300	5,493
Inspections completed by Inspectors	7,517	7,555
Stops completed by Supervisors	629	63
Inspections completed by Supervisors	1,051	65
Stops not completed in 24 hrs.	591	448
Inspections not completed in 24 hrs.	1,114	859
Percentage of requested inspections not completed in 24 hrs.	11.5	10.1
<u>July</u>	<u>1984</u>	<u>1985</u>
Total stops requested	6,555	6,983
Total inspections requested	12,330	13,774
Stops completed by Inspectors	5,125	6,348
Inspections completed by Inspectors	9,522	12,454
Stops completed by Supervisors	726	91
Inspections completed by Supervisors	1,187	102
Stops not completed in 24 hrs.	704	544
Inspections not completed in 24 hrs.	1,621	1,218
Percentage of requested inspections not completed in 24 hrs.	13.1	8.8
<u>August</u>	<u>1984</u>	<u>1985</u>
Total stops requested	6,670	8,082
Total inspections requested	12,193	16,256
Stops completed by Inspectors	5,713	6,389
Inspections completed by Inspectors	10,489	12,789
Stops completed by Supervisors	501	249
Inspections completed by Supervisors	868	376
Stops not completed in 24 hrs.	456	1,444
Inspections not completed in 24 hrs.	836	3,091
Percentage of requested inspections not completed in 24 hrs.	6.9	19.0
<u>September</u>	<u>1984</u>	<u>1985</u>
Total stops requested	6,522	6,945
Total inspections requested	10,831	14,681
Stops completed by Inspectors	5,757	6,419
Inspections completed by Inspectors	9,303	13,598
Stops completed by Supervisors	374	128
Inspections completed by Supervisors	778	142
Stops not completed in 24 hrs.	391	398
Inspections not completed in 24 hrs.	750	941
Percentage of requested inspections not completed in 24 hrs.	6.9	6.4

MONTHLY INSPECTION STATISTICS
(June - October)

<u>October (1-21) *</u>	<u>1984</u>	<u>1985</u>
Total stops requested	5,266	5,156
Total inspections requested	8,177	10,688
Stops completed by Inspectors	4,482	4,867
Inspections completed by Inspectors	6,960	10,081
Stops completed by Supervisors	264	75
Inspections completed by Supervisors	410	75
Stops not completed in 24 hrs.	520	214
Inspections not completed in 24 hrs.	807	532
Percentage of requested inspections not completed in 24 hrs.	9.9	5.0

* After 15 work days

AVERAGE DAILY INSPECTION ACTIVITY

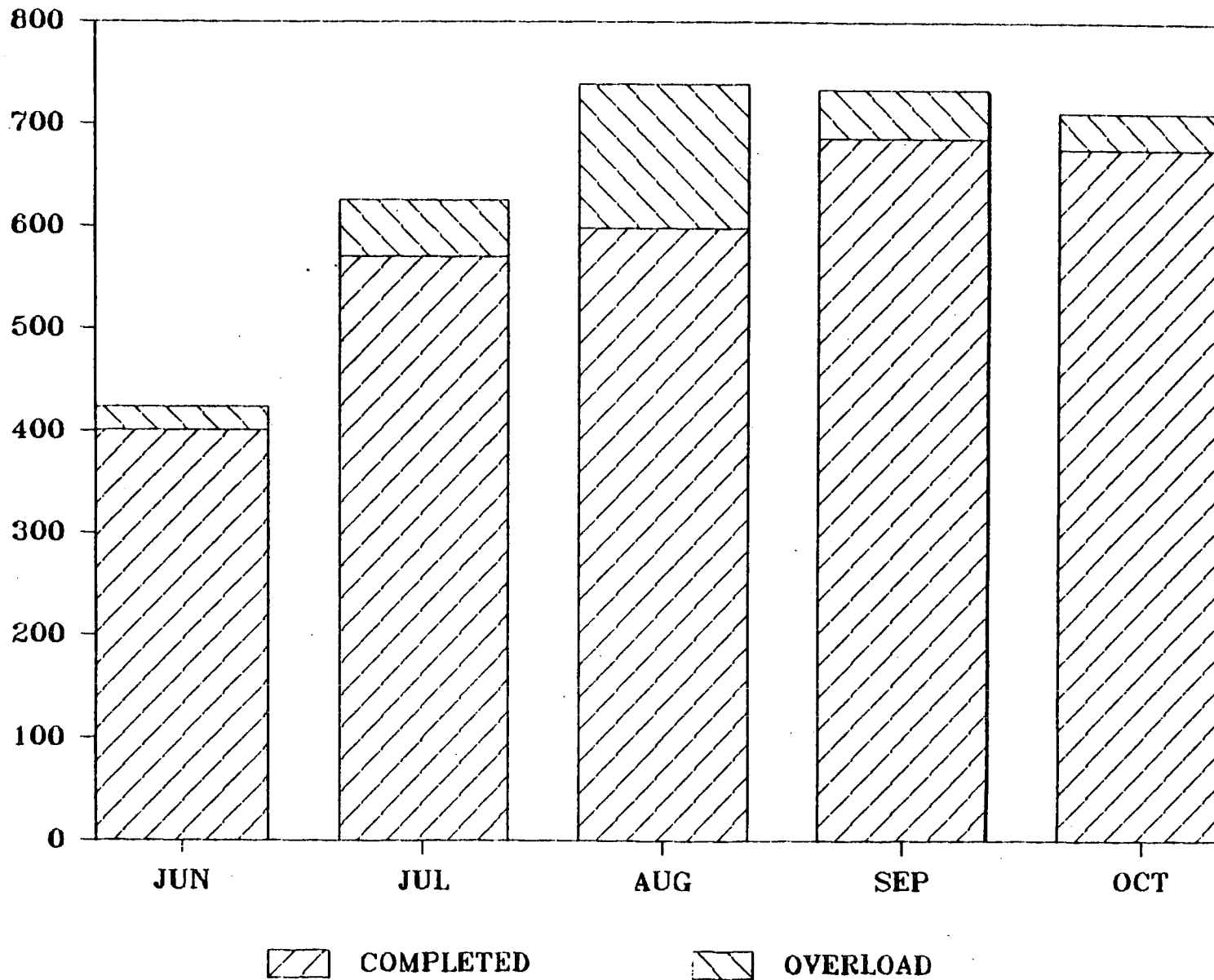


EXHIBIT "D"

ACTUAL REVENUE VS. BUDGET ESTIMATED REVENUE

	<u>Commercial Building Permit Revenues</u>		<u>Residential Building Permit Revenues</u>	
	<u>% of Budget Estimate</u>	<u>Over/Under Budget Estimate</u>	<u>% of Budget Estimate</u>	<u>Over/Under Budget Estimate</u>
March	80	-20	170	+70
April	75	-25	62	-38
May	74	-26	185	+85
June	91	-9	83	-17
July	212	+112	259	+159
August	104	+4	163	+63
September	451	+351	122	+22
October	60	-40	132	+32

	<u>Commercial Plan Check Revenues</u>		<u>Residential Plan Check Revenues</u>	
	<u>% of Budget Estimate</u>	<u>Over/Under Budget Estimate</u>	<u>% of Budget Estimate</u>	<u>Over/Under Budget Estimate</u>
March	63	-37	191	+91
April	143	+43	78	-22
May	32	-68	174	+74
June	92	-8	93	-7
July	128	+28	284	+184
August	73	-17	207	+107
September	128	+28	82	-18
October	82	-18	149	+49