TO: HONORABLE CITY COUNCIL

FROM: CITY MANAGER          DEPARTMENT: PLANNING AND COMMUNITY ENVIRONMENT

DATE: May 8, 2006              CMR: 225 :06

SUBJECT: TRANSMITTAL OF PLANNING AND TRANSPORTATION COMMISSION COMMENTS ON THE RESTRUCTURING PLAN FOR THE DEPARTMENT OF PLANNING AND COMMUNITY ENVIRONMENT

RECOMMENDATION
Staff recommends Council:

1. Review and consider comments provided by members of the Planning and Transportation Commission regarding the outcomes to be achieved by the restructuring plan for the Department of Planning and Community Environment.

2. Adopt the attached Budget Amendment Ordinance (Attachment E) to implement a reorganization in the Department of Planning and Community Environment, as follows:
   a. Amend the Table of Organization as provided in Attachment E.
   b. Adopt a resolution (Attachment F) amending the Compensation Plan for Classified Personnel (SEIU).
   c. Adopt a resolution (Attachment G) amending the Compensation Plan for Management and Professional Employees.

3. Direct staff to prepare a status report with the assistance of the City Auditor in one year after implementation of the restructuring plan, including metrics from the Citizen Survey, processing time, and level of service.

BACKGROUND
On March 13, 2006, staff submitted a plan to City Council to restructure the Department of Planning and Community Environment. The plan (CMR 164:06) included information on vacancies in the department and outlined the process undertaken to develop strategies to improve service. Also included were descriptions of specific organizational and staffing changes recommended by the City Manager and his multi-disciplinary committee, along with a commitment from staff to work with Council, the Planning and Transportation Commission (PTC) and City Attorney to develop governance changes related to improving operations.
At the March 13 meeting staff asked Council to approved the required personnel changes, including filling key vacancies such as the Chief Planning and Transportation Official and Deputy Director, noting that these positions remained unfilled despite aggressive recruitment efforts. Staff also described working with Council and the Planning and Transportation Commission to discuss governance issues at a later date.

Following discussion about the plan, Council referred the reorganization plan to the PTC, with a request to return to City Council no later than May 1, 2006.

A staff report was presented to the PTC describing four outcomes related to the restructuring plan on April 19 2006 (Attachment A). The outcomes discussed at the meeting included:

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.

Minutes of the meeting, including public comments, are included as Attachment B.

The City Auditor provided written comments via e-mail (Attachment C), which were made available to the PTC and public at the meeting, identifying three issues from the 2003 Audit of the Development Review Process addressed in the restructuring plan, and indicating that the plan “…proposes to build on what’s already been done and pursue additional streamlining efforts.” Other comments point out that the restructuring plan “continues to emphasize… important coordination and customer service issues” and “continues to address these concerns through management support.”

**DISCUSSION**
The PTC discussed the restructuring plan and outcomes at a special meeting on April 19, 2006. There were five members of the public who spoke at the PTC meeting. Their comments, followed by those of Commissioners, are summarized below.

**Public Comments**

Issues raised by the public included:

- concern regarding the role of the Deputy Director as an ombudsman being an excessive amount for one person to take on, and qualifications for that position;
- concern that the City would provide an ombudsman, rather than applicants hiring their own;
• a recommendation that the Commission insist on technical expertise and background for each position hired at the City;
• concern that the restructuring aimed at reducing or removing the public voice, and the importance of public participation;
• the importance of an individual who understands all the issues associated with transportation;
• concern that the plan would remove the Director from the substance of planning issues; and
• concern that the public is treated as an audience or spectators.

Commissioner Comments
The discussion began with clarification regarding full public participation regarding possible changes to the role of the PTC at future meetings of both the PTC and City Council. Chair Burt requested that staff provide copies of the 1998 Zucker Study and 2003 Audit mentioned in the City Auditor’s letter for Commissioners to use at follow up meetings.

Organizational Chart
The organizational chart was discussed, specifically the functions and work products of the Transportation and Planning Divisions. After a brief overview of the functions of Advance Planning, Current Planning, and Transportation, the discussion moved on to similarities and differences between skills required of those in the Planning and Transportation Divisions. Commissioner Garber observed there are similarities in terms of the requirement “to create forward-looking planning documents for the community, produce studies, and maintain existing functions and to find ways of changing and operating them”. Staff described the need for similar analytical skills in both work groups, but different technical credentials for a licensed traffic engineer, for instance, than a planner responsible for implementation of the California Environmental Quality Act.

