TO: HONORABLE CITY COUNCIL

FROM: CITY MANAGER **DEPARTMENT:** PLANNING & COMMUNITY ENVIRONMENT

DATE: DECEMBER 7, 2009 **CMR:** 444:09

REPORT TYPE: ACTION ITEM

SUBJECT: REVIEW OF DEVELOPMENT CENTER AND BUILDING PERMIT PROCESS

EXECUTIVE SUMMARY

As directed by the City Council on June 8, 2009, staff has developed a plan to identify and implement measures to streamline the Building Permit process. Additionally, staff believes there are opportunities to further improve service delivery and enhance customer satisfaction at the Development Center by restructuring staff, integrating new technologies into existing operations and initiating various customer service enhancements as part of a broader process improvement strategy. This report identifies the specific near-term measures that will be implemented to streamline the Building Permit process and recommends that proposals from management or development services consultants be solicited to support the broader restructuring efforts at the Development Center.

RECOMMENDATION

Staff recommends that the City Council accept this report regarding the Development Center and the Building Permit process and direct staff to: 1) implement feasible permit process streamlining measures, and 2) return with a consultant proposal to further evaluate Development Center restructuring options aimed towards improving service delivery and enhancing customer service.

BACKGROUND

At its meeting on June 8, 2009, during discussion of proposed amendments to the Grading Ordinance, the City Council directed staff to return with a plan for identifying and implementing measures to further streamline the Building Permit process. Since then, staff met with Councilmember Barton to discuss his concerns about the permit process and ideas for permit streamlining, convened several inter-departmental staff meetings around the topic and met with staff from other area jurisdictions that operate one-stop permit centers similar to Palo Alto's Development Center. From the feedback received, staff has developed a plan to implement several immediate measures designed to simplify the Building Permit process and a strategy for

identifying and initiating more fundamental reforms at the Development Center that will further streamline plan review and permitting processes and improve the overall delivery of services.

DISCUSSION

Staff has reviewed activity levels and performance metrics that relate to the building permit process, evaluated short-term streamlining measures, and prepared a blueprint for potential restructuring of the Development Center.

Development Center Activity & Performance Levels

The following table summarizes key activity and service performance levels at the Development Center over the past five years:

	FY 04/05	FY 05/06	FY 06/07	FY 07/08	FY 08/09
# Visitors	17,701	16,544	15,459	14,873	14,375
# Building Permit Applications submitted	3,219	3,296	3,236	3,253	3,496
# Building Permits Issued	3,081	3,081	3,136	3,046	2,543
Building Permit valuation	$214,957,201	$276,981,250	$298,731,428	$358,864,557	$172,148,452
Avg. # days to initial plan check	24	28	27	23	31
Avg. # days to permit issuance	94	98	102	80	63
% of Building Permits requiring plan check issued over-the-counter	69%	78%	76%	53%	75%

Based on permit activity data, staff experience and input from Development Center customers, staff offers the following summary and conclusions:

- Building Permit processing is the primary service that is delivered at the Development Center. On average, roughly 60% of the visitors to the Development Center require assistance from and interaction with Building Division staff, as compared to just 28% with Planning Division staff, 10% with Public Works staff and 2% with Fire Department staff.
- The decrease in the number of visitors to the Development Center over the five year period can be attributed to two factors: 1) a change in the method by which visitors are counted – in prior years, one visitor was counted multiple times if interaction with staff from different departments was required whereas now, such a visitor is only counted once, and 2) the reassignment of Utilities Department staff from the Development Center to Elwell Court in FY 06/07, resulting in a shift of visitors from one location to the other.

- The number of Building Permit applications has remained relatively steady over the past five years.
- Correspondingly, the number of Building Permits issued has remained relatively steady until last year when the slumping economy caused a roughly 17.5% decline and a more than 50% drop in permit valuation. This trend appears to be continuing in the current year and is not expected to change until both the economy and access to construction financing improve.
- The average time to issue Building Permits for projects requiring plan review has dropped by nearly 40% in the past three years. This is due to both an increase in the number of applications being processed over-the-counter and implementation of an expedited (3-5 day) review process for simple addition, remodel and commercial tenant improvement projects. As a result however, the average number of days required for plan check staff to provide initial plan review comments for the more complex projects has increased to 31 days. While this is still an acceptable level of performance, staff would like to reduce the average response time for initial plan review of these projects to between 20 and 25 days.
- Building Permit applications occasionally do get stuck in the plan review and permitting processes for a variety of reasons, including, but not limited to, staffing fluctuations, implementation of new ordinance and/or code requirements, and lack of inter-departmental coordination and communication. Additionally, it should be noted that there has been significant turnover of Building Division staff responsible for the processing and plan review of Building Permit applications over the past three years and in the past year alone, two counter and plan check positions out of seven were eliminated due to budget cutbacks. Despite commendable performance by the limited staff involved in the issuance of Building Permits, ample opportunities exist to improve service delivery at the Development Center through a combination of simple, short-term streamlining measures and longer-term restructuring efforts.

