



Office of the City Auditor

**Report to the City Council
City of San José**

**RESIDENTIAL BUILDING
PERMITS: ADDITIONAL
RESOURCES AND FURTHER
PROCESS ENHANCEMENTS
CAN REDUCE WAIT TIMES
AND IMPROVE SERVICE
DELIVERY**

**Report 23-07
November 2023**

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November 17, 2023

Honorable Mayor and Members
Of the City Council
200 East Santa Clara Street
San José, CA 95113

Residential Building Permits: Additional Resources and Further Process Enhancements Can Reduce Wait Times and Improve Service Delivery

The Building Division (Building) of the Planning, Building and Code Enforcement (PBCE) Department conducts plan reviews, issues building permits, and inspects projects for building code compliance. The City of San José requires building permits for new structures and changes to existing structures. The objective of this audit was to assess the timeliness of the building permit process for single-family residential additions or alterations, including accessory structures.

Finding I: Staffing and Workload Imbalances Have Impacted the Timeliness of the Building Permit Process. Customers applying for a building permit through the standard permit process work with staff from Building's Permit Center and Plan Review sections. We found:

- Building has seen significant vacancies in the past five years, resulting in Building not meeting its timeliness targets and a growth in a backlog of projects.
- The Department should reassess how it balances workload and staffing.
- Building has relied on consultants for residential plan review in 2023, in response to high vacancies within the Plan Review Section. In June 2023, that work group had a 35 percent vacancy rate.
- Assumptions within the fee model have not been reassessed since 2016, and some fee-related activities and reserves are currently not accounted for in the model.

RECOMMENDATIONS:

To better align resources with workload and address ongoing staffing challenges, PBCE should:

- Develop a staffing strategy, including expanding recruitment efforts, prioritizing hiring entry level positions, and considering the use of consultants and other staff for plan review.
- Reassess its current fee model to account for all staff hours and use of reserves.

Finding 2: Clarifying Plan Review Assignment and Resubmittal Responsibilities Can Improve Customer Satisfaction. Projects requiring plan review have experienced long delays. Oftentimes, projects were not assigned to a plan reviewer for multiple weeks, and the first round of comments from plan reviewers were provided well past expected timeframes. We found:

- The plan review stage generally took the longest time in the permit process, not counting the time customers wait for their initial intake appointment.
- Because of vacancies, most residential projects in recent months have been reviewed by consultants. However, some projects were not assigned to them until after review target time goals had already passed.
- Multiple rounds of plan submittals also delay the plan review process, but staff do not consistently meet with customers to address comments.
- Building can improve how it manages consultants, including providing them data entry access.

RECOMMENDATIONS:

To clarify responsibilities in the Plan Review process, PBCE should:

- Assign projects to appropriate staff in a timely manner.
- Update and communicate expected timeframes for plan review comments.
- Clarify when staff should meet with customers to minimize the number of resubmitted plans.
- Clarify roles for oversight of consultants, as well as provide them database access.

Finding 3: Opportunities Exist to Improve Permit Center Processes and Coordination Among Work Groups. Customers face lengthy delays prior to even starting the permit process. This is because initial intake appointments can take weeks or more to schedule. Coordination among Development Partners and with customers also creates challenges that can affect the customer experience. We found:

- In September 2023, it took up to 47 days for customers to get an intake appointment. This was an improvement from three months in January 2023.
- At the time of the audit, appointments defaulted to at least one hour; however, staff report that they do not generally take the full allotted time.
- Between January and May 2023, customers failed to show up for roughly one in seven of scheduled appointments. Also, customers sometimes did not submit required documents prior to their appointment.
- Unlike San José, some comparable jurisdictions do not require intake appointments.
- Building is looking into making appointments optional and implementing SJePlans, a work management software that is expected to improve coordination and communication among Development Partners and with customers.

RECOMMENDATIONS:

To improve Permit Center processes and enhance coordination, PBCE should:

- Evaluate the default appointment time, expand optional appointments, and enforce its cancellation policy for unprepared and unresponsive customers.
- Educate customers about how to prepare for intake.
- Standardize the permit issuance process.
- Assess whether SJePlans has met project management goals after a pilot phase has been completed.

Finding 4: Building Can Enhance Its Communications With Customers. Building's primary source of communication to the community for building permit information is its website. The Online Permits and Development Center pages were the most frequently visited sites on PBCE's webpage. We found:

- Permit customers have expressed dissatisfaction with the City's website, and staff have noted that customers frequently contact Permit Center staff for help navigating it.
- Many Building phone tree options are directed to voicemail. However, customers are not given information on when they may receive a response, nor is Building tracking how quickly staff respond.
- The sjpermits.org site and Building's phone lines do not have translation options. Most files posted on PBCE's website are only in English.

RECOMMENDATIONS:

To enhance communications with its customers, PBCE should:

- Update its website to help customers more easily find information.
- Set minimum timeliness standards for responding to customer inquiries.
- Improve translation options for sjpermits.org, phone trees, and documents on Building's website.

This report has 15 recommendations. We plan to present this report at the November 27, 2023, meeting of the Community and Economic Development Committee of the City Council. We would like to thank the Planning, Building and Code Enforcement Department for their time and insight during the audit process. The Administration has reviewed the information in this report, and their response is shown on the yellow pages.

Respectfully submitted,



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This report is also available online at www.sanjoseca.gov/audits

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Table of Contents

Cover Letter	3
Background	11
Finding 1	
Staffing and Workload Imbalances Have Impacted the Timeliness of the Building Permit Process	19
In FY 2022-23, Building Did Not Meet Timeliness Targets and Has Had a Significant Backlog.....	19
Workload and Available Staffing Needs to be Assessed	22
Finding 2	
Clarifying Plan Review Assignment and Resubmittal Responsibilities Can Improve Customer Satisfaction	29
Improvements in Assigning Projects and Communicating Expectations Can Help the Customer Experience	29
Multiple Resubmittals Prolong the Plan Review Process	33
Building Can Improve How It Manages Consultants	35
Finding 3	
Opportunities Exist to Improve Permit Center Processes and Coordination Among Work Groups.....	37
Intake Appointments Can Take Weeks or More to Schedule.....	37
Better Communication with Customers and Coordination Among City Staff Can Enhance Customer Experience.....	41
Finding 4	
Building Can Enhance Its Communications With Customers.....	45
Building's Website Can Be Improved to Better Help Customers Find Information.....	45
Customers Expressed Frustration With a Lack of Phone and Email Responses.....	48
The Building Division Provides Limited Language Access in its Website and Printed Materials.....	49
Conclusion.....	51
Appendix A	
Audit Objective, Scope, and Methodology	A-1
Appendix B	
Customer Survey Results	B-1

Appendix C	
Permit Process Flowcharts	C-I
Appendix D	
Incoming Projects Requiring Plan Review, Converted to Estimated Hours	D-I
Administration's Response.....	yellow pages

Table of Exhibits

Exhibit 1: Building Permit Process.....	11
Exhibit 2: Project Scopes Determine the Types of Building Permits	12
Exhibit 3: Building Division’s Organizational Chart.....	15
Exhibit 4: Building Division’s Adopted Budget and Staffing From FY 2018-19 to FY 2023-24.....	16
Exhibit 5: The Residential Permit Process Can Be Lengthy, With Sampled Projects Taking 17 to 308 Days to Receive Permits	20
Exhibit 6: Residential Projects Manually Taken in By Permit Center Staff.....	20
Exhibit 7: Plan Review Reduced Its Backlog Over Eight Months.....	21
Exhibit 8: Available Staff Hours May Not Meet Estimated Workload to Review Plans	23
Exhibit 9: Vacancies Among the Plan Review and Permits Sections Have Been a Persistent Problem	24
Exhibit 10: Projects Reached their Plan Review Target Dates Before Being Assigned.....	30
Exhibit 11: Lack of Formal Project Assignments Can Create Delays for Larger Projects.....	31
Exhibit 12: Survey Respondents Were Asked to Rate Plan Review Services in Three Categories.....	32
Exhibit 13: Some Customers Spend Multiple Weeks to Address Review Comments	34
Exhibit 14: Customers Navigate Through Multiple Pages for Introductory ADU Information and Checklists	46
Exhibit 15: PBCE Webpages May Have Overlapping Information.....	47

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Background

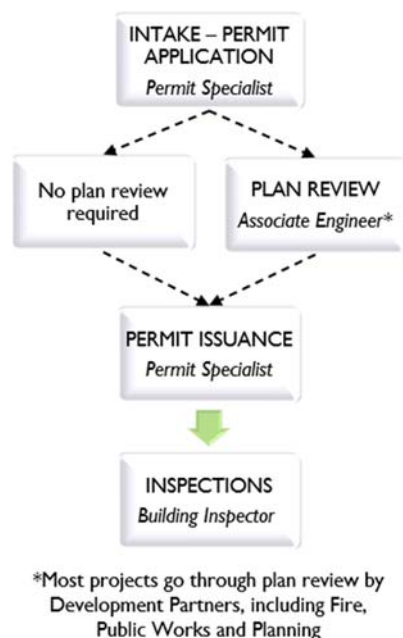
When homeowners pursue certain home improvement projects, they are required to have a building permit.¹ The City's permit process provides assurance that buildings meet City and state building codes. When homeowners do not get building permits, they put themselves and other occupants at risk of poor or unsafe construction. Building permits also protect residents from becoming liable for issues arising from unpermitted work.

Many different types of customers go through the building permit process for residential projects. Some customers are contractors and design professionals, such as architects and engineers, that have knowledge of the various codes and requirements. Other customers are homeowners completing projects themselves. The Planning, Building and Code Enforcement's (PBCE) Building Division (Building) is responsible for providing appropriate guidance to customers, such as responding to general and permit-related inquiries.

The Permit Process Has Multiple Steps

Exhibit 1 outlines the general building permit process for single-family residential projects.²

Exhibit 1: Building Permit Process



The permit process begins with **intake** when Permit Specialists review applications and plans for completion. Customers are expected to make an intake appointment through PBCE's website and have plans ready for initial review.

Projects of a certain size or complexity require a **technical plan review**, where projects are routed to Building's Plan Review section for review by an engineer. During plan review, engineers verify that plans comply with applicable local and state building codes. Exhibit 2 lists common projects requiring plan review.

Source: Auditor summary of building permit process.

¹ San José Municipal Code, Chapter 24.02.100.

² Refer to Appendix B for a detailed flowchart.

Exhibit 2: Project Scopes Determine the Types of Building Permits

Projects that Do Not Require a Permit	Projects that Do Not Require Technical Plan Review to Obtain a Permit	Projects that Require Technical Plan Review to Obtain a Permit
<ul style="list-style-type: none"> • Surface (cosmetic) improvements • Minor repairs and replacements • Minor site improvements 	<ul style="list-style-type: none"> • Nonstructural projects that do not involve changes to weight-bearing walls • Electrical, plumbing, and mechanical project • Reroofs • Solar installations • Nonstructural kitchen and bathroom remodels 	<ul style="list-style-type: none"> • Structural changes to the walls • Accessory dwelling units (ADUs), including Junior ADUs, and Tiny Homes on Wheels (THOWs) • New construction • Structural additions and alterations

Source: Auditor summary of the PBCE website and the San José Municipal Code

The Permits Section Is Responsible for Permit Issuance Across Multiple Development Partners

Some projects may require technical review from other “Development Partners” – departments and divisions that also ensure additional code compliance. In addition to PBCE’s Building Division, the City’s Development Services Partners include PBCE’s Planning Division, the Public Works Department, and the Fire Department’s Bureau of Fire Prevention. Review from other Development Partners is required when the property is located in a historic area or flood zone, the project involves constructing a new building, or the project exceeds certain square footage. An ADU is a typical example of a project that may require review from other Development Partners.

All applicable departments and divisions coordinate to review and approve the project for a building permit to be issued. There could be multiple cycles of review for each project, where customers receive and respond to comments from engineers. Once plans are approved by the various plan reviewers, the Permit Center **issues permits** for approved projects to authorize construction.

During the construction phase, Building Inspectors perform **on-site inspections** to verify compliance with the approved building plans. Upon completion of the final inspection, the inspector signs off on the permit. This certifies that the project meets all the appropriate codes and regulations, such as structural, zoning, safety, and access, and is safe to inhabit or occupy.

Single-family residential projects follow the “ministerial” process, which do not require a public hearing and can be approved administratively. For example, a typical kitchen, bathroom remodel, or water heater installation would be considered ministerial projects.

Customers Have Options for Permit Approval Based on Project Types

Within the general permit process, there are multiple options for customers based on the type of projects and other factors.

- **Online Permits:** Customers with projects that do not require plans or have plans that can be reviewed during inspections can apply for an online permit on sjpermits.org. Once the application is submitted and the payment is made, the customer will receive their permit right away. A minor repair or site improvement project would fit within this category.
- **Rapid Online Service Intake (ROSI):** Experienced applicants can submit their application without scheduling an intake appointment to meet with a Permit Specialist. Customers must upload their materials and book a “timeslot” for Permit Specialists to review their project and route it for plan review. “Timeslots” essentially block off time for Permit Specialists to process a specific permit application.
- **Over-the-Counter (OTC) Permit Service:** Simple, nonstructural projects are processed through a walk-in service at the Permit Center. OTC allows customers to submit their projects online and walk into the Permit Center for intake by Permit Specialists and plan review by inspectors. If project plans are complete and reviewed, a permit can be issued on the same day.
- **Residential Express Permit Service:** Qualifying addition and alteration projects can pay 1.5x the regular plan review cost to use the express service. Express Permit projects are prioritized by plan reviewers, and permits can be issued as quickly as the day of plan review.
- **Pre-approved Accessory Dwelling Units (ADU):** Pre-approved ADU construction plans are the fastest, lowest cost ADU permits. Customers work with City-approved ADU builders to create a site-specific project. When project plans are complete, customers attend a plan review meeting, after which the permit is issued.

Building Has Ongoing Initiatives to Expedite the Building Review Process

Before COVID-19, most of Building’s operations were in-person. Customers seeking to obtain a permit would arrive at the Permit Center and be helped on a first-come, first-serve basis. Plans and review comments were shared as paper copies. When City Hall closed during the pandemic, Building transitioned to a fully remote and electronic system. Rather than waiting in an in-person queue, customers began scheduling virtual appointments with the Permit Center. All application materials, plans, and review comments were submitted electronically.

While Building continues virtual appointments and electronic upload of files for most projects, face-to-face interaction between Building staff and customers can occur at the Permit Center.

Additionally, Building developed a variety of programs to expedite or reduce steps in the permit process:

- **Best Prepared Designer (BPD) Program:** Building's BPD Program allows licensed or experienced professionals to bypass Building's standard review process by taking full responsibility for building code compliance. Projects that qualify for this program include single-story additions up to 500 square feet, detached accessory buildings, and interior remodels. At the time of the audit, Building had not yet launched the program, but anticipated launching in Fall 2023.
- **Application Wizard:** Building implemented a user interface on sjpermits.org to help customers select the correct permit application based on their project type. Application Wizard was launched in June 2023, and is used for online applications.
- **ADU Ally:** Customers with ADU-related questions can reach out to an ADU Ally in the Permit Center. The ADU Ally handles intake submittals and ADU project revisions/resubmittals, and coordinates plan review meetings for the pre-approved ADU program.
- **SJePlans:** At the time of the audit, Building was working on implementing a new management software with the goal of increasing efficiency among internal staff and improving communication with customers. Building staff and other Development Partners (Fire, Public Works, and Planning) can route projects internally through SJePlans, eliminating the current method of emailing project files. Customers can also respond to comments, resubmit plans, and track the project status.

