

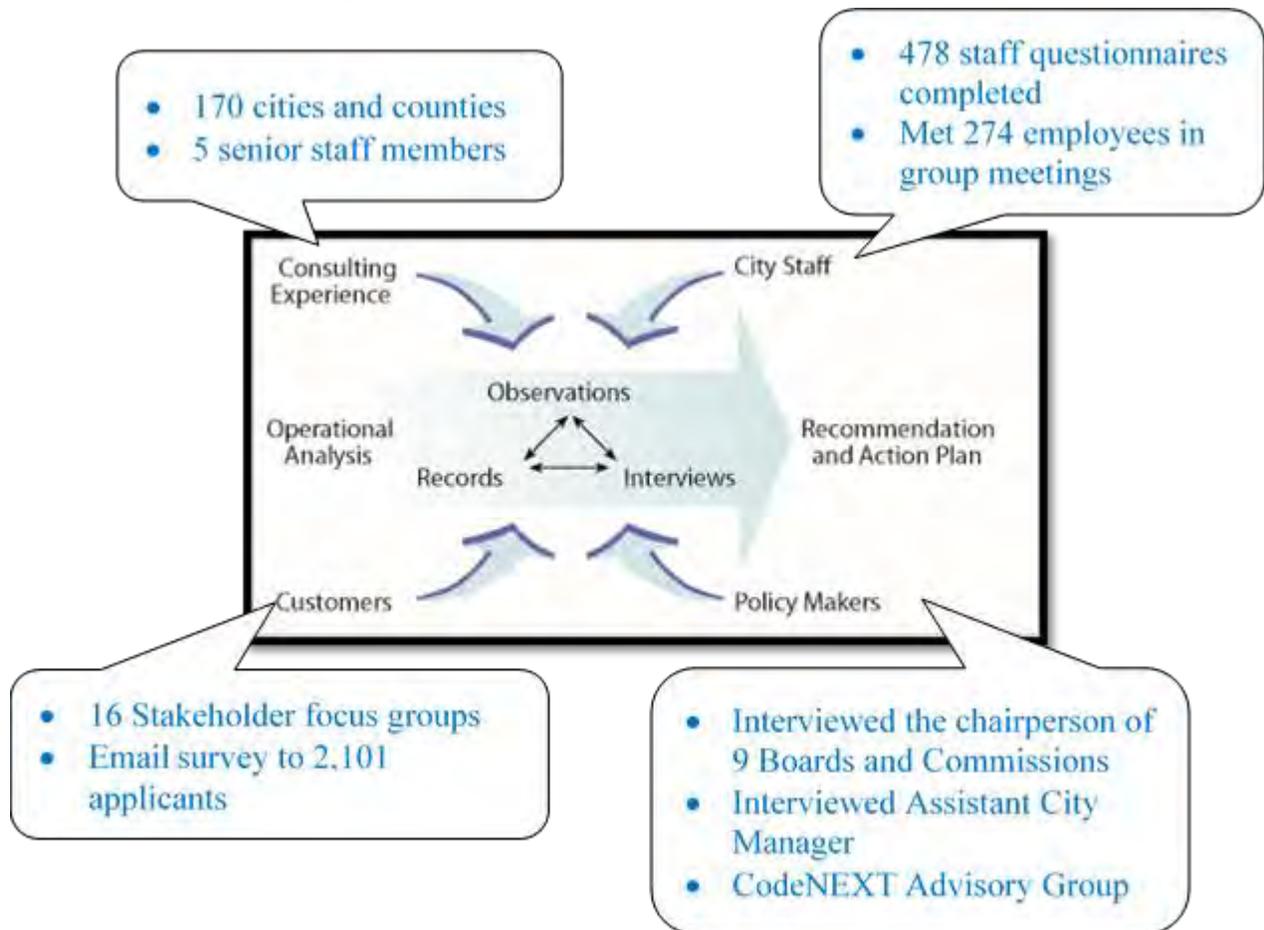
I. EXECUTIVE SUMMARY

A. BACKGROUND

This study was initiated by the City Manager to conduct an organizational and operational analysis of the Department in an effort to increase process efficiency, customer satisfaction, and delivery of accurate and timely services.

