



## AGENDA REPORT

**Meeting Date:** January 6, 2015  
**Item Number:** D-7  
**To:** Honorable Mayor & City Council  
**From:** Susan Healy Keene, Director of Community Development  
Raj Patel, Assistant Director, Building Official, Community Development  
**Subject:** REQUEST FOR AUTHORIZATION TO APPROPRIATE \$378,700 FROM GENERAL FUND REVENUE TO FUND THREE NEW POSITIONS AND MODIFY ONE POSITION FROM LIMITED TO PERMANENT TERM IN THE COMMUNITY DEVELOPMENT DEPARTMENT  
**Attachments:** 1. Development Services Statistical Graphs

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### **RECOMMENDATION**

Staff requests the City Council move to appropriate funds from the General Fund Revenue in the amount of \$378,700 to create three (3) new positions in the Community Development Department including one (1) Senior Plan Review Engineer, One (1) Building Inspector, and one (1) Customer Service Representative (CSR). Staff is also requesting that the existing Limited-Term Code Enforcement Officer position be modified from a limited to a permanent term position. The total appropriation for the three new positions and the Code Enforcement Officer position will be offset by revenue derived from development fees.

### **INTRODUCTION**

The Community Development Department provides customers with development related services including plan review, permit issuance, building inspection, community preservation and record request processing. During his first six months as Assistant Director/Building Official, Raj Patel assessed Development Services for opportunities to improve the delivery of timely and efficient customer service in the wake of increasing permit activity. Data for current and projected workloads were reviewed together with staffing and efficiency recommendations from the Matrix Consulting Group's Community Development Department Management Study (2008), the Mayor's Task Force on

Government Efficiency (2012) and industry standards. As a result, a recommendation was developed that resources be added prior to the Fiscal Year 15/16 budget cycle to meet customer service expectations. On December 18, staff met with the City Council Process Efficiency Ad Hoc (Mayor Bosse and Council member Brien) who expressed their support for the proposed allocation.

## **DISCUSSION**

The areas of the development process evaluated were plan review, building and code enforcement inspections, and public counter service. During the past three decades, a typical construction cycle lasted between ten to fifteen years. For the City, the total building permits issued reached a low in Fiscal Year 09/10 indicating the end of the most recent cycle. Since that time, the number of permits issued has tripled and construction valuation has quadrupled (ref. Development Services Statistical Graphs – Construction Valuation). In addition, the average number of permits issued over the past three years represents a 43% increase over the average number of permits from Fiscal Year 00/01 through Fiscal Year 10/11 (ref. Development Services Statistical Graphs – Building Permits Issued in Fiscal Year).

In Fiscal Year 12/13, the Mayor's Task Force on Government Efficiency consolidated building, zoning, public works and fire reviews and inspections in Development Services in order to streamline the permit delivery process. During the past three years Development Services has not adequately staffed to leverage this consolidation and meet this increased workload.

The increase in development activity continues and based on projects now in plan review, this level of activity is predicted to maintain or increase over the next several years. There are also extremely large projects such as 9876 Wilshire and 9900 Wilshire, that have and are expected to continue to consume a great deal of senior level plan review, permitting and inspection resources, including coordination and outreach. At this time, the demand for service exceeds the ability to provide the service in a timely manner. This request is being brought forward prior to the Fiscal Year 15/16 budget process to expedite the opportunity to reduce backlogs, decrease turnaround times and improve coordination sooner. The need for additional resources is evident now and consequently waiting until the Fiscal Year 15/16 budget and recruiting process would further delay addressing the need.

### **Senior Plan Review Engineer**

A Senior Plan Review Engineer reviews private construction plans for compliance with city and state development standards and building laws. Prior to the recent downturn in the construction economy, the Department maintained a minimum of 5 full time employees (4 licensed Civil Engineers and 1 licensed Architect) to perform plan review. In 2008, this staffing level was evaluated by Matrix Consulting Group and deemed appropriate for the workload. From 2008 to the present, the annual workload has increased by as much as 35% including the additional responsibility for administering compliance with new State Residential and Green Building Codes and the latest Title-24 Building Energy Standards (ref. Development Services Statistical Graphs – Building Permits Issued in Fiscal Year). Based on the number and type of plans being submitted over the last three years, it is estimated that 6-7 full time employees are required to meet the average workload demand.

