TO: HONORABLE CITY COUNCIL

FROM: CITY MANAGER

DEPARTMENT: PLANNING & COMMUNITY ENVIRONMENT

DATE: MARCH 13, 2006

CMR: 164:06

SUBJECT: RESTRUCTURING PLAN FOR THE DEPARTMENT OF PLANNING AND COMMUNITY ENVIRONMENT AND APPROVAL OF A BUDGET AMENDMENT ORDINANCE MODIFYING THE TABLE OF ORGANIZATION

RECOMMENDATION

Staff recommends that the City Council adopt the attached Budget Amendment Ordinance (BAO) (Attachment A) to implement a reorganization of staff in the Department of Planning and Community Environment, as follows:

1. Amend the Table of Organization as provided in Attachment A.
2. Adopt a resolution (Attachment C) amending the Compensation Plan for Classified Personnel (SEIU).
3. Adopt a resolution (Attachment D) amending the Compensation Plan for Management and Professional Employees.

Staff will return with amendments to the Palo Alto Municipal Code related to the above changes, and will include the reorganized staff plan in the proposed 2006/07 Budget.

BACKGROUND

Over the past year, the Department of Planning and Community Environment has experienced attrition among its management staff. The Chief Planning Official resigned in June 2005, and the Chief Transportation Official resigned in November 2005. The City Traffic Engineer retired in June 2005, while the Planning Manager leading the Zoning Ordinance team retired in February 2006. The Chief Building Official recently announced his retirement effective June 2006. These retirements and resignations represent nearly 90 years of institutional knowledge.

Executive staff viewed the vacancies as an opportunity to restructure department operations, improve reporting relationships, and increase policy collaboration and community outreach. Toward that end, a cross-department committee was formed to develop a restructuring plan. A summary of the committee’s work is outlined below:

Restructuring Plan
For
Planning & Community Environment Department

1. **Goals**
   a. Develop a more customer-friendly Development Center experience.
   b. Enhance management oversight of Department, coordination among divisions (Planning, Transportation, Building), and policy implementation by staff.
   c. Promote communication and coordination of Planning and Community Environment and other departments.
   d. Develop understandings with Planning and Transportation Commission and City Council on how they can support staff in focusing on key issues, juggling multiple priorities, moving projects along, and using staff time in most cost-effective ways.
   e. Continue to increase spans of control within Department where possible.
   f. Provide more focus in Planning Department for economic development initiatives (e.g., retail attraction and retention, auto dealers, visitorship, support for Downtown and Cal-Ave Districts).

2. **Core Team**
   a. Frank Benest (lead)
   b. Steve Emslie
   c. Emily Harrison
   d. Carl Yeats
   e. Russ Carlsen
   f. Glenn Roberts
   g. Sharon Erickson
   h. Don Larkin
   i. Nick Marinaro

3. **What Problems Are We Trying to “Fix” or Issues That We’d Like To Address?**
   a. The multi-department Development Center is perceived and experienced as customer-unfriendly, rule-bound, and inconsistent in application of regulations.
   b. There has been community discord over some larger traffic-calming initiatives.
   c. There have been communication and coordination problems between Transportation Division and Public Works and Infrastructure Team.
   d. Because of community criticism, long-range planning staff tends to be risk-aversive.
   e. With the Director involved in community projects of all kinds, department-wide management and oversight is often limited.
f. There is poor definition of who is “customer” – applicant, neighbors, Council and/or community at large.
g. Governance issues
   1) At the Planning & Transportation Commission level, there should be more focus on its core mission as land use advisor to City Council. This focus would better help staff in completing its priority projects and make the Commission more effective in its work.
   2) At both the Planning and Transportation Commission and City Council levels, the Commission and Council often expect that staff analytic work answers any and all questions instead of acting on less-than-perfect information and thus moving projects along.
   3) At the Council level, the Council often is reluctant at times to act in the face of any criticism and sends the issue or project for more process.
   4) Decisions by Planning and Transportation Commission are not “decisions” but mere recommendations to City Council which significantly increases the process and staff work.

