



REPORT to the MAYOR and MEMBERS of the CITY COUNCIL
From the CITY MANAGER

DATE: February 28, 2023

SUBJECT: REPORT AND RECOMMENDATIONS ON
PERMITTING PROCESS IMPROVEMENTS AND
CONSIDERATION AND POSSIBLE ADOPTION OF A
RESOLUTION APPROPRIATING GENERAL FUND
RESERVES TO FUND AN ADDITIONAL
ENGINEERING TECHNICIAN POSITION AND
PERMITTING PROCESS TECHNOLOGY
IMPROVEMENTS

ISSUING DEPARTMENT: City Manager's Office

SUMMARY:

Issues:

1. Should the City Council receive the Report and Recommendations on Permitting Process Improvements regarding the Community Development Department and the Public Works Engineering Division?
2. Should the City Council adopt a resolution appropriating General Fund Reserves to fund an Engineering Technician position and Permitting Process Technology Improvements?

Recommendation:

1. Receive the Report and Recommendations on Permitting Process Improvements regarding the Community Development Department and Public Works Engineering Division.
2. Adopt a resolution appropriating General Fund Reserves to fund an Engineering Technician position and Permitting Process Technology Improvements.

Fiscal Impact:

The FY 2022-23 Compensation Plan includes the Engineering Technician I position located in the Public Works Engineering Division. Including benefits, the annual cost to the City to add the position is \$129,000 at top step. However, the position would likely start at a lower step, thus a lower initial cost to the City. Since the Fiscal Year is more than half over staff is estimating the fiscal impact at \$60,000 for the remainder of the budget year.

An appropriation from General Fund Reserves in the amount of \$40,000 is requested to implement technology upgrades in the Community Development Department and Public Works Engineering Division in support of recommendations included in the Summary Report (Attachment A). If approved, the funding will be programmed into the Fiscal Year 2022-23 budget.

City's Strategic Goals:

- Continue to improve high quality municipal services
- Ensure safe and affordable homes for all current and future residents

BACKGROUND:

Permitting responsibilities in the City of La Mesa are carried out by staff in the Community Development Department, including contract plan review staff from Interwest, the Public Works Engineering Division, and Heartland Fire and Rescue. The City's Community Development Department is responsible for planning and building functions that are a critical path for the processing of entitlement applications and issuing building permits. The Planning and Building Divisions within the Community Development Department serve a role as both regulators of the Zoning Code and Building Code and as facilitators that assist applicants with the permitting process. The Public Works Engineering Division fills an important role in the permitting process by reviewing and checking grading plans, improvement plans, and associated technical reports related to hydrology, water-quality and soils, and final maps for private development projects. Heartland Fire and Rescue is responsible for the delivery of fire protection and emergency medical services and reviewing private development plans for compliance with fire code and other fire safety requirements.

Staff in these departments, and the important roles they serve, have a significant impact on development in the community. Residents making improvements to their homes are affirming that La Mesa is an attractive place to live and raise a family. For businesses, commercial investment reflects La Mesa's strong local and regional market opportunities. Recognizing that the City of La Mesa desires to encourage reinvestment

and promote a business-friendly environment, in recent years the City has worked to implement process and other changes to better serve residents, business owners, and community members.

In 2015, the City hired MJE Marketing (MJE) to facilitate focus groups involving 60 members of the business community. The focus groups included architects, contractors, and developers that had recently conducted business with the City. MJE asked this focus group to offer their perceptions of the community and conducting business with the City. MJE also organized a second focus group, comprised of 14 City staff members involved in the permitting process. Each group was presented with prompts that asked questions about their experiences with the City and their impressions of the permitting process.

Generally, both groups thought the City is well-run based on individual experience and is a pleasant community that is “up and coming.” However, the focus groups believed there was an insufficient number of staff given their recent experiences with development projects and permit applications. Another key observation offered by the focus groups was a desire to see more of the permitting process move online to better facilitate workload and track permit applications. Based on the feedback received, the City initiated the process to procure an electronic, online permitting system, eventually selecting the MaintStar system. The system is in use for many permitting functions and others are being implemented. Additionally, the customer and staff experience at City Hall was enhanced through expansion and redesign of the front counter area to provide additional work and counter space to interact with customers.

In 2019, the City retained Customer Service Advantage (“CSA”) to lead two workshops attended by City staff on customer service to identify recommendations regarding service delivery. The workshops challenged staff to discuss perceived obstacles to providing customer service as well potential solutions. As part of the process, CSA identified baseline recommendations to improve information sharing, communication, and customer service and led a process mapping exercise to assist staff in identifying inefficiencies in processes and workflows. The improved process workflow mapping from this exercise was used during the implementation of the MaintStar computer system. The workflows developed from the workshops were used to create the new workflows for Maintstar.