The Department currently has 4 budgeted full time employees (2 licensed Civil Engineers, 1 licensed Architect, and 1 certified Plan Reviewer). That is a 20% reduction in staff and a 50% reduction in licensed civil engineering experience since 2008. In order to manage peak workloads, allow for expedite requests, and provide expertise not available through current staff such as electrical, mechanical, and plumbing review, the Department utilizes consultant plan review services. Over the past three years, the department has become reliant on the use of consultant services as a means of routinely maintaining established customer service expectations for plan review turnaround time.

It is estimated over 50% of plan reviews are now being outsourced. Each plan sent to the consultant requires staff time to manage the intake, screening, transmitting, quality assurance review and customer contact. Consequently, a tremendous amount of resources are used to administer the process that could otherwise be used to directly review plans and assist customers at the public counter. While outsourcing will always be an important customer service tool to providing timely service, the addition of a Senior Plan Review Engineer would shorten overall review time for the majority of small and medium projects and the department could utilize the added capacity to restore its ability to review electrical, mechanical, and plumbing plans in-house in lieu of sending all specialty plans to a consultant for review.

The expenditure is consistent with the departments desire to facilitate customers through not only the building plan review but the entire development process in a timely and collaborative manner. This broader service level creates an environment of greater flexibility, timeliness, and coordination in providing customer service. There is an anticipated attrition through the anticipated retirement of 1-2 plan reviewers in the next 3-5 years. Should there be a downturn in the construction cycle these positions would be left vacant.

#### Building Inspector

A Building Inspector makes field visits to verify construction is in compliance with the approved plans and all applicable city, state, and federal laws. Customers submit inspection requests to the department using either the telephone Interactive Voice Response system for next day inspections or the online self-scheduling service, which accommodates inspection requests up to 10 business days in advance. Customers scheduling online can request either a morning or afternoon inspection to better accommodate property owner and contractor's schedules.

Prior to the recession in 2008, the department maintained a minimum of nine (9) building inspectors to actively perform field inspections of all private construction with the primary focus of public safety. In 2008, the Matrix Consulting Group Management Study identified staffing levels as appropriate for the amount of construction at the time. At that time, the department was averaging 14,000 inspection visits annually. Since 2008, the number of permits issued has increased by as much as 35% and we are averaging 20,000 inspections (ref. Development Services Statistical Graphs - Performed Inspections). Based on the previous analysis, it is estimated the new workload would require the addition of 2-3 Full Time Employees to maintain the same timeliness of service.

The Fiscal Year 13/14 budget includes eight (8) building inspectors. The building inspection program is staffed with (4) Senior Building Inspectors and (4) Building Inspector II positions. Currently seven (7) inspectors are able to perform field inspections. The remaining inspector performs administrative support for the program due to permanent medical restrictions caused by an on-the-job industrial accident. Also, (1) Senior Building Inspector has been assigned to the projects at 9876 Wilshire and 9900 Wilshire. It is anticipated, these projects will require a (1) full time senior level inspector for the duration of the construction (3-5 years).

Due to the economic upturn and increase in private development in the City of Beverly Hills, there is an urgent need to staff building inspection resources at a level closer to customer expectations. It is a department customer service goal to provide inspections on average within 24 hours of the request. The construction industry standard is for an inspection to be made on average within 2 days of the request. In order to meet current inspection demand each inspector is assigned to inspect twelve (12) construction sites a day. This is a 30% increase in the number of inspections per day compared to the baseline data in the Matrix Group Management Report. This increase in productivity remains aligned with the Insurance Services Office (ISO) Building Code Effectiveness Grading Schedule recommendation of no more than twelve (12) inspections per day to maintain quality control. The City's commitment to inspection quality is paramount to public safety. In 2013, the City was recognized by Insurance Services Office (ISO) and became one of two cities nationally to receive a Building and Fire Class 1 rating.

