



THE CITY OF SAN DIEGO
REPORT TO THE CITY COUNCIL

DATE ISSUED: October 8, 2008 REPORT NO: 08-140
ATTENTION: Council President and City Council
Agenda of October 14, 2008
SUBJECT: Development Services Department Business Process Reengineering

REQUESTED ACTION:

Accept the Development Services Department Business Process Reengineering (BPR) report and direct staff to prepare the necessary Code and Policy changes (Shown in Attachments 1-6 as Rec. #'s 1, 5, 7, 13, 15, 16, 17, 18, 32, 37, 110, and 117) and bring them forward for though the public review process for future City Council consideration.

STAFF RECOMMENDATION:

Accept the recommendations and direct staff to prepare the necessary Code and Policy changes. If additional Council consideration is necessary on specific recommendations, direct staff to work with the Land Use and Housing Committee to obtain more detailed direction on those recommendations.

BACKGROUND:

The Mayor commenced Business Process Reengineering (BPR) efforts to improve efficiencies, reduce the cost of City government and to maximize the services offered to our residents. BPR focuses on significantly streamlining work processes (activities, services or functions) for substantial improvement and reorganizing functional work groups and positions. On July 31, 2006, the City Council adopted Ordinance O-19523, establishing a policy for the implementation of Business Process Reengineering Results (Report to City Council No. 06-094).

SUMMARY:

The City of San Diego has a set of complex regulations governing all aspects of land use and development of private property. In addition, many complex State and Federal regulations also apply. The Development Services Department (DSD) is charged with implementing those regulations in reviewing, approving, and inspecting private development activity. The efficiency, cost, timeliness and quality of these services have a major impact on the business environment in San Diego and the quality of life of its citizens. Processes need to be continuously updated to reduce costs and increase predictability while balancing the needs of the community (health, life, safety, economic prosperity, and quality of life) with the rights of the property owner (reasonable expectation of outcome of the review process).

The DSD reengineering effort focused on:

1. Opportunities to reorganize and create a more efficient organization.
2. Opportunities to simplify the regulation adoption process to allow greater efficiency in bringing critical regulatory reform forward to City Council.
3. Maximizing the use of technology to increase efficiency.
4. Management of costs and fees that are appropriate for the work performed.
5. Ongoing training programs that allow decision making at the lowest levels.
6. Performance measures for customer service that foster prioritization on what services meet the most important needs of the customer.
7. Opportunities for utilizing outside services.

The department initially identified 13 separate functions to study. Seven were considered core functions and are covered in this report.

The reengineering effort completed in January 2007 included teams made up of 130 staff members and 20 stakeholders. Thirty-three major processes were reviewed across the seven core functions shown below.

- Regulatory Reform
- Discretionary Review
- Environmental Review
- Community Input
- Ministerial Review
- Code Compliance
- Records

This effort resulted in 133 separate recommendations. DSD's Business Process Reengineering Steering Committee (Attachment No. 7) eliminated 2 recommendations due to redundancy with another recommendation. Since the internal BPR process concluded, the department has completed the meet and confer process on 125 of these recommendations (See Attachments 1-6). Six remaining BPR recommendations are not part of this report and will be brought to City Council for consideration after they have completed the meet and confer process.

The reengineering efforts are being closely coordinated with other City-wide reengineering efforts. The department is also beginning an annual program of reviewing a portion of the department's processes with a goal of reviewing all processes every four years.

Following is a summary of the findings and recommendations, the budgetary cost savings, and a description of the reengineering process.

Summary of Findings and Recommendations

Below is a high level summary of the findings from the Development Services Department reengineering effort:

- The existing Municipal Code amendment process has numerous, non-mandated, public review and hearing steps and has multiple feedback loops that make the regulation change process unresponsive and overly reactive rather than proactive.
- Multiple City departments and outside agencies are involved in significant portions of the Municipal Code adoption process yet do not share the same budgetary and work priorities for code amendments to allow the process to be coordinated.
- The department's current preliminary review service needs an option that is more timely and provides a high level, experienced staff to deliver the service.
- Certain work tasks currently performed by staff such as hearing document preparation, conflict resolution management, and project hearing presentation create a perception that staff are project advocates.
- The current environmental appeal process adds an additional hearing and delay for Process 2 and Process 3 actions and limits Council's ability to impose project changes to respond to the issues associated with the appeal of the environmental document.
- The City has been following environmental review practices that restrict the CEQA exemption process more than many other California jurisdictions.
- The community planning group input process varies from group to group and changes over time.
- Community planning group members sometimes struggle to understand their role and responsibilities in the project review process.
- The department needs to utilize self certification and other options to include a range of department functions in order to better respond to peaks (surges) in work activity.
- Formal project submittal and plan distribution process increases the time between the department receiving the application and the staff performing the review.
- Current code enforcement remedies do not recover enforcement costs and do not always encourage timely code enforcement resolution.
- The current code enforcement volunteer program is very successful at resolving many cases and frees up staff time to pursue other more complicated code cases.
- Current records retention and management is outdated, uncoordinated, and does not take advantage of current technology.
- Record storage and public access to records is not cost recoverable.

