



PLANNING DIVISION

STAFF REPORT

TO: PLANNING AND TRANSPORTATION COMMISSION

FROM: Steve Emslie
Director

DEPARTMENT: Planning and
Community Environment

DATE: April 19, 2006

SUBJECT: Restructuring Plan for the Department of Planning And Community
Environment

RECOMMENDATION

Staff recommends the Planning and Transportation Commission (PTC) comment on the outcomes to be achieved by the restructuring plan proposed for the Planning and Community Environment Department, for transmittal to City Council, as outlined below.

1. Integrate land use and transportation planning.
2. Make the Development Center experience more customer-friendly and create a problem-solving orientation within the rules.
3. Provide general management support for the department, which will allow the Director to ensure policy follow up, help staff focus on technical work, and continue process improvements.
4. Enhance PTC role as a deliberative body for land use and transportation planning.

BACKGROUND

“The process of governing is transforming itself in truly fundamental ways: public workers are retiring in record numbers at every level, employees are facing increasingly complex problems that require collaboration and creative problem solving skills, and bureaucratic rules necessary for accountability and fairness inhibit the very discretion so critical for public servants to do their jobs well.” (Stephen Goldsmith, “Management Matters”, *Management Insight*, Feb 1, 2006.) In Palo Alto, increasing complexities of land use and transportation planning necessitate collaboration across disciplines and stakeholders. In addition, the need for accountability, fairness, and good customer service relative to an intricate set of federal, state, and local regulations remains a key concern for the community and staff.

City Council has directed staff to evaluate, and where appropriate, increase the span of control of managers throughout the organization. There is also the need reduce costs where possible, to enable the city to meet its goals for infrastructure funding and cost containment.

The City Manager and Director of the Department of Planning and Community Environment are committed to the forgoing. The cumulative effect prompted the formation of a multi-disciplinary committee of executive staff to design a restructuring proposal that would utilize existing vacancies, reduce costs where possible, and most importantly, improve operations and management oversight.

Specific staff changes recommended by the City Manager based on the work of the committee were described in a staff report submitted to City Council on March 13, 2006 (CMR 164:04). This report will discuss the goals of the proposed staff changes and introduce potential governance changes to facilitate the targeted outcomes. The City Council has asked the PTC to review the proposed restructuring plan. Comments and recommendations made by the PTC, along with comments provided by community stakeholders will be transmitted to City Council for further discussion in May, 2006.

Scope of review

There are two major components to the restructuring plan: organizational changes and process changes. Organizational changes, including staff assignments, job descriptions, and department structure, fall under the purview of the City Manager and City Council. The Charter of the City of Palo Alto assigns to the City Manager the duty to “[c]oordinate the work of personnel administration in the departments under his or her control . . .” Charter, Article IV, Section 6(m). The City Manager must also recommend changes to the basic organization plan of departments, subject to approval by City Council (PAMC 2.01.140(7)).

Although organizational changes fall outside the responsibility of the PTC, the Commission is charged with “...providing advice on any matter pertaining to land use planning and transportation systems affecting the city.” (PAMC 2.20.050). One of the outcomes of the proposed restructuring is the merger of the Planning and Transportation Divisions. The PTC has been asked to provide advice to the City Council due to the policy implications of the proposed merger. The reasoning and goals of leveraging staff expertise in these two areas is described under the report section titled Outcomes.

The second part of the restructuring plan relates to governance changes in the City’s entitlement processes. The proposed reorganization plan is designed to continue the process improvements completed to date, including increasing the role of the PTC in evaluating quasi-judicial applications. Staff recommends expanding the streamlining efforts approved by Council in 2004 by updating processes dealing with Subdivision maps, Site and Design Review, and Prescreening applications. Staff requests the Commission review the “Outcomes” section of this report, and provide comments and suggestions for transmittal to City Council as they relate to land use, transportation systems, and governance. Restructuring components that relate to staffing or organizational changes are provided for background and context only. A timeline for full consideration of all of the issues related to the proposed reorganization is included at the end of this report.

DISCUSSION

To facilitate PTC review, an overview of the department follows, including what the department does well, in recognition of the progress made to date in response to the 2003 audit of the development review process, and to ensure that something that “works” doesn’t get fixed.

