

August 29, 2012, rev 9/7/12

Task Group Assignment Report

How Jurisdictions are Recovering from budget & staff cuts

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Part 1: Assignment overview and participant list

1.1. The assignment

The specific challenge the Task Group was asked to address; “**How Jurisdictions / Departments are Recovering from Budget & Staff Cuts**”. Issues to cover included;

- How has the economic recession impacted jurisdictions?
- What are they doing to work with less?
- Identify specific streamline efficiencies.
- How are they recovering from these cuts?

Background; the recent recession heavily impacted many AHJ’s. While the timing varies depending on who you talk to (somewhere in the range of mid 2008 to late 2010), it is hard to find an isolated jurisdiction that escaped the ill effects of the economic downturn. With local government property tax levels or sales tax levels (or both) diving, many inspection directors felt their budgets shrink by 10-15%, and they were the lucky ones. Fully fee funded agencies were savaged with revenues dropping 50-60%, as commercial construction declined and home builder residential work fell by as much as 75% or more. Some inspection departments suffered staff reductions approaching 50% or greater. In some locations, permits issued counts were off by 25% and inspections requested counts declined more than 50%.

Late last winter, the economy began to show some sparks of life. While home builder residential remains down (and likely will stay there until the foreclosure crisis passes) commercial projects have shown a small heartbeat. This poses MJC members with some equally tough questions.

- How fast will the market come back and will it run over us before we can staff up to service a higher level of demand?
- If we depend on a local government tax based general fund, will it improve quickly enough to support adding new code officials, or will it lag significantly? Will we end up fighting with other managers for the limited resources available?
- When we go back into the market place, will there be a solid supply of code official candidates to hire, or will those persons have abandoned the regulatory-design-construction fields entirely, shell shocked by the staggeringly high lay off levels from 2008-2010?
- What other service options are out there to bridge either a timing gap (slow HR hiring process) or funding gap (construction activity moving faster than general fund tax growth)?
- How can MJC members help each other, not just survive the recovery from the recession, but do very well coming out the other side?

1.2. Participants list

Contributing case studies;

- Amit Ghosh, Deputy Director Planning & Buildings, City of Cincinnati
- Michael D. Sizemore CBO, Manager Inspection Services, City of Denver
- Bill Hatch, Public Information Officer, Idaho Division of Building Safety
- Jim Bartl, Director of Code Enforcement, Mecklenburg County, NC.
- Michael E Fink, Deputy Commissioner, Division of Development, City of Philadelphia
- Cindy Stotler, Assistant Planning & Development Director, City of Phoenix
- Bradley Solon, Building Official, Rapid City
- Afsaneh Ahmadi, P.E., CBO, Chief Building Official, City of San Diego

Task Group members;

- Amit Ghosh
- Mike Sizemore
- James Bartl, Chair

Part 2: Abstract of key issues

City of Cincinnati, OH

- 20% staff cuts, though the work load has remained steady.
- Workflow automation has helped, but still overall customer service has suffered.
- So if the economy improves, the City will be at a disadvantage in promoting development.

City of Denver, CO

- Reduced inspection staff by 28% since 2008.
- Created a “combination Inspector” classification, which allows performing more inspections with fewer inspectors.
- To support combination inspector, created a comprehensive in house training program for our internal staff seeking the new classification.

State of Idaho

- Reduced FTE’s by 34% since 2008 (from 152 to 100).
- Revenue decreased from 2008 high of just over \$12 million to approximately \$8.4 million in Fy12.
- Vehicles and other equipment kept in service longer than previously.
- Moved to certify the majority of inspectors in multiple disciplines.

Mecklenburg County, NC

- From Fy09 through Fy11, enacted a 46% reduction in force, from 242 positions down to 130.
- Overall budget declined from \$24.8M to \$13.22M
- Lasting effects lists 4 initiatives;
 - Trade Internet permits; makes taking out trade permit as easy as buying book from Amazon.com.
 - 2010 Reorganization Plan; moved field inspections from BEMP silo structure to team based-project focused org.
 - Administrative support team consolidation; collapsed admin support in one group with extensive cross training.
 - Technology surcharge; 5% on all commercial projects for 4 years, allowed continued development of commercial electronic plan submittal & review, and other key tech projects.

