



CITY OF
**PALO
ALTO**

POLICY AND SERVICES COMMITTEE

Tuesday, May 10, 2022
Regular Meeting
Council Chamber & Virtual
7:00 PM

Pursuant to [AB 361](#) Palo Alto City Council and Committee meetings will be held as “hybrid” meetings with the option to attend by teleconference/video conference or in person. To maximize public safety while still maintaining transparency and public access, members of the public can choose to participate from home or attend in person. Information on how the public may observe and participate in the meeting is located at the end of the agenda.

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[CLICK HERE TO JOIN](https://cityofpaloalto.zoom.us/j/94618744621) (<https://cityofpaloalto.zoom.us/j/94618744621>)

Meeting ID: 946 1874 4621 Phone:1(669)900-6833

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PUBLIC COMMENTS

Public Comments will be accepted both in person and via Zoom meeting. All requests to speak will be taken until 5 minutes after the staff’s presentation. Written public comments can be submitted in advance to city.council@cityofpaloalto.org and will be provided to the Committee and available for inspection on the City’s website. Please clearly indicate which agenda item you are referencing in your email subject line.

Call to Order

Oral Communications

Members of the public may speak to any item NOT on the agenda.

Action Items

1. Discussion and Recommendation to the City Council to Join the California Community Housing Agency. **Report added.**
2. Update and Potential Recommendations on Pending State and Federal Legislation. **Report added.**

3. Office of the City Auditor's Presentation of the Building Permit Process Review Report.

Presentation

Future Meetings and Agendas

Adjournment

PUBLIC COMMENT INSTRUCTIONS

Members of the Public may provide public comments to virtual meetings via email, teleconference, or by phone.

1. **Written public comments** may be submitted by email to city.council@cityofpaloalto.org.
2. **Spoken public comments using a computer or smart phone** will be accepted through the teleconference meeting. To address the Council, click on the link below to access a Zoom-based meeting. Please read the following instructions carefully.
 - You may download the Zoom client or connect to the meeting in- browser. If using your browser, make sure you are using a current, up-to-date browser: Chrome 30+, Firefox 27+, Microsoft Edge 12+, Safari 7+. Certain functionality may be disabled in older browsers including Internet Explorer. Or download the Zoom application onto your phone from the Apple App Store or Google Play Store and enter the Meeting ID below
 - You may be asked to enter an email address and name. We request that you identify yourself by name as this will be visible online and will be used to notify you that it is your turn to speak.
 - When you wish to speak on an Agenda Item, click on "raise hand." The Clerk will activate and unmute speakers in turn. Speakers will be notified shortly before they are called to speak.
 - When called, please limit your remarks to the time limit allotted.
 - A timer will be shown on the computer to help keep track of your comments.
3. **Spoken public comments using a phone** use the telephone number listed below. When you wish to speak on an agenda item hit *9 on your phone so we know that you wish to speak. You will be asked to provide your first and last name before addressing the Council. You will be advised how long you have to speak. When called please limit your remarks to the agenda item and time limit allotted.

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City of Palo Alto

Policy and Services Committee Staff Report

(ID # 14380)

Meeting Date: 5/10/2022

Report Type: Action Items

Title: Discussion and Recommendation to the City Council to Join the California Community Housing Agency

From: City Manager

Lead Department: Planning and Development Services

Recommendation

Discuss referral from the City Council to the Policy and Services Committee to review the attached information about the California Community Housing Agency (CalCHA) and consider whether or not to recommend the City adopt the resolution (**Attachment A**) to join CalCHA, a Joint Powers Authority.

Summary

This report describes how the California Community Housing Agency (CalCHA) operates and provides moderate and lower income affordable housing. The report also summarizes some of the challenges of the program. Staff ask the Committee to consider the information provided and determine if the Committee would like to recommend for or against joining CalCHA—a Joint Powers Authority—as an additional member.

Background

On August 16, 2021,¹ as part of a larger discussion regarding the ballot measure and funding for affordable housing, the City Council discussed the California Community Housing Agency (CalCHA). CalCHA is a public agency that produces, preserves, and protects middle-income housing. Upon consideration of the report and discussion, Council moved to review and accept the information regarding affordable housing and referred further consideration of CalCHA to the Policy and Services Committee.² Prior to the Council discussion, the Finance Committee discussed CalCHA as part of its June 15, 2021 discussion.³

¹ August 16, 2021 Staff Report: <https://www.cityofpaloalto.org/files/assets/public/agendas-minutes-reports/agendas-minutes/city-council-agendas-minutes/2021/08-august/20210816/20210816pccsm-final.pdf>

² Excerpt from Council Motion: “Review and accept additional information regarding affordable housing funding mechanisms, and refer to the Policy and Services Committee on the housing land trust, Jobs Housing Linkage Policy, and particularly with the CalCHA;” <https://www.cityofpaloalto.org/files/assets/public/agendas-minutes-reports/agendas-minutes/city-council-agendas-minutes/2021/08-august/20210816/20210816amccs.pdf>

³ June 15, 2021 Staff Report: <https://www.cityofpaloalto.org/files/assets/public/agendas-minutes-reports/reports/city-manager-reports-cmrs/year-archive/2021/id-12299.pdf>

Discussion

The California Community Housing Agency (CalCHA)⁴ is the State’s first public agency focused exclusively on the production, preservation, and protection of middle-income housing. The “Essential Housing” model has already created over 2,000 affordable rent-restricted rental units. Founded in 2019, CalCHA is a Joint Powers Authority (JPA) created pursuant to Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California. **Attachment B** summarizes information about CalCHA.

CalCHA purchases existing market-rate housing and restricts the homes to income-qualified households who earn no more than 120% of area median income (AMI). A property is evaluated based on its ability to perform under the agency’s financial model. In the pro-forma, a property is evaluated to see if it can sustain households earning up to 120% AMI. The model evaluates offering housing to households with a range of incomes:

- 1/3 of households at 80% AMI,
- 1/3 at 80% - 100% AMI, and
- 1/3 at 100% – 120% AMI.

To finance the purchase, the JPA issues revenue bonds to purchase existing housing units. Revenue bonds are project-specific bonds that use the revenues of a project to service any debt obligations. It is notable that the purchase does not use any tax credit financing—a traditional funding source for affordable housing. Instead it uses 100% government purpose bonds. Cities that join the JPA have no responsibility or obligation to the bonds. As a governmental entity, CalCHA is granted a 100% property tax exemption for each property it acquires.

The City would not be a direct party to the real estate transaction or financial transaction. The bonds issued by CalCHA for a project are payable solely out of the revenues and receipts derived from the project being financed and are not obligations of the City.

For the Program to acquire properties in Palo Alto, the City would first need to become an Additional Member of CalCHA. Before a property is acquired under the Program, the City would need to sign a Purchase Option Agreement for the specific property, which allows but does not obligate the City, at its sole discretion, to purchase the property between Year 15 and Year 30 of the bonds. The cost of purchase is less than fair market value as the cost is equivalent to the outstanding bond payments. If the City were to acquire a property, any surplus cash flow, net of operation and maintenance, goes back to the jurisdiction. To maintain housing affordability beyond 30 years, the most likely outcome would be for the City to assign its purchase option to a non-profit housing corporation.

Additionally, the City would receive any surplus cash flow from the property during the life of the bonds. If the City elects not to exercise its purchase option, CalCHA maintains the right to sell the property after Year 30, at which time all net sale proceeds would be granted to the City.

⁴ Website: <https://www.calcha.org/>

The City has the option of directing any revenues it may receive from the Program to be used for affordable housing, or the City could opt to keep the revenue unrestricted.

While CalCHA purchases existing, tenanted housing units, the JPA has a “no displacement” policy. No tenants are asked to leave. For those higher income tenants that choose to stay, they also benefit from stable rental costs as there is a 4% cap on rent increases. Over time, as tenants depart, new tenants must be income qualified. Rents on affordable units created through this Program would be capped at a maximum of 35% of the applicable percentage of AMI.

To date, CalCHA has completed 13 projects throughout California—including 12 in the Bay Area. Acquisitions range in size, from 150 units to over 300 units. These include projects in Glendale, Glendale Housing Authority, Hayward, Larkspur, Livermore, Walnut Creek, Napa, and Santa Rosa. Each entity is an Additional Member. In addition, since its inception in January 2019, CalCHA has acquired a number of assets, including: 1. Annadel Apartments in Santa Rosa (390 units), 2. Verdant at Green Valley in Fairfield (286 units), 3. Serenity at Larkspur in Larkspur (342 units), and 4. The Arbors in Livermore (162 units); A full list of projects is available on the CalCHA website.

Timeline, Resource Impact, Policy Implications

Joining CalCHA has no cost and no obligation to the City of Palo Alto. There are very few funding sources for moderate income housing so this does help the City provide housing for that income group.

There are some concerns associated with the program. The City of San Jose, as well as a number of other jurisdictions, have chosen not to join the JPA because of those concerns. These concerns, as identified in the City of San Jose report, include:

1. No third party to oversee ongoing income compliance – The JPA is responsible for property management therefore compliance to the affordability restrictions. There is no third part oversight, such as the City, to ensure compliance. Should non-compliance occur, there is no clear enforcement mechanism.
2. Compensation is not tied to performance or level of risk taken. – San Jose staff stated that the JPA charges significant upfront fee and ongoing fees are fixed with an annual escalator. Therefore, there is no incentive to any performance on the property. To be clear, these fees are not paid by the local jurisdiction.
3. Reduction in Property Tax Revenues – By acquiring the market rate complex and converting it to affordable housing, the property would receive a property tax exemption. However, the amount of property tax exemption could exceed the collective savings from the rent reduction. The City of Long Beach conducted a study of a CalCHA funded project and found that the property tax exemption was about 50% higher than

the annual rent reduction. Part of the reason for this disparity is that moderate income rents are not much lower than market rate rents.

For the tenants receiving the rent reduction, however, the stability and decreased rents for income qualifying households may be significant and meaningful. The City must weigh the decrease in property tax revenue from the tax exemption with the benefits of stable, moderate income housing.

4. Cumulative Impact and property tax and transfer taxes. – The loss of cumulative property tax revenue could be substantial over the 30 year period as well as potential transfer tax from change of ownership. The acquisition of properties, however, might need to reach a certain threshold to significantly impact the City’s revenues.
5. High Purchase Offers – There have been reports that, because of the property tax exemptions, leads to overpayment for properties. This in turn, leads to greater debt financing, which may limit the City’s ability to exercise its purchase option in year 15 to 30.

For reference, the link to the City of San Jose report can be found [here](#).⁵

Therefore, if the Policy and Services Committee chooses to join CalCHA, staff recommends that these concerns be closely monitored regarding any potential project in Palo Alto.

While the CalCHA does not result in net new housing units, it does increase a jurisdiction’s stock of affordable housing and create rent stability for households. This can be part of Palo Alto meeting its local Regional Housing Needs Allocation obligation.

If, upon evaluation of the program, the Policy and Services Committee would like to join CalCHA, the Committee can recommend the Council adopt the resolution (**Attachment A**).

Environmental Review

Adoption of a resolution joining CalCHA is not a project for purposes of the California Environmental Quality Act (CEQA) because it can be seen with certainty that there is no possibility of a significant effect on the environment.

Attachments:

- Attachment A - CalCHA - City of Palo Alto Resolution
- Attachment B: CalCHA Essential Housing Fact Sheet

⁵ <https://sanjose.legistar.com/View.ashx?M=F&ID=9346325&GUID=E297E54E-4070-41BD-88B9-CA812F1206AD>

RESOLUTION NO. _____

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALO ALTO AUTHORIZING THE CITY TO BECOME AN ADDITIONAL MEMBER OF THE CALIFORNIA COMMUNITY HOUSING AGENCY (“CALCHA”); SUPPORTING CALCHA’S ISSUANCE OF TAX-EXEMPT BONDS FOR THE PRODUCTION, PRESERVATION AND PROTECTION OF ESSENTIAL MIDDLE-INCOME RENTAL HOUSING; AND AUTHORIZING THE CITY MANAGER TO ENTER INTO PURCHASE OPTION AGREEMENTS WITH CALCHA FOR ESSENTIAL MIDDLE-INCOME RENTAL HOUSING CREATED WITHIN CITY LIMITS

WHEREAS, one of the primary goals of the City of Palo Alto (the “City”) is to meet the growing housing needs of its residents by actively supporting the production, preservation and protection of market-rate and affordable rental housing for all; and

WHEREAS, no existing Federal, State or local subsidies, programs or motivations currently exist to meaningfully address the growing shortfall of protected middle-income rental housing; and

WHEREAS, CalCHA is a Joint Powers Authority created specifically to produce, preserve and protect quality affordable rental housing made available to California’s essential middle-income workforce; and

WHEREAS, CalCHA intends to acquire existing rental properties within City limits and restrict future occupancy to middle-income households earning no more than 120% of area median income; and

WHEREAS, CalCHA will avoid the displacement of existing residents, implement regulatory agreements restricting the incomes and rents of future residents, and impose caps on the annual rent increases of qualified middle-income households; and

WHEREAS, CalCHA will finance its acquisitions through the issuance of tax-exempt bonds, and in order for CalCHA to issue tax-exempt bonds in the City of Palo Alto, the City must be an Additional Member of CalCHA; and

WHEREAS, the City proposes to become an Additional Member of CalCHA pursuant to Section 12 of the Joint Exercise of Powers Agreement Relating to the California Community Housing Agency; and

WHEREAS, subsequent to becoming an Additional Member of CalCHA, any existing rental housing within City limits which CalCHA intends to acquire and finance with tax-exempt bonds must receive support and approval from the City; and

WHEREAS the City proposes to support and approve CalCHA’s issuance of tax-exempt bonds for the acquisition of existing rental properties as a means towards the preservation and protection of essential middle-income rental housing within City limits; and

Resolution. No. _____
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WHEREAS, CalCHA's issuance of tax-exempt bonds will provide public benefit through the production, preservation and protection of below-market-rate rental housing, as well as the granting of all surplus project revenues to the City; and

WHEREAS, pursuant to one or more purchase option agreements (the "Public Benefit Agreement"), between CalCHA and the City, CalCHA will grant the City the option, but never the obligation, to purchase each essential middle-income rental housing property commencing on the date fourteen (14) years after CalCHA's acquisition of such property; and

WHEREAS, the Public Benefit Agreement will additionally provide the City with all surplus project revenues from each essential middle-income rental housing property; and

WHEREAS, the City will maintain the option to exercise such Public Benefit Agreement for a period of sixteen (16) years following the commencement dates of the Public Benefit Agreement for each essential middle-income rental housing property; and

WHEREAS, the City proposes to authorize the City Manager to enter into Purchase Option Agreements with CalCHA for all essential middle-income rental housing created within City limits.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Palo Alto hereby authorizes the City to become an Additional Member of CalCHA and authorizes the City Manager to execute the Joint Exercise of Powers Agreement Relating to the California Community Housing Agency, subject to approval as to form by the City Attorney.

BE IT FURTHER RESOLVED that the City Council of the City of Palo Alto hereby supports and approves CalCHA's issuance of tax-exempt bonds as a means towards the production, preservation and protection of essential middle-income rental housing within City limits.

BE IT FURTHER RESOLVED that the City Council of the City of Palo Alto hereby authorizes the City Manager to enter into Purchase Option Agreements with CalCHA for all essential middle-income rental housing created within City limits, subject to approval as to form by the City Attorney.

IN CITY COUNCIL DULY PASSED this [DAY] day of [MONTH] 2021.

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST: _____ APPROVED: _____
City Clerk Mayor

APPROVED AS TO FORM:

City Attorney

Exhibit A – Joint Exercise of Powers Agreement Relating to the California Community Housing Agency

Exhibit B – Public Benefit Agreement

Attachment: Attachment A - CalCHA - City of Palo Alto Resolution (14380 : Recommendation to Join CalCHA)



CalCHA's Essential Housing Program

Providing sustainable housing opportunities for California's essential middle-income workforce

California's essential workforce (nurses, teachers, first responders and civil servants, among others) generally earns in excess of traditional affordable housing income limits yet not enough to sustainably reside within the communities they serve. The resulting dislocation and "drive until you qualify" commuting patterns result in traffic, congestion, pollution, social isolation, academic underperformance and negative health outcomes.

The California Community Housing Agency (CalCHA) was formed in 2019 to squarely address this growing crisis. As the State's first public agency focused exclusively on the production, preservation and protection of middle-income housing, our Essential Housing model has already created **>2,000 affordable rent-restricted rental units** throughout the State and has spurred the creation of additional State agencies hoping to leverage similar models to further California's middle-income housing needs.

Program Mechanics

- Cities, counties and housing authorities become members of CalCHA
- CalCHA seeks Essential Housing opportunities within member municipalities
- CalCHA issues governmental revenue bonds and uses proceeds to acquire properties
- CalCHA assets are rent restricted to low-income and moderate-income households
- CalCHA assets become exempt from property taxation
- CalCHA grants all financial upside to the underlying member jurisdiction

Public Benefit Creation

In addition to being granted the financial upside of its assets, CalCHA members benefit from the immediate production of essential middle-income housing. Other programs benefits include:

- Non-displacement of existing tenants
- 4% cap on annual rent increases
- No investment, cost or liability created for member jurisdictions
- No use of tax credits, private activity bonds or other scarce affordable housing subsidies/resources

Municipality Participation

Participation in CalCHA's Essential Housing Program begins with the adoption of a single resolution granting:

- CalCHA Membership (no cost, no liability)
- Authorizing CalCHA to issue bonds locally (no cost, no liability)
- Granting of financial upside (project-specific Public Benefit Agreements)

California Community Housing Agency

CalCHA is a California joint powers authority and political subdivision of the State, specifically founded to provide, preserve and protect middle-income affordable housing projects throughout California. CalCHA's program administrators maintain more than 30 years of related experience, having issued in excess of \$50 billion of private activity and municipal bonds across more than 2,500 properties.

For more information, visit www.calcha.org



City of Palo Alto

Policy and Services Committee Staff Report

(ID # 14379)

Meeting Date: 5/10/2022

Report Type: Action Items

Title: Update and Potential Recommendations on Pending State and Federal Legislation

From: City Manager

Lead Department: City Manager

Recommendation

Staff recommends that the Policy and Services Committee discuss recent legislative updates for the State and Federal Government and make any recommendations to the City Council regarding legislation.

Background

On February 7, 2022, the City Council adopted the 2022 Legislative Guidelines ([CMR 13904; Minutes](#)). The guidelines provide a baseline for the City's legislative advocates at the State and Federal level to advocate on the City's behalf in relation to proposed legislation.

The last legislative update to the Policy and Services Committee was on March 8, 2022 ([CMR 14117; Summary Minutes](#)).

Discussion

The City's legislative advocates in Sacramento (Townsend Public Affairs) and legislative advocates in Washington, D.C. (Van Scoyoc Associates) will be present to discuss updates on legislation, the budget, and the coming weeks and months in Sacramento and D.C. Below is a high-level summary of activity at both the state and federal level.

State Update: **Attachment A** contains the Sacramento update from Townsend Public Affairs. The State legislative calendar is online here: <https://www.assembly.ca.gov/legislativedeadlines> or <https://www.senate.ca.gov/legdeadlines>. Since the last legislative update to the Committee, the State has done more deliberation on legislative bills and **Attachment A** contains information about some bills of interest to the City. In addition to the legislative update, the City also sent a [letter](#) to State Assemblymember Berman and State Senator Becker asking for consideration of budget requests from the City. Staff should receive a progress update in the coming weeks.

Federal Update: The information in **Attachment B** is the Washington D.C. update from Van Scoyoc Associates. Since the last legislative update to the Committee, the Federal Community Project Funding (earmark) process has begun and the City submitted a request with MidPen Housing for the electrification of over 150 low income units in Palo Alto and for the installation of electric vehicle charging stations at the same property. The City also submitted a request for Fire Station 4. The request amount is \$3 million for both projects. Both projects have community support.

Resource Impact

No resource impacts for this particular report.

Stakeholder Engagement

Staff connects with relevant stakeholders as needed throughout the legislative session.

Attachments:

- Attachment A: Memo Palo Alto Summary of Priority Legislation-May 4, 2022
- Attachment B: Van Scoyoc Federal Update - May 2022

MEMO

To: Ed Shikada, City Manager
Chantal Cotton Gaines, Deputy City Manager

From: Christopher Townsend, President, Townsend Public Affairs, Inc.
Niccolo De Luca, Vice President
Andres Ramirez, Senior Associate
Carly Shelby, Legislative Associate

Date: May 4, 2022

Subject: State Legislative Update/Various Legislative Proposals

SUMMARY

Townsend Public Affairs, Inc. (TPA) has prepared this report for the City of Palo Alto as we move forward in the 2022 Legislative session.

April 29th was the deadline for policy committees to hear and report all fiscal bills introduced in their house of origin. As most bills are keyed fiscal, policy committees have heard thousands of bills over the last few months. Bills that are keyed fiscal and do not receive a policy committee hearing prior to the deadline are deemed inactive for the remainder of the Legislative Session.

As discussed with the Policy and Services Committee, we are highlighting a handful of bills and providing a summary to provide a point in time analysis. The city can take a position of support, oppose, or watch. The analysis below is based off text of the legislation, committee analysis, discussions with Members, and others.

Assembly Bill 1944 (Lee) Local Government: open and public meetings

Last amended: April 18, 2022

Status: The bill passed out of its first policy committee hearing and is headed to the Assembly Appropriations Committee.

Focus of the legislation: Allows members of a legislative body of a local agency to use teleconferencing without identifying each teleconference location in the notice and agenda of the meeting or proceeding, and without making each teleconference location accessible to the public. This measure sunsets on Jan. 1, 2030.

Argument in Support: A coalition including the Urban Counties of California, the Rural County Representatives of California, the California State Association of Counties, the Association of California Healthcare Districts, the Association of California School Administrators, the California Association of Public Authorities for IHSS, and the League of California Cities, in support, write, "AB 1944 represents an important modernization to the Brown Act that protects local elected officials' location when participating from a non-public, remote location, while improving access to members of the public via a teleconferencing option."



“As you know, local agencies subject to the Brown Act were able to utilize remote participation for elected officials and for the public during the COVID-19 public health crisis. Those processes worked well, allowing for local agencies to continue to conduct the public’s business in a safe manner. In fact, many of our local agencies report increased participation and interaction with members of the public who would otherwise have been unable to access such meetings as a result. At the same time, the ability for local elected officials to participate remotely without having to share the address of their whereabouts allowed them to do so without risking their own well-being and that of their families and neighbors.

“While authority to maintain remote participation continues after the approval of last year’s AB 361 (R. Rivas), based on public health recommendations at the time, this authorization of remote participation by local elected officials, as well as members of the public, is slated to sunset at the end of 2023. Developing a long-term framework for remote participation is a critical update of the Brown Act. We have learned during the pandemic that such participation is effective, transparent, and encourages participation from a broader component of the public than was anticipated.

“These positive effects on the conduct of the public’s business would suggest that the conditions outlined in AB 1944 are both reasonable and appropriate to incorporate into our post-pandemic practice of delivering open and public meetings.”

Argument in Opposition: A coalition including the California News Publisher’s Association, the American Civil Liberties Union, the First Amendment Coalition, the Howard Jarvis Taxpayers Association, Californians Aware, the Leadership Counsel for Justice and Accountability, the Society for Professional Journalists Los Angeles, the Orange County Press Club, and the National Writers Union of Southern California, in opposition, writes, “...we must respectfully oppose AB 1944 (Lee), which would make a fundamental change to the Brown Act, enshrining government officials’ ability to teleconference from private locations not identified or accessible to the public. While temporary accommodations may be necessary, such as to address public health needs during the COVID-19 pandemic, this bill would abolish longstanding democratic protections that require public meetings be held in public venues where government officials can be seen and engaged by the public.

“Further, this bill would change the Brown Act’s requirement that a quorum be present during a teleconference, allowing government bodies to vote to allow themselves to teleconference from outside the jurisdiction, indefinitely and without justification. While this bill includes some provisions that may expand access for members of the public who wish to participate, the cost to democratic principles and public protection is too great...

“AB 1944 as written, would allow a body to vote to govern themselves with a teleconference scheme that does not require members to identify the location from which they are taking the meeting, nor make that location accessible to the public. Without disclosing the locations, they are participating from there is no mechanism to ensure that a quorum of members, or any members, are within the jurisdiction about which they are making decisions

Assembly Bill 2449 (Rubio) Open meetings: local agencies: teleconferences

Last amended: February 17, 2022

Status: Moved out of its first policy committee hearing and is now in the Assembly Appropriations Committee

Focus of the legislation: Allows members of a legislative body of a local agency to use teleconferencing without identifying each teleconference location in the notice and agenda of the meeting, and without making each teleconference location accessible to the public, if at least a quorum of the members of the body participates in person.



Argument in support: Three Valleys Municipal Water District, sponsor of this measure, writes, “As part of his response to the COVID-19 pandemic, Governor Newsom originally issued a series of Executive Orders to expand public access to meetings of local agencies by suspending some of the restrictions on teleconferencing. The effect was an expanded use of teleconferencing for meetings of the legislative body, resulting in enhanced public access and increased participation by the public.

“The expiration of the Executive Orders immediately gave way to the new AB 361, essentially allowing for the teleconference provisions detailed in the Executive Orders to continue during a period of emergency declaration. However, once an emergency declaration has ended, local agencies will again be required to comply with antiquated provisions of existing law, making it potentially more difficult to hold meetings of the legislative body by teleconference. While current law does allow for “teleconference locations” under normal circumstances, it requires various actions to be taken at the teleconference locations and fails to recognize in the digital age that a teleconference location is wherever there is a person with a computer, a tablet, or even a mobile phone.

“AB 2449 will eliminate the previously existing concept of teleconference locations and will revise notice requirements to allow for greater public participation in teleconference meetings of local agencies. The bill does not require teleconferencing, rather it modernizes existing law to ensure greater public participation in meetings of the legislative bodies of local agencies who choose to utilize teleconferencing. Similarly, in acknowledgement of the critical importance of maintaining transparency and accountability, the bill requires that a quorum of the governing body be physically present at a clearly identified meeting location for all public meetings.”