Department Overview and What Works Well

The Planning and Community Environment Department is currently composed of three divisions, Planning, Transportation and Building, with 54.5 authorized FTEs, and an annual budget of approximately \$9 million. Permit, grant, and other service revenues range from \$4 to \$5 million per year. The mission of the department is to provide the Council and community with creative guidance on, and effective implementation of, land use development, planning, transportation, housing and environmental policies, plans and programs which maintain and enhance the City as a safe, vital and attractive community. These activities occur within an environment of competing needs and engaged civic involvement.

It is important to acknowledge the many things that work well. For instance, despite two vacancies in the Transportation Division (Chief Transportation Official and one Transportation Projects Manager), implementing the Charleston/Arastradero Corridor trial is on schedule, inter-departmental work has not ceased on the citywide upgrade to traffic signals, shuttle operations continue (including seasonal modifications), and neighborhood traffic calming projects are underway for College Terrace, Louis Road, and Pepper Avenue, as well as the Maybell/Donald bicycle boulevard. In the Planning Division, community development block grant funds were allocated for the upcoming year, including \$1 million for acquisition of an affordable housing project. The El Camino Real Design Guidelines, the Mayfield Development Agreement, The East Meadow Design Charrette, a demographic Community Profile of the City, numerous complex BMR agreements, and a preliminary study of alternatives at the Palo Alto golf course were also completed over the past year. In the past two years staff implemented the Construction and Demolition Debris Diversion (C&D) program, worked with the Architectural Review Board to reinstate the Architectural Achievement Awards, and presented monthly training sessions on a wide variety of topics. Planning Districts, established in January 2004, have enabled staff to focus expertise in eight geographic areas of town and assisted in expediting initial review of projects.

At the Development Center about 18,000 visitors are assisted; 3,000 building permits are issued (62% over the counter); and 300-350 planning applications are processed each year. Building activity in Palo Alto generates close to 1,000 inspections per month, facilitated by a new wait list to reduce waiting times for inspections. Building permit applicants can now choose from credentialed outside plan check firms, reducing turn-around times for building code review of their projects. Customers can also find information more easily on the new Development Center web page, which includes current information from all departments and access to permit, inspection, and plan check status 24-hours perday via the internet.

An example of collaborative problem solving is the Individual Review program established in 2001, with 491 applications processed through 2005. A small percentage (1%) of these decisions has been appealed. One reason for the low rate of appeals is significant effort on the part of staff to facilitate communication and mediate concerns as single story homes are replaced with or expanded to 2 story homes in Palo Alto neighborhoods. A key streamlining improvement

relates to the creation of the “standard staff review process” for Variances, Conditional Use Permits and Neighborhood Preservation Exceptions, in that only one application has been appealed to Council since the streamlining went into effect, and the process enables these appeals to be placed on the consent calendar for removal only at the discretion of three Council members. Community outreach has been improved via monthly newsletters and weekly bulletins on active planning entitlement projects, and improving the Accela and GIS data mapping systems to assist staff and the public at the Development Center.

Finally, the Special Projects / Zoning Ordinance Update team brought to Council major public projects including the Opportunity Center planned community, the Matadero Creek Bypass channel, a photo-voltaic installation at the MSC site, and has worked diligently toward Council adoption of zoning chapters after significant community outreach on auto dealerships, Office, Research and Manufacturing districts, Single Family and Low-Density Residential, and Pedestrian Transit Oriented Development.

The results of these changes support improved community participation. In the City Auditor’s 2004-05 report on service efforts and accomplishments, she noted that 46 percent of residents rate planning services good or excellent, while 56 percent rate the overall quality of new development in Palo Alto as good or excellent. Meanwhile, 55 percent of those surveyed rated code enforcement services good or excellent. This places Palo Alto in the 73rd percentile compared to other jurisdictions. The audit report also notes progress in the area of traffic congestion. Per the 2005 Citizen Survey, “...58 percent of respondents considered traffic congestion to be a major or moderate problem in Palo Alto, a decrease from the 64 percent who thought so in 2003.”

