City of Palo Alto

Office of the City Auditor

Building Permitting Process Review

April 10, 2022

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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	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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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 assessment[1], 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

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[1] 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

Compliance Statement

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!

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[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.
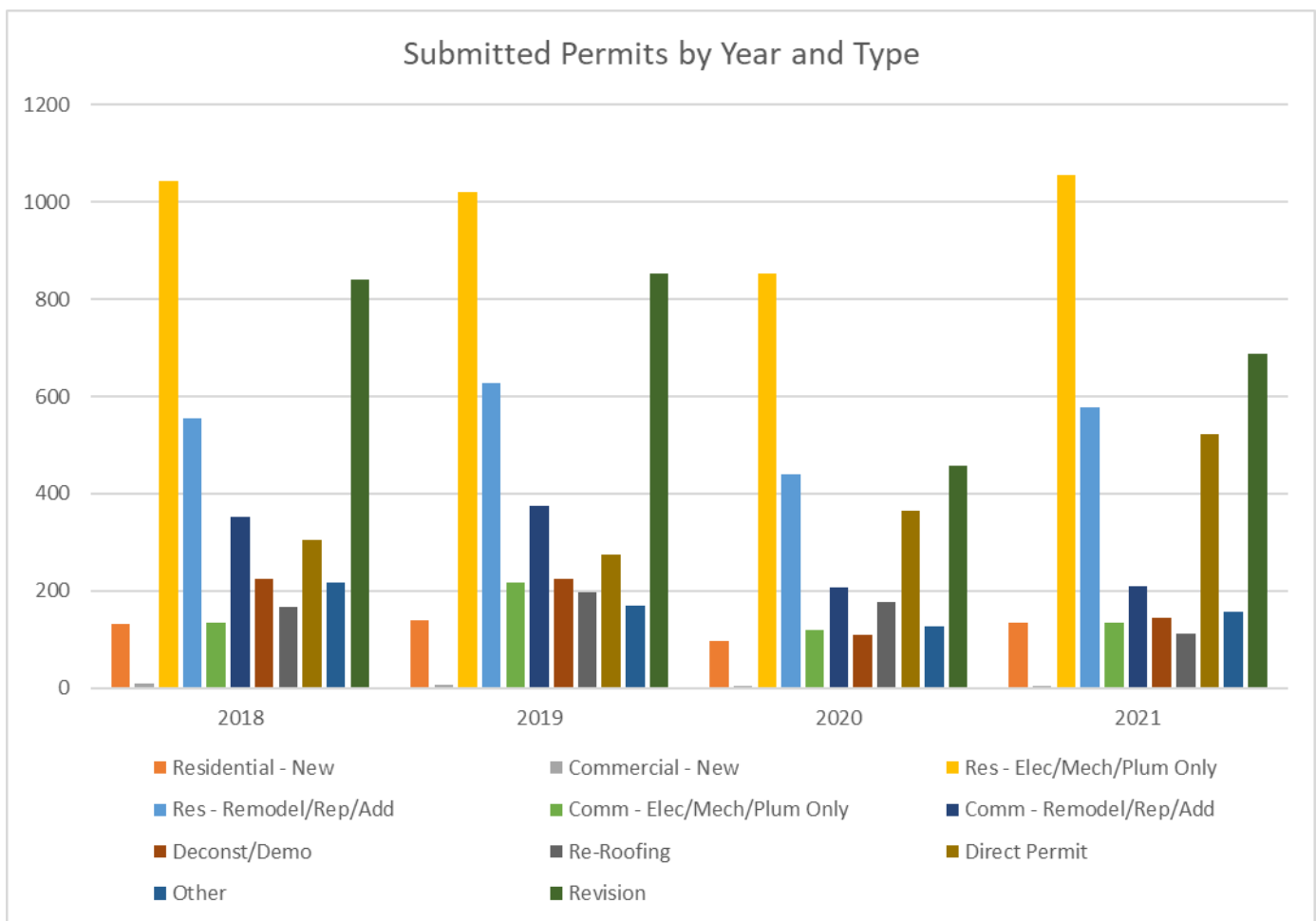

Total permits submitted has been impacted in recent years from a level of approximately 4,000 permits submitted annually in 2018 and 2019 – with 2020 showing just under 3,000 total permits submitted. Permits submitted has rebounded in 2021 with over 3,700 permits submitted. Demand for permits decreased 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
Resisdential - 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
	Commercial - Interior Non-Structural Demolition	650
Re-Roofing	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.
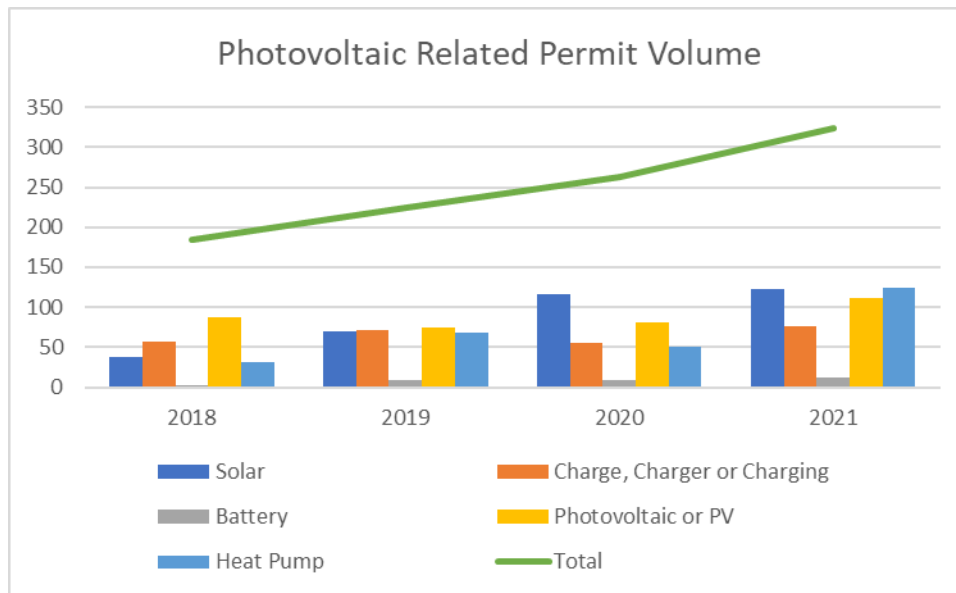
In aggregating the data, the OCA made every effort possible to not double count between the categories indicated within the table. Overall volume for these types of projects continue to increase, even with pandemic related pressures that likely caused decrease in overall permit volume as discussed earlier 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.

