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February 18, 2014

TO: Rio Dell City Council

FROM: ~~Jim~~ Stretch, City Manager

SUBJECT: Approval of Agreement with Arnie Kemp for Contract Plan Check and Building Inspection Services

IT IS RECOMMENDED THAT THE CITY COUNCIL:

Approve the attached agreement with Arnie Kemp for plan check and building inspection services, effective March 1, 2014.

BACKGROUND AND DISCUSSION

On February 18, 2009, the City Manager and Arnie Kemp signed an agreement for the provision of plan check and building inspection services to the City. In error, the agreement was not offered to the City Council for approval, but has been honored and in force since that date. A new agreement has been negotiated with the present City Manager and contractor with major provisions as follows:

1. Compensation to contractor under the agreement for plan check and building inspection services is basically an 80%-20% sharing of fees and charges paid, with the contractor receiving 80% (no change).
2. The full amount of fees collected for violation penalties, issuance and permit renewals and administrative fees are retained by the City (new).
3. Professional insurance coverages are required of contractor for general liability, automobile liability and professional liability (E&O) (new).
4. City is to establish administrative fees to be added to permit fees to reimburse contractor on a monthly basis for insurance requirements in the agreement.
5. Contractor is paid the 80% of fees in (4) installments (30%, 30%, 30%, 10%), after tasks identified in the agreement are completed (new).
6. Inspections not listed in the agreements as tasks are compensated at \$60/ per hour with a 1 hour minimum, up from \$50/hour (increase).
7. City records of building activity are to be kept current on a daily basis (new).

As the City Council was advised on February 4, 2014 in a study session on the topic, the Building Program has a budget of approximately \$54,500, including \$25,600 of fees on the average paid to the Arnie Kemp, which is offset by the estimated \$34,000 of revenue. The \$20,000+ difference between revenues and expenses has been subsidized by City residents who do not benefit from building activities. Accordingly, the Council approved in concept establishing building program administrative fees to be added to permit costs to close the gap, including the insurance cost of the contract building inspector under this agreement, estimated at \$2,000 annually.

The agreement recommended to the Council has been approved by the City Manager and Mr. Kemp and has been approved by the City Attorney as to legal form.

Cc: Arnie Kemp, Kemp Inspection Service



AGREEMENT TO PROVIDE BUILDING PLAN CHECK AND BUILDING INSPECTION SERVICES FOR THE CITY OF RIO DELL

This Agreement to Provide Building Plan Check and Building Inspection Service for the City of Rio Dell (this "Agreement") is made and entered into as of March 1, 2014 (the "Effective Date"), by and between the City of Rio Dell, a municipal corporation within the State of California (hereinafter referred to as "City" or "Rio Dell") and Arnold C. Kemp, doing business as Kemp Inspection Service, a private building inspection firm owned by Arnold C. Kemp, a sole proprietor (hereinafter "Kemp Inspection Service"). Where collective reference is intended, the City and Kemp Inspections Service are hereinafter referred to as the "Parties".

RECITALS

- A. WHEREAS**, the City is obligated to receive and process building (and related) permits within the jurisdictional boundaries.
- B. WHEREAS**, the City does not employ any person(s) licensed or qualified to conduct building and plan check inspections; and
- C. WHEREAS**, the City desires to contact with Arnorld Kemp and Kemp Inspection Service, a licensed and independent building inspector who provides such services in the capacity as an independent contractor.

AGREEMENT

Now, therefore, for good and valuable consideration, the receipt of which is hereby acknowledged, the Parties agree as follows:

1. Kemp Inspection Service shall perform construction plan checks and building inspections when and as requested by the City in compliance with any and all

applicable provisions of the California Building Codes, (California Code of Regulations, Title 24) (CBC), including, without limitation, the California Building Code, California Residential Code, California Plumbing Code, California Electric Code and California Mechanical Code, California Energy Code, California Historical Building Code, California Fire Code, California Green Building Standards Code, Existing Building, California Referenced Standards Code. In performing such work, Kemp Inspection Service shall exercise the powers and duties of Rio Dell Building Inspector and Building Official in compliance with the Rio Dell Municipal Code and all applicable laws as aforementioned.