Argument in opposition: A coalition including the California News Publisher’s Association, the ACLU California Action, the First Amendment Coalition, the Howard Jarvis Taxpayers Association, Californians Aware, the Leadership Counsel for Justice and Accountability, and the Society for Professional Journalists Los Angeles, in opposition, writes, “If enacted, AB 2449 would fundamentally alter the Brown Act by providing express authorization to members of legislative bodies to teleconference into public meetings from private locations not identified or accessible to the public at any time, without a compelling reason. While temporary accommodations may be necessary, such as during the COVID-19 public health emergency, this bill would excise the longstanding democratic protection afforded by requiring the entire legislative body to directly face the public. We must be mindful before making substantial changes to the laws that have ensured democracy at the local government level for generations. There are many examples of remote meetings increasing public participation in many respects, but there are still many lessons to learn as we continue to move out of the COVID-19 pandemic...

“To be clear, we support increased public access, such as the provisions of this bill that increase remote participation for the public; however, AB 2449, as written, ties that expanded access to removal of existing requirements for those who have sought and agreed to public service in local government. We greatly appreciate that the bill has incorporated many of the provisions that were the result of discussion on AB 339 (Lee) & AB 361 (R. Rivas) last year, including requiring members to be on camera, providing telephonic access for those who do not have stable internet, addressing technological disruptions, and others. However, those bills differed in that AB 339 sought to only expand access for the public, and AB 361’s allowances for legislative bodies are confined to states of emergency and required a vote every 30 days to continue.

“We are also very glad to see that a quorum must be in the same physical location with the public in this bill, but it is essential to narrow the circumstances in which members outside of the quorum can participate remotely, so that the same members cannot avoid physically appearing without



circumstances that justifies limiting the public’s access to the member who is supposed to be serving their interests.”

Assembly Bill 2647 (Levine) Local government: open meetings

Last amended: April 19, 2022

Status of the Legislation: This bill moved out of its first policy committee hearing and is now in the Assembly Appropriations Committee.

Focus of the legislation: Allows writings that have been distributed to members of a legislative body of a local agency less than 72 hours before an open meeting to be posted online to satisfy specified requirements of the Brown Act.

Argument in support: The League of California Cities, sponsor of this bill, writes in support, “Recently the Third District Court of Appeals held that posting meeting documents online does not satisfy this requirement of the Brown Act, and that local governments must place physical copies of the document in a designated office open to the public. Requiring physical access at a public location as the only way to satisfy the Brown Act could impair the conduct of the people’s business. Without a legislative solution, the Court’s decision requires local agencies to keep an office open to the public during evenings and/or weekends when a writing is distributed to a local agency’s legislative body. Alternatively, the local agency would have to withhold late breaking information from the legislative body until an office is open which could impact the ability of a legislative body to be best informed with less time to consider additional information.

“This measure would clarify that writings distributed to the majority of a local legislative body less than 72 hours before a meeting can be posted online if physical copies are made available for public inspection at the beginning of the next regular business hours at a public office or designated location. By reducing delays, the public and the community will be better informed to engage in the meeting with the flexibility and transparency this measure provides. This change would advance meaningful public access to government information.”

Argument in opposition: There is no argument in opposition, or any opposition listed.

Assembly Bill 1947 (Ting) Hate crimes: law enforcement policies

Last amended: March 24, 2022

Status: The bill has moved out of its first policy committee and is in the Assembly Appropriations Committee.

Focus of the legislation: This bill requires all California law enforcement agencies to adopt an updated hate crimes policy.

This bill requires every local and state law enforcement agency (LEA) to adopt a hate crimes policy with specific parameters and requires the Commission on Peace Officers Standards and Training (POST) to develop a model hate crimes policy.

Argument in Support: According to the California Council of Community Behavioral Health Agencies: Despite the spike in reported cases, hate crimes are still notoriously underreported. For instance, 11 California cities with populations of at least 100,000 reported zero hate crimes in 2019. AB 1947 is a critical first step to address the problem of almost universal non-reporting of hate crimes. The bill would require law enforcement agencies to submit their hate crime policies, brochures, and training schedules to the Department of Justice to ensure compliance.

Argument in Opposition: According to the Anti-Defamation League (ADL): AB 1947 mandates codification of overly specific requirements that sends a misleading message to communities about what is and is not a hate crime and may undermine law enforcement agencies’ ability to



effectively recognize and respond to hate crimes. [E]nshrining a specific hate crime policy into law will create significant logistical hurdles for legislators. What is written into law can only be amended by more law. AB 1947’s one-size-fits-all approach as ... will force lawmakers to revisit the content on a frequent basis to ensure it accurately reflects current trends, circumstances, and language.

Assembly Bill 2011 (Wicks)

Last amended: April 18, 2022, with more amendments coming

Status: The bill has moved out of its first policy committee hearing on April 27th and will be the subject of many more meetings and amendments.

Focus of the legislation: Establishes the Affordable Housing and High Road Jobs Act of 2022 (Act), to create a ministerial, streamlined approval process for 100 percent affordable housing in commercially zoned areas and for mixed-income housing along commercial corridors. One of the main focuses of this bill is to establish new workable labor standards that do not include the skilled and trained work force.

This bill would require housing to be “by right” if it conforms to the provisions below regarding affordability, location, objective standards, and labor. In being by right, it would not be subject to a local government’s discretionary approval process and would be exempt from the California Environmental Quality Act. Local governments would be able to apply objective standards and design review processes if they do not conflict with the provisions in the bill and do not preclude development of the housing.

Argument in Support: Supporters of the bill include groups that represent construction workers, groups that support the development of affordable housing, and groups that support an overall increase in the housing supply.

Groups that represent construction workers, including the Northern California Regional Conference of Carpenters, the Southwest Regional Conference of Carpenters, and affiliated groups, argue that the prevailing wage requirements and enforcement provisions in the bill would benefit workers while the housing provisions in the bill would help put those workers to work. According to the California Conference of Carpenters (a co-sponsor of the bill), the bill “will open the door to middle-class, blue-collar careers for young workers who will actually be able to live in, and eventually even own, the affordable housing they build.”

Groups that support the development of affordable housing, including the California Housing Consortium (a co-sponsor of the bill) argue that the bill would rapidly accelerate the production of affordable housing. They write that the bill “will expand climate-friendly infill affordable housing opportunities for struggling families, seniors, workers, and veterans – while also growing a thriving, well-paid, middle-class construction workforce.”

Groups that support an overall increase in the housing supply argue that the bill is necessary to help overcome the state’s deficit of 2.5 million housing units. According to the California Apartment Association, “By opening new sites to housing, AB 2011 would rapidly accelerate housing production at all income levels – particularly for lower income Californians.

Argument in Opposition: Opponents of the bill include groups that represent construction workers and three cities. The State Building and Construction Trades Council (SBCTC) and affiliated groups, argue that the bill should require the utilization of a skilled and trained workforce, as defined in labor law, which would in effect require a certain percentage of each construction craft and trade to be unionized unless the project is subject to a Project Labor Agreement. They argue that, absent these provisions, the bill provides a path to developer profits with little protections for workers and meaningful input from community members. According to the SBCTC,



“We remain opposed to any effort that would create a statewide right to develop mostly market-rate and luxury housing without, at a very minimum, basic community protections, including the requirement to use a skilled and trained workforce and pay area prevailing wages.”

The cities of Laguna Beach, Mission Viejo, and Rancho Santa Margarita argue that the bill would remove local control and the ability of cities to determine the adequacy of sites for housing and the ability to provide affiliated infrastructure. They also express concern over a potential reduction in tax revenue from the loss of commercial properties.

Assembly Bill 2050 (Lee) Residential Real Property

Last amended: April 18, 2022

Status: The bill has moved out of two policy committees and is in the Assembly Appropriations Committee.

Focus of the legislation: This bill would introduce several reforms aimed at curbing abuses of the Ellis Act. First, it would prohibit use of the Act to remove a property from the rental market in a rent control jurisdiction until all the owners of the property (including holders of ownership interests in an entity that, in turn, owns the property) have maintained their ownership for a period of at least five continuous years. Second, if a person utilizes the Ellis Act to remove a property from the rental market and then acquires another rental property, that person would have to wait 10 years before being allowed to utilize the Ellis Act to remove the second property from the rental market. Both provisions, which could be enforced in the courts by tenants, would limit speculators' misuse of the Act to profit at the expense of tenants' long-term housing stability,

Argument in Support: AIDS Healthcare Foundation encapsulates the rationale for this bill: California has a massive problem with people who are homeless or at risk of homelessness. Aggravating the problem are the speculator[s]...who take advantage of Ellis to withdraw rental units because they intend to “go out of the rental housing business.” Since many of these properties provide affordable rent-controlled housing for low-income tenants, these [speculators], many of whom have owned the property for a short period of time, use the Ellis Act to rid themselves of financially unproductive tenants. [...] In some cities, where rent protections are less firm, some speculator[s] have replaced low-income tenants with market rate tenants. In some cases, the new owner will sell the now more valuable property to another speculator. In all these cases, the common outcome is to remove more affordable rental properties from the market, leaving low-income tenants scrambling to find housing.

Argument in Opposition: California Rental Housing Association explains why it believes this bill's provisions are unwise: There are many reasons why an owner may need to sell within 5 years, such as: moving, job relocation, personal, financial, etc. [...] This bill would put significant limitations on the[e] Ellis Act's] protections and will make it much more difficult for housing providers to exercise their right to go out of business regardless if they are losing money, facing bankruptcy, are attempting to plan their estates or have recently obtained title to the rental property through the passing of a relative. In addition, the provision that prohibits a property owner from going out of business at one location if they have been forced to go out of business at another location within the past 10 years is especially damaging. Many rental property owners own multiple properties at different locations. Arbitrarily limiting the number of properties that an owner can withdraw accommodations from will not help alleviate the housing crisis, it will only make it more difficult for rental property owners to remain financially solvent.

Assembly Bill 2063 (Berman) Density Bonuses: affordable housing impact fees

Last amended: April 21, 2022



Status: The bill has moved out of two policy committees and is in the Assembly Appropriations Committee.

Focus of the legislation: This bill prohibits a local government from charging affordable housing impact fees on the bonus units included in a density bonus project. The bill specifies that affordable housing impact fees include inclusionary zoning fees, public benefit fees, and in-lieu fees. The bill exempts from its provision's local agencies that, prior to January 1, 2022, adopted ordinances that allow for a density bonus of 50 percent if specified percentages of affordable units are included in the project.

Argument in Support: Habitat for Humanity writes in support, "The State Density Bonus law was enacted to increase the overall housing stock, and subsidized affordable housing stock, in California. In addition to the subsidized affordable housing requirements of the State Density Bonus law, some municipalities have unfortunately applied an equivalent affordable housing fee on state density bonus units which creates a disincentive and financial cost on those bonus units that make it exponentially more difficult to get projects to pencil. The fee itself can add millions to the overall cost of construction to a single project.

Argument in Opposition: The California Rural Legal Assistance Foundation writes in opposition, "As drafted, AB 2063 would undermine an existing local policy in San Francisco despite any evidence that the policy constrains either market-rate or affordable housing development. According to the Department of Housing and Community Development's Housing Element Implementation and APR Dashboard, in the fifth housing element cycle so far, which in the Association of Bay Area Governments (ABAG) region runs January 31, 2015- January 31, 2023, San Francisco has already permitted 167.2% of its above moderate-income (i.e., market-rate) share of the regional housing need. In addition, it has permitted 43.4% of its very low-income RHNA share, 66% of its low-income share, and 43.4% of its moderate-income share. As a comparison, jurisdictions in the ABAG region have permitted 164.3% of the above moderate-income RHNA, 24.6% of the very low-income RHNA, 26.8% of the low-income RHNA, and 44.6% of the moderate-income RHNA

Assembly Bill 2097 (Friedman) Residential and commercial development: parking requirements

Last amended: February 14, 2022

Status: This bill has gone through two policy committees and is in the Assembly Appropriations Committee.

Focus of the legislation: This legislation prohibits public agencies from enforcing minimum automobile parking requirements for developments located close to public transit.

Argument in Support: According to one of the sponsors, SPUR, "AB 2097 will eliminate requirements that homes and commercial buildings near transit or in neighborhoods with less car use be built with more parking than is necessary. By reducing the overbuilding of parking, this bill would reduce traffic, greenhouse gas emissions and air pollution, reduce the cost of housing to renters and homeowners, and improve the prospects of small neighborhood businesses fighting to survive during the pandemic."

Argument in Opposition: The League of California Cities writes in opposition, "AB 2097 would allow developers to dictate parking requirements in large areas of many cities because the definition of public transit includes entire bus routes with fifteen-minute service intervals. Restricting parking requirements within one-half mile of a high-frequency transit route does not guarantee individuals living, working, or shopping on those parcels will use transit. Many residents



will continue to own automobiles and require nearby parking, which will only increase parking demand and congestion.”

Assembly Bill 2147 (Ting) Pedestrians

Last amended: February 15, 2022

Status: The bill has moved out of its first policy committee and is in the Assembly Appropriations Committee.

Focus of the legislation: This bill prohibits enforcement of “jaywalking” laws. Specifically, this bill modifies several existing sections of the vehicle code so that a peace officer may not stop a pedestrian for violating a prohibition against entering an intersection or roadway, unless a careful person would realize there is an immediate danger of a collision with a moving vehicle or other device moving exclusively by human power. The bill specifies its provisions do not relieve either a pedestrian from the duty of using due care for their safety or a driver of a vehicle from the duty of exercising due care for the safety of any pedestrian within the roadway.

Argument in Support: Every day, millions of Californians cross the street outside of an intersection when no cars are present. California’s jaywalking laws criminalize one of our most vulnerable transportation modes and are unevenly enforced. A 2017 study in Sacramento showed Black Californians were cited for jaywalking five times more than the general population. Beyond inequitable enforcement, the prevalence of jaywalking in certain neighborhoods reflects inequities in street design. People who need to walk in their neighborhoods should not be penalized for decades of infrastructure neglect and auto-first street design that fails to consider the needs of users who aren’t in cars. AB 2147 promotes safe walking and limits unjust enforcement by prohibiting law enforcement from stopping individuals for jaywalking unless there is an immediate danger of a collision with a moving vehicle.

The National Association of Social Workers, California Chapter, writing in support of this bill, argues “Pedestrians can face fines up to \$250 for crossing the street outside of a designated crosswalk. That’s a higher fine than most parking tickets and common traffic citations. California’s vehicle codes are written to prioritize cars and fine pedestrians simply for crossing the road, regardless of if cars are present. These citations are often used as a tool for police to harass communities of color. Across California, police departments stop Black pedestrians at a higher rate than white pedestrians. From 2018-2020, data from the California Racial and Identity Profiling Act shows that Black Californians are severely overrepresented in jaywalking enforcement.

Argument in Opposition: The California Sheriffs Association writes in opposition to this bill, contending it has the effect of “significantly limiting when a peace officer may stop a pedestrian for a violation of one of the affected safety laws.” Differing, the California District Attorneys Association argues the bill “undermines pedestrian safety laws by imposing a new enforcement standard before violations of those laws can be enforced.” The district attorneys recommend the author amend the bill to “instead redefine what behavior is lawful” while maintaining “a peace officer’s authority to enforce a public offense when that violation occurs.”

Assembly Bill 2181 (Berman) Santa Clara Valley Transportation Authority: board of directors

Last amended: May 2, 2022

Status: The bill has moved out of its first policy committee and is now in the Assembly Appropriations committee.

Focus of the legislation: This legislation seeks to make changes to the Board of the Santa Clara Valley Transportation Authority (VTA), including:



- 1) Specifies that the government of VTA shall be vested in a board of directors that shall consist of 12 voting members, as follows:
 - a) Two representatives of Santa Clara County, who shall be appointed by the president of the board of supervisors with board of supervisors' approval by at least a four-fifth vote, consistent with both of the following requirements:
 - i) One representative shall be a nonelected community member with expertise in financing and accounting.
 - ii) One representative shall be a nonelected community member with expertise infrastructure management, construction management, or project management.
 - b) Five representatives of the City of San Jose, who shall be appointed by the mayor of the City of San Jose with city council approval, consistent with the following:
 - i) At least two representatives shall be city council members or the mayor of the City of San Jose.
 - ii) At least two representatives shall be nonelected community members who, to the extent possible, have expertise, experience, or knowledge relative to transportation issues.
 - iii) The mayor of the City of San Jose shall appoint at least one representative who uses public transit as their primary mode of transportation.
 - c) Five representatives of the cities in the county, other than the City of San Jose, elected in a manner consistent with the following:
 - i) At least two representatives shall be nonelected community members who, to the extent possible, have expertise, experience, or knowledge relative to transportation issues.
 - ii) At least two representatives shall be city council members or mayors of the cities in the county, other than the City of San Jose.
 - iii) To the extent possible, each regional group, as provided for by the agreements among the cities in the county, other than the City of San Jose, shall be represented on the board of directors by a representative elected pursuant to this bill.
 - iv) The representatives shall be elected through the following ranked choice voting process:
 - (1) VTA shall develop an application process.
 - (2) To be eligible to be selected, a candidate shall complete an application and submit the application to VTA.
 - (3) VTA shall create one ranked choice ballot that includes only those candidates that submitted complete applications.
 - (4) The city council of each city in the county, other than the City of San Jose, shall in a public forum, rank those candidates using the ranked choice ballot and submit the ranked choice ballot to VTA by a date determined by VTA.
 - (5) VTA shall count the ranked choice ballots submitted pursuant to (4) above.
 - v) Provides that if a representative who is elected as a city council member or mayor of a city in the county, other than the City of San Jose, no longer serves in that capacity as a city council member or mayor, the representative may continue to serve on the board of directors until their term on the board of directors expires, unless as otherwise specified.
- 2) Specifies that in addition to the 12 voting members of the VTA Board, VTA's Board may include ex officio nonvoting members from regional transportation or governmental bodies.
- 3) Requires VTA to ensure that representatives of a single city do not compose most of the board of directors.
- 4) Provides that a representative appointed or elected pursuant to this bill shall serve a four-year term and may be reappointed without limitation.



- 5) Specifies that VTA shall implement guidelines for the removal for cause of a representative appointed or elected to the Board.
- 6) Removes, as of January 1, 2024, the provision in existing law that provides that the term of office for each director shall be two years and until the appointment and qualification of their successor, and specified vacancy requirements.
- 7) Specifies that this bill shall become operative on July 1, 2023.

Argument in Support: There is no formal support.

Per the author, “Valley Transportation Authority provides essential public transit options that help get Santa Clara County’s two million residents to and from work, school, and home. However, three Civil Grand Jury Reports over the last 17 years have concluded that VTA’s governance structure is a root cause of the agency’s poor performance and is in need of structural reform. AB 2181 delivers this structural reform by transitioning the current board—a rotating group of 12 elected officials and 6 alternates in Santa Clara County—to a 12-member hybrid board composed of both elected officials and qualified members of the public. This bill honors local control by building in flexibility, while prioritizing both regional accountability and equity in using a regional ranked choice voting process. The new VTA board members would be selected by city and county officials in a transparent public process, ensuring that expertise related to transportation, infrastructure or project management, and budgetary expertise are represented on the board. A more experienced, transparent, and regionally focused VTA Board will be better positioned to meet Santa Clara County’s complex transportation needs.”

Argument in Opposition: There is no formal opposition.

Per the most recent Grand Jury report, “The Grand Jury concluded that today, more so than in 2004 or 2009, the VTA Board is in need of structural change to enable it to better protect the interests of the County’s taxpayers and address the many complex challenges presented by emerging trends in transportation, rapidly evolving technology and the changing needs of Silicon Valley residents. The Grand Jury recommends several changes to the governance structure and operations of the VTA Board which will improve the Board’s ability to effectively perform its important oversight and strategic decision-making functions.”

Assembly Bill 2630 (O’Donnell) California Interagency Council on Homelessness

Last amended: April 21, 2022

Status: The bill has moved out of its first policy committee and is now in the Assembly Appropriations committee.

Focus of the legislation: This legislation requires a city, county, or city and county that has used funds from any state funding source to assist in addressing homelessness to provide a public report on its internet website on the use of those funds by July 1, 2023

The 2021-22 state budget provides multi-year funding for the HHAP which funds local efforts to responds to homelessness. To access this funding, eligible applicants (Continuums of Care (CoCs), counties, and eligible cities) are required to submit a Local Homelessness Action Plan that demonstrates how HHAP funds and all local dollars for homelessness can reduce the number of people experiencing homelessness. The local action plans are required to include: analysis that assesses the current number of people experiencing homelessness and existing programs and funding which address homelessness within the jurisdiction; Identification of the number of individuals and families served, including demographic information and intervention types provided, and subpopulations that are underserved relative to their proportion amongst those



experiencing homelessness in the jurisdiction; and identification of all funds, including state, federal and local funds, currently being used, and budgeted to be used, to provide housing and homelessness-related services to persons experiencing homelessness or at imminent risk of homelessness, how this funding serves subpopulations, and what intervention types are funded through these resources.

This bill would require all cities and counties to complete a homelessness action plan consistent with the requirements of HHAP and publish the report on the cities or county's internet website. Those cities and counties that apply for HHAP can use the local homelessness action plan they submit to for HHAP funds to fulfill this requirement.

Argument in Support: There are no arguments yet in support of this legislation.

Argument in Opposition: There are no arguments yet in opposition of this legislation.

Senate Bill 897 (Wieczowski) Accessory dwelling units

Last amended: April 21, 2022

Status: The bill has moved out of its first two policy committees and is the Senate Appropriations Committee.

Focus of the legislation: This legislation would make a handful of changes to the laws governing ADUs and JADUs including that standards imposed on an ADU by a local agency must be objective, clarify that a local agency must explicitly approve or deny an application for an ADU or JADU within the 60 day timeframe, rather than act on the application, specify that construction of an ADU does not constitute a Group R occupancy change under the local building code, as specified, or trigger a requirement for fire sprinklers to be installed in the proposed or existing primary dwelling, allow for the construction of ADUs along with a proposed multifamily dwelling, in addition to existing authority that applies to proposed single-family dwellings, allow a JADU to be attached to a detached ADU and clarify that enclosed uses within the residence are considered a part of the proposed or existing single-family dwelling, and repeal the January 1, 2025 sunset on the prohibition on local owner-occupancy requirements, and repeal the existing owner-occupancy requirement in JADU law.

SB 897 would also require HCD, upon appropriation by the Legislature, to establish and administer a grant program to fund the construction and maintenance of ADUs and JADUs. The bill would establish the California Accessory Dwelling Unit Fund in the State Treasury and require HCD to distribute funds to eligible recipients, upon appropriation of those funds by the Legislature.

Argument in Support: "California was and continues to be in an ongoing housing crisis since I introduced my first ADU bill in 2016. While California has seen a significant increase in the amount of ADU building permit applications and ADU construction since that time, the lack of housing, and in particular affordable housing, is one of the most significant drivers of institutional and generational poverty cycles and will not be resolved until more housing can be developed. Eliminating any unnecessary barriers to ADU construction is a cost-effective approach that will allow homeowners to make better use of their property. ADU's can provide additional rental availability in their communities and allow homeowners to create more financial stability for themselves. Additionally, ADU's provide housing options for those homeowners who want to age in place as well as providing flexible living space for their family, friends, or caregivers. SB 897 builds upon previous ADU legislation by addressing some of the remaining barriers to ADU construction and supporting the development of housing that is more affordable by design."

Argument in Opposition: SB 897 continues what has been a annual tradition of numerous significant revisions to ADU law. Beginning in 2016, when the Legislature rewrote ADU law, the



Legislature has enacted 11 measures that amend ADU law to some degree, including three bills in 2019 that sent local agencies back to the drawing board on their ADU ordinances, including to prohibit local agencies from requiring owner-occupancy until January 1, 2025. SB 897 proposes more significant changes that will require local agencies to update their ordinances yet again. Among those changes are to repeal the sunset on the prohibition on owner-occupancy requirements--less than three years into the six-year pilot program. Given the short amount of time that has elapsed, it is unclear whether the Legislature has enough information to determine whether the prohibition on owner-occupancy requirements have led to undesirable changes in the ownership of ADUs, such as to encourage large institutional investors with little stake in a community to invest in ADU development and ownership. Should the Legislature wait on further changes to ADU laws until local governments have had a chance to catch their breath and the Legislature can evaluate the effect of recent changes on ADU development?

Senate Bill 932 (Portantino) General plans: circulation element: bicycle and pedestrian calming

Last amended: March 23, 2022

Status: The bill has moved out of its first two policy committees and is in the Senate Appropriations Committee.

Focus of the legislation: This bill requires the circulation element of a general plan to include specified contents related to bicycle plans, pedestrian plans, and traffic calming plans, and to implement those plans; provides that failure to implement the plans creates a cause of action for victims of traffic violence.

Argument in Support: Per the author, most California streets have grown more dangerous in recent years. California follows a nationwide trend; the National Highway Traffic Safety Administration saw a 20% increase in traffic fatalities in the first six months of 2021 compared to 2020 or 2019. Some California cities lack data on addressing the epidemic of traffic violence, particularly regarding death and serious injuries to pedestrians, cyclists, and other human-powered-transit users. In certain cities where the most dangerous streets and corridors have been identified, no plan exists to remedy these deadly situations. Even in cities that have developed plans, like Los Angeles' Vision Zero and Mobility Plan 2035, meaningful changes that would save lives have yet to be implemented. SB 932 requires a county or city to include in its General Plan, a map of the high injury network within its boundaries and would further require a county or city to identify and prioritize safety improvements. Thus saving countless lives.

Argument in Opposition: American Planning Association California Chapter, California State Association of Counties, League of California Cities, Rural County Representatives of California, Safer Streets LA, and Urban Counties of California raise concerns relating to SB 932 significantly expands local government liability for traffic collisions by creating a cause of action if cities and counties fail to fully implement the provisions of the bill, potentially making them liable for injuries that may result from the actions of third parties, such as motorists, and exposing local governments to significant costs in the process that might otherwise have gone to support the infrastructure that SB 932 seeks to encourage.

In addition, SB 932 requires every city and county in the state to adopt bicycle and pedestrian plans, including a prescriptive list of infrastructure that must be constructed, without regard for local conditions that may influence whether a given area is likely to have significant bike or foot traffic.

Senate Bill 1000 (Becker) Law enforcement agencies: radio communication



Last amended: March 16, 2022

Status: The bill has moved out of its first policy committee and is now in the Senate Appropriations Committee.

Focus of the legislation: The purpose of this bill is to ensure public access to law enforcement radio communications and require law enforcement agencies to prevent or minimize criminal justice information or personally identifiable information from being broadcast in a manner that is accessible to the public.