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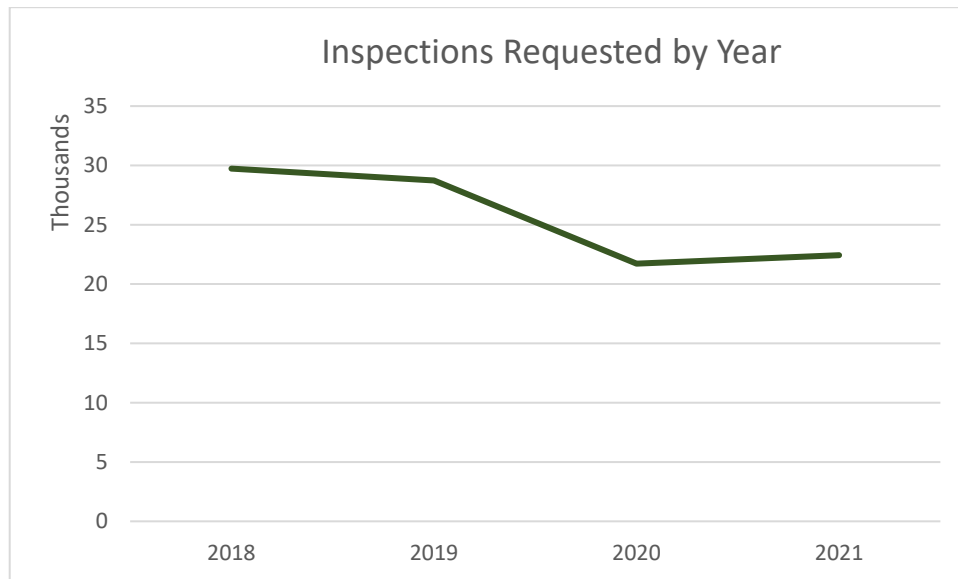
As with permits submitted, inspections requested has also decreased since 2018, again driven by pandemic related pressures. Number of inspections for 2021 has increased slightly at just over 22,400 – but still below the 2018 level of nearly 30,000, a near 25% decrease.

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.

Inspections Requested that Were Cancelled or Not Ready by Year

— Cancelled   — Not Approved-Not Ready
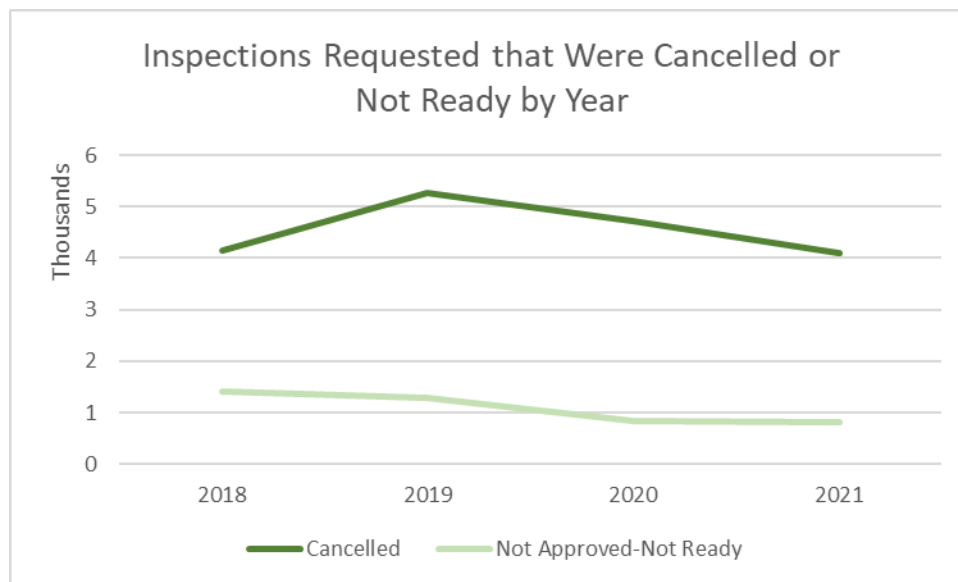
The number of inspections requested and then cancelled totals just over 4,000 for 2021, with a approximately 800 additional scheduled inspections deemed not ready. For 2021 this totals nearly 5,000 scheduled inspections – nearly 22% of total inspections requested - that were scheduled, but did not result 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
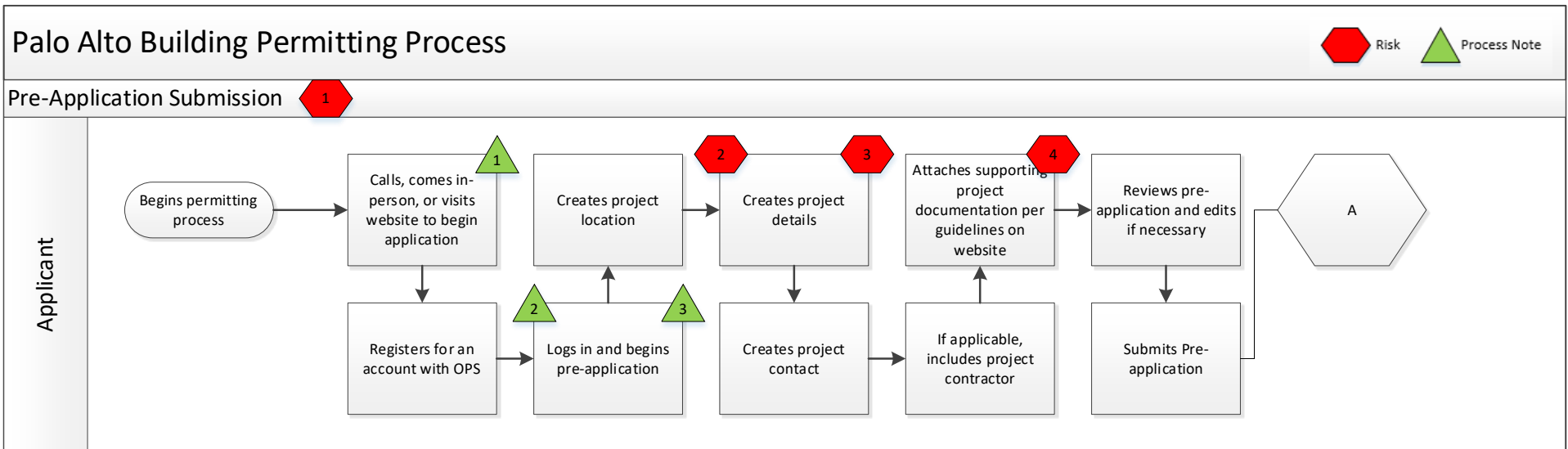
Detailed Permitting Process Walk Through

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.

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.