Zucker Systems of San Diego, California was selected to conduct this study. The firm specializes in planning and development departments and has completed 170 studies throughout the United States, Canada, and the Caribbean. The consultant's five staff who worked on the Austin study are seasoned professionals who have all managed government programs similar to Austin's and they all have also had private sector experience.

Zucker Systems uses a proprietary methodology as shown below. It looked extensively at records, conducted many interviews, and observed operations. It worked extensively with staff, Stakeholders, and policy makers.



Stakeholder Perspective

The Austin Stakeholders are not pleased with the current level of service being provided by the City Planning and Development Review Department (PDRD) as well as some related City departments. The call for this study was an outgrowth of those feelings.

While we found many strengths, good features and processes in PDRD, along with many competent staff, we generally concur with the Stakeholder perception and we found many areas needing attention. The customer survey we conducted for this study had the most negative scores we have seen in our studies of 170 communities in 31 states.

The Backdrop/Changes Underway

There are a number of actions underway in Austin that will impact the Planning and Development Review Department and the entire development review process. These will impact the processes and will need to be considered as improvements are implemented. They include:

- The CodeNEXT project;
- The new Mayor and City Council;
- The new Civil Service system;
- The possible consolidation of some of the Boards and Commissions;
- The two new Assistant Directors in PDRD;
- Ongoing retirements of key PDRD experienced employees;
- The move to accept plans and credit cards over the Internet;
- The move to electronic plan check;
- Splitting PDRD into two departments;
- A new electric code; and
- Involvement of the Texas legislature and Attorney General in Austin issues, (more extensive than we see in most states).

While most of these will have a positive impact in the long term, the changes can put extra pressure on PDRD and other departments as they work to implement this report.

B. HISTORY

According to the Stakeholders we contacted as part of this study, there have been problems with Austin's development process for many years. Although there have been many improvements through the years, the system remains a major problem. The applicant survey we conducted for this study resulted in some of the most negative scores

and responses we have seen in our many national studies. Some of the key history is outlined below.

1987 National Experts Report/"The Austin Way"

In 1987 Paul Zucker, President of Zucker Systems led a team of five national planning and development experts on a three day trip to Austin and issued a report called, *Improving the Development Regulatory Process in Austin*. Many of the issues discussed in 1987 (some 27 years ago) still remain. A critical issue that we found in 1987 still exists – the so called “Austin Way.” The 1987 report described it this way:

The so called “Austin Way” contains an unhealthy dose of suspicion. This lack of trust became evident in the desire by both staff and citizens to over-document everything, to dot every “i” and cross every “t”, the tendency to create new commissions along with each new ordinance, unwillingness to delegate more decisions to staff and staff’s feelings that if they make a mistake, they may be crucified. In the long run every detail cannot be documented. This kind of system will break down and sink of its own weight. We are not suggesting that the Austin Way be abandoned, rather that it be kept in perspective.

We agree with the finding in the 1987 report. Neither we, nor do we think anyone else, is smart enough to write a Code, policies, or regulations that covers all likely situations that occur in most development projects. Staff needs to use some common sense, solve problems, and use whatever discretion the codes may allow. Some discretion is generally allowed in the building codes and engineering standards. The existing land development code may be more limited in this respect.

2004 One-Stop-Shop

In 2004 much of the development process was re-located to One Texas Center within the Watershed Protection and Development Review Department. The Department created what is called the “One-Stop-Shop”. The idea was to integrate the reviews of all departments. In some cases staff was collocated and a series of MOU’s between departments were negotiated. While these efforts had some success, the development process continued to experience problems.

2009 Planning and Development Review Department (PDRD)

In 2009 a new department (PDRD) was created to merge the One Stop Functions with the planning functions. Again some staff were collocated. As with the One-Stop-Shop, some improvements were made but as evidenced in this report, major issues remain.

2013 Two Day Meeting of 18 Key Stakeholders

In October of 2013 a group of 18 key Stakeholders agreed to meet with City staff and a facilitator to discuss issues with the development process and look for solutions. As part of this study, we met with most of the participants in this 2013 meeting who indicated that there had been only minimal progress since that time. As a follow up to that meeting, the City Manager and PDRD launched a search for a consultant to address the issues which resulted in this current study.