4. Assessment Activities
   a. Obtained feedback from members of City Council.
   b. Conducted review of Planning Process Audit and progress to date.
   c. Reviewed data from focus groups of Development Center customers
   d. Reviewed last year’s summary of customer feedback.
   e. Reviewed initial plan for establishing Development Center.
   f. Obtained feedback from Department staff and staff from other City departments on nature of problems and ways to respond.

5. Specific Strategies
   a. Create dedicated Chief Planning Official with technical expertise in land use and transportation planning who will oversee a combined Planning and Transportation Division and thus expand Chief Planning Official span of control. Integrate land use and transportation planning to facilitate better policy development through closer collaboration among planning and transportation staff.
   b. Eliminate a Planning Manager position and increase span of control for Advanced Planning Manager.
   c. Use Deputy Director to take Development Center to next level, act as ombudsman for Development Center customers, further streamline permit processing, conduct focus groups and promote customer feedback, and develop training and other protocols with new Chief Building Official.
   d. Hire new Chief Building Official who will implement new policies and practices in Development Center oriented to promote customer satisfaction.
   e. Reclassify Chief Transportation Official to Transportation Official, eliminating a transportation project manager.
f. Use Director and Deputy Director to lead inter-departmental teams in certain Council-priority areas (e.g., Baylands, Charleston/Arastradero Corridor, El Camino Real, Airport).
g. Return to Council with Municipal Code Changes to provide Planning and Transportation Commission with some decision-making authority in certain areas.
h. Use Director, Deputy Director and Chief Planning Official to work with Planning and Transportation Commission in order to clarify Commission mission, priorities and protocols, and improve agenda planning.
i. Work with City Council and Planning and Transportation Commission to match level of analysis with need for appropriate level of policy review.
j. Continue to work with City Council so that major projects are not added to staff workload without adding new resources or approving major delays in other priorities.
k. Use Deputy Director to better focus Department efforts on economic development initiatives such as Cal Ave. and auto dealers.
l. Eliminate over time one manager position in Building Division and further increase span of control.

6. Impact

Restructuring Plan will:

- Increase spans of control in Planning and Transportation division
- Provide basis for transforming Development Center so it fulfills its mission as a customer-friendly and problem-solving operation
- Improve management oversight and Council policy implementation
- Enhance governance

DISCUSSION

The Department of Planning and Community Environment is currently comprised of three divisions: Planning, Transportation, and Building. Each group is managed by a division head reporting to the Director. Staff in the Building Division work in the Development Center. Most Planning and Transportation Division staff share the fifth floor of City Hall.

Staff proposes to consolidate the three divisions in to two: Building and Planning. Transportation will become a section of the Planning Division, reporting to the Chief Planning and Transportation Official. The Deputy Director/Chief Planning Official will become exclusively a Deputy Director, supporting the Director with oversight of the entire Department.

With a Chief Planning and Transportation Official providing technical support and management oversight of the planning process, the Deputy Director can focus on improving the department’s interaction with the public and its customers at the Development Center, and on facilitating collaboration between Building, Planning, and with other departments. This system has the potential to greatly improve the City’s development review process, since lack of coordination in a complex review process can be a significant obstacle to timely completion. It also would improve communication with the public. With a Deputy’s support, the Director will have more
time to coordinate the entire department’s community outreach, with the goal being consistent statements of policy by all staff members to all residents and applicants, and clear lines of communication so citizens have an opportunity to give their input and know their concerns are being heard and acted upon where appropriate.

The proposal will facilitate better policy development through closer collaboration among planning and transportation professionals. The Chief Planning Official role has been redesigned to include responsibility for current and advance planning plus the transportation section. With staff and managers from all three sections reporting to the Chief Planning and Transportation Official, transportation and traffic issues will be thoroughly considered in long-range area plans and during application review. Transportation, both automobile and alternative modes, continues to be a priority, and no service cuts are proposed. With the aid of a Chief Planning and Transportation Official and Deputy Director for communication with the public and other agencies, the Transportation Manager will be able to devote more time to supporting and mentoring staff members as they proceed with the transportation work plan.

The last component of the restructuring proposal changes two transportation management positions to line staff positions: an entry-level Planning Technician in the Current Planning section; and a mid-level Associate Engineer in the Transportation section. These changes provide a career ladder for younger staff, and move resources from management to customer service.