City of Philadelphia, PA

- Staff population from 18.4% from Fy08 –Fy12, declining from 356 FTE’s to 298 FTE’s.
- Revenue declined 31%, from \$45.76M in Fy08 to \$40.71M in Fy09.
 - Focused effort to increase permit & license fees recovered all of this by Fy11, reaching \$46.02M.
- Fy09, addressed 8 changes, including reconfiguring intake process, developing EZ Permit Standards, and combining functions of multiple inspections and plans examiner personnel,...
- In Fy10, addressed 4 changes, including reducing overtime by 23% and instituting a Fast Track Zoning appeals.
- In Fy11, addressed 7 changes, including Saturday construction inspection shifts, monthly management meetings on performance, and leadership training for managers and supervisors.
- The entire economic downturn experience caused a Department focus on core values and responsibilities in 4 area.
 - a) Focus on code responsibilities
 - b) Staff development
 - c) Meeting customer expectations
 - d) Credibility

City of Phoenix, AZ

- Single family housing permits fell from 12,000/year (2004-05) to 2700/year (2007-08)
- Over two years, Development Services reduced staff from 573 to 199FTE's, and consolidated with Planning Department and Historic Preservation Office..
- Pursued streamlining and alternatives to traditional processes, including;
 - Plan Review Self-Certification; available to qualifying Architects & Structural Engineers
 - Permits-By-Inspection; on small residential and commercial projects, field inspector performs both the review and inspection.
 - Electronic Plan Review; in development
 - Express Pass Site Plan Review; selected small project over the counter approval

Rapid City, SD

- No staff cuts, but budget cuts to all city departments including Inspection Services; some cuts are “unreasonable”.
- Increasing permits fees is out of the question; inspection fees have not been increased for years.

City of San Diego, CA

- Since 2008 reduced staff 25% across the board in each division, from 379 FTE's to 286.
- While work load is gradually increasing no indication of returning to 2008 staff levels.
- Embracing “do more with less” led to lasting effects including mandatory furloughs, cross training positions, as well as 8 others listed.

Part 3: Case study submittals

3.1. Case Study from City of Cincinnati City Planning and Buildings

Date: August 10, 2012

Person submitting; Amit Ghosh, Deputy Director

Contact information; 513 352-3433720-865-2510, amit.ghosh@cincinnati-oh.gov

1. Jurisdiction background or brief description

Cincinnati is more than 200 years old (Established in 1788), about 70 square miles in land area with a population of 330,000. Population of the metro area is about 2.5 million. It is corporate headquarters for a number of Fortune 500 companies such as Procter & Gamble, Kroger, Macy's, Fifth Third Bank, and Western & Southern Life Insurance Co. The Building stock in Cincinnati is older with 22 local historic districts. Most construction is either rehabilitation or new construction in-fill site. Valuation of residential work including new construction, additions and alterations is typically less than 10 percent of the total work valued between \$500 million to \$600 million per year.

2. Impact of the 2008-2011 economic downturn

In Cincinnati, construction and permit revenues have been steady during the years 2008 through 2011 with a 10% overall increase in the number of permits and 8% overall increase in revenues. However, the permit fees go into the City's General Fund and the City's General Fund has had recurrent deficits. So the Buildings and Inspections Division has suffered more than 20% staff cut while the work load has remained steady. Further workflow automation has made a difference but overall customer service has suffered. Ohio laws or Section 109, IBC, do not specify that permit fees may only be used for providing the needed services.

3. Lasting effects

If the economy improves, the City will be at a disadvantage in promoting development.

3.2. Case Study from City of Denver Office of Development Services

Date: July 18, 2012

Person submitting; Michael D. Sizemore CBO, Manager Inspection Services

Contact information; 720-865-2510, or michael.sizemore@denvergov.org

1. Jurisdiction background or brief description

The City of Denver Office of Development Service enables homeowners, contractors and developers, by green-lighting projects and issuing the proper permits. Through our plan reviews, building inspections and neighborhood inspections, we ensure public safety and quality-of-life standards for Denver's communities. Through each of these critical roles, Development Services helps to implement the city's vision for an outstanding Denver. And now, through the DevelopDENVER strategic plan, Development Services staff is working to streamline city processes and eliminate red tape.

The DevelopDENVER plan, launched in 2012, is a multi-agency effort to streamline city processes for everyone. Whether you're a resident working on a small home improvement project, or a real estate developer creating a new town center, DevelopDENVER will help to make the process better, faster and stronger.

2. Impact of the 2008-2011 economic downturn

We have reduced inspection staff by 28% since 2008. One of the efforts we have done in "doing more with less", since revenue is down but inspections are steady, is to create a "combination Inspector" classification or actually three classifications I/II and a Chief Combination Inspector which allows us to perform more inspections with fewer inspectors. While not yet fully operational (no quantifiable data available yet), it was a giant leap forward for us particularly based on the "union" pressure and subsequent political push back "of sorts"

3. Lasting effects

We also created a comprehensive in house training program for our internal folks who want to progress from the Previous Trades Inspector" classification to the new classification (more money obviously)

3.3. Case Study from State of Idaho Division of Building Safety

Date: August 9, 2012

Person submitting; Bill Hatch, Public Information Officer

Contact information; 208-332-7121, Bill.Hatch@dbs.idaho.gov

1. Jurisdiction background or brief description

The Division of Building Safety licenses all plumbing, electrical and HVAC apprentices, journeymen and contractors statewide. We issue permits for such trade work in all areas where other jurisdictions have not established approved programs. We regulate the HUD manufactured housing and modular building industries in Idaho. We license and regulate the activities of public works contractors. Other elements of the agency operate the school safety, industrial safety and logging safety programs. We are a dedicated fund (self-funded) agency. As such, we depend entirely on permit, licensing, plan review and inspection fees to operate our various programs.