As can be seen, there have been many attempts in the past to fix Austin's development process including soliciting a review by 5 national planning and development experts in 1987, the creation of the One-Stop-Shop in 2004 the creation of PDRD in 2009, and 18 key Stakeholders meeting with staff and a facilitator in 2013 to address the issues. Although some useful changes resulted from these efforts, overall there has been only limited success as indicated by Stakeholders today.

Austin must decide if it really is serious this time. If so, some dramatic actions as outlined in this report will be necessary.

C. KEY PRIORITY AREAS

We have prepared an extensive detailed 783 page Report that includes some 462 recommendations for improving PDRD and Austin's development process. The detailed Report can be accessed on the City's website. We look forward to Stakeholder review. Please email your comments to paul@zuckersystems.com or mail to Zucker Systems, 3038 Udall St. San Diego, CA 92106.

A new customer-focused culture is required within PDRD and other related Austin departments. This culture will need to be supported by new resources (an immediate addition of \$4,250,000 million to the PDRD budget), improvements to management (creation of a deputy director for operations), having other departments delegate their development plan review functions to PDRD, changing and meeting specific performance standards, moving aggressively ahead with current efforts for accepting plans over the Internet and using electronic plan check, immediately adding 23 new positions to PDRD, and development of a true project manager system.

While all the recommendations in this report are important, we believe there are seven key areas that need improving and should have the highest priority as follows:

1. FINANCES

Findings

PDRD's budget is part of the City's General Fund. However, experience throughout the country has shown that planning and development departments cannot compete with fire and police services in a General Fund budget process. We also understand that there is continued pressure on the General Fund including likely actions by the new City Council. The solution to this, which is used by most Best Practices communities, is the use of either an Enterprise Fund or at least a way to isolate fee revenues to be used only for development functions. Adding to this dilemma are studies showing that Austin fees are amongst the lowest of comparable cities. In our experience, most developers are willing to pay higher fees in exchange for shorter timelines and improved service. Best Practices cities also create substantial reserve accounts to support key staff in a time of a development downturn.

While Austin has been adding some staffing to PDRD to meet Stakeholder needs (residential plan review being an example), it appears that staffing has generally been added well after the problems have occurred.

There are a variety of ways to illustrate this financial issue. For example in FY 2013-14 the budget estimated revenue of \$17,178,668 while the actual revenue was \$24,448,282 a difference of \$7,269,614. Yet these excess revenues did not go back to help PDRD but went into the General Fund. The same thing happened in FY 2012-13. Revenue was estimated at \$13,152,168 with actual revenue of \$20,723,468, a difference of \$7,573,600. In our experience, the development community is willing to pay for good service, but their fees should be used to improve that service.

Recommendations

- **An initial \$4,250,000 million should be set aside for PDRD to implement this report. A detailed listing of proposed expenditures is included in the this Report;**
- **Budgets and revenues for the development related activities of PDRD should be isolated from the General Fund in a separate account;**
- Comprehensive Planning and Current Planning would continue to be General Fund accounts;
- A reserve account should be established for the One-Stop-Shop with an initial deposit of \$2.0 million and a target to build a 22 million reserve; and
- The equivalent of 23 staff should be added to PDRD. Additionally, consultants should be used as needed to support permanent staff and remove backlogs.

2. MANAGEMENT AND COMMUNICATION

Findings

While selected PDRD Divisions may be operating efficiently and effectively, there is no overall strategy in PDRD to address Stakeholder or employee concerns. There is no clear customer service focus and a lack of clear and effective management. For example, in the 2013-2014 budget, commercial plan review was meeting only 24% of its performance standards. Yet with no real increases in resources, the budget initially indicated meeting 80% performance. Following criticism of this, the performance standard was again set at 24% which we consider unacceptable. There is no program in place to meet a reasonable performance standard.

It has taken simply too long to fill vacant key management positions. One vacant Assistant Director took close to 9 months to fill, another over 7 months, a Manager Engineer, close to 5 months, and a Chief Plans Examiner close to 4 months. In an organization suffering from poor management, this timing is not acceptable.

