



City Council Report

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Sacramento, CA 95814

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March 27, 2018

Discussion Item 20

Title: Development Process Improvement Update Follow Up

Location: Citywide

Recommendation: Pass a Resolution: 1) authorizing the City Manager or City Manager's designee to add 1.0 FTE for the Youth, Parks & Community Enrichment Department, 1.0 FTE for the Department of Utilities, and 3.0 FTE for the Information Technology Department; and 2) authorizing adjustments of the operating revenue and expenditure budgets to reflect the addition of the positions.

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Presenter: Ryan DeVore, Director of Community Development, (916) 808-8860, Community Development Department

Attachments:

1-Description/Analysis

2-Resolution

Description/Analysis

Issue Detail: This report is a follow up to the Development Process Improvement Update and Staffing Plan Implementation that was presented to City Council on December 12, 2017. Four development process workshops were conducted with the business development community and City Staff.

Recommendations from the workshops include policy updates, efficiencies to procedures, change in fee structure, training, additional staffing, consultant services to identify specific process improvements, and technology improvements to streamline development processes. The following resources are requested to make the suggested improvements and to ensure effective service delivery to the development community across all development departments and workgroups.

1. Proposed resources:
 - a. 1.0 FTE Assistant Planner for the Youth, Parks & Community Enrichment Department (YPCE).
 - b. 1.0 FTE Associate Civil Engineer for the Department of Utilities (DOU).
 - c. 3.0 FTE for the Information Technology Department (IT):(two 1.0 FTE Business Analysts/Program Specialists and 1.0 FTE Senior Department Systems Specialist.
 - d. An estimated cost of \$380,000 for consulting services for development process technology improvements.
2. Proposed funding for recommendations:
 - a. YPCE new plan review fees for planning entitlement applications and tentative maps to offset the 1.0 FTE Assistant Planner will be recommended with the Citywide Fees and Charges report for Fiscal Year 2108/2019.
 - b. Current DOU hourly fees will offset the 1.0 FTE Associate Civil Engineer.
 - c. Development Technology budget (A21006600) will fund the 3.0 FTE for IT: (two 1.0 FTE Program Specialist and 1.0 FTE Senior Department Systems Specialist.
 - d. Development Technology budget (A21006600) will fund the consultant services for the development process technology improvements.

Policy Considerations: In 2017, the City Council held a public strategic planning session where economic development and homelessness were identified as top priorities. Developing a more responsive development review process allows staff to issue permits for housing more quickly, increasing supply and holding costs down. An increased supply of housing is a very important tool to prevent homelessness.

Additionally, the 2035 General Plan contains several policies related to promoting economic development (ED) and maintaining a responsive development review process, including

ED 3.1.8: Streamline Development Process. The City shall continue to identify, develop, and implement strategies, programs, and processes that streamline its development review process.

ED 4.1.2: Strong City and Business Relationship. The City shall project a helpful, positive, and courteous customer service attitude and approach toward businesses.

Economic Impacts: A timely development review process has a direct effect on our economy. Each \$1 million of construction valuation for a new commercial building results in an additional \$850,000 in economic output and 5.2 jobs. Every \$1 million of construction valuation for new single or multi-family housing units results in an additional \$1.6 million in economic output and 11.4 jobs

The indicated economic impacts are estimates calculated using a calculation tool developed by the Center for Strategic Economic Research (CSER). CSER utilized the IMPLAN input-output model (2009 coefficients) to quantify the economic impacts of a hypothetical \$1 million of spending in various construction categories within the City of Sacramento in an average one-year period. Actual impacts could differ significantly from the estimates and neither the City of Sacramento nor CSER shall be held responsible for consequences resulting from such differences.

Environmental Considerations: The actions in this report do not have any potential for significant effect on the environment and are exempt under the California Environmental Quality Act (CEQA) Guidelines Section 15061(b)(3).

Sustainability: Not Applicable

Commission/Committee Action: Not Applicable

Rationale for Recommendation: Staff has proactively engaged in long-standing efforts to streamline the development review process, including the introduction of many programs aimed at developing efficiencies and ensuring an effective, transparent, timely process. Staff has recently partnered with the development community in a series of Business Process Improvement (BPI) workshops to ensure that needs are met when the services are delivered. BPI workshops were held with building industry representatives and City staff to identify areas

to streamline the permitting process, identify efficiencies, mitigate delays, and foster economic development.

A list of proposed opportunities and efficiencies were identified; and detailed work flow diagrams were created and documented for four (4) current development processes.

1. Offsite (Public Right of Way) Plan Review Process
2. Subdivision/Tentative and Final Map Review Process
3. Production Home Permit Approval Process
4. Planning and Design Commission Process for a 200-Unit Mixed Use Development

Policy and technology recommendations for each of the four processes were identified. It was recommended that further definition and adoption of policies and practices continue to be a collaborative effort between the City development staff and the business development community.

Financial Considerations: The addition of 5.0 FTE, supplies for the positions, and additional funding for consultant services will be fully mitigated by development fees, the Technology Budget for Building (A21006600), or other offsets. See chart below for funding source.