Argument in Support: According to the California Public Defender's Association:

"We have proudly supported recent efforts by members of the California Legislature to put police policies and procedures online (SB 978 (Bradford), increase transparency of some police disciplinary records (SB 1421 (Skinner) and SB 16 (Skinner)) and to create a commission to investigate and decertify police officers (SB 2 (Bradford)). Yet despite these efforts to move toward more openness, some police agencies have continued to try to shield information from the public eye. For 80 years, news outlets, journalists and the public have had access to police radio communications. This access is critically important for police transparency, accountability, and reporting activity to the public. However, in October 2020, the California Department of Justice's California Law Enforcement Telecommunications System (CLETS) issued a memo regarding the requirement for police agencies to protect identifying information via encryption." [...]

"We agree that now is not the time to reduce public access to police activity. Access to critical information regarding police activity is not an "operational change" that should be taken without input from the public, the media, or city, county and state elected officials. Nuanced approaches like the one CHP has chosen to take strike a better balance between openness and protecting private information and should be adopted by other police agencies rather than wholesale encryption. SB 1000 is a much-needed correction to the actions of certain local law enforcement agencies seeking to completely shield important information from the public view. It is also a preventative measure to keep this problem from becoming a statewide issue."

Argument in Opposition: According to the California State Sheriff's Association:

"To comply with state and federal requirements, some law enforcement agencies have encrypted their radio communications. SB 1000's general default to unencrypted radio communications would represent a significant burden to agencies that went to tremendous expense to obtain new technology or have previously encrypted their communications. Additionally, to switch back to unencrypted radio communications will require costly and time-consuming training to protect CJI and PII.

Also, the bill's contemplation of using alternate, non-broadcasting radio technology to protect information may not be easy or achievable in some geographic locations due to unavailable cell service or computers that cannot connect. Switching to encrypted or alternate media in tactical or undercover situations will likely complicate already complex scenarios."

Senate Bill 1067 (Portantino) Housing development projects: parking

Last amended: April 28, 2022

Status: The bill has moved out of its first two policy committees and is now in the Senate Appropriations Committee.

Focus of the legislation: This bill prohibits local governments from imposing parking minimums on certain housing developments near a major transit stop, as specified.



Argument in Support: “Cities and counties require property owners to provide and maintain a certain number of off-street parking spaces. The imposition of mandatory parking minimums can increase the cost of housing, limit the number of available units, lead to an oversupply of parking spaces, and increased greenhouse gas emissions. While some cities have voluntarily moved towards removing parking minimums, others review projects on a case-by-case basis, and some provide for reduced parking requirements with safeguards for protecting the production of units for low-income, senior citizens, and disabled persons. To this end, SB 1067 prohibits a city from imposing any minimum automobile parking requirement on a housing development project that is located within 1/2 mile of public transit if specific conditions are met. The project must either dedicate 25% of the total units to lower-income households, the elderly, or persons with disabilities, or the developer must demonstrate to the local agency that the development would not have a negative impact on the local agency’s ability to meet specified housing needs and would not have a negative impact on traffic circulation or existing residential or commercial parking within 1/2 mile of the project.”

Argument in Opposition: Local governments and community groups oppose this bill due to a lack of local control, reduced parking requirements, and a general concern over continually changing state housing laws. South Pasadena Residents for Responsible Growth are opposed because they would like to see the bill expanded to provide that all housing development parking requirements are eliminated. The State Building and Construction Trades are opposed because the bill does not allow for electric vehicle owners to park their cars and would prefer investments in public transit.

Senate Bill 1100 (Cortese) Open Meetings; orderly conduct

Last amended: April 21, 2022

Status: The bill has moved out of its first two policy committees and is now on the Senate Floor.

Focus of the legislation: This bill authorizes the presiding member of a legislative body conducting a meeting to remove an individual for disrupting the meeting and defines “disrupting” for these purposes. More specifically,

- 1) Authorizes the presiding member of the legislative body conducting a meeting to remove an individual for disrupting the meeting.
- 2) Provides that removal must be preceded by a warning from the presiding member of the legislative body that the individual is disrupting the proceedings, a request that the individual curtail their disruptive behavior or be subject to removal, and a reasonable opportunity to curtail their disruptive behavior. This warning is not required if the individual is engaging in behavior that includes use of force or true threats of force.
- 3) Defines “disrupting” as engaging in behavior that disrupts, disturbs, impedes, or renders infeasible the orderly conduct of the meeting and includes, but is not limited to, both:
 - a) A failure to comply with reasonable and lawful regulations adopted by a legislative body pursuant to existing law.
 - b) Engaging in behavior that includes the use of force or true threats of force.
- 4) States various findings and declarations of the Legislature, including:
 - a) It is the intent of the Legislature to prescribe requirements for governing public meetings to protect civil liberties in accordance with the United States Constitution, the California Constitution, and relevant law.



- b) It is the intent of the Legislature to codify the authority and standards for governing public meetings in accordance with *Acosta v. City of Costa Mesa*, 718 F.3d 800, 811 (9th Cir. 2013), in which the court explained that an ordinance governing the decorum of a city council meeting is not facially overbroad if it only permits a presiding officer to eject an attendee for actually disturbing or impeding a meeting.
- c) Finds and declares that this bill imposes a limitation on the public's right of access to the meetings of public bodies or the writings of public officials and agencies within the meaning of Section 3 of Article I of the California Constitution. Pursuant to that constitutional provision, the measure makes findings to demonstrate the interest protected by this limitation, and the need for protecting that interest is furthered by giving legislative bodies clear authorization to restore order to meetings in the event of actual disruptions that are disturbing, disrupting, impeding, or rendering infeasible the orderly conduct of the meeting and, thereby, preserve the rights of other members of the public at the meeting and allow the legislative body to continue its work on behalf of the public.

Argument in Support: According to the author, "It has become increasingly clear that the mechanisms provided by the Brown Act to deal with disruptions during public meetings are insufficient. Across California, public officials and public attendees continue to deal with disorderly conduct during meetings at such a high magnitude that critical business and the legislative process has become impaired. As we have undoubtedly seen, many troubling incidents across the state, including those involving harassment and threats of violence, have demonstrated the need to protect public safety and public meeting access by modernizing the Brown Act so that it provides clearer standards around when removal of a meeting participant is warranted and what authority members of a legislative body can exercise."

Argument in Opposition: The bill is opposed by Californians for Good Governance, Stand UP, and two individuals. Educate Advocate also expressed concerns with the current language in the bill. The opposition feels that the language in the bill is either vague or does not give enough guidance to local governing bodies about what behavior can and should warrant removal. They argue that disturbing, disrupting, and impeding is too subjective and worry about how locals will apply the law. The opposition arguments do not account for the fact that the language in the bill says *disrupts*, disturbs, impedes, or renders infeasible *the orderly conduct of the meeting* (emphasis added). Furthermore, the bills findings make it clear the intent of the bill is for its provisions to be interpreted and applied consistently with the holding in *Acosta v. City of Costa Mesa*. It is impossible to state that all local governing bodies will apply the law consistently with the First Amendment. These scenarios would be as applied challenges to the law under First Amendment jurisprudence and would be highly fact specific. The bill on its face, as described above, is in line with current Ninth Circuit case law on this matter and the proposed amendments provide additional protections for members of the public in exercising their right to access public meetings.

Senate Bill 1338 (Umberg) Community Assistance, Recovery, and Empowerment Program (CARE Court)

Last amended: April 7, 2022

Status: The bill has moved out of its first two policy committees and is now in the Senate Appropriations Committee.

Focus of the legislation: Establishes the Community Assistance, Recovery, and Empowerment (CARE) Court Act for the purpose of providing a court-ordered CARE plan to individuals who have a severe mental illness and meet other specified criteria that includes behavioral health treatment



services, a trained supporter to assist the respondent in navigating the process and identifies an appropriate housing plan.

Argument in Support: According to the authors, this bill creates the CARE Court program, which is a proposed framework to deliver MH and SUD services to the most severely impaired Californians who too often languish—suffering in homelessness or incarceration—without the treatment they desperately need. The proposed CARE Court program is a response to the urgent need for innovative solutions for individuals who are suffering with untreated schizophrenia spectrum and psychotic disorders, often unhoused in our communities, and who face high risks for repeated hospitalization, incarceration, institutionalization, conservatorship, and premature death. In California and nationally, comprehensive care, medication, and housing have been clinically proven to successfully treat and stabilize individuals with severe mental illness but are too often available only after arrest or in secure facilities. Therefore, this bill will create a program to connect a person in crisis with a court-ordered CARE plan for up to 12 months, with the possibility to extend for an additional 12 months. The program provides individuals with a clinically appropriate, community-based set of services and supports that are culturally and linguistically competent. This includes short-term stabilization medications, wellness and recovery supports, and connection to social services, including housing.

CARE Court proposal. In early 2022, Governor Newsom proposed the CARE Court program, as an alternative to amending the LPS Act, to help connect a person in crisis with a court-ordered CARE plan for up to 12 months, with the possibility to extend for an additional 12 months. The framework provides individuals with a clinically appropriate, community-based set of services and supports that are culturally and linguistically competent, which includes short-term stabilization medications, wellness and recovery supports, and connection to social services and a housing plan. According to the CHHSA’s website, housing is an important component—finding stability and staying connected to treatment, even with the proper supports, is next to impossible while living outdoors, in a tent, or in a vehicle. CHHSA states that CARE Court is an upstream diversion to prevent more restrictive conservatorships or incarceration, based on evidence that demonstrates many people can stabilize, begin healing, and exit homelessness in less restrictive, community-based care settings. With advances in treatment models, new longer-acting antipsychotic treatments, and the right clinical team and housing plan, individuals who have historically suffered tremendously on the streets or during avoidable incarceration can be successfully stabilized and supported in the community. CHHSA further states that CARE Court is not for everyone experiencing homelessness or mental illness; it focuses on people with schizophrenia spectrum or other psychotic disorders who lack medical decision-making capacity, before they enter the criminal justice system or become so impaired that they end up in a LPS conservatorship due to mental illness. CHSSA states that although homelessness has many faces in California, among the most tragic is the face of the sickest who suffer from treatable mental health conditions, and the CARE Court proposal aims to connect these individuals to effective treatment and support, mapping a path to long-term recovery. CARE Court is estimated to help thousands of Californians on their journey to sustained wellness.

Argument in Opposition: A coalition of opponents, most of the listed opposition comprised of advocates that advance and protect the civil rights of Californians living with disabilities, experiencing homelessness, and involved in the criminal legal system, argues that the CARE Court framework is unacceptable for a number of reasons:

- It does not guarantee housing as a solution to address homelessness.



- Evidence shows that resourced intensive voluntary outpatient treatment is more effective than court-ordered treatment.
- It will perpetuate institutional racism and worsen health disparities.
- There are flaws in this bill's reliance on a person's lack of capacity to make medical decisions.
- Use of the terms "supportive decision-making" and "supporter" reflects a misunderstanding of the concepts behind the terms and obscures the involuntary nature of CARE Court; and,
- Critical terms and concepts are not defined in this bill or elsewhere in California law.

The coalition in opposition further states that CARE Court is a system of coerced, court-ordered treatment that strips people with mental health disabilities of their right to make their own decisions about their lives. CARE Court is antithetical to recovery principles, which are based on self-determination and self-direction, and is based on stigma and stereotypes of people living with mental health disabilities and experiencing homelessness. While the coalition in opposition agrees that state resources must be urgently allocated towards addressing homelessness, incarceration, hospitalization, conservatorship, and premature death of Californians living with severe mental illness, CARE Court is the wrong framework. The right framework allows people with disabilities to retain autonomy over their own lives by providing them with meaningful and reliable access to affordable, accessible, integrated housing combined with voluntary services. The coalition in opposition argues that California law is very clear about the process to determine whether a person lacks capacity to make medical decisions, which includes the right to a court hearing, which must be followed, and this bill does not require any of these steps. Instead, it allows unacceptable shortcuts.

Other Bills:

Assembly Bill 1953 (Maienschein) Drinking water; accessible water bottle refill stations

Last amended: March 29, 2022

Status: The bill has moved out of its first policy committee and is in the Assembly Appropriations Committee.

Focus of the legislation: To require, by January 1, 2025, the owner or operator of a transit hub, local park, public building, publicly owned building, shopping mall or golf course to install and maintain at least one, or maintain at least one existing, accessible water bottle refill station.

The Department of General Services (DGS) estimates costs ranging from \$85 million to \$324 million to purchase and install accessible water bottle refill stations at state office buildings and publicly owned buildings that have water infrastructure sources.

Argument in Support: According to a coalition in support, including Californians Against Waste and the Clean Seas Lobbying Coalition, "AB 1953 will improve water accessibility, reduce waste, and support consumer choices by requiring various public areas to install and maintain accessible water bottle refill stations in addition to existing water fountains. Ensuring water refill stations not



only improves accessibility to drinking water, but also creates lasting infrastructural support for consumers opting for reuse. In addition to bridging the gap in water access, making water refill stations more accessible and investing in reuse infrastructure to support reuse systems for reusable water bottles and other refillable containers can prevent pollution and waste. Around 60 million plastic bottles end up in landfills every single day, and Americans alone send more than 38 billion water bottles to landfills every year, the equivalent of 912 million gallons of oil."

Argument in Opposition: There is no opposition to this legislation.

Assembly Bill 1737 (Holden) Children's camps: local registration and inspections

Last amended: April 20, 2022

Status: The bill has moved out of its first two policy committees and is in the Assembly Appropriations Committee.

Focus of the legislation: Requires specified employees and volunteers of children's camps to undergo background checks and to complete training in child abuse and neglect reporting

This bill would redefine "organized camps" to include children's camps. A children's camp would be defined as a camp that offers daytime or overnight experiences administered by adults who provide social, cultural, educational, recreational, or artistic programming to more than five children between 3 and 17 years of age for 5 days or longer during at least one season.

Argument in Support: According to the *American Academy of Pediatrics, California*, "We are aware of children suffering abuse and injuries at camps, including Roxie Forbes who was killed at an unlicensed camp without proper training, certifications, operational plans, or any county safety oversight. Roxie's parents established a foundation with a mission to protect kids, not destroy camps. To that end, they have advocated for the need of long, overdue changes reflected in this bill.

Argument in Opposition: According to the *California State Association of Counties*, "We commend the author's goal to create an oversight and enforcement structure for children's camps that ensures their safety and the well-being of children in their care. However, we believe AB 1737 falls short of that goal by placing this responsibility with local health departments that exist to protect communities from public health threats, including but not limited to infectious diseases, climate-related illness, and chronic diseases.

Assembly Bill 2631 (O'Donnell) Government Claims Act

Last amended: February 18, 2022

The bill is not moving forward currently.

Focus of the legislation: This bill would provide that a public entity is liable for injury relating to the effects of that public entity's homelessness policies on another public entity

Argument in Support: There are no arguments yet in support of this legislation.

Argument in Opposition: There are no arguments yet in opposition of this legislation.





TO: City of Palo Alto, Policy and Services Committee
 FROM: Steve Palmer and David Haines, Van Scoyoc Associates
 DATE: May 5, 2022
 RE: Federal Update

This memo is to provide an update of activities in Washington, D.C. and the advocacy we are undertaking on behalf of the City of Palo Alto. This summary highlights the FY 2023 appropriations process, including the City's requests for Community Project Funding, otherwise known as congressional earmarks, as well as a brief summary of upcoming grant opportunities from the Infrastructure Investment and Jobs Act.

Much of the attention that the Council will likely hear about will be on the surprise leak of a possible Supreme Court decision on abortion, the war in Ukraine, immigration and the southern border, and efforts by the Federal Reserve to control inflation. However, we continue to work with the Congress and federal agencies on these and other legislative priorities for the City.

Federal Budget

The President's proposed FY 2023 budget was submitted to Congress on April 4, about two months later than normal, due largely to the delay in completing the FY 2022 budget. After a two week recess in April, Congress is now beginning to hold hearings with Cabinet officials. Bipartisan discussions between House and Senate Appropriations Committee leaders have begun, as they seek to reach agreement on an overall spending limit for the next fiscal year.

The schedule for consideration of the twelve appropriations bills for FY 2023 is expected to be along these lines:

- Mid- to Late June: House Appropriations Committee markups
- July: Full House to approve the appropriations bills
- July/September: Senate Appropriations Committee to develop 12 funding bills
- September: House and Senate will attempt to finalize as many funding bills as they can and then pass a Continuing Resolution to keep the federal government operating beyond October 1.
- November/December: Post-election, Congress will try to finalize FY 2023 funding bills

Palo Alto Earmarks

The two earmark requests highlighted below were submitted last week to the congressional offices. Because Representative Eshoo is limited to a total of 15 earmark requests, we do not yet know if she chose to submit them to the Appropriations Committee. If one or both earmark requests were submitted, we will not know until late June if the House Appropriations Committee has included them in their bills, and as noted in the schedule above, we will not know until the much later this year whether they are signed into law.

Fire Station #4 Replacement Project

- A Community Project Funding, or earmark request for FY 2023 appropriations was submitted to Senator Feinstein, Senator Padilla, and Congresswoman Eshoo to request funding to replace Fire Station #4 at the corner of Middlefield Road and East Meadow.
- The \$3 million request covers approximately 30 percent of the project costs.
- The current facility is operationally and technologically deficient.
- The funding requested would ensure a new facility could be built to the standards required for essential service and improve the likelihood that it would be fully operational after a major disaster, such as a significant earthquake.
- Project funding was requested by Senator Padilla for FY 2022 appropriations but was ultimately not funded by the Senate Appropriations Committee.

Palo Alto Gardens Electrification Project

- A Community Project Funding, or earmark, request for FY 2023 appropriations was submitted to Congresswoman Eshoo to request funding to remove gas from all apartment units and replace gas equipment with electric alternatives at the Palo Alto Gardens housing complex.
- The request is for \$3 million to fully fund the project.
- The City would work with MidPen Housing Corporation to accomplish this project that is similar to the completed project at the Page Mill Court housing complex.
- Working with MidPen Housing Corporation to remove gas appliances from over 150 affordable housing units will advance City efforts on climate change and the improvement of affordable housing.
- The Palo Alto Gardens Electrification Project is a new request and project for FY 2023.

Upcoming Federal Grant Opportunities

Federal agencies continue to issue Notice of Funding Opportunities (NOFO) for competitive grants based on the funds provided in the FY 2022 appropriations bills. As always, the Van Scoyoc Associates team is working with those agencies to understand the timing of the release of the NOFOs and the criteria on how grant applications will be evaluated, which we share with the City. Additionally, the Department of Transportation, which is taking the lead in the implementation of the Bipartisan Infrastructure Law, has said it intends to issue the NOFOs for these competitive grants in May:

The May NOFOs are listed below with links to additional information on each grant opportunity:

- [Transit-Oriented Development Pilot](#)
- [Natural Gas Distribution Infrastructure Safety and Modernization](#)
- [Safe Streets and Roads for All](#)
- [Bridge Investment](#)

We will be happy to coordinate with the City on these and any other grant opportunities to which the City has an interest in submitting an application.

###



City of Palo Alto

Policy and Services Committee Staff Report

(ID # 14344)

Meeting Date: 5/10/2022

Report Type: Action Items

Title: Office of the City Auditor's Presentation of the Building Permit Process Review Report

From: City Manager

Lead Department: City Auditor

Recommended Motion

The City Auditor recommends that the Policy & Services Committee consider the following action:

- 1) Review the Building Permit Process Review report and corresponding recommendations for improvement and recommend the City Council accept the report.

Executive Summary

Baker Tilly, in its capacity serving as the Office of the City Auditor, performed an assessment of the City's Building & Permit Process. This assessment was conducted in accordance with the [FY2021 Audit Plan approved by City Council](#).

Through the audit activity, the Office of the City Auditor identified fifteen (15) recommendations and opportunities for improvement. Planning & Development Services concurred with each finding and has drafted action plans for each item.

The Office of City Auditor will perform periodic follow up procedures to validate that corrective actions have been implemented.

Background

Planning & Development Services (PDS) is responsible for long range planning, current planning, code enforcement, building permits, and building inspections. The chief planning official oversees long range and current planning and code enforcement, with the chief building official overseeing building inspections, plan check, and development services – which leads issuance of building permits. Both officials report to the PDS assistant director. The PDS director has direct reports that include the assistant director and departmental support functions.

The current iteration of PDS was created from the merger of the Planning and Community Environment Department and Development Services Department during fiscal year 2020. The merger was designed to “create one cohesive unit focused on entitlements, permitting, code enforcement, and land use visioning” – per the City’s 2020 budget document. This area has been the subject of additional reorganizations over the last decade as well.

This audit focuses in particular on the building permit and inspection processes. Building permits are issued through the City’s Development Center, which was created approximately a decade ago to help centralize and better coordinate the permitting process across all City departments and provide a more ‘one stop shop’ model for residents, contractors and the like. PDS issues a number of different building permits – including for ‘minor’ smaller scale projects (direct permits) and larger projects for residential and commercial projects that require more in-depth review.

The Office of the City Auditor included an audit activity related to the adjustment in the FY2021 Audit Plan approved by City Council. The objectives of the Building Permitting Process Review are to:

- (1) Identify the highest impact areas to focus the assessment (e.g., specific permit type(s), specific sub-processes, etc.)
- (2) Document corresponding process(es) and evaluate for efficiency and effectiveness
- (3) Benchmark operational performance against industry practices and established standards

Discussion

The attached report summarizes the analysis, audit findings, and recommendations.

Timeline, Resource Impact, Policy Implications

The timeline for implementation of corrective action plans is identified within the attached report. All corrective actions are scheduled to be implemented by FY 2023.

Stakeholder Engagement

The Office of the City Auditor worked primarily with Planning & Development Services and engaged with additional stakeholders, including the City Manager’s Office and City Attorney’s Office, as necessary. In addition, the scope of services included engaging building permit applicants, as outlined in the report.

Environmental Review

Environmental review is not applicable to this audit activity.

Attachments:

- Office of the City Auditor - Building Permit Process Review (Final Draft for P&S)



Attachment: Office of the City Auditor - Building Permit Process Review (Final Draft for P&S) (14344 : Presentation of the Office of the City



City of Palo Alto

Office of the City Auditor
Building Permitting Process
Review

April 10, 2022

Executive Summary

Purpose of the Audit

Baker Tilly, in its capacity serving as the Office of the City Auditor, performed a review of the building permitting process in accordance with the [FY2021 Audit Plan approved by City Council](#). The objectives of this review were to:

- 1) Identify the highest impact areas to focus the assessment (e.g., specific permit type(s), specific sub-processes, etc.)
- 2) Document corresponding process(es) and evaluate for efficiency and effectiveness
- 3) Benchmark operational performance against industry practices and established standards

Report Highlights

Key Findings

Key Findings	Page #	Description of Finding
The lead time for a building inspection is approximately two weeks from request to inspection.	35	Lead times have been as long as 2 weeks between the time a building inspection is requested to an inspector arriving on-site. While this has improved at times during the OCA's review, the lead times remain a consistent concern within Planning & Development Services (PDS) and for its customers. In addition, any improvements are precarious with a staff absence – whether planned or due to injury, etc. that can quickly erode any improvement to lead time. In addition, contract inspection staff, who could be utilized to help with lead times, have been difficult to obtain, particularly after the start of the pandemic. Long lead times result in a host of compounding issues, with contractors scheduling inspections far in advance of work being completed – resulting in either inspectors arriving before work is complete or re-scheduling of appointments. This is confirmed by the examination of inspections requested – with 18% of inspections requested being cancelled.
Customers/applicants need better information on all aspects of the permitting and inspection process.	37	This finding closely relates to a number of the other observations within this report related to enhancing the customer service experience. Overall, the building permitting process would benefit from improved availability of documentation for all aspects of the permitting process, including checklists, forms and guidelines. These resources can be difficult to locate and also need updating (particularly related to the ability to submit applications on-line). In addition, customers would benefit from continued enhancements to the on-line permitting system – particularly those related to streamlining the process. Further, the customer experience would benefit from additional training of staff and communication across departments.
PDS is operating under an outdated initiative for the operation of its building permit function.	45	PDS is operating under a decade plus old strategic plan - 'Blueprint for a New Development Center' – which created the Development Center. While the model has helped to improve cooperation between departments and provide a one-stop-shop for applicants, this blueprint was developed prior to any permits or intake of information being done virtually. A full-fledged strategic planning process should be conducted in the near future. The OCA acknowledges a strategic planning process is a significant and lengthy undertaking; however, the City needs to be cognizant of what the building permitting process will look like in post-pandemic times to ensure alignment with process improvements, staffing, and related items.

Key Recommendations to the City Manager:

- Work towards improving inspection lead times by hiring an additional building inspector and implementing other efficiency measures
- Continue efforts to enhance and improve the on-line permitting system, including availability and accuracy of guidance documents and enhancing the user interface.
- Keep future vision for the building permitting process in mind with return to more normal operations post-pandemic, particularly related to balance of in-person versus on-line permitting and how this impacts staffing, resources, etc.

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Attachment: Office of the City Auditor - Building Permit Process Review (Final Draft for P&S) (14344 : Presentation of the Office of the City

Introduction

Objective

The objectives of the Building Permitting Process Review are to:

- (1) Identify the highest impact areas to focus the assessment (e.g., specific permit type(s), specific sub-processes, etc.)
- (2) Document corresponding process(es) and evaluate for efficiency and effectiveness
- (3) Benchmark operational performance against industry practices and established standards

Background

During the FY2021 risk assessment¹, the Office of the City Auditor (“OCA”) noted risk areas regarding the building permitting process. For context, permits are mandated before all construction and/or remodeling projects, with the option to file in-person at City Hall (prior to the COVID-19 restrictions) or through the Online Permit Services System.

The planning function will provide building permits based on the function's broader Comprehensive Plan 2030, compliance with the California Environmental Quality Act (CEQA), Plan Review (a fully outsourced service) and other codes and regulations. There is also an Architecture Review Board that consults on the decision for new proposals. All of these factors are considered when making decisions regarding proposals and requests.

This may come with some potential risks, including:

- Individuals/businesses may not apply for permits or request inspections before initiating projects or the potential for delays or backlogs in providing permitting and inspection services
- Potential disagreement around the interpretation of current codes and regulations, increasing the amount of discretion necessary in decision making
- Pressure on existing staff and lower overall quality with high quantities of new building proposals required for review

While these are only examples, the risk assessment identifies risks in the permitting process as higher likelihood than average. Permitting is an important function in City operations, worthy of an internal audit to ensure efficient operations and mitigated risk.

