



MECKLENBURG COUNTY

Land Use & Environmental Services Agency

Code Enforcement

Date: March 19, 2010
To: Code Enforcement Customers
From: James N. Bartl, AIA; Director of Code Enforcement
Re: Changes to the Contractor Pass Rate Incentives Program

I'm writing to make you aware of a program change to the Contractor Pass Rate Incentives Program. The change was required to address a problem that was created partly because of the existing program's success in achieving its intended purpose of increasing inspection pass-rates and secondly because of the economic impact on building construction permitting activity.

Background

The Pass Rate Incentive Program was implemented in 2000 with an intended purpose to improve the inspection pass rate for projects by creating a permit fee credit or additional charge depending on the inspection pass rate percentage for a project. The program was developed by the joint- Department/industry Code Compliance Task Force (CCTF). The Contractor Pass Rate Incentives Program has been incredibly successful. Prior to the program start in 2000, Mecklenburg County's inspection pass rates were documented in the 60 percentile range (FY97 averaged 68.7%, with August, 2006 building inspections passing at a 56.2% rate) from July – December 2009, the Department reported an 87% inspection pass rate. We believe Contractor Pass Rate Incentives, along with a strong joint training effort with the industry, is one of the key tools that have helped in pushing the inspection pass rates to historic highs, and close to the 90% level, which at one time many considered an unattainable number. It also merits noting the program has won national awards and recognition as an innovative approach to conserving community resources while improving performance by both the industry and Department.

The Problem

The very success of the Contractor Pass Rate Incentives Program posed a problem to the Building Development Commission (BDC) and the Department. At a time when our permit fee revenue stream is below projections, the quality incentive payouts under the Contractor Pass Rate Incentives were reaching new highs and the program was running a net loss which appeared to be growing. The BDC recommended that the Department reconvene the Code Compliance Task Force and develop a solution to address the problem. Several options were identified as follows:

- A. Shut off the Program
- B. Increase Permit Fees
- C. Keep the Program but Tweak it

During its December 15, 2009 and February 1, 2010 meetings, the Code Compliance Task Force (CCTF) discussed the problem and agreed to keep the program and make adjustments. The original program measures still seemed to work well for residential type projects but did not work as well for commercial type projects. The commercial general contractor representatives recommended that the program be changed to break out their category of work and then adjusted as needed to include enlarging the "neutral zone" below 15% and capping the payout at 10%.

On February 16, 2010 the detailed CCTF recommendations were presented to the BDC for review and consideration; the BDC voted to approve the recommended changes to the Pass Rate Incentives Program. On March 16, 2010 the Board of County Commission approved the changes to the fee ordinance as follows:

(LAND USE AND ENVIRONMENTAL SERVICES)

Disapproved Inspections, where indicated by *red bold italics* in the following:

The re-inspection fee structure is based on an evaluation of each project with regard to the project code defect rate (failed inspections/total inspections for all disciplines), at project completion or issuance of the Certificate of Occupancy (CO)* or *Temporary Certificate of Occupancy (TCO), whichever occurs first*. The projects code defect rate is compared to the Percent Fee Adjustment Schedule and, prior to issuance of the CO, or following the final inspection, either a charge or credit would be calculated based on the original permit fee, and applied to the general contractor's account.

1. Small projects (less than or equal to a \$100 permit fee or \$10,000 construction value)

- -Charges: by % on fee adjustment schedule
- -Minimum charge: not less than \$25 per permit
- -Maximum charge: no maximum
- -Credits: No credits given

2. Large project (greater than a \$100 permit fee and \$10,000 construction value)

- -Charges: By % on fee adjustment schedule
- -Minimum charge: no minimum
- -Maximum charge: not more than \$90 per failed inspection
- -Credits: By % on fee adjustment schedule
- -Minimum credit: no minimum
- -Maximum credit: to be calculated as follows:
 - Credit=(a-b)x\$90, where
 - “a” is 20% of total inspections
 - “b” is the number of inspections failed
 - Difference times \$90 per saved inspection

Fee Schedule

The Percentage Fee Adjustment Schedule is as follows:

Code defect % of Failure

(< or = to) % of Failure/Permit Fee Adjustments

These changes on page 3 shall be effective on permits issued on or after April 1, 2010.

Note: Above 40%, the percent fee adjustment shall be the same as the Code Defect Percentage Failure.

Commercial = Projects constructed under the NC Building Code

Residential = Projects constructed under the NC Residential Code (One-Two Family)

Changes to the Contractor Pass Rate Incentives Program

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CURRENT: 20% Cap

Percentage of Failure	Permit Fee Adjustment
0	-20
1	-19
2	-18
3	-17
4	-16
5	-15
6	-14
7	-13
8	-12
9	-11
10	-10
11	-8
12	-6
13	-4
14	-2
15	0
16	1
17	2
18	3
19	4
20	5
21	6
22	7
23	8
24	9
25	10
26	12
27	14
28	16
29	18
30	20
31	22
32	24
33	26
34	28
35	30
36	32
37	34
38	36
39	38
40	40

COMMERCIAL: 10% Cap

Percentage of Failure	Permit Fee Adjustment
0	-10
1	-9
2	-8
3	-7
4	-6
5	-5
6	-4
7	-3
8	-2
9	-1
10	0
11	0
12	0
13	0
14	0
15	0
16	1
17	2
18	3
19	4
20	5
21	6
22	7
23	8
24	9
25	10
26	12
27	14
28	16
29	18
30	20
31	22
32	24
33	26
34	28
35	30
36	32
37	34
38	36
39	38
40	40

RESIDENTIAL: 15% Cap

Percentage of Failure	Permit Fee Adjustment
0	-15
1	-14
2	-13
3	-12
4	-11
5	-10
6	-9
7	-8
8	-7
9	-6
10	-5
11	-4
12	-3
13	-2
14	-1
15	0
16	1
17	2
18	3
19	4
20	5
21	6
22	7
23	8
24	9
25	10
26	12
27	14
28	16
29	18
30	20
31	22
32	24
33	26
34	28
35	30
36	32
37	34
38	36
39	38
40	40

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DIFFERENT SCENERIOS :

1/28/11

In this case, I see no problem with separating the ADT permit out for application of the fee programming because the total project is less than \$30,000 and therefore a licensed GC is not required. What that means is, because of a zero fail rate, Sims gets a rebate.

Had this been over the \$30,000 limit, we would look for a licensed GC to be responsible for the total project. In the case of this property (since this appears to be leased property) had the work been over \$30,000, the owner would not have been able to take over the role as GC, and would have had to either include the ADT work under the Sims contract/permit or get another licensed GC to take over the total project.

Regards,

Gene Morton

Director of Inspections
Mecklenburg County Code Enforcement Dept.



Inspection Appeal

Your name: _____ Date: _____
 Company Name: _____
 Business Address: _____
 City: _____ State: _____ Zip: _____ Phone #: _____
 E-mail: _____
 Project Name: _____ Permit Number: _____
 Project Address: _____
 Inspector's Name: _____
 Code Section: _____ B E M P Date of Inspection: _____
 Code Requirement: _____

Nature of Appeal: (In Detail, why you believe installation was code compliant)

OFFICE USE ONLY!

Decision:

Date: _____
 Code Administrator: _____

E-mail: Kathleen.Batey@MecklenburgCountyNC.gov

Notice: Inspection appeal must be submitted within 10 working days of the inspection date. The appeal will be rendered within 10 working days of receipt of the written appeal.