



## Building Enterprise Fund Advisory Committee (BEFAC) Draft Minutes

February 23, 2021 9:00 a.m.

**Meeting via teleconference only pursuant to NRS 241.02**

**Pre-register using this link to join the meeting via web or phone:**

**Web: [https://zoom.us/webinar/register/WN\\_5ftSsBE0T-ml\\_y1ql\\_4ds6-w](https://zoom.us/webinar/register/WN_5ftSsBE0T-ml_y1ql_4ds6-w)**

### **MEMBERS**

John Krmptotic, Chair  
Teresa DiLoreto  
Doug Roberts  
Art Sperber  
Bob Lissner  
Naomi Duerr, Liaison  
Vacant  
Vacant

### AGENDA ITEMS

#### **1. Call to Order, Roll Call, and Determination of Quorum**

Chair Krmptotic called the meeting to order at 9:00 a.m.

Members present when the meeting was called to order: John Krmptotic, Teresa DiLoreto, Art Sperber, and Robert Lissner.

Doug Roberts and Council member and BEFAC Liaison Naomi Duerr were absent.

#### **2. Public Comment**

Fire Marshal Tray Palmer wanted to bring attention to a new bill that has been introduced in the state legislature. Assembly Bill 139 would allow money from the Building Enterprise Fund to be used to construct fire stations. Tray added if the bill is passed in legislation, the City of Reno and the building community would benefit greatly in regards to response times.

Gregory Peek with the Builders Association of Nevada – Gregory wanted to talk about the surplus of funds that seems to have developed and comments that were made. Gregory wanted to make sure that everyone is reminded and aware of the purpose of the fund and that the development community pays its own way.

Dan Morgan - Nevada Builders Association stated he wanted to echo what Gregory Peek mentioned and added they are here as a resource to this committee. He will be available throughout the meeting if there are any questions.

#### **3. Discussion and Possible Recommendation to City Council Related to the FY20/21 and FY21/22 Building Enterprise Fund Budgets and Building Permit Fee Schedule**

Angela Fuss gave a presentation on the Building Enterprise Fund and the discussions from the January 2021 BEFAC meeting on potential ways to spend the surplus money. Keeping in mind the

conversation Tray Palmer just talked about bringing a new bill, if that passes would change things. City Council would have to weigh in on how they choose to spend that surplus. If the bill doesn't pass, we are looking for a plan to spend about a \$2 million surplus that we have on the books. The charts Angela referenced goes back to July of 2016. The valuation table was updated in 2018 and that's when we started seeing an increase in the amount of revenue coming in. Prior to 2018, the valuation table had been from 2006 calculations.

The next chart Angela discussed is the budget plans. The budget plans were broken into four categories. Staffing, technology, equipment & building, and building permit fee reductions. In terms of staffing there are a number of positions that were not backfilled. When COVID first hit we weren't sure how this was going to impact the budget and how it was going to impact development, so we held off on filling those positions. These positions have already been included in the budget. Angela added there are a number of new positions and new classifications which is about \$1.2 million. Most of the positions are related to building.

Angela continued to say during COVID the majority of building permits were being submitted electronically, rather than in hard copy, which has impacted the way the City staff reviews plans. As a result, we are going to need more staff to help with processing those plans.

Angela continued with technology, allocating about \$625,000. We have a storage unit full of engineering and planning archived files that need to be scanned and put into an electronic format. In addition we would like to upgrade the GIS mapping and the Accela/OnBase upgrades. If we had the ability to make these files all public then the user could go online and get public records information themselves and would not have to go through a public records request process.

Angela continued with equipment & building, allocating about \$314,000. We are in need of two new color copy machines, the existing ones are very old and outdated, and they don't have the ability to copy in color. With all of the new staffing members coming onboard. We will need to make room on the 6<sup>th</sup> floor for these people; adding cubicles and desks. In terms of the 2<sup>nd</sup> floor, we are proposing to make the conference room virtual. Currently the conference room is just a room and the requested budget would allow us to add a phone line, internet line, and a flat screen television. No other changes are proposed for the 2<sup>nd</sup> floor.

Angela explains the two motions recommended to the committee.