Scope

The scope includes process review for key permit types in order to identify opportunities for improvement and risk mitigation.

Methodology

The audit activity was conducted in four steps. The following is a description of each step of our methodology.

Step 1 – Audit Planning

This step consisted of the tasks performed to adequately plan the work necessary to address the overall audit objective and to solidify mutual understanding of the audit scope, objectives, review process, and timing between stakeholders and auditors. Tasks include:

- Gathered information to understand the environment under review
- Secured agreement on the audit objectives
- Assessed the audit risk

¹ [https://www.cityofpaloalto.org/files/assets/public/agendas-minutes-reports/reports/city-manager-reports-cmrs/2021/id-11952-\[80076\].pdf](https://www.cityofpaloalto.org/files/assets/public/agendas-minutes-reports/reports/city-manager-reports-cmrs/2021/id-11952-[80076].pdf)

- Wrote an audit planning memo and audit program
- Announced the initiation of the audit and conduct a kick-off meeting with key participants

Step 2 – Organizational and Business Process Analysis

This step involved executing the procedures in the audit program to gather information, interview individual process owners and participants, survey appropriate industry stakeholders, conduct focus groups and field observations, and analyze the data and information gathered in order to obtain sufficient evidence to address the agreed-upon audit objectives.

Audit procedures included, but were not limited to:

- Interviewed the appropriate internal and external stakeholders and process owners
- Narrowed focus to high risk permitting categories/types as determined through the planning process
- Administered a confidential survey of inspections process stakeholders
- Reviewed the building codes, state statutes, and other applicable governance documents
- Performed test procedures and reviewed of selected supporting documents
- Benchmarked operational performance against industry best practices

Step 3 – Reporting

In Step 3, the project team will perform tasks necessary to finalize audit working papers, prepare and review a draft report with the stakeholders, and submit a final audit report.

Tasks include:

- Developed findings, conclusions, and recommendations based on the supporting evidence gathered
- Validated findings with the appropriate individuals and discussed the root cause of the identified findings
- Completed supervisory review of working papers and a draft audit report
- Distributed a draft audit report and conducted a closing meeting with key stakeholders
- Obtained written management responses and finalized a report
- Reviewed report with members of City Council and/or the appropriate Council Committee
- Presented the final report to the City Council and/or appropriate Council Committee

This audit activity was conducted from July 2021 to December 2021 in accordance with generally accepted government auditing standards, except for the requirement of an

external peer review^[1]. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Organizational Strengths

During this audit activity, we observed certain strengths of the City. Key strengths include:

- Quick adaptation to a remote working environment
- Prompt to make improvements when opportunities are discovered
- High level of expectations and work ethic among Planning & Development Services (PDS) staff

Additionally, the OCA commends the City for its response to COVID-19. In particular, we greatly admire all efforts taken to support the health and well-being of Palo Alto citizens as well as the support of essential workers during this time of heightened risk.

The Office of the City Auditor greatly appreciates the support of the Planning & Development Services Department in conducting this audit activity.

Thank you!

^[1] Government auditing standards require an external peer review at least once every three (3) years. The last peer review of the Palo Alto Office of the City Auditor was conducted in 2017. The Palo Alto City Council approved a contract from October 2020 through June 2022 with Baker Tilly US, LLP (Baker Tilly) and appointed Kyle O'Rourke, Principal in Baker Tilly's Public Sector practice, as City Auditor. Given the transition in the City Audit office, a peer review was not conducted in 2020 and will be conducted in the second year of Baker Tilly's contract.

Detailed Analysis

Overview

Planning & Development Services (PDS) is responsible for long range planning, current planning, code enforcement, building permits, and building inspections. The chief planning official oversees long range and current planning and code enforcement, with the chief building official overseeing building inspections, plan check, and development services – which leads issuance of building permits. Both of these officials report to the PDS assistant director. The PDS director has director reports that include the assistant director and departmental support functions.

The current iteration of PDS was created from the merger of the Planning and Community Environment Department and Development Services Department during fiscal year 2020. The merger was designed to “create one cohesive unit focused on entitlements, permitting, code enforcement, and land use visioning” – per the City’s 2020 budget document. This area has been the subject of additional reorganizations over the last decade as well.

This audit focuses in particular on the building permit and inspection processes. Building permits are issued through the City’s Development Center, which was created approximately a decade ago to help centralize and better coordinate the permitting process across all City departments and provide a more ‘one stop shop’ model for residents, contractors and the like. PDS issues a number of different building permits – including for ‘minor’ smaller scale projects (direct permits) and larger projects for residential and commercial projects that require more in depth review.

As part of this audit activity, the OCA conducted a number of different analysis approaches to help develop a well-rounded perspective of the City’s building permit and inspection processes. The following section of the report provides an overview of each approach and a summary of significant findings.

- Building Permit Data Analysis – includes an overview of volume of building permits over last several years and more in depth examination of number of permits for photovoltaic projects.
- Interview with Staff – includes list of interviewees from PDS and City, general questions asked, and summary of themes from interviews.
- Business Process Review – detailed analysis of the building permits process, including process flow charts.
- Organizational Analysis – includes an overview of departmental structure, staffing, and technology utilized.
- Customer Survey – contains list of survey questions sent to all recent applicants for a building permit and a summary of themes from responses.
- Building Industry Associations Feedback – details trade associations contacted to gain additional perspectives on the City’s building permit and inspection processes.
- Code Review and Benchmarking – includes comparison of City’s permit process with comparable cities and more detailed examination of their photovoltaic code.

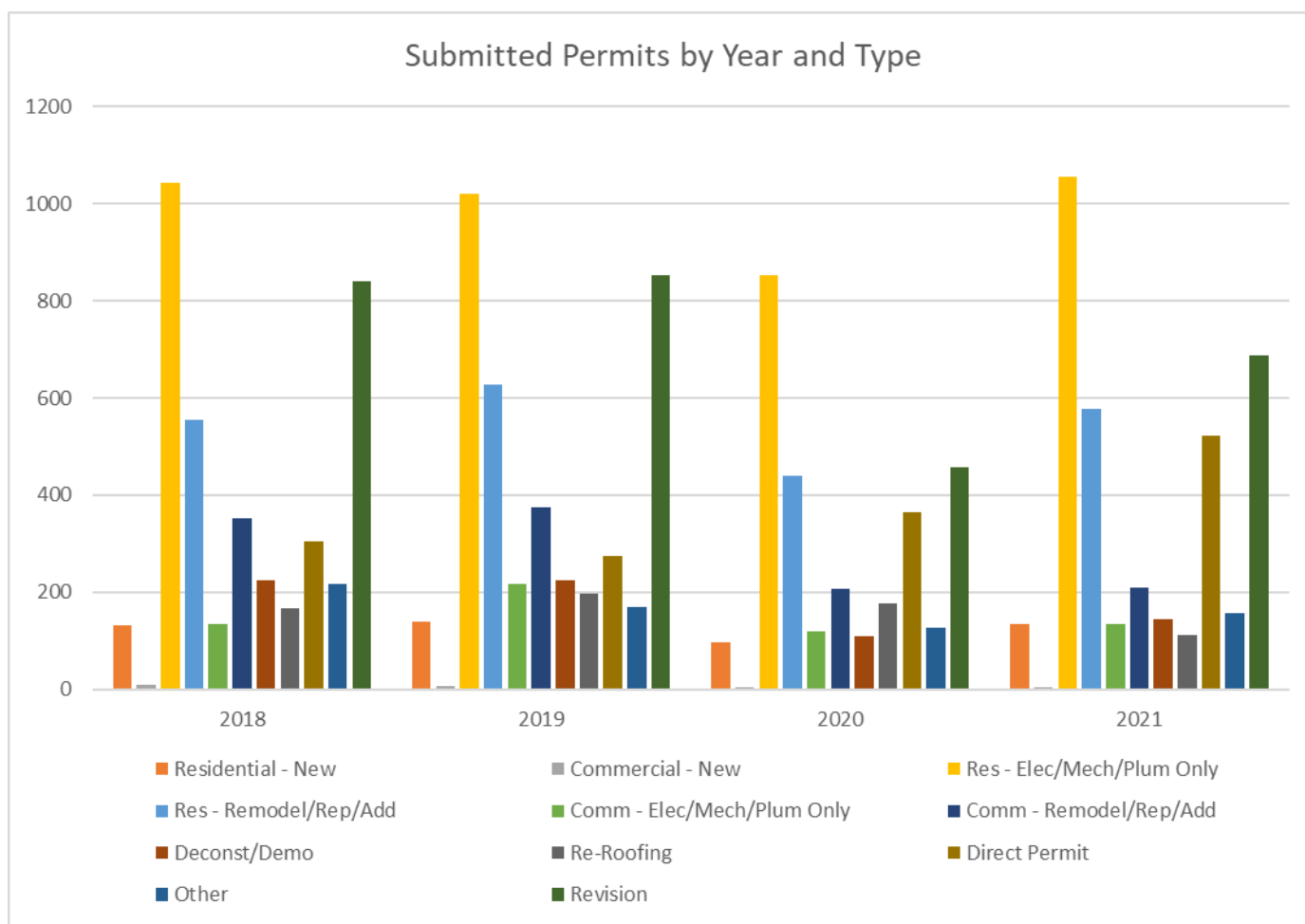
Building Permit Data Analysis

The OCA examined data provided by PDS in a number of key areas, including building permit type and volume and also number of inspections requested and current status. The following offers summary tables and brief narrative to explain insights gained. This analysis helped to inform and guide our further observations and recommendations included within this report.

Overall, analysis of the provided data insights into overall volume of the permits and variability between types and how this has been impacted by the pandemic. In addition, our analysis examined how many of permits applied for involve some type of photovoltaic component – a key area of concern the City and City Council. In addition, we looked further into the number of inspections performed with more in depth analysis on inspections requested that were either cancelled by the resident/contractor or deemed not ready for inspection.

Building Permit Data

The OCA examined the number of permits submitted over the last several years to gauge what types of permits had the highest volume and examine other trends.



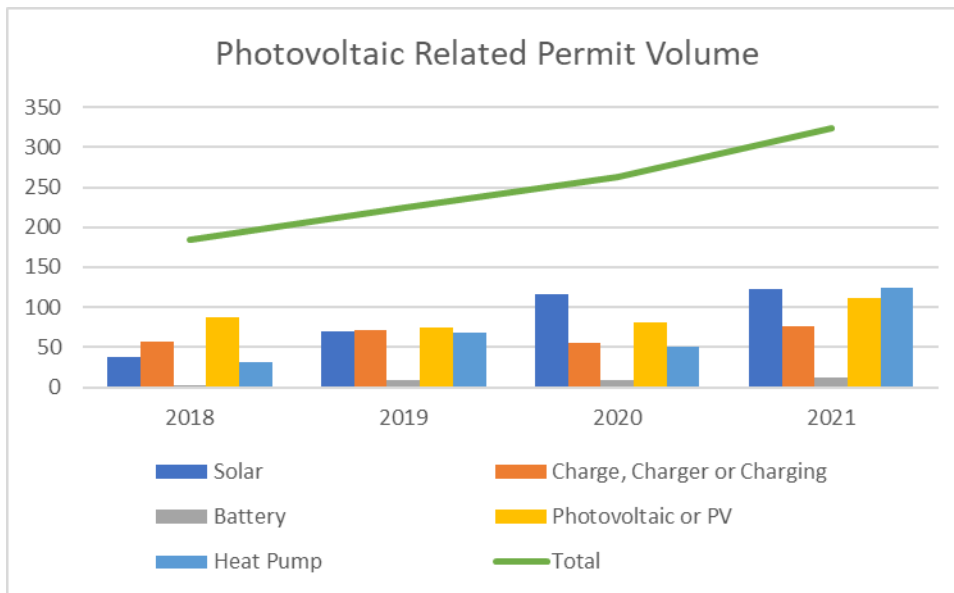
Total permits submitted has been impacted in recent years from a level of approximately 4,000 permits submitted annually in 2018 and 2019 – with 2020 showing just under 3,000 total permits submitted. Permits submitted has rebounded in 2021 with over 3,700 permits submitted. Demand for permits decreased in 2020 – driven largely by construction slow down due to the pandemic.

Demand for residential permits of all types far exceeded commercial permits with residential permits in the three major areas shown totaling nearly half (nearly 1,800) of all permits submitted for 2021. Commercial permits submitted totaled between 500 to 600 annually for 2018 and 2019 – but have dropped considerably with 330 submitted in 2020 and near 350 submitted for 2021.

The OCA summarized the 36 different categories of permits that PDS tracks to analyze and better display overall trends. The following is list of these categories to align with the above graphic:

OCA Summarized Grouping	Category Description	Category/Construction Type Code
Residential - New	Residential - New Single Family	101
	Residential - New Two Unit Bldg	103
	Residential - New 3 -4 Unit Bldg	104
	Residential - New 5 units or more Bldg	105
	Residential - New Mixed Use (Commercial/Residential) Bldg	107
Commercial - New	Commercial - New bldg	328
Res - Elec/Mech/Plum Only	Residential - Electrical/Mechanical/Plumbing only	432
Res - Remodel/Rep/Add	Residential - Remodel/Repair	433
	Residential - Addition and Remodel	434
Comm - Elec/Mech/Plum Only	Commercial - Electrical/Mechanical/Plumbing only	435
Comm - Remodel/Rep/Add	Commercial - Remodel/Repair	436
	Commercial - Addition and Remodel	437
Deconst/Demo	Residential - Deconstruction	644
	Residential - Demolition	645
	Residential - Deconstruction Garage/Carport/Accessory Bldg	646
	Residential - Demolition Garage/Carport/Accessory Bldg	647
	Commercial - Deconstruction	648
	Commercial - Demolition	649
Re-Roofing	Commercial - Interior Non-Structural Demolition	650
	Re-Roofing	331
Revision	Revision - Revision to Issued Building Permit	910
Direct Permit	Repair Gas Leak - Direct 'Online' Permit	991
	Boiler Replacement - Direct 'Online' Permit	992
	Furnace Replacement - Direct 'Online' Permit	993
	Re-Roofing - Direct 'Online' Permit	994
	Water Heater Replacement - Direct 'Online' Permit	995
	Backflow Device - Direct 'Online' Permit	996
	Window Replacement - Direct 'Online' Permit	997
	Re-Pipe Water Piping System - Direct 'Online' Permit	998
Other	Non Bldg Structures (sign, bus shelter, etc)	329
	Pool/Spa	330
	Landscape	333
	Use and Occupancy Only	431
	Residential - Garage/Carport/Accessory Bldg	438
	Building Moving/Relocation	651
	Miscellaneous (Noise Exemption, Parking Pass, etc)	900

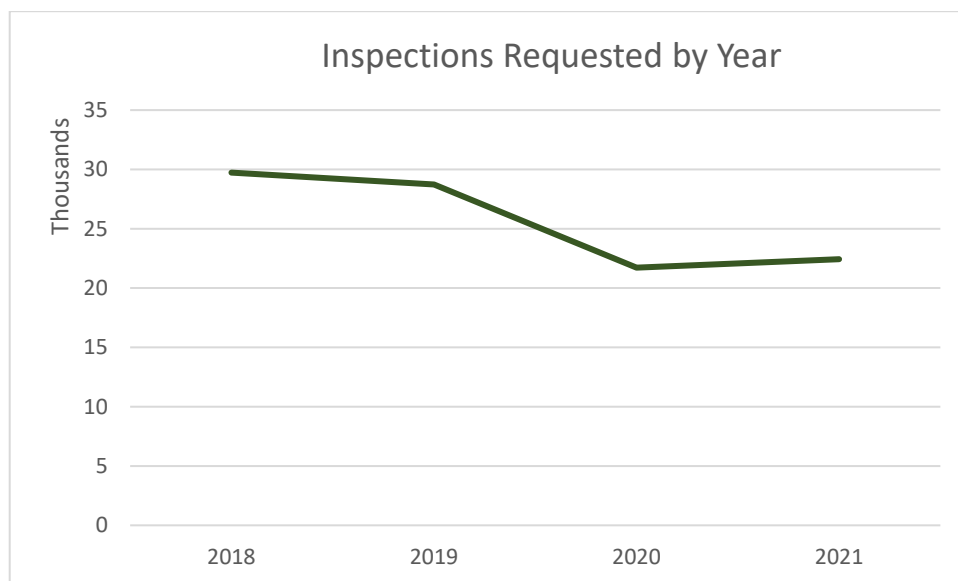
The OCA further analyzed the building permit data to examine the number of permits that were for photovoltaic (PV), solar, and heat pump projects. With the City’s [Sustainability & Climate Action Plan](#), these projects are of particular importance to the City and its residents. As such, the OCA examined the permit submitted data to pull out this information as PV, solar, and heat pump projects can be included in a number of the categories shown above. The OCA analyzed the description from all permits issued by PDS over the last four years to aggregate the following. Up until early 2021, PDS did not have a separate flag or way of tracking photovoltaic permits issued.



In aggregating the data, the OCA made every effort possible to not double count between the categories indicated within the table. Overall volume for these types of projects continue to increase, even with pandemic related pressures that likely caused decrease in overall permit volume as discussed earlier in report. While permits related to these projects have been between 200 to near 350 permits annually – this is still less than 10% of the overall number of permits issued by PDS on an annual basis.

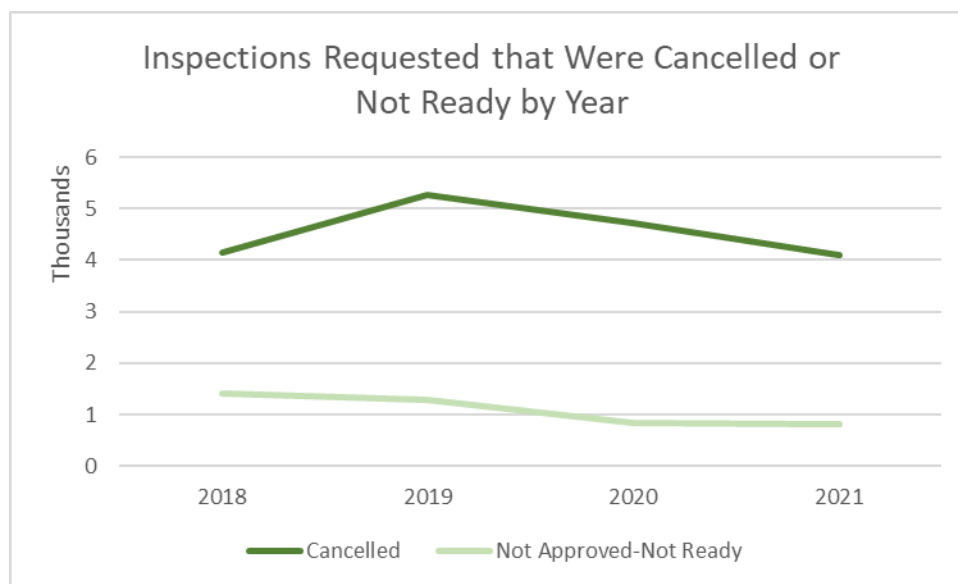
Inspection Data

PDS provided the OCA with the current inspection status for all inspections requested for from 2018 to 2021. The following chart shows the total number of inspections requested and performed by PDS inspectors (not other departments, i.e. Fire, Public Works, etc.). Of note, this table includes all inspections requested, regardless of ultimate status including approved, cancelled, not approved, etc.



As with permits submitted, inspections requested has also decreased since 2018, again driven by pandemic related pressures. Number of inspections for 2021 has increased slightly at just over 22,400 – but still below the 2018 level of nearly 30,000, a near 25% decrease.

The OCA further examined inspections for PDS inspectors that were requested, but were then either cancelled prior to the inspection date scheduled or deemed to be not ready for inspection once the inspector arrived.



The number of inspections requested and then cancelled totals just over 4,000 for 2021, with a approximately 800 additional scheduled inspections deemed not ready. For 2021 this totals nearly 5,000 scheduled inspections – nearly 22% of total inspections requested - that were scheduled, but did not result in an inspection being completed. Cancelled and not ready inspections for 2021 is down as compared to 2020 – where over 25% of inspections were cancelled or deemed not ready. However, 2021 is still higher on a percent basis than the 2018 level of approximately 19%. Notably, just over 5,500 inspections were cancelled or deemed not ready in 2018 as compared to approximately 4,900 in 2021, even though the number of total inspections requested in 2021 was approximately 25% less.

Themes

Observations from OCA's analysis of building permit data and related information include:

- Overall permit volume decreased significantly in 2020 due to pandemic related pressures.
- Permit volume is recovering in 2021
- PV and solar projects account for less than 10% of overall permits issued by PDS.
- Inspections requested has seen a 25% drop from 2018 to 2021.
- Inspections requested and then either cancelled or deemed not ready for inspection account for over 20% of total inspections requested in 2021.

Interviews with Staff

The OCA conducted a review of the building permitting and inspection processes through a number of interviews with key stakeholders and process owners. Staff interviews provide valuable insights into the overall process and provide the OCA with background on the inner workings of the processes. In addition, staff often provide suggestions for improvement that will benefit the overall process and ultimately the applicants and the City. The following includes general questions asked, list of those interviewed by title/function and a summary of overall themes from the interviews.

Throughout these interviews, the OCA collected observations based on themes and patterns heard in interviews. These interviews were key in terms of informing our understanding of the process and also formulating a prioritized list of key areas of concern and corresponding recommendations for improvement (as outlined later in this report).

The interviews were conducted in a conversational format to provide the interviewees with the opportunity to openly share about the process, their role in the process, and any other points of interest or concern. For consistency, we generally asked questions similar to the following:

- Where do you feel like the permitting process is the smoothest? What permitting types are the department's bread and butter?
- What permitting types tend to cause the most customer complaints?
- What permitting types tend to cause the greatest drain on internal resources?
- What permitting types tend to be prone to error in the process?
- Where do you face the most bottlenecks in communications?
- Are there positions currently in which only one person has a key piece of knowledge? What do you do when that person is out of the office?
- How is workload distributed among your team and the department as a whole? Are there any teams who are bottlenecks due to having regularly heavy workload?
- What areas in the permitting operations feel like there may be missing reviews/approvals? Any areas in which quality assurance is an issue?
- Where might there be a lack of documentation or standardized process?
- What systems are you using most often in your day to day? Do they meet your needs?
- Where are their heavily manual steps in the process? Are these steps necessary to be manual?

The OCA interviewed PDS staff and other City department staff. The other City department staff interviewed include those that help staff the Development Center and/or are heavily involved in the permitting and inspection processes. In some cases – particularly with manager or above level staff in PDS, we conducted follow up interviews for clarification and further information to best inform our review.

The following is a list of staff interviewed as part of our work (the number in parentheses following a title indicates how many staff within that title we interviewed):

- Director, Planning and Development Services
- Assistant Director, Planning and Development Services
- Chief Building Official
- Assistant Chief Building Official
- Current Planning Manager
- Inspection Manager
- Development Services Manager
- Building Inspector Specialist (3)
- Project Coordinator (5)
- Senior Management Analyst
- Senior Business Analyst

In addition to PDS staff, we also interviewed a number of City staff who support the building permit and inspection processes. The following is a list of staff by title interviewed as part of our work:

- Public Works Manager – Engineering
- Acting Deputy Chief – Fire Marshal (2)

- Acting Urban Forestry Manager
- Utilities Manager
- Public Works Manager – Water
- Senior Industrial Waste Investigator
- Public Works Manager – Zero Waste
- Zero Waste Coordinator
- Public Works Manager – Deconstruction

Themes

Observations from OCA's interviews with staff include:

- Drive to continue to improve and refine OPS to improve overall process.
- Desire to improve overall cycle times (i.e. time from initiating permit/inspection to completion) for all processes.
- Need to provide better resources and information on-line to applicants/customers.
- Need to create better internal documentation for processes to ensure consistency.
- Improve communication between PDS staff and departments supporting Development Center.



Business Process Review

Detailed Permitting Process Walk Through

The OCA conducted a detailed analysis of the building permitting process with walkthrough interviews. Throughout these interviews, the OCA sought to understand the process steps, the individual(s) completing each step, nuances of the process step requiring a special process note, and risks associated with any given process step (or with a process as a whole). After conducting these interviews, the Team documented each major process step in a process flow to clearly notate additional comments on the process and associated risks.

These risks are areas in which the City can improve its overall process. Not all of these risks are immediate needs, but these represent pain points in the customer experience or inefficiencies in internal operations. Without planning to address these risks, the City may not be operating at its full capacity, nor serving its customers to the fullest potential.

A summary of specific process risks are as follows:

Process Phase	Risk Notes
Pre-Application	Even if the pre-application process is completed fully and accurately, the applicant is still required to answer additional information, complete fee payments, and submit additional uploads. However, most often the pre-application materials are lacking, meaning that there is still the “application phase” for the applicant after having submitted this information. The title of “pre-application” terminology does not properly set applicant expectations, setting applicants up for frustration.
	Applicants have noted confusion over various application types if not familiar with the system. Furthermore, there are no descriptions or links to descriptions in the OPS system, so applicants would have to search separately for descriptions on Palo Alto’s website.
	The OPS system requests detailed description for the pre-application, but there is no guidance as to how long this description should be or what should/should not be included. Consequentially, applicants aren’t sure if they are missing information.
	Applicants are required to submit supporting documentation in the pre-application process, but the OPS system does not provide guidance regarding what documentation is needed, nor does it provide a link to find the information on the website. The documentation is also required to be in PDF format with a specific naming convention, but this is not detailed in the OPS system either. Applicants would have had to watch the video or read the instructions on the separate Palo Alto building permits website to have known about this. The Palo Alto team regularly receives incorrect document submissions because of these issues.
Pre-Application Review	The cloning process is the method by which the project coordinator copies and pastes information from the pre-application to the application. This requires manual entry. If all information in the pre-application is proper, the cloning process is quick. But oftentimes pre-applications come in with improper naming conventions. As stated in the pre-application phase, there is not guidance for the applicant in the online permitting system in regards to naming conventions.
	When pre-application acceptance auto generated emails are sent to applicants, oftentimes applicants consider this to be an acceptance of their application. This causes confusion for applicants who aren’t familiar with the process.
	Applicants should wait for all departments to complete their review prior to receiving the necessary changes due to the limitations on OPS, but applicants will tend to make changes prematurely prior to receiving all comments from all departments.