In addition, PBCE introduced a Customer Service Charter and performance dashboards in February 2023. The Department dashboards highlight over 40 performance metrics, including weekly updates to the number of permits issued, total appointments scheduled, and overdue projects in plan review.³

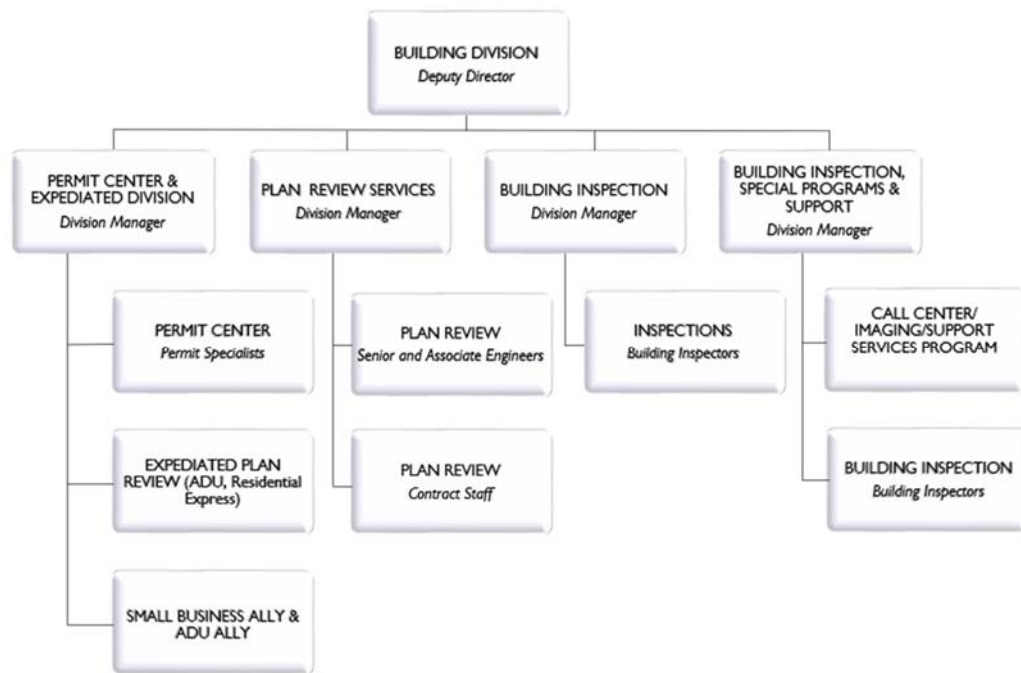
PBCE's Building Division Is Organized Into Four Work Groups

As described earlier, PBCE is responsible for ensuring that building projects in San José meet City and state standards by providing information, issuing building permits, conducting plan reviews, and inspecting building projects. Building is located within PBCE's "Development Plan Review and Building Construction Inspection" core service. Building is organized into four work groups:

³ PBCE's Customer Service Charter and dashboards are available at <https://www.sanjoseca.gov/your-government/departments-offices/planning-building-code-enforcement/customer-service-charter>

- Permit Center & Expedited Division,
- Plan Review Services,
- Building Inspection, and
- Building Inspection, Special Programs & Support.

Exhibit 3: Building Division's Organizational Chart

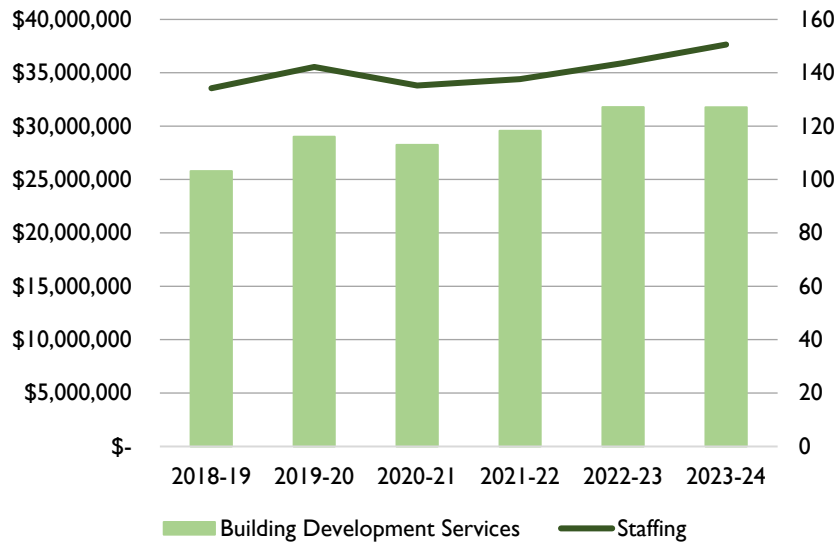


Source: Auditor summary of Building Division's organization structure.

Budget and Staffing

PBCE's budgeted positions in the Building Division decreased between fiscal year (FY) 2019-20 (142 FTE) and FY 2020-21, before growing in recent years. In the most recently proposed budget, there were 151 FTE for FY 2023-24.

Exhibit 4: Building Division's Adopted Budget and Staffing From FY 2018-19 to FY 2023-24



Source: Auditor summary of PBCE Adopted and the FY 2023-24 Proposed Operating Budgets.

Third-Party Consultants

In 2012, City Council authorized PBCE to enter service agreements with external agencies to augment service delivery across its functions. Since then, PBCE has used consultants, particularly for plan review, to address the Department's staffing shortages. Most recently, the City released a request-for-proposal (RFP) in May 2022 for building inspection, plan review, permit specialist, planner, and code enforcement inspection services. The RFP resulted in nine agencies being recommended for contracts. Their master agreements were executed in the fall of 2022 and the beginning of 2023. Each agreement has an annual \$2 million not-to-exceed amount across all service orders for an individual consultant,⁴ with a maximum annual limit of \$4 million across all agreements.

The City Aims for Complete Cost-Recovery in Building Fees

According to state law, when local governments charge fees for building permits, the fees charged should not exceed the reasonable cost to provide services. Per City policy, most building permit fees are designated as Category I, meaning they should be 100-percent cost recovery. In other words, Building should be collecting enough fees to equal (or at least offset) the costs to provide building permits. For FY 2022-23, Building's revenues were \$38 million in incoming fee revenue and \$35

⁴ The consultant provides professional consulting services to the City on an as-needed basis, pursuant to individual service orders.

million in expenditures. The ending fund balance in the Adopted Operating Budget was \$37 million for FY 2022-23.

Building evaluates fees charged to customers (such as the cost of a permit and the hourly rate for plan review) as part of the City's annual budget process. In 2016, an outside consultant developed a fee model for PBCE to allocate staff hours and department costs across PBCE's functions. Through this cost allocation, the model estimates fee levels necessary to cover costs. While the Department uses the consultant's model as guidance, final fees are set by Council as part of the budget process.⁵

Previous Reports Identified Areas of Improvement

The Office of the City Auditor has conducted several audits on Development Partners' permitting processes, including:

- **2014 Development Services: Improving the Experience for Homeowners:** The audit report reviewed processes affecting single-family home improvement projects.⁶ The audit noted that PBCE can improve its permit turnaround times, address staffing shortages, clarify its queuing system, and provide clearer information to customers. This report had 22 recommendations, 20 of which have been implemented.
- **2020 Fire Development Services: Staff Resources and Process Efficiencies Will Help Reduce Backlog:** The audit report reviewed the timeliness, efficiency, and consistency of fire safety code compliance for new construction.⁷ Among its findings, the report identified that increased construction development and staffing shortages led to a backlog. Additionally, plans spending time "on the shelf" and plan resubmittals contributed to backlog. This report had 14 recommendations, nine of which have been implemented.
- **2020 Development Partners' Work-In-Progress Reserves: Better Monitoring Can Ensure Reserves Align with Resource Needs:** This audit report reviewed how the City's Development Partners track development fee work-in-progress reserves.⁸ The audit found that Partners' reserves did not reflect the estimated cost of remaining work on projects. The audit estimated that Building's reserves were in excess of the cost of the remaining work on projects in progress. This was similar to findings that Management Partners had reported on in 2016 (discussed

⁵ The 2023-24 Building Fees Schedule can be found at <https://www.sanjosca.gov/home/showpublisheddocument/26047/638290715953530000>

⁶ <https://www.sanjosca.gov/Home/ShowDocument?id=33832>

⁷ <https://www.sanjosca.gov/home/showdocument?id=63069>

⁸ <https://www.sanjosca.gov/home/showdocument?id=63909>

below). This report had five recommendations, one of which has been implemented.

Additionally, in November 2016, Management Partners reviewed the City's development process and provided several recommendations to improve efficiency and cost recovery levels.⁹ Among their recommendations, Management Partners recommended that the City:

- Fill existing vacancies,
- Develop staffing levels based on workload,
- Reduce processing times for plan review by closely managing turnaround time by individual and project type, and
- Ensure projects are properly assigned and routed within a certain timeframe.

Management Partners also suggested reducing cost recovery gaps by streamlining operations, improving processes to lower the cost of services, and adjusting fee levels.

⁹ City of San José Development Services Cost Recovery Analysis, Process Improvements, Calculation of Unearned Revenues, and Refund Processing, Management Partners, 2016, found at http://sanjose.granicus.com/MetaViewer.php?view_id=&event_id=2292&meta_id=606812

Finding I Staffing and Workload Imbalances Have Impacted the Timeliness of the Building Permit Process

Summary

In FY 2022-23, Building did not meet its timeliness targets in the building permit process. Building has seen significant vacancies in the past five years, including in the Permit and the Plan Review sections, resulting in delayed reviews. To account for vacancies, PBCE has used consultants to reduce its backlog of projects. However, as of September 2023, the backlog still contained about 140 projects that had not met plan review targets for providing comments. Building, in recent years, may not have budgeted for sufficient staff to handle workload in a timely manner. In other words, staffing has been insufficient to meet demand, contributing to the backlog. To address this, PBCE should develop a long-term strategy to address its ongoing staffing challenges, including expanding recruitment efforts, and prioritizing entry-level positions for hiring. Further, PBCE should consider how it uses consultants and other staff, such as inspectors or other positions, for reviewing residential plans as appropriate. The Department should also reassess its fee model assumptions to ensure its workload estimates accurately reflect the actual time required to complete work.

In FY 2022-23, Building Did Not Meet Timeliness Targets and Has Had a Significant Backlog

While Building has multiple initiatives to expedite the permit process, not all projects qualify for these programs. For customers obtaining a permit through Building's standard, non-expedited service, the permit process remains lengthy. It can take multiple months to receive a permit from the time a customer pays their first invoice during their intake appointment. On average, ADUs and other structural projects submitted in FY 2022-23 took over 130 days to receive a permit.¹⁰

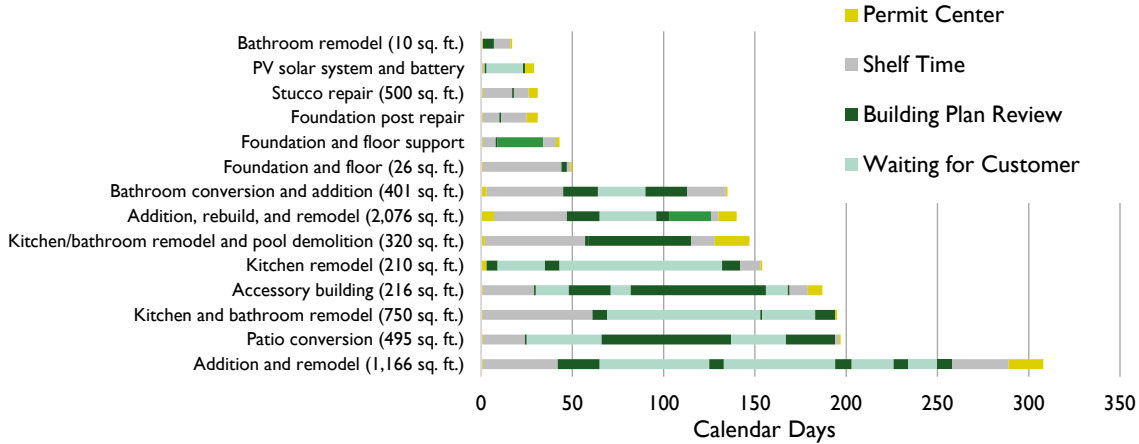
Simpler projects requiring minimal review include projects such as foundation repairs, battery installations, or some nonstructural remodels. The time to receive a permit for these projects has increased over time. While Building issued permits for simpler projects in 13 days on average in FY 2019-20, it took 56 days to receive a permit in FY 2022-23.¹¹ As shown in Exhibit 5, sampled projects

¹⁰ Analysis includes 123 ADUs and 335 additions or alterations projects marked as requiring regular review. These projects were taken in between July 2022 to May 2023 and received permits as of May 2023.

¹¹ Analysis includes additions or alterations projects marked as requiring no review, minor review, express review, intermediate review, or unspecified. This includes 1,870 projects taken in during 2019-2020 and 483 projects taken in between July 2022 to May 2023. These projects have received permits as of May 2023.

spent the most time in the plan review stage (where projects are waiting to be assigned, are with a reviewer, or are waiting for customers to resubmit plans).

Exhibit 5: The Residential Permit Process Can Be Lengthy, With Sampled Projects Taking 17 to 308 Days to Receive Permits

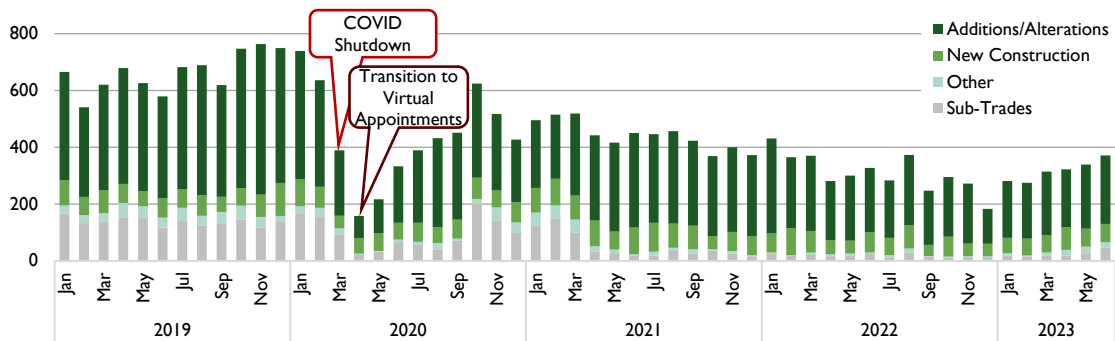


Source: Auditor analysis of sampled projects in AMANDA. Sampled projects were taken in by the Permit Center between January 2022 and May 2023. Calendar days exclude wait times to schedule an intake appointment with Permit Center staff.