2. Impact of the 2008-2011 economic downturn

Since 2008, the number of full-time employees has decreased from 152 to 100. Our available revenue has decreased from a high of just over \$12 million in 2008 to approximately \$8.4 million at the end of FY 2012. Our employees received no pay increases for more than three years.

3. Lasting effects

We have had to learn to operate more efficiently, to utilize vehicles and other equipment longer than we had previously and to cover the same geographic area with far fewer people. We have certified the majority of our inspectors in multiple disciplines. We will rebuild only as rapidly as the construction economy permits. It is not likely, in the foreseeable future, that we will expand back to or exceed the size we were in 2007-2008.

3.4. Case Study from Mecklenburg County, NC LUESA - Code Enforcement

Date; March 28, 2012

Person submitting; James N. Bartl, AIA, Director of Code Enforcement

Contact information; 704-336-3827, james.bartl@mecklenburgcountync.gov

1. Introduction/background

Mecklenburg County Code Enforcement (MCCE) is a consolidated authority, providing plan review, permitting and inspections service to the City of Charlotte, NC and the six Towns within Mecklenburg County. Basically, if you build vertically in Mecklenburg County, it goes through MCCE's office. They also manage the integrated construction permitting system for all local governments and agencies. MCCE is fully fee funded (use no Ad Valorem tax money or General Fund support), which means they were especially vulnerable to an economic downturn. As a hedge against this, in 1999, the Mecklenburg Board of County Commissioners (BOCC) created a special reserve fund as a cushion for a possible economic downturn. The reserve fund received any unspent fee revenue at the end of a fiscal year, and over the years grew to \$8.5M in summer 2008.

Since the last recession in 2001, MCCE grew to 242 FTE's supported by a \$24.8M budget. The Department has a long history of using technology to support permitting and inspection work (inspectors have operated from "office" trucks in the field since 1995). When the Great Recession hit, MCCE was focused on moving all customer service to the web and creating an entirely paperless process; short of commercial plan submittal and review, MCCE had achieved that goal.

2. Impact of the downturn

On July 1, 2008, MCCE entered Fy2009 with 242 FTE's and a budget of \$24,816,388; this included a monthly projected permit fee revenue of \$1,728,115 (other miscellaneous revenue totaling about 15% balanced the budget), which compared favorably with our Fy08 average monthly permit fee revenue of \$1,809,564. Our first 3 months of permit revenue included July at \$1,286,621, August at \$2,150,605 and September at 1,143,022. On Oct 2, 2008, upon reviewing the September revenue figures, MCCE suspended all overtime, part time and contract labor work (roughly 7% of code official resources), and ordered a stop to any expenses not absolutely necessary (travel, etc). The only exception to this was technology development, which continued through outside contracts, funded by the reserve fund.

By November, it became obvious that monthly revenue was moving in a significant downward trend, a decline so large that it could not be controlled by managing expenses outside of payroll. Consequently, management began considering strategies to reduce full time staff, if monthly permit fee revenue did not improve. Ultimately, this led to a two year budget odyssey that produced the following;

- Fy2010 budget of \$17,551,587 for 176 FTE's
- Fy2011 budget of \$13,220,555 for 130 FTE's

This represented a reduction in force (RIF) of 112 positions, or 46% of our staff. Because management had difficulty predicting the bottom of the economic downturn (our Fy2010 revenue estimate was too optimistic), the RIF was executed in two stages. The RIF process was blind, bracketing employees in five groups combining longevity and performance. However, the 2nd (Fy11) RIF cut so deeply that several very good employees with up to 20 years with the County were eliminated.

3. A slow recovery

In February, 2011 we noticed the first signs of life in our permit fee revenue numbers. A historically slow month, February monthly permit fees totaled \$1,053,631, 30% above the previous month and 40%+ above February, 2010. Since that time, permit fee revenue has grown at a slow but stable pace, exceeding revenue projections in the 2nd half of Fy11 and 1st half of Fy12 by 22%. In August, 2011 we proposed and the BOCC approved adding 5 inspector positions. In March, 2012 we proposed and the BOCC approved adding another 8 positions, so our total staff level is now up to 142 FTE's.

4. Lasting effects

The following four programs either played a significant role in how we managed the challenge of the Great Recession, or were a direct result of those challenges.