The 125 recommendations contained in this report (Attachment Nos. 1-6) are in response to these findings. Many of the recommendations would result in savings in time and efficiency for the project applicants and would not result in savings or efficiencies in the department.

Following are highlights of recommended changes that will result in savings for the department:

- Expand the department's self certification programs that place the burden of regulatory compliance onto registered professionals.
- Require project applicants and their consultants to prepare materials and presentations used in public hearings for development projects.
- Return to conceptual review on discretionary projects rather than a construction level plan check.

- Reduce the involvement of staff in certain simple project types by cross training staff and consolidating those responsibilities into fewer employees.
- Expand over the counter review services to eliminate the delay between project submittal and review, reduce review cycles, and reduce overall project administration.
- Automate inspection scheduling and results entry in the field to better allocate staff resources and improve communication with inspectors.
- Expand the code compliance volunteer program.

The department reorganized in FY07 into three separate divisions around its core functions: Entitlement, Construction, and Code Compliance. This organizational structure allowed a more efficient use of resources and eliminated one department and five divisions. This allowed a reduction of 30 positions in FY08 (two unclassified management positions and 28 classified positions) because of better allocation of staff resources.

The department also reduced an additional 24 positions in FY08 in anticipation of efficiencies that will be gained through implementation of the reengineering proposals noted above.

Budgetary Cost Savings

The department estimates \$5.5 million in savings through the reduction of these 54 positions. As the reengineering implementation occurs and ongoing improvement efforts continue, the department hopes to gain further efficiencies by using changing regulatory processing requirements, improving internal training, enhancing performance measurements, and increasing automation to deliver services.

As a part of the FY08 budget process, the following positions were eliminated due to proposed reengineering and reorganization efficiencies.

Classification	Position Title	Total
1106	Senior Management Analyst	1
1107	Administrative Aide II	1
1153	Assistant Engineer-Civil	1
1162	Electrical Inspector II	1
1184	Development Project Manager I	4
1185	Development Project Manager II	3
1186	Development Project Manager III	1
1194	Auto Messenger II	1
1207	Assistant Engineer-Traffic	2
1218	Associate Management Analyst	1
1227	Associate Planner	6
1231	Structural Engineering Associate	2
1277	Combination Inspector II	1
1348	Information Systems Analyst II	1
1356	Code Compliance Officer	1
1401	Information Systems Technician	1
1423	Senior Drafting Aide	2
1475	Fire Prevention Inspector II	3

Classification	Position Title	Total
1535	Clerical Assistant II	1
1555	Junior Engineering Aide	1
1614	Organizational Effectiveness Specialist II	1
1657	Plan Review Specialist III	4
1727	Principal Engineering Aide	1
1746	Word Processing Operator	2
1776	Public Information Clerk	2
1777	Public Information Officer	1
1855	Senior Civil Engineer	1
1876	Executive Secretary	1
1938	Land Surveying Assistant	1
1939	Land Surveying Associate	1
1978	Utility Worker I	1
1979	Utility Worker II	1
2214	Deputy Director (One of these Deputy Director positions was cut in FY 08 budget, the second position was transferred to the Real Estate Assets Department in the FY08 budget)	2
Total Positions		54¹

Reengineering Process

Over a nine month period the department had seven different teams working on the reengineering effort. Working closely with key stakeholders, project customers, and citizens, the teams identified and prioritized key concerns with the development and inspection process, mapped out current processes, and conducted benchmarking and stakeholder interviews. Following are highlights of these efforts.

Benchmarking

DSD reviewed business practices at 42 different agencies to evaluate best management practices and compare them with current City practices. The most comparable jurisdictions were:

Anaheim, California	Long Beach, California
San Diego County, California	Bakersfield, California
Los Angeles, California	San Francisco County, California
Chula Vista, California	Phoenix, Arizona
San Jose, California	Irvine, California
Portland, Oregon	San Antonio, Texas

The benchmarking studies found:

- That San Diego has a more complex regulatory and political environment for the development review and inspection process than most jurisdictions.
- That DSD offers more services than most other agencies.

¹ The FTE reductions to the City as a result of this BPR total 53.0. These reductions were approved as part of the FY2008 budget process.

- That the development review processing times are the same or better than most other jurisdictions.
- That other jurisdictions have done a better job leveraging technology for code compliance.
- That other jurisdictions have more online services than the City currently offers.

