



WS 2

DATE: October 6, 2009
TO: Mayor and City Council
FROM: Development Services Director
SUBJECT: Permit Center and Development Review Processing Improvements

RECOMMENDATION

That Council reads and comments on this report.

SUMMARY

In line with the Council's adopted priority for 2009 of "*Organizational Health – Permit Center Improvements*," staff and an outside consultant during the last several months have been assessing the development review processes, with an emphasis on improving customer service and efficiency at the Permit Center. This report provides a summary of those assessments, the measures that have been implemented, as well as recommendations for further improvements to the Permit Center operations and review processes.

BACKGROUND

City staff is committed to providing the highest level of customer service and satisfaction, including that associated with development review. The overall goal is establishment of Hayward as a progressive City that has an exceptional development review process, so as to invite desirable businesses and development, which will not only make our city a more desirable place in which to live, work, and play, but also benefit Hayward fiscally. Related to that goal, the Council authorized the City Manager to hire Structech Consulting to assess the organization and functions of the City related to development review processing. The report is attached as Exhibit A, with the stated goal of the assessment being, "To identify changes necessary to make the plan review and permit process more efficient and customer friendly by providing professional, efficient, convenient, innovative, and seamless processing in one location to be called '*The Permit Center*'." The following discussion incorporates Structech's assessment and recommendations. Some of the recommendations in Structech's report have already been implemented and are identified later in this staff report.

DISCUSSION

Structech's attached report is divided into seven sections: Organization, Staffing / Skills, Physical Environment, Tools / Operational Process, Performance Measures, Revenues and Expenditure, and Best Practices. The following discussion is presented in similar format.

Organization

The attached report recommends a commitment by all involved departments, established at the department director positions and emphasized throughout departments' staff, to provide the desired support at the Permit Center, with the commitment needing, "to be global in nature, emphasizing teamwork, safety, customer service, and economic development." The report recommends assigning, "the most knowledgeable and customer friendly staff members to the Permit Center counter." Staff recommends that a senior level staff member be assigned to oversee the day-to-day operations of the Permit Center, and that an additional permit technician be hired for the Permit Center counter (see later discussion), and that representatives from other departments involved in the development review process, such as staff from the engineering and transportation, utilities, and solid waste sections in the Public Works Department, be more readily available for customers at the Permit Center. The Development Services Director has already initiated implementing this latter measure.

The report also suggests setting up a procedure that establishes early, proactive, high-level contacts and communication for customers with large projects, comprised of a competent team from all divisions, including the Economic Development Manager. Such procedure, which has already been utilized (Costco being one example), will help attract new businesses and assist existing businesses with expansion, to help improve the image of the City as an advocate for economic development.

Staffing / Skills

The attached report raises several staffing issues, which are summarized below. Following each recommendation is a response regarding the status of each recommendation.

- **Hire a permanent Building Official** – The City is in the process of doing so, and staff anticipates a permanent Building Official will be in place by not later than end of calendar year, with emphasis to be placed on strong managerial skills that are in line with the goals of the organization.
- **Appoint a Permit Center Coordinator** - In line with this recommendation, the City has promoted Plan Checker Steve Osborne to Senior Plan Checker, which is a new position created for this fiscal year and reflected in the FY10 adopted budget for the Department of Development Services. Some of the tasks for which Steve will be the lead that are reflected in the attached report include:
 - Determination of what type of process is appropriate for each application, with an emphasis on over-the-counter and quick processing;