In our meetings with staff and in our staff questionnaires, it became clear that there are major communication problems within PDRD. Many employees are simply not aware of fundamental resources and issues within the Department. The goals of the One-Stop-Shop which was created in 2004 and the creation of PDRD in 2009 has not been achieved. There are also major coordination problems between PDRD and other City departments.

PDRD has made some strides internally in the way it organizes functions. However, there are a number of instances where like or highly related functions are under different managers. This will become even more important if functions are moved to PDRD from other Departments as we are recommending.

Recommendation

- **A new Deputy Director for operations should be appointed to allow the PDRD Director to focus on setting a clear customer focused mission and on external and governance issues;**
- Managers and all staff should return all phone calls and emails the same day received;
- The PDRD culture should be changed to one focused on the customer and problem solving;
- Relations to neighborhoods should be strengthened;
- The PDRD Director should focus on setting the mission and strategy for the department and delegate certain functions;
- A 360-degree evaluation should be conducted for all managers and supervisors;

- All PDRD budget and accounting functions should report to the Chief Administrative Officer, including the Financial Manager;
- Inspectors should use City issued cell phones and use them to communicate with builders;
- Training program should be substantially expanded for all staff with an additional \$175,000 budget; and
- **The PDRD culture should be changed as shown in the Table below.**

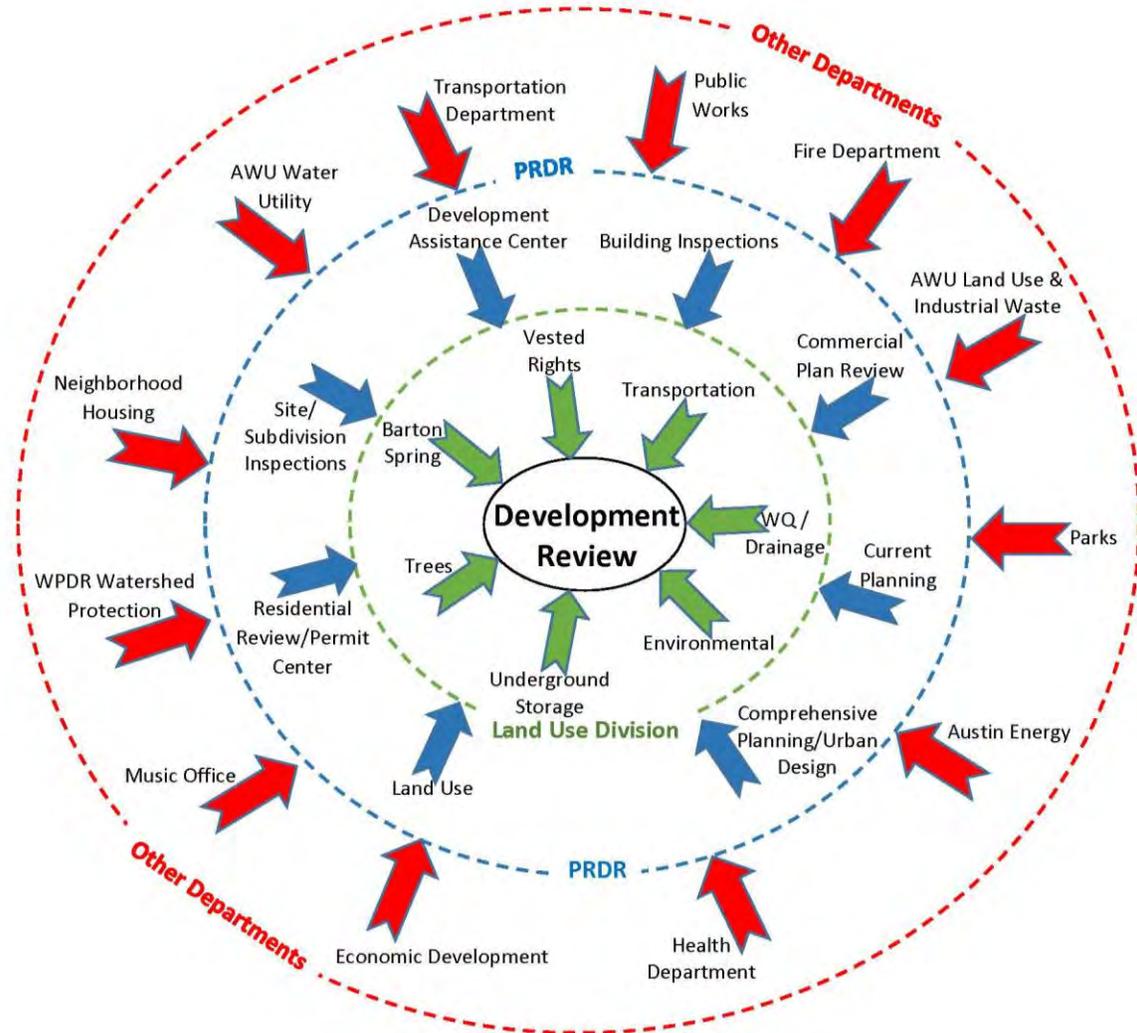
Existing Culture	Suggested New Culture
Interpret Codes with no deviation	Recognized that real projects may need creative interpretations. Use whatever discretion the Code suggests or allows
Nit-pick submissions. Cross every “t” and dot ever “i”.	Recognize that nit picking seldom builds a better Austin, so stop doing it
Do a first review that is incomplete just to meet the timeline performance goal	Conduct a comprehensive first review. If this impacts the performance standard, work with managers to obtain more staff or whatever is needed to meet the performance standards along with complete first review.
Answer phone calls and emails whenever	Return all phone calls and emails before going home at night.
Add new conditions or requirements each review	Do a comprehensive review the first time and only add new items if project changes.