In April 2022 the City Manager gave direction to the City of La Mesa Human Resources division to give priority to the hiring of all development services related position in the Community Development, Public Works and Fire Departments. There is currently only 1 vacancy of a development services related position. The City Manager also gave direction to the City of La Mesa Information Technology division to prioritize all development services related technology requests.

In May 2022 staff including the City Manager, the Assistant City Manager, the Community Development Director, the Public Works Director, the Fire Chief, the Fire Marshall and the Assistant to the City Manager began meeting weekly to discuss, coordinate and implement improvements to the development process. These process improvement team or PIT meeting have been occurring weekly ever since. The meetings allow staff leadership to regularly communicate and ensure that any problems related to projects in the development process are being addressed.

Also, in May 2022, the City Council approved an agreement with Baker Tilly (formerly Management Partners) to conduct a review of the permitting process in the Community Development Department and the Public Works Engineering Division. The scope of work included completing the following tasks and activities:

- Developing and administering a customer experience survey of 1,441 La Mesa customers with recent experience processing private development projects through the City's permitting process.
- Conducting a peer comparison of La Mesa's operations with comparable cities related to the development review process and staffing.
- Facilitating a three-day Process Improvement Workshop with staff from Community Development, Public Works/Engineering, and Heartland Fire and Rescue to identify recommendations for improvement.
- Facilitating process mapping sessions to document existing workflow processes and decision points for various types of development applications.
- Conducting individual interviews with key staff in Community Development, Public Works/Engineering, and Heartland Fire and Rescue to learn what is working well and identify areas of improvement.
- Conducting interviews with Councilmembers to hear their perspectives.
- Conducting interviews with stakeholders to understand customer perceptions about the City's development process and ideas for improvement.
- Preparing a Draft Implementation Action Plan to help City staff manage and implement recommended changes.
- Develop observations based on the activities in the scope of work based on Baker Tilly's knowledge of industry best practices.

The process concluded with the development of a Summary Report by Baker Tilly that is attached to this report as Attachment A. The report summarizes Baker Tilly's research, observations and analysis and includes staff's recommendations resulting from the three-day Process Improvement Workshop conducted in November 2022.

DISCUSSION:

The Summary Report details key takeaways from interviews, the customer experience

survey and peer agency comparison. Their purpose was to inform Baker Tilly's analysis and observations, provide context for City leaders, and assist staff as they developed recommendations during the Process Improvement Workshop. Baker Tilly conducted 19 interviews with City Councilmembers, City staff, and stakeholders. Interviews with City staff included the City Manager, Assistant City Manager, department directors, and key staff involved in the development review and permitting process. Stakeholder interviews included applicants who had recently processed projects in the City for Accessory Dwelling Units (ADUs), commercial projects, large housing developments, and a historic building restoration. The interviews identified that there are gaps in communication throughout the process, that workload volume is high, and that current technological tools are not yet sufficiently developed. Additionally, it was noted that policy changes and clarification should be considered to improve the process.

The customer experience survey was designed to elicit feedback about what works well and what areas could be improved from customers who have recent experience with the City's process. The survey, whose respondents were mostly property owners with recent experience with the City's permitting process, showed numerous areas where customer comments were positive. A majority of respondents felt like staff treated them courteously, were helpful and knowledgeable, and that information delivered to them assisted them through the process. Respondents also thought information on the website was helpful and that requesting inspections was simple and conducted promptly. Areas where a majority of respondents felt challenges existed related to staff accessibility and responsiveness and a general lack of timely feedback on submitted plans.

The peer agency comparison was conducted to compare the City's development review and permitting process with the operations of cities of similar size. Key takeaways from the peer agency comparison includes:

- The planning staff is small and will need greater capacity as the City moves toward a model where information and customer assistance are front-loaded in the development process. This model will require an investment of more staff time and resources at the front counter and early in the development process to ensure that projects have a good start and that customers have the information they need to submit quality applications and stay informed.
- La Mesa has fewer administrative positions than the peer cities to provide support to the development review process in areas such as conducting consistent and thorough data analysis (i.e., MaintStar), providing administrative support to the departments involved in the development process, producing performance reports to track the overall development process, and assisting customers as necessary.
- While there are areas where service levels and turnaround times should be

improved, the workload in La Mesa must also be considered. For example, the City of La Mesa processes more than twice the number of ADU projects compared with the peer cities.

