

**Presentation to the Congress of Neighborhoods  
Regarding the Analysis of a New  
Development Services Department**

**CITY OF LOS ANGELES, CALIFORNIA**



**September 28, 2013**

## **1. BACKGROUND TO THE ANALYSIS**

On July 20, 2011, the Mayor released the Development Reform Strategic Plan (Plan) that recommended many changes to the City's approach to development services, including improvements to the review process, updating policies and codes, and technology solutions. The City has been in the process of implementing many of these recommendations since the Plan was released and is concurrently procuring the technology solution, BuildLA, called for in the Plan that will provide a system wide platform for the City's development services.

On May 29, 2013, the City Council approved a report from the departments of Building and Safety and City Planning to transfer the two departments into a new Department. Additionally, related functions from the Departments of Public Works, Bureau of Engineering, Fire, and Transportation will be transferred to the new Department. Transfer of these departments and functions is scheduled to be completed by January 1, 2014. To facilitate this process, the Council directed the CAO and the CLA to retain a Consultant to assist in developing a transition plan for the realignment of these functions.

The Consultant will analyze the roles, responsibilities, and tools required to implement the new Department, perform internal and external customer/staff surveys for input of key stakeholders on the functional transfer, identify strategies used by other cities in providing similar services, and provide a report with findings and recommendations that will assist the City in successfully executing the functional transfer in a manner that ensures improved customer service and continued compliance with all applicable codes, regulations, and laws.

## **2. WHO HAS THE MATRIX CONSULTING GROUP TALKED TO IN CONDUCTING THIS ANALYSIS?**

The Matrix Consulting Group has talked to over 250 people in conducting this analysis. It has met with representatives of the Office of the Mayor and each of the Offices of the City Council; interviewed all of the managers, supervisors, and selected line staff in the departments of Building and Safety and City Planning, and related development service functions from the Departments of Public Works, Bureau of Engineering, Fire, and Transportation; met with representatives of the Personnel Department, union representatives for affected employees, and with Neighborhood Councils; and conducted focus groups with architects, engineers, general contractors, and other interested parties.

**3. WHAT MUST A NEW DEPARTMENT ACCOMPLISH TO BE SUCCESSFUL?**

A new department must meet a number of criteria to be successful. These criteria are summarized below.

<b>Regulations</b>
<ul style="list-style-type: none"> <li>Up-to-date zoning code that is easy to navigate, easy to understand and interpret, is rational, and conveys desired outcomes that are easy to understand and comply with.</li> </ul>
<ul style="list-style-type: none"> <li>Up-to-date community plans that provide a vision for the communities of Los Angeles.</li> </ul>
<ul style="list-style-type: none"> <li>Effective enforcement of conditions of approval and mitigation monitoring measures.</li> </ul>
<b>Core Business Processes</b>
<ul style="list-style-type: none"> <li>That are integrated and efficient.</li> </ul>
<ul style="list-style-type: none"> <li>Reflect a culture that is sensitive to the multiple customers and constituents.</li> </ul>
<ul style="list-style-type: none"> <li>Clear expectations, no surprises.</li> </ul>
<ul style="list-style-type: none"> <li>Clear requirements and standards for application submittals.</li> </ul>
<ul style="list-style-type: none"> <li>Clear process and decision points.</li> </ul>
<ul style="list-style-type: none"> <li>Establish early tentative dates for hearings.</li> </ul>
<ul style="list-style-type: none"> <li>Permit review turn-around times that meet metrics.</li> </ul>
<b>Technology</b>
<ul style="list-style-type: none"> <li>Tools are available to provide accurate and real-time information and project tracking.</li> </ul>
<ul style="list-style-type: none"> <li>Accurate and accessible information.</li> </ul>
<ul style="list-style-type: none"> <li>Enables informed decision-making.</li> </ul>
<ul style="list-style-type: none"> <li>Enables the public to be aware of development in their neighborhoods.</li> </ul>
<ul style="list-style-type: none"> <li>Enables the permit applicant to be aware of the status of their permit, wherever their permit is being processed in the City and whatever the status.</li> </ul>
<b>Physical Space</b>
<ul style="list-style-type: none"> <li>Co-location of permit staff in 1-stop centers strategically located in the City (e.g., Metro, Valley, West Los Angeles, South Los Angeles, San Pedro, etc.).</li> </ul>
<ul style="list-style-type: none"> <li>Reflects a user-friendly, service-oriented approach for customers that interact with the process.</li> </ul>
<b>Organizational Structure</b>
<ul style="list-style-type: none"> <li>Organization structured to clearly define accountability for the development services process.</li> </ul>
<ul style="list-style-type: none"> <li>Organization structure readily enables the sharing of information freely among staff, customers, and citizens so that projects can be managed effectively, and issues or conflicts resolved as they occur (no late hits).</li> </ul>
<ul style="list-style-type: none"> <li>Fosters the development of a unified culture that encourages teamwork, customer focus, personal responsibility, and a positive perspective regarding change.</li> </ul>

