



Building Enterprise Fund Advisory Committee (BEFAC) Final Minutes

January 26, 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_6NfWv8l1RwSZYN_BHYo3_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, Doug Roberts, and Robert Lissner. Council member and BEFAC Liaison Naomi Duerr was also present.

2. Public Comment

There was no public comment.

3. Approval of Minutes

- a. Building Enterprise Fund Advisory Committee – Regular Meeting – October 27, 2020 (For Possible Action)

It was moved by Art Sperber and seconded by Doug Roberts to approve the minutes from the October 27, 2020 meeting. The motion carried unanimously with five (5) members present.

4. City Council Liaison Report

Councilwoman Duerr reported she serves as vice chair on the Western Nevada Development District, a multi county organization focused on economic development. Last week they had an economic development workshop. Brian Bonnenfant, Project Manager for the UNR Center for Regional Studies, does a lot of population projections and economic projections. He gave a presentation on Washoe County Housing specifically; where we are, who is moving here, what are the age groups, what are they hoping to be, and what kind of houses are they buying. Naomi found this to be interesting and thought the group would like it.

One of the surprising points that Brian Bonnenfant made is that it's the younger population moving here. Naomi thought it would be more of the retiree population. The house price is shooting to the moon and while it is supply in demand at some point the housing price should level off, however, Brian's presentation did not show that. The price curve was unending. Naomi Duerr thinks that this is unending demand. Councilwoman Duerr says it all has to do with everyone wanting to move here for a variety of reasons. She stressed concern over how we balance the amount of houses being built with the quality of life we want. The City went through a master plan update process and had over seven thousand people comment. One of the things people love about Reno is the access to outdoor activity and the quality of life and that is why they are here.

Member Doug Roberts responded saying he is a developer and builds warehouses and the reason why they build them is because they fill up. That means the demand is there. There is a reason why the warehousing people are here and it is the quality of life. We are right in the middle of the eleven western states and whether people are coming to Reno or Fernley, they are going to come to Northern Nevada.

5. Building Enterprise Fund Update

Matt Taylor gave a presentation on the funds budget. He provided a chart and spreadsheet reflecting the same information from last meeting. Matt took the actuals and projected into the future using last year's actuals and the year before trends since it was a normal year. The funds are showing a lot of excess funds and a lot of cash going forward. Operating expenses are higher, showing a higher fund balance going forward and brought the fund balance down. There was one month where the fund was spot on and good. After talking with Angela Fuss, there are two new positions that have been submitted to the Position Review Committee "(PRC)" and then forwarded to City Council to be added to the budget. Matt added the two positions, Management Assistant and Senior Civil Engineer so it adds the expenses going forward beginning July 1. There is also four positions available that can be filled; Plans Examiner, Assistant Planner, and two Building Inspector I's. The Assistant Planner is only at 60% paid out of the building enterprise fund which means the general fund would have to make up the other 40%. There is also a hand full of positions; Secretary, Code Enforcement Officer II, and Code Enforcement Officer all three of these positions are paid at 35% out of the Enterprise Fund.

Angela mentioned there are some technology improvements and new equipment that needs to be purchased. Additionally with hiring the new staff some renovations needs to be made on the 6th floor of City Hall to make room for future additional staff. The expectation for the renovation is about \$200,000.

John Krmptic asked Matt to explain ending fund balance.

Matt replied that is the amount of money you have to use in the year going forward. The difference between the cash and the ending fund balance are going to be the accounts payable or any debts you have.

John Krmptic asked if in the future, the term "ending fund balance" could be used so that everyone understands and is on the same page.

Matt replied, yes.

John Krmptic praised Matt for the simplicity of the chart.

Angela stated she will go into a little more detail on the plan to get the spending more in line with the revenues in the next two agenda items.

Doug Roberts commented that doing projections on the world is pretty volatile. Doug stated that by what has happened in the world we are all presently surprised by the revenue coming in and the robust building market especially in the Reno and Sparks area.

Arlo Stockham stated there is a lot of uncertainty and we need to make adjustments. Administratively it would be a lot better to make those adjustments on a going forward basis. It could become incredibly cumbersome to try and chase down where these funds came from and do rebates. Arlo would like to stay away from the look back adjustments and do it on a going forward basis.

Teresa DiLorto wanted clarification on the overfunding and the plan to spend those funds.

Angela Fuss replied by saying there are a couple of things planned. One is related to technology, one is related to building improvements and equipment and the third is staff.

Teresa DiLoreto's concerned that we ramp up to add more staff then we go back down because construction slows. She inquired as to how we are addressing efficiency's and improvements in timelines.

