

**MINUTES REPORT
BUILDING INDUSTRY OVERSIGHT COMMITTEE (BIOC)
THURSDAY, January 9, 2025**

Committee Members Present

Bobby Lyons
Marc Malaniak
Steve Wojcechowkyj

Committee Members Absent

Steve Gabor
Matthew Johnson

Lee County Government Representatives

Tad Delnay, Building Official	Janet Miller, Recording Secretary
Lindsay Hickey, DCD Admin.	Antia Richards, Senior Fiscal Officer
Ohdet Kleinman, Utilities	

Call to Order/Affidavit

Since Mr. Gabor was not in attendance, Mr. Malaniak made a motion to make Mr. Wojcechowkyj Acting Chair for today's meeting. The motion was seconded by Mr. Lyons. The motion was called and passed unanimously.

Mr. Wojcechowkyj called the meeting to order at 8:30 a.m. The attorney's office previously reviewed the Notarized Affidavit of Posting and advised staff that it was legally sufficient.

Approval of Minutes

Mr. Lyons made a motion to approve the April 11, 2024 minutes. Mr. Malaniak seconded. The motion was called and carried unanimously.

Revenue/Expense Reports/Fees/Fund Balance Report/Staffing Levels/Levels of Service

Ms. Richards gave an overview of the revenue/expense reports, as well as the Community Development Fiscal Overview for September 2024 and December 2024 (distributed at the meeting).

During the discussion of the "*Community Development Fiscal Overview (December 24)*," Ms. Richards noted there was a \$6M deficit where the expenditures are more than the revenues.

Mr. Wojcechowkyj noted that in December there was a drop of \$2,237,993. He asked if there were any large expenditures.

Ms. Richards referred the Board to "*Fund Balance Expenditures*," which outlines what the expenditures are. She noted it was broken down by department. Ms. Richards stated that most of the increases were due to salaries. The Building Department had to increase the workforce since Hurricane Ian (2022). There were not enough staff members to meet the demands, which is why there has been an increase in personnel. She referred them to the note that says, "*In 4/2021 we had 102 positions in the building department, as of 1//2024 we have 141 positions (including temporary employees and vacancies)*." Ms. Richards stated this is where the significant increase in expenditures has occurred. She clarified further that when new staff is hired, they need computers, licenses for all the applications, supplies, trucks, etc. It adds up and must be taken out of the fund balance.

Mr. Malaniak asked for confirmation that at the end of the year, we are projected to have a balance of \$6.5M at our current base.

Ms. Richards stated the county has increased the production for permitting and plan review. It is staff's hope that the increased production will increase revenue, but at this juncture, it is hard to tell.

Mr. Lyons noted that generally the government has revenue and expenditures that are equal.

Ms. Richards stated that at the time staff worked on the new budget, it was based on what was collected in the past.

Mr. Lyons stated that at some point in time the County will need to look at the difference because the reserves are going to decrease significantly.

Mr. Wojcechowkyj stated that the industry currently has a decent amount of spec homes in the ground that need to be sold before they start anything new. This might affect the County's projected numbers for their revenue to where they may make less in revenues. It depends on how long it takes to get through that inventory. He asked if staff noticed a slowdown in inspections in the field.

Mr. Delnay confirmed there has been a decrease in inspections.

Mr. Wojcechowkyj asked if there was a slowdown in permit intake as well.

Mr. Delnay stated they have 50 inspectors that have roughly 20 inspections a piece, which is about 1,000 inspections per day. Previously, they were performing \$1,500 inspections per day, so a downturn has occurred.

Mr. Wojcechowkyj stated it was concerning because there is a lot of inventory available. Builders are not going to keep spending money on new builds until their current inventory starts selling. Businesses have to manage their assets.

Mr. Malaniak asked if staff knows what percent of the budget is for new construction.

Ms. Richards stated it is shown in the *"Revenue Budget Projections Fiscal Year 2024/2025."* She reviewed it with the Board and noted the numbers are a bit low for October and December. When staff came up with the \$13M figure, they were taking into account hurricane repairs. Many repairs need permits and a lot of the islands are still rebuilding from Hurricane Ian and Hurricane Milton. Staff believes many more of those types of permits will continue to be submitted. Staff was being conservative with the \$13M. They did not want to project higher, but they also did not want to go lower either.

Mr. Delnay stated they have seen the bigger builders slow down, but the county has absorbed that into the rebuild for hurricane damage. He stated it was a blessing because it gave staff time to catch up on their permit reviews and inspections. If there had not been a slowdown, staff would be in a much harder position in meeting their timelines.

Mr. Wojcechowkyj asked if staff felt they already received a large portion of permit requests or if they felt there were still more out there.

Mr. Delnay stated staff believes there are still a lot more out there. He noted that when Hurricane Ian hit, staff was still receiving repair permits for damages from Hurricane Irma and even Hurricane Charlie, so there is a huge lag time. If there had not been Hurricane Debbie, Hurricane Helene, and Hurricane Milton, staff would have been on track with timelines (14 days for residential and 21 days for commercial) in the month of January. However, when the county was hit with these other hurricanes, staff had to absorb all of that additional hurricane damage. Mr. Delnay stated that he felt the county was in a better position as far as reaction time because they already learned certain lessons from Hurricane Ian and enacted some changes such as remote permitting.

Mr. Malaniak asked if there were any open positions.

