

Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Kim Welsh
Margaret McCahan

SUBJECT: SEE BELOW

DATE: February 1, 2018

Approved

Date

2/2/18

SUBJECT: PLANNING, BUILDING AND CODE ENFORCEMENT DEPARTMENT ORGANIZATION/STAFFING

RECOMMENDATION

(a) Approve the following position additions effective February 25, 2018:

<u>Job Code</u>	<u>Job Classification</u>	<u>FTE</u>
1640	Deputy Director (U)	1.00
3548	Assistant to the Director	1.00

OUTCOME

This action will shore up the current Planning, Building & Code Enforcement (PBCD) Department structure and Director's Office support to ensure that the next PBCE Department Director can be successful leading the entire Department and the Development Services partners, while being responsive to Council and community.

The addition of 1.0 Deputy Director (U) position, working title "Deputy Director (U) - Citywide Planning", and 1.0 Assistant to the Director position will provide needed support to Citywide Planning and department management efforts in PBCE. The Deputy Director (U) - Citywide Planning will provide required oversight of the critical planning policy work, including General Plan stewardship; Urban Village planning and implementation; Area Plans and Area Development Policies; Policy/Ordinance updates (including zoning, sign and housing); rebuilding the City's Historic Preservation program, Urban Design, regional planning policy, and GIS/Data Analytics functions. The Assistant to the Director will assist the Director with Department strategic planning and continuous improvement efforts, memo and report preparation, responding to information requests, facilitating relationships with external partners, and managing Department workplan and workflow.

BACKGROUND

Led by the City Manager's Office (CMO), the consultation process to seek input on the recruitment for the next PBCE Director surfaced significant stakeholder concern that, unless changes were made to the structure, support, and staffing of PBCE, the City will not make sufficient progress implementing the General Plan and the next PBCE Director, no matter who they are, will not be able to be successful. Conversations with stakeholders and staff identified three root problems:

1. ***Planning the City***: Insufficient management and staff capacity in Citywide Planning group, as evidenced by extensive backlog of planning policy work (e.g., Housing Crisis Workplan, Council Policy Priorities), lack of land use planning staff to participate meaningfully in major initiatives such as transit/station area planning, and insufficient integration of City Department-led planning efforts into a cohesive, overall City growth plan.
2. ***Expediting Projects***: Insufficient alignment of services, staff capacity, and timelines across departments involved in entitlement review (Planning and Building programs, Public Works Department (PW), Fire Department, Department of Transportation (DOT), Environmental Services Department (ESD), Housing, and Parks Recreation and Neighborhood Services (PRNS)). Despite delivering three years of incremental customer experience improvements, the main inter-departmental coordination 'pain point' and need for major systemic improvement remain.
3. ***Sustaining Leadership***: Significant concern that, without shoring up current structure and support, the next PBCE Director cannot be successful leading the entire Department and the Development Services partners while being responsive to Council/community

Based on this stakeholder input, the CMO paused the recruitment last August to complete a review of options to address these three root problems, including an assessment of Department structure.

This recommended action to add the Deputy Director – Citywide Planning and the Assistant to the Director positions is the first of three strategies identified to address the problems identified. The other two areas that will be evaluated as part of the 2018-2019 budget process include:

- Explore a General Plan Maintenance Fee to stabilize existing Planner positions currently covered by grants and to add new Planner positions.
- Make Development Services an enterprise priority; add Deputy City Manager-level oversight (new use of existing position), supported by 2 Expeditors (which would require one new position).

After developing the recommended strategies, conducting internal review, and previewing the strategies with key stakeholders, the City Manager directed the PBCE Director recruitment process to proceed.

ANALYSIS

San Jose's Planning function, like most other cities, includes two different, complementary functions: Citywide Planning (often referred to in the planning profession as "Long-Range Planning") and Development Review (often referred to as "Current Planning").

The City Planning function includes the following critical responsibilities:

- General Plan (e.g., review, implementation, monitoring, integration)
- Area Plans and Area Development Policies (e.g. North San Jose, Diridon Station Area, Urban Village Plans)
- Policy/Ordinance Updates (e.g., Council policy priorities, such as housing- and sign-related ordinance revisions)
- Urban Design (e.g., updating citywide design guidelines)
- Historic Preservation
- GIS/Data Analytic Information
- Development Finance Policy (e.g., comprehensive fee/tax analysis)

Taken together, these activities enable implementation of the City's General Plan by providing the framework that allows development projects aligned with the City's growth plan to be realized. It is not enough to simply adopt a General Plan; the Plan must also be supported by ongoing implementation policies and update actions. Outdated or non-existent implementation policies create uncertainty, delay, and inconsistency, which hamper development.