#### **4. HOW DOES THE CITY'S DEVELOPMENT SERVICES COMPARE TO THESE MEASURES OF SUCCESS?**

The City has a number of positive aspects to its development review process. Examples of these positive aspects are presented below.

- The City is investing \$5 million over a period of five years to comprehensively update its Zoning Code.
- The Department of City Planning has completed the update of the Hollywood community plan, and is in the process of updating seven other community plans, including San Pedro, West Adams-Baldwin Hills-Leimert Park, South Los Angeles, Southeast Los Angeles, Boyle Heights, Granada Hills-Knollwood, and Sylmar.
- The number of calendar days required by the Department of Transportation to process traffic mitigation impact studies meet the metrics utilized by the Matrix Consulting Group.
- The Department of Building and Safety does an excellent job of issuing most building permits over-the-counter and over-the-Internet. Almost 90% of the building permits issued in calendar year 2013, as of August 3, 2013, were issued as e-permits (over the Internet), as express permits, or over-the-counter permits.

However, there remain a number of opportunities for improvement.

##### **(1) Regulations**

- **The City's community plans, overall, are 15 years old.** The metric utilized by the Matrix Consulting Group for the "shelf life" of community plans is 10 years.
- **The Urban Design Studio in the Department of City Planning can be used more effectively.** The Urban Design Studio is not yet participating in Recode.LA, is not involved in the development of community plans, and is not consistently involved in pre-entitlement application review.
- **It is impractical to expect responsive code enforcement from the current level of resources.** The City does not have a fee-supported program to ensure compliance with mitigation requirements identified in Environmental Impact Reports and Mitigated Negative Declarations. The City does not have a comprehensive fee-supported approach to condition monitoring for conditions attached to Conditional Use Permits, Subdivisions, Planned Developments, etc. Code Enforcement / Department of Building and Safety lacks the staff resources necessary for an effective and proactive enforcement program; it currently takes about 20 days for Code Enforcement to respond to a non health/safety complaint.

## **(2) Core Business Processes**

The core development services processes employed by the City are not consistently integrated or consistently efficient. Some examples of the problems with the core development services processes are presented below.

- **The building permit applicant must obtain clearances for building permits.** There are as many as 127 clearances that need to be obtained from the permit applicant from 18 different City departments, County departments, State departments, and independent districts. This is a sequential process, with one department performing its clearance process at a time rather than multiple departments working concurrently to process their respective clearances. The burden to move permit applications through the clearance process is on the customer rather than the City.
- **Applicants for tentative parcel maps with the Department of City Planning are required to submit plans stamped as approved by Grading / Department of Building and Safety.** These applications, after intake at the Department of City Planning, are then routed back to Grading / Department of Building and Safety for plan check.
- **The Bureau of Engineering initiates the B-Permit process with the estimation of the cost for a permit bond.** The Bureau estimates the cost of the public improvements to determine the amount of the bond coverage needed for B-Permits. The Bureau averages 25 days to complete these estimates. Other local governments, such as the cities of San Diego and San Jose and counties such as San Diego County and Orange County, require applicants to submit engineered estimates based on detailed cost schedules developed by licensed engineers.
- **The environmental review of a discretionary permit and the analysis of the discretionary permit by the Department of City Planning occur sequentially.** If an Initial Environmental Study is required, the discretionary permit is placed on “hold.” Once the Initial Environmental Study is complete and the negative declaration or mitigated negative declaration has been made, the “hold” is removed and the analysis of the discretionary permit begins, e.g., compliance with the zoning code, community plan, etc..
- **The number of calendar days required to review permit applications often exceed metrics.** Zoning administrator permits, for example, required almost six months to achieve a decision, after being deemed complete. Getting to complete requires an additional three months. The B-permits issued by the Bureau of Engineering for street improvements require a little more than five months for the Bureau to complete its plan check.