Customers Submitted Hundreds of Residential Permit Applications Each Month While Building Has Struggled With a Project Backlog

Building's Permit Center takes in hundreds of residential projects every month, as shown in Exhibit 6. Although well below the number of projects that were coming in pre-COVID, on average, customers submitted 311 residential projects per month in 2022, and 317 projects per month in the first six months of 2023.

Exhibit 6: Residential Projects Manually Taken in By Permit Center Staff

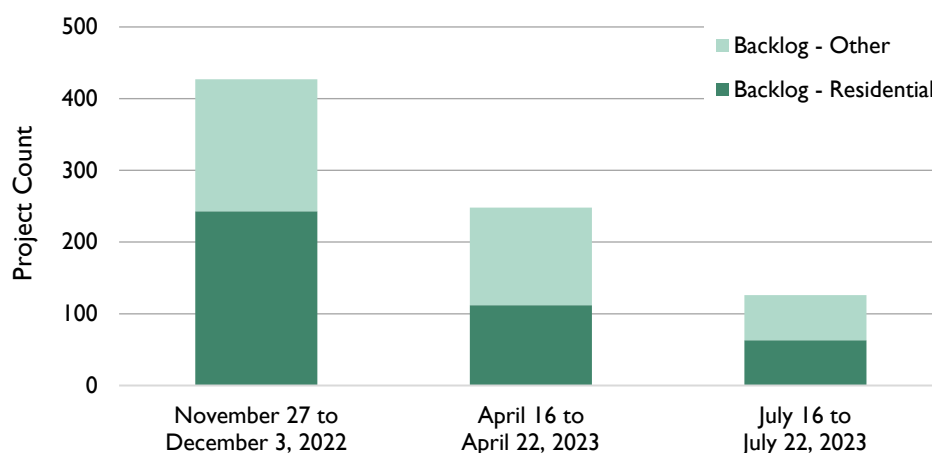


Source: Auditor analysis of residential project applications in AMANDA. "Other projects" include brace and bolt plans, demolition, move, reroofs, site work, and temporary power pole projects. Excludes permits issued through sjpermits.org. Includes projects that have not reached permit issuance.

Recently, Building's backlog of projects in plan review grew. The backlog peaked in December 2022, with over 420 projects that had not received building comments by their due dates.¹² This included more than 240 residential projects.

By July 2023, Building was able to reduce the backlog to roughly 130 projects, as shown in Exhibit 7. Building reported that using consultants increased capacity for plan review, resulting in a decrease in overdue projects. The reduced backlog was a significant improvement, considering that Building took in a similar number of projects during these different periods.¹³

Exhibit 7: Plan Review Reduced Its Backlog Over Eight Months



Source: Auditor analysis of weekly AMANDA reports for new submittals with overdue comments. "Other Projects" include commercial, industrial, multiple attached dwellings, and tract/multifamily projects. Analysis does not include resubmittals with overdue comments.

Even though the number of projects with overdue comments has been decreasing, the overall in-process projects continue to accumulate. Generally, permits are issued at a slower pace than projects coming in. For example, in June 2023, 371 residential projects were taken in by staff, but only 310 projects were permitted.¹⁴ Delays can be attributed to City staff and customers alike. For example, a project can be pending review from City staff or pending customer action, such as sending a resubmittal, additional forms, or payment. For many

¹² Once a customer pays initial fees during the intake stage, Building's tracking software begins a timer for when reviewers are expected to send the first cycle of review comments. These target dates are also communicated with customers when they check their project status on sjpermits.org. Depending on the project type, most single-family residential plans are expected to have their first comments within 10 to 20 workdays.

¹³ From November 27 to December 3, 2022, there were 175 residential, commercial, industrial, multiple attached dwelling, and tract/multifamily projects taken in by Permit Center staff. From April 16 to April 22, 2023, there were 211 projects taken in. From July 16 to July 22, 2023, there were 236 projects taken in.

¹⁴ The 371 projects taken in by staff and the 310 projects permitted do not include projects submitted or permitted through sjpermits.org. The 310 projects permitted in June 2023 includes projects manually taken in by Permit Center staff between October 2020 and June 2023.

building construction projects, a permit is only considered issued and ready for construction once it has gone through the plan review process.

As noted in the scope and methodology section, the Auditor's Office conducted a wide-ranging survey of Building customers in July 2023. Customers were asked about their experiences with different aspects of the permit process. Many residents reported frustration with delays and cost increases because of the delays. Survey results are shown in Appendix C.

Workload and Available Staffing Needs to be Assessed

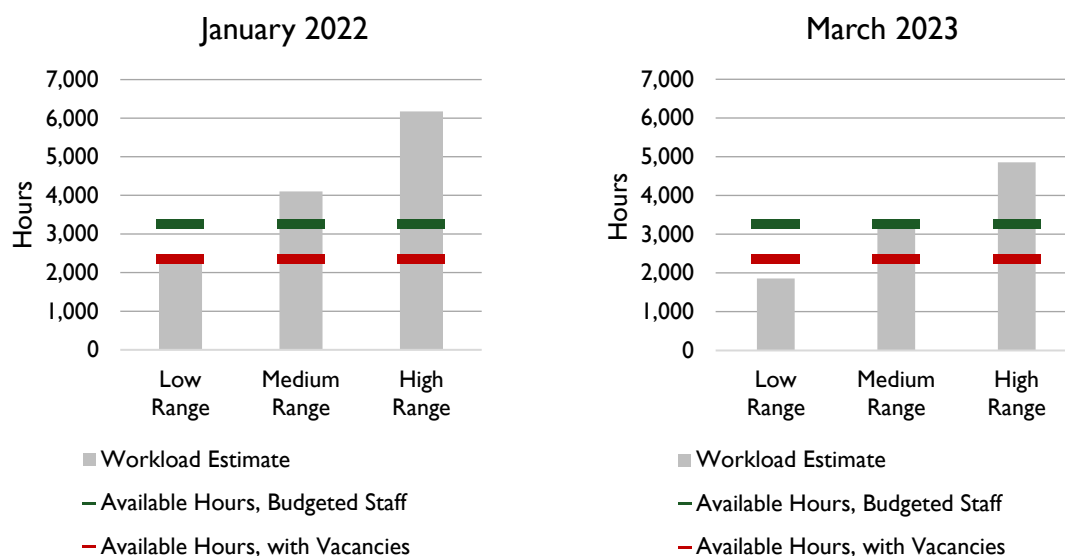
In recent years, Building may not have had sufficient staff to handle its workload in a timely manner. This would be the case even if all vacant positions in the Division were filled.

For example, in March 2023, Permit Specialists took in about 530 residential and commercial projects that required plan review. We estimate that reviewers would need at least 1,850 hours, but as many as 4,850 hours, to send their first round of comments for these projects.¹⁵ As shown in Exhibit 8, when comparing the estimated workload to the available staff hours, Building would not have enough plan check hours across their budgeted positions to meet the incoming workload (deficit of up to 1,600 hours). The deficit of staffing resources becomes more pronounced when accounting for vacancies (deficit of up to 2,500 hours).¹⁶ Similar workload imbalances were also observed in January 2022.

¹⁵ Building's Plan Review section estimates a lower, middle, and upper range for how long a reviewer should take to complete their first review of a newly submitted project. The estimated time to complete review depends on the project type. For example, Plan Review estimates a single-family, one-story addition will take 3 to 6 hours, while a new commercial building will take 18 to 30 hours. See Appendix D for estimated hours for each project type.

¹⁶ In PBCE's most recent fee model for FY 2023-24 fees, PBCE allocated about 39,000 hours annually to plan review, or 3,250 per month, between associate engineers, senior engineers, division managers, and building inspectors.

Exhibit 8: Available Staff Hours May Not Meet Estimated Workload to Review Plans



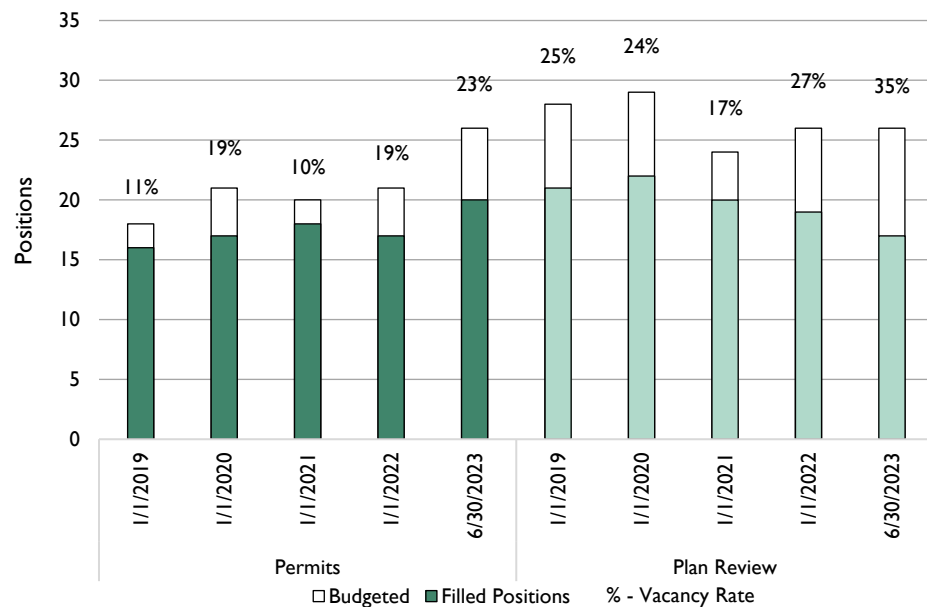
Source: Auditor analysis of AMANDA, Building Plan Review estimated hours by project type, and allocated plan check hours in PBCE's fee model. Refer to Appendix D for workload estimate calculations.

In summary, Building does not appear to have had enough budgeted or filled positions to meet the projected levels of workload, particularly when using the medium and high estimates for plan check hours needed per project.

Vacancies Are a Persistent Problem in the Division

Building has seen significant vacancies in the past five years. As of June 30, 2023, all work groups had high vacancy rates. Specifically, the vacancy rates in Plan Review and the Permit sections were 35 percent and 23 percent, respectively.

Exhibit 9: Vacancies Among the Plan Review and Permits Sections Have Been a Persistent Problem



Source: Auditor analysis of Budget Sal-Fringe budgeted positions reports and PeopleSoft vacancy reports.

Building has had difficulty hiring Associate Engineers for the past five years, with only 17 out of 26 positions filled as of June 2023. Building has been using Building Inspectors to do some types of plan reviews, and earlier this year, attempted to increase the types of projects routed to Building Inspectors for plan review. The City of San Diego has taken a different approach to help with this issue. Specifically, San Diego reported that it has a Student Engineer classification. This classification is a part time position that San Diego staff view as a pipeline position. Recruitment occurs in the local universities.

Given the ongoing difficulty of hiring Associate Engineers, the department should also explore expanding the use of other positions such as entry-level engineers, student engineers, and potentially Building Inspectors for certain types of plan reviews.

Building Uses Consultants as a Stop-Gap Measure to Manage Workload

To make up for the gap caused by vacancies, Building has relied on consultants for plan review. Currently, the Division has agreements with nine agencies for plan review and other services. Since FY 2013-14, the Division has spent \$9 million on consultants, with annual expenditures ranging from \$740,000 in 2014 to over \$1 million in 2022. Expenditures in 2023 were about \$1 million through June 2023.

In recent months, Building has routed most single-family residential projects to consultants for plan review. (The City's in-house engineers are typically assigned commercial projects.) For example, during three randomly selected weeks, Plan Review received 58 single-family residential projects. 48 of those projects were assigned to consultants.

In 2023, most residential plan reviews were completed by consultants. During three randomly-selected weeks, plan review received 58 single family residential projects—48 of which were assigned to consultants.

We observed engineers charging time in AMANDA (the City's permitting system) for coordinating consultants, presumably for time spent assigning and routing plans to consultants. This time translates into fees charged to the customer. According to Building management, engineers should not be charging coordination time to customers because time spent on administrative tasks is already captured in the fee model. However, there are currently no guidelines that articulate this expectation.

Building Fee Model Should Be Updated

As noted previously, PBCE aims for 100-percent cost recovery for Building's services. The Department uses a consultant's fee model to estimate the fee revenue needed to cover Building's costs. The model allocates direct staff hours across administrative, plan review, permit center, and inspection activities. When this model was developed in 2016, the consultant recommended that the model be updated after three years of implementation to reflect any changes in assumptions about allocated staff time. However, estimated hours have not been updated since 2016.

In FY 2022-23, PBCE's calculations showed that hourly fee rates for permit processing, plan review, and inspections needed to increase between 8 to 13 percent to cover costs. However, fees ended up increasing 7 percent across the board. The difference was offset by using the Building Development Fee Program Fund reserve.¹⁷

It is important to have more accurate estimates for fees because the current model may be underestimating the staff needed for Building's workload. It can also lead to customers receiving invoices for additional fees late in the process to account for underbilling at intake. The current model should be reviewed to ensure that estimated hours best reflect reality and address other issues.

- **Model May Underestimate Hours:** To generate the initial fees during intake, Building estimates how many hours of plan review will be needed for projects. According to Building, these estimates for time spent by project type have not been evaluated for at least the past 10 years. Building may be underestimating the required hours. Of the nine sampled projects that were routed to Plan Review engineers or consultants and received a permit, Building underestimated plan review hours for all projects. When generating the final invoice to correct for additional plan check hours, specialists needed to add anywhere between less than an hour of plan check (about \$95) to eight hours (about \$2,000). In addition, a plan reviewer reported they do not always charge the actual time spent reviewing plans to keep fees low for customers. As such, Building may not be charging or collecting fees for all plan review work performed.
- **Model May Not Include All Staff:** Some staff are not included in the current model. For example, the City has a dedicated group for ADU projects, with two staff handling ADU outreach and support. These staff are supported through the General Fund. Additionally, consultants are also not included in the fee model. In the model, consultants are assumed to be paid for by vacancy savings. In FY 2022-23, Building used consultants for almost 8,000 hours of plan review. Building had estimated that its vacant positions accounted for only 6,700 plan check hours.
- **Dedicated ADU Staff are Not Solely Allocated to ADU Fees:** State law allows jurisdictions to charge a higher fee when there is a dedicated group to prioritize ADU projects. Currently, the City has not taken advantage of this allowance. The dedicated staff costs are allocated similarly to other Building staff.

¹⁷ When fee revenues are not used in the same fiscal year that they are collected, Building budgets these fees in a work-in progress reserve. Our 2020 Development Fee Work-in-Progress Reserves audit estimated that Building's reserve was in excess of what was needed to complete open projects in FY 2019-20. This was similar to what Management Partners found in its 2016 analysis. As of June 30, 2023, the Building Fee Development reserve was \$37 million which included a work-in-progress liability of \$15 million. The 2020 audit recommended that the Development Partners develop reserve policy or guidelines around the appropriate uses of funds, including work-in-progress reserves. This recommendation has not been implemented.

Work Performed by Staff May Not be Charged Accurately or Is Outstanding

We also noted minor inconsistencies in how fees are charged or collected.

