



**CITY of CALABASAS**  
**CITY COUNCIL AGENDA REPORT**

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**DATE:** FEBRUARY 15, 2024

**TO:** HONORABLE MAYOR AND COUNCILMEMBERS

**FROM:** MICHAEL KLEIN, COMMUNITY DEVELOPMENT DIRECTOR  
SPARKY COHEN, BUILDING OFFICIAL

**SUBJECT:** RECOMMENDATION TO APPROVE A PROFESSIONAL SERVICES AGREEMENT FOR BUILDING CODE AND ENGINEERING SERVICES WITH M6 CONSULTING, INC. IN THE AMOUNT OF \$5,000,000 (FIVE MILLION DOLLARS) FOR A FIVE-YEAR PERIOD.

**MEETING**

**DATE:** FEBRUARY 28, 2024

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**SUMMARY RECOMMENDATION:**

Recommendation to approve a Professional Services Agreement for specialty engineering and building code services with m6 Consulting Inc. in the amount of \$5,000,000 (five million dollars) for a five-year period.

**DISCUSSION/ANALYSIS:**

On April 23, 2014, The City entered into a Professional Services Agreement for Building Code Services with M6 Consulting Inc. ("m6") with a budget of \$1,250,000 for a five-year period. Building Code Services was mostly limited to plan check services, but included an option for additional support services, such as inspections and support staff. M6 was selected as most qualified and best value after issuance of an RFP and selection process which vetted 7 firms who submitted responses. The contract value of \$1,250,000 was established based on staff projections of upcoming projects and a historical average of previous year expenditures.

Due to an improved economy, Building and Safety permit activity significantly exceeded previous projections, and in January 2016, the council approved an amendment to extend the M6 Agreement for three years in the amount of \$3,500,000.

On March 27, 2019, to maintain outsourced Building and Safety staff levels, the City approved a new Professional Services Agreement for building code services with m6 with the expenditure cap to not exceed \$3,500,000. The scheduled end date of that agreement is April 15, 2024. Because Building and Safety permit activity exceeded 2019 projections, on March 8, 2023, the City Council approved an amendment to the contract increasing the budget by an additional \$950,000. A timeline of the City’s contract with m6 Consulting Inc for Building Services is outlined in the table below.

**M6 Consulting Inc Contract Timeline**

<b>First Contract – April 2014 through April 2019</b>	
Date	Action
April 23, 2014	Five-year contract approved by City Council not to exceed \$1,250,000
January 27, 2016	Amendment to the 2014 contract approved by Council to increase the dollar amount to \$3,550,000

<b>Second Contract – April 2019 through April 2024</b>	
Date	Action
March 27, 2019	Five-year contract approved by City Council not to exceed \$3,500,000
March 8, 2023	Amendment to the 2019 contract approved by Council to increase the dollar amount to \$4,450,000

Due to the pending contract expiration, staff opted to conduct a competitive bidding process in order to ensure the highest quality of services to the City of Calabasas. The Community Development Department targeted the International Code Council ("ICC") for advertisement of the RFP as they have the ability to cast a broad net capturing the attention of a great number of firms ("Proposer's") in an effective manner. ICC was utilized because all building departments in the nation are governed by the International Building Codes, which are published by ICC and their association has participation from the largest group of building safety professionals in the world. As a result, ICC's website, newsletters, and monthly journal publications have a national viewing which reaches the highest percentage of firms that are qualified to provide the services that suit the Department's needs and the Building Services RFP was posted in their communications described above. ICC has local chapters as well. The Los Angeles Basin Chapter of ICC