- Trades Internet Permits: this program was in development from 2006 to 2007. The design metaphor was to make taking out a trade (non plan review) permit as easy as buying a book from amazon.com. While contractors doing business with MCCE had internet permitting as early as 1999, the office side still had “staff finger prints” all over the process. We introduced TIP in fall 2008, and it was an immediate hit with contractors, operating 24/7 and producing permits in minutes, if the contractor could make the program Q&A tumblers fall. Equally important, as the RIF cut permitting staff almost in half, TIP assumed a critical role of maintaining timely service to customers. Today, TIP carries roughly 30% of our total permit workload.
- 2010 Reorganization Plan: the recession caused MCCE to completely rethink expenses, moving very close to a true zero based budget process. In January 2010, we asked a parallel question; “if we are shrinking expenses and cutting staff, are we sure our service delivery aligns well with customer needs?”. Consequently, the Department launched an assessment of the entire permitting and inspection process. With extensive input from customers, line staff and management, a number of different options were considered. Ultimately, a change away from the traditional building-electrical-mechanical-plumbing silo structure, and towards team based service delivery was thought to align more closely with AE and GC work in commercial construction, as well as with change tremors in that industry (BIM, IPD, etc). Consequently, on May 5th, 2010, Code Enforcement converted service delivery to the 2010 Reorganization Plan. The Plan includes a number of changes, among them new B-E-M/P Code Administrator positions, focusing full time on interpretations, appeals, consistency and training. Perhaps most significantly, the Plan also introduced the new team based field service delivery approach, with the teams led by Code Enforcement Managers, serving as a “*Key Point of Contact*” for customers interfacing with MCCE on field operations.
- Administrative Support Team (AST) consolidation: as the RIF cut deeply into all positions, MCCE faced a problem with individual administrative support groups (residential permits, commercial permits, records, customer service counters) becoming so skeletal that customer service was threatened. A plan was developed to collapse previously independent administrative support groups into one service group. This required extensive cross training, as well as a campaign that staff should “think collectively” in solving customer problems. This conversion continues today, studying how best to mesh a “pooled” administrative support approach, with specific service needs of the 2010 Reorganization Plan.
- Technology surcharge: the recession caught MCCE in mid-stream in designing a commercial project electronic plan submittal - electronic plan review system (EPS-EPR). With the reserve fund diverted to support the step down of staff while the RIF was executed, the EPS project completion was threatened by lack of funding. The Department’s advisory board, the Building Development Commission, historically has strongly supported technology development. The BDC shared the Department’s vision that completion of EPS was critical in our drive for a completely paperless process, as well as the need for two key future technology projects, the Single Portal (EPS for any horizontal or vertical construction project, any location, any reviewing agency in the County) and system alignment with future developments in Building Information Modeling – Integrated Project Delivery (BIM-IPD). To their credit, in the teeth of the recession, the BDC voted to support a 4 year – 5% technology surcharge on all commercial project permit fees, to fund the continued development of those three projects. As a result, on January 30, 2012, we installed universal format commercial EPS –EPR, and we are moving on to both work on the Single Portal project and collect programmatic information for the BIM-IPD project thereafter.

3.5. Case Study from City of Philadelphia, PA Development Division

Date: September 6, 2012

Person submitting; Michael E Fink, Deputy Commissioner, Development Division

Contact information; 215-686-1437, or Michael.fink@phila.gov

1. Jurisdiction background or brief description

Philadelphia's Department of Licenses and Inspections is responsible for enforcing the Pennsylvania Uniform Construction Code, the Philadelphia Zoning, Fire and Property Maintenance Codes as well as other portions of the Philadelphia Code related to the operations of various trades and businesses, within structures as well as in the public way. The Department is responsible, through the assistance of the Philadelphia City Planning Commission and the Philadelphia Water Department, for enforcing the National Flood Insurance Program Rules and Regulations. A memorandum of understanding authorizes the Philadelphia Water Department to enforce storm-water management provisions as authorized by State law and the Philadelphia Zoning Code. The Department of Licenses and Inspections is divided into three major sections, which provide a wide range of services designed to advance development and public safety.

Administrative Services: this division provides support services for all Departmental activities. This includes human resources and training, budget and fiscal support, accounts and procurement, materials and supplies, general services and support.

Operations: the Operations Division is responsible for all code enforcement issues as related to the Fire, Property Maintenance, Zoning and Administrative Codes. The divisional units work together to ensure that quality of life and life safety issues are resolved through the use of education, communication and finally, enforcement. The Operations District offices are responsible for inspecting properties in the City for compliance with property maintenance, fire and zoning codes. The Clean & Seal Unit is responsible for addressing vacant properties. The Emergency Services and Abatement Unit will demolish properties in imminent danger of collapse. The Code Enforcement Violation Resolution Unit will prosecute those who do not come into compliance in Common Pleas and/or Municipal Court.