Angela Fuss replied when COVID first hit that was one of the big concerns. How was the market going to change? And for this reason the Building Department did replace most of the staff that left. Seven people funded through the Enterprise Fund have left through retirement or other reasons and we have not replaced most of those positions. The concern was we did not know what was going to happen, so rather than replace them they wanted to watch the market and see how it was going to respond. During the months of March, April and May the building community slowed down. Around the start of July the market ramped back up and it's going like gang busters. We are seeing a significant boom in residential specifically. Commercial has slowed down. Angela also mentioned we do not currently have the staff to keep up with the workload and we are falling behind. We do know we need to replace some of those key positions that were lost. Some of this is the technology piece. If we had fixes to Accela we could improve productivity. We are looking at contract help some of the work load. A lot of the student housing projects are high rise and we have hired a third party to do a lot of the review. This is so that staff's workload is manageable and keeping within the timelines.

Teresa DiLoreto replied she appreciates the explanation. Teresa continued to say there's nothing more frustrating than not having the available team too adequately and efficiently move a job through and get it done timely. Teresa wants to make sure we are not just adding staff to add staff.

John Krmpotic asked Teresa if she was specifically speaking to building review or discretionary review.

Teresa replied by saying she could get some specific details from some of the builders she has spoken with.

6. Presentation, Discussion and Possible Recommendation to Fund a Senior Civil Engineer and Management Analyst Position

Angela Fuss started by saying there are two positions a Senior Civil Engineer and a Management Analyst position being requested with this agenda item. We are asking to augment the current budget and add those two positions. From a process point of view internally we have to go through our Position Review Committee ("PRC"). This committee is made up of staff and they have approved those positions. The next step is to get the committee's approval and then we have to take it to City Council. These two positions are critical. The Senior Civil Engineer will be specific to Community Development. Mike Mischel is the Engineering Manager and there is no senior level civil engineer. We are finding that Mike as the manager is reviewing more building permits than

any of his staff and he is also responsible for any applications coming in for development review. This key person would be under Mike. This person would handle maps, questions out in the field related to construction, development review, and complex building permits.

The other position being asked for is the Management Analyst. This position will be key to helping with upgrades to Accela. This position will be the go between for the third party team that will be making those changes and city staff. This is a fulltime position that will take place over years to make sure these upgrades are being handled.

Art Sperber asked if there is still someone doing the first review of the plans when they are initially submitted.

Chris Pingree replied it's the automation of the process that we are struggling with. When we made the shift to go to 100% electronic plans and documents, our staff was not prepared. The initial process was supposed to rollout at 20%, then we were forced into the electronic rule in March and we struggle to keep up.

At that time we only had two Permit Technicians that were trained for the electronic process because it was evolving. As we have learned and as we are adapting through this, the automation process is one of the biggest functions that Accela has the capability to do, but we do not have it coded in our system to do it in a manner that is efficient.

John Krmptotic directed this statement to Angela that the Senior Civil Engineer salary of \$165,000 per year is a working manager. It seems the department has evolved to a place where everyone is working very long hours. It would be nice to hear that this in fact is a working manager.

Angela Fuss replied by stating the salary also includes the benefits package. It was moved by Member Doug Roberts and seconded by Teresa DiLoreto to fund the Senior Civil Engineer and Management Analyst positions. The motion carried unanimously.

7. Presentation, Discussion and Possible Recommendation Related to the Proposed FY21/22 Building Enterprise Fund Budget and Building Permit Fee Schedule

Angela Fuss stated the purpose of this agenda item is to have a discussion with the committee and get some direction. We will bring this back to the committee next month with a special meeting to formalize all of this. Angela highlighted a few things like there is a surplus of money within the Enterprise Fund and we need to meet state law requirements. Part of that is to have a plan to show how the revenues and expenses are more in line. This is a combination of many things that includes a spending packaging for additional staff, one time fees for technology upgrades and building improvements and potentially some changes to our building permit fee schedule.

Angela Fuss gave a presentation on the budget plans and four categories. Staffing is one of the big expenses where we chose not to backfill during COVID and are now empty positions. We are also proposing to hire new staff that were not part of this year's budget.

The next category is technology and this is a big one. One of the biggest challenges we have is Accela. It is a great platform, but we need to fix it and make it more user friendly.

The next category is equipment & building. We will be hiring some new staff so we have to make modifications and make sure we have enough space for all the new staff members as well as equipment.

The next category is building permit fees. Typically we do not talk about reducing fees, but this is one of those times to have that discussion.

Angela gave a breakdown of the dollar amounts associated with the budget plans.

- Staffing - \$1,500,000
- Technology - \$625,000 which includes 2nd Floor Conference Room, GIS mapping upgrades, and Accela upgrades
- \$500,000 would go towards hiring a third party consultant to help fix Accela.
- Equipment & Building - \$214,000 – color copy machines, 6th Floor Modifications and plan document storage
- Building Permit Fee Reduction – considerations are: number of building permits, types of building permits, and construction forecast

Member Doug Roberts stated making sure our fee schedule is in line with International Code Council (“ICC”) or an acceptable criteria that was used throughout the industry to set fees. Doug wants to make sure the committee is at least married to that concept to some degree and that they are not doing an across the board cut because it of a revenue generation issue.