- Projects are not always charged at the current year's adopted fee rates. For example, if a project was taken in during FY 2021-22, the plan check hours charged to customers would come from the FY 2021-22 adopted rate (\$272 per plan check hour). If the project needed more plan review hours during FY 2022-23 (adopted rate of \$288 per plan check hour), the project would still be charged at the FY 2021-22 rate. In contrast, when specialists assess inspection fees during permit issuance, the inspection fee appears to update to the most recent rate.
- Additional plan check hours charged in the final invoice are not always collected. This may occur when a customer decides not to pursue permit issuance after having their plans reviewed. Invoices also do not include due dates, so there is no deadline to pay for work already performed by staff. As of June 2023, residential projects taken in during FY 2021-22 had outstanding Building plan check fees of \$144,000. Sixty percent of this amount was billed to customers.

By forfeiting fee revenue for work completed, costs are not being fully covered. In addition to updating PBCE's fee model, the Department should ensure that time spent by Building staff is accurately charged and collected to offset the cost of providing services.

Recommendations:

- I: To ensure the Planning, Building and Code Enforcement's staffing plan accurately considers Building's ongoing staffing challenges, the Department should develop a long-term staffing strategy that:**
- a) Expands its recruiting efforts by bolstering advertising for specific positions, including outreach and career fairs in which potential candidates can learn more about the department.**
 - b) Continues and potentially prioritizes recruitment for entry-level positions, such as Engineer I/II, and works with local universities to create short-term career programs, such as internships.**
 - c) Considers how the department uses consultants and other staff, such as inspectors or other positions, for reviewing residential plans as appropriate.**

- 2: In conjunction with the long-term staffing strategy, to ensure that the Building Division has the resources needed to accommodate ongoing workload, Planning, Building and Code Enforcement should reassess the assumptions in its permit fee model and update and document current staffing assumptions related to the expected time necessary for staff to complete work, vacancy rates, dedicated ADU staffing, use of consultants for residential plan review, estimated workload volume, and use of reserves.
- 3: In order to ensure consistency of plan review fees, Planning, Building and Code Enforcement should:
 - a) Provide ongoing training to Plan Reviewers on charging actual time, even when hours spent exceed the initial estimates. Further, the training should include whether Senior Engineers may charge time to customers for oversight and coordination when plan reviews are completed by consultants.
 - b) Work with the Information Technology Department to adjust plan check fees in AMANDA to the current fiscal year adopted fee rates.

Finding 2 Clarifying Plan Review Assignment and Resubmittal Responsibilities Can Improve Customer Satisfaction

Summary

Projects requiring plan review have experienced long delays. Oftentimes, projects were not assigned to a plan reviewer for multiple weeks. Even though Building has been using consultants to account for vacancies in its Plan Review section, projects were not immediately assigned to them. Customers have expressed dissatisfaction with the timeliness of plan review and the lack of communication about delays. Also, most projects require two to three review cycles to adequately address plan review comments. Even though Plan Review staff have an informal practice to meet with customers after two plan review cycles, this did not always occur. Finally, Building can improve how it manages its consultants, including providing them database access and clarifying roles and responsibilities for oversight.

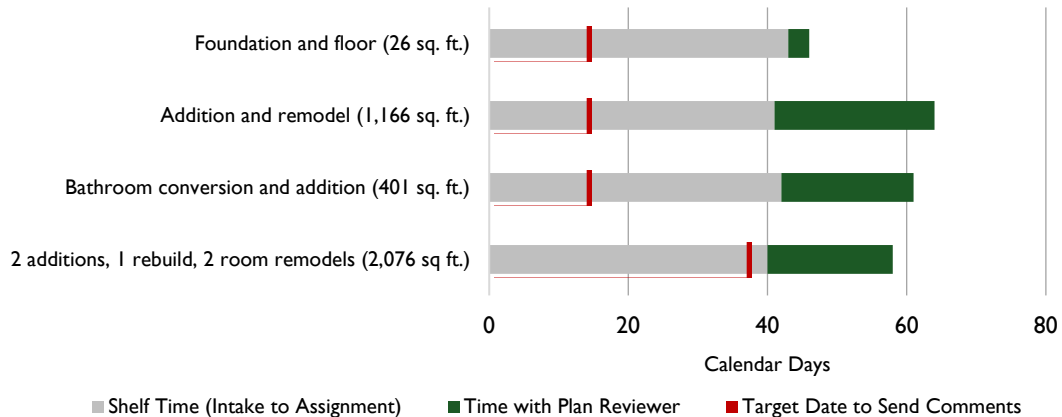
Improvements in Assigning Projects and Communicating Expectations Can Help the Customer Experience

As noted in Finding 1, not counting the time customers wait for an intake appointment, the plan review stage took the longest time in the permitting process. For many projects, the first round of comments from plan reviewers were provided to customers well past the expected timeframe. For a sample of projects taken in by the Plan Review section between January and December 2022, reviewers sent their first round of comments almost two months after intake, with some comments surpassing their target dates by 50 days.

Much of the delay was due to projects' shelf-time, or time waiting to be assigned for review. The sampled projects spent 40 days or more waiting to be sent to a reviewer. It should be noted that in recent months, most residential projects have been reviewed by consultants because of vacancies in the Division. In these cases, some consultants did not receive the new projects until after the projects' review target dates already passed.¹⁸

¹⁸ In comparison, the section's ADU group assigned new ADU plans 13 days before the target dates.

Exhibit 10: Projects Reached their Plan Review Target Dates Before Being Assigned



Source: Auditor analysis of the first Building plan review cycle in AMANDA.

Note: The foundation and floor project was assigned to an in-house engineer. The other three projects were assigned to consultants.

During the audit, Senior Engineers manually tracked incoming plans in a spreadsheet. However, they did not immediately distribute plans to consultants for plan review. That is, projects remained “on the shelf” to be assigned.¹⁹ According to staff, Senior Engineers did not send out plans right away so they could prioritize older projects that had been in Plan Review’s queue for longer. Once projects were finally assigned to consultants, plan review was completed within 1-2 weeks of receiving new plans. Consultants’ performance indicates that firms potentially have the capacity to review projects earlier, cutting down projects’ shelf-time significantly.

The purpose of using consultants was to aid in reducing the backlog and serve as “peak” demand staff. Having a more standardized approach to assign residential projects to consultants as they come in could help reduce shelf time.

Building Can Clarify Plan Review Assignments for Inspectors for Over-The-Counter Projects

Inspectors in the Permit Center review simpler residential plans submitted through the walk-in, over-the-counter (OTC) permit service. Staff report that when customers use the OTC service in the Permit Center, customers are redirected to an on-site inspector to complete building review. Inspectors also review projects taken in by Permit Specialists during virtual intake appointments.

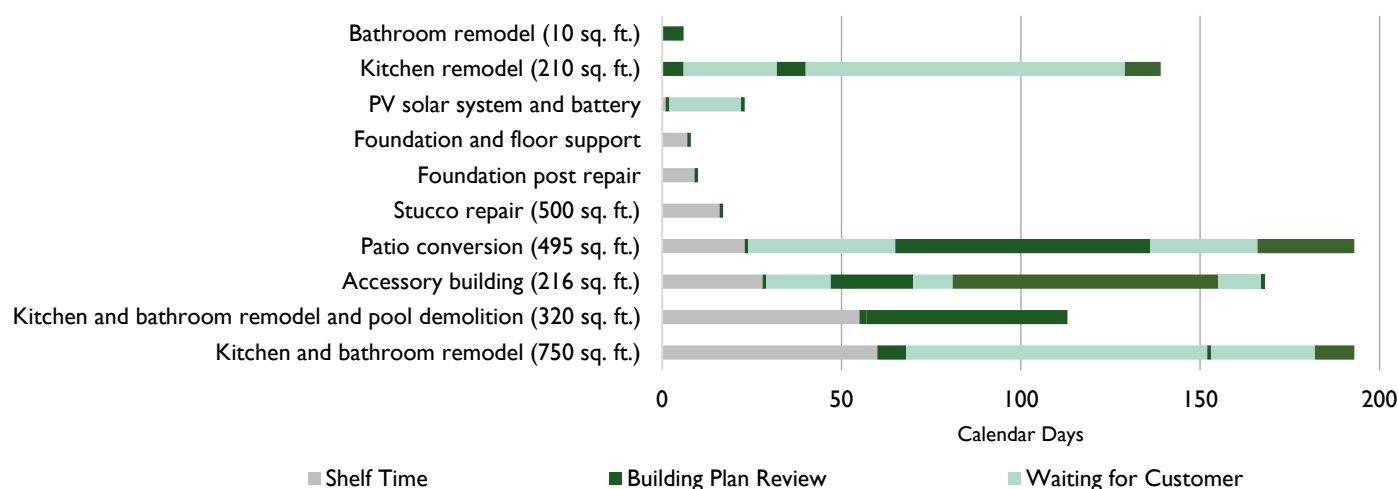
¹⁹ Resubmittals, on the other hand, experienced minimal shelf-time and were quickly distributed to consultants. The quicker distribution for resubmittals may be due to Building’s approach of prioritizing open projects. Resubmittals also already have a designated reviewer assigned, which would reduce coordination time.

During the audit, Permit Specialists and Senior Engineers routed some projects to inspectors that were beyond inspectors' typical scope of work.²⁰

Projects for inspectors' review are entered into a log by a supervisor. From there, inspectors self-select projects to review, rather than being assigned a specific plan from the supervisor. Informal assignments, paired with receiving projects beyond inspectors' review scopes, can lead to inspectors avoiding larger and more complicated projects. An inspector can choose the easiest projects first, leaving more complicated projects unattended until they are picked up by a different inspector. As shown in Exhibit II, some projects had a shelf-time of almost two months before being picked up and reviewed by an inspector. A few resubmittals sat with inspectors for an additional two months.

If a supervisor had been actively assigning larger projects from the log to inspectors and checking the progress of resubmittals, projects may have experienced shorter shelf-times and delays.

Exhibit II: Lack of Formal Project Assignments Can Create Delays for Larger Projects



Source: Auditor analysis of the Building plan review stage in AMANDA. Sampled projects were selected from the over-the-counter permit issuance log, and were taken in between February 2022 and May 2023.

Building has since addressed some of these challenges. The Division has limited the types of projects sent to inspectors for plan review to simpler projects. While inspectors continue to self-select plans to review, a supervisor reported sending larger projects (such as additions) to more experienced inspectors. Nevertheless, Building should standardize which project types to send to review groups, based on the reviewers' level of expertise. Additionally, supervisors should monitor how long projects have been sitting in the assignment log,

²⁰ Inspectors typically review residential plans that are one-story homes or, use conventional framing and codes. Inspectors do not typically review plans that are additions or involve changes to weight-bearing walls.

prioritize distributing delayed projects, and oversee the timeliness of inspectors' work.

Long Plan Review Times Affect Customer Satisfaction

Whether projects are assigned to in-house engineers, consultants, or inspectors, delays during the plan review process can negatively impact customer satisfaction. As seen in Exhibit 12, although nearly two-thirds of surveyed customers rated the knowledge and expertise of plan review as excellent, good, or fair, more than half rated timeliness of the process negatively. Overall, nearly half of the surveyed customers ranked their overall experience in plan review as poor or very poor.

Exhibit 12: Survey Respondents Were Asked to Rate Plan Review Services in Three Categories



Source: Auditor-conducted survey of Building customers.

Plan Review aims to send comments for most new projects within one month of receiving the plan from Permit Specialists. The plan review target dates are shared with customers when they check their project status on sjpermits.org. Once a project is assigned, the reviewer's name and email are added to the project status.

Customer Survey comments:

"The ETA on the outstanding Plan Check comments kept getting pushed back with no reliable ETA ever given."

"Some deadlines were in the past from the start. None of the dates were met."

Not meeting these target dates can frustrate customers, and potentially affect their project timelines. To send review comments for new plans and resubmittals by the target dates communicated with customers, Building should develop a strategy to assign projects to appropriate groups more quickly and to track progress on projects against weekly targets. Building should also account for any existing backlog to provide realistic due dates for customers.

Finally, it should be noted that the estimated timeframes to complete plan review have not been evaluated for at least 10 years to determine whether they are still reasonable, given current workload and staffing. Reviewing these timeframes would provide realistic timelines to customers and reduce surprises and frustration.

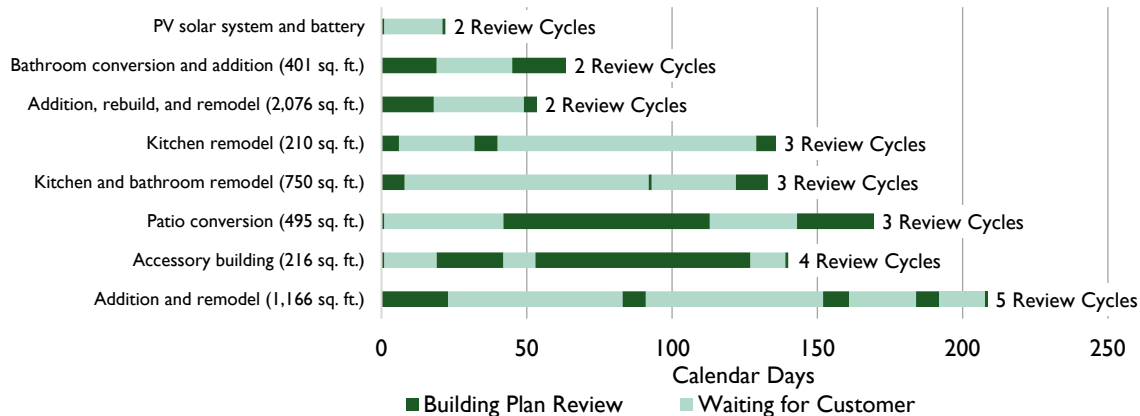
Recommendations:

- 4: To improve the process for assigning projects to Plan Review staff or consultants, Planning, Building and Code Enforcement should:**
 - a) Develop a process to assign projects to appropriate staff in a timely manner.**
 - b) Clarify which types of projects should be reviewed by inspectors and track the timeliness of completing reviews for first comments and resubmittals.**
 - c) Standardize the process for assignment of projects among staff for plan review.**
- 5: In order to provide realistic estimates for the plan review phase of a project, Planning, Building and Code Enforcement should communicate its actual timeframes for providing first comments to customers, and reassess whether its plan review targets are still achievable given staffing resources, and update the estimates if needed.**

Multiple Resubmittals Prolong the Plan Review Process

Most projects require two to three review cycles to adequately address plan review comments and comply with the Building Code. This is equivalent to an initial review of the plan, plus one to two subsequent reviews on resubmittals. Customers address reviewers' comments in each cycle by updating their plans or providing additional information. It is up to the customer when to send their updated plan or respond to comments. As seen in Exhibit 13, customers may take multiple weeks, if not months, to send resubmittals back to the plan reviewer.

Exhibit 13: Some Customers Spend Multiple Weeks to Address Review Comments



Source: Auditor analysis of the building plan review stage in AMANDA. Analysis includes sampled projects that required more than one building review cycle.

The more review cycles, the longer and more expensive the process becomes for customers. It also increases the workload for Plan Review staff. One sampled project, a 1,166 square foot residential remodel, required five review cycles by engineers, taking over 200 days to complete plan review and over 300 days overall to reach issuance. This project needed an additional eight hours of plan check and coordination time²¹ over the six hours estimated for one review cycle. The added time equated to an additional \$1,600 due from the customer.

