



## **The Advantages of Contracted Building Department Services: The Case of Centennial, Colorado**

July 2011

### **Executive Summary**

The significant benefits of outsourcing municipal services can be seen in the example of Centennial, Colorado—an innovative municipality committed to governmental efficiency as well as exceptional service to its citizens. Centennial has contracted for building department services since 2002. The City recently reviewed this decision to ensure that outsourcing continued to be in their best interest.

After an RFP process that not only solicited bids from multiple outside vendors but also analyzed the option of creating an in-house department, City Council unanimously chose to remain with SAFEbuilt for outsourced building department services. The reasons: first-class service; highly knowledgeable staff; remarkable flexibility; and predictable fees calculated as a percentage of building services revenue.

The City of Centennial, Colorado, is a suburb southeast of Denver. It was formed by residents in 2001 from portions of unincorporated Arapahoe County in an effort to prevent selective annexations of its commercial corridor by the nearby City of Greenwood Village, which had been seeking to augment its tax base. So popular was the movement to incorporate as an autonomous city that 77 percent of Centennial's 100,000 citizens voted for the incorporation, creating the 10th most populous city in the state and the largest city incorporation in U.S. history.

From the beginning, Centennial's leaders coalesced around a common vision of "self-directed, lean government." This "intentional" and "virtual" city would operate with limited staff, outsourcing key activities wherever possible.

Initially, Centennial outsourced nearly all city services. Finance, engineering services, and planning and development were later brought in-house, but still today, the City's outsourced services range from law enforcement and animal control to the full range of public works, including transportation and traffic engineering, infrastructure maintenance and snow removal. This intent to "contract for City services at all levels unless there is a provable advantage to do otherwise," which was affirmed in the community's 2008 vision plan ("Our Voice. Our Vision. Centennial 2030"), has allowed the City to keep sales taxes low and service quality high, all while operating on an in-house staff of just 53 employees.

### Centennial by the Numbers

**Incorporated:** 2001

**Government type:**  
Home Rule City

**Area:** 28 square miles

**Population:** 103,000

**Median age:** 40 years

**Median household income:** \$85,000

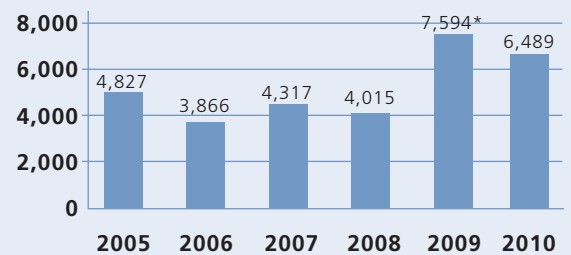
**Sales tax:** 2.5 percent

## ✓ Centennial's Building Department Services

As with virtually all of its municipal services, the City of Centennial outsourced building services from its inception. The Building Division is outsourced to SAFEbuilt and is responsible for reviewing, permitting and inspecting all physical structures within the City. It reviews all plans to ensure compliance with current building codes in order to protect public safety. This requires significant communication with each customer as well as coordination with the Planning Division, the Engineering Division and other involved public agencies, such as the various fire districts that serve the City. SAFEbuilt also issues business and contractor licenses.

Building Division staff is comprised of a certified building official, a certified plans examiner, certified inspectors, certified permit technicians and front counter staff. Additional staff is available from other SAFEbuilt offices when the workload demands additional resources to maintain the City's performance standards.

### Centennial Permit Activity



The majority of permits are one-stop permits for roofs, water heaters, general plumbing and electrical work. The next most common permits are residential alterations, followed by commercial alterations, new commercial, and new residential.

\* Increase due to a large number of roofing permits from hailstorm and tornado damage this year.

## ✓ Why SAFEbuilt

When its building services contract came up for review and possible extension in 2010, Centennial issued an RFP that combined building services with contractor licensing. Four outside vendors, including SAFEbuilt, submitted proposals. An in-house option was also prepared and presented by City staff.

After careful analysis, Centennial City Council unanimously chose to continue working with SAFEbuilt.

SAFEbuilt remains Centennial's definitive vendor of choice because it provides:

### • FIRST-CLASS SERVICE

Under SAFEbuilt, building services in Centennial are among the most responsive and innovative in the industry. To date, SAFEbuilt has a 100% success rate for inspection and plan review turnaround times. (See box at right.) Inspectors are equipped with laptops and portable printers to provide immediate, on-site results.