- **The City has not defined responsibility for management of the discretionary permit process, the ministerial permit process, and the public improvement permit process.** As a consequence, there is a lack of clarity regarding accountability for managing the process and reaching decision points on a timely basis. The permit applicant must assume responsibility for obtaining clearances, resolving conflicting conditions or corrections, and managing the permit processes between bureaus and departments.

These are examples of some of the opportunities to improve core development services processes.

### **(3) Technology**

The City is operating with different permitting systems in different departments that are unable to communicate with each other, with the applicant, or with the public. The City has issued a Request for Proposal to develop a new automated permitting information system, called BuildLA. BuildLA, however, is not less than three years away from “go live.” It is an ambitious project with an ambitious scope.

### **(4) Physical Space.**

There are numerous problems with the physical location of City development services staff and the impact on the ability of City staff to serve the public. For example:

- At the present time, the Bureau of Engineering requires the applicant to deliver the B-Permit plans to other Bureaus and Divisions. If the project involves street lighting work, the applicant delivers a set of the B-Permit application and plans to the Bureau of Street Lighting at 1149 S. Broadway, 4<sup>th</sup> floor. If the project involves traffic signal work, the applicant delivers a set of plans to the Department of Transportation, 100 North Main Street, 9<sup>th</sup> floor.
- A building permit clearance by the Department of City Planning for a Historic Preservation Overlay Zone or historical monuments requires applicants at the Department of Building and Safety offices at 201 North Figueroa Street to travel from that building to the Office of Historic Resources, Department of City Planning offices at 200 North Spring Street, and then return to the Department of Building and Safety offices at 201 North Figueroa Street.
- A building permit clearance by the Bureau of Engineering for a Bureau of Engineering Processing Fee requires the applicant, at the Department of Building and Safety offices at 201 North Figueroa Street, to leave the fourth floor, go to the third floor, pay the fee, and then return to the fourth floor.

- The Department of Transportation B-Permit staff and Metro transportation planning staff are located at 201 North Los Angeles Street whereas their customers are at the 1-stop permit centers.
- The Department of City Planning discretionary permit processing staff for the Metro area are located at City Hall, while the Department of Building and Safety staff, Bureau of Engineering, and Fire Department staff for the Metro area are located at 201 North Figueroa Street.
- The Department of City Planning does not assign staff to the West Los Angeles, San Pedro, or South Los Angeles 1-stop permit centers.

#### **(5) Organizational Structure**

- There is no end-to-end accountability for managing the City's development services processes except in the Office of the Mayor and the members of the City Council. Problems with permits require the direct intervention of the Office of the Mayor and the members of the City Council.
- The Department of Building and Safety is responsible for the administration of the Zoning Code, not the Department of City Planning, which writes the code and presently has the lead responsibility for Recode.LA.
- The Department of Building and Safety is responsible for pre-entitlement permit review (case management) rather than the Department of City Planning.
- The Department of City Planning has organized its Development Services Bureau staff both functionally and geographically. It has assigned staff to geographical offices (e.g., the Valley office) as part of the Neighborhood Projects Division but has also assigned staff functionally such as Zoning Administration and Subdivisions.

#### **6. HOW DO OTHER CITIES ADDRESS THESE CHALLENGES?**

The Matrix Consulting Group conducted a survey of eight other cities to identify how these cities organize their development services. These included the cities of San Diego, Long Beach, Glendale, and San Jose, California; Phoenix, Arizona; Portland Oregon; Chicago, Illinois, and Dallas, Texas.

- **All but one of the eight cities has transferred much of their planning, building and safety and other development service functions into a single department.** Chicago has retained separate Planning and Building and Safety departments. This was the typical structure for most American cities before development service functions began to be transferred to a single department in the latter half of the 20<sup>th</sup> century. Two of the cities - Portland and San Diego –

have assigned advanced land use planning as a standalone department, separate from the department responsible for development services.