Even though Plan Review engineers have an informal practice to meet with customers after two review cycles, this does not appear to occur consistently. Customers shared that being able to discuss projects in real-time reduced the back-and-forth and wait times during plan review.

Customer Survey comments:
“Not being able to sit down in front of a person creates an enormous gap of knowledge, information sharing, and accuracy.”

The City of Milpitas, on the other hand, offers appointments to discuss plan review comments with applicants. San Diego also reported meeting with customers as needed upon request. By similarly formalizing a process and set time to clarify comments, plan reviewers can provide a better picture of next steps for customers. If plans require fewer submittals, staff can also spend less time revisiting older projects and address the backlog of incoming new plans.

²¹ As noted in Finding I, Building should develop guidance on charging coordination time to customers.

Recommendation:

- 6: To reduce the number of resubmittals, Building should develop a formal policy for when plan reviewers should call or meet with customers to discuss review comments with a goal of reducing delays for customers.**

Building Can Improve How It Manages Consultants

PBCE has been using consultants to fill workload gaps caused by vacancies for about 10 years. However, Building can provide greater oversight over the consultants' work. For example:

- The Division does not consistently track contracted hours for accuracy.
- Some consultants appear to have charged one standard rate for all the projects (basic rate), even though work was done by staff with advanced experience.
- Some consultants logged hours for plan review who had not been initially included in the approved service orders.
- Some consultants did not appear to have Form 700s on file, as required under the agreements.²²

In addition, consultants do not currently have access to the City's permitting system (AMANDA). As consultants conduct their work, a Senior or Associate Engineer that oversees the consultants must update the system on their behalf. Providing consultants access to AMANDA would reduce the administrative work for Building staff.

Recommendation:

- 7: To provide consistent oversight of consultant services and ensure compliance with agreement requirements, Planning, Building and Code Enforcement should develop written procedures to:**
- a. Clarify roles and responsibilities on providing oversight;**
 - b. Track plan review hours expended to ensure accuracy of invoiced time;**
 - c. Spot check consultant work completed to ensure consistency in quality and accuracy;**
 - d. Document compliance with the City's Form 700 requirements;**

²² Per the agreement, consultants are required to file their original completed Form 700s with the City Clerk with a copy to the Director.

- e. **Ensure approval of all consultants prior to beginning work;
and**
- f. **Provide data entry access to consultants.**

Finding 3 Opportunities Exist to Improve Permit Center Processes and Coordination Among Work Groups

Summary

Customers face lengthy delays prior to even starting the permit process. This is because initial intake appointments can take weeks or more to schedule. In January 2023, residential project appointments took three months to schedule. It has since improved to about one and a half months. At the time of the audit, appointments defaulted to at least one hour; however, staff report that they do not generally use the allotted time. While Building has made appointments optional for some types of projects, to further reduce the wait times, PBCE should expand optional residential intake appointments, and evaluate whether the default appointment times can be reduced to different time options for the different types of projects. PBCE is currently looking to potentially making appointments optional. The Department should also address instances where customers did not show up for their appointment (customers failed to show up for roughly one in seven residential appointments from January to May 2023). Finally, better communication with customers and among Development Service Partners can enhance the customer experience.

Intake Appointments Can Take Weeks or More to Schedule

During the audit, customers were expected to schedule an intake appointment with a Permit Specialist through PBCE's website for most projects. As of September 15, 2023, the next available appointment ranged from 5 – 47 days depending on the type of project. This is an improvement from earlier in the year, when wait times were three months in January 2023.

Along with the wait times, the availability of appointment slots has also been a challenge. At the time of the audit, the Permit Center offered one or two appointment slots for customers to choose from on a given day. Customer Survey responses indicate that appointment availability and wait times are some of the primary concerns for customers because it delays the permit process before it officially begins.

Building's goal is to offer an appointment within 14 days. ADU service appointments meet the timeliness goal most often. ADUs have a dedicated plan review team and an ADU Ally, whose role is similar to a Permit Specialist's. While lead times for all services appear to have

Customer Survey comment:

"the lead times for scheduling appointments is completely ridiculous compared to the [other] jurisdictions. Being three months out for even scheduling, before even looking at the plans, is not acceptable."

improved since the beginning of 2023, meeting Building's goal for appointments within 14 days remains a challenge.

Building Should Shorten the Required Appointment Time or Make Appointments Optional

Excluding walk-ins, the Permit Center offers about 20 appointments for residential projects per day. At the time of the audit, Building had set each appointment to be scheduled for one hour to one hour and 25 minutes. This was intended to allow time not just for appointments, but also for completing paperwork and uploading documents to shared folders. Additionally, the Department reported that many permit staff are recent hires, and less experienced staff may need more time for appointments.

However, staff report that the appointments do not usually take all of the allotted time. According to Building, the appointment system set the appointment time to default to one hour at the minimum, thus reducing the overall number of appointment slots available.

Customer Survey comment:

"Going in person did not help at all because there was never anyone available and they [Permit Center staff] wanted to schedule an appointment that was over a month away just to ask a technician a question."

Additionally, intake appointments may not be necessary to begin the permit process. Building already offers a few ways to bypass appointments for certain types of projects, including online permits through sjpermits.org and Rapid Online Service Intake (ROSI). Customers can also use the walk-in service with OTC for qualifying projects instead of scheduling appointments.

Requiring intake appointments for all applicants with varying levels of experience is not the best use of time for Permit Specialists. Under the current set-up, customers who may not need an appointment or need shorter times are still subject to the long appointment waiting lines.

During the audit, Building Division informed us that it aimed to eliminate the requirement for pre-scheduled intake appointments after the implementation of SJePlans. This aligns with some other large California jurisdictions. For example, San Diego, Los Angeles, and Milpitas, either do not require or have optional appointments to submit a project. Customers have the option to schedule a meeting if they need assistance with completing applications.

However, shortening appointment times and making intake appointments optional can also help alleviate customer frustration with appointment wait times.

Incomplete Applications and No-Shows Can Be Problematic

When appointments are taken up by customers that may not be ready to start the permitting process or customers who had no intention of showing up to the appointment, it can create delays and long wait times for other, more prepared customers.

The Permit Center requires all materials, such as the permit application, the project submittal form, and project plans, to be uploaded at least two days before a customer's intake appointment. The Permit Center has dedicated staff to prescreen and confirm appointments one to two weeks ahead of the appointment time. Staff review submitted documents, confirm appointments, and reach out to customers for any missing information.

Permit staff report that customers might not respond to multiple attempts to contact them, which can result in customers not showing up to appointments or showing up with incomplete documentation. Even though the Building Division warns customers that appointments could be canceled if submissions are missing or incomplete, cancellations rarely occur.

There were 106 no-shows out of roughly 700 residential service appointments from January to May 2023. Nearly half of those no-show appointments did not have files uploaded, meaning Permit Specialists did not have any materials to move forward the applications.

Managing No-Show Appointments

Specialists reported various ways they manage no show appointments. Some attempt to process applications with available information. Some Permit Specialists reported catching up on emails and responding to customer inquiries on outstanding projects, while another specialist told us that they use informal wait lists to fill these no-show slots, allowing certain customers to bypass the appointment wait times.²³ Another Permit Specialist calls customers multiple times throughout the appointment time: at 5, 15, and 30 minute intervals.

Outreach Can Improve Customer Preparedness

Some of the most common complaints from respondents to our Customer Survey was the lack of guidelines and not knowing what steps to take. When residential projects are led by homeowners and first-time applicants, they are less likely to be

Customer Survey comment:

"Seeking a permit is a logistical nightmare. It has consumed time and money. It's required us to hire multiple additional professionals to help us navigate."

²³ Management reported that these wait lists deviate from their expectation to serve customers based on the scheduled appointments.

familiar with the technicalities of the permit process.

Educating customers on the application requirements and the overall process can reduce the frequency of incomplete files, minimize back-and-forth between customers and permit staff, and improve customer preparedness overall. A Permit Specialist stated that in some cases, customers make appointments for questions about potential projects or may use the appointment time to complete their application.

Building held an open house event in July 2023, with staff available for questions and a presentation on permitting ADUs. Building can provide more events to reach community members that are not familiar with Building's permit process. For example, San Diego regularly posts recorded webinars on project requirements and uploading plans. Other jurisdictions offer free consultation meetings before customers decide to start a project.

By equipping customers with the information and informal opportunities to ask questions ahead of time, customers are more likely to submit complete applications.

Recommendations:

- 8: To reduce appointment wait times for customers and increase access to more appointment slots, Planning, Building and Code Enforcement should:**
 - a) Expand optional residential intake appointments, while maintaining appointment access to those customers with more complex projects or for those that request or need them.**
 - b) Evaluate whether the default appointment times can be reduced by different time options for the different types of projects.**
- 9. In order to make current appointments more efficient and reduce the likelihood of customer no-shows, Planning, Building and Code Enforcement should:**
 - a) Enforce its appointment cancelation policy for applications submitted without required documents that have been unresponsive to contact by Permit Center staff;**
 - b) Formalize a queuing process to make canceled appointments available to future appointment holders who have uploaded application materials early; and**
 - c) Educate customers on having a successful permit and plan review experience through outreach, recorded webinars,**

and training brochures on required steps, forms, fees, and communication methods.

Better Communication with Customers and Coordination Among City Staff Can Enhance Customer Experience

At the time of the audit, there were no written procedures for how Permit Specialists should follow-up with customers outside of an appointment. This may result in specialists treating similar situations for projects differently, as well as creating delays for projects ready to receive permits. In addition, coordination among the various Development Partners can be improved.

Varying Follow-Up Procedures Among Permit Center Staff Can Lead to Delays in Issuing Permits

Inconsistent follow-ups can leave nearly complete projects pending. Upon completion of plan review, plans are routed to Permit Specialists for permit issuance. During this stage, specialists confirm that the necessary Development Partners approved the project plans, double-check that all application files are uploaded, generate the permit fees, and issue the building permit upon payment. Permit Specialists self-assign projects for issuance, which may result in projects being unintentionally overlooked. For example, one sampled project spent 21 days waiting to be assigned to a specialist for issuance.

Like the intake stage, missing files from customers (such as owner-building acknowledgment forms, addressing assignments for ADUs, and outside clearance forms) can create delays in issuing permits. Some specialists did not appear to actively follow up on outstanding items or invoices, whereas a different specialist noted that they follow up on missing items twice with customers. Another specialist shared that communicating with customers was not a part of their training.

For example, at the time of the audit, one sampled project had been in the issuance stage since March 2023. While the customer paid the final fee generated by the Permit Specialist in May, there was an outstanding balance from two prior invoices. The Permit Specialist did not appear to follow up with the customer on this balance. In contrast, a specialist for a different project reached out to a customer three times before issuing the permit. The specialist was able to issue the permit within 10 days of picking up the project after plan review.

Customers Are Responsible for Informing the Division That Fees Have Been Paid

Currently, customers are responsible for informing specialists that all fees have been paid so they can receive their permit. If a customer is unaware of this, a specialist might not know that fees have been paid and a permit is ready to be issued. In contrast, for the initial fees, staff report that once a customer pays

those fees, AMANDA automatically notifies them that the project is ready to be routed for plan review.

Some Projects Require Coordination Among Different Departments or Work Groups

As noted in the Background, some projects require reviews from other divisions or departments. Coordination among the various Development Partners is important to expedite the workflow and remove any barriers to permit issuance.

According to staff from Development Partners, Permit Specialists do not always route projects to appropriate divisions and departments, or there are missing files that the Permit Specialists did not identify. For example, the Fire Department noted ADUs are frequently missing hydrant flow letters from water companies, which are listed as an application requirement. The Planning Division of PBCE also shared that some plans are missing public easements.²⁴ In both cases, staff reported that missing materials or projects routed late created plan review delays.

Currently, during the technical review process, the different Development Partners who are routed the plans send emails to customers with a list of comments or corrections that need to be made. Customers are expected to make the changes and respond to each Development Partner individually by resubmitting plans separately. It creates confusion not only for customers, but also for engineers from different Development Partners. Engineers may receive different versions of the same plan and not realize that project changes made for other divisions or departments also affect their review.

SJePlans Is Expected to Improve Coordination Among Development Partners

In the attempt to increase department coordination, Building started the process of transitioning to SJePlans during the audit. SJePlans is a project management software that is expected to improve coordination among Development Partners.

Other Development Partners already use SJePlans for plan review and internal routing of projects. With the implementation, Building engineers are expected to review, make comments, and share projects with other Development Partners on one platform. The Department anticipates that all projects can be submitted and accessed through SJePlans, including resubmissions. Customers will no longer receive comments from each Development Partner via email at different times. When all divisions and departments complete their comments, the software will notify the customers and accept resubmissions. It is also expected

²⁴ Public easements can include public utilities and setback lines that run across someone's private property.

to solve the issue of missing files, since all materials are uploaded on SJePlans and can be reviewed by staff from all involved Development Partners.

Recommendations:

- I0: To standardize current permit processes, Planning, Building and Code Enforcement should develop standard operating policies for the Permit Center on assigning projects for permit issuance, follow-up on outstanding fees, and guidance on forwarding projects to the appropriate Development Partners.**
- I1: In order to reduce reliance on customers informing staff on final payment of permit fees and to speed up the permit issuance, Planning, Building and Code Enforcement should work with the Information Technology Department (ITD) to create a trigger in AMANDA to notify Permit Specialists once a customer has paid final fees instead of having to check manually.**
- I2: To assess whether the SJePlans pilot implementation successfully meets Building's goal of providing customers with a coordinated plan review experience across Development Partners, Planning, Building and Code Enforcement, after six months, should assess whether SJePlans addressed, at a minimum, the following:**
 - a) Consistent resubmittal instructions and steps between Development Partners;**
 - b) All uploaded application files are available to all Development Partners' staff; and**
 - c) Routing projects between Building staff and between Development Partners to eliminate sending project files via email.**

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Finding 4 Building Can Enhance Its Communications With Customers

Summary

Permit customers have expressed dissatisfaction with the City's website. Staff have noted that customers frequently contact Permit Center staff for help navigating it. As such, there are opportunities for Building to help customers more easily locate relevant information. Also, many Building phone tree options are directed to voicemail; however, customers are not given information on when they may receive a response, nor is Building tracking how quickly staff are responding. Additionally, neither sjpermits.org nor the phone lines have a translation option. Finally, most forms available on the website are in English. We recommend that Building update its website, develop a policy on responding to customer inquiries, improve language access for its website and phonedlines, and develop a process to identify and prioritize vital documents for translation in accordance with the City's Language Equity Policy and Guidelines.

Building's Website Can Be Improved to Better Help Customers Find Information

Only 56 percent of the respondents to our Customer Survey agreed with the statement that *"It was easy to find information, checklists, and application forms on the City website."* This aligns with staff's concerns about some customers' frustration with the website. Staff noted that customers frequently contact Permit Center staff for help navigating the website.

The PBCE website is the primary source of information for customers seeking to obtain a building permit. The PBCE webpages were reviewed more than 1.4 million times in 2022. The Online Permits and the Development Services Permit Center pages were the most visited pages among them. Building's webpages contain information about the permit process, building codes, and services offered, including appointments and inspections. Customers can also access online applications, download instructions and forms, and schedule inspections.