1. I move to approve the additional funding requests including a combination of additional staffing, equipment and building upgrades and technology upgrades and augment the FY20/21 budget.
2. I move to reduce fees overall by 5% of today's base fees for the FY21/22 budget. This includes moving to the next valuation table (February 2021) and decreasing fees to a net decrease of 5% less than the current fees.

Angela included the finance team Matt Taylor and Debbie Lauchner as part of the discussion so they can pull up spreadsheets and budget numbers.

John Krmptotic had questions and asked for the slides to be put back on the screen.

Teresa DiLoreto asked how we arrived at a \$2 million surplus, when we've been talking about a surplus much greater than that.

Matt Taylor shows the graph and explains how he reconciled through the end of January for operating expenses.

Angela asked Teresa if the explanation made sense.

Teresa replied she understands the increase in expenses, however she is not sure about the 17 million that has been discussed previously.

Matt replied that's how much cash you have.

Teresa asked Matt of the cash your saying all but 2 million dollars of it is allocated for the benefit of what needs to get done for those various permits that are out. Is that correct?

Matt responded, the difference between your cash and the equity is coming from the amount that is owed for OPEB, accounts payable and any other deferred expense that are on the balance sheet. Matt said the equity you have left to spend is on the operating expenses going forward. You have money in there to pay for all those expenses right now because you have been able to save it.

Teresa DiLoreto added the recommendation is out there to add even more expenses.

Matt Taylor replied yes because you can see your operating expenses decreased this next year because during the pandemic the people that have left haven't been replaced.

John Krmptotic stated the graph shows in March the amount shows \$20 million. John asked is it \$17 million or is it \$20 million?

Matt replied that in January of 2021 the fund ended up with almost \$18 million in cash.

Teresa asked for clarification on increase in expenses and where the majority of the expenses came from.

Matt replied it was mostly employee costs. Employees that left during this year which would cause expenses to decrease. Matt said there's a lot to go through and that he could put together an analysis to tell the committee exactly what decreased between last year and this year.

Teresa replied, that would be helpful.

Angela Fuss asked Matt, looking at the graph where do we want the orange line to be?

Matt responded with ideally below the gray line, however the gray line changes based on what the expenses are.

Angela commented saying the spending plan is a onetime spend. Some are more long term expenses, such as the employees. Not all of the \$2.2 million is going to be the long term expense. Staffing is definitely the one that will increase the expenses and that overlaid with the reduction in building permit fees will help stabilize us long term.

Debbie Lauchner mentioned to the committee this is a longer term process to get you to where you need to be, so that you don't have to make adjustments all at once.

Teresa DiLoreto asked how this compares to back in the hay day, it almost seems like we're having a different conversation. There was a couple of recommended positions that needed to be filled and now there's a big long list. Teresa is concerned that we ramp back up with all this staff and something happens and we're just repeating history again.

John Krmptotic asks Angela to put up the slides once again.

Angela Fuss starts with the staffing budget \$1.2 dollars for salaries and benefits.

John Krmpotic asked about the GIS mapping upgrade and the GIS Analyst positions. John asked do you need the Analyst once you do the upgrade.

Angela Fuss replied the upgrade is more of a long range fix to the mapping system. That will allow us to use the GIS software better and differently. Ideally we are working towards the public being able to access the City GIS website and click on a parcel that would connect you to all kinds of things you don't currently have access to, such as building permit files and planning case files associated with that parcel. We need the third party consultant to make that happen.

Angela Fuss continued with the GIS Analyst, stating we currently don't have anyone within the Community Development to do GIS. We don't have the ability to do any real analytical work. We create pretty maps for staff reports with the staff we have now, but we don't have anyone to do anything beyond the day to day mapping.

John Krmpotic asked about the reclassification of the Building and Safety Manager. Asking if that is improving the compensation package.

Angela Fuss replied, yes. Our Building and Safety Manager is as high as the position goes and there is no position above that in our current organizational chart. Within our Planning Department and Engineering Department there's already a position created in the system that serves a Deputy Community Development Director within their specific division. We would like to reclassify the Building and Safety Manager to a Deputy Director position. We looked at the work this manager is doing and the number of staff he is managing. He probably has more job duties than any of our managers within Community Development.

