



## Legislation Text

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**File #:** 20-0711, **Version:** 5

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MOTION TO APPROVE THE TENTH AMENDMENT TO THE AGREEMENT BETWEEN CALVIN GIORDANO AND ASSOCIATES INC. AND THE CITY OF PEMBROKE PINES FOR BUILDING SERVICES FOR AN INITIAL FIVE-YEARS AND SIX-MONTHS PERIOD BEGINNING DECEMBER 29th, 2021, AND ENDING JUNE 30th, 2027 WITH TWO ADDITIONAL (3) YEAR RENEWALS, INSTEAD OF ANNUAL RENEWALS.

### **SUMMARY EXPLANATION AND BACKGROUND:**

1. On July 1, 2009, the City entered into a Professional Services Agreement with Calvin Giordano & Associates, Inc. (CGA) for an initial five (5) year period, commencing July 1, 2009 and expiring June 30, 2014, with subsequent one (1) year renewals.
2. On June 3, 2020, the City Commission approved the eighth Amendment for a one (1) year renewal term commencing July 1, 2020 and ending June 30, 2021, as allowed by the agreement.
3. On June 3, 2020, the City Commission also gave direction to the City Manager to negotiate better terms in an effort to generate additional revenues for the City.
4. On October 7, 2020 at the direction of the City Commission, City Administration presented a re-negotiated Amendment to the agreement included the following changes:
  - a. City would retain 11.5% of all building permit revenues, beginning from the first dollar received in building permit fees. No sales tax would be charged on the City's retention of building permit fees.
  - b. City would continue to charge CGA both the contractual Administrative Fee and Rental Fee per the existing contract. Including applicable sales tax for the rental fee.
  - c. City will be responsible for their check and credit card processing fees associated with the intake of the permit fees, planning and zoning fees, engineering fees, fire fees, CO fees and impact fees.
  - d. The contract renewal shall be for an initial five (5) year period with two additional (3) year renewals; as revised and recommended by Administration.
  - e. All remaining terms of the contract would remain in-tact, such as waiving 100% of City project permit fees.

5. As a result of these negotiated changes, the City will receive additional revenues of approximately \$270,000 to \$290,000 per year. This is also more beneficial to the City, in that we will start earning additional revenues beginning with the first dollar, rather than depending on revenues to reach \$4 Million. **See Exhibit 5-** Financial Analysis comparing the current contract versus the new contract using the last 5 years.
6. On October 21, 2020, City Administration provided the Commission with a "White Paper" as requested, that was to address the value of the five year contract and the benefits of long-term contracting. **See Exhibit 6.** Administration also provided the cost of bringing the services in-house. **See Exhibit 7.**
7. On November 2, 2020, a Workshop was held to discuss the CGA contract and the information previously mentioned. At that workshop, Commission requested additional information; such as a comparison with other Cities and a comparison of the permit fees charged by other Cities. This information was provided and is attached as **Exhibit 8.** The conclusion is such that it is very difficult to have an "apples to apples" comparison between the cities as their structure, fees, and contracts are very different.
8. Additionally at the November 2, 2020 workshop, the City Attorney also provided clarification in the verbatim minutes regarding the requirement for bidding. Additional excerpt verbatim minutes are provided in **Exhibit 9.**
9. On December 16, 2020, the City Commission voted to defer the item until the Commission could get a risk management report from the Commission Auditor regarding Calvin Giordano and Associates, Inc.
10. During time pending the Commission Auditors' Report, the agreement expired on June 30, 2021. Pursuant to CITY Code of Ordinances §35.29(C) the Parties executed the Ninth Amendment to the Original Agreement, as amended, to extend the term for 180 days to December 28, 2021.
11. On October 20, 2021, Commissioner Schwartz presented as a Commission item the Commission Auditors Report titled "Building Department Review" Report# CA-01-21 which is attached as **Exhibit 10.**
12. This Tenth Amendment to the Agreement includes all the re-negotiated terms noted above, and includes additional clarification to the definitions and terms as noted in the Commission Auditors' report.
13. Request Commission approve the Tenth Amendment to the Agreement with Calvin Giordano & Associates Inc. expiring on June 30, 2027, with two (2) additional three (3) year renewals instead of annual renewals.

**FINANCIAL IMPACT DETAIL:**

**a) Renewal Cost:** The City anticipates it will net an additional \$270,000 to \$290,000 per year under these contract terms. See attached Financial Analysis comparing the current contract versus the new contract using the last 6 years.

**b) Amount budgeted for this item in Account No:** Amounts are budgeted in the following Revenue Accounts: Rental City Facilities 1-362030-6001; Administrative Fee 1-341310-800.

**c) Source of funding for difference, if not fully budgeted:** To facilitate the transition to using the new ERP System -Energov; Finance may need to create an additional fund/accounts. This may increase both the revenue and expenditure budget by the same amount.

**d) 5 year projection of the operational cost of the project -** See attached Financial Analysis Contract Revenue Comparison.

**e) Detail of additional staff requirements:** Not Applicable