Palo Alto Building Permitting Process

Risk ⬡   Process Note △

Pre-Application Submission

Applicant

- Begins permitting process
- Calls, comes in-person, or visits website to begin application △1
- Creates project location
- Creates project details ⬡2 ⬡3
- Attaches supporting project documentation per guidelines on website ⬡4
- Reviews pre-application and edits if necessary
- A
- Registers for an account with OPS
- Logs in and begins pre-application △2 △3
- Creates project contact
- If applicable, includes project contractor
- Submits Pre-application

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.*
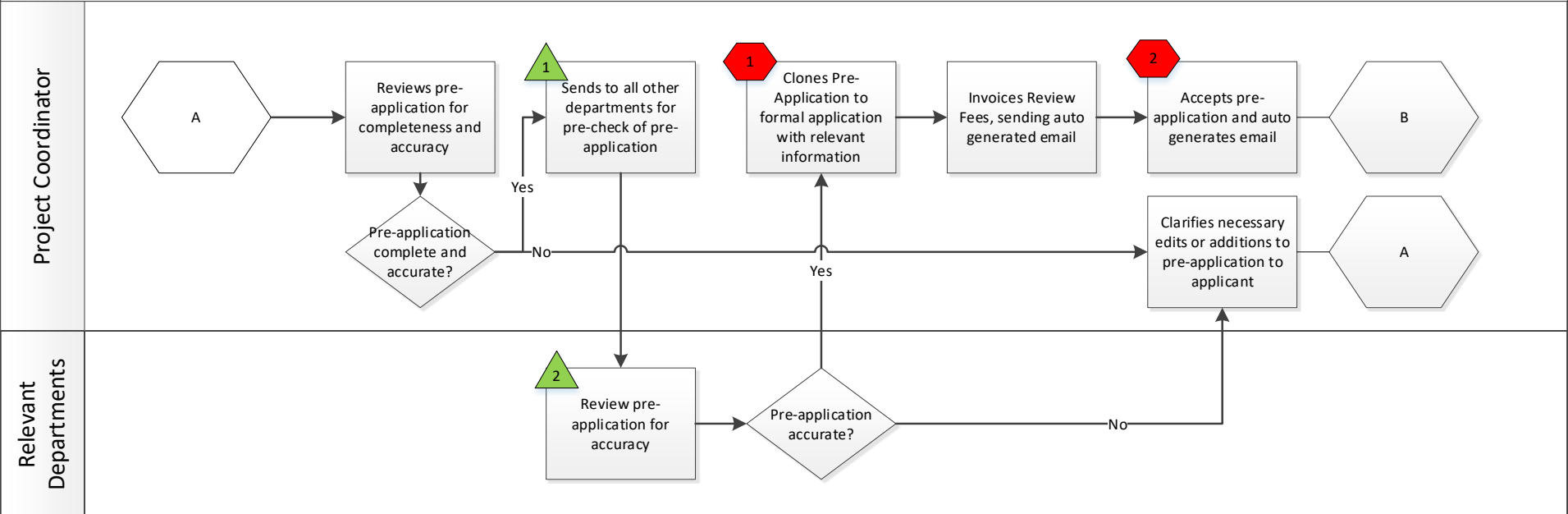
Risk Notes

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.*

Palo Alto Building Permitting Process

Pre-Application Review

Project Coordinator

A → Reviews pre-application for completeness and accuracy → Pre-application complete and accurate? —Yes→ Sends to all other departments for pre-check of pre-application — Clones Pre-Application to formal application with relevant information → Invoices Review Fees, sending auto generated email → Accepts pre-application and auto generates email → B

Clarifies necessary edits or additions to pre-application to applicant → A

Relevant Departments

Review pre-application for accuracy → Pre-application accurate? —No→ (to Clarifies necessary edits)

Risk / **Process Note**

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.
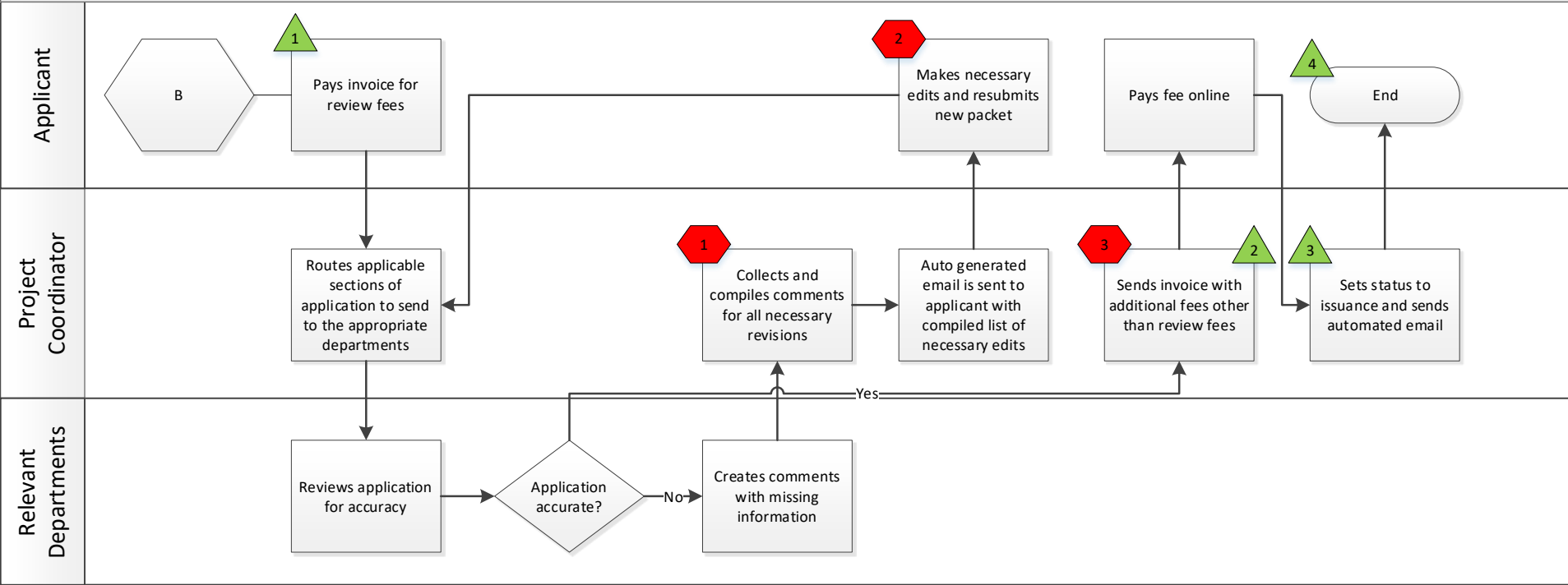
Risk Notes

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.