Attachment: Office of the City Auditor - Building Permit Process Review (Final Draft for P&S) (14344 :



Process Phase	Risk Notes
Application Review and Issuance	It is common when an application is resubmitted to have new errors that didn't exist in previous versions. This is particularly relevant in naming conventions. If naming conventions are slightly off, the project coordinator may manually make changes, but otherwise the project coordinator will push the application back to the applicant. It is uncommon for applications to move to the issuance process on the first round. Most applications require some revisions.

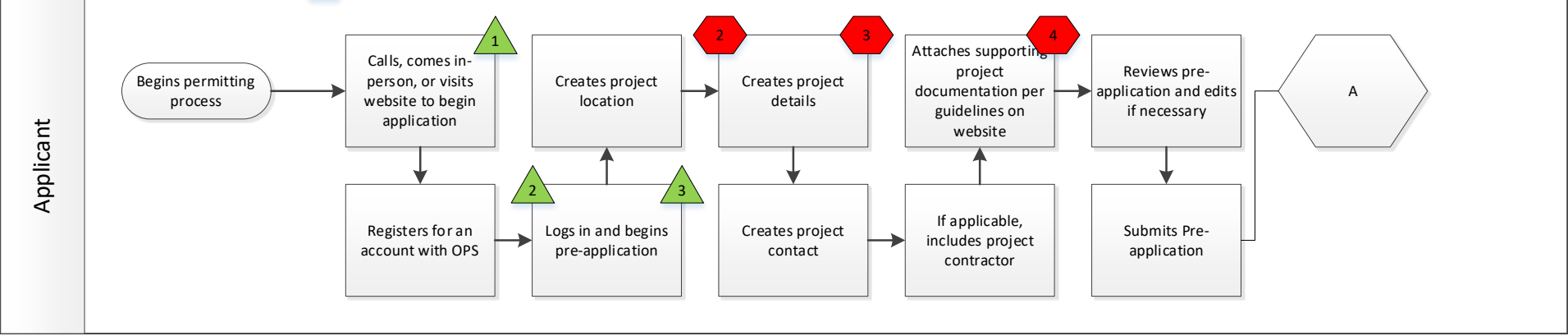
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Palo Alto Building Permitting Process

Risk Process Note

Pre-Application Submission 1



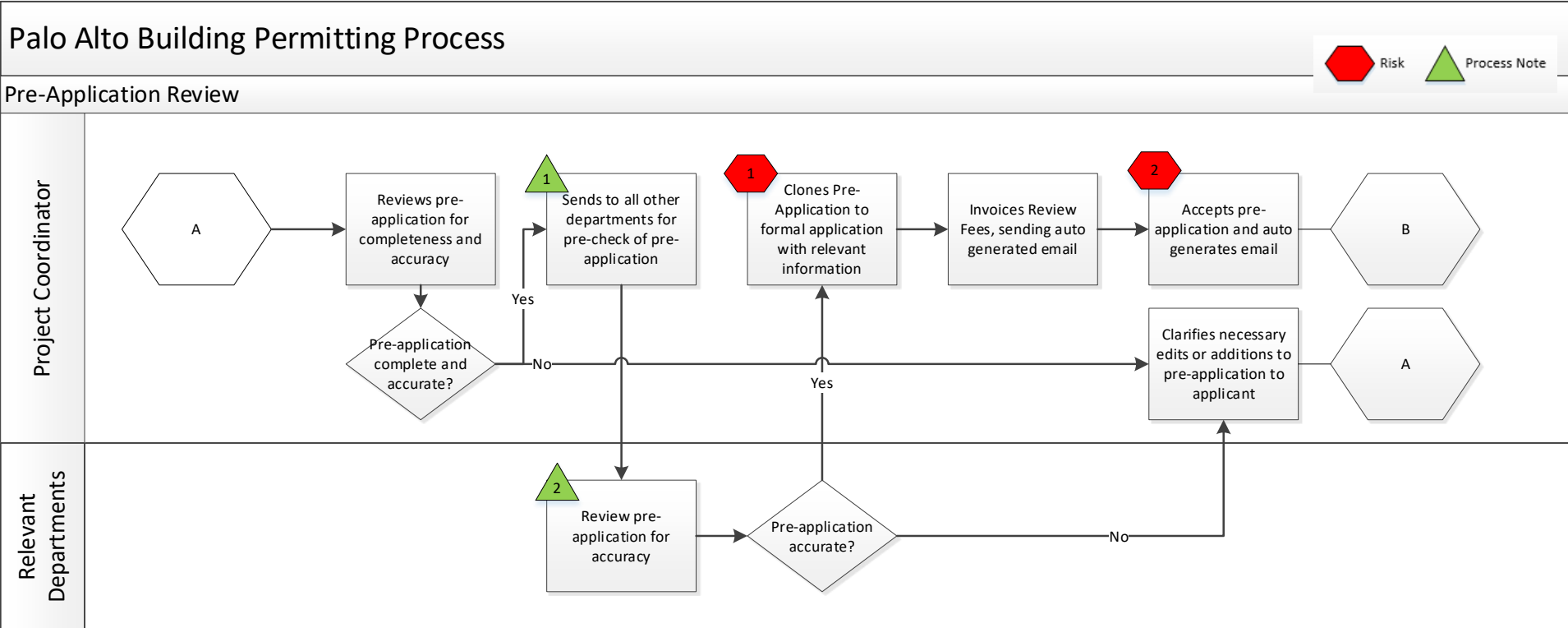
Process Notes

1. Palo Alto provides videos and to-do lists on the website for applicants on the webpage. Additionally, there are multiple places to click to apply for a building permit, including the home page of Palo Alto’s webpage. If applicants were to arrive in-person, the process would remain the same, only with the applicant being guided by a Palo Alto employee.
2. Palo Alto employee audits the minor permit types to see if any applicants improperly use that permitting type to complete work with a broader scope.
3. For minor permitting types, applicants can receive a same-day permit without the need for Palo Alto staff touchpoints. This still goes through the OPS system, but doesn’t require the same level of review.

Risk Notes

1. Even if the pre-application process is completed to perfection, the applicant is still required to answer additional information, complete fee payments, and submit additional uploads. However, most often the pre-application materials are lacking, meaning that there is still the “application phase” for the applicant after having submitted this information. The title of “pre-application” terminology does not properly set applicant expectations, setting applicants up for frustration.
2. Applicants have noted confusion over various application types if not familiar with the system. Furthermore, there are no descriptions or links to descriptions in the OPS system, so applicants would have to search separately for descriptions on Palo Alto’s website.
3. The OPS system requests detailed description for the pre-application, but there is no guidance as to how long this description should be or what should/should not be included. Consequentially, the Palo Alto team receives a wide variety of responses and applicants aren’t sure if they are missing information.
4. Applicants are required to submit supporting documentation in the pre-application process, but the OPS system does not provide guidance regarding what documentation is needed, nor does it provide a link to find the information on the website. The documentation is also required to be in PDF format with a specific naming convention, but this is not detailed in the OPS system either. Applicants would have had to watch the video or read the instructions on the separate Palo Alto building permits website to have known about this. The Palo Alto team regularly receives incorrect document submissions because of these issues.

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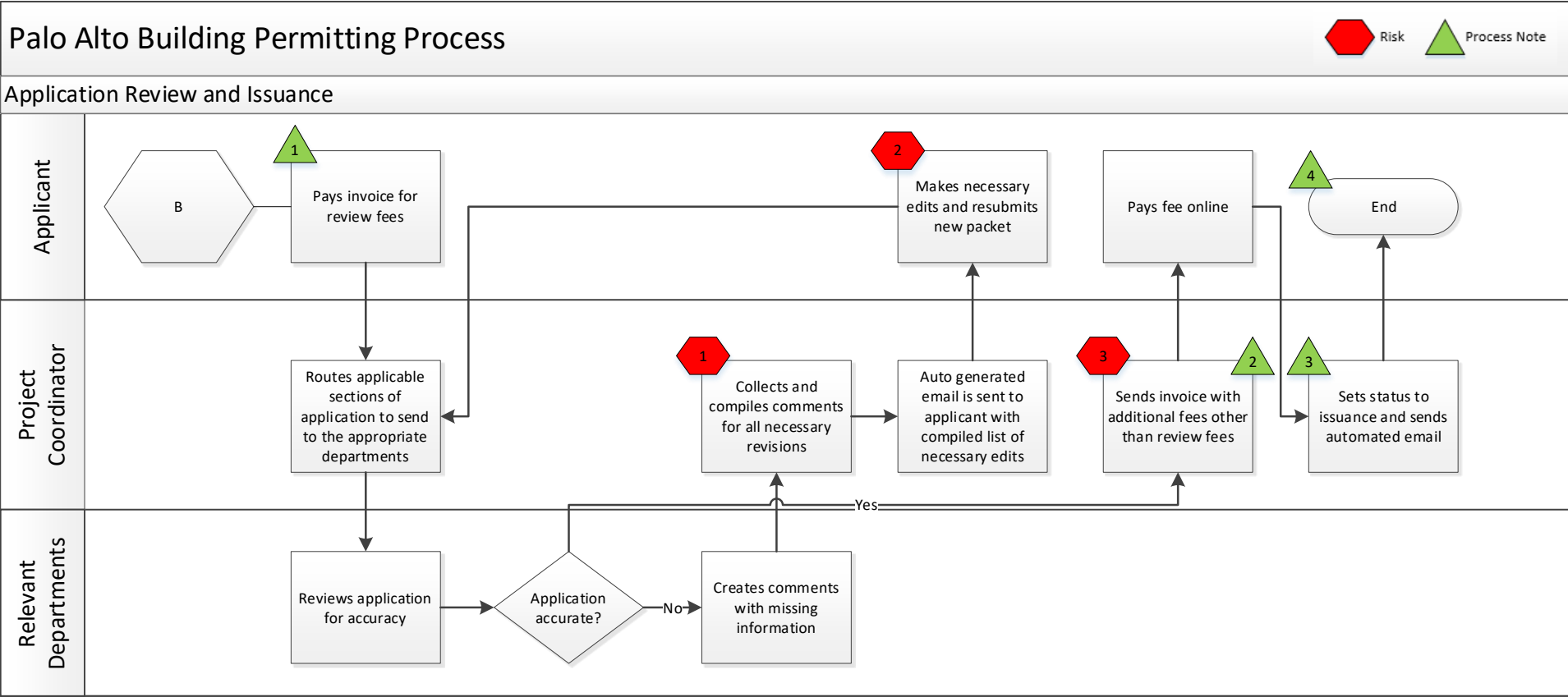
Process Notes

1. Project Coordinator sends to other departments at their discretion. The Project Coordinator may not feel it is necessary to send to other departments for a pre-check.
2. Depending on the plans submitted, some departments will require a review of the pre-application while others will not. This is determined by the project coordinator.

Risk Notes

1. The cloning process is the method by which the project coordinator copies and pastes information from the pre-application to the application. This requires manual entry. If all information in the pre-application is proper, the cloning process is quick. But oftentimes pre-applications come in with improper naming conventions. As stated in the pre-application phase, there is not guidance for the applicant in the online permitting system in regards to naming conventions.
2. When pre-application acceptance auto generated emails are sent to applicants, oftentimes applicants consider this to be an acceptance of their application. This causes confusion for applicants who aren't familiar with the process.

Attachment: Office of the City Auditor - Building Permit Process Review (Final Draft for P&S) (14344 :



Process Notes

1. Application is only set up after applicant has paid review fees
2. All fees associated with the permitting process other than the already paid review fees are included, including inspection fees, record retention fees, etc.
3. Includes all stamped and approved documents
4. Applicant may print the issued permit if desired

Risk Notes

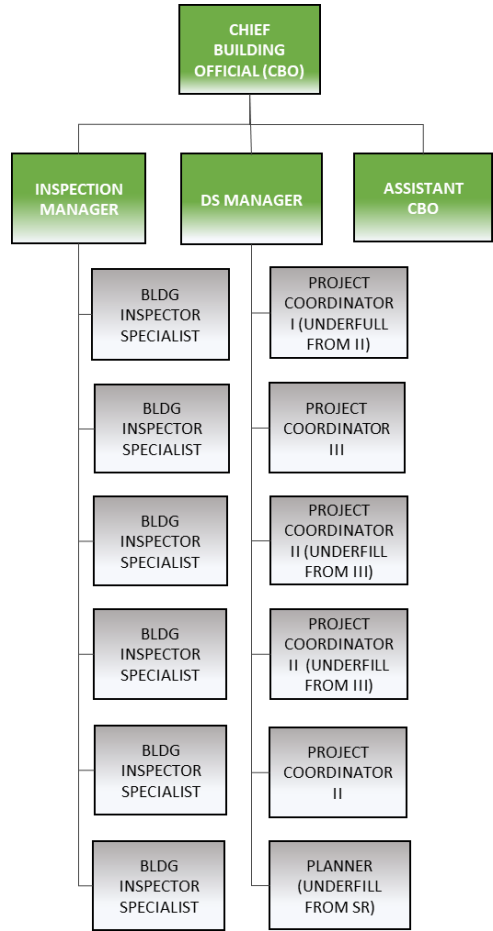
1. Applicants should wait for all departments to complete their review prior to receiving the necessary changes due to the limitations on OPS, but applicants will tend to make changes prematurely prior to receiving all comments from all departments.
2. It is common when an application is resubmitted to have new errors that didn't exist in previous versions. This is particularly relevant in naming conventions. If naming conventions are slightly off, the project coordinator may manually make changes, but otherwise the project coordinator will push the application back to the applicant.
3. It is uncommon for applications to move to the issuance process on the first round. Most applications require some revisions.

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Organizational Analysis

The OCA examined the organizational structure and technology utilized by PDS to better understand how the department operates and identify key players in the process. History of staff serving in key roles are taken from the staff interviews and help to provide an understanding of department turnover and expertise of staff currently filling roles. The technology utilized to support the process was a further point of examination to develop an understanding of how well technology solutions that are currently in place are supporting the process.

The permitting and inspection processes for the City primarily reside under the Chief Building Official (CBO) who reports to the Assistant Director of Planning and Development Services. PDS provided the organizational chart for fiscal year 2022 – the below captures the CBO’s direct reports:



Positions reporting to the CBO are all recent hires, but with prior experience in the City, as follows:

- Inspection Manager was hired into the role after serving 6 years as a contact inspector with the City. Has been in this role as inspection manager for the last 2 years, with a number of years of experience prior to working for the City.
- Development Services Manager was previously a planning manager until position was eliminated due to department restructuring, given opportunity to apply for current role. Has been in the development services manager role now for 1 ½ years – over 20 years experience with City overall nearly all in planning.
- Assistant CBO started in June 2021 and previously served for a number of years as the contracted lead plan reviewer for the City. Assistant CBO is a licensed engineer and has a number of years experience in the industry, including serving as a building official.

Items of note on the staff reporting to the CBO’s direct reports include:

- Inspection staff was significantly reduced at start of pandemic with temporary slowdown in constructions projects. As a result of slowdown, contract inspectors were let go – reducing the field inspection staff by approximately half. Recently onboarding an additional inspector – which will bring number of inspectors in field up to six total.
- Plan check staff are all contracted staff.

In terms of technical operations, PDS primarily utilizes the Accela system to support its technology needs. The Accela Civic Permitting System for tracking and monitoring permit applications and inspections and to manage the associated workflow. Accela Citizen Access is also used by PDS to drive its Online Permitting Service (OPS) for residents/contractors to apply for building permits and associated tasks and to pay fees on-line.

OPS was brought on-line after the COVID-19 pandemic required remote work and less in-person interaction. Prior to the implementation of OPS, PDS accepted on-line application for minor building permits that were issued instantly – such as boiler/furnace/water heater replacement, backflow device, re-piping water system, re-roof, repair gas leak, and window retrofit. All other permits were initiated and ultimately issued by the applicant going to the Development Center and meeting with a project coordinator.

As part of the switch to acceptance of permit applications on-line, PDS needed a way to review plans submitted by applicants as part of the building permit application process. PDS’s Accela technology consultant recommended DigEplan as the consultant knew the product well and that it would integrate with Accela.

Beginning this summer, as more in-person interactions became possible, PDS created appointments for applicants to schedule an in-person meeting with a project coordinator to assist with permit applications and related questions. These appointments are available 4 days a weeks, Monday through Thursday, with 4 appointment slots available on each day. PDS also has virtual appointment slots available five days a week as well to assist applicants. Scheduling for both in-person and virtual appointments can be done on the PDS website.

In addition, PDS utilizes the iRequest app from CityGovApps, which was implemented and customized to meet the City’s needs and replaced a prior app that had poor functionality, per PDS staff.

Themes

Observations from OCA’s organizational analysis include:

- Management under the CBO has seen a fair amount of turnover over the last several years.
- A number of recent PDS hires are from within the department or contract staff supporting PDS.
- Ability to quickly implement an on-line process for submitting permits that were previously done in-person/paper based.

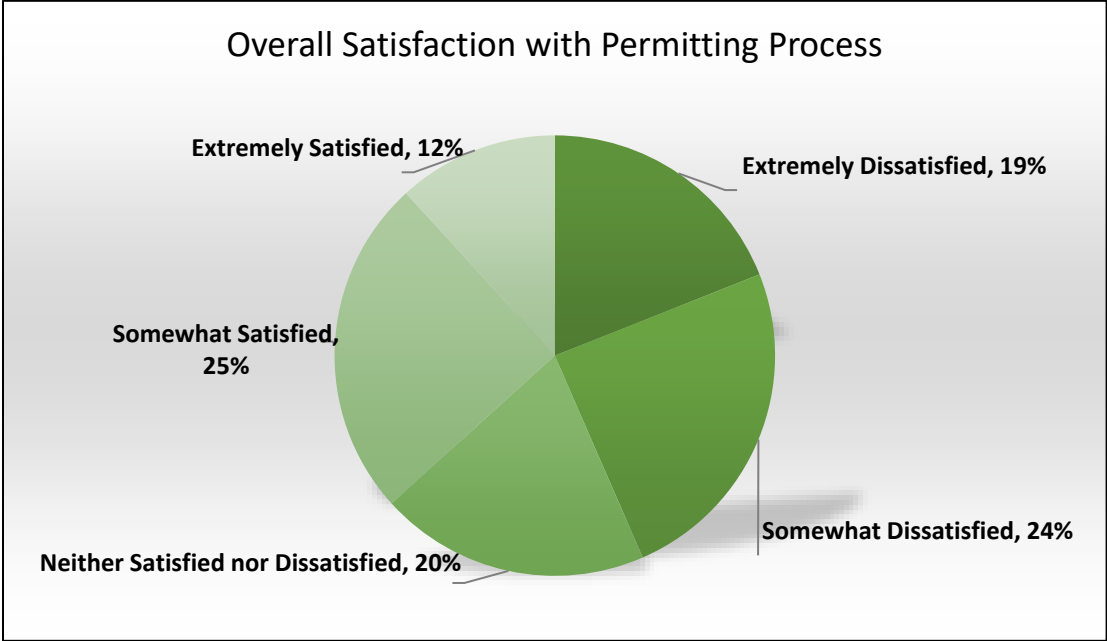
Customer Survey

As part of our review, the OCA sent a survey to past applicants for a building permit in the City. The OCA initiated the survey to gain a first hand account from building permit applicants on their experiences with the permit and inspection processes and better understand what is working (and not). The survey asked a range of questions regarding the applicant's role, frequency of applying, satisfaction with the permit and inspection processes, and other aspects of the process. Of the near 1,200 past applicants emailed, we received approximately 250 responses. The following offers highlights and general themes of their responses. The complete list of survey questions and summarized responses to each question are provided in [Appendix A](#).

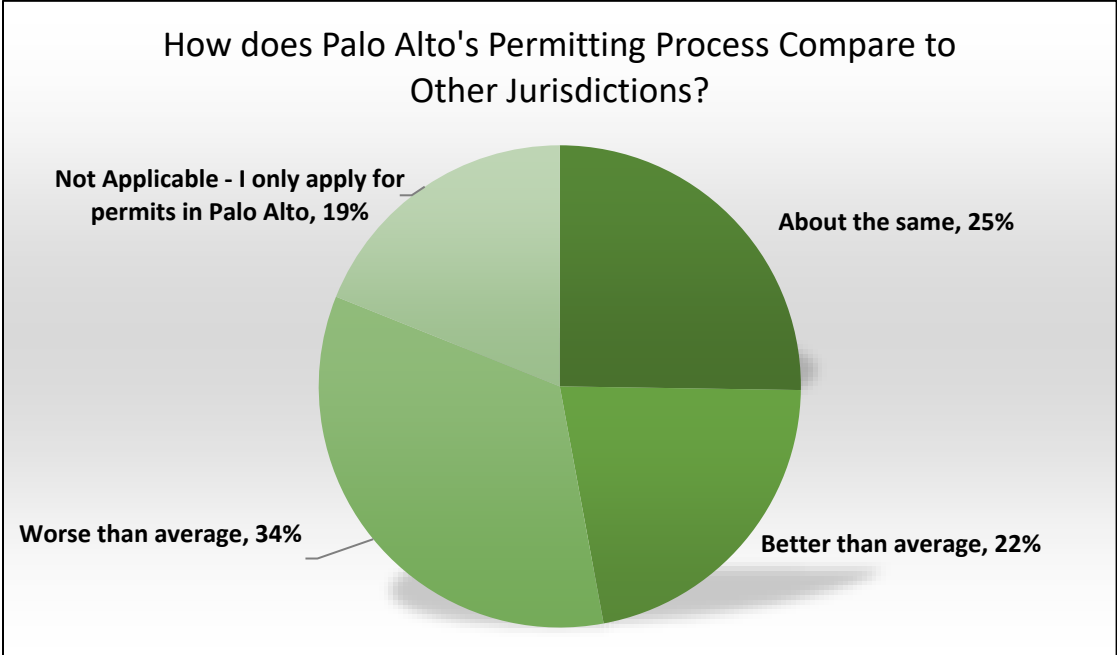
The following is a list of questions included in the survey:

1. What best describes your role in the permitting process?
2. What type of permit(s) did you apply for (check all that apply)?
3. When did you last apply for a permit?
4. How often do you apply for building permits?
5. Were you aware the City of Palo Alto Development Center is offering in-person appointments for assistance in submitting a building permit application?
Yes or No
6. Did you use the in-person service or the on-line application process?
7. Please rank the following from highest to lowest as to where you would like to the City focus its time and resources in improving the permitting process: A. Online permitting process; B. In-person permitting process; C. Appointment availability for in-person permitting; D. Availability of staff for questions; E. Clarity of requirements; F. On-line resources/reference documents; G. Turnaround time from application to permit (cycle time); H, Expedited permit for additional fee
8. Please provide any other additional comments/suggestions on the above ranking.
9. What is your perception of the following areas of additional steps and requirements related to the permit application and review process? A. Tree preservation and protection; B. De-watering requirements; C. Architectural review; D. Deconstruction and demolition; E. Utilities coordination
10. Provide additional comments on your above responses
11. Please rate your overall satisfaction with the permitting process
12. What suggestions for improvement of the permitting process do you have?
13. Please rank the following from highest to lowest as to where you would like to the City focus its time and resources in improving the inspection process: A. Wait time between request for inspection and actual inspection; B. On-site inspection visit; C. Clarity of inspector's report/findings; D. Training/knowledge of inspectors; E. Reinspection wait time; F. Overall satisfaction with the inspection process
14. If you apply for permits in other jurisdictions, how does Palo Alto's process compare?
15. If you have any other additional thoughts – please feel free to share.

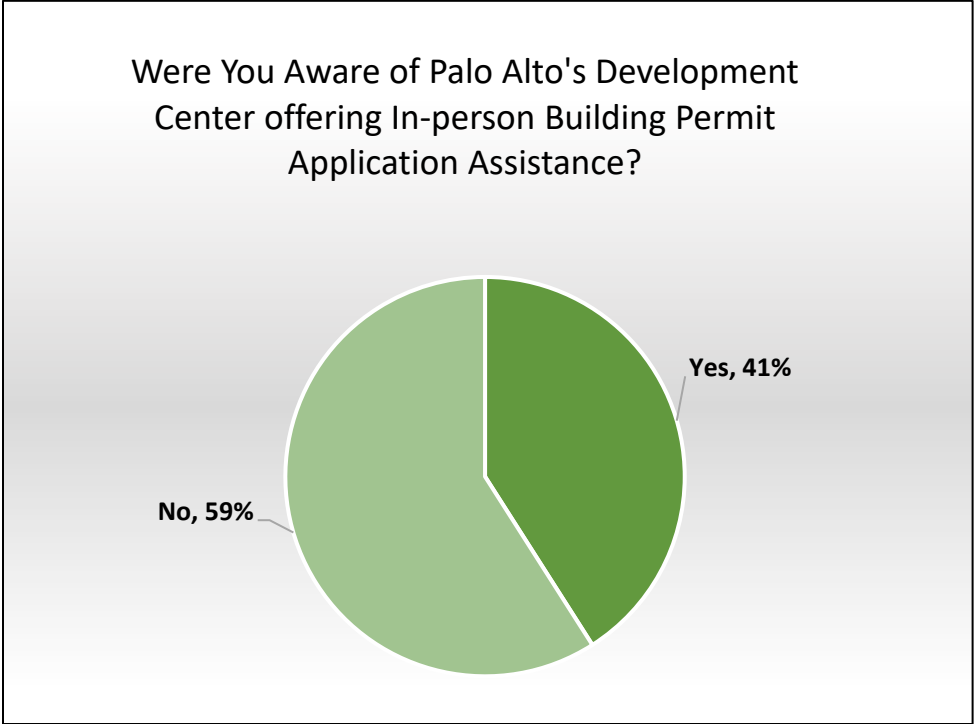
In terms of overall satisfaction with the permitting process, responses were fairly evenly distributed between satisfied and dissatisfied. Respondents feeling slightly more positive about the permitting process narrowly outpaced those feeling slightly negative about the process – with a large number of respondents feeling neutral overall.



In addition, we asked respondents how the City’s permitting process compared to other jurisdictions where they may apply for permits. Overall, the respondents viewed the City’s permitting process as worse than average; however nearly half of respondents viewed the City’s process as comparable to better than average.



The OCA also asked if respondents were aware of the in-person appointments being offered at the Development Center to answer questions on building permit questions. Well over half of respondents were not aware of these appointments.



