City of San José

Process Improvements Made and Recommendations from the Development Services Cost Recovery Analysis, Process Improvements, Calculation of Unearned Revenues, and Refund Processing Report

Draft: November 3, 2016

Management
Partners

November 3, 2016

Mr. Harry Freitas
Director – Planning, Building, Code Enforcement
City of San José
200 E. Santa Clara Street
San José, CA 95112

Dear Mr. Freitas:

Management Partners is pleased to provide this summary of process improvements already made, and pending recommendations for improvement, from the latest version of our draft comprehensive report of our review of the Development Services functions of the City of San José.

As you know this work has extended over a number of months. During the course of this project, the City began implementing process improvements as possible, based on funding and other factors. Generally, when no resource or policy issues had to be resolved, a number of process improvements were immediately implemented. This reflects the spirit of the Development Services partners' team commitment to continuous improvement and we have cataloged the process improvements already made in the first section of the attached summary.

The summary also contains a listing of other recommendations for process improvement within development services. There are some 93 recommendations on this list, but because of the work already accomplished the improvement recommendations are down from nearly 130 contained in the initial draft report. Between what has been accomplished and the pending recommendations this listing represents a comprehensive vision for fundamental modernization and improvements to development services functions.

We would like to thank you and the members of the City's Steering Committee from Planning, Building, Fire and Public Works for their diligent efforts as we studied the organization and in partnership with your staff developed the agenda for improvement.

Sincerely,

Andrew S. Belknap
Regional Vice President

Process Improvements Implemented During the Project

The City demonstrated a desire to implement process improvements to improve its service delivery to customers as quickly as possible. Given that process improvements were developed from activities such as interviews and detailed process mapping, staff began implementing improvements where possible during this year-long project, often within existing resources. This has resulted in a variety of customer service improvements that are already underway or implemented.

In this section, Management Partners highlights some of the more significant improvements that it believes will have a direct positive impact on the City's ability to deliver consistent quality development services to its customers in a more efficient manner. The process improvements are identified using the five categories of entitlement/CEQA, plan check, inspection, technology use, and the Municipal Code.

Entitlement/CEQA Process

Improvements have been implemented in the entitlement/CEQA process during the course of this project in the following areas, and as more fully described below.

- Application and intake distribution,
- Comprehensive initial review of applications,
- Project and interdepartmental coordination,
- Staff development,
- Accountability,
- Using technology to provide performance metrics,
- Quality control, and
- Urban design review.

Application and Intake Distribution

- Provided necessary training on what constitutes a complete submittal and developed a checklist for staff to assist in the evaluation of the completeness of the submittal.

- Provided greater opportunity for intake staff to have sufficient time to review a submittal

- Worked proactively with customers submitting an application to ensure that submittals are as complete as possible before being accepted.

Comprehensive Initial Review of Applications

- Scheduled the timing for an interdepartmental meeting so all participants had adequate time to fully evaluate the project and come to the meeting prepared to discuss and resolve issues.

Project and Interdepartmental Coordination

- Planning has moved towards implementation of a Project Coordinator Program, having planners take the lead role in project coordination through the entitlement phase. They are beginning to implement the program in the plan check phase as well. Staff is implementing a training program to train planners to be project coordinators. Such training will include the importance of having regular communication with the applicant, setting clear expectations, and taking responsibility to facilitate resolution of issues between departments and between agencies.

- PBCE has implemented an administrative policy to require staff to respond to customer phone calls or emails within 48 hours, and has incorporated the policy into the performance goals and evaluations of planning staff. Planning is providing training about expectations for responsiveness and providing timely information to the customer. We encourage the City to expand this program by making it part of all Partners' staff performance goals and including them in their performance evaluations.

- Development Partners, and Planning specifically, are using the AMANDA system to a greater degree to determine actual active project load and balance project load among planners, and are actively engaged in building requirements into the AMANDA upgrade to ensure it will have the capacity to distinguish between active and inactive projects to allow for better, more proactive management of projects and workload distribution among staffing resources.