Specific Position Changes
The following information describes more specifically the staffing, organizational changes, and annual cost or cost savings, including benefits, associated with each new position in the recommended restructuring plan. Attachment B depicts a complete organizational chart, including all proposed changes.

- **Deputy Director:** The proposed Deputy Director’s duties are distributed across both the building and planning divisions, rather than just the planning division, as previously discussed. Community relations and enhancing customer service across divisions are other key components of this position. The Deputy Director’s role will evolve to that of ombudsman for Development Center customers, using feedback to develop training and other protocols to streamline processing working with the new Chief Building Official and Chief Planning and Transportation Official. There is no change to salary or benefit level, though there is an associated change in job title and job duties. Cost impact: $0.

- **Chief Planning and Transportation Official (CPTO):** This position is created out of the vacant Chief Transportation Official position, and will oversee the newly combined division of current planning, advance planning, and transportation. The CPTO will provide technical expertise related to land use matters, division staff supervision, and have primary responsibility for integration of land use and transportation planning for development projects and long-range planning. Vesting responsibility for oversight over both areas should promote more consistent interpretation and information for applicants. Combining the two divisions into one increases the span of control of this position from 5.5 FTE in Transportation to 26.5 FTEs in Planning/Transportation (4 direct reports, 22.5
supervised by three managers). There is no change to salary associated with the proposed change in job title and duties. Cost Impact: $0.

- **Transportation Manager:** The transportation section will be managed by a newly created position, Transportation Manager, designed to provide day-to-day supervision of the transportation staff and work program. Working with planning staff under the direction of the CPTO, the Transportation Manager will focus on supporting and mentoring staff members, while integrating transportation engineering, operations, and planning functions. The Transportation Manager will also oversee the City’s alternative modes programs, including the shuttle, the City’s bike network, commute incentives, and impact fees. The new position is created by converting one of two Transportation Project Managers to Transportation Manager. The Transportation Manager will report to the CPTO, managing 4.5 staff. The previous position of Transportation Project Manager did not directly supervise staff other than contractors and interns. Cost Impact: $18,253.

- **Associate Engineer:** This position represents conversion of a management position to non-management. A vacant Transportation Project Manager will be dropped in order to add an Associate Engineer, tasked with supporting the work program related to transportation demand management, development review, and traffic studies. The transportation section currently has Engineers and an Engineering Technician. Adding an Associate Engineer expands the career ladder for line staff, while enabling the Transportation Manager to add technical expertise for projects such as the Charleston/Arastradero Study, shuttle management, and upcoming Comprehensive Plan update. Cost Savings: $20,963.

- **Engineer:** The restructure proposal includes reclassifying a position currently budgeted as Engineering Technician II to an Engineer. Unlike other portions of the restructuring proposal, this position is currently filled. The incumbent was hired as an Associate Engineer and subsequently promoted to Engineer, which was not reflected in the FY 2005/06 budget. Reclassifying the position via the restructure correctly budgets for this position. Cost Impact: $46,494.

- **Planning Technician:** The Planning Technician represents the second conversion of a management position to non-management. In combining the planning and transportation divisions there is the opportunity to leverage the talent of existing managers. Converting the recently vacated Planning Manager position to Planning Technician generates significant salary savings, while increasing personnel in critical customer service area. The Planning Technician will increase consistency of application processing with a full-time assignment at the Development Center. Planners and Senior Planners who rotate shifts at the counter can reduce counter hours, dedicating more time to complex projects thereby improving processing time. Staff who previously reported to the Planning Manager have been reassigned to the Advance Planning Manger, whose span of control has increased from 6 staff to 10. Cost Savings: $63,130.

**Governance**
The restructuring plan goes beyond staff changes. The plan developed by the inter-department committee includes long term operational changes, including in some cases how staff and
appointed/elected officials interact to fully implement the goals of the restructuring plan. Staff will work with City Council, the Planning and Transportation Commission, and the City Attorney to further develop the details of the governance changes recommended in the plan. A retreat for the Planning and Transportation Commission is tentatively scheduled for spring 2006. Pending the outcome of this discussion a joint study session with City Council may be appropriate in the summer of 2006 to further discuss recommendations for governance and operational changes. The goal of these discussions will be to implement the changes no later than September 1, 2006 when Council returns from its summer hiatus.