The survey included a number of opportunities for respondents to share additional comments, thoughts, etc. The following provides a high-level summary of the general themes of these comments, based on the OCA's examination:

- An overall lack of timeliness dominated the open-ended comments received from respondents. Comments mentioned permit process taking a significant amount of time and corresponding issues such as project delays and costs. Length of time to obtain an inspection was mentioned throughout as well. In addition, a number of comments mentioned length of time to get a response to questions, clarifications, etc. – and also a general lack of communication from the City was cited.
- Lack of clear guidelines and too much complexity was another commonly cited complaint and area of need for improvement by respondents. Frustration in being able to obtain/understand what was needed for an application was mentioned numerous times. Respondents also mentioned rules/processes being overly complex and difficult to understand, in addition to OPS being difficult/complex to navigate.
- Customer service-related issues were mentioned throughout the comments as well. In addition to lack of response from staff, respondents stated that some staff were poorly equipped to answer questions and that the consistency from one staff to another in similar titles also varied widely. In addition, respondents mentioned need for better interactions with staff – citing suboptimal customer service from both project coordinators and inspectors.

In addition, the OCA examined responses based on type of permit applied for, time frame and frequency of application and other respondent characteristics to look for any correlation. Based on this examination, we found:

- For respondents seeking a solar permit, they were overall more dissatisfied with their experience – with a much higher rate of extreme dissatisfaction, in particular. In terms of comparison, these respondents also felt the City’s process was worse than other organizations where they sought permits from – but also indicated at a higher rate than all respondents that the process was overall comparable.
- In terms of frequency of application, those applying for permits on a weekly basis felt the City’s process was better in comparison to other organizations – with a noticeable positive trend in favorable comparability the more a respondent issued permits with the City. This trend was also present when respondents were asked about their overall satisfaction with the permitting process, with those having more frequent issuance of permits with the City having a greater overall sense of satisfaction.
- In addition to frequency of applying, we also asked respondents when they had last applied for a permit. Respondents indicating they had applied for a permit within the last week of completing the survey were generally more dissatisfied and felt the City’s process was worse overall than other cities/jurisdictions where they had applied for a permit. However, those indicating they applied for a permit within the last month were overall more satisfied and felt the City’s process compared more favorably. This could be an indication that the process may be perceived as being somewhat difficult for those just having gone through the process, but not overlay difficult to leave a longer lasting negative perception. the negative experiences of applying for a permit was top of mind.

Themes

Observations from OCA’s customer survey include:

- Majority of respondents applied for permits multiple times per year, with approximately one-quarter of respondents applying infrequently.
- Respondents skewed slightly negative in their overall perception of various aspects of the building permit process.
- Key areas of concern for respondents included:
 - Length of time to issue a building permit or obtain an inspection was too long
 - Guidance provided on-line was either lack or not clear
 - Customer service was often lacking – both in terms of responsiveness and helpfulness
- Areas that respondents would like to see improvement of the building permit process included the online permitting process and turnaround time from application to permit.
- For the inspection process – respondents would like to see improvement in wait time between request for inspection and actual inspection.
- Open ended responses focused extensively on frustration with length of process overall

Building/Contractors Associations Feedback

Overview

The OCA reached out to a number of local professional associations across building industry types to try and gather additional opinions and insights into the permit and inspection processes in the City. The following is a list of associations we contacted:

- [Bay Area Building Industry Association](#)
- [Associated General Contractors, South Bay District](#)
- [American Institute of Architects – Silicon Valley Chapter](#)
- [California Solar & Storage Association](#)

Only the California Solar & Storage Association ultimately provided names for the OCA to speak with. However, responses from those individuals was extremely limited. Individuals that were willing to have correspondence with the OCA were skeptical of efforts to improve the permit and inspection process in the City and highly critical of the current process.

In addition to these associations, the OCA was also provided with contact information for other contractors. The contractors we spoke with were more willing to offer insights, but again, in general, were highly critical of the process in the City.

Themes

The following is a high-level summary of themes from these conversations:

- Long wait time for permit approval
- Inconsistency in experience and knowledge of inspection staff
- Inspectors requiring additional work above and beyond what the approved project plan outlines
- Requirements well above and beyond what is considered 'best practice' from surrounding jurisdictions
- Other contractors refusing to work in Palo Alto or charging premiums for projects in City

Concerns with the permit and inspection processes are also expressed in articles and reader comments from the local newspaper, [Palo Alto Online](#), with themes similar to those expressed above and from the broader customer survey conducted by the OCA.

Photovoltaic Code Review and Benchmarking

Overview

The OCA completed research on comparable cities to understand the similarities and differences in their photovoltaic (PV) permitting requirements. The permitting process for PV projects have been a more common topic of conversation for the City for a number of reasons. Historically, the process to receive a permit for a PV project has been difficult according to interviews though many improvements have been made since. Additionally, the OCA also heard during interviews that many of the individuals or organizations applying for PV-related permitting may not have as much experience with the City's process as experienced builders and architects applying for traditional permit types. These factors encouraged the OCA to conduct research into the PV requirements for comparable cities.

Overall, all of the comparable cities had similar requirements as the City of Palo Alto. This is likely due to each comparable city basing their requirements on State statutes. Even checklists and guides are similar between cities, including Palo Alto. One unique element of Palo Alto is their ownership of their utilities. Like other

cities, Palo Alto requires both a permit to build and to connect to the grid. However, seeing as Palo Alto owns its own utility, this could be a more efficient, collaborative approval process.

In addition, the OCA examined each of the comparable cities to look at their current practices for issuing permits and requesting inspections. Most all of the cities are handling permits electronically only and scheduling inspections via apps, website or phone. In addition, we examined their websites, including available information and on-line submission tools, to examine their practices in relation to the City of Palo Alto. In general, information in other cities was more readily available and accessible in intuitive formats.

Photovoltaic (PV) Benchmarking Summary

The OCA worked with the PDS staff to create a list of comparable cities (whether by geography, size, or both). The information below summarizes peer cities' photovoltaic permitting process and links to their codes.

City	Base of Code	Similarities/Differences Notes	Link to Code
Palo Alto	Primarily based on State statutes	N/A, See Below	Palo Alto Municipal Code
Los Altos	Primarily based on State statutes	Only one inspection is required for Los Altos residents	Los Altos Municipal Code
Menlo Park	Primarily based on State statutes	Contains a clear checklist for applicants Initial inspections are included in the new building initial building inspection, saving applicants a step	Menlo Park Municipal Code
Mountain View	Primarily based on State statutes	City utilities are private entity, which provides less control for the city	Mountain View Municipal Code
San Jose	Primarily based on State statutes	Has additional requirements for PV panel weight, height, load, etc. that is not required by the City of Palo Alto Provides a clear one-pager of critical information for applicants	San Jose Municipal Code
Sunnyvale	Primarily based on State statutes, but rewritten in laymen's terms	Similar to Palo Alto in a "one-stop shop" idea, as in all permits are issued from the building department	Sunnyvale Municipal Code

While there was discussion in interviews around the difficulty of PV permitting in particular, the difficulty is not particular to the code itself. As mentioned, the code is largely standard language taken from State statutes. If the State statutes were unnecessarily cumbersome, Palo Alto would not be in any better or worse position than any other neighboring cities.

Summary of Additional Findings from Comparable Cities

In addition to the review of building code, the OCA also examined items of interest as to how the building and inspection processes are structured in the comparable cities and any significant, recent changes. The following is a summary of these findings by comparable city.

City	Summary of Significant Information	Source(s)
Los Altos	<ul style="list-style-type: none"> • Building Department opened back up to public on October 18, 2021 • City requiring all plans be submitted to an email address beginning April 2021 – no hard copies accepted. • Checklists/submittal instructions readily accessible on single page of website (with reference to other depts, as necessary) – • City uses eTRAKiT to schedule inspections 	Los Altos Building Services
Menlo Park	<ul style="list-style-type: none"> • Permits being accepted through on-line portal (through Accela), process includes a pre-application step before conversion to a building permit application. • In-person meetings by appointment only • No over the counter reviews available • Number of forms, guides and FAQs readily accessible on Building Division’s home page • Expedited plan check – but not well advertised • Inspections can be scheduled by phone or on-line via the Accela portal 	Menlo Park Building Division
Mountain View	<ul style="list-style-type: none"> • Public Counter in Building Division by appointment only – schedule on-line for a 20 minute session (TimeTap program) • Plans can be submitted electronically Monday- Friday between 8am-4pm • A number of forms and handouts available on website – several clicks to find • Inspections scheduled on-line via an Epermits page 	Mountain View Building Division
San Jose	<ul style="list-style-type: none"> • In person appointments available, but geared to those with lack of access to internet or other technical challenges • Website includes a number of walk-throughs/checklists to detail when ‘simple’ project permits can be used, as well as other permit types • Encourage using their sjpermits.org site by waiving portion of fees (\$48) • Have expedited review for certain projects • For fiscal year 2022 budget, reduced Development Services Imaging and Call Center intake staffing by 11 positions due to process and technology improvements. Funds re-allocated to ADU Ally program and environmental reviews. 	San Jose Development Services Permit Center San Jose 2021-2022 Adopted Operating Budget (see page 730) San Jose Organizational Charts
Sunnyvale	<ul style="list-style-type: none"> • Permit center open to public five days a week • Plan check available in morning, by appointment • Can submit on-line – however, website advises calling a planner to discuss project prior to filling out any forms or submitting • On-line portal fairly rudimentary – but in check box format for type of quick permit requested includes detailed guidelines/checklist for each type – instructions not as clear for permits requiring plan check 	Sunnyvale Permit Center

Attachment: Office of the City Auditor - Building Permit Process Review (Final Draft for P&S) (14344 :

City	Summary of Significant Information	Source(s)
	<ul style="list-style-type: none">• Inspections can also be scheduled through on-line portal	

Themes

The following is a high-level summary of themes from this review:

- PV/Solar codes for comparable cities follow State statutes fairly closely.
- Some comparable cities review/processes for PV/solar projects have more clear guidelines and checklists than the City of Palo Alto – which is also generally true for information available on a broader basis.
- Comparable cities mostly on-line/virtual only for current permitting processes.
- Comparable cities also offering in-person meetings, generally by appointment only.

Audit Results

This section summarizes the results of our analysis and offers recommendations for improvement. Of note, the recommendations provide overall suggestions for improvement for the building permit and inspections processes for all types of building permits. Initially, the OCA was tasked with examining two permit types; however, after initial analysis, the OCA determined that permits generally follow the same process regardless of type. Regardless, the OCA's recommendations outline significant opportunities for improvement, as noted more specifically in the following.

For each observation and recommendation, we have also provided a high level assessment of potential impact for PDS of implementing the recommendation and the significance of potential barriers to implementing the recommendation. The assessments are ranked on a scale of high, medium and low – with the following serving as definitions for the ranking category:

- High: High level of impact to the organization, with a low or medium barriers to implement
- Medium: Medium or high level of impact to the organization, with medium or high barriers to implement
- Low: Medium or low level of impact to the organizations, with medium or high barriers to implementation

#	Observation Title	Summary of Observation	Recommendation	Impact	Barriers to Improvement	Overall Priority
1	Inspection Lead Times	<p>The lead time for a building inspection is approximately two weeks from request to inspection.</p> <p>As noted by staff throughout PDS, lead times have shown recent improvement decreasing from what was a 2 week wait from request to actual inspection; however, such improvements are precarious with any staff absence – whether planned or due to injury, etc. that can quickly erode any improvement to lead time. According to interviews with PDS staff, contract inspection staff have been difficult to obtain, particularly after the start of the pandemic. Long lead times result in a host of compounding issues, with contractors scheduling inspections far in advance of work being completed – resulting in either inspectors arriving before work is complete or re-scheduling of appointments. This is confirmed by the Building Permit Data Analysis section’s examination of inspections requested – with 18% of inspections requested being cancelled. Inspection lead times were also noted as one of the top areas for need for improvement by building permit customers in survey responses.</p>	<p>The OCA recommends hiring additional staff and implementing efficiency measures to improve permitting and inspections cycle times.</p> <p>The City should make "improvement of lead times" (i.e. the length of time between inspection request and actual inspection) one of the top priorities for improvement in the building permit and inspection processes. A number of changes can be implemented to help improve the lead times, including:</p> <ol style="list-style-type: none"> 1. Hire an additional Inspector to help improve and maintain lead times. An additional staff member would also help support the requirement for Inspectors to meet continuing education requirements (100 hours per year per inspector) and keep up with changes in the building industry. 2. Find additional efficiencies with current staff, including assigning geographic areas to Inspectors to reduce travel time and possibly assigning inspections by specialty 3. If lead time lengths persist after hiring of additional inspector, PDS should renew efforts to utilize contract inspectors to assist with peak application times. As part of this, PDS should expand the pool of contract Inspectors it can rely on that are versed in City building code or find ways to utilize contract staff for Inspections that are not as heavily modified per City building code. 4. Consider third party plan review 	1. High	2. Med	1. High

#	Observation Title	Summary of Observation	Recommendation	Impact	Barriers to Improvement	Overall Priority
			<p>and inspection options with applicants paying a premium fee for expedited review (certified by the City, with a fees/premium price to the applicant to ensure no cost to City, and establish a quality assurance process).</p> <p>5. Consider the role of a lead inspector/field supervisor to help with training, quality control, and other duties that would assist inspection manager</p>			

#	Observation Title	Summary of Observation	Recommendation	Impact	Barriers to Improvement	Overall Priority
2	Customer Service/Accessibility	<p>Customers/applicants need better information on all aspects of the permitting and inspection process.</p> <p>Applications require a pre-review (pre-application) and first review which was noted by PDS staff as being confusing to the applicant. Second, many applications are incomplete, often due to lack of understanding by applicants as to what information needs to be included. This requires back and forth between PDS and the customer to obtain the correct information for the application to proceed through the review process. Checklists, forms and related documents can be difficult to locate on the website and also are organized more by department than project/permit, which may not be readily intuitive for applicants. .</p> <p>Survey responses confirm difficulty to find forms and follow what is required for an application. Lack of clarity of the process was mentioned by a quarter of those leaving open ended responses (approximately 150 respondents) third only to need for quicker turnaround times and need for better customer service/responsiveness from PDS staff.</p> <p>Per PDS staff, applicants also can be confused as to what type</p>	<p>The OCA recommends that PDS takes steps to ensure that all relevant building codes, compliance guides, checklists, videos and other process requirements/documentation are current, visible, and readily accessible on-line.</p> <p>While the City has created a number of documents and guides to help customers through the permitting process, customers may not know that those guides exist. The City should reference all guides, videos and other aids throughout the process in the OPS system and in-person. This will allow customer to understand what reference materials are available to aid in the process. This is also true of documentation impacting the process from other departments, such as Utilities, Urban Forestry, Public Works, etc. – information should be presented in multiple places on the website and in OPS to ensure that applicants have multiple touch points to access and digest relevant information to help improve the overall quality of applications submitted and to best inform the applicant.</p> <p>In addition, PDS should develop a ‘frequently asked questions’ (FAQs) resource on its website and widely communicate it through various channels to help stem some of the questions being emailed and called in directly to staff. This FAQ section could also serve then as a longer</p>	2. Med	2. Med	2. Med

#	Observation Title	Summary of Observation	Recommendation	Impact	Barriers to Improvement	Overall Priority
		<p>of inspection to request. This is likely due to there being incomplete guidance provided on PDS website – particularly related to final inspections. —</p>	<p>range repository of information regarding the permit and inspection processes going forward.</p> <p>PDS needs to examine how capacity constraints may impact their ability to make these improvements (and also in Recommendations 3, 6, 7, 9 &10). This could include repurposing of current staff/functional titles, hiring additional staff, and/or hiring consultants to support efforts to improve accessibility, functionality, and the application process, in general. However, PDS needs to consider its longer-term operating model as a part of this, i.e. on-line, counter service or a hybrid approach (see Recommendation #8).</p>			

#	Observation Title	Summary of Observation	Recommendation	Impact	Barriers to Improvement	Overall Priority
3	Guidance/Forms/Checklists	<p>A number of the forms, guidelines, and checklists provided on PDS’s website date from prior use of the OPS system.</p> <p>While most of the more technical information is likely still pertinent, information on how to submit applications and associated information through OPS are not, as PDS did not intake any applications electronically pre-pandemic. While a large amount of information is available on-line, its accuracy for the change to OPS could prove problematic for less informed or frequent users, in particular. For example, PDS’s ‘Single Family Residential Construction Guide’ has links throughout – more than half of which refer back to a City web page that no longer exists. In addition, this document still references the ‘in-person’ permitting process throughout, including references to submitting paper plans. Per city staff, t applicants knowingly submitting incomplete applications and relying on PDS staff to then outline what the applicant needs to submit, likely driven in part by the lack of up to date and readily accessibly information.</p>	<p>The OCA recommends modifying OPS to incorporate relevant information and present in more intuitive format.</p> <p>As touched on in Recommendation 2, reference materials should be better integrated into OPS at each relevant stage the process. Applicants should be able to have a hyperlink to a video or checklist at each point in the OPS process. For example, at each point applicants attach documents, the OPS system should link to resources regarding naming conventions. This will cut down on questions from applicants and will provide higher quality applications overall. If applications are done correctly, the City will save time on resubmittals and rereviews, especially in regards to naming conventions for application files. These reference materials will also ensure as a check for project coordinators as well – to ensure that similar projects are all upheld to the same standards in terms of documentation requested and ultimately provided.</p> <p>See the City of San Jose’s Building Division website as an example – including for how forms are presented in an applicant intuitive format here</p> <p>In addition, PDS should present information in a type of decision-tree format that is more intuitive from an applicant’s perspective – asking specific questions to help guide the applicant through the process and</p>	2. Med	2. Med	2. Med

#	Observation Title	Summary of Observation	Recommendation	Impact	Barriers to Improvement	Overall Priority
			pointing applicants towards reference materials to help answer more commonly asked questions.			

#	Observation Title	Summary of Observation	Recommendation	Impact	Barriers to Improvement	Overall Priority
4	Permitting Process as an Applicant's QA Step	<p>Applicants knowingly submit incomplete information.</p> <p>Applicants oftentimes use the permitting process as a quality assurance check on their application. In other words, they may be submitting applications with awareness that it may be sent back with a summary of everything that's missing. Ideally, applicants are utilizing the resources provided to the applicants to send in as complete of an application as possible. Instead, using the permitting process as a quality assurance (QA) step for applicants is a burden on City resources.</p>	<p>The OCA recommends to providing better guidance resources and rejecting any incomplete applications.</p> <p>Please refer to Recommendations #2 and #3 for details regarding providing guidance/resources on OPS for applicants. PDS staff need to more proactively reject applications that are grossly incomplete or inaccurate and point applicants back to on-line resources (as improved in other recommendations in this report). This primarily resides with the project coordinators thoroughly reviewing submissions (aided by better training for consistency as mentioned in other recommendations as well). A high level of customer service in these communications is necessary and also inclusion of a reminder that incomplete applications increase review time for all applications.</p>	2. Med	2. Med	2. Med

#	Observation Title	Summary of Observation	Recommendation	Impact	Barriers to Improvement	Overall Priority
5	Communications between Project Coordinators and Departments	<p>Requirements for pre-application/application plan review and permitting are not always clear.</p> <p>Departments involved in the building permit and plan review processes noted inconsistencies between Project Coordinators in informing the departments as to whether or not a pre-application/application required their review. In some interviews, the OCA learned of departments being pulled into the review process much later than others. This leads to potential delays for the applicant, quicker turnaround times for the department brought late to the table, and also potential significant costs for the applicant if the omission impacts inspection process requiring significant project changes. Departments also noted that communication is inconsistent depending on project coordinator, particularly as related to high profile or expedited projects.</p>	<p>The OCA recommends improving notification for all involved departments of pending reviews simultaneously at the pre-application stage.</p> <p>During the pre-application phase, all pre-check requests should be sent to all departments simultaneously. Currently, this is being done manually by the project coordinator with guidance from an MS Excel based workflow. Ideally, this can be automated in OPS as a function of the workflow. This ensures that departments have adequate time to review the pre-application and provide a consistent timeline for each pre-application. Department deadlines should remain consistent as well, ensuring all departments are held to a consistent expectation for turnaround times. Communication protocols should also be actively reviewed and included in developing Standard Operating Procedures (SOPs) as further outlined in these recommendations. Review of SOPs should also ensure that a complete list of which department needs to review what type of permit/project is developed.</p>	2. Med	2. Med	2. Med

#	Observation Title	Summary of Observation	Recommendation	Impact	Barriers to Improvement	Overall Priority
6	OPS Functionality	<p>PDF forms required by OPS, including the building permit application, do not always provide sufficient information for review.</p> <p>OPS provides applicants the ability to attach PDF forms as opposed to entering information directly into the system, including the actual building permit application and other supporting documentation/plans. Often, the PDF forms submitted are missing vital information. Additionally, many applicants may not be familiar with everything that is required of them in these permit applications. OPS doesn't provide the guidance for applicants to ensure that each step of the process is clear, given their specific circumstances, or ensure that applicants are providing all necessary information field-by-field. Information on the City's website is segregated by department as opposed to providing a 'one-stop shop' for information that may pertain to applying for a permit.</p>	<p>The OCA recommends digitizing data collection from PDF to directly in the OPS system to ensure that all relevant data is captured.</p> <p>The main function of OPS at the moment is attaching documents in a guided process. However, the City could strive to have OPS contain much of the vital information in separate fields (i.e., having the application itself be an on-line fillable form) to avoid errors in submissions and resubmissions. Additionally, for fields that need to be edited, applicants could edit only those fields without having to attach an entirely new application.</p>	2. Med	2. Med	2. Med

#	Observation Title	Summary of Observation	Recommendation	Impact	Barriers to Improvement	Overall Priority
7	Policies and Procedures	<p>PDS does not have a shared and consistent set of Standard Operating Procedures (SOPs).</p> <p>Many SOPs are documented via email or team members instead rely on institutional knowledge. This creates the potential for variances in applicant experiences in regards to the permitting and inspection processes. Additionally, it does not provide a living, single source of truth on which PDS can rely and reference and also train new staff from.</p>	<p>The OCA recommends development of a robust set of internal standard operating procedures and develop timeline and process for routine review and updates of procedures.</p> <p>When developing Standard Operating Procedures (SOPs), it is important to view these as living documents. In other words, SOPs should contain the current practices, and also should be updated and refined as PDS learns of new and better practices in regards to the permitting system. It is also important that these SOPs are a helpful guide to employees who may be learning a new skill or process. SOPs should be readily accessible and available to staff throughout PDS as a reference guide. A clear process should also be developed in terms of regularly updating and reviewing the SOPs, including a process for incorporating changes and suggestions from staff throughout the department. Updating of policies and procedures will be of particular importance to help codify recommended process improvements within this report.</p>	2. Med	2. Med	2. Med

#	Observation Title	Summary of Observation	Recommendation	Impact	Barriers to Improvement	Overall Priority
8	Need for Updated Strategy	<p>PDS is operating under an outdated initiative for the operation of its building permit function.</p> <p>The Development Center was established in July 2011, as recommended in the 'Blueprint for a New Development Center' in July 2010. This plan created the current counter service model and was driven by a need to increase customer satisfaction and expedite permit issuance. While the model has helped to improve cooperation between departments and provide a one-stop-shop for applicants, the blueprint was developed prior to any permits or intake of information being done virtually. Some of the key tenants and goals of the blueprint are still relevant; however, consideration should be given as to how the digital dissemination and availability of information could change both the interface with the applicants and also how coordination between departments actively involved in the permitting process takes place.</p>	<p>The OCA recommends PDS develop an updated strategic plan reflecting current realities and the lessons-learned throughout the pandemic.</p> <p>PDS needs to develop a new strategic plan in order to inform its operations. A new strategic plan should include guidance on department structure, along with a mission/vision statement for PDS and include goals with associated performance metrics. The Blueprint was adopted over a decade ago and while a number of the objectives outlined within this plan remain relevant, a 're-think' of how the Development Center and associated processes are structured is necessary. The need to re-refresh the plan is of particular evidence with the processes shifting to a much more virtual dependent format due to the pandemic. While the adjustment was a heavy lift – the move to an on-line process has seen benefits both for applicants and staff in terms of convenience and coordination. PDS should build upon the switch to the virtual application to guide its strategy and priorities. The plan should be done in conjunction with the City Manager and Council to ensure broad input and incorporation of needs from the community – including not only residents, but building industry professionals as well. This new plan should also than serve as a roadmap for a number of other recommendations within this</p>	2. Med	2. Med	2. Med

#	Observation Title	Summary of Observation	Recommendation	Impact	Barriers to Improvement	Overall Priority
			<p>report – particularly those related to staffing and structure of the permitting and inspection processes. In addition, the plan needs to reflect the current initiatives of the City – with particular attention to photovoltaic/electrification goals.</p> <p>Development of a new strategic plan and the process to do so is a significant time investment. As such, OCA recommends having preliminary conversations with the City Manager and Council to best address shorter-term direction and corresponding needs, particularly related to service delivery model and potential staffing impacts (as previously referenced in Recommendation #2).</p>			

#	Observation Title	Summary of Observation	Recommendation	Impact	Barriers to Improvement	Overall Priority
9	Need for Further Technology Improvements	<p>Technology challenges impede plan review and permitting processes.</p> <p>A number of staff noted that Accela/OPS is often slow and adds wait time for their tasks while the system re-freshes, loads, etc. Also, it was noted that the system is unavailable regularly for system updates. Some features of the software are also suboptimal - such as the ability to quickly bookmark and reference plans uploaded into the system. In addition, the DigEplan add-on to Accela that enables electronic plan review was done quickly in response to the pandemic and push to work remotely, with some noting there may be a better system available to meet the City's needs. PDS was starting a test pilot of the DigEplan software as the need to shift to remote work happened.</p>	<p>The OCA recommends that PDS continues exploring technology enhancements and better platforms</p> <p>PDS should continue to make strives to improve functionality of Accela/OPS. Efforts should be made to coordinate system updates outside of regular working hours to minimize impact on staff. PDS should also explore whether or not DigEplan is the best solution going forward as well - particularly related to ability/need to bookmark plans for ease of review. Future system needs should be informed and aligned with an updated strategic plan for the permit and inspection processes to ensure functionality and ease of access for staff and applicants.</p> <p>In addition, PDS should continue with efforts to stream line the permitting process by utilizing products such as SolarAPP+. PDS is in conversations to possibly utilize the product, and OCA strongly encourages to move towards implementation of SolarAPP+ or a similar product.</p>	2. Med	2. Med	2. Med