- Partners have instituted a practice to review the City's Municipal Code on an annual basis to identify and prioritize opportunities to reduce the level of discretion required for appropriate types of permits. It is also noted that the Fire Department is updating the provisions of the Municipal Code related to fire code issues on a

cycle with changes made to the International Fire Code and the California Fire Code.

Staff Development

- In an effort to develop less-experienced Planning staff, the Planning Division is now holding regular weekly meetings with all staff in Current Planning to discuss the application and interpretation of the Municipal Code's zoning provisions, specific project issues, and to convey City Council policy determinations and direction affecting Planning.

- Planning has developed a mentor program by adding and filling the planner IV (supervising planner) position and reducing the number of planner I to planner III positions that report to each planner IV. This program is allowing greater access to mentoring opportunities along with the more formal supervisory oversight of planner I and II positions.

Accountability

- Project coordinators are now being required to, and are being evaluated on, keeping customers informed about progress on a project, and promptly letting customers know when and why a project is unavoidably delayed.

- Planning is now creating and publishing periodic reports of current complex project progress for managers to evaluate departmental performance and hold staff accountable, and is evaluating performance metrics for action on complex applications for management to monitor project progress. These regular reports on complex project progress allow managers to identify where schedules are slipping, where intervention may be needed and when it may be appropriate to hold staff accountable.

Using Technology to Provide Performance Metrics

- The City is implementing upgrades to the AMANDA system after a procurement process that identified the upgraded AMANDA product as the best solution in support of development services. Staff from all divisions are being included on the teams to identify requirements, evaluate design, and oversee implementation of the upgraded system. Specifically related to entitlement processing, planners are serving on the team in the design of the upgraded permit tracking system. Once the system is implemented, managers must ensure it is used by all staff involved in the

development review process so meaningful performance indicators may be analyzed based on data generated from the system to evaluate proper allocation of resources and performance.

Quality Control

- Planners are being instructed to not schedule public hearings until all Partners agree a project is ready for hearing. This is helping to address problems regarding the completeness and accuracy of staff reports being submitted to the Planning Commission and/or City Council.

Urban Design Review

- The City has revised its Urban Design Review (UDR) process by replacing the former Architectural Committee with an Urban Design Review panel that consists of qualified architects and urban planners hired under a professional services agreement with the City to handle the UDR process using City Municipal Code, design guidelines, and other City policies as the basis for architectural review. The process incorporates the following elements:

  - Creating a structure for when, where and how design review is to be performed;
  - Establishing quick timeframes to avoid project delays;
  - Creating design guidelines and principles that guide decisions;
  - Providing a clear end point to ensure the process comes to a close, decisions are made and projects may proceed as appropriate; and
  - Incorporating design review into the beginning of the development process, rather than the end of the process.

Plan Check Process

Improvements have been implemented in the plan check process during this project in the following areas, and as more fully described below:

- Completeness in plan check submittals,
- Expedited review,
- Plan check intake,
- Drop-off submittals, and
- Consultant technical workshops.

Completeness in Plan Check Submittals

- The Building Division has created an intake checklist for staff use to determine completeness of a plan check submittal, helping to ensure that applications are more complete upon submittal rather than incomplete applications slowing down the internal review process.

Expedited Review

- The City has expanded the list of projects eligible for over-the-counter (OTC) plan check, changing the appointment scheduling for projects eligible for express plan check from 1.5 hours to 2 hours to provide sufficient time, and has dedicated the appropriate resources to allow for the expanded OTC and express plan check services. They have indicated a noticeable improvement in the volume of applications processed since the OTC-eligible project list was expanded, and have noted a higher level of customer satisfaction as a result of the changes.

Plan Check Intake

- The number of building plan check submittal meeting slots has been increased to 6 per day, or 30 per week. This was achieved by reducing the length of pre-scheduled plan check intake meetings from 90 minutes to 60 minutes. These changes still allow for sufficient time to review plans with the customer while increasing the number of plan check appointments to be held. As a result, more projects are being approved on a timelier basis.

Drop-Off Submittals

- The City reviewed its drop-off submittal program in light of the number of submittals that were deemed incomplete and the inefficiencies caused by having to return applications to customers. As a result, the City applied the necessary staffing resources to the front counter. The quality of submittals has improved and customer turnaround times are shorter due to the initial meetings with customers to ensure submitted plans are complete.