Short-Term Permit Streamlining Measures

Staff has identified several short-term measures that should help to streamline the Building Permit process. These include:

- Encouraging more pre-submittal meetings with applicants to resolve issues of code interpretation, submittal requirements, plan review expectations, and processing questions, etc. The more informed that applicants and staff can be about a project when a Building Permit application is submitted, the more thorough the application materials will generally be, thereby increasing the likelihood for a quicker initial plan review and eventual issuance of the Building Permit.
- Assigning appropriate initial plan review times for Building Permit applications. As noted above, staff has created an expedited (3-5 day) review time for simple projects and attempts to perform as many over-the-counter plan reviews as possible. Staff will explore creating additional assigned review times for other categories of projects, such as one and two week reviews, but may be limited by the abilities of other departments/divisions to meet these deadlines. Further, staff will examine the assigned

times allotted for second and subsequent plan reviews, along with plan revisions, in an effort to reduce the overall time for plan check approvals and permit issuance.

- Publishing clear plan check guidelines to assist architects, designers, engineers, contractors and applicants with understanding what the expectations of plan check staff are for various types of projects and to promote consistency amongst plan check staff when they perform plan reviews. Similarly, written protocols for outside (3rd Party) plan review consultants are being developed to promote greater consistency among the firms that are authorized to provide these services and to improve the quality of plan checking overall.
- Redlining comments on plans rather than creating lengthy plan check correction letters. To the extent plan check staff can correct a set of plans by incorporating redline comments on them, then the re-submittal of some plan sets may be avoided thus allowing Building Permits for those projects to be issued sooner.
- Reducing the number of plan sets required for Building Permit submittals. Staff believes that certain city departments/divisions can review the same plan set, thus reducing paper waste and ultimately, cost to applicants.
- Reducing the number of plan sheets by referencing the city's standard details and requirements on-line. Again, staff believes that paper waste and applicant costs can be reduced through simplifying plan sets by eliminating standard information that can otherwise be accessed on-line or in other formats. Examples of these include stormwater pollution prevention requirements, tree protection guidelines, Public Works and Utilities Standard Details, etc.
- Committing to Accela protocols. Accela is the application and permit tracking database used by the City and is accessible to applicants on-line through Velocity Hall, which allows applicants to monitor the progress of their projects during the plan review, permitting and construction phases. It is used by Building, Planning, Green Building, Fire, Public Works, Utilities and Code Enforcement staff. Unfortunately, there are inconsistencies with how staff from the various departments and divisions use Accela, so a renewed commitment to certain standard protocols is in order. These include entering data thoroughly, providing complete contact information of the staff assigned to each project, entering plan review comments in a consistent format, updating project status information whenever it changes and entering approvals when appropriate.

Staff believes most of these measures can be implemented at little cost within the next six months.

Blueprint for a New Development Center

Beyond the short-term streamlining measures noted above, staff believes that significant opportunities to improve service delivery at the Development Center and ultimately, the entire customer service experience, exist and can be realized through a more holistic restructuring effort that better integrates development review and permitting services and coordinates the activities of all the staff providing them. Currently, applicants seeking Building Permits are forced to deal with many different staff from various departments and divisions spread throughout the city. Applicants have no single point of contact, which is especially significant because inter-departmental coordination is lacking. Further, staff productivity is diminished due

to the amount of time and effort spent routing and tracking application materials rather than actually processing permits and communications between applicants and the city are inconsistent and occur in many different formats. The result is that applicants are, in many instances, forced to act as Project Managers to navigate the city's processes rather than being treated as customers. With this in mind, staff has conceived a "Blueprint for a New Development Center" as a plan to identify and initiate process improvements and restructuring that could lead to better service delivery, staff utilization and customer service at the Development Center.