The department has been quite responsive to recommended improvements. The City Auditor issued a report on the development review process in November 2003. The most recent status report (Sept 8, 2005) indicates that the department has completed or resolved 31 of the 34 recommendations made by the Auditor. The remaining recommendations are in process. Key improvements resulting from this audit include expanding use of cross-departmental reviews via the Development Review Committee, assigning a single point of contact for status of applications, and streamlining the outside plan check option for review of building permits.

OUTCOMES

The reorganization plan proposed for the department of Planning and Community Environment is designed to continue the process improvements completed to date. Within the resources authorized by City Council, and responding to Council direction to increase spans of control where appropriate, staff has identified the following outcomes to be achieved by the restructuring plan:

1. Integrate land use and transportation planning

As a “built-out” city, most development in Palo Alto consists of redeveloping existing sites, such as Alma Plaza, Hyatt Ricky’s, and 901 San Antonio Road. Land use and transportation issues are inextricably linked in evaluating new or increased intensity of uses throughout Palo Alto. The restructuring plan reflects the need to integrate project review, rather than treating land use and associated traffic impacts as distinct. Integrating transportation and planning staff leverages existing expertise, as planners and transportation engineering staff collaborate more closely on

projects and their on-site and off-site traffic impacts. Moreover, increased collaboration will enhance the department's capacity and expertise to assess long range and cumulative land use issues.

The collaborative approach worked well with the Stanford/Mayfield Development Agreement and EIR. Another example of how well this can work is the Charleston/Arastradero Corridor trial project. Engineering staff from Transportation and Public Works have been working closely with planners to implement the first phase of the trial this summer. Likewise, evaluating potential Pedestrian Transit Oriented Districts requires collaboration of both land use and transportation planners.

This restructuring will not change the focus or responsibility the transportation section has for traffic engineering and traffic operations, parking management, alternative transportation programs or safe routes to school and traffic calming projects. There will be projects that will exceed the capacity of planning and transportation staff. In these instances staff proposes to secure the necessary outside expertise via project specific contracts. The benefits of this approach include keeping a core of expertise in-house, while keeping long-term staff costs down by hiring additional experts only on an as-needed basis.

2. Make the Development Center experience more customer-friendly and create a problem-solving orientation within the rules.

The restructure adds additional management expertise and customer service resources to the Development Center (DC). The Deputy Director's role will be that of ombudsman for DC customers with responsibility to further streamline permit processing, conduct focus groups and promote customer feedback. Experts, such as the Chief Building Official, Fire Chief, and Chief Planning and Transportation Official will continue in their roles to manage implementation of city, state and federal regulations. Enhancing customer service within the regulatory framework will be a focus for the new Chief Building Official. The Deputy Director's perspective will be to step back and view how the whole process affects DC customers, and to find ways within the regulatory framework to improve service from the customer's point of view. For instance, the Deputy Director can develop a comprehensive training program for all Divisions of the Planning Department, and can act as the liaison to other departments represented at the DC to provide customer service training to improve the experience residents and business people have with staff from multiple departments at the DC. Clarifying priorities and performance standards, such as turn-around times for all departments supporting project review, is another area of potential improvement.

3. Provide general management support for the department, which will allow the Director to ensure policy follow up, help staff focus on technical work, and continue process improvements.

In her 2003 report the Auditor recommended "investing in supervision – to the extent possible, limit the operational workload of planning division managers in order to provide supervision and support to Planning Division staff." Previously the Chief Planning and Chief Transportation Officials provided technical guidance to their respective staff, managed projects such as the Intermodal Transit Center and Coordinated Area Plan for the South of Forest Area, coordinated cross-department projects, provided technical expertise to the Planning and Transportation Commission, and addressed community concerns. The management component of the

restructuring plan invests in supervision by segregating these duties. The Deputy Director will be dedicated to community outreach and cross-departmental initiatives, tasks currently performed by planning and transportation managers, as well as providing general management support in areas such as budget management, training programs, and interdivisional coordination. Experience in both land use and transportation planning will be a part of the selection criteria for the Chief Planning and Transportation Official, so this individual can provide management support for planning and transportation managers, as well technical expertise as to staff, the general public, City Council, boards, and commissions.