Customer Survey comments:

"This is such a complex process with no guidelines listed on the site. Have the steps listed and described on first page of your application and information site."

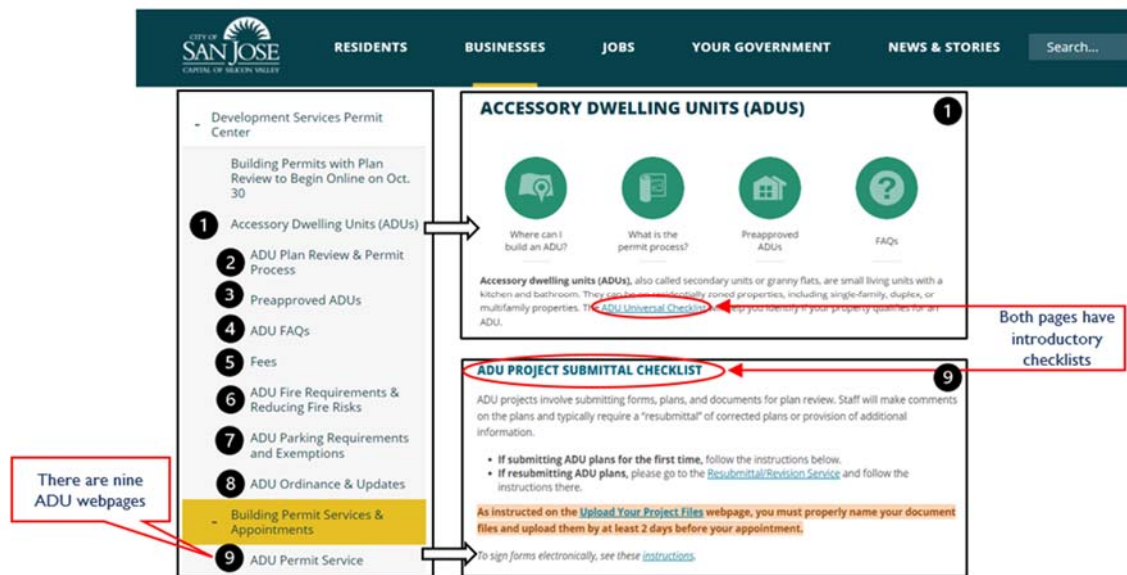
"links to the website went in circles."

Buildings Website Can Better Help Customers Locate Information

The Building website can be improved to help customers find the information they need for their residential project.

- **Navigation through multiple pages of ADU information:** As currently structured, customers look through at least nine webpages to obtain complete information about ADUs. The information on ADUs and the application process is scattered throughout multiple webpages, and it is unclear which webpage would provide a primary overview of the application process. Other project types have one primary page where customers can get an overall picture of the project type.

Exhibit 14: Customers Navigate Through Multiple Pages for Introductory ADU Information and Checklists



Source: Auditor rendition of the ADU webpages on the PBCE website.

- **Overlapping service lines:** The various service lines (such as Residential, Simple Permits, and OTC) list projects that are difficult to distinguish. Exhibit 15 shows examples of projects where slight deviations make a project ineligible for a service line. Despite these differences, the service line webpages contain links to the same instructional documents, making it harder for customers to determine which service to use. Permit Center staff pointed out that some customers confuse service lines, and their applications must be redirected to the correct service line, which can cause delays.

Exhibit 15: PBCE Webpages May Have Overlapping Information

	OTC Permit Service	Simple Project Permit Service Line	Residential Permit Service Line
Swimming Pool Construction	Eligible when using an approved master file	Not eligible	Eligible (no restrictions)
Swimming Pool Demolition	Contingent on approved Public Works clearance	Eligible if the former pool area will become a non-buildable area	Eligible (no restrictions)
Skylight Replacement	Not eligible	Eligible if there are no changes to the roof	Eligible (no restrictions)

Source: Auditor summary of PBCE webpages for over-the-counter, simple project, and residential service lines.

- Changing OTC service line eligibility:** Building has changed the types of projects eligible for OTC multiple times over the past few years, partly due to COVID-19 shelter-in-place orders and coordination with other Development Partners. Given the frequent changes, Building should clarify which projects can be submitted through the OTC line and what customers should expect. For example, staff reported that inspectors reviewing OTC projects should not be reviewing projects over a certain square footage. However, this threshold is not communicated with customers on the website, and customers may submit those plans through OTC.²⁵ Additionally, while the OTC webpage states that the permit can be issued within a day, it does not disclose that projects requiring review from other Development Partners may take longer.
- Incomplete information on fees:** Currently, the only way for customers to get customized information on potential fees would be to fill out an online form and email it to a Building Division staff person. However, this estimator only provides a portion of the fees and can lead to customers being surprised at the final overall permit costs.²⁶

²⁵ As recommended in Finding 2, Building should clarify which projects that OTC inspectors are responsible for reviewing.

²⁶ The City Auditor's 2014 Audit on Development Services recommended that: *To increase accessibility of online fee estimation, PBCE should update and simplify the online fee calculator.* The recommendation is currently outstanding. The Information Technology Department reports that the development of the online features are ongoing, and the online fee calculator could commence after the completion of the existing changes to the sjpermits.org portal.

City Policy 1.7.9, Website and Digital Services Governance, provides guidance to increase user-friendliness of City websites. The policy suggests to follow the Federal Plain Language Guidelines and consider three goals for the website users:²⁷

- *Find what they need*
- *Understand what they need*
- *Use what they find to meet their needs*

Having an easy-to-use website that has accessible information will increase the likelihood that customers are better prepared.

Recommendation:

- 13. To improve communication and outreach to Permit Center customers, Planning, Building and Code Enforcement should update the website to remove redundancies, clearly differentiate service lines by clarifying expectations for each Permit Center line or reducing the number of “lines”, and providing clear instructions on the permit process.**

Customers Expressed Frustration With a Lack of Phone and Email Responses

Many phone tree options for Building permit questions are directed to voicemail, and few are answered by staff members during business hours.²⁸ Customers, on the other hand, prefer to speak with a staff member by phone, according to respondents to our survey of Building permit customers.

In addition, Building’s phone tree options with voicemails do not provide information about when to expect a call back from City staff, and the Division does not track calls routed outside of its general phone line.

Customer Survey comments:

“[It would help to] easier to reach a person on the phone, easier to have a single point of contact, easier to have consistent information across multiple phone calls...”

“[It would help] having 1 [one] point of contact for any permit/planning concerns instead of having to make multiple phone calls, leave multiple messages with long delays for a return call etc.”

The City provides guidelines on customer service expectations through City Administrative Policy 1.2.9 *Customer Service Guidelines*. The policy requires

²⁷ The Federal Plain Language Guidelines are developed by PLAIN, the Plain Language and Information Network, developed by federal employees who support clear government communication.

²⁸ Customers can seek guidance regarding the development permitting process by calling the PBCE phone number (408) 535-3555.

departments to set standards for responding to inquiries/requests for service and encourages departments to respond within one business day, even if that is to acknowledge receipt or an email. It further requires departments to set standards to ensure that voicemails would provide information about approximately when someone will be staffing the phone/email account.

Better communication with customers can improve customer satisfaction. For some customers, resolving challenges by phone is quicker and more convenient than emailing or meeting in person.

Recommendation:

- 14: In compliance with City Administrative Policy 1.2.9, Planning, Building and Code Enforcement should set minimum standards for responding to inquiries/requests, including providing approximate follow-up timeframes.**

The Building Division Provides Limited Language Access in its Website and Printed Materials

PBCE has recently hired a staff member to manage language access and the Department's Racial Equity Action Plan. At the time of the audit, PBCE was working on the following:

- Budgeting for language access programming,
- Providing language identification flashcards for field staff,
- Providing training to employees about language assistance services, and
- Tracking its usage of language services.

According to the City's Language Equity Policy & Guidelines (CPM 6.1.10), the City should provide information and phone tree instructions in Spanish, Vietnamese, and Chinese, as well as translations for vital documents and regularly used documents.²⁹ However, both the City's Building website and the call options had very limited language accessibility options. For example, sjpermits.org (the website to apply for online permits) does not have a language translation option. PBCE's phone line for Building-related inquiries (535-3555) also does not provide a language accessibility option. Additionally, most files posted on Building's website (such as permit applications) are only in English.

Enabling communication with non-English residents is an important aspect of providing equitable service. About 57 percent of San José residents speak a language other than English at home, and bilingual residents are not always

²⁹ According to the City Policy Manual, vital documents are "documents that contain essential information about available City programs, services, and benefits, access to which is essential in order for persons to receive, benefit, or participate meaningfully in City programs and services."

equipped with the vocabulary needed to translate permit-related topics. Ensuring that Building offers access to services in the city's three most common non-English languages helps with increasing the ability of non-English speakers to better navigate the permitting process.

Recommendation:

I5: To maximize language accessibility and comply with the City's Language Equity Policy & Guidelines, Planning, Building and Code Enforcement should:

- a. Include language translation options for the sjpermits.org website and phone lines, and
- b. Develop a process to identify and prioritize vital documents related to the residential permit process for translation in accordance with the policy.

Conclusion

The City requires building permits for new structures and changes to existing structures. Building conducts plan reviews, issues building permits, and inspects projects for Building Code compliance. Building has seen significant vacancies in recent years, resulting in missing its timeliness targets and a growth in the backlog of projects. Also, the current fee model and staffing strategy may not be providing sufficient resources to accommodate expected workloads. In recent months, Building has relied on consultants for plan review of residential projects. However, projects have not been assigned timely, nor are there strong controls in place for how to work with the consultants. Additionally, Building should review its intake appointment processes and clarify procedures around communication and coordination with customers and Development Partners. Lastly, Building can enhance its communications with customers by updating its website, setting timeliness standards for responding to customer inquiries, and providing additional language options for sjpermits.org and its phone trees, and developing a process to identify vital documents to translate.

RECOMMENDATIONS

Finding 1: Staffing and Workload Imbalances Have Impacted the Timeliness of the Building Permit Process

Recommendation #1: To ensure the Planning, Building and Code Enforcement's staffing plan accurately considers Building's ongoing staffing challenges, the Department should develop a long-term staffing strategy that:

- a. Expands its recruiting efforts by bolstering advertising for specific positions, including outreach and career fairs in which potential candidates can learn more about the department.
- b. Continues and potentially prioritizes recruitment for entry-level positions, such as Engineer I/II, and works with local universities to create short-term career programs, such as internships.
- c. Considers how the department uses consultants and other staff, such as inspectors or other positions, for reviewing residential plans as appropriate.

Recommendation #2: In conjunction with the long-term staffing strategy, to ensure that the Building Division has the resources needed to accommodate ongoing workload, Planning, Building and Code Enforcement should reassess the assumptions in its permit fee model and update and document current staffing assumptions related to the expected time necessary for staff to complete work, vacancy rates, dedicated ADU staffing, use of consultants for residential plan review, estimated workload volume, and use of reserves.

Recommendation #3: In order to ensure consistency of plan review fees, Planning, Building and Code Enforcement should:

- a. Provide ongoing training to Plan Reviewers on charging actual time, even when hours spent exceed the initial estimates. Further, the training should include whether Senior Engineers may charge time to customers for oversight and coordination when plan reviews are completed by consultants.
- b. Work with the Information Technology Department to adjust plan check fees in AMANDA to the current fiscal year adopted fee rates.

Finding 2: Clarifying Plan Review Assignment and Resubmittal Responsibilities Can Improve Customer Satisfaction

Recommendation #4: To improve the process for assigning projects to Plan Review staff or consultants, Planning, Building and Code Enforcement should:

- a. Develop a process to assign projects to appropriate staff in a timely manner.
- b. Clarify which types of projects should be reviewed by inspectors and track the timeliness of completing reviews for first comments and resubmittals.
- c. Standardize the process for assignment of projects among staff for plan review.

Recommendation #5: In order to provide realistic estimates for the plan review phase of a project, Planning, Building and Code Enforcement should communicate its actual timeframes for providing first comments to customers, and reassess whether its plan review targets are still achievable given staffing resources, and update the estimates if needed.

Recommendation #6: To reduce the number of resubmittals, Building should develop a formal policy for when plan reviewers should call or meet with customers to discuss review comments with a goal of reducing delays for customers.

Recommendation #7: To provide consistent oversight of consultant services and ensure compliance with agreement requirements, Planning, Building and Code Enforcement should develop written procedures to:

- a. Clarify roles and responsibilities on providing oversight;
- b. Track plan review hours expended to ensure accuracy of invoiced time;
- c. Spot check consultant work completed to ensure consistency in quality and accuracy;
- d. Document compliance with the City's Form 700 requirements;
- e. Ensure approval of all consultants prior to beginning work; and
- f. Provide data entry access to consultants.

Finding 3: Opportunities Exist to Improve Permit Center Processes and Coordination Among Work Groups

Recommendation #8: To reduce appointment wait times for customers and increase access to more appointment slots, Planning, Building and Code Enforcement should:

- a. Expand optional residential intake appointments, while maintaining appointment access to those customers with more complex projects or for those that request or need them.
- b. Evaluate whether the default appointment times can be reduced by different time options for the different types of projects.

Recommendation #9: In order to make current appointments more efficient and reduce the likelihood of customer no-shows, Planning, Building and Code Enforcement should:

- a. Enforce its appointment cancelation policy for applications submitted without required documents that have been unresponsive to contact by Permit Center staff;
- b. Formalize a queuing process to make canceled appointments available to future appointment holders who have uploaded application materials early; and
- c. Educate customers on having a successful permit and plan review experience through outreach, recorded webinars, and training brochures on required steps, forms, fees, and communication methods.

Recommendation #10: To standardize current permit processes, Planning, Building and Code Enforcement should develop standard operating policies for the Permit Center on assigning projects for permit issuance, follow-up on outstanding fees, and guidance on forwarding projects to the appropriate Development Partners.

Recommendation #11: In order to reduce reliance on customers informing staff on final payment of permit fees and to speed up the permit issuance, Planning, Building and Code Enforcement should work with the Information Technology Department (ITD) to create a trigger in AMANDA to notify Permit Specialists once a customer has paid final fees instead of having to check manually.

Recommendation #12: To assess whether the SJePlans pilot implementation successfully meets Building's goal of providing customers with a coordinated plan review experience across Development Partners, Planning, Building and Code Enforcement, after six months, should assess whether SJePlans addressed, at a minimum, the following:

- a. Consistent resubmittal instructions and steps between Development Partners;
- b. All uploaded application files are available to all Development Partners' staff; and
- c. Routing projects between Building staff and between Development Partners to eliminate sending project files via email.

Finding 4: Building Can Enhance Its Communications With Customers

Recommendation #13: To improve communication and outreach to Permit Center customers, Planning, Building and Code Enforcement should update the website to remove redundancies, clearly differentiate service lines by clarifying expectations for each Permit Center line or reducing the number of “lines”, and providing clear instructions on the permit process.

Recommendation #14: In compliance with City Administrative Policy 1.2.9, Planning, Building and Code Enforcement should set minimum standards for responding to inquiries/requests, including providing approximate follow-up timeframes.