- La Mesa's current plan review turnaround goals (i.e., 21 days and 14 days) are good because, if met, they provide a reasonably fast project review. The City also intends to reduce the turnaround goals further (i.e., 12 days and 5 days).
- La Mesa's goals compare well with the peer cities. However, the actual turnaround performance has been mixed, and it is substantially slower than in peer cities. For example, La Mesa's departments only meet the turnaround goals in 50% of first plan reviews, and in 75% of second and subsequent plan reviews. The average among the peer cities is 90% and 92%, respectively.
- In La Mesa, 50% of projects require three or more cycles of review while on average, only 16% of projects in the peer cities require this extent of repetitive review. Multiple cycles of review add substantial delay for development projects, in part because the cycles can be complicated and have multiple steps.

Process Improvement Workshop

A three-day Process Improvement Workshop was conducted by Baker Tilly with staff in the various departments who have key roles in the development review and permitting process. Goals of the workshop were to identify ways to enhance the overall customer experience by improving communication with applicants at key customer interactions during the process and identifying ways to improve the project intake process, provide thorough, clear and timely reviews, and reduce repetitive review cycles. Staff's efforts to identify improvements involved discussing common barriers to achieving these goals and the importance of addressing them in the final recommendations. The common barriers include the following:

- Staffing vacancies exist and additional staffing will be necessary in key areas.
- Technology is lacking.
- Changes in state law, especially numerous and frequent changes pertaining to housing.
- High-volume workload.
- Lack of documentation of the City's policies, practices, and procedures.
- Lack of internal communication between the departments, including communication about rules and interpretations.

The three-day workshop engaged staff in large and small groups to identify problems and develop recommendations. During the workshop, participants used process maps developed by Baker Tilly and feedback from the interviews, customer experience survey, and peer comparison to develop customer service, process improvement, and supplemental recommendations to be implemented by the City. At the end of the

workshop, Baker Tilly concluded that the City of La Mesa development permit process was not broken, but it did need improvements in its administration functions and communication. The recommendations from the workshop are as follows:

Customer Service Recommendations

1. Update the City's website regularly to communicate current information about development review processes to applicants.
2. Finalize and release the Accessory Dwelling Unit (ADU) guidebook in an easily updatable manner to allow changes to be incorporated.
3. Create a community workshop series to educate the development community and public about pertinent information.
4. Provide tutorial videos for applicants about using online development tools, including MaintStar.
5. Redesign the permit application to include all parties associated with the project (owner, applicant, design professional, contractor, etc.) to ensure the owner is kept apprised of progress.
6. Communicate required signoffs to applicants at permit issuance to ensure the project is completed successfully.
7. Update the zoning ordinance and other land use policies to better reflect the community's vision.

Process Improvement Recommendations

8. Develop an aggressive schedule to implement all modules in MaintStar.
9. Create staff-level interdepartmental development services team meetings to discuss specific projects, identify process improvement areas, and improve communication and coordination between departments.
10. Determine what applications, forms and handouts are necessary for applicant success in the development process.
11. Reinstigate pre-application development review committee meetings with applicants to establish expectations and ensure the project is feasible.
12. Require initial building permit application review at intake by a staff member with a planning perspective.
13. Contact an applicant after two review cycles if there are outstanding comments and plans have not made significant progress.
14. Reestablish over the counter (OTC) plan review.
15. Provide onboarding and ongoing training for staff.
16. Provide staffing resources needed for technical support/processing to meet customer expectations and turnaround goals.

Supplemental Recommendations by Baker Tilly

17. Discontinue accepting incomplete development applications.
18. Use performance indicators to track key permitting processes, customer service, customer satisfaction, and review and inspection milestones.
19. Develop and update standard operating procedures (SOPs) to clarify process workflows, capture institutional knowledge, ensure staff are performing functions consistently, and assist with training and cross training.
20. Upgrade hardware and software to allow more efficient and effective plan review including providing large monitors for plan review and improving storage capacity and processing speeds for emails and large files.
21. Conduct an annual meeting with all development services-related staff to identify additional opportunities to improve the permitting process.

Draft Implementation Action Plan

After the Process Improvement Workshop concluded, Baker Tilly developed a Draft Implementation Action Plan (Plan) in January 2023 to assist the City with the phasing and scheduling of the twenty-one recommendations. The Plan provides priorities for the recommendations with assignments of responsibilities to appropriate City staff and specific planned completion dates. Priority 1 recommendations are those that are the most important to accomplish or relatively easy to accomplish as “quick wins.” Priority 2 recommendations have less importance in the near term or have an added element of complication to complete or requires significant resources for completion. Priority 3 recommendations are the least urgent to complete because they require action by a third party or have a high degree of complexity to complete. The Draft Implementation Action Plan is attached to this report as Attachment B for reference.