Consultant Technical Workshops

- Public Works has conducted several technical workshops with development consultants in an effort to solicit feedback on

existing City standards (e.g., grading permit requirements, stormwater treatment/management, and subdivision mapping), while providing technical training and guidance to consultants. This effort has been welcomed by the engineers and surveyors that Public Works regularly work with and has demystified the reasons behind City standards and requirements. Staff has committed to holding these workshops throughout the year.

Inspection Process

Improvements have been implemented in the inspection process during this project in the following areas, and are more fully described below.

- Inspection requests and timeframes
- Specialty inspections
- Expedited inspections

Inspection Requests and Timeframes

- The City revised and clarified its performance targets for all inspections such that building inspections are targeted for completion the next business day after request, and mechanical/electrical/plumbing (MEP) inspections and fire inspections are targeted for completion within two business days of request. Ultimately, however, meeting those targets will require additional staffing given the intense workload based on current development activity in the City.

Specialty Inspections

- The City expanded the use of combination inspections in an effort to maximize inspector skill sets, resource availability, and the nature of development projects being completed. This has reduced customer wait times and maximized the efficiency of staffing resources available. The City continues to look for ways to expand the combination inspection program while ensuring staff are being used in accordance with job classifications, personnel rules, and bargaining agreements.

Expedited Inspections

- The Building Division has reviewed and modified its practices to expand the use of overtime and contract inspectors to the fullest extent possible based on existing staffing resources and availability of qualified contract inspectors in the current

development market to ensure adequate capacity for expedited inspections. The Fire Department has also implemented pilot programs to expand overtime and hire retired employees to provide greater capacity and reduce wait times for fire inspections. Ultimately, however, additional expansion will not be possible until vacant positions are filled and/or the supply of qualified contract inspectors in the region improves.

Technology Use

The City has implemented various recommendations made during this project in the area of technology use, and as more fully described below.

- Permitting software application
- Integration among separate systems
- Software training

Permitting Software Application

- During this project, the City completed its RFP process to replace the development services software system and selected the latest version of AMANDA as the solution. Based on conversations with staff, we understand that the City will be conducting a thorough requirements review, determining where the new system will fit those requirements or where gaps exist, identifying mitigation measures, and actively participating in the final design and implementation of the system with the software vendor. The implementation will take into consideration the various process improvements recommended in this report.

Integration Among Separate Systems

- As part of the implementation of the upgraded AMANDA system, the City is identifying and documenting the GIS mapping needs across all departments to ensure the new system incorporates all requirements. The City will determine whether an upgrade to the existing GIS platform is necessary to fix interoperability issues with AMANDA to ensure the GIS interface works consistently across all platforms.

Software Training

- The City will be conducting training with all employees on the replacement AMANDA system as part of the upgraded system implementation. Ongoing training funds have been incorporated

in the Partners' respective annual budgets to ensure that staff continue to be trained in the latest advances of the system.

Municipal Code

The City has implemented various recommendations made during this project in how it manages various aspects of its Municipal Code that have an impact on development services, as more fully described below.

- General plan or changes to Municipal Code zoning provisions
- Urban village plans

General Plan or Municipal Code Zoning Provisions Changes

- The City has put a plan in place to survey staff and customers each year to identify the top three areas of inconsistency or confusion in land use regulations so they can be addressed. They plan to review each of these areas and prepare a written determination of the City's policy. If inconsistencies within the Municipal Code or unclear provisions are identified, staff will propose an amendment to the Municipal Code for City Council consideration in order to resolve those conflicts or to provide greater clarity. This process will take place once every year.

Urban Village Plans

- The City will be conducting regular roundtable meetings with stakeholders to explain the process to create urban villages and solicit feedback about how to prioritize the urban village concepts being proposed.

As the City makes strides in implementing process improvements identified above, there are still other areas where processes could be improved in delivering services to the community. Management Partners' report, which is in the final stages of production and will be provided as part of the City Council study session on December 12, will include a total of 93 recommendations addressing process improvements in the following areas of operations:

- Entitlement/CEQA Process
- Plan Check Process
- Inspection Process
- Technology Use
- Municipal Code
- Calculation of Unearned Revenue
- Refund Processing

The recommendations are listed below.