#	Observation Title	Summary of Observation	Recommendation	Impact	Barriers to Improvement	Overall Priority
10	Training - Project Coordinators and Inspectors	<p>Project Coordinator training needs improvement. Inspectors need time for training.</p> <p>In interviews with departments involved in the permitting process, the need for better training of Project Coordinators was mentioned several times. Project Coordinators did not always provide or ensure all required information was obtained during the intake process for the applications. In addition, some departments needing to be involved in the plan check process were not notified promptly to ensure adequate time for the department's review of their area of expertise. Also, with lags in building inspections, City Inspectors are more constrained for time in their ability to seek/attend training to keep up with relevant trends in the building industry.</p>	<p>The OCA recommends PDS create materials to train from and prioritize time for training.</p> <p>Training of staff should flow from the development of Standard Operating Procedures, with the SOPs serving as a baseline of understanding for staff, whether project coordinators, plan checkers, department staff, inspectors, etc. A regular schedule for training should be developed as well, in order for staff to share particular issues they have had to address and broader sharing of knowledge/insights in general. In addition, a regular training should be held that includes all staff involved in permitting and inspection processes - both from PDS and the other departments supporting, to best share information, address concerns, establish mutual understanding, and build a broader sense of team work.</p>	2. Med	2. Med	2. Med

#	Observation Title	Summary of Observation	Recommendation	Impact	Barriers to Improvement	Overall Priority
11	Building Code Modifications and Ability to Effectively Administer	<p>Palo Alto code modifications increase the complexity of the building plan review and permitting process.</p> <p>Per City and PDS staff and OCA review, City building code generally follows the State of California Building Code. However, some code modifications unique to Palo Alto have been added to the building code to address specific situations and other areas of importance. The ability to administer some of the modifications to the code can be difficult, as relayed in interviews with PDS and particularly other department staff and also from applicant/customer feedback. In addition, it was noted that the frequency of modifications for some portions of the code can also make administration difficult with trying to apply the updates and track which version of the code applies to permits based on when the application was submitted.</p>	<p>The OCA recommends that interim code interim modifications are limited as much as possible</p> <p>Modifications to the building code need to mirror the regular schedule of updating the building code in line with the regular cycle of updates down to the State of California Building Code. Any interim modifications should be done only as necessary and if involving a matter of serious concern for public health, safety and general welfare. As part of a strategic plan update, criteria for what would trigger making an interim modification should be discussed with the City Manager, PDS staff and Council to help balance immediate need and ability to implement/administer code changes. Included should be consideration for how changes will be communicated to the public and also contractors that may be impacted. While additional up front time, this communication may help offset questions once a code change is made.</p>	2. Med	2. Med	2. Med

#	Observation Title	Summary of Observation	Recommendation	Impact	Barriers to Improvement	Overall Priority
12	Quality Control	<p>Quality control processes can be strengthened.</p> <p>Managers within the permit and inspection processes have concerns that the volume of work has limited their ability to conduct quality control - particularly related to newer and contract staff. Inconsistencies have been mentioned by numerous City staff interviewed as related to how staff in similar titles perform their responsibilities. The lack of time and focus on quality control exacerbates the ability to consistently apply City processes and in serving applicants/customers - and in the relative experiences of applicants in navigating the processes as well. Lack of consistency amongst staff was also mentioned throughout the open-ended responses from the customer survey.</p>	<p>The OCA recommends PDS place a greater emphasis on quality control and resources to help promote it.</p> <p>As included in previous recommendations, the development of SOPs, guidelines, checklists, etc. will help with quality control and consistency amongst Project Coordinators and Inspectors. In addition, management needs to be proactive in creating performance metrics that identify potential quality control shortcomings and have discussions with staff who may not be meeting these expectations. Performance metrics need to include those that focus more on cycle times for various aspects of both the permit and inspection processes. This should include examining the length of time from application to approval; inspection request to scheduled time; overall length from application to final inspection; and other relevant time frames – and should be done across permit types. Routine training, as also mentioned in prior recommendations, will also help in terms of improving quality control.</p>	2. Med	2. Med	2. Med

#	Observation Title	Summary of Observation	Recommendation	Impact	Barriers to Improvement	Overall Priority
13	Staff Model - Contractor vs City Employee	<p>Difficulties in hiring and retaining contract staff impede departmental performance.</p> <p>PDS has used both contract and City staff for several key areas, including plan review and inspections. Due to the pandemic, contract staff are increasingly difficult to find and also issues with not having the same individual from a contract company being available (resulting in additional City staff time to train, etc.). In addition it was mentioned in a number of interviews with City staff, that there are continued questions/concerns from the City legal department about having the same functions/roles completed by City staff and contractors. Also difficulty in getting contract staff who want to be in-person when things do open back up. PDS management staff have also stated a concern of how to maintain quality control for the work of contract staff.</p>	<p>The OCA recommends that PDS develop plans to best utilize/balance contract staff.</p> <p>PDS should discuss and develop plans for how to address its staffing needs going forward. This should be done in conjunction with development of the aforementioned strategic plan and the need for additional inspection staff. PDS should be proactive in its planning - particularly in relation to its plan check staff. While the contracted plan check staff have been fairly stable, PDS needs to ensure that the stability in this area continues and also ensure quality and timeliness of contractor's work as well.</p> <p>In addition, OCA encourages PDS to examine how its payment structure and other requirements (including reporting in-person) for contract staff aligns with peer jurisdictions and how this may impact PDS's ability to attract and retain contractors.</p>	2. Med	1. High	2. Med

#	Observation Title	Summary of Observation	Recommendation	Impact	Barriers to Improvement	Overall Priority
14	Vacancies and staff turnover	<p>Turnover in key staff positions constrains organizational efficiency and effectiveness.</p> <p>PDS has seen a fair amount of turnover with the Assistant CBO, Inspection Manager, and Development Services Manager - all new to their roles within the last 2 years or less. The Development Services Manager is new to their role as of June 2020, with their predecessor only lasting 9 months in the role. In addition, the lead plan checker role is being filled by the Assistant CBO (a role he previously filled). Staff turnover has placed pressure on the processes in general and also requires additional time from more veteran staff to train new staff. Delays in City hiring process can also compound the impacts of staff resignations.</p>	<p>The OCA recommends developing a strategic hiring plan for recruitment and retention.</p> <p>PDS needs to be proactive in terms of retaining and attracting staff - doing so in conjunction with priorities it identifies as part of an updated strategic plan. A hiring plan should also address the balance and use of contract versus directly employed staff to address PDS needs. Particular consideration is needed in terms of the ability to utilize contractors in key areas, given challenges related to the market for contract staff, In addition, PDS management should carefully examine the requirements/needs for particular positions in hiring, particularly as related to project coordinators and management positions. PDS has hired internal candidates for several of these roles over recent years.</p>	2. Med	2. Med	2. Med

#	Observation Title	Summary of Observation	Recommendation	Impact	Barriers to Improvement	Overall Priority
15	Unpermitted Work	<p>Unpermitted building may have increased during the pandemic.</p> <p>Concern has been expressed by some PDS and City staff interviewed that unpermitted work may have increased do to the pandemic, which may account for some of the decrease in permitting activity in the same time frame (but also likely driven by a decrease overall due from a slow down/stoppage of work due to the pandemic). Typically the City has not patrolled to discover unpermitted work, relying upon residents reporting unpermitted work and inspectors discovering unpermitted work enroute to inspections across the City. Anecdotally, City staff stated that unpermitted work may be 50% higher than normal at the start of the pandemic, but believe this has decreased with the City offering on-line permitting and construction activity resuming 'normal' levels. If significant unpermitted work may be drastically lowering permitting applications, the City may be at risk for lost revenue and improper building activities.</p>	<p>The OCA recommends that PDS improve timeliness and complexities of permit and inspection processes to promote compliance.</p> <p>Recommendations 1, 2, 3, and 6 will help greatly in reducing the time, effort, and wait for applicants/customers of the permit and inspection processes. Some risk of unpermitted work being performed is offset by neighbors reporting any unpermitted work. If the concern of unpermitted work becomes greater/more apparent - Inspectors could be tasked with spending part of their time canvassing the City while enroute to scheduled inspections to look for any work being done without permits - but this may require additional inspection staff given the current inspection lead time.</p>	3. Low	2. Med	3. Low

Appendices

Appendix A: Customer Survey

The following includes a complete list of the survey questions and associated options for respondents to pick from (if a multiple choice type question). Also, we have included the responses for all questions that could be readily summarized and did not allow for open ended responses.

Here is the introduction to the survey and survey questions:

The City of Palo Alto is examining its building permit process – including permit application process and inspection process – to identify areas for improvement. As a recent applicant for a building permit, we would greatly appreciate your time in completing this short survey to help better inform this analysis and guide potential areas for improvement.

This examination is being led by the Office of the City Auditor as contracted to Baker Tilly US, LLP, an internationally-regarded advisory, tax, auditing, and assurance firm (more information here - <https://www.cityofpaloalto.org/Departments/City-Auditor>).

1. What best describes your role in the permitting process?
 - a. Architect
 - b. Engineer
 - c. Commercial Contractor
 - d. Home Builder
 - e. Electrical Contractor
 - f. Plumbing contractor
 - g. HVAC Contractor
 - h. Solar Contractor
 - i. Homeowner
 - j. Other – please specify:
2. What type of permit(s) did you apply for (check all that apply)?
 - a. Residential – New Building
 - b. Commercial - New Building
 - c. Pool/Spa/Landscaping
 - d. Solar/Battery Storage/Other Photovoltaic Project
 - e. Electrical/Mechanical/Plumbing only
 - f. Addition/Remodel/Repair
 - g. Garage/Carport/Accessory Bldg
 - h. Deconstruction
 - i. Demolition

- j. Direct 'Online' Permit (i.e. Repair Gas Leak, Boiler/Furnace/Water Heater Replacement, Re-Roofing, Backflow Device, Window Replacement, etc.)
 - k. Other (if not included above)
3. When did you last apply for a permit?
 - a. Within the last week
 - b. Within the last month
 - c. Within the last 3 months
 - d. Within the last 6 months
 - e. Within the last year
 - f. More than one year plus ago
 4. How often do you apply for building permits?
 - a. Weekly
 - b. Monthly
 - c. A few time a year
 - d. Annually
 - e. Infrequently
 5. Were you aware the City of Palo Alto Development Center is offering in-person appointments for assistance in submitting a building permit application?
 - a. Yes
 - b. No
 6. Did you use the in-person service or the on-line application process?
 - a. Pre-COVID, In-person/Counter service
 - b. Post COVID, In person, appointment
 - c. Online system
 - d. Post COVID – both in person and on-line
 - e. Something different – please indicate
 7. Please rank the following from highest to lowest as to where you would like to the City focus its time and resources in improving the permitting process:
 - a. Online permitting process
 - b. In-person permitting process
 - c. Appointment availability for in-person permitting
 - d. Availability of staff for questions
 - e. Clarity of requirements
 - f. On-line resources/reference documents
 - g. Turnaround time from application to permit (cycle time)
 - h. Expedited permit for additional fee
 8. Please provide any other additional comments/suggestions on the above ranking.

9. What is your perception of the following areas of additional steps and requirements related to the permit application and review process?

Very positive, Positive, Neutral, Negative, Very negative

- a. Tree preservation and protection
- b. De-watering requirements
- c. Architectural review
- d. Deconstruction and demolition
- e. Utilities coordination

10. Provide additional comments on your above responses

11. Please rate your overall satisfaction with the permitting process

- a. Extremely Satisfied
- b. Somewhat Satisfied
- c. Neither Satisfied or Dissatisfied
- d. Somewhat Dissatisfied
- e. Extremely Dissatisfied

12. What suggestions for improvement of the permitting process do you have?

13. Please rank the following from highest to lowest as to where you would like to the City focus its time and resources in improving the inspection process:

- a. Wait time between request for inspection and actual inspection
- b. On-site inspection visit
- c. Clarity of inspector’s report/findings
- d. Training/knowledge of inspectors
- e. Reinspection wait time
- f. Overall satisfaction with the inspection process

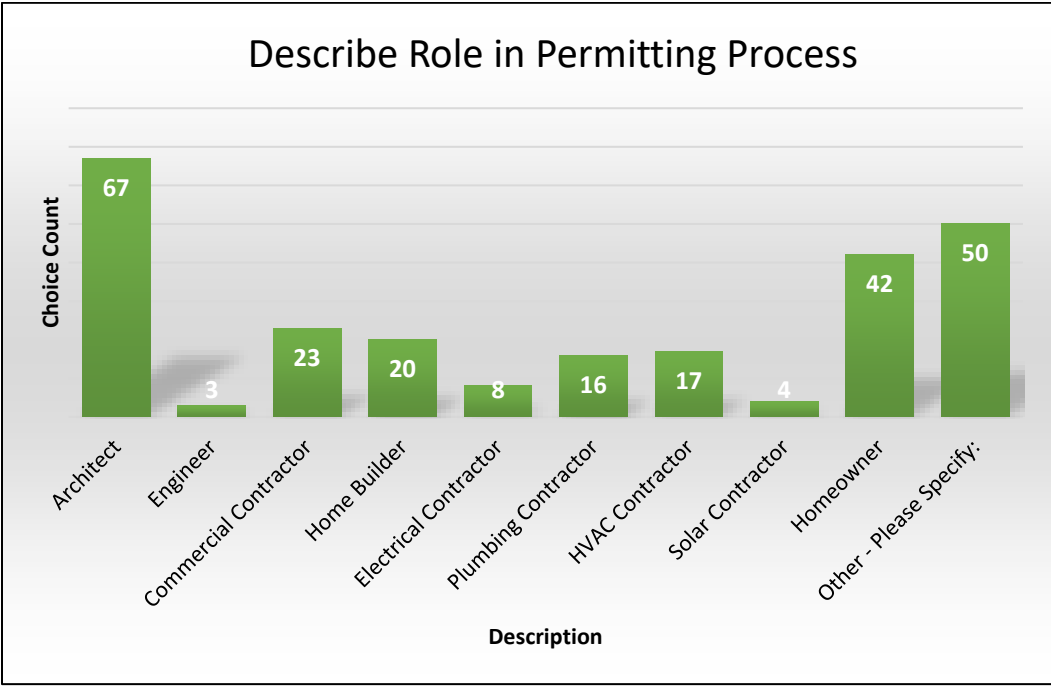
14. If you apply for permits in other jurisdictions, how does Palo Alto’s process compare?

- a. Not applicable – I only apply for permits in Palo Alto
- b. About the same
- c. Better than average
- d. Worse than average
- e. Additional comments:

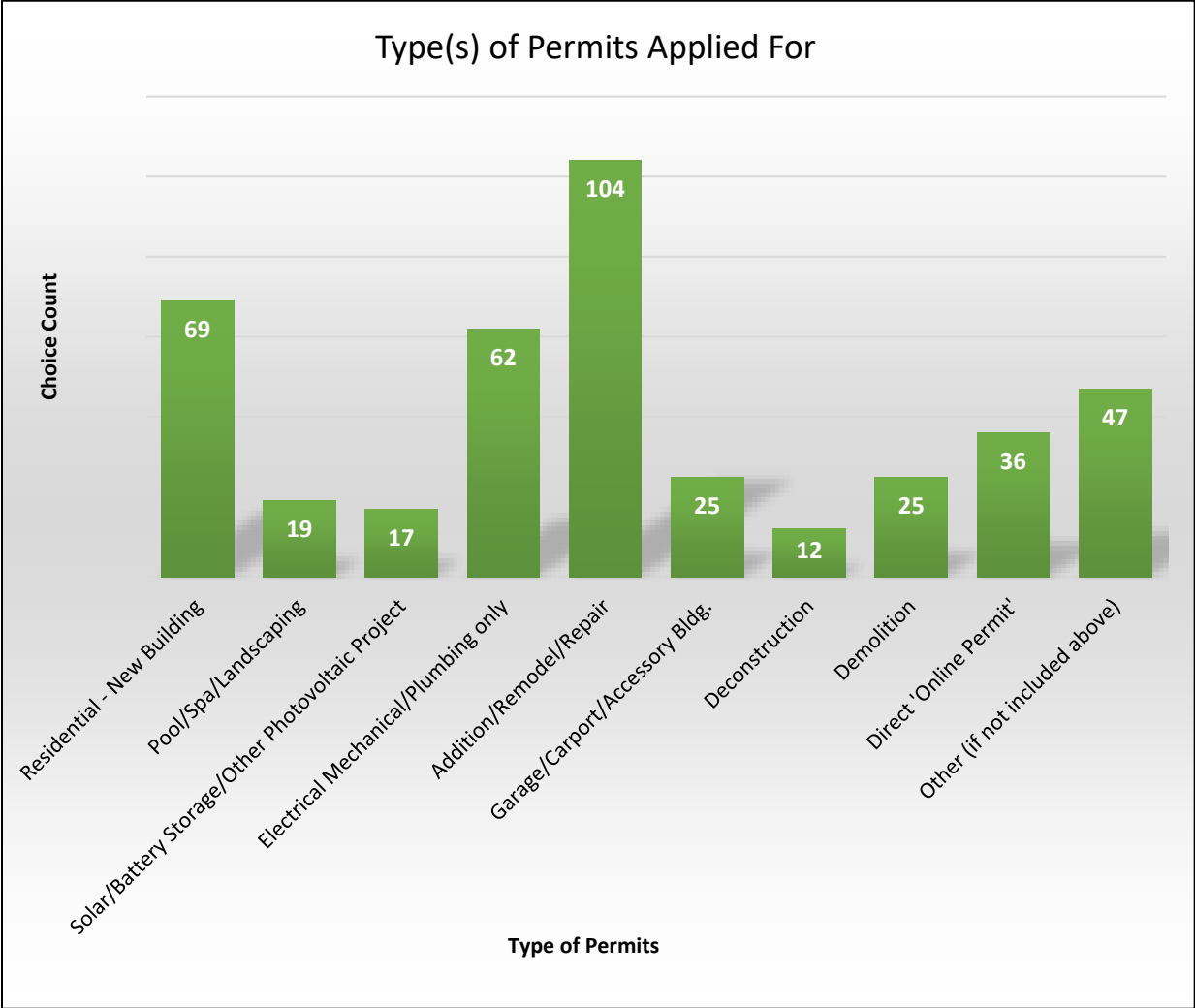
15. If you have any other additional thoughts – please feel free to share.

The following are the results that can be readily summarized:

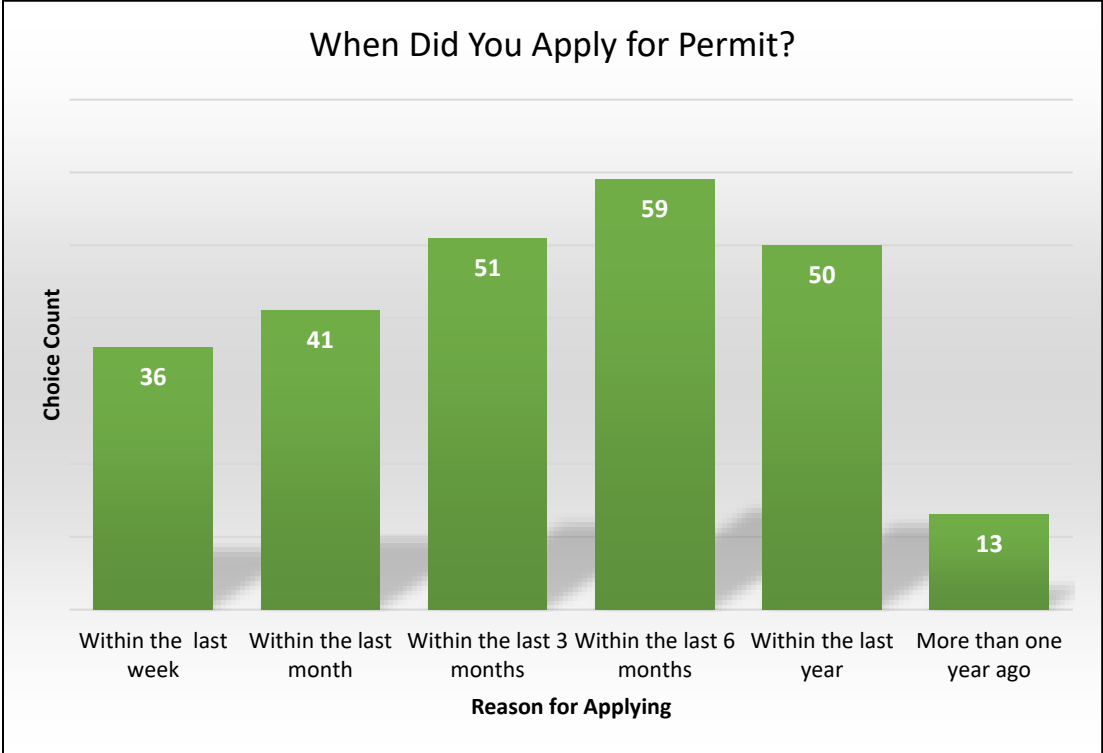
- 1. What best describes your role in the permitting process?



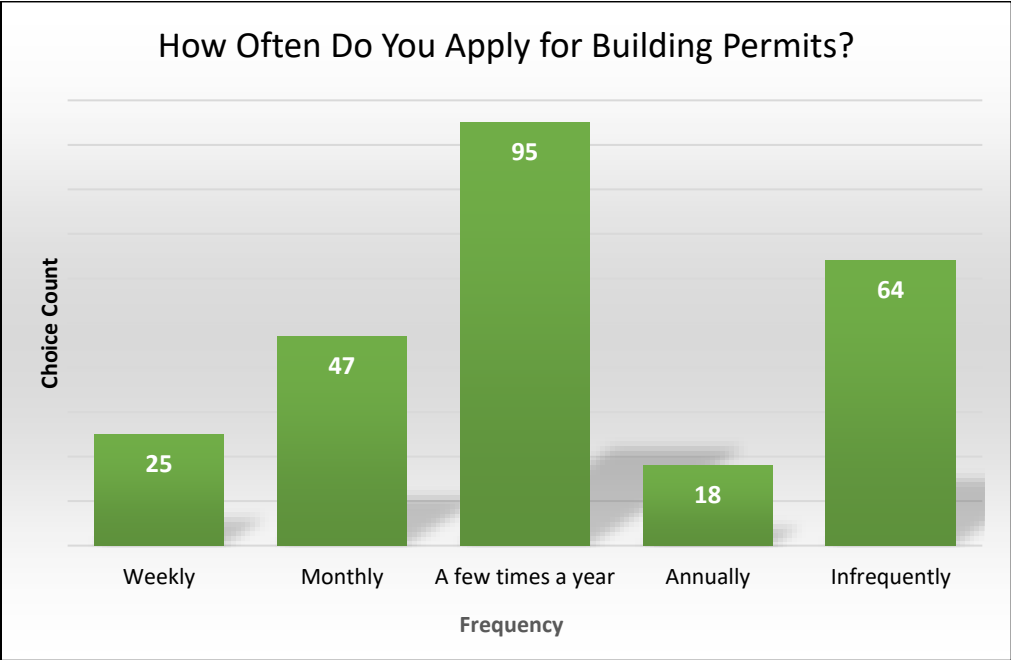
2. What type of permit(s) did you apply for (check all that apply)?



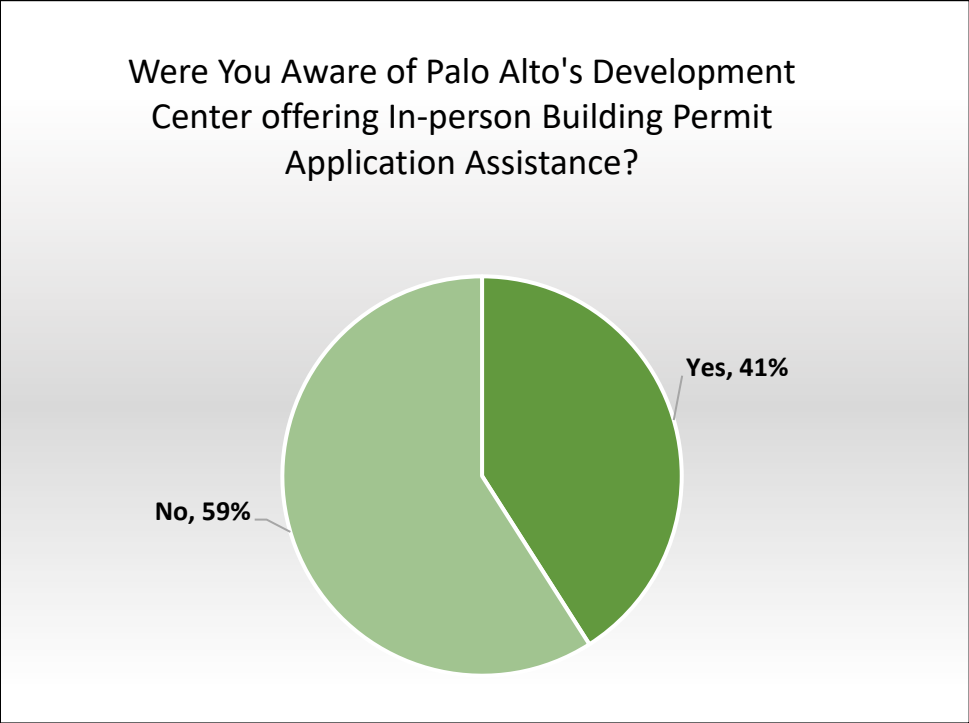
3. When did you last apply for a permit?