It's not uncommon for large commercial projects to clog a building services system, creating a backlog and significant delay in the routine permitting and inspection of small projects. Yet when IKEA and the Streets at Southglenn arrived on the scene in Centennial, SAFEbuilt provided additional staffing, efficiently handling these large projects without sacrificing service speed and quality for the homeowner and small contractor.

Innovations such as Centennial's new Home Improvement Program (HIP) also mean residents receive exceptional value for their permitting dollar. Under HIP, homeowners are incented to update older homes with help through the building process. An inspector is available for home visits before a permit is even pulled to answer questions about compliance. Licensed contractor listings and photos from other completed projects may be viewed online.

### • HIGHLY KNOWLEDGEABLE STAFF

When it came time to redevelop Centennial's aging Southglenn mall, developers proposed a complex solution that would eventually involve six architects and six prime general contractors in the design and construction of 22 new buildings and two million square feet, all on a fast-track basis.



As Centennial's building services provider, SAFEbuilt had the staffing resources and the depth and breadth of knowledge to help make the Streets at Southglenn the built-safe mixed-use community it is today. On the software side, SAFEbuilt's Large Project Portal powered the project, tracking inspections by room.

## Fast and Safe

### An at-a-glance summary of SAFEbuilt's commitment to excellent service in Centennial:

- Plan review turn-around, including planning department review—
  - Commercial: **no more than 10 days**
  - Residential: **no more than 5 days**
- Inspection response time: **next-day guarantee**
- Pre-scheduled inspections to help facilitate contractor and homeowner convenience: **2 hour window**
- Rapid Review Thursdays: **30-minute plan review** and permit issuance for small homeowner projects such as uncovered decks and basement finishes

- **REMARKABLE FLEXIBILITY**

What happens when a colossal project overwhelms the resources of a building department? Or when an immediate and dire need arises? With SAFEbuilt, needs are met quickly and thoroughly—no matter the circumstances.

When a record hailstorm inundated Centennial in July 2009, 1300 homeowners needed their roofs replaced—immediately. SAFEbuilt rushed in additional staff to expedite the additional 2,000 permits and inspections. As a company with staff in numerous offices across the country, SAFEbuilt has the resources to reallocate personnel quickly and efficiently as needs arise and then diminish.

- **PREDICTABLE FEES CALCULATED AS A PERCENTAGE OF BUILDING SERVICES REVENUE**

SAFEbuilt's cost structure is based on revenues, with a set percentage of the City's permit and contractor licensing fees going to SAFEbuilt for the provision of services. In this way, the Building Division's costs never exceed revenues. The in-house model, by contrast, would mean unforeseeable and fluctuating overages and underages depending on building activity. "From a risk perspective, SAFEbuilt is the safest step for the City," remarked one Centennial Council member.

✓ **SAFEbuilt: Centennial's Partner**

After its process of analysis and deliberation, the City of Centennial contracted with SAFEbuilt for building department and licensing services for five additional years, from January 2011 through December 2015, with the possibility of extending for two additional one-year periods beyond that.

In a March 2011 Performance Evaluation of SAFEbuilt for the City of Centennial, Director of Community Development Wayne Reed gave SAFEbuilt an overall rating of Exceptional.

"SAFEbuilt works with the City and its customers with a shared sense of purpose to achieve the City's priorities," he said. "This has produced outcomes that exceed the contract's requirements. There is no other agency that I would want to perform building services for the City of Centennial."



### Centennial's IKEA Opens Early

When retail giant IKEA announced plans to build its first store in Colorado and the second largest IKEA in the United States in Centennial, City officials knew that shepherding the company efficiently through the permitting and building inspection process would mean the doors could open sooner.

The sooner IKEA could open, in turn, the sooner the City of Centennial could begin reaping the significant benefits of the store's projected tax revenues.

Thanks in part to SAFEbuilt, the Centennial IKEA opened three months earlier than scheduled.

Following is an excerpt of a letter from IKEA's Construction Manager:

*"On behalf of IKEA Property, Inc., I want to express our sincere thanks and appreciation for the City's issuance of the temporary certificate of occupancy. This was a major milestone for the project and IKEA. We now can move forward with the interior build-up phase of the project, which really makes the building an IKEA store. Your personal involvement was invaluable from expediting the plan review process, to resolving various code issues, to being available for inspections. We had an aggressive inspection schedule and your department was extremely accommodating. Your inspectors were always available, whenever and wherever we needed them. That willingness to "help" made a real difference as far as our construction schedule was concerned. I can't say enough about your support and the support of your department. We really felt the City of Centennial was part of our team. Please pass along our appreciation to your inspectors."*