The Blueprint contains the following five elements, which are described in further detail below and are outlined in presentation format in Attachment A:

1. Convene a Development Center Focus Group
2. Solicit staff input
3. Evaluate the organizational structure of the Development Center
4. Implement technology upgrades
5. Identify and implement customer service enhancements

Development Center Focus Group

The Focus Group would be comprised of roughly a dozen architects, engineers and contractors who frequently use the Development Center. As frequent customers, these individuals are best positioned to offer the type of constructive feedback that will inform management staff about how well services are being delivered at the Development Center and areas of strengths and weaknesses. Presumably their experiences with other Permit Centers will also shed light on best practices occurring elsewhere that could be implemented at the Development Center. The Focus Group can assist with establishing performance metrics, assessing existing practices, recommending process improvements and defining success indicators. It can also help to interpret the results of the ongoing customer survey that is available to all Development Center customers. It is envisioned that the Focus Group would meet quarterly and that it could eventually evolve into a type of Development Center Advisory Committee.

Soliciting Staff Input

This is a fundamental best practice that needs to be institutionalized and should include staff from all departments and divisions that are either already delivering or could be envisioned to deliver services at the Development Center. The intent is to provide a forum for staff to focus on Development Center operations and identify process improvements. Smaller work teams could also be formed as needed to develop and implement pilot programs that would drive organizational change.

Evaluate Development Center Organizational Structure

The purpose of the Development Center should be re-evaluated given how development priorities in the city and the regulatory framework that impacts development have changed since it originally opened. If it is expected that the Development Center should operate as a true one-stop permit center, then the proper mix of staffing and services that should be provided at the

Development Center needs to be identified and put into place in order to meet that expectation. Presently, there is no single source of management oversight at the Development Center so the staff there is not always working towards common objectives. The evaluation may include any or all of the following:

1. Consideration should be given to creation of a Development Center Manager who would be given the authority for all Development Center operations along with the accountability for results.
2. An Office Coordinator who, among other things, could act as an ombudsman for applicants who run into difficulties would be a significant customer service enhancement and should also be considered.
3. Certain staff, such as Technicians who currently operate in three separate divisions, should be cross-trained to better balance workloads and minimize the number of handoffs between departments that applicants currently must endure.
4. The question of whether the Utilities Department should have a presence at the Development Center needs to be re-examined since CPAU has an integral role to play in most building projects and applicants naturally expect to interact with them at the Development Center. The Development Center could also be a venue for promoting Utilities resource conservation programs as part of a broader Green Building program that should operate there.
5. The city might consider creation of a separate Development Services Enterprise or Special Revenue Fund to account for all development related revenues and expenditures. This could relieve pressure on the General Fund by ensuring that all direct and indirect development related services are fully paid for by development fees and that the general taxpayer is not subsidizing the costs of development in any way.

Evaluation of these structural changes is likely to require additional funding or other resources, such as retention of a management or development services consultant. If Council directs, staff will return to Council in February with a consultant proposal to undertake such an analysis, geared to begin implementation of recommended changes by July 1, 2010.

Technology Upgrades

Given the number of staff working at the Development Center, the diversity of operations and the amount of record-keeping and data management that occurs, the Development Center should have a dedicated Technology Support person. Beyond maintaining existing systems, the Tech Support staff would be charged with identifying and implementing new technologies to improve customer service and staff productivity. Examples of this include applications for on-line permit submittals and plan reviews, on-line payment systems, self-help kiosks, electronic plan vaults, etc.

Customer Service Enhancements

There are a number of other customer service enhancements that have been suggested over the past few months, which should be explored for implementation at the Development Center. These include:

- Real-time appointment based plan reviews for certain types of projects that would allow applicants to obtain all plan review comments in one scheduled visit
- Increased self-help capabilities that would allow applicants and visitors to the Development Center to conduct business without having to wait for or interact with staff
- Adjusting the hours of operation to ensure that staff has dedicated blocks of time to process permit applications and perform related work without interruptions
- Creation of an Applicant Bill of Rights that would set forth customer service expectations
- Improved and increased marketing, messaging and branding of services provided at the Development Center
- Use of social networking tools such as Facebook and Twitter to better communicate with Development Center customers
- Creation of a Building Official or Development Center Manager blog on the Development Center website to communicate relevant information and promote new services as they become available

Conclusions

The Development Center is a valuable city resource that provides critical professional and technical services to thousands of customers annually. While it generally functions well, there are opportunities to improve staff productivity and the delivery of services, which ultimately will lead to improved customer service and satisfaction. The opportunities exist in the form of short-term streamlining measures and longer-term restructuring efforts. Staff is committed to implementing the short-term measures and has formulated a plan for pursuing the longer-term restructuring based on direction that the City Council may provide. Staff is also prepared to report periodically to the City Council on the progress made towards implementation of these recommendations.