There was also some concern regarding Code Enforcement’s placement on the organizational chart. Staff explained the responsibility for monitoring and enforcing conditions the PTC, Architectural Review Board, and City Council place on projects. Code Enforcement belongs in the Planning Division, and will be returned to that group once the staffing related to the restructuring plan is in place.

The Commission requested more labels on the organization chart, to better reflect interim assignments and job duties of staff.

Span of Control
Commissioner Bialson asked if span of control would change under the plan. Staff responded that two management positions were being converted to non-management, and an increase in higher-level general management support across department lines would help supplement technical expertise in each area. Vice-Chair Holman asked how well coordination across these areas works now, and how a management change would implement better coordination. The response was that reporting to the same manager facilitates collaboration, as in the case of the Advance Planning and Current Planning managers, who both report to the Chief Planning
Official. The restructuring plan incorporates Transportation in that same reporting structure, to achieve similar benefits. Integrating Planning and Transportation increases the span of control of the Chief Planning and Transportation Official (CPTO). Folding Special Projects into Advance Planning increases the span of control of the Advance Planning Manager.

Customer Service
Commissioner Lippert opened the area of discussion related to the term customer and customer service. Several commissioners concurred that terms such as public service or citizens is more appropriate for this department.

Other “customer” topics related to improving service at the Development Center, based on resolution 31 of 34 of the Auditor’s recommendations. Staff distinguished between improvements in the planning process, the focus of the 2003 Audit, and potential improvements in the building permit process. Many people seeking a building permit for an addition to their home may do so only once in their lifetime, and therefore are unfamiliar with building codes and the permit process. The focus of future improvements would be on helping nonprofessionals, such as a homeowner, to understand how to comply with the codes, to be more of a resource. Commissioner Bialson concurred, suggesting staff work to make homeowners “as knowledgeable as some of our more knowledgeable developers”.

Commissioner Cassel noted that it is confusing to the public “that so many different departments actually work in the Development Center”. Commissioner Garber recommended focusing on the process, the procedure, and the purpose; and customer satisfaction will then follow at the Development Center. Chairman Burt recommended that the CPTO, along with the Director and Deputy Director, “would have valuable insights” for improvements at the Development Center, and that “the improvements in that area would be a collaborative effort of senior management”.

Integration of Planning and Transportation
Several commissioners were supportive of the plan to integrate land use and transportation planning, stating there is increased management functionality by having those two organizations together, and citing the similarity to merging of the two areas under the PTC. Commissioner Lippert commented “the integration of transportation and planning together is paramount in terms of how to make this community better. The two elements really need to work together in a seamless plan.” Commissioner Holman had a different view, voicing concerns on the proposed integration, and suggested it be considered on an interim basis, to be reviewed in six months.

Addressing a concern about ensuring continuity of transportation operations if Transportation and Planning are integrated, staff explained that a transportation engineer would be assigned to traffic operations regardless of structure, but that it would be helpful if that staff member could do that work in the broader context of land use planning.

Qualifications
Professional expertise and qualifications in the reorganization plan was another area of discussion. Commissioners questioned how planning processes might be improved with oversight by a Deputy Director without a background in planning. Staff responded that the plan
vests expertise closer to the staff level, moving general management and non-technical duties away from technical experts. Significant time is dedicated to responding to constituent concerns and questions, coordination, routine meetings, budgets, and supervision of non-technical staff. These tasks can be taken up by a more generalist management position. This, in turn, frees up time for technical experts to be more effective in their respective areas of expertise.

Commissioner Cassell noted a non-technical manager is often needed to get things done, though she also expressed concern about qualifications. Commissioner Holman stated “the Deputy Director should have experience in land use and transportation to be able to conduct effective public meetings and to represent the Planning Department.” Commissioner Sandas stated her support to try the Deputy Director role as proposed, then make changes in the future if necessary.