The City has begun implementing the following Priority 1 recommendations identified in the Plan:

- Recommendation #2 is a customer service recommendation to finalize and release the Accessory Dwelling Unit (ADU) guidebook in an easily updatable manner to allow changes to be incorporated. The guidebook is substantially complete and is anticipated to be released in early Spring 2023.
- Recommendation #9 is a process improvement recommendation to create staff-level interdepartmental development services team meetings to discuss specific projects, identify process improvement areas, and improve communication and coordination between departments. The Development Services Coordination Committee, or “DSCC”, consists of staff from the Community Development Department, Public Works Engineering Division, and Heartland Fire and Rescue.

The DSCC first met on January 23, 2023 and now meets every two weeks on Mondays and staff is responsible for bringing forward items of discussion and setting the agendas.

- Recommendation #11 is a process improvement recommendation to reinstitute pre-application development review meetings with applicants to establish expectations and ensure projects are feasible. Pre-application review meetings are now available for applicants to schedule with staff on alternate Mondays from the DSCC meetings.
- Recommendation #13 is a process improvement recommendation to implement a department policy to contact an applicant after two review cycles if there are outstanding comments and plans have not made significant progress through the development review process. Through DSCC meetings, staff has begun formulating the policy.
- Recommendation #17 is a supplemental recommendation by Baker Tilly to discontinue accepting incomplete development applications. Implementation of this recommendation is ongoing.

Additional Engineering Technician Position

Recommendation #16 is a process improvement recommendation to provide staffing resources needed for technical support/processing to meet customer expectations and turnaround goals. As identified in the customer experience survey, peer agency comparison, and Process Improvement Workshop, La Mesa has a need for additional staffing to provide support for the development review process. An immediate need is the addition of an Engineering Technician position in the Public Works Engineering Division. The role of the Engineering Technician position is to review projects for compliance with public and private regulations including grading requirements, encroachment into public right-of-way, and traffic control. Staff is recommending that this position be added at this time and if approved by the City Council an immediate recruitment will begin.

In the Community Development Department, the Administrative Coordinator position has been restructured to provide additional support to staff involved in the development review process. The position is currently under recruitment with onboarding of a selected candidate to occur in March. Over the last year, the Assistant Community Development Director position has been vacant, thus impacting operations. The position was filled in January, which has helped to provide much needed support to the director. As part of the Draft Implementation Action Plan, staff will analyze the need for an additional position in the department after Priority 1 recommendations have been implemented and the impact of having filled the Administrative Coordinator and Assistant Director positions can be fully evaluated.

Appropriation of General Fund Reserves for Technology Improvements

In March 2022, the City implemented MaintStar, an online public portal to allow customers to generate electronic permit applications, submit plans, supporting documents and reports, receive comments and corrections, provide resubmittals, pay fees and receive permits 100% electronically. MaintStar streamlines the development review and permit process by enhancing communication between staff and development applicants and by reducing the need for in-person paper submittals. At the beginning of February all building inspection requests were transitioned to the MaintStar online portal and the old telephone inspection function was abandoned.

Recommendation #20 is a supplemental recommendation by Baker Tilly to upgrade hardware and software to allow more efficient and effective review, including larger monitors for plan review, computers with improved storage capacity and processing speeds for large electronic files, and back-end network hardware to provide additional capacity. To support the electronic plan submittal process in MaintStar, the Community Development Department and Public Works Engineering Division are working on these previously identified needs using budgeted funds to purchase the monitors and computers. A demonstration configuration has already been installed and is currently undergoing testing by staff. Additional funding is needed for back-end network hardware. To implement recommendation #20, an appropriation in the amount of \$40,000 is needed from General Fund Reserves to pay for these additional network upgrades for staff in the Community Development Department and Public Works Engineering Division. If approved, the funding will be programmed into the Fiscal Year 2022-23 budget.

Commitment to Customer Service

The City as an organization, the development services departments, and City staff are committed to providing customers with a good service experience when they have business with the City. Consistent efforts have been made to evaluate and enhance service levels over time, from improvements to workspace for better efficiency to increasing transparency by posting project information on the Community Development Department webpages ([Projects Under Review](#)). Advancements in electronic permitting and plan review are in place and continue to be pursued through implementation of the MaintStar system. Evaluation of Building Division contract services resulted in the selection of a new contractor in December 2022, Interwest, who immediately provided a better service delivery. The City, departments, and staff will continue to pursue improvements to efficiency, service, and communication with the implementation of the recommendations presented.

CONCLUSION:

Receive the Report on Permitting Process Improvements and recommendations and adopt a Resolution appropriating General Fund Reserves to fund an Engineering Technician position and Permitting Process Improvements.

Reviewed by:



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City Manager



Kerry Kuslak
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Respectfully submitted by:



Lyn Dedmon
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Michael Throne
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Attachments: Attachment "A" – Summary Report from Baker Tilly
Attachment "B" – Draft Implementation Action Plan
Attachment "C" – Resolution