Development Division: this division is primarily responsible for ensuring that construction activities throughout the City are performed in compliance with codes and ordinances of the City of Philadelphia and the Commonwealth of Pennsylvania. This division carries out this responsibility through the issuance of zoning, building, plumbing and electrical permits and licenses and the site inspections of all construction activity. The division issues all business licenses mandated by the Philadelphia Code as well as real estate certifications required for real estate transactions. The Department is responsible for administering and enforcing 51 business licenses and 18 trade licenses. The division also provides administrative support for all of the appeal boards. This report focuses on the impact of the recession on the Department as a whole, with specific information related to the Development Division's services and revenues.

2. Impact of the 2008-2011 economic downturn

The revenues collected by the Department's Development Division are deposited into the City's general fund. The Department is funded, like all City operating departments, from the same general fund and not operated as an enterprise funded government department. January 2008 brought a new Mayor to Philadelphia. Prior to the election, Mayor Michael Nutter had expressed his displeasure with the Department of Licenses and Inspections, feeling the Department was not providing good service to the citizens of Philadelphia and was in need of a major overhaul. The Department's newly appointed leadership team recognized the challenge the Mayor was presenting. Just as the new leadership team was being finalized, the economy took its major downturn. Permit revenues dropped from \$17.8 million in FY 2008 to \$11.7 million in FY 2010. Over the four years between FY 2009 and FY 2012, the Department

lost a total of \$21 million dollars in permit revenues compared to FY 2008 levels. The overall fiscal impacts to City government resulted in employee layoffs for many departments in FY 2009. In December 2008 the Department was forced to reduce Class 100 expenditures by 20%. Additional cuts occurred in following years.

- Supporting data shows a 4 year staff population drop of 18.4%, from 356 FTE's in Fy08 to 298FTE's in Fy12.
- Similarly, from Fy08 to Fy09, total permit revenue dropped 31.5%, from \$17.8M to \$12.2M.

Permit revenues and volumes indicated that, although there are general increases since FY 2009, the size of the average construction project was declining. We were seeing more small renovations and tenant fit outs and less new construction and total alterations. Most large scale construction projects were limited to hospitals and universities. We had 3,241 building permits expire between FY 2007 and FY 2009 because projects were abandoned during the immediate economic downturn. Between FY 2010 and FY 2012, only 1,268 building permits expired. In 2010, Pennsylvania enacted a Permit Extension Act which allows for all zoning and building permits that expired between January 2009 and July 2013 to be extended until July 2016.

Mitigation of Revenue Losses Immediate steps began in late 2008 to develop justifications and enact legislation increasing some permit and license fees to provide some relief for lost revenues. Additionally, City Council implemented changes to dumpster license fees and increased the scope of those licenses resulting in a 500% increase in revenues for FY 2011.

- Supporting data shows overall revenue levels in Fy08 of \$45.76M,
-dropping to \$40.71 M in Fy09
-thereafter slowly rising to \$44.46M in Fy10 and \$46.02M in Fy11.

The Department's responsibilities for administering and enforcing numerous licenses in addition to construction permits and the increases in some permit and license fees mitigated total Department revenue losses and later allowed total revenues to rebound much faster than the overall economy. While we could not generate construction projects, we could increase license enforcement efforts to ensure revenue collections.

3. Lasting effects

Like others across the country, Department leadership had to manage through one of the most economically debilitating periods of the City's history. Unlike most others, we also had to institute major changes to improve the public's opinion of much of the Department. We felt FY 2009 was a year to build a foundation for recovery, by setting core values and leading change within the Department. These core values were founded upon improving accountability and establishing performance standards.

- The customer is at the heart of our service and mission.
- We will be professional and ethical in all aspects of our conduct, language and service delivery.
- We will be results driven.

In taking steps forward, we invested a lot of time on fixing the basics. By improving the foundation of our department, we were ensuring future success and wholesale change to be an accountable, results driven organization, committed to providing outstanding customer service. We knew this evolution would take time, persistence, belief and dedication. The Department implemented a number of measures to reduce costs and increase efficiencies. More specifically, our plan was to improve as many services to the development community as possible to encourage new businesses and development in general. In FY 2009 we accomplished the following:

- To address employee morale and create recognition by the public of the need for code enforcement and our Department's improvements, we had a strong and vibrant group effort to create a phenomenal May 2009 Building Safety Week. We continued our annual Code Official of the Year award and all employees enjoyed the culmination of the week with an employee appreciation breakfast in City Hall (paid for by senior staff contributions). We also instituted an employee of the quarter program.