4. Enhance PTC role as a deliberative body for land use and transportation planning.

To provide responsive customer service under the City's current resource constraints, staff, the City Council, and the City's appointed boards and commissions must find efficiencies wherever possible. As noted above, the City Council approved recommendations developed by staff and the P&TC to consolidate and streamline several review processes in May 2004. The proposed reorganization plan would enable staff to pursue further streamlining efforts, both internally, and in its public review processes.

With the additional management capacity provided by the reorganization, staff proposes pursuing several changes to the City's review processes. Staff recommends these as possible topics of discussion for the P&TC retreat on May 17:

- Creating efficiencies in the Site and Design review process by having the Director take action on P&TC and ARB recommendations, subject to appeal to the City Council's consent calendar, or alternately, by putting the recommendations of the P&TC and ARB on the City Council consent calendar for final action.
- Exploring the use of the City Council consent calendar to make the City's subdivision process more efficient.
- Combining P&TC study sessions with community meetings for projects with citywide policy implications.
- Reforming the prescreening and preliminary review processes to permit more flexibility for staff. Currently, prescreening processes are highly constrained; staff must request approval by the City Council to hold any prescreening. Permit staff to hold prescreening hearings with the P&TC or with a joint meeting of the P&TC and ARB without first obtaining Council permission.
- Permitting property owners to amend the uses for Planned Community (PC) districts with a Conditional Use Permit, with a hearing in front of the P&TC and decision by City Council at the request of any concerned party. The full PC amendment process would still be used for major redevelopment to the site, but the impacts associated with simple changes of use could be addressed through a use permit.
- Simplifying the Planning fee schedule. The current fee schedule is overly complicated, with fees charged for each individual type of permit. A reformed fee schedule that charges fees based on the level of review required, as opposed to the type of permit or permits required, would be more efficient.
- Setting notice and turnaround times through a Director-submitted, Council-approved policy, rather than in the ordinance. This would enable the City to more easily modify notice requirements and performance standards take advantage of new technology or respond to changes in the regulatory or business environment. When the Director becomes aware of

improvements that could be made to the Department’s noticing requirements or processing timelines, he or she would recommend a change to the policy to the P&TC, and the recommendation would go on the Council consent calendar. Currently, any such changes require an ordinance change, making it cumbersome to implement changes. The following types of requirements should be included in guidelines, rather than an ordinance:

- Notice mailing radius for discretionary review projects
- Forms of notice required (e.g. mailing, electronic, site posting)
- Notice content (e.g. address, CEQA determination, description)
- Permit processing timelines (deadline to return comments, deadline to issue a decision, deadlines for scheduling hearings)
- Length of time notice is required (14 days, currently)
- Which types of decisions require public notice
- Use a forum similar to the Development Review Committee for Building Permit pre-meetings, where applicants can ask questions and get help creating construction plans that conform to the competing regulations administered by various City departments.

TIMELINE

In summary, the restructuring plan includes staff changes which require review and authorization of the City Council. The plan also includes proposed changes to how policies are implemented, such as closer collaboration between land use and transportation planning and increased customer service focus at the Development Center which merit review by both Council and the PTC. Finally, staff recommends the PTC and City Council consider continuing to streamline entitlement processes over the next few months. A timeline for these matters is depicted below.

Proposed Restructuring Plan Timeline

April 19, 2006	PTC reviews, comments and make recommendations to City Council on outcomes to be achieved by the proposed restructuring plan.
May 8, 2006	Council reviews plan, recommendations, and public comment Council adopts or amends plan.
May, 2006	Implementation of plan will begin by filling vacant positions.
May-June, 2006	Restructuring plan is included in FY2006-07 budget considered by the Finance Committee and City Council.
May 17, 2006	PTC retreat to discuss the specifics of proposed governance changes such as streamlining entitlement processes.
June, 2006	Follow up discussion of streamlining, at PTC discretion.
July, 2006	PTC recommends ordinance changes to Council.
September, 2006	If adopted, ordinance changes become effective.
December, 2006	Staff reports to PTC and Council on status and results of restructuring plan to date.

ENVIRONMENTAL REVIEW

The recommended action is not subject to environmental review under the California Environmental Quality Act (CEQA).