Entitlement/CEQA Process

Recommendation 1. **Provide one-hour appointments for applicants with complex projects to review conceptual plans (if available), provide feedback, and information on application requirements.**

Recommendation 2. **Create a master checklist for staff and customers to use to ensure preliminary reviews address all Partners' requirements based on project scope.**

Recommendation 3. **Establish an accelerated turnaround time and minimized cost for all levels of preliminary review to make the process more accessible and appealing to customers.**

Recommendation 4. **Ensure that all application requirements are up to date and clearly set forth on the department website and in printed materials.**

Recommendation 5. **Establish a clear policy that applications are not to be accepted until all required fees are paid.**

Recommendation 6. **Evaluate the entitlement plan intake and routing/distribution process to identify ways to minimize routing delays. Establish a goal for plans to reach all reviewing departments within two to three business days from submittal.**

Recommendation 7. **Ensure that project assignments are confirmed or entered into the AMANDA system by all departments within one day of distribution.**

Recommendation 8. Ensure all departments understand the limited requirements of the PSA, and complete initial reviews for completeness within timeframes that allow a planner to meet the requirements of the PSA.

Recommendation 9. Establish consistent and reasonable timeframes following the completeness review for all Partners to provide project review comments.

Recommendation 10. Monitor performance of all Partners in meeting timing requirements for the PSA and initial project comments responding to entitlement applications.

Recommendation 11. Route all formally written City comments through the project coordinator, and copy the project coordinator on informal written communication such as emails.

Recommendation 12. Modify the standard "30-day letter" to make it clear to the applicant what is required for completeness, and to include reference to any outside agencies that will be involved in the permit process.

Recommendation 13. Develop a public hearing schedule for each project with deadlines for all Partners and applicants, prepared by the project coordinator and distributed to all Partners staff and the applicant.

Recommendation 14. Implement a pilot program to provide full project coordination services as an optional service at an additional cost.

Recommendation 15. Ground direction, comments, proposed conditions and determinations in specific policy and/or zoning ordinance language for all Partners.

Recommendation 16. Modify the zoning ordinance so that all tree removal permits and retaining wall permits are subject to administrative approval unless an objection is received after sufficient public notice is given to neighbors and other interested parties.

Recommendation 17. Identify a set of permit application types (in addition to Administrative Permits) and establish reasonable and achievable turnaround objectives for them.

Recommendation 18. Identify estimated times for action on more complex project types based on validated averages.

Recommendation 19. Make estimated times for action available in public information handouts, explicitly recognizing that these are not performance objectives and that times may vary widely depending on the project.

Recommendation 20. Establish a process to track and monitor turnaround times for all Development Services departments, and

divisions' responses to any new or revised submittal for a complex application.

Recommendation 21. Utilize the new AMANDA system to copy the property owner and/or developer (if they are not the applicant) on relevant communications between the City and the applicant or the applicant's consultant.

Recommendation 22. Ensure the new system is designed to allow easy reporting of key performance metrics.

Recommendation 23. Determine the appropriate staffing levels necessary to provide timely planning services to the community.

Recommendation 24. Implement training for planners and their managers on writing and proofreading staff reports.

Recommendation 25. Review and update the various design guidelines as an investment in an improved process and better urban design in San José.

Recommendation 26. Add a new planner position in the FY 2017-18 budget to specialize in urban design.

Recommendation 27. Modify procedures and provide training so staff planners can take greater responsibility over the next three to five years for the CEQA review of their projects, with the assistance of internal CEQA experts.

Recommendation 28. Require that the scope of services for the consultant be reviewed and approved by the City prior to the consultant starting work on the project.

Recommendation 29. Establish a City-prepared prequalified list of CEQA consultants from which applicants may choose.

Recommendation 30. Develop contracts between the City and CEQA consultants once appropriate systems are in place to ensure efficient turnaround and performance.

Recommendation 31. Prepare an infrastructure implementation manual/checklist, similar to the current traffic manual/checklist, to articulate the scope of analysis required for environmental issues related to infrastructure subject to Public Works review.