- We imaged over 200,000 zoning folders and made them available for free on the internet to provide public access and eliminate the need for employee assistance in retrieving and filing property records. This allowed potential developers to research opportunities for development projects with minimal expense.
- Focusing on service point delivery, we issued new business licenses at the counter in half the time when compared to 2008.
- We reconfigured our permit intake process and physical space to create a better flow for the work and the customer, implementing a ticket counter and service points to track service times for all aspects of the permit application transaction. We published processing times to eliminate public perception of a lengthy permitting process.
- We developed EZ Permit Standards to issue permits for single family alterations, decks and swimming pools without a plan review.
- We tracked and began reporting to our customers on plan review turnaround times. We were reviewing complete commercial plans in 20 days or less 96% of the time. We reviewed zoning plans in 25 days or less 99% of the time and residential plans within 15 days or less 93% of the time. We performed building permit inspections within two days of request 93% of the time.
- We reduced operations overtime costs by 54% when comparing FY08 to FY09.
- We developed job specifications to combine functions of multiple inspection and plans examination personnel to create efficiencies and improve career path possibilities for current and future employees.

In FY 2010, we challenged the employees of the Department to improve by setting a goal of being the #1 code enforcement Department in the nation. We improved on FY 2009 service measures and continued to focus on core responsibilities through the following accomplishments:

- We reduced the number of business licenses through legislation and collaboration with Philadelphia City Council from approximately 138 licenses to 51 licenses, making the license process less burdensome for businesses and the administrative processing less burdensome to the Department.
- For the first time in a decade, we implemented programmed proactive inspections of multi-family dwellings and business district surveys. This had an added benefit of capturing some lost license revenues.
- We continued to reduce our operations overtime cost by 22.8% when comparing FY09 to FY10 for a two year total reduction of 64.0% from FY08 to FY10. In real numbers, the Department spent \$749,527 in FY08 on operations overtime compared to \$268,555 in FY10. We reduced cost while providing better service.
- To improve assistance to the development community we instituted a Fast Track appeal process in front of the Zoning Board of Adjustment (ZBA) using 13 small project items in an attempt to encourage the small projects that developers seemed to be undertaking in the economy at that time which were rarely opposed by the community.

In FY 2011 we continued improving our basic services, but with a stronger foundation also began to implement some strategic initiatives.

- We planned and executed a vacant strategy as part of a larger initiative led by the City's Managing Director and Finance Director. We conducted over 1,500 inspections of presumed vacant structures that resulted in 1,300 enforcement cases. (see the report titled "*Philly's Vacant Property Strategy*" at <http://www.iccsafe.org/cs/MJC/Documents/2011Phoenix/Presentation-Philadelphia.pdf>)
- We initiated a delinquent license program to bill 66,000 businesses that have unpaid fees more than one year past due that has netted over \$500,000 to date.
- We instituted a Saturday construction inspection shift to be available for weekend permit inspection requests and to look for work without permits.
- We improved our 311 service level agreements (SLAs) by decreasing our response time for all but one measure. We also met our 311 SLAs 94% of the time.
- We started internal monthly performance management meetings with all supervisors to hold ourselves accountable and focus on outcomes and strategies.

- By reducing administrative staff through attrition and reducing overtime costs, we hired 35 new employees and provided property maintenance and fire code training for most of our code enforcement inspectors to become nationally certified in property maintenance and fire codes.
- We began a leadership training program for all supervisors and managers with Dale Carnegie, one of the nation's premier leadership training providers.

In late FY 2011 and early FY 2012 we began to see an uptick in permit revenues and an increase in larger development projects. The City was poised to implement its first major revisions to its Zoning Code in 50 years. A number of fully certified plan examiners and construction inspectors were approaching retirement. Given these facts, the Department began aggressively hiring new graduate civil engineers and construction inspector trainees. We utilized a large portion of our training budget on a third party provider, Building and Fire Code Academy (BFCA) to prepare new employees for ICC certification. This partnership with BFCA proved quite successful, resulting in fully certified staff within a few months instead of years. Once fully certified, the entire plan review staff was then trained in the new Zoning Code. Our expectation is that our plans examiners will handle zoning and building code reviews for all development projects.

This completes our efforts to create a more multi-disciplined technical staff to serve all aspects of the department's code enforcement responsibilities. Our construction inspectors are multi-disciplined, handling all aspects of a construction project (except for electrical) including trade licensing. Our code enforcement inspectors handle all code issues related to existing buildings – fire safety, property maintenance and business licensing. Our plan review staff will review plans for compliance with both the City's Zoning Code as well as the ICC family of construction codes. The capacity of the individuals on staff makes us less subject to employee losses and provides better service to our customers.