Stakeholder Interviews

In addition to the benchmarking studies, 318 stakeholder interviews were conducted. Residents, elected officials, appointed decision makers, design professionals, industry groups, and planning groups were included in these interviews. The overarching findings were:

- That most stakeholders felt that staff were well qualified and had the expertise to perform their duties.
- That staff provides good customer service.
- That staff had the means to resolve conflicts in the development review process.
- That there is a lack of consistency between staff in their review of similar projects and interpretation of regulations.
- That most stakeholders felt the process still takes too long, despite past improvements made by DSD.
- That the development review process, particularly the discretionary process, is not predictable.
- That better access to building inspectors is needed.
- That more information about project status and regulatory overlays is needed on the City's website.

Results and Implementation

The key findings are that DSD needs to:

- Work on simplification of regulations.
- Refocus services on the core business of DSD.
- Reduce and consolidate cycles of outside input.
- Make processes more transparent and predictable.
- Increase accountability to all stakeholders.
- Provide customers with service options based on their knowledge of the process.
- Improve communication and consistency between staff.

Many of the recommendations that came out of the department's reengineering effort focus on changes that would improve outcomes for project applicants. They either reduced time in the process by allowing the customer to control portions of timelines; improve the predictability of the process by changing regulations to eliminate unnecessary steps; reduce the costs of project processing by changing submittal and review standards; or offer different processing choices for customers that provide access to higher levels of service. The importance of these recommendations is that they help property owners reduce carrying costs and better control construction costs.

The other recommendations affect internal outcomes. These would reduce staffing and

processing expenses and improve accountability. They would also enhance stakeholder trust in the process and address staff training and morale.

A number of recommendations will change the public hearing process. These recommendations deal primarily with hearing procedures and conduct. They include:

- Create three distinct regulation adoption tracks and reduce the multiple public body hearing forums including a shortened process to obtain City Council direction and input on complex and controversial regulatory reform concepts before going through a lengthy regulation drafting, public review and adoption process.
- Return discretionary review process to a conceptual review and approval rather than the current detailed design review.
- Require decision makers to add more hearings and docket availability for land use items to allow more schedule flexibility for project applicants.
- Make the applicant and their consultants be the primary presenters of their project at public hearings rather than City staff.

Since January 2007, staff has continued to work on refining the recommendations and studying implementation strategies. The Department also began a Comprehensive Fee Study in June 2007 that will provide detailed cost information to evaluate savings from various recommendations. The department has taken the BPR through meet and confer with the employee labor unions resulting in agreement on 125 recommendations.

There are 12 recommendations to provide premium services for an additional cost (indicated by a "No" in the "Core Function?" column on Attachments 1-6). These will be implemented once the appropriate fees and staffing are established to assure they do not negatively affect the department's core functions.

Additionally, 12 recommendations will require subsequent City Council approval of either a Code or Policy change. These are identified on Attachments 1-6 with the type of action needed in the column labeled "Council Action Required." The Land Use and Housing Committee's Technical Advisory Committee that reviews improvement efforts within DSD unanimously supported City Council's approval of these 12 recommendations.

KEY STAKEHOLDERS AND PROJECTED IMPACTS:

Potential stakeholders include the groups contacted in our stakeholder interviews and benchmarking studies. They consist of community groups, consultants, property owners, development industry, public interest groups, land use professional associations, utilities, and government agencies (including redevelopment agencies). The Business Process Reengineering recommendations, when fully implemented should deliver more responsive and efficient review, inspection, and code enforcement services to property owners and the community.

CONCLUSION

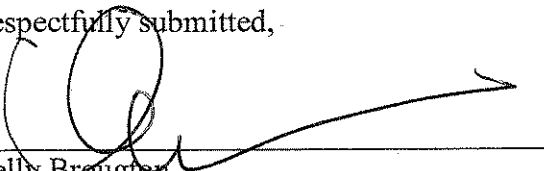
The community, customers, and stakeholders will benefit from the recommendations of DSD's reengineering efforts. Community members and other stakeholder groups will be able to have

more electronic access to project information, noticing, and ability to provide input to projects in addition to future municipal code amendments. This will allow them to be involved early in DSD's review processes and to have more meaningful input.


Customers can expect better access to automation, easier access to staff review services, and more options for enhanced services. This will allow them to obtain more timely and predictable decisions from the department. They will also be able to better control the processing of their own projects. The added benefit of shifting some of the responsibilities back to the customer is removing DSD staff from being in a perceived project advocacy role.

As the Department moves into implementation of the reengineering recommendations and develops new recommendations through on going process reviews, we expect to identify additional benefits for all involved in the development review process. Our goal is to maintain a process of continuous improvement. As technology is enhanced and regulations are simplified we will continue to identify opportunities for efficiencies.

Respectfully submitted,



Kelly Broughton
Development Services Director



William Anderson, Deputy Chief Operating
Officer; Executive Director of City
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Broughton/JDS

Attachments:

1. Regulatory Reform Reengineering Recommendations
2. Discretionary Review Reengineering Recommendations
3. Ministerial Review Reengineering Recommendations
4. Inspection Reengineering Recommendations
5. Code Compliance Reengineering Recommendations
6. Records Reengineering Recommendations
7. DSD BPR Steering Committee Roster