2. The City of Rio Dell shall give at least twenty-four (24) hour advanced notice to Kemp Inspection Service for requested inspections.

3. Kemp Inspection Service shall endeavor to provide services on a prompt and punctual basis, Monday through Friday, as requested by the City.

4. Kemp Inspection Service shall provide at least a one (1) week notice when Kemp Inspection Service is not available to provide services. At all times during the term of this Agreement, and during any period of unavailability, the City is free to contract with third parties to provide inspection services.

5. The City of Rio Dell shall furnish all forms necessary for administration and compliance of the California Building Codes, including but not limited to:

(a) Commercial Plan Checklist;

(b) Residential Plan Checklist;

(c) Sprinkler System Checklist;

(d) Pre-Site Inspection Checklist;

(e) Inspection Record Card; and

(f) Any other forms or documents reasonably necessary to complete building inspections.

6. The City of Rio Dell shall provide all maps and local ordinances required by Kemp Inspection Service to perform this Agreement without charge to Kemp Inspection Service.

7. The City of Rio Dell shall determine Building Permit Fees based on the California Building Code Valuation Data, and applicable municipal ordinances, in effect at the time of application.

8. Kemp Inspection Service shall conduct all inspections in a professional, expedient and courteous manner.

9. The City of Rio Dell shall pay Kemp Inspection Service under this Agreement sums equivalent to eighty percent (80%) of all Building Permit Fees actually collected by the City for Plan Check and Building Inspections actually performed by Kemp Inspection Service pursuant to the Fee and Payment Schedules recited in **Exhibit A** and **Exhibit B**, which are attached hereto and incorporated by reference. Said payment, along with the insurance cost reimbursement amount recited in Section ___ of this Agreement, below, shall constitute the City's total payment obligation for services rendered under this Agreement and shall represent payment in full for all costs and expenses associated with providing the services under this Agreement including, but not limited to, transportation expense, continuing education, reference materials and periodicals, training, membership dues, insurance costs, licensure fees, tools and equipment.

10. Kemp Inspection Service shall submit to the City by the first work day of each month during the term of this Agreement the completed plan check and inspection

services verifications performed for the prior month and the City shall pay for services rendered within ten (10) days of the receipt of the required verifications in accord with this Agreement and the schedules attached hereto as **Exhibits A and B**.—Permit fees collected by the City for any code violations, penalties for work started without required permits, permit renewal fees and administrative fees are and shall be the exclusive property of the City and shall not be shared with Kemp Inspection Service. Furthermore, plan checks and inspections subcontracted out by Kemp Inspection Service as the result of the complex or specialized nature of the plan or construction shall be paid by Kemp Inspection Service as provided by the payment schedule **Exhibits A and B**, and Kemp Inspection Service shall hold the City harmless from any costs and expenses associated therewith.

11. The City of Rio Dell shall keep all Plan Check and Inspection records completed by Kemp Inspection Service and all such files and records shall be kept and maintained at the City offices in the City of Rio Dell. Kemp Inspection Service shall endeavor to update all City Building Inspection records at City Hall on a daily basis. In the event time constraints require Kemp Inspection Service to retain records overnight, he shall return them to City offices on the next available business day.

12. Kemp Inspection Service shall maintain current Building Inspector and Plans Examiner Certifications from the International Code Council (ICC).

13. All Inspections shall be scheduled by the public through the City Clerk and the City Clerk shall notify Kemp Inspection Service of all calls for inspection service.

14. This Agreement with Kemp Inspection Service cannot be subcontracted out without the express written consent of the City of Rio Dell. Kemp Inspection Services will not seek to subcontract any services unless Kemp Inspection Service does not possess the proper certification or license due to the technical nature of the plans, engineering or construction.

15. This Agreement shall become effective on the Effective Date and shall remain in effect until terminated pursuant to the provisions of paragraph sixteen (16).