RESOURCE IMPACT

No resource impacts are anticipated for implementation of the short-term process improvements identified. Potential restructuring of the Development Center, technology upgrades and some of the customer service enhancements outlined, however, cannot be evaluated and implemented with current staff resources. Staff expects that such an evaluation could be conducted by a management or development services consultant at a cost of between $30,000 and $45,000 over a 90-day period. The costs of implementing program recommendations would be outlined in the study. Staff would return to the Council in early 2010 with a contract intended to result in implementation of recommendations by July 1, 2010.

POLICY IMPLICATIONS

The actions recommended in this report are consistent with City Council direction and Comprehensive Plan policies to streamline the development review process.

ENVIRONMENTAL REVIEW

The recommendations contained in this report do not constitute a project under the California Environmental Quality Act that requires environmental review.

ATTACHMENTS

A. Blueprint for a New Development Center Presentation/Summary

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Curtis Williams
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CITY MANAGER APPROVAL:
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City Manager

Blueprint for a New Development Center

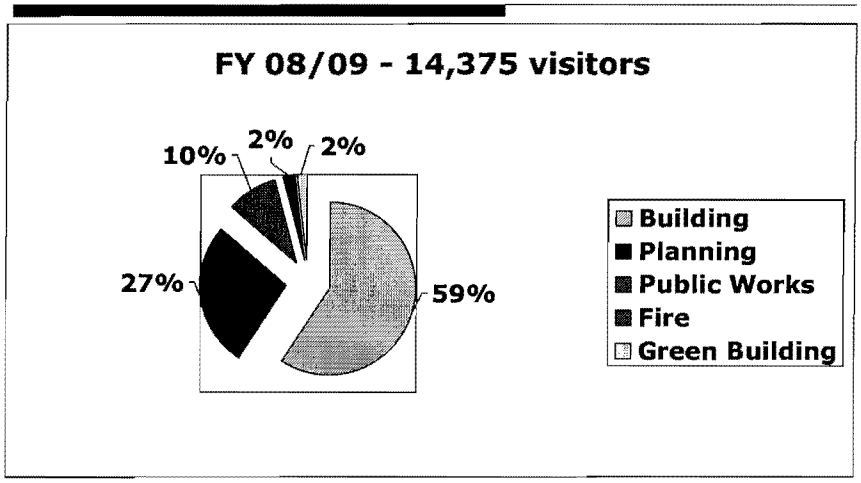
It's about more than streamlining the permit process

Why a New Development Center?

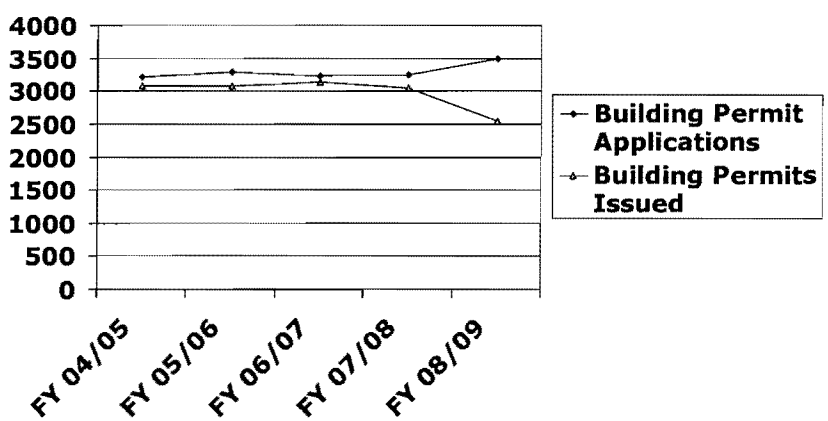
- ☐ Better integration of services
- ☐ Improved staff productivity
- ☐ Market sustainability programs
- ☐ Communications & outreach
- ☐ Full cost recovery