3. OTHER DEPARTMENTS

Findings

Plan Review and Inspections: There are at least 12 other departments involved in some aspect of the Austin development plan review and inspection process (see the red arrows in the diagram below). In 2004 there was an attempt to work these departments into a One-Stop-Shop system. MOU’s were negotiated with some of these and some staff were collocated with PDRD staff. However, this system was only partially implemented and has remained uncoordinated. In addition, there are some 15 specialty sections or functions within PDRD (see the blue and green arrows in the diagram below). Developers are often left to negotiate through this maze on their own. Many plan reviews tend to be a joint effort between PDRD and the operation departments as do some of the inspections. Other communities have managed this issue by simply merging functions into one department, setting clear rules as to who handles which issues, and creating project managers with some decision power.

Organizations and Functions Involved in Austin's Development



Standards: In order to have good and timely plan review, it is also essential that constructions standards are up to date. The operating departments are currently responsible for the construction standards and rules however, many of these are either not up to date or are confusing.

Recommendations:

- **PDRD would take full responsibility for plan review and inspection for all applications. The standards to be implemented would remain the key responsibility of the operating departments;**
- **Operating Departments should up-date all of their standards and rules within four months;**

- MOU’s should be adopted between PDRD and all the relevant departments. These would document all responsibilities, assigning plan review and all inspections to PDRD, and as needed, transfer some staff and funds from other departments to PDRD;
- A consultant should be hired to analyze delegating certain functions from operating departments to PDRD;
- The number of reviewers who specialize in only one aspect of the project should be reduced or combined for plan check in residential and commercial plan check; and
- The resulting structure is shown below.

Organization of Standards, Reviews, and Inspections

Standards	Reviewers	Inspections	Operations
Operating Departments	PDRD	PDRD	Operating Departments

4. PERFORMANCE STANDARDS

Findings

Applicants for development projects have two key complaints:

1. **It takes too long to get an approval; and**
2. **There is inconsistency in requirements and new items are added during each cycle of review.**

Good planning and development systems require good performance standards that are monitored and used as management tools. The City has one of the most extensive performance management systems we have seen in our many studies. However, many of the standards simply measure the wrong things or key measures are not being used by managers and supervisors to manage their functions.

Although many of the stated performance standards are reasonable and meet normal Best Practice standards, they simply are not met. Many staff tend to do a somewhat superficial review on the first round of review which leads to many cycles of review. Additionally, new items are being added as projects proceed and many staff tend to nit-pick

applications. Additionally, averages are being used for measurements which can be very misleading.