Plan Check Process

Recommendation 32. Establish guidelines for which project types are eligible for preliminary meetings prior to plan check submittal.

Recommendation 33. Establish an administrative policy clarifying the Building Division is to serve as the City's primary contact point for building permits and plans requiring multiple Partners' review, and

that Public Works is the primary contact point for work exclusively in the public right of way and for certain public works specific permits required on private property.

Recommendation 34. Ensure that all Partners' plan check application requirements are up to date and are clearly set forth.

Recommendation 35. Discontinue the second and third quality control checks for completeness during the plan check intake process.

Recommendation 36. Establish guidelines for allowing deferred submittals.

Recommendation 37. Reevaluate performance metrics to ensure that each of the six types of plan checks is analyzed separately by type and by reviewer.

Recommendation 38. Establish an administrative policy requiring the first review of plan check to be comprehensive and cover all plan check issues.

Recommendation 39. Establish an administrative policy providing that the initial reviewer assigned to a project will continue reviewing that project through completion.

Recommendation 40. Prepare/update checklists for each of the four types of building plan checks, as well as public works plan checks.

Recommendation 41. Coordinate a meeting with the customer and staff from Building, Public Works and Fire for projects that remain out of compliance after two complete review cycles.

Recommendation 42. Ensure that the Partners' website and handouts adequately address the various special requirements that may be mandated for projects.

Recommendation 43. Discuss the potential for special requirements or external agency clearances upon project submittal for both Building and Public Works permitting.

Recommendation 44. Communicate all required public improvements to the customer in the first round of plan check comments to avoid surprising customers with significant requirements later in the development process.

Recommendation 45. Incorporate comments about special requirements or external agency clearances in plan check checklists, and in the written comments provided to customers.

Recommendation 46. Meet with senior-level staff of external agencies, such as the VTA and FAA, to develop an understanding of their requirements and how they can best work to help San José's customers get timely results.

Recommendation 47. Create analogous expedited options in Public Works for utilities, grading and off-site permits to reflect expedited services already available in the Building Division.

Recommendation 48. Assign the project coordinator from the entitlement phase to continue coordinating large and complex projects during the plan check and construction phases.

Recommendation 49. Create programmed checkpoints in AMANDA to prompt the plan check project coordinator and permit technician to communicate Public Works' permit requirements early in the process.

Recommendation 50. Increase the public counter hours by opening the counters within 30 minutes after City Hall opens, keeping them open until at least 30 minutes before city hall closes, and keeping the counters open during the lunch hour in order to provide a higher level of customer service and accessibility.

Recommendation 51. Standardize the public counter hours between all development-related departments so they open and close at the same time.

Recommendation 52. Limit scheduled counter closures to a maximum of one 90-minute period each week to conduct staff meetings, provide training, etc.

Recommendation 53. Create an option that allows customers to make a plan check submittal appointment online.

Recommendation 54. Schedule the delivery of newly submitted Public Works plan sets to occur twice a day.

Recommendation 55. Implement the fee structure recommendations made as part of the fee study component of this project.

Recommendation 56. Adopt and enforce an administrative policy requiring full payment of plan check fees concurrent with project submittal.

Recommendation 57. Create fee explanations and handouts that enable a customer to determine the required fees before project submittal, and publish these documents on the City's website.

Recommendation 58. Establish an automated process to confirm that all fees have been paid, discontinuing the practice of requiring customers to inform city departments once fees are paid.

Recommendation 59. Establish and enforce an administrative policy to specify that the Building Division is the submittal point for all building plan checks, including resubmittals.

Recommendation 60. Develop internal systems and staffing capacity to ensure that all building plan check submittals are routed to the reviewing departments within two business days.

Recommendation 61. Establish and enforce an administrative policy requiring that projects be assigned to the various individual reviewers (from Building, Planning, Public Works and Fire) within one business day after routing.

Recommendation 62. Provide automated notice of the name and contact information of all individual reviewers within one business day after project assignment to the customer by using the new development services software application (i.e., successor to the existing AMANDA system).