Description	Quantity	Department	Funding
Program Specialist	2.0 FTE	Information Technology Department	CIP A21006600 - Building Permit Technology Budget
Senior Department Systems Specialist	1.0 FTE	Information Technology Department	CIP A21006600 - Building Permit Technology Budget
Assistant Planner	1.0 FTE	Youth, Parks, Community Enrichment Department	Youth, Parks, Community Enrichment Department
Associate Civil Engineer	1.0 FTE	Department of Utilities	Department of Utilities

Local Business Enterprise (LBE): Not Applicable

Background: At the December 12, 2017 City Council meeting, staff presented recommendations to improve the development review process due to the rapid increase in development activity. Council approved the addition of 24 FTE for five departments directly involved in the development review process (Community Development, Fire, YPCE, Public Works and Utilities) and consultant services of \$750,000.

As of March 8, 2018, 15 of the 24 FTE have been filled and three are in the interview process. The remaining seven recruitments are still active. Staff has begun training and integrating the new team members.

The Community Development Department (CDD) teamed up with Information Technology Department (IT) to bring in ThirdWave Inc., a systems integration firm, to document internal business processes and procedures associated with the City's building permit application processes. The study included workshops with both City staff and representatives from the building industry so that both groups could identify challenges and determine possible solutions from a holistic perspective to improve efficiencies and effectiveness of the current development processes.

To improve development review effectiveness, Business Process Improvement (BPI) workshops were conducted over the past four months in a partnership with the City's development staff and the Building Industry Association (BIA) to create workflow maps which identify opportunities to automate and streamline the development review process. The workshops were well attended, with 49 city staff and 19 members of the development community participating in the sessions.

Staff and the development community identified ideal workflows for the following processes, which require both technological solutions as well as policy changes to ensure effective implementation.

1. Offsite (Public Right-of-Way) Plan Review Process
2. Subdivision/Tentative and Final Map Review Process
3. Production Home Permit Approval Process
4. Planning and Design Commission Process for a 200-Unit Mixed Use Development

The workshops resulted in the creation of end-to-end visual business process maps and revealed over 100 different potential solutions including policy updates, consolidated plan submittals for offsite and onsite improvements, and enhanced electronic plan checks processes. In addition, other technology enhancements to the City's permitting system included permit tracking and automatic notifications functionality, implementation of smart forms, expansion of online payments/refunds, and integration of a document management system. The study also identified the need for new positions including project managers, development engineers, planners, building inspectors, and technology staff that could significantly help expedite the internal review process.

Recommended improvements include:

1. Create a project manager at large, who is empowered to resolve issues across departments.
2. Adopt a policy of submitting one set of plans for offsite and onsite improvements. Create an integrated workflow in the permitting system to accommodate this change.
3. Develop a workflow and tracking mechanism for Development Engineering (DE), which mimics the Building Division process. Empower DE Project Managers to lead across departments and hold staff accountable to established timelines.
4. Enhance the functionality of Permit Tracker to include all permitting processes, which would allow customers to access and track all development activity in one location.
5. Enable the permitting system to provide automatic notifications to stakeholders at key milestones.
6. Publish all city standards and policies related to development in one location, online.
7. Provide the applicant with consolidated comments at the end of each review cycle. Assign a single point of contact to distribute the comments and remain available to assist with questions or conflicts.
8. Allow for the electronic submittal of production home permits.
9. Adopt the use of smart forms, with auto-population of data.
10. Expand the functionality of online payments to all development transactions.
11. Adopt one integrated document management system.
12. Expand the use of electronic plan check to all development business lines.

Staff will monitor the progress of these improvements through a monthly, multi-disciplinary development process improvement team meeting. Staff will also check-in at least quarterly with the development community to share updates and discuss solutions.

RESOLUTION NO. 2018-XXXX

Adopted by the Sacramento City Council

APPROVING ADDITIONAL STAFF AS A MEANS OF PROMOTING ECONOMIC DEVELOPMENT AND IMPROVING DEVELOPMENT REVIEW AND APPROVAL

BACKGROUND:

- A. At the City Council meeting on September 12, 2017, Councilmember Ashby directed the City Manager to identify ways to expedite the development process for housing construction. Councilmember Hansen echoed the need for a review of the development process, staffing levels, and timeliness.
- B. On December 12, 2017, Council approved the addition of Development positions in five departments, vehicles and increase in funding for consultant services to address the City's significant increase in Development activity.
- C. Business Process Improvements (BPI) workshops were held with building industry representatives and city development staff to identify areas to streamline the permitting process, identify efficiencies, mitigate delays, and foster economic development. Recommendations include additional staff resources and consultant services to address development process improvements

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

Section 1. The City Manager or his designee is authorized to add the following 5.0 FTE to support the development process.

Description	Quantity	Department
Program Specialist	2.0 FTE	Information Technology Department
Senior Department Systems Specialist	1.0 FTE	Information Technology Department

Assistant Planner	1.0 FTE	Youth, Parks,Community Enrichment Department
Associate Civil Engineer	1.0 FTE	Department of Utilities

Section 2. The City Manager is authorized to amend the FY2017/18 revenue, expenditure, and multi-year operating budgets as necessary to fund the proposed staffing.