Some of the functions are short staffed and thus have backlogs of review. It is not possible to use a performance approach to processes if there is a shortage of staff or a backlog of applications. We estimate a backlog of 119 cases for residential review, 79 for commercial review, and 76 for site plan review.

Recommendations

- **Performance standards should be set for each cycle of review and should be cut in half for each cycle, i.e. if the first review is set for a standard of 20 days, second review should be 10 days and third review, 5 days;**
- **Whenever performance standards cannot be met, managers should use overtime, temporary staff, or well qualified consultants to meet the performance standard 90% of the time;**
- **All backlog of permits should be reduced to zero;**
- The first review should be comprehensive and new items should not be added in subsequent reviews;
- Averages should not be used for performance standards;
- Counter wait times should be no more than 15 minutes;
- The types of reviewers who are specialists for only one aspect of a project for plan check should be reduced or combined; and
- All external departments should agree to specific performance standards.

5. TECHNOLOGY

Findings

As outsiders to Austin, we have viewed the City as a high-growth community attractive to technology companies. We were surprised to see that PDRD is behind Best Practice development processing departments in the use of technology. Some processes are still using hand written notes. This is an issue, not only for the Planning and Development Review Department but appears to be an issue in many other City departments as well. While PDRD has a robust software package, AMANDA, it is not being used by all planning and development functions and related departments and many of its features have only been expanded or improved.

On a positive note the City has successfully begun to accept credit cards over the Internet for development applications, broadening its Internet application filing capabilities, and initiated implementation plans for electronic plan review. Best Practice communities

have had these features in place for some time. Communities that have made this transition have found that it requires major commitments to train staff, have the appropriate equipment, and often backfill selected staff positions while the system is being designed and implemented. We are concerned that the City is underfunding this effort, particularly in light of the many other issues within PDRD and the implementation of this report.

Recommendations

- **Proceed rapidly with expanded Internet Plans, implementation of electronic plan check, and update of the AMANDA system;**
- Expand the training programs and backfill positions as necessary for a successful transition to the information age; and
- Add additional features to AMANDA with its impending version update.

6. STAFFING

Findings

Many of the functions within PDRD are short staffed. There may also be staffing issues within other development related departments. Although some staff has been added for the development process through the years, generally it has been added too late in relation to the problems and not always at a sufficient level. Customers have major complaints about how long it takes to have plans approved, while there are many related issues to shortening timelines, they cannot be addressed without adequate staff. There are also major backlogs of permits, in residential, commercial and site plan reviews. These cannot be solved with existing staffing. A number of other aspects also address the need for more staff including extremely long wait-times at public counters, some as long as two hours. All the managers and staff need to spend more time in training, pressures will be on staff to implement this report as well as CodeNEXT, and extra staff resources and training will be needed as the department transitions to Internet Permits and Electronic Plan Check.

Recommendations

- **Add staff or consultants to the equivalent of 23 new positions;**
- **Increase staff judgment and approval of minor modifications in the field;**
- Use overtime, temporary staff and contract staff as necessary to meet performance standards; and
- Give preference to overtime, contract staff, and consultants vs. permanent staff.

7. PROJECT MANAGERS/PROCESSES

Findings

When there are numerous functions and departments involved in the development process it often leads to long timelines, lack of coordination between functions, and lack of clarity regarding requirements and conditions. The applicant is often left to fend for themselves and weave their way through the system. That is the case in Austin. One way many communities have addressed this is through the use of case managers or project managers. In Austin, a staff member is assigned to a building permit, site plan, subdivision, or zoning permit. However, they tend to play a much more limited role than true project managers.

Another Best Practice used in communities across the country is the use of a development review committee that reviews plans across all functions. We were surprised not to see this in Austin.

Recommendations

- **Develop a Project Manager Program;**
- Building plan examiners should be project managers for building plan check;
- Current Planners should be empowered to be project managers for planning issues;
- Site plan staff should function as true project managers for site plans; and
- A Development Review Committee should be created for complex zoning projects.

To assist the reader of this report, key recommendations in the 7 key priority areas are cross referenced to specific recommendations in this report as follows. Additionally, in Table 1, all the recommendations are coded to relate to the seven key priority areas.