What is interesting in the efforts over the past 4 years is a lack of information technology advancement. Although the Department recognizes that the only way to improve services to the public while maintaining costs is to improve its use of information technology, the funding for these improvements has not been available. The Department actually lost some electronic services it had implemented prior to FY 2008 because of inability to pay for continued web hosting of those services. Permit applications for plumbing and electrical permits handled electronically had to be moved to a manual fax application process. Employees were asked to carry the additional burden of processing these applications to maintain some level of service to the affected trade communities. The Department is aggressively pursuing the implementation of our eCLIPSE project (electronic Commercial Licensing, Inspection and Permit Services Enterprise) which will significantly upgrade our software and web services.

4. Concluding summary

The economic downturn and subsequent loss of staff and resources resulted in a focus on the Department's core values and responsibilities. This focus resulted in the following:

- **Focus on core responsibilities:** we worked diligently to eliminate services that do not relate to our core responsibility – building safety – what the citizens of Philadelphia want from us. By eliminating licenses and programs that provided little value, we were able to redirect administrative staff. We fought hard against unfunded legislative mandates that detracted from that core responsibility.
- **Staff development:** reducing non-core functions allowed us to replace administrative staff with technical staff. Through the attrition of the administrative staff we were able to increase our technical staffing levels 40% higher than pre-FY 2008. Technical staff has been developed as multi-disciplined to increase efficiencies going forward. Additionally we have focused on leadership development as part of succession planning to maintain a strong foundation into the future.
- **Meeting customer expectations:** we established service level commitments for responding to complaints, performing plan reviews and conducting permit inspections, published them and met them. We continue to review our ability to meet these expectations monthly and discuss ways to improve on them. We implemented policies and procedures to ensure we followed through on our services and measured that service. Customers seeking assistance were assisted. Violators were brought to prosecution. Citizens reported a greater satisfaction in the Department. The Mayor and the

media recognized the improvements. Departmental managers and supervisors took pride in their accomplishments.

- **Credibility:** we told all customers what we would do and what we could not. The term “customers” includes everyone from the Mayor and City Council to other City departments to the first time caller using the City’s 311 service request line. Credibility among our customers now allows us to demand services as a customer ourselves. We needed support from the Mayor and the City’s Office of Information Technology and got it. Our eCLIPSE project has been considered one of the top 5 projects City-wide for information technology funding. We are currently seeking IAS Building Department Accreditation to further increase our credibility.

By focusing on the basics during the economic downturn the Department has developed a strong foundation and is better prepared to serve Philadelphia for an economic turnaround. We have become an accountable, results driven organization, committed to providing outstanding customer service.

3.6. Case Study from City of Phoenix, Office of Planning & Zoning, Development and Historic Preservation

Date: August 31, 2012

Person submitting; Cindy Stotler, Assistant Planning & Development Director

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1. Jurisdiction background or brief description

The City of Phoenix is the 6th largest city in the nation with a population of 1.4 million and 519 square miles. Phoenix is a Council/Manager form of government with an annual budget of \$3.47 billion. The City of Phoenix Planning and Development Department is comprised of 238 staff in three divisions: Planning & Zoning, Development, and Historic Preservation. The Development Division is responsible for plan review, permitting, and inspections. The Development Division is mandated by City Council to be fully cost recovered with user fees. The Planning and Historic Preservation Divisions are general fund functions. Phoenix issues about 28,000 construction permits annually, total construction valuation for last fiscal year was \$2.8 billion, and total development revenue was \$34.4 million.

2. Impact of the 2008-2011 economic downturn

In the mid 2000's the City of Phoenix was on the forefront of the housing boom with retail and other commercial construction following suit. In FY 2004-2005, Phoenix issued a record 12,000 single family housing permits. In FY 2007-2008, single family housing permits fell to 2,700 and continued to decrease over the next four years. Plan review and permit revenue plunged and the Development Services Department lost almost \$10 million per year in the first two years of the recession. To accommodate the revenue and workload loss, we reduced our staff by 65% going from 573 staff to 199 in two years. In 2010 the Development Services Department was consolidated with the Planning Department and the Historic Preservation Office. In combining the management and administrative functions, we were able to eliminate a number of positions and save \$600,000 annually

3. Lasting effects

The massive Reduction in Force involving 374 staff was traumatic for the entire city when you consider placements and bumping that affected almost all the other City departments. There is an overriding theme of "never again will we hire so many staff" that is shared by City management, City Council members, and the Planning & Development Department. In response, we have worked on streamlining and creating programs that provide alternatives to the traditional processes that get backed up when construction booms. Following are the most significant programs we've created and/or enhanced:

- Plan Review Self-Certification – available to licensed Architects and Structural Engineers who attend our training program and abide by the program's rules. Self-Certified plans bypass the normal plan review process and obtain a permit in one day. All Self-Certified plans for projects over 25,000 square feet are automatically audited with results in 30 days. All other Self-Certified plans are subject to random audits. Audit failure can result in dismissal from the program. All Self-Certified projects are subject to City inspections.
- Permits- By-Inspection - allows small Residential and Commercial projects to bypass normal plan review process and have inspector review the plans on site and perform the inspections. Works best on tenant improvements and small residential additions. Have used this on big box conversions with no structural design changes.
- Electronic Plan Review – received approval and funding, implementation of first phase scheduled for June 2013
- Express Pass Site Plan Review – identifies a number of small projects (such as pad build out) that can be approved over the counter
- Expansion of the Annual Facilities Program – provides customized service for member facilities that allows staff to streamline the traditional development process of plan review and permits. This program was recently expanded to include more types of facilities and new construction.