- Development and management of a weekly list that identifies and assures availability of all staff to support the Permit Center, including staff from the Development Services, Fire, and Public Works Departments;
 - Hold meetings at least monthly with division managers to review processes, identify issues, implement coordination efforts, etc.;
 - Develop, in coordination with the Senior Permit Technician, a weekly schedule that assigns duties and responsibilities of the permit technicians; and
 - Coordinate with the Building Official to have building inspectors also participate in the plan check review process for larger projects.
- **Reclassify one or two available clerical positions in the Development Services Department to Permit Technician** – Staff is recommending that one Administrative Clerk II position in the Building Division, which is currently vacant, be eliminated and a new Permit Technician position be created. City Council would need to approve this change, since the adopted budget for the Development Services Department this fiscal year does not include this position. Although the attached report recommends assigning a team leader from the permit techs, one already exists, which is Damita Bell, the Senior Permit Technician. The Senior Plan Checker will work with the Building Official and the Senior Permit Technician in developing a detailed training schedule that includes cross-training of all permit techs, plan check-review training for simple projects, as well as inter-departmental processing workshops with other staff.
 - **Reclassify the Assistant Fire Marshall position (currently vacant) in the Fire Department to a new position, Fire Protection Engineer (subject to meet and confer with Hayward Firefighters IAFF, Local 1909)** – This new position, under the direct supervision of the Fire Marshall, would allow for engineering review of engineered plans related to the Fire Code in the Fire Prevention Office of the Fire Department. Currently, the Fire Prevention Office does not have this capability. Such office is integrated into the development review process, and provides support to the Permit Center. City Council would also need to approve this change in staffing.
 - **Hire an additional Permit Technician for the Fire Department** – Such recommendation is in response to the desire to increase over-the-counter permit processing and shortened permit processing time-frames associated with plan check review. Currently, the Fire Department has one Permit Technician. The two permit techs would be under the direct supervision of the new Fire Protection Engineer. The added position would allow for adequate coverage in the Fire Prevention Office and be integrated into the review process in coordination with the Senior Plan Checker.

The Development Services Director will oversee implementation of these recommended staffing and processing changes and work with staff within the Development Services Department, as well as with the directors of other departments, to ensure the development review process is highly streamlined and efficient. The City Manager will hold the Development Services Director responsible for implementing these changes.

Physical Environment

The attached report identifies several recommendations, with an emphasis on making the Permit Center an inviting, uncluttered area that is inviting to the public. The amount of clutter in the Permit Center, as well as the backlog of plans that have not been scanned into electronic files, has been due to inadequate staffing levels, as well as lack of proper training or organization. The scanning of the large amount of backlogged paper plans has been done in the last couple of months by a temporary employee, and will continue as resources allow.

While isolation of cubicles from public view from the front counter at the Permit Center is recommended by the consultant, staff is not recommending such separation, which would isolate staff from the front counter; rather, staff is recommending that the piles of clutter be removed and the back portion of the cubicles be physically isolated from public view. Such rear spaces will serve as work areas for the permit technicians to process plans for plan check review distribution and for permit issuance and customer pick-up. Such arrangement will present a less cluttered, calmer environment to the public, while also allowing the permit technicians and senior plan checker quick and easy access to the counter. Related to the recommendations associated with the front greeting desk in the Permit Center, staff envisions eventually having a Permit Technician at that space when development levels approach that during the 'boom' years a few years ago. Currently, the Permit Center receptionist/greeter is an administrative clerk in the Planning Division, who currently performs a variety of duties, including directing visitors to staff at one of the 'stations' at the front counter, providing information or handouts to customers, distributing customer satisfaction survey cards and assembling results of such responses, etc. Additionally, a new set of chairs was recently purchased to replace previously damaged, unstable chairs, which has further added to the attractiveness of the Permit Center.

Staff believes that the recommendations identified above, along with oversight on work distribution and responsibilities previously identified, will result in a more professional-looking and efficient Permit Center.

Tools / Operational Process

The attached report identifies various deficiencies in the operational processes associated with the Permit Center, mainly due to a lack of strong central control. As indicated, addressing these deficiencies and making improvements will be some of the most difficult tasks to implement, involving revisions to the permit application forms, changes to data entry into the permit tracking system, updates to procedures related to receiving payments, including computer software changes, and overall streamlining the normal process for processing applications. The previously identified measures to have a coordinator to oversee the functions and operations of the Permit Center, working with the Building Official and Senior Permit Technician, will help establish the central, coordinated oversight the Center has lacked. Additionally, the Development Services Director will be forming a focus group consisting of key staff and members of the development community, whose function will be to provide recommendations and suggestions to help further improve the development review processes here in Hayward. It is anticipated this group will be formed by the end of the calendar year, and will meet quarterly.

