CHARLOTTE

City Council
Follow-Up Report

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CIP Design Services by Consultants vs. In-House Resources

Staff Resources: Jim Schumacher, CMO, 704-336-3656, jschumacher@charlottenc.gov
Jeb Blackwell, Engineering & Property Management, 704-336-3603, jblackwell@charlottenc.gov

During a discussion of Agenda Item #25, regarding a consulting contract for airport deicing trucks, Councilmember Barnes asked for information on the philosophy/practice of using consultants for the planning and design of capital projects versus using in-house staff resources.

The planning and design of capital projects for most City departments is carried out by Engineering & Property Management. Charlotte Mecklenburg Utilities, Aviation and CATS use similar procedures. The regular use of consultants dates back to the 1970's when consultants were engaged for unusually large projects or those requiring special expertise. As large bond referendums every two years became somewhat the norm in the 1980's, both staff resources and the use of consultants grew to deal with the large volume of planning and design work.

The general philosophy and guidelines for the use of outside consultants for capital projects is:

- Perform a level of design work with in-house engineering resources, but outsource large volumes and peak workloads to consultants;
- Maintain expertise to properly oversee the work of outside consultants;
- Limit the office space and equipment necessary for design work to avoid having excess facilities should workload diminish;
- Maintain a balance of staff and consultants that allows flexibility and agility as circumstances change.

An illustration of the last point above is the actions taken by Engineering & Property Management to respond to the recent drop-off in regulatory/permitting work associated with the economic recession. Some of the staff assigned to permitting work during the high growth years was reassigned to capital project work by adjusting the balance of in-house versus consultant design work. Rather than losing this trained staff, they will be productive on capital projects for a period, then moved back to permitting work as that workload returns.

Engineering & Property Management does benchmark its costs for planning and design services against the cost of consultants. Over the last two years, in-house design costs have been between 12% and 19% of total project costs, while consultant costs have ranged between 27% and 36%. Over the last several years, the Privatization Competition Advisory Committee (PCAC) has reviewed these trends and recommended more in-house design work. With the steady workload of bond referendums every two years and the encouragement of the PCAC, Engineering has been increasing the number and size of projects designed in-house. We do not recommend moving to significantly more in-house resources at this time, due to factors such as: the uncertainty of future bond workload; the unknown timing of the return of regulatory permitting workload; and limited office space.

The in-house resources are currently handling 33% of projects in Engineering & Property Management, which represent 7% of the dollar volume of projects. These figures illustrate how smaller projects are more suitable for in-house design, and larger projects typically draw on consultants who can apply a larger resource pool.