To further assist with workload demand, the Supervising Building Inspector also makes inspections on a routine basis. This limits the amount of time that the Supervising Building Inspector spends on accountability, quality control, and training of the inspection staff. Despite the extra help from the supervisor, Development Services is unable to meet inspection demand, effectively causing delays in construction project timelines.

The addition of a Building Inspector II position would allow the department to further reduce their backlog of inspections from the current ten days. During peak months, an additional inspector would prevent inspection backlogs from reaching ten days or more as is the current customer experience. This will also support the Community Preservation Program's need for building inspection advice in evaluating, recording, and testifying in code enforcement cases directly related to building and zoning violation cases. Currently, building and zoning cases are 35% of the Community Preservation Program workload. The expenditure is consistent with the departments desire to provide timely inspection services to the community. There is an anticipated attrition through the anticipated retirement of 1-3 inspectors in the next 3-5 years. Should there be a downturn in the construction cycle these retirement positions would be left vacant.

#### Customer Service Representative

A primary goal of the Department is providing consistent and excellent customer service both in the Development Services Center and by phone. Customers who arrive at the Development Services Center may come for an appointment or may drop-in to ask questions. The first stop for customers is the greeter whose role is to help direct the customer to the appropriate resource. In Fiscal Year 13/14, City Council approved a Management Analyst/Permit Concierge position who had a number of duties including welcoming customers and guiding them to the appropriate staff, as well as providing analytics to determine the type of customers and how service could be improved.

Although the position performed extremely well in directing customers, the volume of visitors made it difficult to perform the analytics to quantify types of customer requests and the related processes that could be targeted for improvement.

The addition of a Customer Service Representative position would allow the Management Analyst/Permit Concierge the time to perform the appropriate analysis and provide recommendations on Development Services Center process improvements. While the Customer Service Representative directs customers at the greeter station, the Permit Concierge would be available to assist those specific customers requiring a higher level of knowledge to maneuver through the permit process. During those intervals when the Permit Concierge is not directly helping customers, there would be available time to collect and analyze Development Services Center data.

Beginning in 2015, Development Services will be unveiling a new customer service initiative. Instead of an automated phone tree, phone customers will be greeted by a Customer Service Representative. This will allow staff to greet customers and quickly direct them to the appropriate staff member that can provide assistance. Staff will also be able to record the types and number of calls so that processes can be tailored to meet current customer needs.

The additional Customer Service Representative position would rotate between greeting customers and participating in the transition from to the live call center. The additional staffing will ensure the call center and the greeter station are appropriately staffed to handle anticipated customer volume. The additional resource will also allow the department flexibility to respond quickly to critical unanticipated work assignments such as the truck certification and inspection scheduling requirements for the construction safety program in Trousdale Estates.

#### Limited Term Code Enforcement Officer

A Code Enforcement Officer responds to inquiries and complaints related to property maintenance standards, building and zoning violations, and animal control. In the approved Fiscal Year 13/14 budget, a limited term Code Enforcement Officer position was approved. This limited term position was established to also address concerns related to the new view restoration ordinance and other more specific issues in Trousdale Estates. The position was filled in February 2014, but unfortunately was vacated as of November 2014. As a result, there is only 15 months remaining of the two-year limited term.

After the vacancy there remains only three Code Enforcement Officers to meet the work demand. With an average of one thousand new Code Enforcement cases annually and the required follow up on previous cases it is imperative to hire a Code Enforcement Officer immediately. The remaining 15 month employment time frame will make it difficult to find well qualified candidates to fill the limited term position. The modification of this position to full time will improve the department's ability to recruit both external and internal candidates. There would be no fiscal impact in this budget year. However, in Fiscal Year 15/16, there would be the additional cost of \$38,700 to cover the four month remainder of the fiscal year after the two year term ends. Future years would bear the staff cost of this Code Enforcement Officer.