Also, the Development Services Director and Acting Building Official have been meeting regularly with Tech Services staff, in an effort to implement an interactive voice response (IVR) system that will allow the scheduling of inspections through the phone system. Such system would be in addition to the current system that allows scheduling through the internet, though most contractors utilize the phone to do so. It is anticipated that the IVR system, which will eliminate the current time-consuming practice of manually taking requests via the phone and voice mail system and manually entering them into the inspection scheduling system, will be installed and running prior to the end of the fiscal year.

Measurements/Performance Objectives

The attached report accurately indicates the lack of a comprehensive and universal performance measurement system within the Development Services Department. There has been a lack of not only performance objectives, but also a deficiency in tracking or measuring the success or failure of meeting those objectives.

As a beginning to addressing this deficiency, the Development Services Director recently established performance objectives and tracking tools for the Building Division, Planning Division, and related to Permit Center customer satisfaction and level of activity. A description of those objectives and tracking reports is included as Exhibit B. One performance measure that existed previously was a 25 business day plan check review time-frame for large projects (such as new large commercial buildings or new residential buildings), and 10 business days for smaller projects and resubmittals. Such review times were not in line with best practices, as the attached report indicates. Therefore, overall processing time-frames, which not only include plan check review, but also processing of applications to and from the applicant, have been established to be more in line with best practices, with large projects assigned a maximum of 20 business days for processing, and all other types of projects/submittals assigned a maximum of 10 business days for processing. The ability of staff to meet such thresholds will be monitored and tracked, and adjusted accordingly with the ultimate goal for time-frames to be in line with best practices. Another example of a performance objective relates to processing at least 90 percent of all permits as over-the-counter permits. Exhibit C includes a summary of that performance objective for the last five fiscal years. As the graph indicates, the City has not achieved the 90 percent objective, and City staff will work on doing so.

New performance measures have also been established for the Planning Division, with a maximum of two reviews established, with initial review comments to be generated within 30 days of application submittal, and additional review comments to be generated within 15 days of resubmittals. Such standards, along with revisions to handouts that are also being made, will help ensure timely processing of planning applications.

Related to customer satisfaction, Exhibit D summarizes the level of customer satisfaction based on Permit Center survey response cards submitted last fiscal year. As indicated, the overwhelming number of respondents indicated a positive experience. Staff will expand such outreach to better gauge the level of customer satisfaction, including specifically targeting applicants during different phases of the development review process, such as after planning review, after plan check review in building, and after the construction and building inspection phase of a project. Additionally, staff

will continue to develop methods to gauge the question, "How do we know we are doing a good job?", consistent with the City Manager's leadership principles.

In summary, staff has recently developed a number of performance objectives and associated measuring tools, which are in line with some of the recommended measurement tools in the attached report. The performance objectives and measuring tools will ultimately be included on the City's website for the Development Services Department. It is anticipated that some of that information will be on the website by end of this calendar year. Staff is in the process of establishing a comprehensive performance measurement system, which will take some time due to the need to establish benchmarks by assessing performance levels during the last three or four years, and as data exists to allow such levels to be established. As more data is available, more benchmarks will be established and adjusted. Ultimately, this data will be incorporated into the overall Performance-Based Budget structure being developed by the Finance Department.

Revenues and Expenditures

The recommendation to track construction activity and trends to assist with future projections and assessment of impacts of variables is also reflected in recently implemented procedures. For example, consistent with the charts shown in the attached report that track revenues/expenditures and construction valuation, Exhibit E are graphs that show revenues/expenditures and construction valuation for the prior for fiscal years for the various sections within the Planning and Building Divisions of the Development Services Department. As the data in the charts indicate, the Planning Division (especially the Advanced Planning section) and Rental Housing section have traditionally operated at a net deficit, while the Building Inspection section has run at a net positive. The data also show that the total construction valuation of projects built last fiscal year was significantly less than that for the previous fiscal years, reflecting the economic downturn. Staff will utilize information in these charts in developing recommendations for future budgets and revenue estimates and expenditure projections, with the goal of having the Development Services Department operate at a fiscally neutral level.

