



**RESOURCE MANAGEMENT COMMISSION  
RECOMMENDATION 20180717-005**

**Date:** July 17, 2018

**Subject:** Development Services Department staffing options for Energy Code enforcement.

**Motioned By:** Commissioner White

**Seconded By:** Commissioner Brenneman

**Recommendation:** The Resource Management Commission recommends that additional FTEs be included in the upcoming budget for the Development Services Department to fully enforce the energy code for residential and commercial buildings, with up to 14 FTEs for plan review and up to 11 FTEs for building inspections, as described in Option 1 under Plan Review and Option 1 under Inspections in the memo from J. Rodney Gonzales to Council dated June 21, 2017 (attached).

**Vote: 6-2**

**For:** Vice Chair Cyrus Reed and Commissioners Rebecca Brenneman, Scott Kohan, Derrick Lesnau, Tom Smith, and Kaiba White.

**Against:** Chair Leo Dielmann, Commissioner James Babyak

**Abstain:** None

**Off dais:** None

**Absent:** None

**Vacancies:** Three


**Attest:**

Toye Goodson, Staff Liaison



## MEMORANDUM

**TO:** Mayor and City Council

**FROM:** J. Rodney Gonzales, Director   
Development Services Department

**DATE:** June 21, 2017

**SUBJECT:** Staffing options to enhance Energy Code enforcement for residential and commercial buildings

On February 2, 2017, City Council adopted Resolution No. 20170202-041 which requested the City Manager to determine the number of dedicated plan review and inspection staff to fully enforce the Energy Code and provide staffing options to enhance Energy Code enforcement for residential and commercial buildings.

The Development Services Department (DSD) has identified four staffing options within Plan Review as well as three staffing options within Building Inspections to fulfill this request. The staffing options detailed in the attachments include associated costs for salary and benefits, computers, training, cell phones, vehicles, and annual rent calculations. Additionally, these options were provided to Austin Energy for review. Austin Energy's comment summary is provided for each option. Also attached to this memorandum are exhibits that provide the detailed history and background of the City's current process to enforce the Energy Code.

DSD recommends Plan Review Option 4 (see page 3) and Inspections Option 2 (see page 4).

You may contact me at 512-974-2313 should you have further questions.

**ATTACHMENTS:** Exhibit A. Plan Review and Inspections Staffing Options  
Exhibit B. Background and History of Energy Code Enforcement  
Exhibit C. 1998 Interdepartmental Agreement for Energy Inspections  
Exhibit D. 1998 Addendum to Interdepartmental Agreement: Commercial Plan Review  
Exhibit E. 2005 Memorandum  
Exhibit F. Additional Energy Code Requirements  
Exhibit G. Affordability Impact Statement

**COPY:** Elaine Hart, Interim City Manager  
Bert Lumberras, Assistant City Manager  
Jacqueline Sargent, General Manager, Austin Energy

## Exhibit A – Plan Review and Inspections Staffing Options

### Plan Review

**Option 1: Hire 14 full-time positions for both Commercial and Residential Review to ensure that plans submitted to the City of Austin are in full compliance with the provisions of the adopted International Energy Conservation Code (IECC).**

Through the current cost of service and fee study analysis being conducted by DSD, an energy review fee will be incorporated into the Fiscal Year 2017/18 Budget to cover costs for this review.

14 full-time positions to be hired as follows:

- 9 Residential Building Reviewers
- 1 Residential Plan Review Supervisor
- 3 Commercial Building Reviewers
- 1 Commercial Plan Review Supervisor

\$1,681,730 annual cost comprised of the following:

- \$1,474,730 salaries and benefits
- \$165,000 annual office rent
- \$42,000 annual recurring costs

There will also be \$50,000 in associated one-time costs.

DSD does not prefer this option because a formal residential energy plan review would trigger three new additional review disciplines and associated cost of service review fees. This option will increase the cost of plan review to residential customers. DSD prefers using the current inspection process to identify non-compliance for residential structures. DSD is also concerned with adding this large number of residential plan reviewers related to the Energy Code under a high economic activity period. Any future significant decrease in development activity will result in decreased applications and revenue.

Austin Energy prefers Option 1.

### **Option 2: Self-Certification through a Third-Party Review Service**

DSD would require that any engineer or architect privately hire a third-party review service to certify that the submitted plans have incorporated and met all Energy Code requirements. This option would not require any additional City of Austin funding.

DSD finds this to be the second preference of the four plan review options as it provides feasible compliance with the Energy Code. Additionally, self-certification through a third-party review service does not create additional fiscal impact to DSD.

Austin Energy finds concern with Option 2 as a means of review.