ATTACHMENTS

Attachment A: Organization Charts

Prepared by:

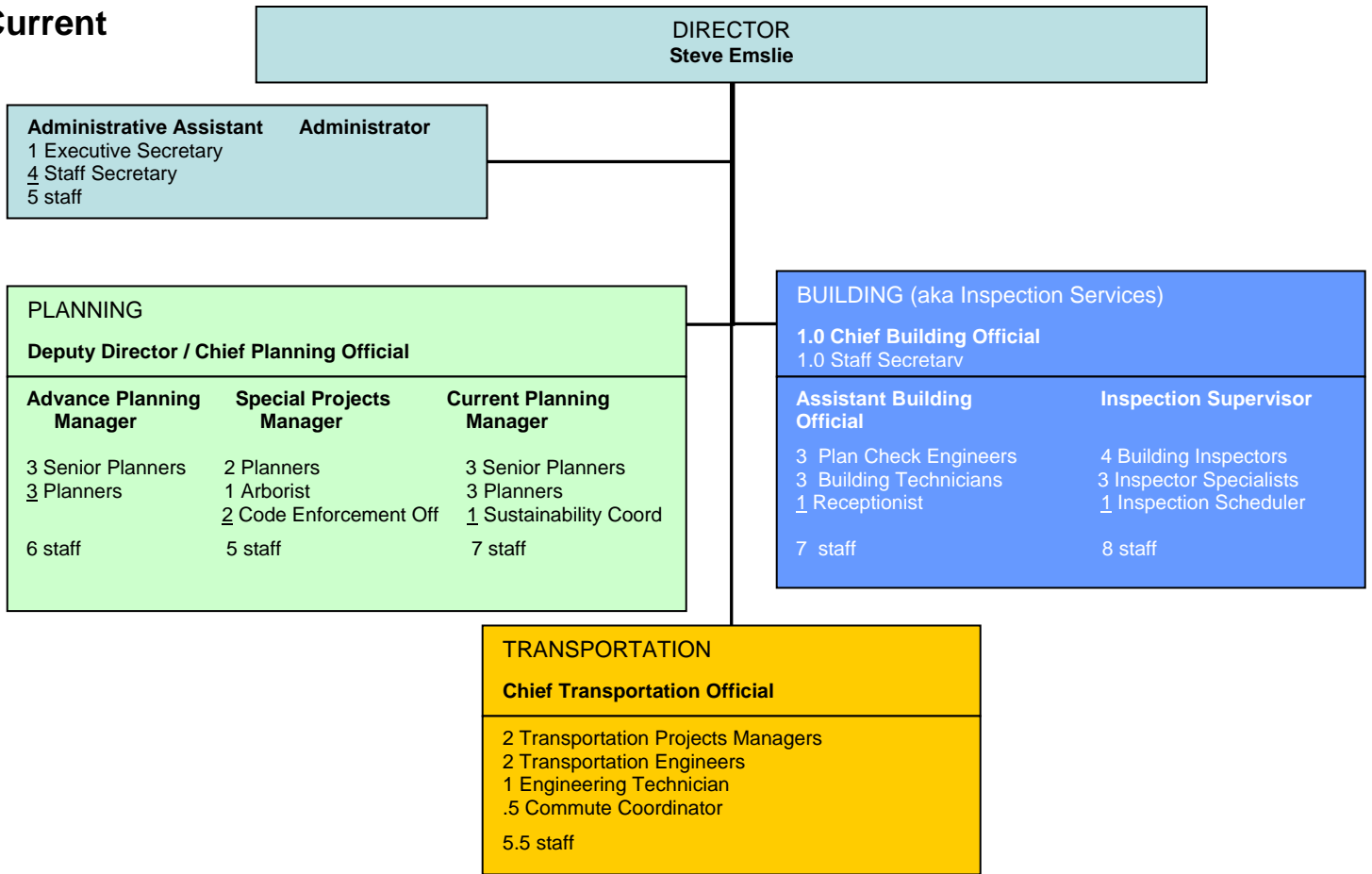
Steve Emslie
Director Planning & Community Environment

Department Head Approval:

STEVE EMSLIE, DIRECTOR
PLANNING AND COMMUNITY ENVIRONMENT

Attachment A: Organization Charts

Current



Proposed