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Palo Alto Building Permitting Process

Risk (red hexagon)   **Process Note** (green triangle)

Application Review and Issuance

Applicant

- B
- △1 Pays invoice for review fees
- ⬡2 Makes necessary edits and resubmits new packet
- Pays fee online
- △4 End

Project Coordinator

- Routes applicable sections of application to send to the appropriate departments
- ⬡1 Collects and compiles comments for all necessary revisions
- Auto generated email is sent to applicant with compiled list of necessary edits
- ⬡3 Sends invoice with additional fees other than review fees
- △2
- △3 Sets status to issuance and sends automated email

Relevant Departments

- Reviews application for accuracy
- Application accurate? — No → Creates comments with missing information
- Yes

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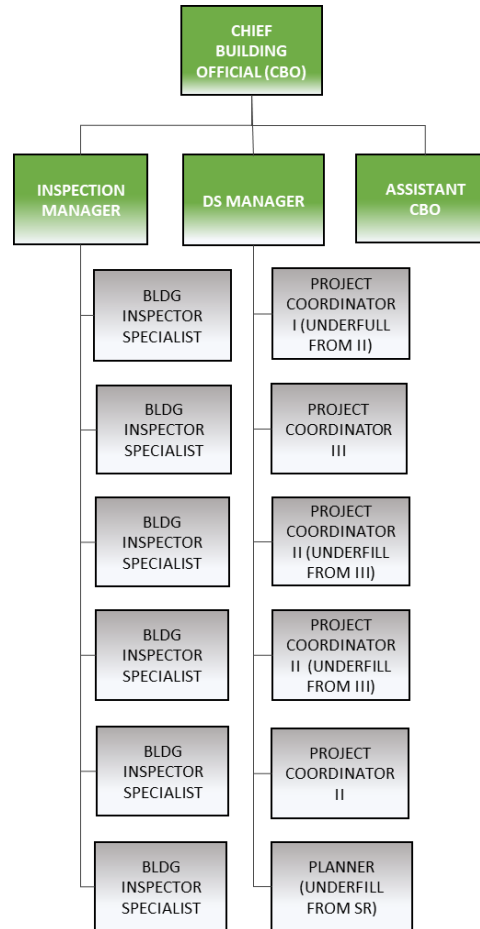
Positions reporting to the CBO are all recent hires, but with prior experience in the City, as follows:

- 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.
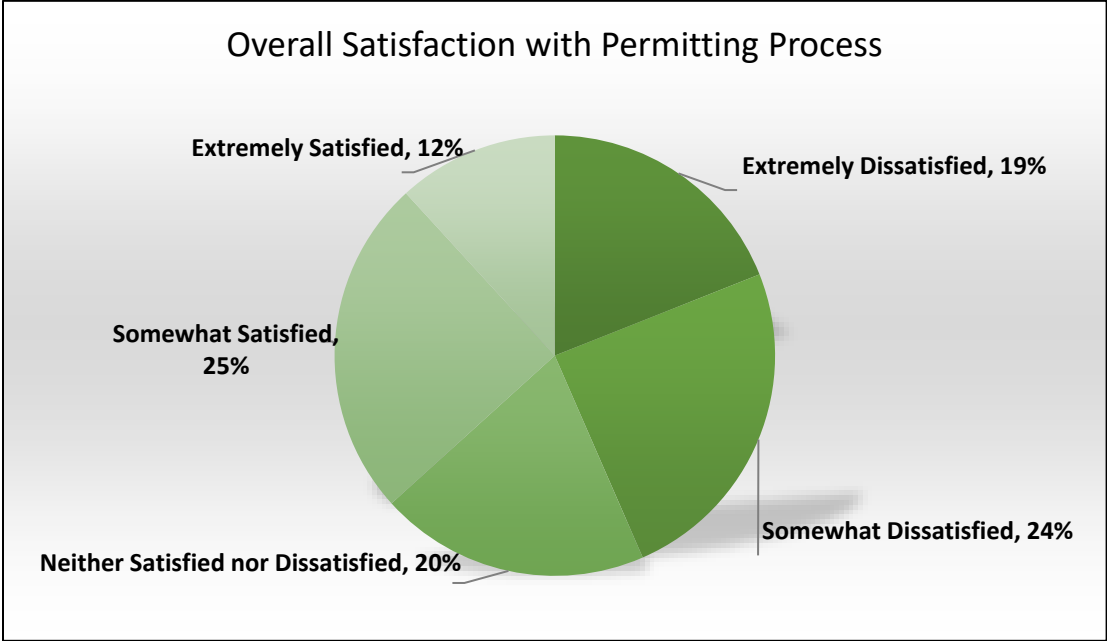
Customer Survey

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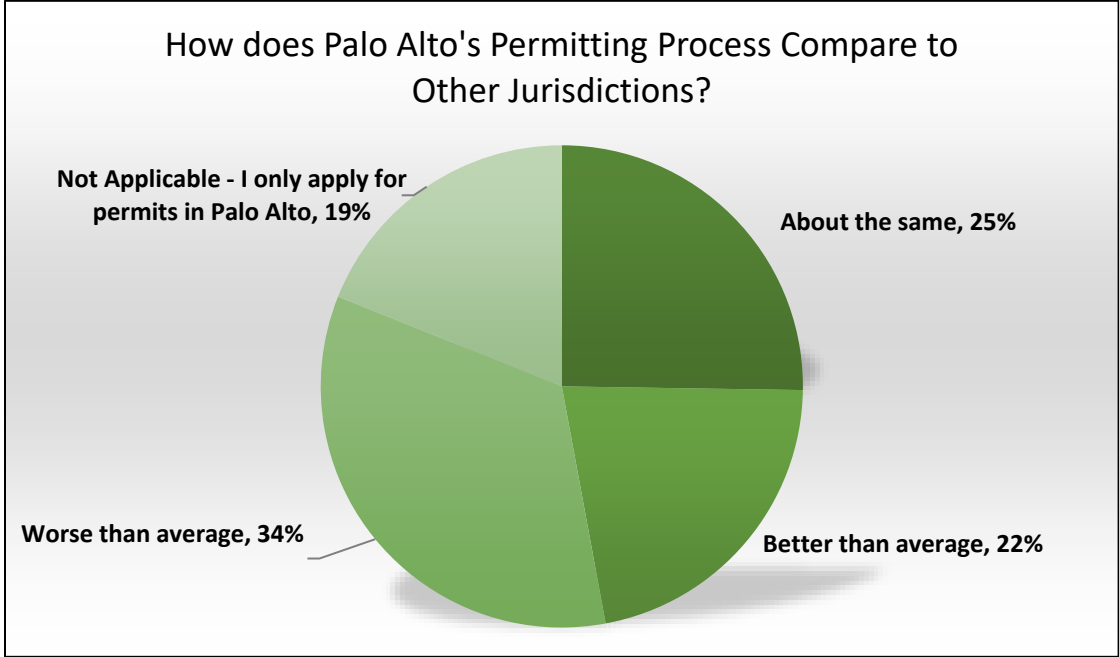
The following is a list of questions included in the survey:

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.

Overall Satisfaction with Permitting Process

Extremely Satisfied, 12%

Extremely Dissatisfied, 19%

Somewhat Satisfied, 25%

Somewhat Dissatisfied, 24%

Neither Satisfied nor Dissatisfied, 20%

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.

How does Palo Alto's Permitting Process Compare to Other Jurisdictions?

About the same, 25%

Better than average, 22%

Worse than average, 34%

Not Applicable - I only apply for permits in Palo Alto, 19%

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.

Were You Aware of Palo Alto's Development Center offering In-person Building Permit Application Assistance?