- **All of the cities that have functionally transferred development services to a single department reported that the transfer was successful.** All of the cities that functionally transferred development services to a new department reported improved coordination of permit processing, improved customer service, and improved customer satisfaction.
- **These cities tend to co-locate their staff for the convenience of their customers and to foster interaction among City staff from different disciplines.** Co-location benefits staff of the City as well as the customers that the staff serve.

Functional integration of development services is a prevailing practice, even among large cities.

## **7. HOW DOES THE CITY PROGRESS TOWARDS A WORLD-CLASS DEVELOPMENT SERVICES PROCESS?**

The policy adopted by the City Council in May 2013, transferring the departments of Building and Safety and City Planning into a new Department, and also related functions from the Departments of Public Works, Bureau of Engineering, Fire, and Transportation, is designed to begin to transform the service delivery approach from a silo-based approach in which the applicant must manage the development services process to one with one department that is responsible for managing the process.

This is not a simple progression. There is a lot of hard work for Los Angeles to achieve a world-class development services process. Some of this work has already begun e.g., BuildLA. Much of the work remains, however. To achieve a world-class development services process, the City of Los Angeles will need to:

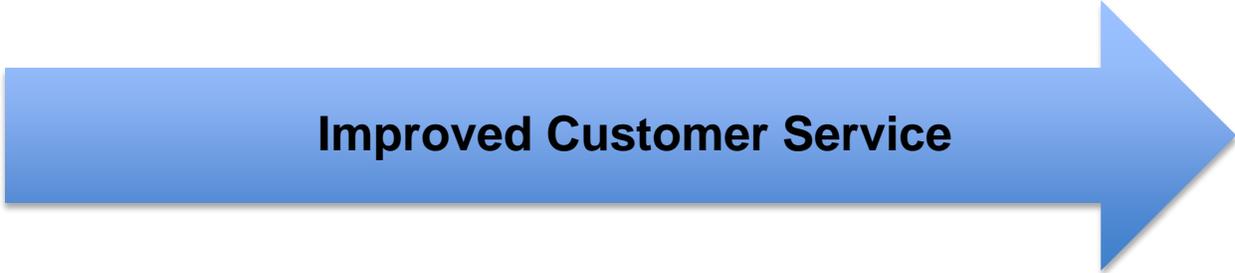
- Continue to update its community plans;
- Make more effective use of the resource represented by the Urban Design Studio;
- Enhance the level of service for enforcement of the Zoning Code, conditions of approval, mitigation measures, etc.;
- Effectively deploy BuildLA to serve all of the bureaus and departments that participate in the development services process;
- Streamline and simplify the core development services processes;

- Co-locate staff assigned to services at strategic locations throughout the City so that the City actually achieves 1-stop permit centers;
- Resolve organizational problems that exist within departments e.g., functional versus geographically based staff;
- Resolve the differences that exist between departments in terms of service delivery expectations, culture, and customer service;
- Integrate the administrative support functions of the Department of Building and Safety and the Department of City Planning; and,
- Integrate development services in one department under one General Manager.

This hard work will take a number of years to fully achieve. There should be no expectation that this can be accomplished quickly and easily. The chart on the next page of this document presents a continuum of development service delivery that progress from silo-based services to integrated and seamless services.<sup>1</sup>

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<sup>1</sup> American Planning Association, Transparent Development Services, October 2012



<b>Multiple Locations and Permitting</b>	<b>Key Department Adjacencies</b>	<b>Reorganization with Separate Discipline Counters</b>	<b>One-Stop and Expanded Coordination</b>	<b>Service-Based and Project Oriented Processing</b>
Several physical customer stops	Less physical service locations	Multiple disciplines under a single General Manager	Most or all departments co-located for the customer	Management accountability and monitoring of system performance
Multiple permits issued by multiple departments with no clear entry point into the process	Some outlying bureaus and departments such as Bureau of Engineering	Multiple counters by discipline (e.g., Building and Safety, Planning, Engineering, etc.)	Use of case managers as single point of contact for the customer	Critical staff in one place for walk-in customers
Customer on their own to solve interdepartmental disputes and manage the process	Improved coordination and communication	Improved coordination and problem solving	Improved coordination on individual applications but still sequential handoffs	Seamless project processing using a parallel process
	Fragmented technology tools	More common technology tools	Common technology tools (e.g., BuildLA)	Single point of contact with issue resolution authority
				Assigned project team members
				Performance measurement program for accountability