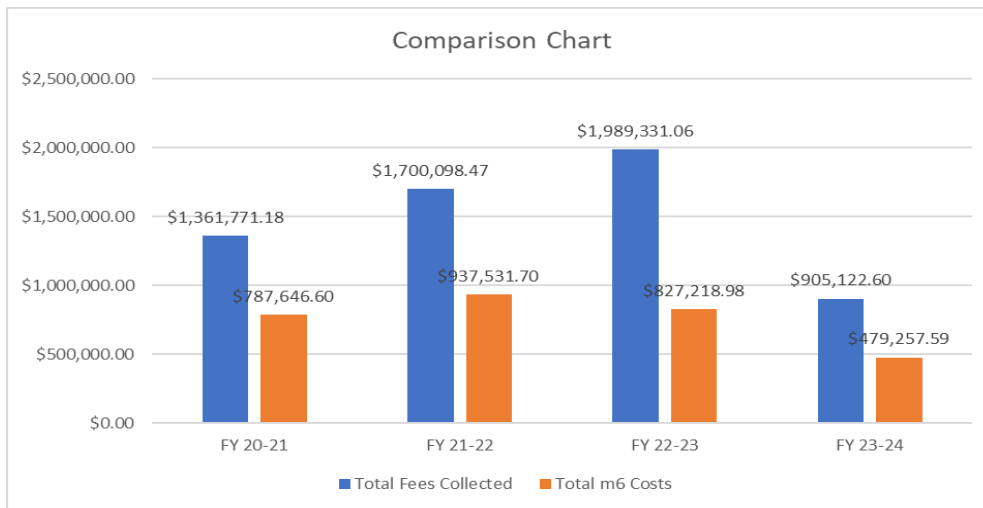
covers 88 jurisdictions (including the City of Calabasas). The L.A. Basin chapter of ICC placed the Calabasas Building Services RFP on their website and they included the RFP in a blog email which reached local firms qualified to provide the desired services. In addition, the Ventura County Region Chapter of ICC have 14 participating local jurisdictions. The Department requested that they place the Calabasas RFP on their website and they also sent a blog email advertising the request. Three firms responded to the RFP: Bureau Veritas North America; m6 Consulting Inc, and Interwest Consulting Group.

The 3 proposals were evaluated by the Building Official and Community Development Director. Staff utilized a rating evaluation and criteria that was posted on the RFP, which balances cost and need for the City. At the conclusion of the rating phase, staff contacted references for the two highest rated firms. Based on the rating process and reference checks, staff has determined that m6 consulting is the best qualified firm to provide building code and engineering services for the City (see Attachment A for a summary of the proposals and score). Highlights include:

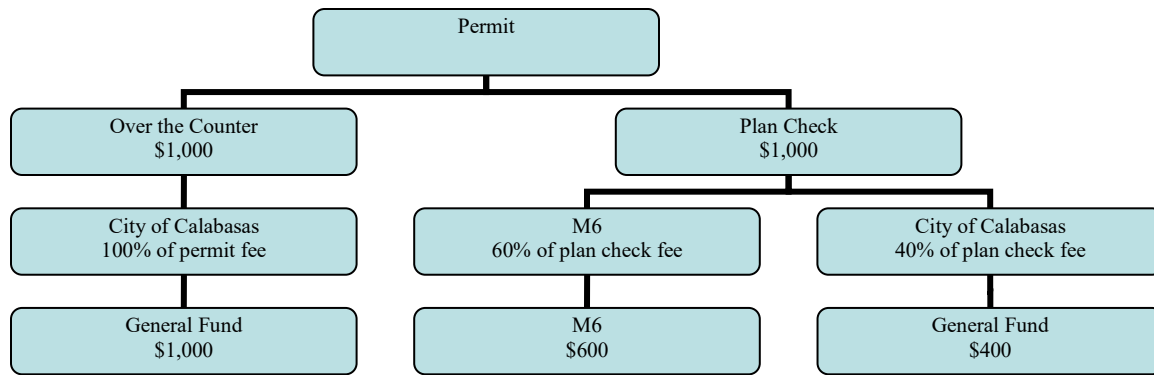
- 1) The m6 proposal demonstrates ample staff capacity who are all well qualified, a team of which, all live nearby and readily available to meet onsite or at City Hall.
- 2) The m6 proposal states their plan check staff will be present at Calabasas City Hall every Tuesday and Thursday and other building services team members will be present here at City Hall Monday through Friday on an as need basis. The other firms do not propose to work from Calabasas City Hall, they propose to work remotely and on a case by case basis or special request will report to Calabasas City Hall.
- 3) The m6 proposal includes a fee structure that is more favorable than the other proposals, especially in the hourly rate section, which is used to provide augmented services to Public Works, Planning and Building and Safety.
- 4) The m6 proposal includes the greatest range of services available to the City, including Planning, Film Permits, Historic Preservation, CDBG, fee studies and grant assistance. The other proposals were more limited in their scopes.