Best Practices/Benchmarking

Recognizing the value of Hayward being competitive with surrounding cities by being efficient and reducing the costs associated with 'doing business' here in Hayward, City staff is striving to make best practices methods part of the normal development review process in Hayward. For the most part, it is believed that staff does a good job in integrating such practices; however, it is also believed that City staff can and will improve the processes to make Hayward an even more attractive place to do business, from the pre-application stage, through planning approval, to building permit plan check, and throughout inspections during construction. It is anticipated that such efforts will establish Hayward as the premier city in the Bay Area in which to do business, the results of which will be a more attractive community in which to live, work, and play.

Potential exists for improvement in many areas, from updating handouts, to making information more readily available to the public, to changing some of the long-established procedures and practices at the Permit Center. The process is a continuous one, and one that City staff will commit to emphasize.

FISCAL IMPACTS

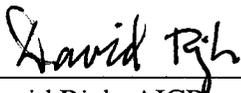
The recommendations contained in this report and Exhibit A will have minimal negative fiscal impacts to the Development Services Department, mainly related to elimination of an Administrative Clerk II position and creation of an additional Permit Technician position. Although the Development Services Department staff was reduced by eight positions compared to last fiscal year, the recommendations in this report will result in more efficient use of those staff resources and enhanced customer service. As the successful implementation of these recommendations occurs, the fiscal impact to the City will be a positive one, in that the development review process will help attract new businesses and desirable development and assist existing business expand.

Regarding the Fire Department, the recommendations contained in this report, relative to the establishment of a Fire Protection Engineer and Permit Tech, are estimated to have minimal fiscal impacts. The conversion of the existing, vacant Assistant Fire Marshal's position (subject to meet and confer) to a Fire Protection Engineer is estimated to have a nominal positive budgetary impact (the amount will be dependent upon market rates). The establishment of a second Permit Technician will have a negative budgetary impact, given that the position is new and not reflected in this fiscal year's adopted budget, and the previous Administrative Clerk II position was recently eliminated from the Fire Department budget. This cost is estimated to be approximately \$100,000 with benefits, and may be partially off-set by the projected savings of the conversion of the Assistant Fire Marshal position to Fire Protection Engineer. A detailed assessment of the fiscal impacts will be provided when such recommendations are formally presented to the Council later this fall.

NEXT STEPS

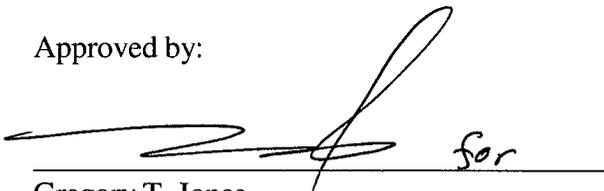
A budget adjustment regarding staffing will be presented to Council for approval later this fall. Further implementation of recommendations will be continuous. Staff anticipates major revisions to the development review process to be completed by the end of this fiscal year.

Prepared by:



David Rizk, AICP
Development Services Director

Approved by:



Gregory T. Jones
City Manager

Attachments:

- Exhibit A: Hayward Permit Center Assessment Report with Recommendations, by Hamid Pouya of Structech Consulting, dated June of 2009
- Exhibit B: Description of Development Services Department Summary Reports to Measure Performance Goals
- Exhibit C: Percent of Permits Issued Each Year During the Last Five Fiscal Years that were Issued on the Same Day that Applications were Submitted
- Exhibit D: Summary of responses to Permit Center Customer Survey Cards for Fiscal year 2009
- Exhibit E: Summary of Revenues and Expenditures and Construction Valuation for the Planning and Building Divisions for Each of the Last Four Fiscal Years