Impact
The net impact of the proposed restructuring plan is multi-faceted. The proposal will facilitate better policy development through closer collaboration among planning and transportation professionals. The Chief Planning and Transportation Official role has been redesigned to include responsibility for current and advance planning plus the transportation section, which increases span of control. With staff and managers from all three sections reporting to the Chief Planning Official, transportation and traffic issues will be thoroughly considered in long-range area plans and during application review. The plan provides the basis for transforming service levels at the Development Center, so it can fulfill its mission as a customer-friendly and problem solving operation. The first step to achieving this is through integrated oversight and improved community outreach via the Deputy Director. The second is through governance and operational changes which will streamline regulatory processes for applicants while ensuring there is sufficient policy review for decision makers.

The restructuring plan does not include a change in total FTEs, though two management positions are converted to line staff. Staff evaluated each position thoroughly to determine if further cuts could be made in order to reduce ongoing costs. Several factors precluded making further staff reductions at this time. These factors include significant staff time focused on project assignments and future opportunities for improvements. Projects assignments beyond routine permit processing and traffic operations include

- Concluding the Zoning Ordinance Update
- Continued process reform and streamlining
- Beginning the Comprehensive Plan Update (more information will be transmitted to Council in April 2006) including addressing advance planning concerns for the East Meadow and Bayshore industrial areas
- Feasibility evaluation of proposed Municipal Services Center relocation and auto dealer preservation
- Economic development
- Police building project
- Edgewood redevelopment
- Baylands Master Plan update
- Charleston/Arastradero Trial implementation

Staff, however, is sensitive to the economic pressures faced by the City, and the need to balance project assignments with rising staff costs. Further retirements and vacancies are anticipated in the Building Division over the next six to eighteen months. The restructuring plan has yet to address this Division, pending significant vacancies. A restructure plan will be devised for this division by the 2007-09 Budget. Upon the Chief Building Official’s retirement, staff is
considering hiring an interim rather than a permanent replacement. This will enable staff to
develop a restructuring and succession plan based on some experience with the new integrated
Planning/Transportation Division, and to include any new vacancies which may occur.

Implementation
With adoption of proposed amendments to the Management and Compensation Plan (attachment 
D) the new position of Transportation Official and Chief Planning Official can be filled 
immediately. Recruitment for the positions of Associate Engineer and Planning Technician 
would begin as soon as possible, to bring staff levels back up to the fully approved level. 
Recruitment and interviews for Deputy Director concluded in January 2006, however a hiring 
decision was delayed until Council direction on the reorganization plan.

The City Attorney has advised staff that amendments to the Palo Alto Municipal Code will need 
to follow adoption of the organizational changes proposed herein. For instance, Section 2.08.220 
of the Administrative Code specifies three divisions in the department of Planning and 
Community Environment: planning; inspectional services; and transportation. If the 
organizational changes are approved by Council, staff will return with proposed amendments to 
various sections of the Municipal Code to reflect the new organizational structure and job titles.

RESOURCE IMPACT
Ongoing General Fund salary and benefits savings in FY2006-07 are anticipated to be 
approximately $18,896. This follows ongoing cost reductions of $177,532 already adopted in 
the FY 2005-06 budget, for a total reduction of $196,428 ($18,896 + $177,532). $18,896 savings 
will be reflected in the 2006-07 Budget, in addition to the $177,532 already adopted.

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

POLICY IMPLICATIONS
This report is consistent with current City policies.
ATTACHMENTS

Attachment A: Budget Amendment Ordinance
Exhibit A Changes to the 2005-06 Table of Organization

Attachment B: Organization Charts

Attachment C: Resolution of the Council of the City of Palo Alto Amending the Compensation Plan for Classified Personnel (SEIU) Adopted by Resolution No. 8452, By Changing an Employee Classification
Exhibit A 2005-06 Budget SEIU Compensation Plan Changes

Attachment D: Resolution of the Council of the City of Palo Alto Amending the Compensation Plan for Management and Professional Personnel and Council Appointees Adopted by Resolution No. 8554 to Add one new Classification and to Change One Classification
Exhibit A 2005-06 Budget Management/Professional Compensation Plan Changes

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