Yes, 41%
No, 59%
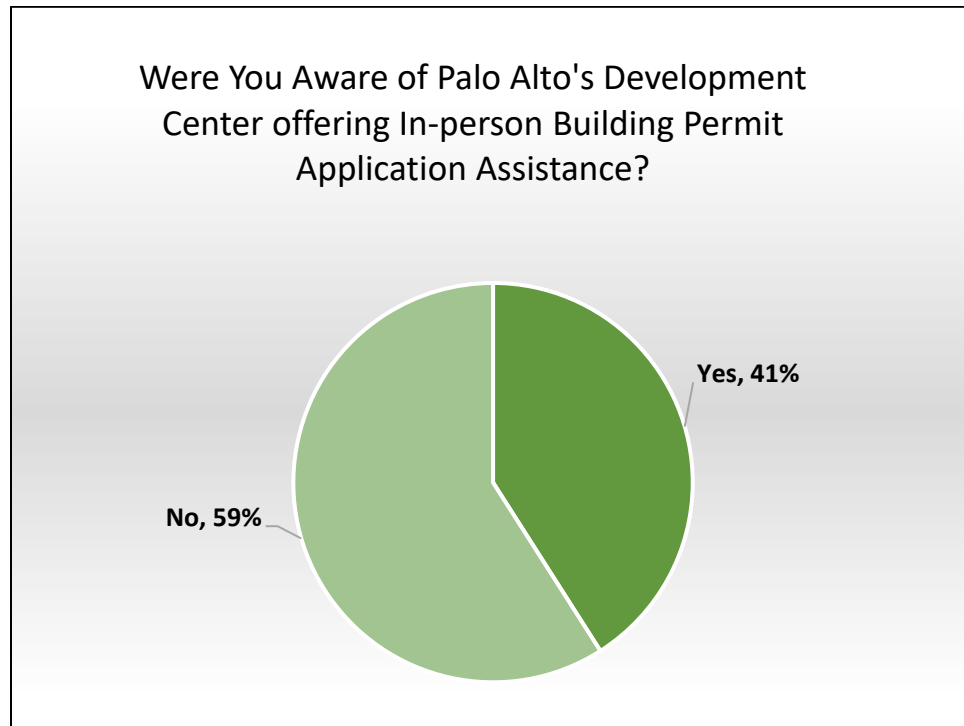
The survey included a number of opportunities for respondents to share additional comments, thoughts, etc. The following provides a high-level summary of the general themes of these comments, based on the OCA's examination:

- 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	• 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	• 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	• 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	• 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	• 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

City	Summary of Significant Information	Source(s)
	• 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	**The lead time for a building inspection is approximately two weeks from request to inspection.** 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.	**The OCA recommends hiring additional staff and implementing efficiency measures to improve permitting and inspections cycle times.** 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: 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
			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). 5. Consider the role of a lead inspector/field supervisor to help with training, quality control, and other duties that would assist inspection manager			

#	Observation Title	Summary of Observation	Recommendation	Impact	Barriers to Improvement	Overall Priority
2	Customer Service/Accessibility	**Customers/applicants need better information on all aspects of the permitting and inspection process.** 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. . 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. Per PDS staff, applicants also can be confused as to what type	**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.** 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. 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	**2. Med**	**2. Med**	**2. Med**

#	Observation Title	Summary of Observation	Recommendation	Impact	Barriers to Improvement	Overall Priority
		of inspection to request. This is likely due to there being incomplete guidance provided on PDS website – particularly related to final inspections. —	range repository of information regarding the permit and inspection processes going forward. 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).			

#	Observation Title	Summary of Observation	Recommendation	Impact	Barriers to Improvement	Overall Priority
3	Guidance/Forms/Checklists	**A number of the forms, guidelines, and checklists provided on PDS's website date from prior use of the OPS system.** 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.	**The OCA recommends modifying OPS to incorporate relevant information and present in more intuitive format.** 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. 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 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	**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	**Applicants knowingly submit incomplete information.** 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.	**The OCA recommends to providing better guidance resources and rejecting any incomplete applications.** 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.	**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	**Requirements for pre-application/application plan review and permitting are not always clear.** 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.	**The OCA recommends improving notification for all involved departments of pending reviews simultaneously at the pre-application stage.** 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.	**2. Med**	**2. Med**	**2. Med**

#	Observation Title	Summary of Observation	Recommendation	Impact	Barriers to Improvement	Overall Priority
6	OPS Functionality	**PDF forms required by OPS, including the building permit application, do not always provide sufficient information for review.** 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.	**The OCA recommends digitizing data collection from PDF to directly in the OPS system to ensure that all relevant data is captured.** 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.	**2. Med**	**2. Med**	**2. Med**

#	Observation Title	Summary of Observation	Recommendation	Impact	Barriers to Improvement	Overall Priority
7	Policies and Procedures	**PDS does not have a shared and consistent set of Standard Operating Procedures (SOPs).** 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.	**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.** 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.	2. Med	2. Med	2. Med

#	Observation Title	Summary of Observation	Recommendation	Impact	Barriers to Improvement	Overall Priority
8	Need for Updated Strategy	**PDS is operating under an outdated initiative for the operation of its building permit function.** 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.	**The OCA recommends PDS develop an updated strategic plan reflecting current realities and the lessons-learned throughout the pandemic.** 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-fresh 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	2. Med	2. Med	2. Med

#	Observation Title	Summary of Observation	Recommendation	Impact	Barriers to Improvement	Overall Priority
			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. 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).			

#	Observation Title	Summary of Observation	Recommendation	Impact	Barriers to Improvement	Overall Priority
9	Need for Further Technology Improvements	**Technology challenges impede plan review and permitting processes.** 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.	**The OCA recommends that PDS continues exploring technology enhancements and better platforms** 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. 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.	**2. Med**	**2. Med**	**2. Med**

#	Observation Title	Summary of Observation	Recommendation	Impact	Barriers to Improvement	Overall Priority
10	Training - Project Coordinators and Inspectors	**Project Coordinator training needs improvement. Inspectors need time for training.** 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.	**The OCA recommends PDS create materials to train from and prioritize time for training.** 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.	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	**Palo Alto code modifications increase the complexity of the building plan review and permitting process.** 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.	**The OCA recommends that interim code interim modifications are limited as much as possible** 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.	**2. Med**	**2. Med**	**2. Med**

#	Observation Title	Summary of Observation	Recommendation	Impact	Barriers to Improvement	Overall Priority
12	Quality Control	**Quality control processes can be strengthened.** 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.	**The OCA recommends PDS place a greater emphasis on quality control and resources to help promote it.** 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.	**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	**Difficulties in hiring and retaining contract staff impede departmental performance.** 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.	**The OCA recommends that PDS develop plans to best utilize/balance contract staff.** 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. 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.	2. Med	1. High	2. Med

#	Observation Title	Summary of Observation	Recommendation	Impact	Barriers to Improvement	Overall Priority
14	Vacancies and staff turnover	**Turnover in key staff positions constrains organizational efficiency and effectiveness.** 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.	**The OCA recommends developing a strategic hiring plan for recruitment and retention.** 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.	2. Med	2. Med	2. Med