Recommendation #15: To maximize language accessibility and comply with the City’s Language Equity Policy & Guidelines, Planning, Building and Code Enforcement should:

- a. Include language translation options for the sjpermits.org website and phone lines, and
- b. Develop a process to identify and prioritize vital documents for translation related to the residential permit process in accordance with the policy.

APPENDIX A

Audit Objective, Scope, and Methodology

The mission of the City Auditor's Office is to independently assess and report on City operations and services. The audit function is an essential element of San José's public accountability, and our audits provide the City Council, City management, and the general public with independent and objective information regarding the economy, efficiency, and effectiveness of City operations and services. In accordance with the City Auditor's Fiscal Year (FY) 2023-24 Audit Work Plan, we have completed an audit of the Building Permitting Process. The audit was conducted in response to a request by a City Councilmember.

We conducted this performance audit in accordance with generally accepted government auditing standards. 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.

The objective of this audit was to assess the timeliness of the building permit process for single-family residential additions or alterations, including accessory structures. To meet our audit objectives and understand management controls, we did the following:

- Interviewed various staff to understand the permit process, current challenges, initiatives, and customer interactions. This included staff from PBCE's Building Division (Permit Center, Plan Review, and Inspections sections), the Development Partners (Fire Department, Planning, and Public Works), City Manager's Office, Human Resources, and Information Technology Department
- Conducted walkthroughs of the permit process, accompanied inspectors on field visits, and observed administrative duties to review the daily activities and tasks performed at the Permit Center and tasks performed virtually
- Assessed the regulatory framework by reviewing the relevant San José Municipal Code Sections and California government building codes, including codes for Accessory Dwelling Units
- Reviewed available procedures and guidelines, tools and templates, workload tracking mechanisms, and PBCE department dashboards
- Analyzed data from the AMANDA permitting system from 2019 to 2023 to understand:
 - Timeliness of the residential permit process by stage and project type
 - Calendar days for overall permit issuance (from intake to issuance)
 - Workload and backlog of residential applications
- Analyzed data from the AMANDA permitting system for FY 2021-22 to calculate the amount of Building Plan Review fees assessed and collected
- Reviewed plan review assignment logs to understand the assignment process and the scopes of work assigned to plan review groups
- Selected a sample of 27 projects from AMANDA, plan review assignment logs, and permit issuance logs to understand:

- Number of calendar days projects spent in the intake, building plan review, and permit issuance stages, as well as time passed between each attempt (shelf-time with the City and time with customers)
- Number of calendar days in which the building plan review attempt met or did not meet its target date
- Number of plan resubmittals
- Hours spent per building plan review attempt
- Building plan review fees and hours charged at intake and issuance
- Reviewed one month of project assignments in one contracted agency's log to calculate average calendar days for contracted staff to complete review once assigned
- Sampled nine projects from one contracted agency's log to calculate:
 - Average calendar days between the assignment date and target date
 - Average calendar days between completing review and the target date
- Reviewed PeopleSoft reports on vacancies and Sal-Fringe reports for budgeted positions in the Building Division from FY 2018-19 to current
- Using the City's Financial Management System, reviewed contract staff expenditures from FY 2013-14
- To understand the Department's fee setting process, reviewed PBCE's cost model for FY 2022-23 and the June 2023 work-in-progress liability report
- Using Survey Monkey, completed a customer survey of Building Division customers who started the permitting process from January 1, 2022 to May 1, 2023. Surveys were sent out to customers that had provided email contact information related to projects initiated in those years. In total, 7,706 surveys were sent and 616 responses were received for a response rate of 8 percent.
- Benchmarked other jurisdictions to compare how San José's processes compared to theirs. We benchmarked and received responses from the cities of San Diego, Los Angeles, Long Beach, and Milpitas
- Reviewed customer touchpoints in the permitting process such as the PBCE webpages and phone lines to understand usability, responsiveness, accessibility, and availability of information
- Reviewed contract staff agreements to understand compliance requirements

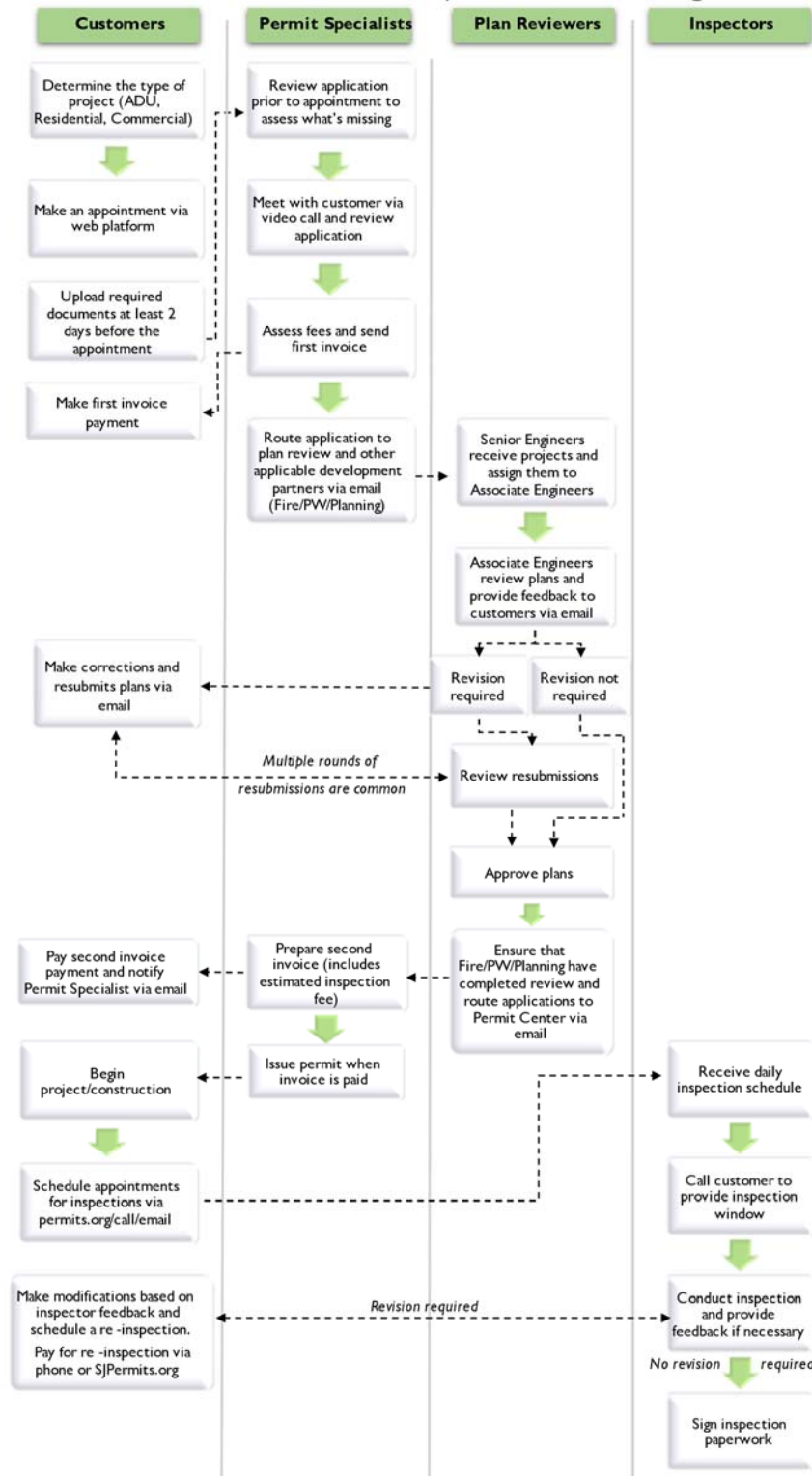
We would like to thank PBCE, the City Manager's Budget Office, City Attorney's Office, the Fire Department, Public Works and the Information Technology Department for their time and insight during the audit process.

APPENDIX B

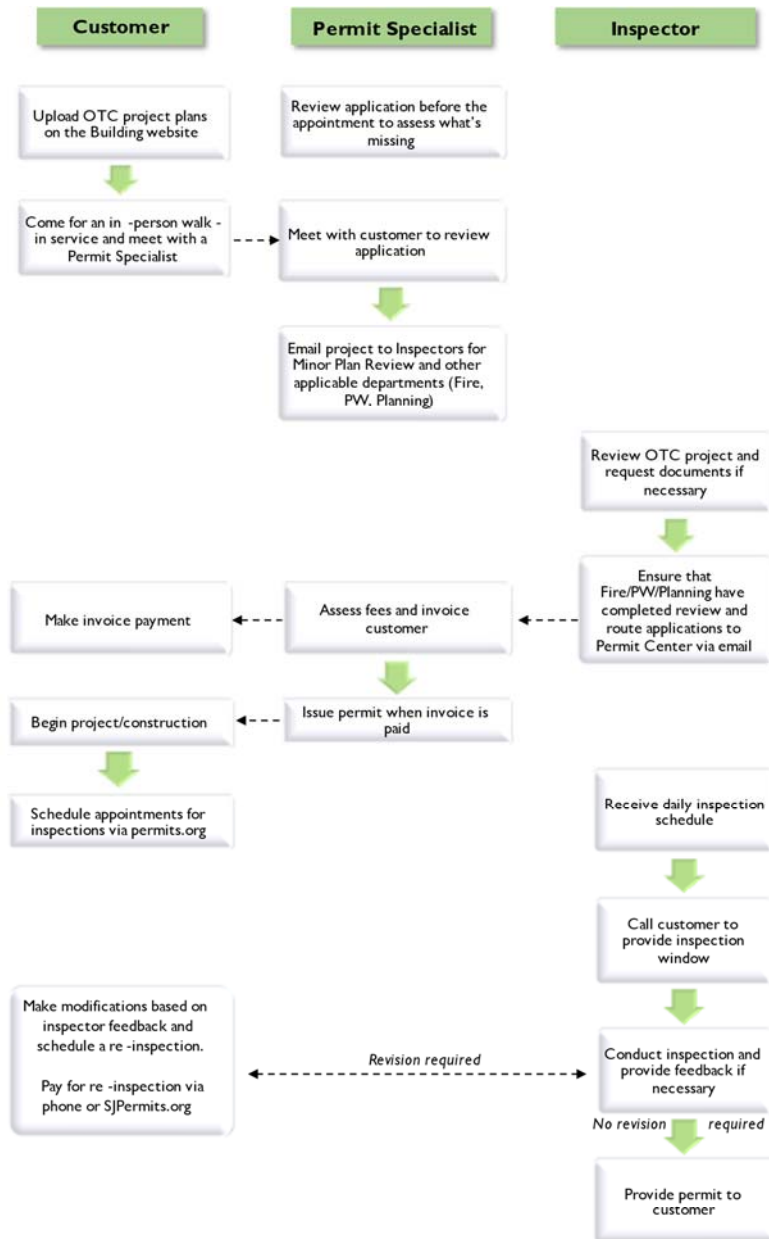
Permit Process Flowcharts

Fire, Public Works, and Planning also provide plan review comments to customers individually. Customers respond to the comments and resubmit their updated plan to appropriate departments, starting a new cycle of review.

Permit Process for Residential and ADU Projects Routd to Regular Technical Review



Permit Process for Over-the-Counter (OTC) Projects



APPENDIX C

Customer Survey Results

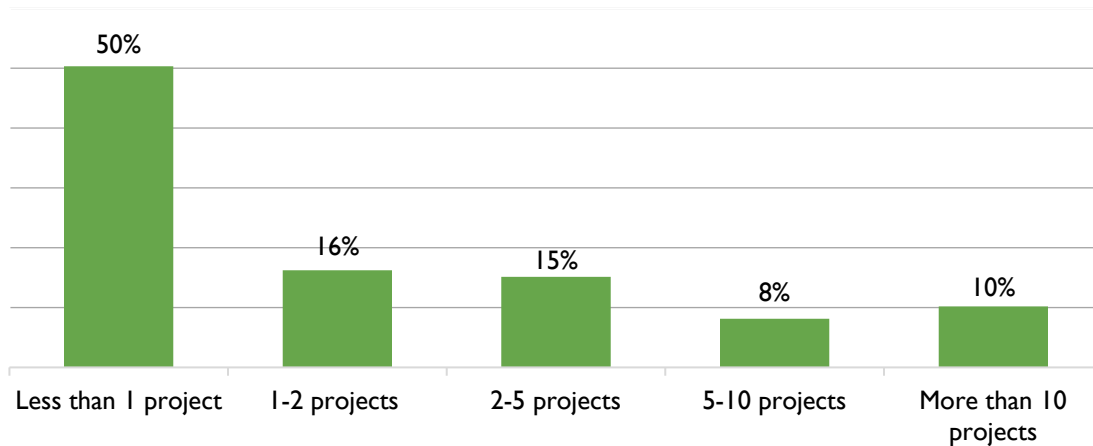
Overall Survey Participation

Total Number of Customer Participants	616
Number of Surveys Sent Out	7,706
Response Rate	8.0%

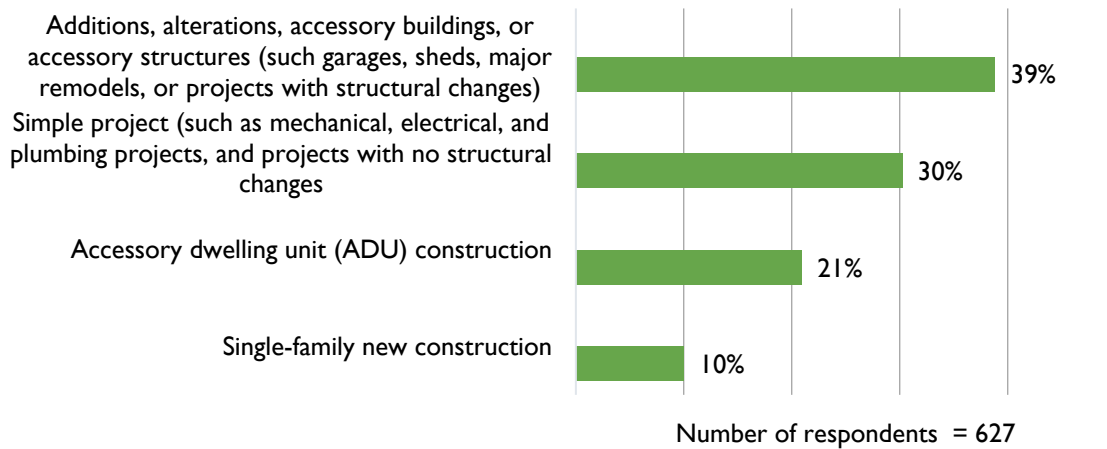
Q1: Which of the following best describes you?