Delegated Authority
This led to a discussion of Director’s hearings, such as Individual Review, and whether the Deputy Director would either conduct or have the Director’s authority to sign off on recommendations made at these hearings. Staff’s response was that the authority associated with Director’s decisions lies solely with the Director, as defined in the City’s Municipal Code. Conducting the hearing, however, was a function that could be performed by the Deputy Director. Staff suggested this was under consideration to create appropriate separation between the hearing officer and the staff reviewing projects and preparing reports. Commissioner Lippert did not want the Deputy Director as a surrogate to the Director’s authority, but also stated “I think it is a really great idea to have somebody in management able to help assure that the workflow proceeds.”

Commissioner Holman raised a concern related to the Deputy Director responding to technical questions. The response was that not all questions require technical expertise, such as the earlier request to provide copies of the reports mentioned in the Auditor’s letter. Also, managers would continue to assign staff to respond to technical questions, appropriate to individual technical expertise. Additionally, the Director will remain actively involved in issues, and in understanding how the organization works and matching resources to needs as a way of leveraging all levels of staff.

Staff Participation and Perspective
Commissioner Sandas asked about staff participation and perspective. Staff described participation in the plan development by the City Manager and the Director’s management team. He also described a series of meetings with each workgroup where clarifications and concerns were discussed. In summary, staff expressed concerns about transition given the elimination or retirement of managers, and changing roles of others. Availability of technical expertise in transportation was a concern, as was future career advancement for building inspectors.

Enhance PTC Role
Several Commissioners expressed support for further discussion and public participation in those discussions regarding potential changes to the PTC’s role in deliberations. Commissioner Bialson expressed sympathy for “public concern about the public having less input into a lot of
the process,” and wanted to be sure members of the public understood that these topics would be discussed at future meetings. She also commented “Many developers and knowledgeable public members know how to work through the system as it presently exists, so any time we talk about changing it we are uncomfortable. It needs to be changed. I think Staff has started with a very good approach.”

Commissioner Garber mentioned the need to discuss Palo Alto’s “process”, noting there is a limited tolerance for restrictions, and that there is also a need to work toward efficient functioning of government.

Commissioner Sandas commented she is “looking forward to discussions at the May 17 retreat”, and that the PTC can look for creative ways for the public to provide input so the community doesn’t feel shortchanged in the process. Commissioners Sandas completed her comments with “Let’s go for it. Why not try this? If it doesn’t work we can come back and do this again.”

**STAFF RESPONSE**

Staff has modified its recommendations to respond to a number of the PTC comments. For instance, professional certification within two years of employment will be added to the hiring criteria for the Deputy Director position. The organizational chart has been modified to include more descriptive labels, and staff agrees that there are better terms than “customer” to describe the public the department serves. Staff will also be mindful of public and PTC comments on the governance section, and is looking forward to a discussion with Commission members at the May 17 retreat. Copies of the Zucker report and the 2003 Development Review audit will be provided in advance, as requested, to give Commissioners the historical context for their discussion.

Staff also agrees with the need for a status report on the outcomes of the reorganization. A December 2006 status report would leave enough time to find incumbents for new and existing vacant positions, and to see some preliminary results. One year later, a second status report would show more substantial long-term effects of the reorganization. The winter timing would permit the use of the City Auditor’s annual Service Efforts and Accomplishments report to measure progress. The report contains several appropriate metrics of the plan’s success. The Citizen Survey questions (page 5.3 of the February 2006 report) show the percentage of Palo Altans who rate the quality of land use planning and new development in Palo Alto as good or excellent. Turnaround times for minor applications and the average number of days to issue building permits reflect the department’s response to routine applications, such as single-family home remodels or additions. Transportation metrics are also available, such as the percentage of people who consider traffic congestion a major or moderate problem. In addition, when the new Chief Building Official is hired, then again nine months later, staff will survey Development Center users. The purpose of the surveys will be to measure service quality improvements, and to reveal existing strengths in the work staff does every day.

**ATTACHMENTS**

Attachment A: April 19, 2006 Planning Commission Staff Report
Attachment B: April 19, 2006 Planning Commission Minutes
Attachment C: Memo from Auditor “Planning Department Restructuring Proposal” April 11, 2006
Attachment D: March 13, 2006 City Council Minutes
Attachment E: Budget Amendment Ordinance
Exhibit A Changes to the 2005-06 Table of Organization
Attachment F: 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 G: 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
Attachment H: Updated Organization Chart
Attachment I: Letter from the Palo Alto Chamber of Commerce

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