## **ANALYSIS**

Development projects, whether a tenant improvement for a retail space or a new single family home, increase revenue to the city, either in sales or property tax. The American Institute of Architects report, "The Economic Impact of Accelerating Permit Processes on Local Development and Government Revenue," shows that communities with a more responsive permit process over a five year period can realize a 16.5% increase in property taxes. In addition, appropriate staffing of technical expertise is critical to meeting customer service expectations, maintaining economic sustainability and responding to emergencies.

In accordance with State law, the current fee structure was established to recover the cost of providing services at the expected service levels. Typically, the fees for entitlements, plan review, and permits are based on required staff time to meet service expectations. The least desirable solution is to not hire any additional staff. The result is longer processing time and project delays which impose additional costs on applicants. Under this scenario, the Fiscal Year 14/15 budget remains the same as no new staff positions are added.

One alternative to the recommendation would be for City Council to make the positions available for a limited term (2 – 3 years). However, as experienced with the most recent recruitment, the increase in development activity has made for a competitive hiring environment and well qualified, licensed, and certified candidates are less willing to leave existing jobs and accept a limited term position with the City. Also, due to the independent nature of field work, the Department recommends against hiring limited term positions for building inspectors and code enforcement officers. There is also a perception that limited term employees may be less vested in the long term needs of the community when compared to full time employees.

A second option is to contract temporary staff. The Department has used this alternative whenever possible. However, there are significant limitations to its use as an ongoing solution for managing increased plan review and inspection workload. Specifically, it is difficult to maintain continuity as temporary employees are limited to a maximum availability of 960 hours (roughly 6 months) each fiscal year.

The addition of one building inspector, the City will be able to address current needs and provide higher inspection service levels for the completion of development projects. Once under construction, it is critical for projects to continue uninterrupted without delays waiting for inspections. Revenues generated through the issuance of building permits will offset the salary and benefit costs. Delays in completion of construction mean delays in revenue to the city through associated sales and property taxes.

From a fiscal perspective, there are legitimate concerns associated with increasing the number of full time employees. However, the addition of one Senior Plan Review Engineer, one Building Inspector II, and one Customer Service Representative will help the City keep pace with present and future construction demand. Based on current and anticipated work load, including larger projects such as 9900 Wilshire and the Beverly Hilton/Waldorf Astoria projects, there is a higher level of certainty that increased activity will continue for at least the next 3-5 years. In addition, the department has identified positions with potential near term retirements that could be held vacant should there be a sudden reversal in the construction economy. Absent hiring any additional positions, it

will be difficult for the City to meet the desired customer service response times for plan review and inspection. The construction community will continue to experience delays in overall development and Beverly Hills could be perceived as less friendly to home owners and business.

**FISCAL IMPACT**

The fiscal impact for Fiscal Year 14/15 including total compensation (salary and benefits) for the proposed positions is \$378,700 which includes one Senior Plan Review Engineer position at \$154,030 annually, one Senior Building inspector position at \$132,350 annually, one Customer Service Representative position at \$92,320 annually. There is no fiscal impact for Fiscal Year 14/15 for the conversion of the Code Enforcement Officer from Limited-Term to Permanent. If approved, in Fiscal Year 15/16, there would be the additional cost of \$38,700 to cover the four month remainder of the fiscal year and the \$116,020 annual salary and benefits cost of this position will become on-going, beginning in Fiscal Year 16/17. All of the salary and benefit costs are revenue offset by permit fees collected for residential, multi-family and commercial developments.