Historically, the Citywide Planning Division had one Deputy Director managing Citywide Planning and one Deputy Director managing Development Review. For example, a 1994 organization chart shows two Deputy Directors, one overseeing 18 City Planning staff and the other overseeing 28 Development Review staff.

The Deputy Director - Citywide Planning position was eliminated in 2009 during the organizational downsizing required by a significant downturn in development activity and, multi-year budget deficits. The management duties were distributed downward to a Principal Planner and over to the remaining Deputy Director, who has responsibility for both Planning Policy and Development Review. Attachment A shows the current organizational structure. There is one Deputy Director who oversees 12 Citywide Planning staff and 31 Development Review staff as well as 14 planning staff at the Permit Center. Note also that San Jose has only five City Planning staff who have a stable, ongoing source of funding; the other seven positions depend currently on time-limited funds. This has proven insufficient and causes two problems.

First, the City's backlog of important policy work has grown very substantial. Addressing this problem requires a larger cohort of planners, and that they be well managed by an executive staff-level Planner experienced with and focused on planning policy. Attachment B highlights some of this backlog of policy work:

- **Council Policy/Ordinance Priorities (Council Prioritization Process)** Of the 27 policy projects prioritized by City Council, two-thirds of them (18) require PBCE Citywide Planning staff leadership or involvement.
- **Housing Crisis Action Plan** The “15 Point” Housing Crisis Action Plan includes 30 specific action items, two-thirds of which require a PBCE Citywide Planning staff lead.
- **Current Policy Completion Priorities** All of the current policy priorities driving toward completion require significant Land Use Planner expertise: LOS-to VMT shift, North San Jose Plan Modifications, Downtown EIR, Urban Village Amenities Financing Plan (including Cost of Development Study Session).
- **Department-Led City Planning Efforts** Departments are leading major strategic planning efforts that require Citywide Planning Land Use expertise and alignment with the General Plan, including tracking efforts, such as the ESD “Climate Smart” strategy, the PRNS “GreenPrint” strategy, and the PW “Green Infrastructure” plan.
- **Major Transportation/Development Efforts** There are no Land Use Planners available to participate meaningfully and consistently in major transportation and development initiatives that will transform the city, many of which involve outside agencies like VTA and High Speed Rail.
- **Urban Village Planning** Three urban village plans are in progress; three additional plans are on hold pending staff availability.

Second, because of the lack of executive-level oversight and insufficient number of staff planners, the last three Department Directors have had to spend the vast majority of their time focused on Planning issues, to the detriment of providing leadership and attending to the needs of the Building and Code Enforcement Divisions and the Development Service partners. Note, employees in the approximately 320-person Department are distributed in Planning (15%), Building (55%), Code Enforcement (20%), Administration (10%).

Deputy Director Position

The addition of the Deputy Director position is the first step toward providing critical capacity to address planning needs for a city with plans for significant future growth, with a desire to expedite quality development, and facing a very significant backlog of enabling planning policy work. The Planning Division will be restructured to include a Deputy Director overseeing Citywide Planning and a Deputy Director overseeing Development Review as shown on the revised organization chart (Attachment C).

The Deputy Director for Citywide Planning will provide focused leadership over the planning policy functions and work outlined in the previous section. This will allow the current Deputy Director to focus on the entitlement process, including CEQA and planning process improvements. It will allow the Department Director and Assistant Director to focus their attention appropriately on all three divisions, organizational improvement efforts, Development Services, and ensuring responsiveness to ongoing Council and stakeholder requests.

Assistant to the Director Position

The new Assistant to the Director position will relieve the Department Director of a variety of detailed, operational tasks and support the Director in departmental workplan management, ensuring a more responsive and well-managed Department and a more appropriately focused Director. This model, a professional 'right hand' who does not have line responsibilities in a division, has proven effective at the Library. The duties will include:

- Managing special projects and analyses
- Overseeing implementation of process improvements
- Guiding Department strategic planning and workplan planning
- Preparing and finalizing reports, memos, correspondence and white papers
- Responding to requests from Councilmember offices and external partners
- Establishing and maintaining effective working relationships with community leaders, the development community, and external organizations such as San Jose State University, SPUR, Greenbelt Alliance, Transform, Building Industry Association, Urban Land Institute, The Silicon Valley Organization and the San Jose Downtown Association. These partnerships are crucial in implementing many of the departmental and General Plan strategies
- Promoting the Department's services and initiatives

Adding these two positions is an important first step in bolstering the Planning Division and the capacity of the Director's Office, given the scale of growth underway in the City and the significance of transition now taking place.

The ultimate goal is to build the kind of stable, professional planning capacity found in peer large cities across the nation; their significantly higher staffing levels enable them to proactively plan for the future, attract desired development, and support the development community. Other elements of a Citywide Planning Staffing Strategy may potentially be brought forward as part of the 2018-2019 Proposed Budget, taking into consideration potential funding options and impacts on the General Fund.