The monthly average expenditures for Building and Safety outsourced staff is approximately \$80,000. Assuming the trend stays the same, the Professional Services Agreement should have a budget of up to \$5,000,000.

Expenditures for building code services directly correlate to building permit revenue. The building permit revenue trajectory has been steadily inclining since 2009. The greater the number of active permits equates to the level of staffing required. As the number of issued permits stay consistent or rise, it also dictates how many outsourced building and safety staff we must retain, and conversely, if the issued building permit trends decline, then the City can curtail the use of the outsourced staff accordingly. The chart below demonstrates the parallel trend of Building and Safety revenue with m6 expenditures (total expenditures include all services provided by m6) over the past four fiscal years.



There are two forms of issued building permits (i) over-the-counter permits and permits that also need (ii) plan check, the fees of which, are in addition to permit issuance fees. Funding for the contract is established in two methods: (i) for plan check services, m6 receives 55 percent of the plan check fees tendered by the permit applicant. If the plan check review turn-around-times are maintained (see Table 2 on page 4), m6 would collect 60 percent of the plan check fees tendered and the City, in addition to the permit fees, would maintain 40 percent of the plan check fees. (ii) For all other building code services staffing levels, m6 will collect their hourly wages which are funded by permit fees (not the plan check fees) tendered by the applicant. The table below is an example of how Plan Check expenditures are recovered through the issuance of Building Permits, using a \$1,000 permit fee for either "Over the Counter Permits" or a "Permit that requires Plan Check".



The proposed agreement also provides capacity to continue other current staffing levels, which have included the necessary addition of building inspectors, building assistants (a/k/a "permit technicians"), staffing for the CDBG residential rehab program, staffing for the City's Film Permit program and Historic Preservation program, and processing expedited solar and ADU reviews. These services, which are billed hourly, are included in the estimated \$1,000,000 in annual expenditures.

Over the past three years Building and Safety has issued an average of 1,600 permits annually, conducted 4,000 inspections annually, and "finaled" 1,400 permits annually. With approximately 1,200 active permits, the current workload includes all sectors of construction including: new single-family dwelling construction, single-family additions, other alterations/repairs to single-family dwellings, as well as commercial tenant improvements. With three full-time building inspectors and two full-time permit center employees, additional support from m6 to handle the administrative process and inspections is needed to manage the current and projected workload. The Planning Division has also identified significant projects that are on the horizon within the City, they include:

- West Village, a single-family residential project with up to 76 units;
- A mixed-use project at the Common's Shopping Center, inclusive of up to 119 residential units and approximately 24,000 square feet of commercial, subterranean and above grade structured parking with up to 5 residential units;
- A two-level medical office building with two levels of subterranean parking adjacent the Audi auto dealership, and
- A KIA auto dealership.

**FISCAL IMPACT/SOURCE OF FUNDING:**

The m6 Consulting Inc. contract will be paid for primarily through the collection of plan check and building permit fees from applicants seeking Building and Safety permits.

The agreement proposes a fixed percentage set at 55% of plan check fees collected, and provides for an additional 5% percentage increase as an incentive to reach the Departments accelerated "turn-around-time" for plan check reviews. This rate is consistent with the previous PSA.

The contract also contains building code services for inspections and general staff support, which is billed at an hourly rate. These costs are recovered via issuance of building permits.

**REQUESTED ACTION:**

That the City Council approve a Professional Services Agreement for specialty engineering and building code services with m6 Consulting Inc. in the amount of \$5,000,000 (five million dollars) for a five-year period.

**ATTACHMENTS:**

Attachment A: Summary of Proposals

Attachment B: m6 Consulting Inc. Professional Service Agreement