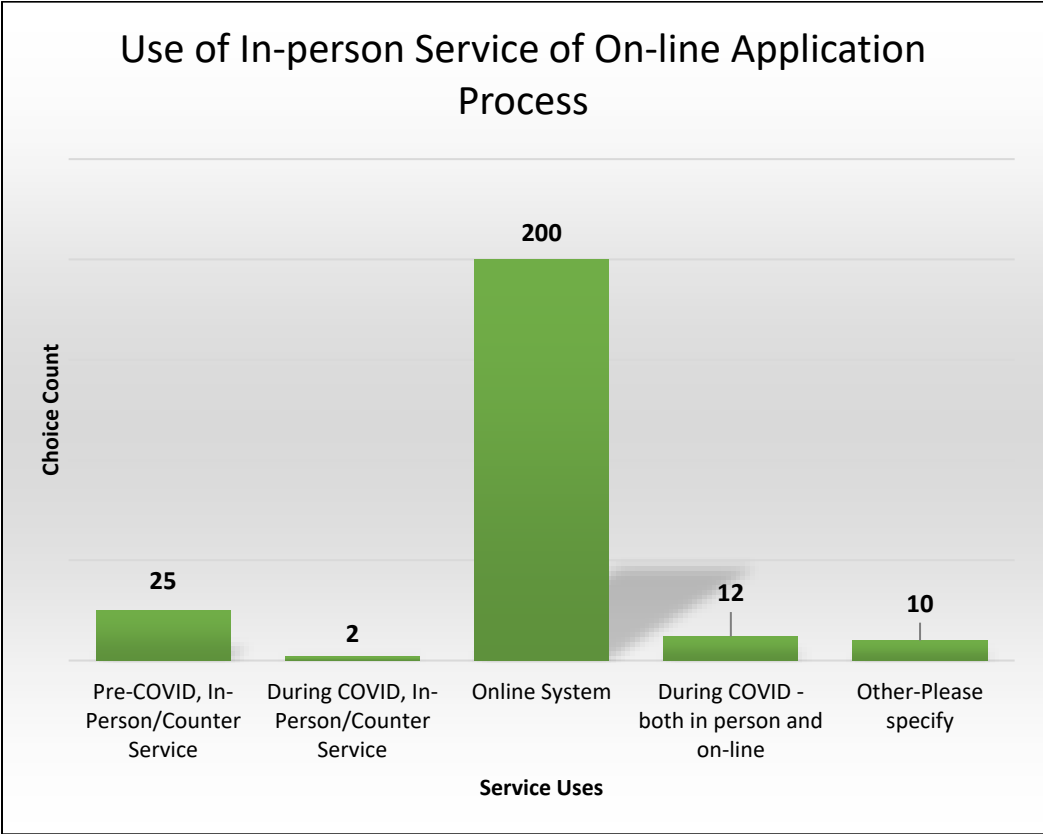
4. How often do you apply for building permits?



5. Were you aware the City of Palo Alto Development Center is offering in-person appointments for assistance in submitting a building permit application?



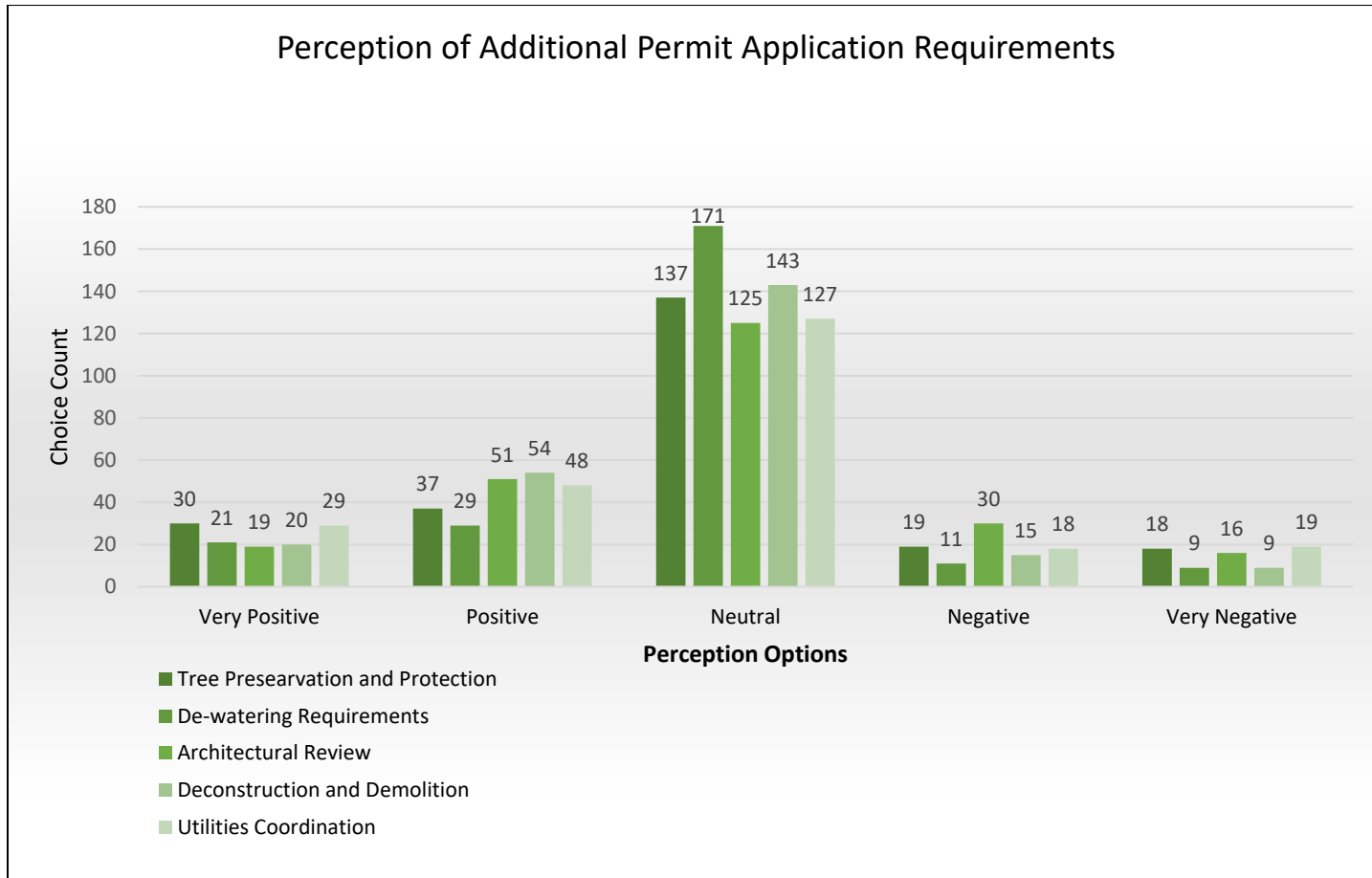
6. Did you use the in-person service or the on-line application process?



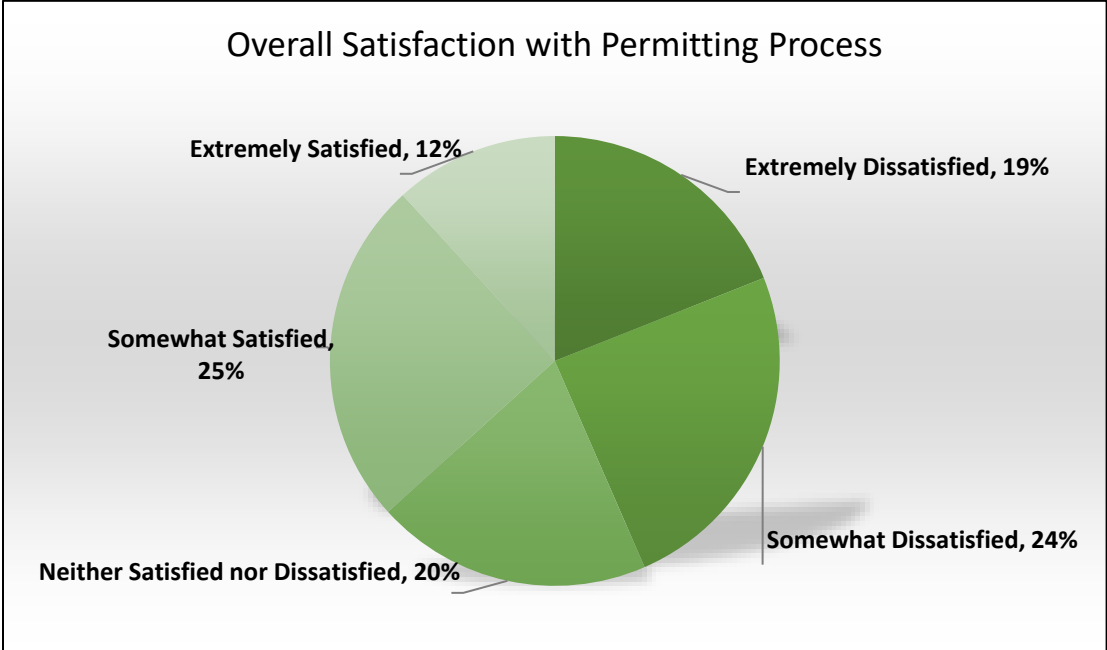
7. Please rank the following from highest to lowest as to where you would like to the City focus its time and resources in improving the permitting process:
- a. Online permitting process
 - b. In-person permitting process
 - c. Appointment availability for in-person permitting
 - d. Availability of staff for questions
 - e. Clarity of requirements
 - f. On-line resources/reference documents
 - g. Turnaround time from application to permit (cycle time)
 - h. Expedited permit for additional fee

Aspects of Permitting Process	1st	2nd	3rd	4th	5th	6th	7th	8th
Online permitting process	66	40	37	32	20	15	5	7
In-person permitting process	21	25	23	26	31	39	46	11
Appointment of staff for questions	3	13	29	27	39	39	44	28
Availability of staff for questions	22	28	39	46	34	37	14	2
Clarity of Requirements	32	39	27	25	36	28	26	9
On-line resources/reference documents	6	12	27	29	23	37	43	45
Turnaround time from application to permit (cycle time)	68	44	20	23	19	6	33	9
Expedited Permit for additional fee	4	21	20	14	20	21	11	111

9. What is your perception of the following areas of additional steps and requirements related to the permit application and review process?

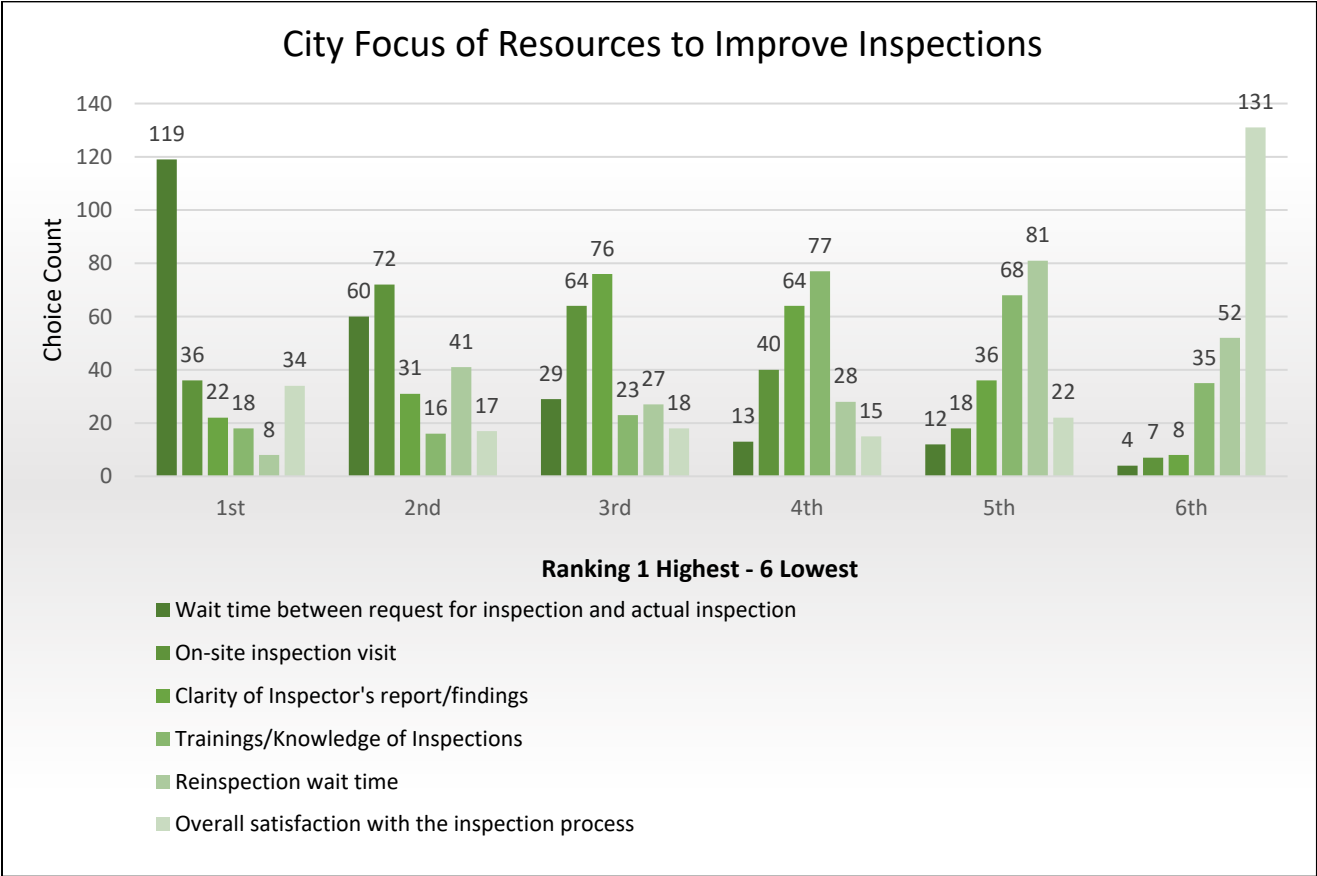


11. Please rate your overall satisfaction with the permitting process

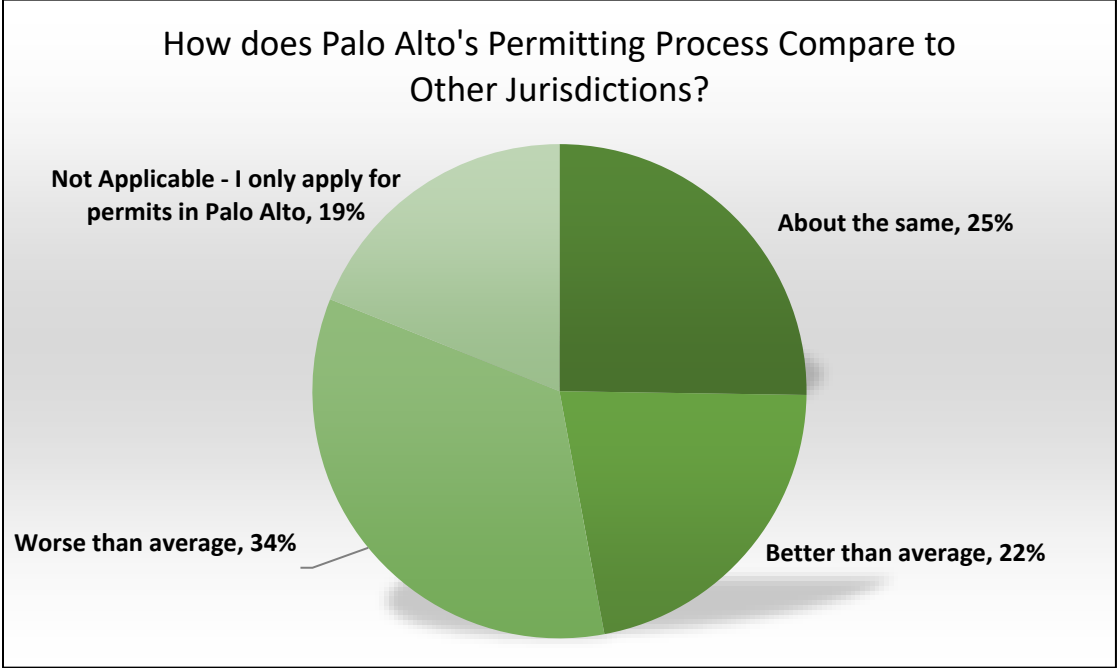


13. Please rank the following from highest to lowest as to where you would like the City focus its time and resources in improving the inspection process:

- a. Wait time between request for inspection and actual inspection
- b. On-site inspection visit
- c. Clarity of inspector’s report/findings
- d. Training/knowledge of inspectors
- e. Reinspection wait time
- f. Overall satisfaction with the inspection process



14. If you apply for permits in other jurisdictions, how does Palo Alto's process compare?



Appendix B: Management Response

PDS provided responses to each recommendation. The OCA will perform periodic follow up to understand what actions have been taken to remediate the matters identified in this report. Results of that follow up will be communicated to the Policy & Services Committee and subsequently to City Council.

Recommendation	Responsible Department(s)	Agree, Partially Agree, or Do Not Agree and Target Date and Corrective Action Plan	To be completed 6 months after Council acceptance and every 6 months thereafter until all recommendations are implemented	
			Current Status	Implementation Update and Expected Completion Date
<p>Finding: The lead time for a building inspection is approximately two weeks from request to inspection.</p>				
Hire an additional Inspector to help improve and maintain lead times. An additional staff member would also help support the requirement for Inspectors to meet continuing education requirements (100 hours per year per inspector) and keep up with changes in the building industry.	PDS	<p>Concurrence: Agree Target Date: Ongoing / October 31, 2022 Action Plan: PDS is seeking two new inspector positions as part of the FY22-23 budget and is currently recruiting for these two new inspector positions using City Manager authorized over-strength positions.</p>		
Find additional efficiencies with current staff, including assigning geographic areas to Inspectors to reduce travel time and possibly assigning inspections by specialty	PDS	<p>Concurrence: Partially Agree Target Date: Ongoing / October 31, 2022 Action Plan: To the extent feasible, this already occurs. Challenges arise however depending on the type of inspection needed and if that requires an inspector with a certain skill-set or specialty. It is anticipated with the addition of two additional inspectors and consultant funding requested in the FY22-23 budget, combined with existing efforts to assign inspections based on geography, the department will be able to restore more timely inspections schedules.</p>		

<p>If lead time lengths persist after hiring of additional inspector, PDS should renew efforts to utilize contract inspectors to assist with peak application times. As part of this, PDS should expand the pool of contract Inspectors it can rely on that are versed in City building code or find ways to utilize contract staff for Inspections that are not as heavily modified per City building code.</p>	<p>PDS</p>	<p>Concurrence: Agree Target Date: October 31, 2022 Action Plan: PDS is proactively seeking a two additional inspectors. As part of the FY22-23 budget, PDS is also requesting additional consultant funds to bring in inspectors to manage increased workload or respond to staff absences. Moreover, staff is reviewing its contracts with vendors to ensure Palo Alto remains competitive with other jurisdictions.</p>		
<p>Consider third party plan review and inspection options with applicants paying a premium fee for expedited review (certified by the City, with a fees/premium price to the applicant to ensure no cost to City, and establish a quality assurance process).</p>	<p>PDS</p>	<p>Concurrence: Partially Agree Target Date: October 31, 2022 Action Plan: If the above actions do not sufficiently address the delay in inspection services, staff will consider this recommendation as a contingency to address continued delays. It is worth noting this recommendation adds some complexity to the operation and additional staff resources to manage which may draw attention away from other efforts.</p>		
<p>Consider the role of a lead inspector/field supervisor to help with training, quality control, and other duties that would assist inspection manager</p>	<p>PDS</p>	<p>Concurrence: Agree Target Date: March 31, 2023 Action Plan: Staff will coordinate with Human Resources to conduct a classification review to evaluate the scope of work for the position and determine the appropriate level within the organization structure.</p>		

Finding: Customers/applicants need better information on all aspects of the permitting and inspection process.

<p>The OCA recommends that PDS takes steps to ensure that all relevant building codes, compliance guides, checklists, videos and other process requirements/documentation are current, visible, and readily accessible on-line.</p>	<p>PDS</p>	<p>Concurrence: Agree Target Date: Ongoing / June 30, 2023 Action Plan: Staff will update recommended documents, organize information succinctly on webpage, reference documents throughout the permitting process and coordinate with other City departments to do the same. The department will also prepare a FAQ section on the website.</p>		
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Finding: A number of the forms, guidelines, and checklists provided on PDS's website date from prior use of the OPS system.

<p>The OCA recommends modifying OPS to incorporate relevant information and present in more intuitive format.</p>	<p>PDS</p>	<p>Concurrence: Agree Target Date: Ongoing / June 30, 2023 Action Plan: Staff views this as a parallel process to recommendation 2 and will update forms and checklists and improve integration with the Online Permit System. Staff is also reviewing the workflow to submit a pre-application/building permit and anticipates changes to clarify processes and make the system more integrated and seamless from the customer's perspective.</p>		
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<p>The OCA recommends to providing better guidance resources and rejecting any incomplete applications.</p>	<p>PDS</p>	<p>Concurrence: Agree Target Date: June 30, 2023 Action Plan: Concurrent with the prior two recommendations, staff will improve forms, guidelines and checklists to improve expectations and establish clear processes to ensure application submittals are complete and ready for conversion into a building permit application.</p>		
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Finding: Requirements for pre-application/application plan review and permitting are not always clear.

<p>The OCA recommends improving notification for all PDS involved departments of pending reviews simultaneously at the pre-application stage.</p>	<p>Concurrence: Partially Agree Target Date: Ongoing / June 30, 2023 Action Plan: Sending notification to all involved departments of pending pre-application reviews adds significantly more work to project reviewers supporting the DC. One role of the coordinator is to vet these issues and minimize this burden to other plan reviewers. There currently is no screening process for pre-applications. Staff is also finding that it is missing a critical touchpoint with its customers having made this process available online. Accordingly, staff is exploring opportunities to require in-person or virtual appointments on a pilot program basis to see if this real-time interaction can improve the quality of submittals and result the pre-application to a building permit application at the meeting instead of relying on an exchange of email messages and uploading of application material, which takes a long time to implement.</p>		
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Finding: PDF forms required by OPS, including the building permit application, do not always provide sufficient information for review.

<p>The OCA recommends digitizing data collection from PDF to directly in the OPS system to ensure that all relevant data is captured.</p>	<p>PDS</p>	<p>Concurrence: Agree Target Date: Ongoing / June 30, 2023 Action Plan: Staff is currently having discussions about using online, fillable forms and integrating this information into the Accela permitting system. This effort ties into the other recommendations to improve access to forms, checklists and improve processes.</p>		
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Finding: PDS does not have a shared and consistent set of Standard Operating Procedures (SOPs).

<p>The OCA recommends development of a robust set of internal standard operating procedures and develop timeline and process for routine review and updates of procedures.</p>	<p>PDS</p>	<p>Concurrence: Agree Target Date: December 31, 2023 Action Plan: This requires considerable staff resources and at a time when the department will be re-examining processes and procedures and making substantial refinements to forms and checklists and updates to the department website. Staff agrees with the recommendation but will need additional time fulfil this request.</p>		
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Finding: PDS is operating under an outdated initiative for the operation of its building permit function.

The OCA recommends PDS develop an updated strategic plan reflecting current realities and the lessons-learned throughout the pandemic.

PDS

Concurrence: Agree
Target Date: December 31, 2025
Action Plan:
An updated strategic plan would be helpful to guide process improvements and would serve to recommit resources and refine performance and service expectations. Significant changes have occurred since the Blueprint was adopted and it warrants an update. The staff resources and time needed to properly prepare an updated strategic plan is extensive. The department is currently implementing several structural and operational changes to respond to a changed work environment, new challenges, and adjusting its service model to respond to challenges. Staff anticipates an updated strategic plan can begin in about two-years with completion and report to Council within three years.

Finding: Technology challenges impede plan review and permitting processes.

<p>The OCA recommends that PDS continues exploring technology enhancements and better platforms</p>	<p>PDS</p>	<p>Concurrence: Agree Target Date: Ongoing Action Plan: This is an ongoing task. The department's Data Analysis Team works daily to make system upgrades and improvements to respond to internal and external customer needs. The department has a request in the FY22-23 budget for an additional FTE resource to reflect the fact that the permitting operation requires more backend support as it shifts to more online services. Additionally, the department is currently in the process of conducting a request for proposals for an electronic plan review system; as noted in the audit, the department currently uses Digiplan, which was set up on an urgent basis to respond to the pandemic. Through the RFP process staff will be able to evaluate available options.</p>		
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Finding: Project Coordinator training needs improvement. Inspectors need time for training.

<p>The OCA recommends PDS create materials to train from and prioritize time for training.</p>	<p>PDS</p>	<p>Concurrence: Agree Target Date: Ongoing/December 2023 Action Plan: Building inspectors are allotted time for mandatory training hours. Project coordinators would benefit from SOPs as recommended above and this effort will also track with that timeline. The project coordinator program has not fully developed into the proactive project manager role as envisioned in the Blueprint and there is department interest in seeing this through. At the time of this audit, coordinator staff has experienced significant disruptions to the manner in which they provide service to customers, communicate internally with remote workers supporting the DC and learn new software systems in response to the pandemic and shift to online services. Managers will continue to explore training opportunities, refine and streamline processes and prioritize training.</p>		
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Finding: Palo Alto code modifications increase the complexity of the building plan review and permitting process.

<p>The OCA recommends that interim code interim modifications are limited as much as possible</p>	<p>PDS</p>	<p>Concurrence: Agree Target Date: Ongoing Action Plan: Staff agrees that amendments to the building code should be limited. Staff is also unaware of any interim building code modifications that have occurred outside of the State-mandated cycle. The City does tend to adopt more aggressive green building standards than the State mandates but these occur during the regular adoption cycle. The planning operation sees many code updates including interim zoning codes that may affect development but these are typically Council-directed policy initiatives or State-legislative actions.</p>		
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Finding: Quality control processes can be strengthened.

<p>The OCA recommends PDS place a greater emphasis on quality control and resources to help promote it.</p>	<p>PDS</p>	<p>Concurrence: Agree Target Date: June 30, 2023 Action Plan: Many of the recommendations in this audit will strengthen quality control. Additional inspectors, training, SOPs and process improvements will all help achieve this goal. Additionally, PDS has put forth a FY22-23 budget proposal for additional staff and consultant resources to further support operations and improve processes. The audit also recommends performance metrics. Staff will implement these metrics over the course of the next year and include them in performance evaluations for PDS staff and encourage the same for staff supporting the DC from other departments.</p>		
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Finding: Difficulties in hiring and retaining contract staff impede departmental performance.

<p>The OCA recommends that PDS develop plans to best utilize/balance contract staff.</p>	<p>PDS</p>	<p>Concurrence: Agree Target Date: Ongoing / June 30, 2023 Action Plan: The department has a strategy for its use of consultants. Specifically, consultants are used for plan review services and as needed to supplement the inspection program. Onboarding inspection contractors requires significant training and staff support and is typically employed when there is a long-term absence or vacancy. Staff has been unable to attract any plan review consultants to report to the development center since the pandemic. Accordingly, the department is seeking to hire an inhouse plan reviewer in the FY22-23 budget and is exploring possible changes to consultant contracts to make Palo Alto more competitive with peer jurisdictions.</p>		
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