  
Finance Approval

  
Raj Patel  
Approved By

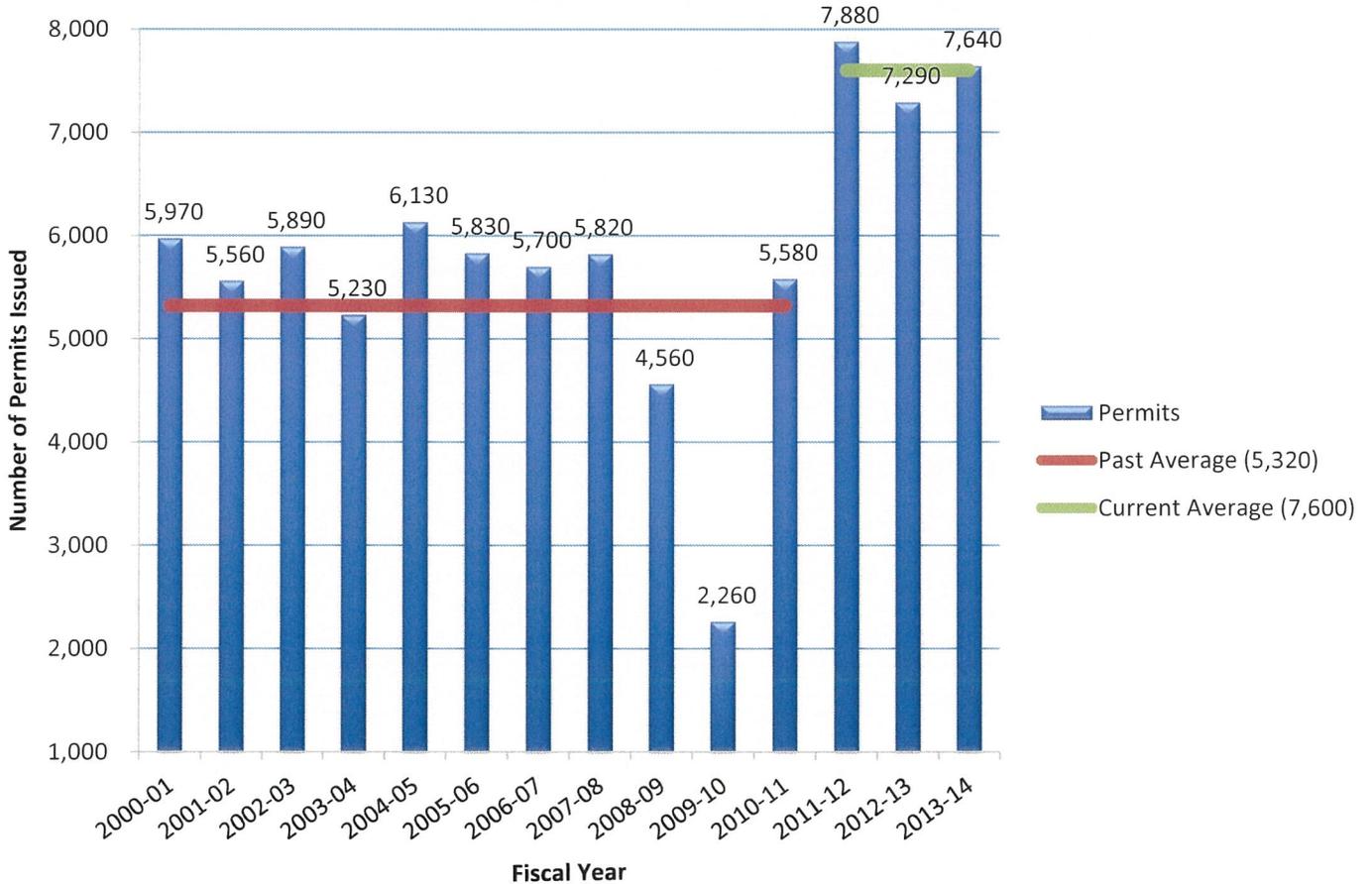
# **Attachment 1**

## Development Services Statistical Graphs

### Construction Valuation



### Building Permits Issued in Fiscal Year



# Performed Inspections