Angela stated last year they took a look at the valuation table and made some changes. They were not sure what the impact was going to be. What they did find is because there are so many big projects coming in, including industrial buildings and student housing, and the valuation of those big projects is bringing in a lot of money.

Teresa DiLoreto added this has been accumulating over years and knowing where the tipping point was where we started to exceed where the fund balance should be and what the construction volume was at the time would be a good thing to take a look at. Teresa vaguely remembers construction was down, but the fees were high.

Chris Pingree provided some history going back two years ago when there was a discussion about using the 2006 valuation table, which had been in use for twelve years. That updates every six months. It flows with the economy and takes everything into consideration. It is put out by the ICC by their body and updated every six months. We knew when we decided to make a twelve year leap of faith there could be some residual effect of this exact manner. We knew we could have an increase of fees. How we offset that is by the multiplier for each one of those permits.

Member Art Sperber was in agreement with Chris. Art remembers cutting fees by 33% when he first started on the committee and it was a disaster. Art believes we should have the right amount of people to do this right. We want to keep the ball rolling without interruptions.

Angela stated providing the committee with the data and at the next meeting come up with a game plan of how to move forward with the fees.

Angela asked the committee if they were in agreement with the recommendations of onetime expenses for technology, building and equipment changes and staffing. The committee confirmed they were in agreement.

8. City of Reno Division and External Partner Agency Updates (15 minutes)

a. Building & Safety Division Update – Building & Safety Manager, Chris Pingree

Chris Pingree updated the committee and stated he pulled the 2019 calendar year numbers and compared them to 2020 calendar year numbers. Commercial permits were down 13% from 2020 compared to 2019’s numbers. Most of that is commercial remodel and commercial reconstruction. We built warehouses and student housing, but we are not building restaurants, bars or anything effected by the COVID outfall. Residential permits were up 15%. Chris went on to say we do not have the labor to build the demand that has been the restricting points of the industry. Another problem is the supply chain. The supply

chain has broken down. We cannot get basic things such as appliances, windows and doors, leading to another reason why we have multiple projects sitting at a standstill. Total permits are up for the year by 6%, considering the three to four month drop off we had during the first few months of COVID. Since June and July we have done a record number of permits.

Member Art Sperber asked Chris how many field inspectors we have.

Chris Pingree responded we have fourteen

Member Art Sperber asked how that compares to the last type of volume.

Chris Pingree replied we have half.

Member Art Sperber added that is a problem.

Chris Pingree replied that in 2006-2007 we had 28-30 inspectors.

Member Art Sperber asked Chris if he was getting complaints.

Chris Pingree replied he is getting more complaints now then historically ever have. Yet we still maintained a 94%, 10 day turn around with every project that came through the City of Reno in the last year.

b. Planning Division Update – Planning Manager, Jeff Borchardt

Jeff Borchardt reported the comprehensive zoning code was adopted on January 13th after a couple of years in the making. There is a twelve month phasing period meaning you cannot pick and choose between the codes you like. You can elect to either go under the old code or under the new code. All applications are updated on the City's website. The fee sheet and the new intake calendar is updated on the website. The GIS mapping system is updated to reflect the new zoning.

We recently filled two vacant Planning positions. One is the Planning Tech, the other position will backfill Grace and replace Rod. This will move Grace into a more traditional Assistant Planner role, rather than full time building permit review.

The Development Review memo has been reformatted, so that it's easier for people who do not deal with development to understand.

We received fourteen entitlements in the month of January. This was double our December intake and far more than the November intake.

c. Engineering Division Update – Engineering Manager, Mike Mischel

Mike Mischel added that his group is working at 100% capacity in their workload. As far the basin inspection program, this has been put on hold do to the workload. The Swan Lake Water Shed has been completed. They were working on the Silver Lake Water Shed, but had to put it on hold. There are only two inspectors for the entire city and he cannot afford to take those employees away from paying customers.

Councilwoman Duerr asked Mike Mischel if he had a position on the list to be filled.

Mike Mischel responded that the Senior Civil Engineer position would help to free up some office personnel that could be devoted to field work.

d. Fire Department Update – Fire Marshal, Tray Palmer

Tray Palmer started by saying he echoes what Angela Fuss and Chris Pingree have updated. Fire's numbers from calendar year 2019 showed construction has actually dropped. The reason for the drop is what has been said before, commercial construction has gone down and fire does not spend a lot of time with residential. Tray stated the department is still maintaining their five FTE's.

e. Washoe County Health District – Wes Rubio

No report provided.

f. Truckee Meadows Water Authority

No report provided.

9. Next Meeting – February 23, 2021

10. Public Comment

There was no public comment.

11. Adjournment

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

Meeting adjourned at 10:50 a.m.