1. Finances

- An initial \$4,250,000 million should be set aside for PDRD to implement this report. A detailed listing of proposed expenditures is included in Tables 9A, 9B, and 9C.
- Budgets and revenues for the development related activities of PDRD should be isolated from the General Fund in a separate account, Recommendation 17;
- Comprehensive Planning and Current Planning would continue to be General Fund accounts, Recommendation 17; and
- A reserve account should be established for the One-Stop-Shop with an initial deposit of 2.0 million and a target to build a 22 million reserve, Recommendation 19.

2. Management and Communication

- A new Deputy Director for operations should be appointed to allow the PDRD Director to focus on setting a clear customer focused mission and on external and governance issues, Recommendation 33;
- Managers and all staff should return all phone calls and emails the same day received, Recommendation 8;
- The PDRD culture should be changed to one focused on the customer and problem solving, Recommendation 12;
- Relations to neighborhoods should be strengthened, Recommendation 56;
- The PDRD Director should focus on setting the mission and strategy for the department and delegate certain functions, Recommendation 34;
- A 360 degree evaluation should be conducted for all managers and supervisors, Recommendation 383;
- All budget and accounting functions should report to the Chief Administrative Officer, including the Financial Manager, Recommendation 37;
- Inspectors should use City issued cell phones and use them to communicate with builders, Recommendation 82; and
- Training program should be substantially expanded for all staff with an additional \$175,000 budget, Recommendation 380.

3. Other Departments

- PDRD would take full responsibility for plan review and inspection for all applications. The standards to be implemented would remain the key responsibility of the operating departments, Recommendations 43, 44, 45 and 46;
- Operating Departments should up-date all of their standards and rules within four months, Recommendation 43;

- MOU's should be adopted between PDRD and all the relevant departments. These would document all responsibilities, assigning plan review to PDRD, and as needed, transfer some staff from other departments to PDRD, Recommendation 113;
- A consultant should be hired to analyze delegating certain functions from operating departments, Recommendation 47; and
- The number of reviewers who specialize in only one aspect of the project should be reduced or combined for plan check in residential and commercial plan check, Recommendation 41.

4. Performance Standards

- Performance standards should be set for each cycle of review and should be cut in half for each cycle, i.e. if the first review is set for a standard of 20 days, second review 10 days and third review 5 days, Recommendation 54;
- Whenever performance standards cannot be met, managers should use overtime, temporary staff, or well qualified consultants to meet the performance standard 90% of the time, Recommendations 52, 53, 99, 107, 253, 254, and 296;
- All backlog of permits should be reduced to zero, Recommendation 253;
- The first review should be comprehensive and new items should not be added in subsequent reviews, Recommendation 116;
- Averages should not be used for performance standards, Recommendation 9;
- Counter wait times should be no more than 15 minutes, Recommendation 10;
- The types of reviewers who are specialists for only one aspect of a project for plan check in residential and commercial plan check should be reduced or combined, Recommendation 41; and
- All external departments should agree to specific performance standards, Recommendation 97.

5. Technology

- There are 75 specific recommendation to improve PDRD technology in order to:
- Proceed rapidly with Internet Plans, electronic plan check, and up-date of the AMANDA system;
- Expand the training programs and backfill positions as necessary for a successful transition to the information age; and
- Add additional features to AMANDA.

6. Staffing

- Add staff or consultants to the equivalent of 23 new positions, Recommendation 18.
- Increase staff judgment and approval of minor modifications in the field, Recommendation 341.
- Use overtime, temporary staff and contract staff as necessary to meet performance standards, Recommendations 53, 100, 107, 253, and 296.

- Give preference to overtime, contract staff, and consultants vs. permanent staff, Recommendations 296, 334, and 335.

7. Project Managers/Processes

- Develop a Project Manager Program, Recommendation 291.
- Building plan examiners should be project managers for building plan check, Recommendation 112.
- Current Planers should be empowered to be project managers for planning issues, Recommendation 147.
- Site plan staff should function as true project managers for site plans, Recommendation 239.
- A Development Review Committee should be created for complex zoning projects, Recommendation 166.