In addition to the new or expanded programs, we are working with a number of contract vendors to provide contract plan review and inspections for workload fluctuations. We currently have 20 contracts with \$6 million in capacity. As the construction industry recovers, we are using contract staff in lieu of adding positions until or unless the recovery is sustainable and we can demonstrate the need for, and the assured revenue to pay for, the addition of new staff

3.7. Case Study for Rapid City, SD Community Planning and Development Services

Date: August 7, 2012

Person submitting; Bradley Solon, Building Official

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1. Jurisdiction background or brief description

Rapid City, SD population 69,000. Member of MJC since we are the second largest municipality in the state. For quite a few years we issued 3000-3300 permits annually increasing in valuation from \$100,000,000 to \$212,000,000 in 07. In 2009 we saw permits and valuation drop especially in the valuation. In 2010 valuation dropped to \$133,000,000. Housing also dropped off by 70%. However in 2010 and 2011, we saw increases in permits and valuation. Especially in 2011 when we nearly topped Sioux Falls. Permits increased by 90% (hailstorm) but valuation increased to \$258,000,000. The hail damage only added about \$15,000,000 to the total. In 2012 housing is up, permits remain brisk as we issued over 3000 through July, and valuation is good as we were at about \$125,000,000 through July.

2. Impact of the 2008-2011 economic downturn

There was no real impact since the number permits have been good the entire time. We didn't lose any employees, although the City budget suffered. So there have been cuts to all city departments including Inspection Services. The 2013 budget is the same as there is no increase in any budget. For example in 2010 we had \$414 for tires – and we have 8 vehicles. Some cuts are unreasonable. Increasing permits fees is out of the question. The inspection fees have not been increased for years.

3. Lasting effects

So far the lasting effect is to the City as a whole. Until the sales tax revenues increase to a point similar to several years ago, the City is apparently going to suffer. Especially since increasing permit and development fees is not going to happen. Certainly if we hadn't had the banner years in 2010-2012 this report would be different.

3.8. Case Study from City of San Diego, CA Office of Development Services, Building Safety and Construction

Date: August 8, 2012

Person submitting; Afsaneh Ahmadi, P.E., CBO, Chief Building Official

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1. Jurisdiction background or brief description

The City of San Diego is the eight largest city in the United States, and the second largest city in the great State of California, with an area of 372.4 square miles and with a population of approximately over 1.4 million people. Development Services Department encompasses Building Plan Review, Inspection Services, Permitting Services, Zoning Services, Planning, Engineering (Grading, Public R.O.W. and Mapping), and Neighborhood Code Compliance which are separate divisions reporting to the Director of Development Services, 'A Mayor's Office Appointee'. The Chief Building Official oversees, manages, and directs Building Plan Review, Inspection Services, Engineering, Mapping and Zoning Services Divisions.

2. Impact of the 2008-2011 economic downturn

Development Services Department certainly has not been immune to the impact of the economic downturn. As a result, Development Services Department has reduced staff across the board in each division each year since 2008 from 379 full-time employees to the current level of 286, an approximately 25 percent reduction in force. Many City employees chose to retire and vacate their positions. Some of the staff reductions were absorbed via internal division consolidations, stream lining, transfer to other city departments, and improved business practices. Currently, with the work load gradually increasing every month and taking an upward swing, there is no indication of going back to the same level of staffing of 2008.

3. Lasting effects

As a result of staff reductions, we all have been placed in a position to do more with less. This philosophy will continue and will be the norm for years to come. But, we also have learned how to work more efficiently and more economically by thinking outside the box and utilize better business practices to meet our customer's projects due dates, without impacting quality of service provided to the public.

Following is brief list of lasting effects and measures we have taken:

1. Mandatory furlough imposed on all employees.
2. Manage department expenditures by placing more checks and balances.
3. Limiting expenses to items necessary.
4. Eliminating waste across the board.
5. Pay attention to fees assessed and charged for the services provided to the public for appropriateness and accuracy.
6. Loss of trained and experienced staff.
7. Additional time and expenditure needed to train new hires filling vacant positions...
8. Focused training and cross-training of staff between different divisions.
9. Allow over-time (when feasible) to catch-up with work backlog and respond to demand.
10. Hire to fill vacant and budgeted positions as justified by revenues generated by the incoming workload.