16. This Agreement may be terminated by either party, for any reason, upon thirty (30) days prior written notice to the other party. In the event of termination, Kemp Inspection Service shall be entitled to all payments due for services actually rendered prior to notice of Agreement termination, and during the thirty (30) day period thereafter in accord with the payment schedule(s) established by this Agreement.

17. Kemp Inspection Services agrees to indemnify, defend and hold harmless the City of Rio Dell from and against any and all claims, demands, damages, costs, and expenses (including, without limitation, attorney fees) (collectively "Liabilities") arising out of any wrongful acts, errors or omissions, or negligence of Kemp Inspection Service, its agents, employees and subcontractors, in the performance of this Agreement. The City agrees to indemnify, defend and hold harmless Kemp Inspection Service from and against any and all claims, demands, damages, costs, and expenses (including, without limitation, attorney fees) (collectively "Liabilities") to the extent such Liabilities actually arise out of any wrongful acts, errors or omissions, or negligence of the City of Rio Dell, its agents (excluding Kemp Inspection Service and its agents, employees and subcontractors) and employees, in the performance of this Agreement.

18. Kemp Inspection Service shall procure and maintain for the duration of this Agreement insurance against all claims for injuries to persons and/or damage to property which may arise from, or in connection with, the performance of the work hereunder by Kemp Inspection Service as follows:

Minimum Scope and Limit of Insurance. Coverage shall be at least as broad as:

- a. Commercial General Liability (CGL): Insurance Services Office Form CG 00 01 covering CGL on an "occurrence" basis for bodily injury and

property damage, including products-completed operations, personal injury and advertising injury, with limits no less than **\$1,000,000** per occurrence. If a general aggregate limit applies, either the general aggregate limit shall apply separately or the general aggregate limit shall be twice the required occurrence limit.

- b. Automobile Liability: Insurance Services Office Form Number CA 0001 covering, Code 1 (any auto) with a limit no less than **\$1,000,000** per accident for bodily injury and property damage.
- c. Professional Liability (Errors and Omissions) Insurance with a limit of no less than **\$1,000,000** per occurrence or claim, **\$2,000,000** per aggregate.

Kemp shall maintain proof of such insurance on file with the City at all times during the term of this Agreement. If Kemp Inspection Service maintains higher limits than the minimums shown above, the City shall be entitled to coverage for the higher limits maintained by Kemp Inspection Service.

19. The City shall reimburse Kemp Inspection Service on a monthly basis for the City's share of the insurance cost for the policies set forth in section 18 above, which is currently estimated to be sixty percent (60%) of the insurance policy premium applicable to a twelve (12) month policy period. To determine this sum, the total annual cost of the insurance premiums for a twelve month policy period will be added, then divided by twelve (12) and multiplied by sixty percent (60%) to calculate twelve (12) equal monthly payments. The City's monthly payment obligation shall not exceed more than sixty percent (60%) of the insurance policy premium (prorated over a twelve (12) month policy period) during the term of this Agreement. The City's cost shall be determined by a fair allocation and proportion determination of the amount of Kemp's work for the City. If either Kemp Inspection Service or the City terminates this Agreement, the City's

insurance payment obligation will automatically cease once notice of termination is issued in accord with Section 16, above.

20. Kemp Inspection Service acknowledges that it shall serve as an **independent contractor** relative to the provision of services under this Agreement, and not as an employee of the City of Rio Dell. As such, Kemp Inspection Service shall be solely and separately liable for all Liabilities arising out of its services in accord with Section 17 of this Agreement above. Kemp Inspection Service shall control all aspects related to the performance of its work under this Agreement, and shall provide all expertise, skill, licensure, tools, equipment and other requirements necessary to perform the work.

IN WITNESS WHEREOF, Kemp Inspection Service and the City of Rio Dell agree to the terms herein and have duly executed this Agreement on the date written above.