### **Option 3: DSD Contracts with a Third-Party Review Service**

This option would require funding for DSD to contract with a third-party company to conduct the requisite energy reviews rather than hiring full-time, permanent staff. Costs for these services will be

passed onto the project applicant. The specific cost will not be known until a competitive procurement process is completed and a contract is secured.

DSD finds this to be one of the least desirable options as the process of selecting, awarding and managing a third-party contract is complex. Also, as previously mentioned, competitive procurement costs are unknown.

Austin Energy concurs with Option 3 as this provides City verification and quality compliance through the procurement process.

With regard to options 2 and 3, the 2015 IECC allows for the Code Official to use third-party services for enforcement of these requirements. The referenced code is as follows:

**C103.3 and R103.3 Examination of documents.** *The code official is authorized to utilize a registered design professional, or other approved entity not affiliated with the building design or construction, in conducting the review of the plans and specifications for compliance with the code.*

#### **Option 4: Energy Code Plan Review, Commercial only**

This option would provide staffing for energy code to be reviewed for compliance in Commercial Plan Review only. Inversely, this option would allow the review of residential energy code compliance through the inspection process.

Through the current cost of service and fee study analysis being conducted by DSD, a commercial energy review fee will be incorporated into the Fiscal Year 2017/18 Budget to cover costs for this review. There will also be \$50,000 in associated one-time costs.

4 full-time positions to be hired as follows:

- 3 Commercial Building Reviewers
- 1 Commercial Plan Review Supervisor

\$502,062 annual cost comprised of the following:

- \$442,919 salaries and benefits
- \$47,143 annual office rent
- \$12,000 annual recurring costs

DSD prefers this option as it provides a smaller staffed Energy Code review team for commercial development applications only. Currently, there are three discipline reviewers (mechanical, electrical, and plumbing) within the DSD Commercial Review. This option adds a fourth discipline review.

Austin Energy does not prefer Option 4 because the option applies to commercial development only.

## **Inspections**

**Option 1: Hire 11 full-time positions for both Commercial and Residential Inspections to ensure that buildings constructed in the City of Austin are in full compliance with the provisions of the adopted International Energy Conservation Code (IECC).**

This option requires additional Inspection staff to fully enforce the adopted IECC. Currently, staff perform only two (insulation and energy final) of the needed seven inspections (insulation, footing and foundation, framing, plumbing, mechanical, electrical, and energy final). This would allow a dedicated commercial and residential team to conduct inspections related to energy code without impacting or deterring the life-safety inspections. Through the current cost of service and fee study analysis being conducted by DSD, an energy inspection fee will be incorporated into the Fiscal Year 2017/18 Budget to cover costs for this inspection.

11 full-time positions to be hired as follows:

- 5 Residential Building Inspectors
- 5 Commercial Building Inspectors
- 1 Energy Inspection Supervisor

\$1,057,182 annual cost comprised of the following:

- \$1,001,082 salaries and benefits
- \$56,100 annual recurring costs

There will also be \$385,000 in associated one-time costs, primarily comprised of vehicles.

DSD does not prefer this option. This option will increase the cost of inspections to customers. DSD is also concerned with adding this large number of inspectors related to the Energy Code under a high economic activity period. Any future significant decrease in development activity will result in decreased inspections and revenue.

Austin Energy concurs with the Inspections Option 1.

### **Option 2: Self Inspection through a Third-Party Inspection Service**

A project applicant would hire a third-party inspection service to certify that the constructed building has been built to incorporate all Energy Code requirements.

DSD prefers this option as it is an existing practice for other City of Austin Special Inspections. Other municipalities use this as a method as an efficient way to promptly conduct Energy Code inspections. Through this option, DSD would require documentation from a third-party inspection service as a mandatory requirement for the customer to obtain Final Inspections and Certificate of Occupancy. This option would not require any additional City of Austin funding or staffing positions.

Austin Energy finds concern with Option 2 as a means of inspection.

### **Option 3: DSD Contracts with a Third-Party Inspection Service**

This option requires funding for DSD to contract with a third-party service to perform the requisite energy inspections rather than hiring full-time, permanent staff. Costs for these services will be passed onto the project applicant. The specific cost will not be known until a competitive procurement process is completed a contract is secured.

With regard to options 2 and 3, the 2015 IECC allows for the Code Official to use third-party services for enforcement of these requirements. The referenced code is as follows:

**C104.4 and R104.4 Approved inspection agencies.** *The code official is authorized to accept reports of third-party inspection agencies not affiliated with the building design or construction, provided such agencies are approved as to qualifications and reliability relevant to the building components and systems they are inspecting.*

DSD finds this to be the second preference of the three inspection options as a viable means of review. DSD does find concern in the unknown costs with this option in addition to the complexity of selecting, awarding and managing a third-party contract.

Austin Energy concurs with Option 3 as this provides City verification and quality compliance through the procurement process.