EVALUATION AND FOLLOW-UP

No additional follow up actions with the Council are expected at this time.

PUBLIC OUTREACH

This memorandum will be posted on the City's website for the February 13, 2018 Council agenda. This recommendation was discussed at the January 25, 2018 meeting of the Ad Hoc Committee on Development Services.

COORDINATION

This memorandum has been coordinated with the City Manager’s Office and City Attorney’s Office.

COMMISSION RECOMMENDATION/INPUT

This item does not have input from a board or commission.

COST SUMMARY/IMPLICATIONS

The estimated cost of the 1.0 Deputy Director position is \$50,000 for 2017-2018 (pro-rated for approximately three months) and \$213,000 ongoing. The projected cost of the 1.0 Assistant to the Director is \$34,000 for FY 2017-2018 (pro-rated for approximately three months) and \$134,000 ongoing. Factoring in non-personal/equipment costs of \$5,000 in 2017-2018 and \$3,000 ongoing, the total cost of these positions is \$89,000 in 2017-2018 and \$350,000 ongoing.

	FY 2017-2018	FY 2018-2019
Personal Services	\$84,000	\$347,000
Non-Personal/Equipment	\$5,000	\$3,000
TOTAL	\$89,000	\$350,000

Funding for the remainder of 2017-2018 will be absorbed in the Planning, Building and Code Enforcement Department’s General Fund personal services and non-personal/equipment appropriations. On an ongoing basis, the cost of these two positions is expected to be primarily funded by fees. Currently, a General Plan Update fee is assessed on certain Building and Planning division permits. This fee generates approximately \$400,000 annually, and there is an existing General Plan Update Reserve of \$833,000. The two new positions are expected to be supported by the General Plan Update fee, along with a potential General Plan Maintenance Fee that is currently being explored, the spread of a portion of the Assistant to the Director position to all the PBCE fee programs, and the shifting of fee funding among existing PBCE fee programs. The 2018-2019 Proposed Budget will incorporate an ongoing funding strategy that is expected to have little or no net General Fund impact.

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CEQA

Not a Project, File No. PP17-010, City Organizational & Administrative Activities resulting in no changes to the physical environment.