#	Observation Title	Summary of Observation	Recommendation	Impact	Barriers to Improvement	Overall Priority
15	Unpermitted Work	**Unpermitted building may have increased during the pandemic.** 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.	**The OCA recommends that PDS improve timeliness and complexities of permit and inspection processes to promote compliance.** 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.	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.
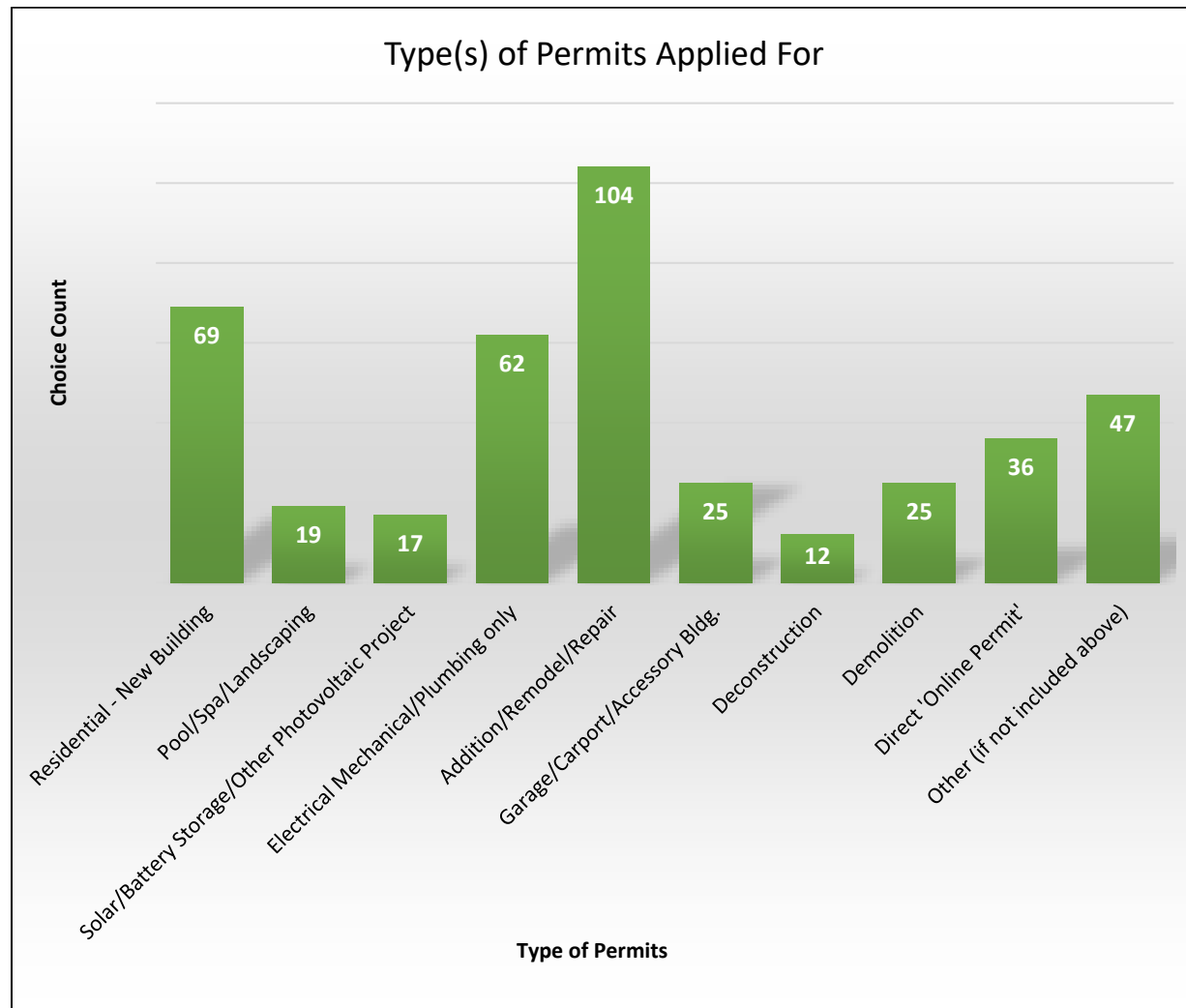
9. What is your perception of the following areas of additional steps and requirements related to the permit application and review process?
   Very positive, Positive, Neutral, Negative, Very negative
   a. Tree preservation and protection
   b. De-watering requirements
   c. Architectural review
   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?

Describe Role in Permitting Process

Description	Choice Count
Architect	67
Engineer	3
Commercial Contractor	23
Home Builder	20
Electrical Contractor	8
Plumbing Contractor	16
HVAC Contractor	17
Solar Contractor	4
Homeowner	42
Other - Please Specify:	50

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

Type(s) of Permits Applied For

Choice Count

Type of Permits

- Residential - New Building: 69
- Pool/Spa/Landscaping: 19
- Solar/Battery Storage/Other Photovoltaic Project: 17
- Electrical Mechanical/Plumbing only: 62
- Addition/Remodel/Repair: 104
- Garage/Carport/Accessory Bldg.: 25
- Deconstruction: 12
- Demolition: 25
- Direct 'Online Permit': 36
- Other (if not included above): 47

3. When did you last apply for a permit?

When Did You Apply for Permit?

Choice Count					
36	41	51	59	50	13
Within the last week	Within the last month	Within the last 3 months	Within the last 6 months	Within the last year	More than one year ago

Reason for Applying

4. How often do you apply for building permits?

How Often Do You Apply for Building Permits?

Choice Count / Frequency

- Weekly: 25
- Monthly: 47
- A few times a year: 95
- Annually: 18
- Infrequently: 64

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

Were You Aware of Palo Alto's Development Center offering In-person Building Permit Application Assistance?

Yes, 41%

No, 59%

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

Use of In-person Service of On-line Application Process

Choice Count

Pre-COVID, In-Person/Counter Service	25
During COVID, In-Person/Counter Service	2
Online System	200
During COVID - both in person and on-line	12
Other-Please specify	10

Service Uses

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)
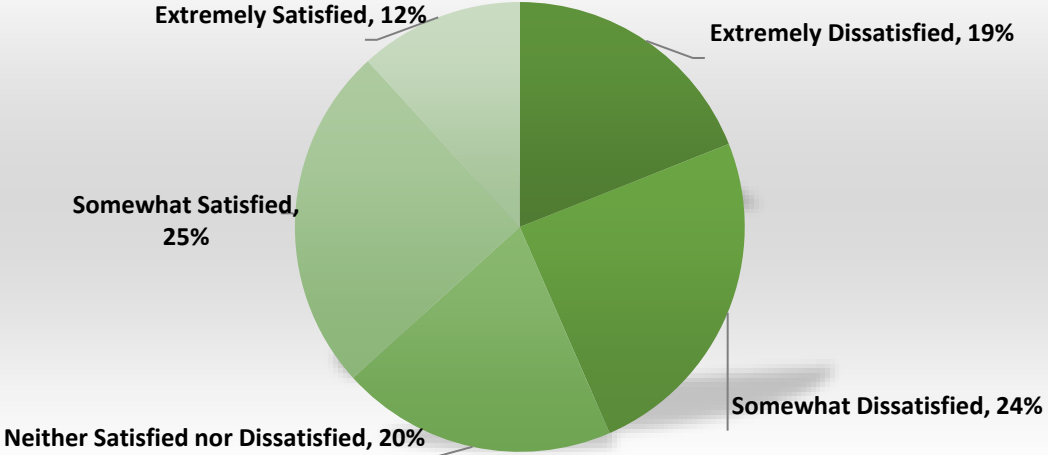   h. Expedited permit for additional fee