Recommendation 63. Establish an administrative policy for all of the Partners on returning customer emails and phone calls within a clear timeframe, consistent with the timeframes established for entitlement applications.

Inspection Process

Recommendation 64. Add a performance metric to track the number of building and MEP inspection stops.

Recommendation 65. Increase the deposit amount for inspection fees and revise systems to provide a refund for all unused hours.

Recommendation 66. Increase inspection staffing levels by 10 FTE by filling the existing seven vacant positions and authorizing three new inspector positions to meet the recommended performance target at least 90% of the time.

Recommendation 67. Establish and enforce an administrative policy and organizational structure to provide continuity of service by ensuring the building and MEP inspector originally assigned to the project remains with the project through its completion.

Recommendation 68. Provide training on the roles and responsibilities of underground inspections.

Recommendation 69. Modify the building permit forms to the extent allowed by law, to include a list of required Public Works inspections on private property, the general sequence of these inspections, and a space for Public Works' signoff.

Recommendation 70. Incorporate all the various Public Works inspections as work flows within the upgraded AMANDA system.

Recommendation 71. Develop a system to ensure coordination between Public Works and Building inspectors as part of the final building inspection process.

Recommendation 72. Utilize AMANDA to track and monitor Public Works inspector workload and inspection wait times.

Technology Use

Recommendation 73. Modify the current AMANDA application to fully incorporate Planning and the other departments' new fee structure into the system.

Recommendation 74. Install the latest version of AMANDA on all computers that access the system and determine if older versions of AMANDA can be eliminated.

Recommendation 75. Implement single sign-on with Microsoft Active Directory, subject to City confirmation of the single sign-on security feature within the existing AMANDA application and in the upgraded system.

Recommendation 76. Prepare a needs assessment for e-plan reviews, evaluate available e-plan review software, prepare a request for proposal and conduct process to select a vendor.

Recommendation 77. Require that the new system have a single inspection scheduling element that can be used by all development partner departments.

Recommendation 78. Complete the electronic review mobile pilot project and develop a plan to implement the mobile interface for all planning, building, fire and public works permits.

Recommendation 79. Develop a business continuity plan for all development services departments.

Municipal Code

Recommendation 80. Review existing historic guidelines and re-evaluate those that do not conform to the Envision San José 2040 General Plan.

Recommendation 81. Evaluate the advantages and disadvantages of modifying SJMC §20.60 to require the planned development permit to be processed with the PD rezoning.

Recommendation 82. Implement an outreach plan with the development community through the Development Community Roundtable and other fora to encourage concurrent submittals of zone changes, site development, and conditional use permit applications as part of planned development projects.

Calculation of Unearned Revenue

Recommendation 83. Implement the accounting treatment of development services-related fees and charges to clearly define the timing of when fees and charges will be considered revenue.

Recommendation 84. Revise the accounting set-up in the AMANDA replacement system to reflect the timing of revenue recognition and any corresponding changes in the general ledger accounts.

Recommendation 85. Establish a fund balance reserve policy for Development Services partners' respective funds and identify opportunities to create reserves from uncommitted General Fund reserves or other sources.

Recommendation 86. Require that all Partners fully incorporate their fee schedule into AMANDA's replacement system, so that fees and related charges can be consistently calculated and recorded.

Recommendation 87. Require that all Development Services staff use AMANDA's replacement system to track their time and milestones relative to the delivery of services.

Recommendation 88. Conduct on-site interviews with the cities of Sacramento, San Diego and San Francisco to learn best practices associated with their uses of permit tracking systems to calculate unearned revenues.

Refund Processing

Recommendation 89. Standardize refund processing timetables in accordance with agreed-upon criteria.

Recommendation 90. Implement maximum refund amounts to standardize refund processing provisions.

Recommendation 91. Establish a standard provision for all Partners to refund excess deposits for planning applications and detailed plan checks within 30 days of the completion of the project or the work performed under the permit (typically through the issuance of a certificate of occupancy).

Recommendation 92. Integrate refund processing for all appropriate fees and related charges into the implementation of the replacement AMANDA system.

Recommendation 93. Consolidate the City's refund processing timetables and other provisions into a single document that is available to staff and customers at the counter and through the City's website.