/s/
KIM WALESH
Director of Economic Development
Deputy City Manager



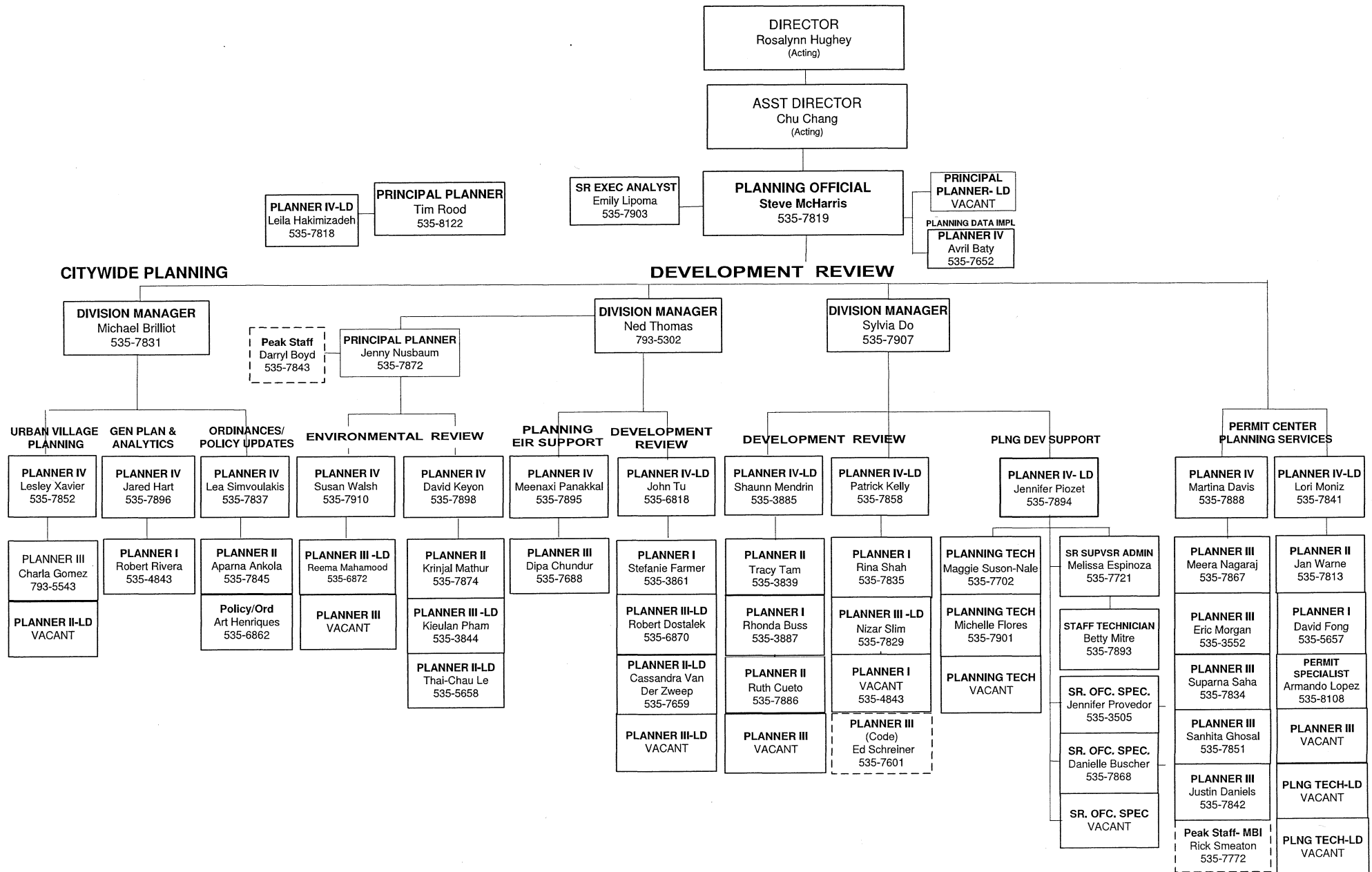
MARGARET MCCAHAN
Budget Director

For questions, please contact Kim Walesh at (408) 535-8177.

Attachments:

- A: Current Organization Structure
- B: Backlog of City Planning Policy Work
- C: Recommended Organization Structure

PLANNING DIVISION
CURRENT ORG CHART



Attachment B Backlog of Citywide Planning Work

This is an illustrative, not exhaustive, list of the current backlog of City planning work that requires the involvement of the City land use planning policy staff.

Current Policy Completion Priorities

All of the current policy priorities driving toward completion require significant Land Use Planner expertise.

- Downtown EIR Update
- Urban Village Amenities Financing Plan, including Cost of Development Study Session
- North San Jose Area Development Policy Modification
- West San Jose Urban Villages/Transportation Planning/Environmental Analysis

Council Policy/Ordinance Priorities (Council Prioritization Process)

Of the 27 policy projects prioritized by City Council, two-thirds of them require PBCE City Planning staff leadership or involvement, including:

- Mobile Home Parks GP Overlay
- Electronic Billboards and Downtown Sign Intensification
- Accessory Dwelling Units
- Medical Marijuana Code Changes
- Update Urban Design Guidelines
- Riparian Corridors and Bird Safe Design
- Legal Non-Conforming Uses
- Soft Story Retrofit Program
- Personal Care Business Compliance
- Private Property Graffiti Abatement
- Smoke-free Housing

Housing Crisis Action Plan

The 15 Point Housing Crisis Action Plan includes 30 specific action items, 2/3 of which require a PBCE Citywide Planning staff lead, including:

- Modify Zoning Code
- Expand Downtown Definition
- SJSU Student Housing
- Defer Impact Fees to Occupancy
- Explore Further Use of CFD's
- Better Identify Housing Sites
- Reimagine Underutilized Business Corridors
- Identify Opportunity Sites/Locally Undesirable Land Use Sites
- Allow for Additional Realignment of Urban Village Horizons
- Moved Fixed Rail or BRT Urban Village's to Horizon 1
- Allow Infill Housing on Isolated Employment Lands
- Accessory Dwelling Unit Ordinance

Department-Led City Planning Efforts

Departments are leading major strategic planning efforts that require City Planning land use expertise and alignment with the General Plan.

VMT Transportation Analysis Policy, led by DOT
“GreenPrint” parks plan, led by PRNS
“Climate Smart” carbon-reduction plan, led by ESD
“Green Infrastructure”, led by PW

Major Transportation/Development Efforts

There are no land use planners available to participate meaningfully and consistently in major transportation and development initiatives that will transform the city.

Diridon Station Area Development, including new Intermodal Station and potential Google development
High Speed Rail Planning
BART Phase II Planning/Station Area Planning—28th Street, Downtown Station

Urban Village Planning

Three urban village plans are in progress; the remaining three will begin as other projects complete and staff become available.

West San Carlos Urban Village Plan
South Bascom Urban Village Plan
East Santa Clara Urban Village Plan
Berryessa BART Urban Village Plan
North First Street Urban Village Plan
Eastside Alum Rock Urban Village Plan