Art Sperber asked Angela if she is proposing to fund the GIS position 100% into the Building Enterprise Fund.

Angela's response was yes.

Art Sperber mentioned this enterprise fund is only for pulling permits. Art would like Angela to relook at whether some of that is functions.

Teresa DiLoreto asks where it is defined what positions fall under the fund itself, and to Arts point percentages. Is it the By-Laws of the Building Enterprise Fund?

Arlo Stockham, Interim Assistant City Manager, stated the staff is trying to keep up on the permit load and are currently getting crushed. We made a mistake last year by freezing everything. Arlo is concerned our best staff might leave if we keep forcing this type of pace. Arlo has been noticing our late permit reports are creeping up. We are falling behind while at the same time the staff has been skipping vacations and working extra hours. Arlo agrees that the GIS Analyst is the one gray position. All of the other items are critical to keep the permit reviews timely, complete, and accurate. Another point Arlo wanted to mention is the development code update recently adopted. There was significant process streamlining where quit a few different applications that previously required public hearings now go directly to building permit. This will increase the workload and complexity of those permits.

Arlo does support reevaluating the GIS Analyst position and maybe it's more of a hybrid position.

John Krmpotic commented to Arlo's point that he's heard from two clients about getting hung up in plan review. John would like to be consistent with the building community about if you want the resources we have to have the positions to deal with this. John also said if you have staff that is stretched and you don't have enough we need to look at this.

Angela Fuss moves to the Technology slide. They have budgeted about \$100,000 to have an offsite service scan all the archive files. We still internally have to do a process where you can

search those files. There is about 30 years of files that need to be scanned. The goal by the end of this year is to have everything scanned into a document service where the general public has access to review.

In regards to Accela, we have allocated about \$500,000, which would include having third party consultants take a look at Accela and address how it functions now and how to fix it.

Art Sperber asked if there is still cost sharing on some of the programs or is the city absorbing all the costs?

Angela Fuss replied there is a regional platform. We are all using the Accela platform, Reno, Sparks, Washoe, and Douglas County, however, the entities modify Accela to fit their business needs and each agency pays separately.

Art Sperber asked if the Accela cost is shared with the other agencies.

Angela Fuss replied, yes.

Art Sperber agrees it's great to be able to apply for a business license and be able to do all three and complete the process. Art asked if those costs should be in the Building Department or not?.

Arlo Stockham responded by saying the regional platform cost agreement results in significant savings for all the agencies compared to them operating independently. The Reno specific changes are needed anyway, but a little more complex if we had a standalone system. In terms of which fund pays for which function, it's basically proportional.

Teresa DiLoreto asked if the usage of the equipment and the space in the 2<sup>nd</sup> floor conference room is solely beneficial to Building and Planning.

Angela Fuss responded that the 6<sup>th</sup> floor is 100% Building. The only people up there are building staff. The 2<sup>nd</sup> floor is a combination of Engineering, Planning, Building, and Business License.

Angela Fuss brings up the fees slide. During the last meeting in January, we approached the subject of reducing fees to help offset the Enterprise surplus. Angela mentions doing a 3% or 5% cut to the building permit fees. If development continues on the same trajectory it has been since last July, we will continue to boom. We're getting big projects that are coming in at very high valuations. Student housing projects come in at very high valuations. Commercial has had a huge uptick in single family development. Angela and the team would like to propose a 5% cut based on the fees that are in place today. This fee schedule would not go into effect until July 1<sup>st</sup>.

Matt Taylor shares budget slides to show the impact of the 5% fee cuts year by year.

Angela Fuss asked the group how they feel about the 5% number.

John Krmptic responded it's the right thing to do, however he would like to hear from the other committee members.

Art Sperber replied he likes the idea of lowering the fees and thinks the 5% is a good number to look at. Art says we never want to over adjust nor do we ever want to under adjust.

Bob Lissner responds since he hasn't been on the committee very long, he is agrees with what the rest of the committee decides.

Teresa DiLoreto replied she appreciates the efforts to try and reach that equilibrium where we can maintain a comfortable level for everyone. Teresa also appreciates the downward trend in fees. Teresa asked Angela if she and her team tested different percentage levels and clearly the 5%

percent is the one they decided on.