- ☐ Enhanced customer service

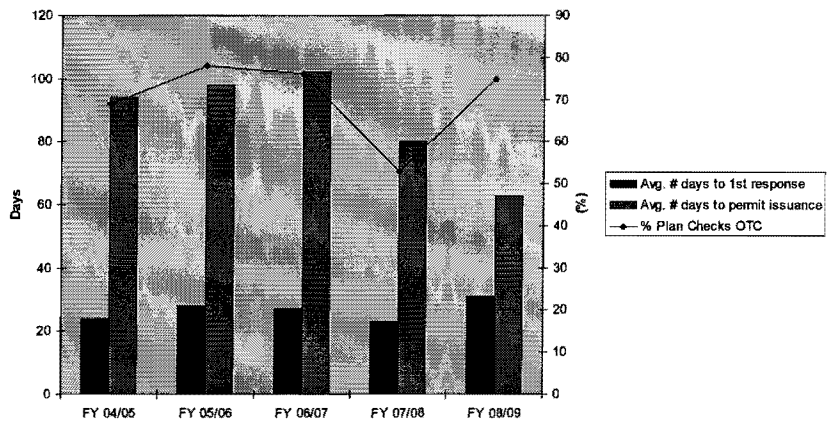
Who our customers are



Building Permit Activity Levels



Plan Check Performance



Conclusions

- Building Permits drive activity at the DC
- Building Permit applications have remained steady over past 5 years
- 75% of Building Permits requiring plan check are issued over-the-counter
- Avg. time to issue Building Permits has dropped 40% in past 3 years
- Avg. time for initial plan check response has remained steady over past 5 years
- Permit applications occasionally do get stuck

More conclusions

Despite adequate performance by limited staff involved in the issuance of permits, there are opportunities to significantly improve service delivery at the DC through a combination of simple, short-term fixes and longer-term restructuring.

Short-term simple fixes

- ☐ Encourage pre-submittal meetings
- ☐ Assign appropriate review times
- ☐ Publish plan check guidelines
- ☐ Redline comments whenever possible
- ☐ Reduce # of plan sets
- ☐ Reference standard plan sheets on-line
- ☐ Commit to Accela protocols

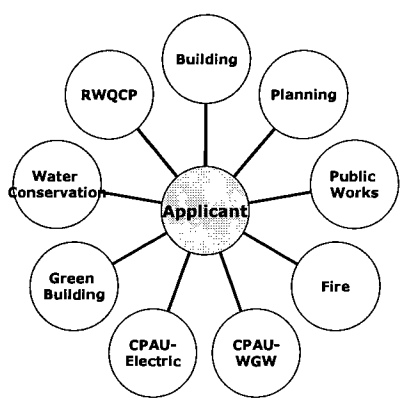
Accela protocols

- ☐ Enter data thoroughly
- ☐ Enter staff contact information
- ☐ Enter plan review comments
- ☐ Enter plan review status
- ☐ Enter approvals

Remember - Applicants rely on Accela via Velocity Hall

DC Restructuring

- ☐ Currently, applicants seeking Building Permits are forced to deal with too many different staff from too many different City Departments/Divisions, spread throughout the City
- ☐ Applicants have no single point of contact to rely upon
- ☐ Considerable time and effort is spent routing plans rather than processing plans
- ☐ Comments are inconsistent and come in many different formats
- ☐ Inter-departmental coordination is lacking



The Blueprint

1. Convene DC Focus Group
2. Solicit staff input
3. Evaluate DC organizational structure
4. Technology upgrades
5. Customer service enhancements

DC Focus Group

- Comprised of frequent architects and contractors
- Review survey results
- Establish goals, assess existing practices, recommend process improvements, define success indicators
- Meet quarterly or semi-annually
- Morph into a DC Advisory Board

Solicit staff input

- Institutionalize
- Form workgroups as needed to implement process changes

Evaluate DC organizational structure

- What is the purpose of the DC? A one-stop shop or an office annex to City Hall?
- Consider need for DC Czar or Development Services Manager
- Need staffing authority to go with accountability for results
- Consider DC Office Coordinator (Ombudsman)
- Cross-train staff (e.g. Technicians) to balance workload
- Determine whether CPAU is in or out
- Consider separate enterprise fund for DC to realize full cost recovery

Technology upgrades

- Need dedicated tech support
- Accela v360
- On-line permit applications
- On-line plan submittals
- On-line payments
- Self help kiosks

Customer service enhancements

- Adjust hours of operation
- Real-time appointment based plan reviews
- Increased self-help capabilities
- Applicant Bill of Rights
- Applicant Ombudsman
- Assign CPAU Customer Service Rep
- Solicit continued customer feedback via surveys
- Marketing, messaging and branding
- Improved networking via Facebook, Twitter, etc.
- CBO Blog

Summary

"We can't solve problems by using the same kind of thinking we used when we created them." - Einstein