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?
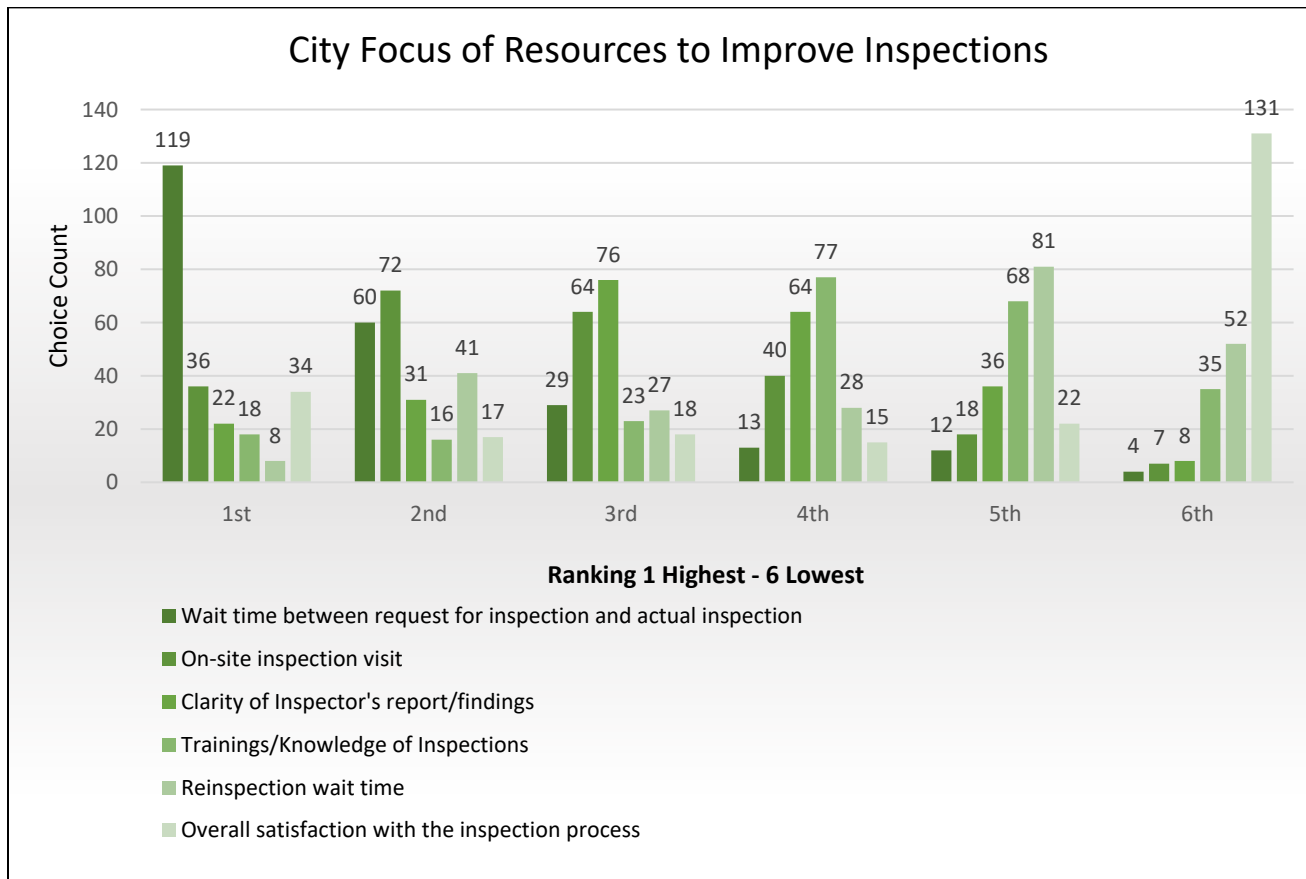
Perception of Additional Permit Application Requirements

Chart: "Perception of Additional Permit Application Requirements"

Y-axis: Choice Count
X-axis: Perception Options

Perception	Tree Presearvation and Protection	De-watering Requirements	Architectural Review	Deconstruction and Demolition	Utilities Coordination
Very Positive	30	21	19	20	29
Positive	37	29	51	54	48
Neutral	137	171	125	143	127
Negative	19	11	30	15	18
Very Negative	18	9	16	9	19
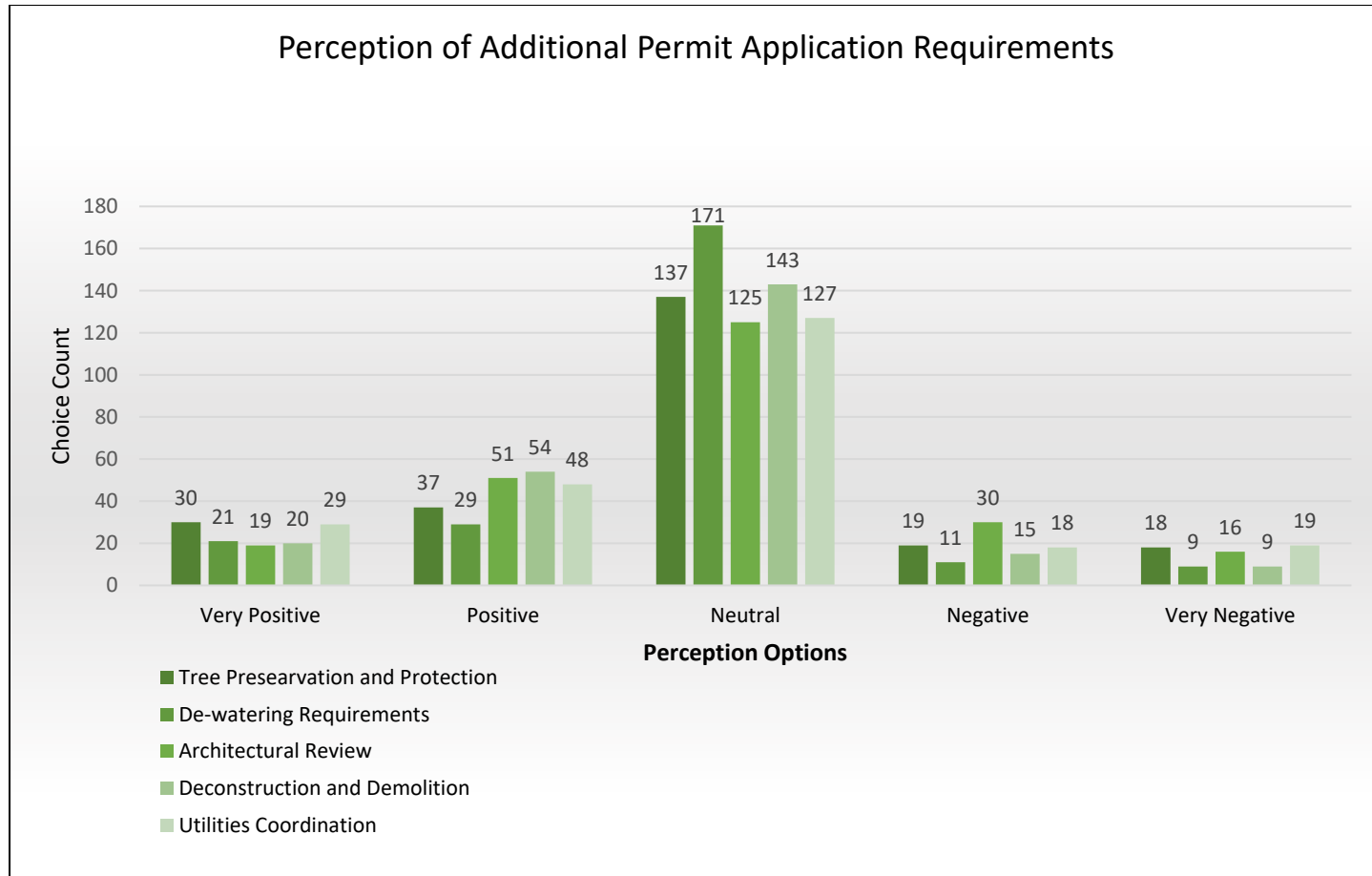
11. Please rate your overall satisfaction with the permitting process