Mr. Delnay stated the Building Department was currently fully staffed with their inspection level. There was a plan reviewer that resigned and took another position with another municipality but ended up coming back to the county. They are fully licensed as a plan reviewer and inspector. One of the plan review positions was used to create a new fire reviewer position. There are two applicants being interviewed on Monday that are both licensed, certified, and qualified. Staff expects to offer one of them a position by the end of the week. This will fill all of the plan review positions. However, Mr. Delnay noted that there were quite a few new plan reviewers and inspectors, and it takes time to fully cross train them.

Mr. Malaniak asked if there is attrition throughout the year to where some of those positions might get replaced.

Mr. Delnay stated that with the inspections team, they currently have one provider helping out that performed 3% of the total inspections.

Mr. Malaniak asked if the county has to pay a premium for that private provider compared to someone in-house.

Mr. Delnay stated that one major difference is that with the private provider, we do not have to provide them with computers, a truck, or insurance. There is a possibility that staff can handle the inspections without the private provider. This is something that is being evaluated currently. He noted that for the month of December there has been a downturn. It is a lower number than November. Mr. Delnay stated that staff wanted to see what the numbers are for the month of January before deciding whether or not to keep the services of the private provider.

Mr. Malaniak felt it was important for the BIOC to have a quorum for their April meeting because the next 3 months will give an indication of what might be expected for the next 6-9 months.

Mr. Wojcechowkyj stated that there will be one outcome if it turns out to be a great selling season for existing inventory, but if not, there will be fewer permits submitted for contracting businesses which will mean less inspections.

Mr. Delnay asked what the BIOC were projecting now that the election is over, and we are under a new regime of leadership. He asked if they felt the rates would increase or decrease.

Mr. Malaniak stated the interest rates are back up at just under 7% and climbing. Consumers seem to be more comfortable with the fact that the rate might be 6 ½%. He did not believe that the 4% interest rate would be coming back. Their industry is still doing rate buy downs but noted it was becoming more expensive as rates go up.

Mr. Wojcechowkyj referred to Mr. Delnay's question about the election and the new regime and noted there had been studies done on that, but in the long term there is no correlation of any political party to homebuying or election season versus nonelection season. He felt we were lucky in Southwest Florida because people want to live here and continue to move here whereas other parts of the country are hurting much more than we are.

Mr. Delnay asked about material costs.

Mr. Malanik stated that the material costs have not come down. The material suppliers seem to have a revenue number. They keep the costs the same and cut down on production. He noted that the trades are becoming more aggressive with pricing because they want to keep the doors open. They realize they have to cut their margins as well.

Mr. Lyons stated that even though the material costs have not decreased, they have stabilized.

Mr. Wojcechowkyj stated that the decreases being seen are purely people making less money. Labor rates will be decreased a bit in order to stay busy. He noted that supply chains are full of materials, yet the costs still increase for the building industry. Mr. Wojcechowkyj also stated that at some point the county would need to review their essential expenses even though it is a painful and uncomfortable process. The county needs to look at their operations to see what is essential to maintain.

Mr. Malanik asked what the county felt was a healthy balance to have keeping in mind what the fund balance was for 2017, 2018, and 2019.

Ms. Richards stated \$13M would be a healthy balance.

Mr. Lyons believed that previously on a separate analysis that was provided, the figure was \$10M not \$13M.

Ms. Richards stated that she had done that previous analysis. Looking at the expenditures for 2017 and 2018, the projection of \$10M was reasonable at that time. In addition, when the previous analysis was done, the county had not implemented the salary increases. The salaries had to be increased to the minimum wage which is \$15 per hour. Therefore, the previous analysis is now outdated.

Mr. Malaniak asked if there were any fee studies planned for this year.

Mr. Delnay stated one was being performed currently.

Ms. Richards clarified that she believed the fee study was for other departments, not the Building Department.

Mr. Delnay stated new software will be factored in at some point such as "*Forerunner*." This program will handle some of the flood items such as elevation certificates. Currently, a member of the public must call the county, get a member of the flood team, the flood team has to research the property to see if there is an elevation certificate, they pull it, and send it to the customer. However, with the new platform, everything will be stored in that program which will allow the public to access it and obtain their own elevation certificate without having to contact staff. Regarding attrition, some staff will be retiring, and it may not be necessary to replace those positions. This will mean a cost savings. In addition, as AI technology progresses, there is software that may be able to read plans and determine if they are code compliant.

Mr. Lyons agreed with an earlier statement from Mr. Malanik that we need a quorum for the April meeting.

Mr. Delnay mentioned that many roofs were damaged with Hurricane Irma that were replaced and able to withstand the other hurricanes. If that had not been the case, the county would be in even worse condition.

Mr. Malaniak asked about staff's morale.

Mr. Delnay stated the county closed their offices to the public before Christmas as well as New Year's, which allowed staff to focus on their reviews. Management also limited the walk-ins who had general questions on whether or not they are allowed to design something a certain way. They were told that they must see a design professional and that county staff merely reviews to see if the proposal is in compliance. These changes have helped staff morale. He felt that, overall, staff seemed to be happy with where the county is headed.

Mr. Malaniak stated that the non-master EPlan shows 52 days for December. He asked what the timeline was for November.

Mr. Delnay stated the review process was at 54 days in November. He noted that currently Plan Review staff is reviewing plans that were received on 11/25/2024. By the end of the day today, he expected them to be on the first day of December.

The Committee had no further business to discuss.

Agenda Item 5 - Adjournment

Mr. Lyons made a motion to adjourn, seconded by Mr. Malaniak. The motion was called and passed unanimously.

The meeting adjourned at 9:10 a.m.

The next meeting is scheduled for Thursday, April 10, 2025, at 8:30 a.m.