Arnold C. Kemp, Kemp Inspection Service

James R. Stretch
City Manager
City of Rio Dell

EXHIBIT A

	TASK	DELIVERABLE
1.	<u>Plan Check</u>	Completed and Approved Plan Checklist <u>submitted to the City Clerk.</u>
PAYMENT #1 (30% OF 80% OF PERMITTING FEE) PLAN CHECK FEE		
2.	<u>Site and Foundation Inspection:</u> Setbacks, excavations, forms, reinforcement and under floor access.	Completed Inspection Record Card and Field Notes <u>submitted to the City Clerk.</u>
3.	<u>Under Floor Inspection:</u> Rough plumbing, heating and mechanical (water, waste water and gas piping strapped and under test; heat ducts installed, supported and insulated).	Completed Inspection Record Card and Field Notes <u>submitted to the City Clerk.</u>
4.	<u>Under Floor Insulation Inspection:</u> Verify required under floor insulation.	Completed Inspection Record Card and Field Notes <u>submitted to the City Clerk.</u>
PAYMENT #2 (30% OF 80% OF PERMITTING FEE)		
5.	<u>Framing, Shear and Roof Nailing Inspection:</u> Includes framing, bracing, roof and floor sheathing.	Completed Inspection Record Card and Field Notes <u>submitted to the City Clerk.</u>
6.	<u>Close-In Inspection:</u> Siding, roofing, windows, rough plumbing water (under test), rough electrical and mechanical installed and complete.	Completed Inspection Record Card and Field Notes <u>submitted to the City Clerk.</u>
7.	<u>Insulation Inspection:</u> Verify wall and ceiling insulation.	Completed Inspection Record Card and Field Notes <u>submitted to the City Clerk.</u>
8.	<u>Drywall, Lath Inspection:</u> Verify drywall,	Completed Inspection Record Card

	sheetrock, lath installation (interior and exterior) before tape, texture, plaster or stucco is applied.	and Field Notes <u>submitted to the City Clerk.</u>
PAYMENT #3 (30% OF 80% OF PERMITTING FEE)		
9.	<u>Final Electrical, Plumbing and Mechanical Inspection:</u> Required before utilities are connected to the structure.	Completed Inspection Record Card and Field Notes <u>submitted to the City Clerk.</u>
10.	<u>Final Inspection:</u> Construction is complete, all appliances, electrical fixtures, convenience outlets, switches and plates are in place.	Completed Inspection Record Card and Field Notes <u>submitted to the City Clerk.</u>
PAYMENT #4 (10% OF 80% OF PERMITTING FEE) FINAL PAYMENT		

EXHIBIT B

	TASK	DELIVERABLE	COMPENSATION
1.	<u>Electrical, Plumbing and Mechanical Permit Inspections</u>	Completed Inspection Record Card and Field Notes <u>submitted to the City Clerk.</u>	80% of the required <u>and</u> paid Building Permit fee.
2.	<u>Roofing Permit Inspections</u>	Completed Inspection Record Card and Field Notes	80% of the required <u>and</u> paid Building Permit fee.
3.	<u>Grading Permit Inspections</u> not subject to General Permits and Storm Water Pollution Prevention Plan (SWPPP) required by the Regional Water Quality Control Board (RWQCB).	Completed Inspection Record Card and Field Notes <u>submitted to the City Clerk.</u>	80% of the required <u>and</u> paid Building Permit fee.

4.	<u>Demolition Permits</u>	Completed Inspection Record Card and Field Notes <u>submitted to the City Clerk.</u>	80% of the required <u>and</u> paid Building Permit fee.
5.	<u>Re-Inspections</u>	Completed Inspection Record Card and Field Notes <u>submitted to the City Clerk.</u>	No charge for first re-inspection. 80% of the required <u>and</u> paid \$75.00 Re-Inspection fee.
6.	<u>Life Safety Inspection</u>	Completed Life Safety Inspection Checklist <u>submitted to the City Clerk.</u>	80% of the required <u>and</u> paid \$75.00 (current fee) Life Safety Inspection fee.
7.	<u>Inspections Not Listed Above</u>	Completed Inspection Record Card and Field Notes <u>submitted to the City Clerk.</u>	\$60.00 per hour. (1 hour minimum)