Overall Satisfaction with Permitting Process

Extremely Satisfied, 12%

Extremely Dissatisfied, 19%

Somewhat Satisfied, 25%

Somewhat Dissatisfied, 24%
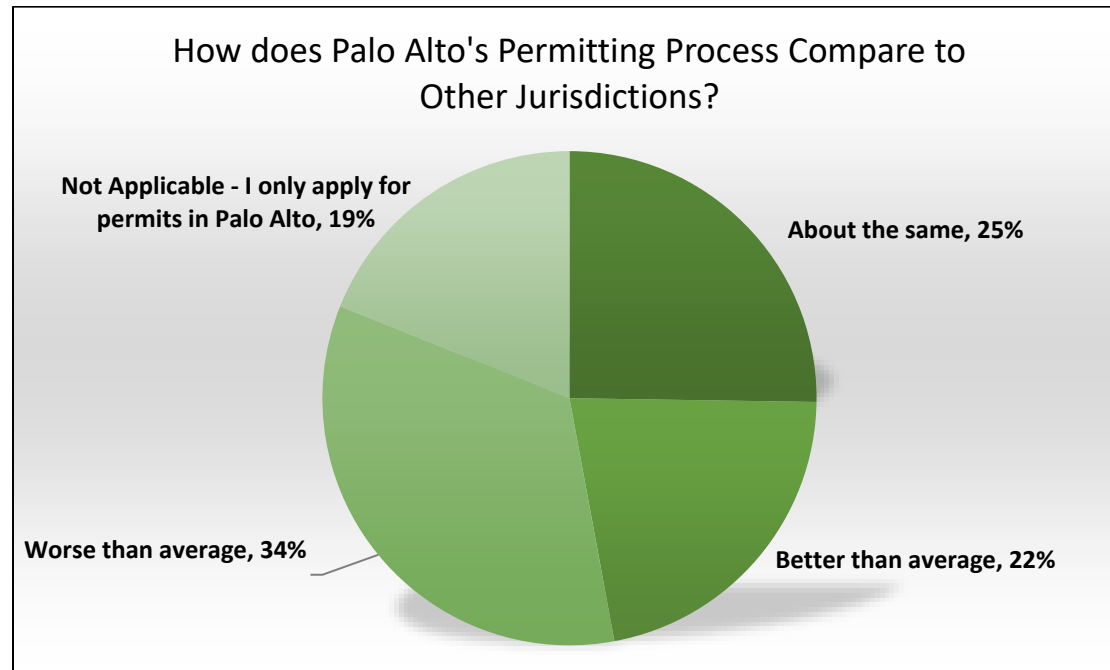
Neither Satisfied nor Dissatisfied, 20%

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?

How does Palo Alto's Permitting Process Compare to Other Jurisdictions?

Not Applicable - I only apply for permits in Palo Alto, 19%

About the same, 25%

Worse than average, 34%

Better than average, 22%

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
Finding: **The lead time for a building inspection is approximately two weeks from request to inspection.**				
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	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.		
Find additional efficiencies with current staff, including assigning geographic areas to Inspectors to reduce travel time and possibly assigning inspections by specialty	PDS	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.		

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.	PDS	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 venders to ensure Palo Alto remains competitive with other jurisdictions.		
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).	PDS	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.		
Consider the role of a lead inspector/field supervisor to help with training, quality control, and other duties that would assist inspection manager	PDS	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.		

Finding: **Customers/applicants need better information on all aspects of the permitting and inspection process.**				
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.	PDS	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.		
Finding: **A number of the forms, guidelines, and checklists provided on PDS's website date from prior use of the OPS system.**				
The OCA recommends modifying OPS to incorporate relevant information and present in more intuitive format.	PDS	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.		
The OCA recommends to providing better guidance resources and rejecting any incomplete applications.	PDS	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.		

Finding:	**Requirements for pre-application/application plan review and permitting are not always clear.**		
The OCA recommends improving notification for all PDS involved departments of pending reviews simultaneously at the pre-application stage.	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.		

Finding:	**PDF forms required by OPS, including the building permit application, do not always provide sufficient information for review.**			
The OCA recommends digitizing data collection from PDF to directly in the OPS system to ensure that all relevant data is captured.	PDS	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.		
Finding:	**PDS does not have a shared and consistent set of Standard Operating Procedures (SOPs).**			
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.	PDS	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.		

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.**			
The OCA recommends that PDS continues exploring technology enhancements and better platforms	PDS	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.		

Finding:	**Project Coordinator training needs improvement. Inspectors need time for training.**			
The OCA recommends PDS create materials to train from and prioritize time for training.	PDS	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.		

Finding: **Palo Alto code modifications increase the complexity of the building plan review and permitting process.**				
The OCA recommends that interim code interim modifications are limited as much as possible	PDS	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.		
Finding: **Quality control processes can be strengthened.**				
The OCA recommends PDS place a greater emphasis on quality control and resources to help promote it.	PDS	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.		

Finding:	**Difficulties in hiring and retaining contract staff impede departmental performance.**		
The OCA recommends that PDS develop plans to best utilize/balance contract staff.	PDS	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. | | |