Angela Fuss replied the hardest part right now is with COVID. We don't know how things are going to play out for the next year or two. None of us saw this happening. No one thought the commercial permits would go down, but single family permits have gone up by 15%-18%.

Arlo Stockham responded to Angela's point saying we're also concerned about staffing up and if we come into a downturn, needing to lay off staff. We have quite a bit of turnover to attrition, and if we go into a downturn as people retire, we would trim down on staff as well. It's a lot of guessing and projecting. We were very conservative last year and in retrospect, probably too conservative.

Angela Fuss asks for a recommendation today from the committee to forward to City Council.

John Krmpotic asked when the new valuation schedule comes out.

Angela replied in February.

John Krmpotic replied he feels the valuation schedule is a piece of information needed to make the right decision.

Chris Pingree added the valuation schedule typically comes out in February. They crunch those numbers through the International Code Council (ICC) to encompass the country. There has typically been 1%-3% increase on those valuation tables.

John Krmpotic asked Chris if he sees any chance of a decrease.

Chris Pingree replied, no. Cost of construction is evaluated into the valuation.

Arlo Stockham replied it doesn't really matter, because they are going to net out the 5% under our recommendation. Even if the value tables go up by 20% we would cut the multiplier by 25% to net out at 5%.

Teresa DiLoreto asked how the fee schedule that came out last night impacts this decision.

Angela Fuss replied the building permit fees were unchanged on the fee sheet, pending the new valuation table, therefore there was no change in that table.

Angela Fuss presents the two categories for recommendation.

- Motion to approve the additional funding requests including a combination of additional staffing, equipment and building upgrades and technology upgrades and augment the FY20/21 budget.
- Motion to reduce fees overall by 5% of today's base fees for the FY21/22 budget. This includes moving to the next valuation table (February 2021) and lowering fees to a net decrease of 5% less than the current fees.

John Krmpotic would like to review the 5% in 6 months.

Teresa DiLoreto asked if the recommendation is all with the exception of the GIS Analyst.

It was motioned by Member Teresa DiLoreto and seconded by Member Art Sperber to approve the additional funding for staffing, equipment and building upgrades, and technology upgrades and augment the FY20/21 budget.

The motion carried unanimously with four (4) members present.

It was motioned by Member Teresa DiLoreto and seconded by Member Art Sperber to approve

a 5% reduction in base fees for the FY21/22 budget and reevaluate the fees in six months.

The motion carried unanimously with four (4) members present.

**4. Next Meeting – April 27, 2021**

**5. Public Comment**

Dan Morgan – Nevada Builders Association

Dan would ask both the committee and the staff to measure all these decisions against existing statute. The statute states the Enterprise Fund must not be used for any purpose other than the actual direct and indirect costs of the programs for the issuance of barricade permits, encroachment permits, and building permits, including the cost of checking plans, insuring permits, inspecting buildings, and administering programs.

Dan Morgan also mentioned the definitions in statute. Our membership will embrace the fee reduction. Also Dan would like the committee and city staff look at the definitions under statute from a monetary perspective.

Beth Dory is concerned about building and safety issues relating to the City of Reno awarding a particular permit. She hasn't been able to get anywhere. Beth emailed Angela Fuss, John Krmptotic, and Teresa DiLoreto and did not receive a response. Beth would like some kind of official response from the city. Beth's understanding from the meeting this morning about expanding the building permit department, she would like for the city to do some type of quality control for the building permits decisions and make sure they are following zoning.

Arlo Stockham responded by saying this permit in question is being litigated in the court system.

Bob Lissner commented we heard at the beginning of this meeting there is legislation that could affect how we do business. Shouldn't we or the city be paying attention to this or taking a position on this.

Angela Fuss replied we have been following that legislation. Finance, Building and Planning staff have provided some input to our legislative team. The way the bill is written is that individual jurisdictions can choose to use the Building Enterprise surplus for a fire station.

Art Sperber asked who is the sponsor is or where the bill came from.

Angela Fuss replied it came from down south.

Chris Pingree responded it was pushed out of Clark County.

**6. Adjournment**

It was moved by Member Art Sperber and seconded by Member Teresa DiLoreto to adjourn the meeting.

Meeting adjourned at 10:50 a.m.