Customer Type	N=
Property owner with project	357
Contractor	158
Plan designer or architect	96
Other (please specify)	33

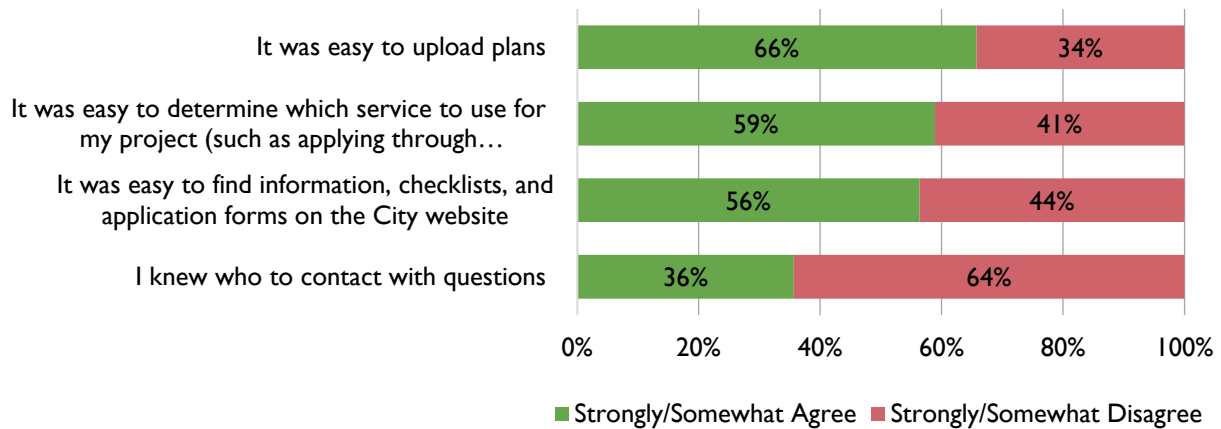
Q2: How frequently do you work with the City of San José on single-family residential projects (annually)?



**Q3: Which of the following best described your project(s)?
(Check all that apply)**

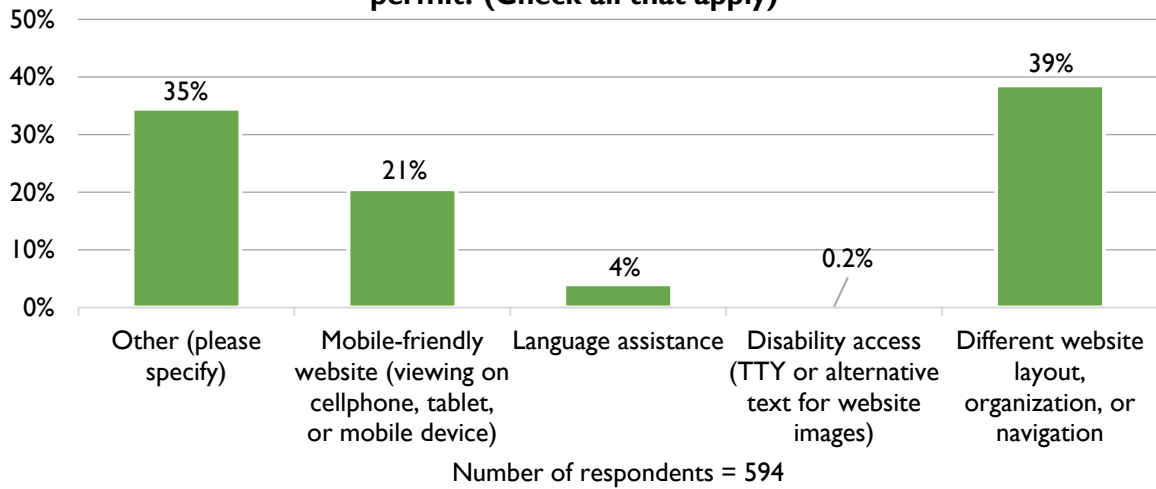


Q4: How would you rate your experience of San José's residential permit process in each category?

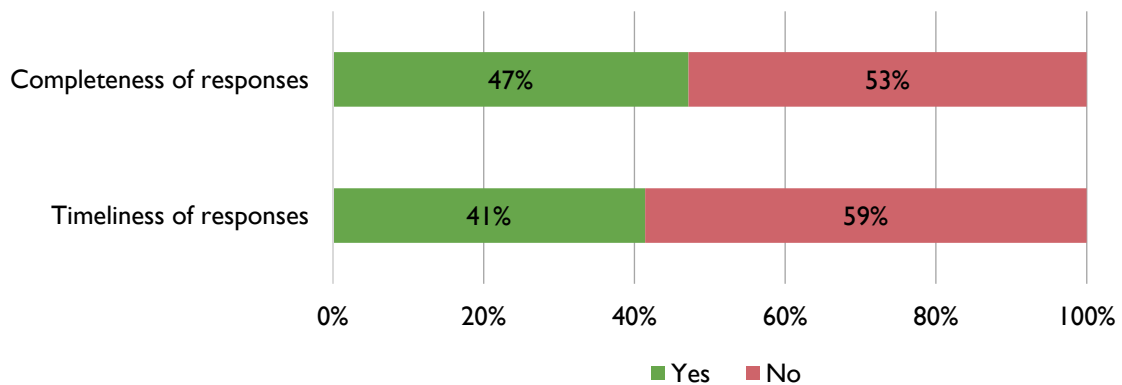


Number of respondents = 499 to 528 depending on the question

Q5: What would have helped you navigate getting a building permit? (Check all that apply)

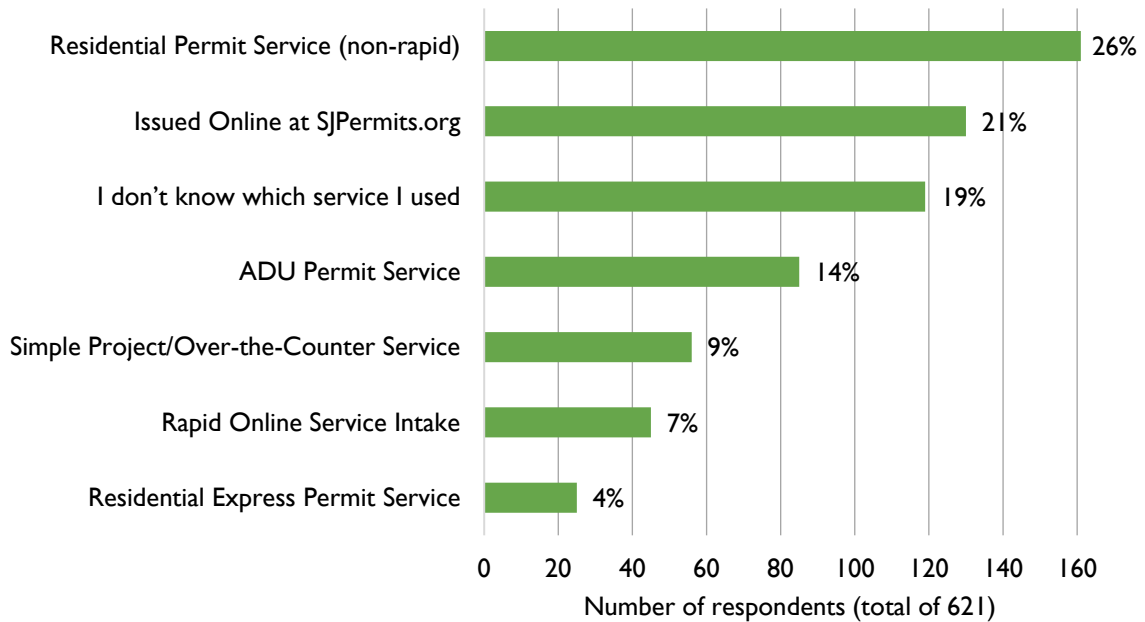


Q6: If you contacted City staff for your most recent project, were you satisfied with:

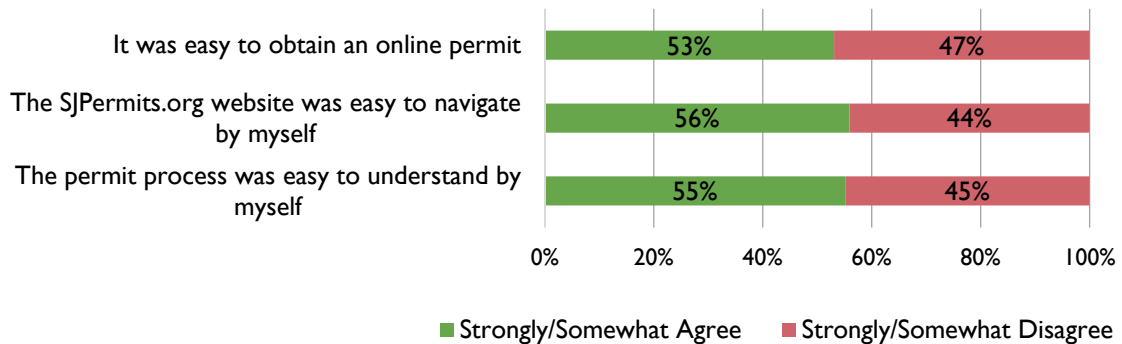


Number of respondents = 620

Q7: For your most recent residential project, which service type did you use for project submittal?

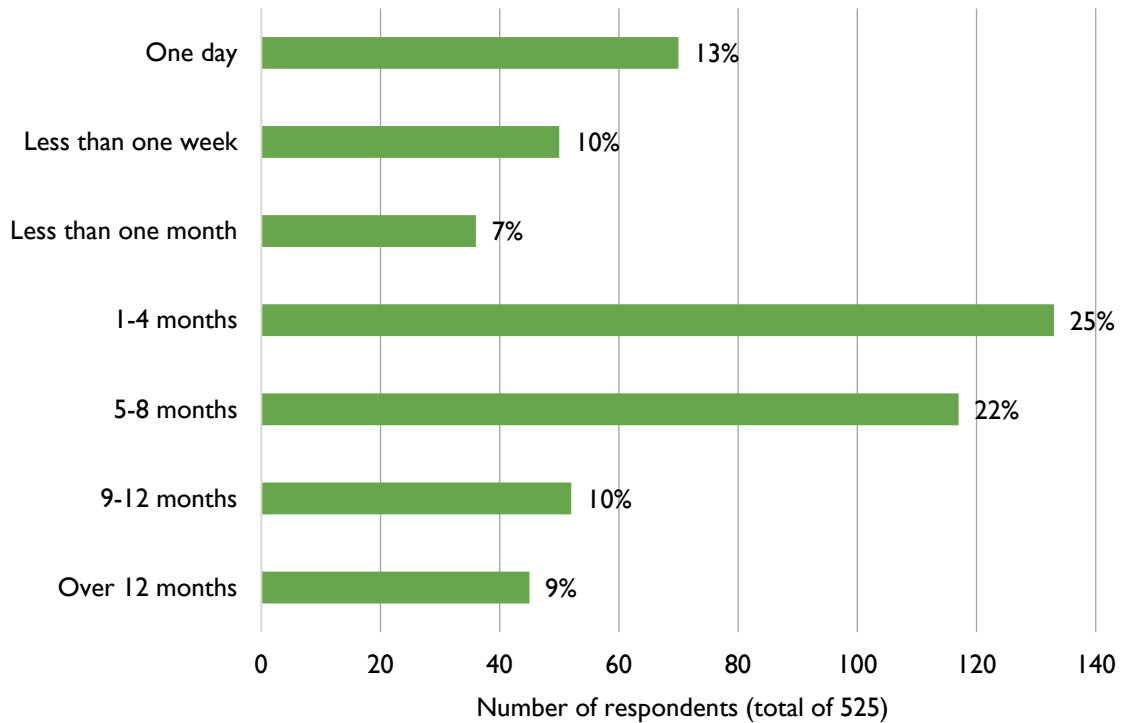


Q8: If you obtained a permit through SJPermits.org, please rate your online permit experience in the following categories

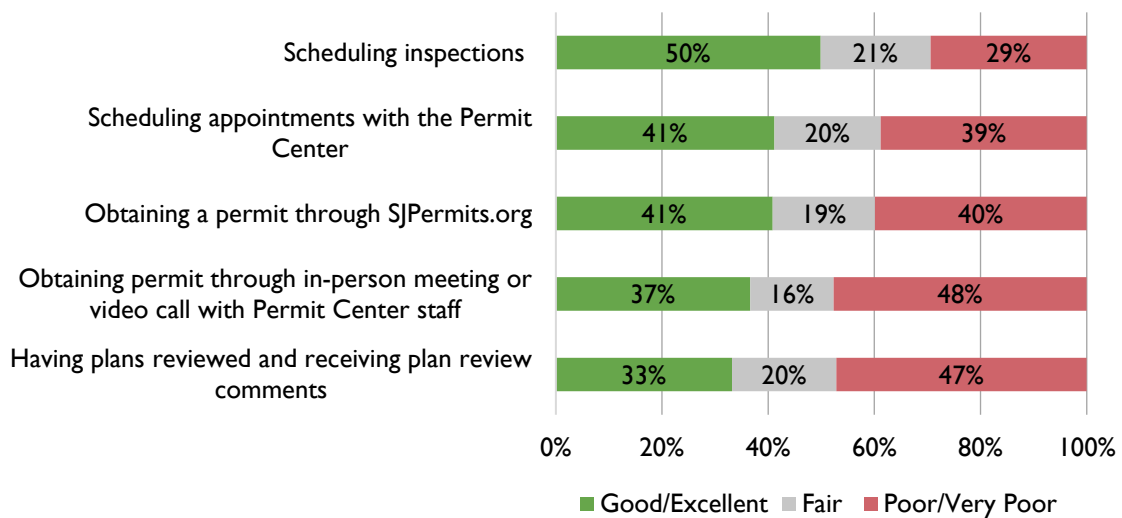


Number of respondents = 418 to 435 depending on the question

Q9: For your most recent residential project, how long did it take to receive your permit from the start of your permit process?

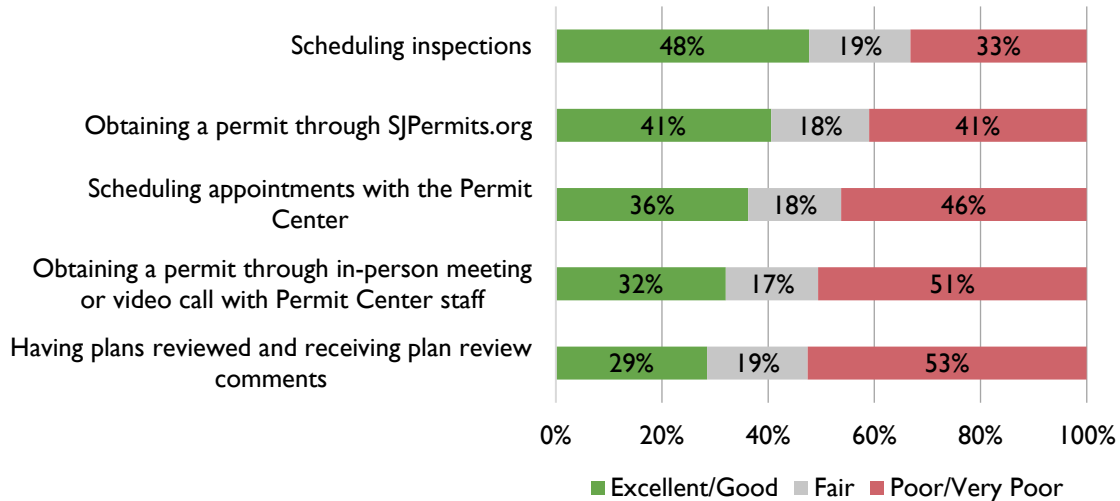


Q10: Thinking about the service(s) you have received from City staff for your single-family residential project in the past year, how would you rate your overall experience for each of the following services?



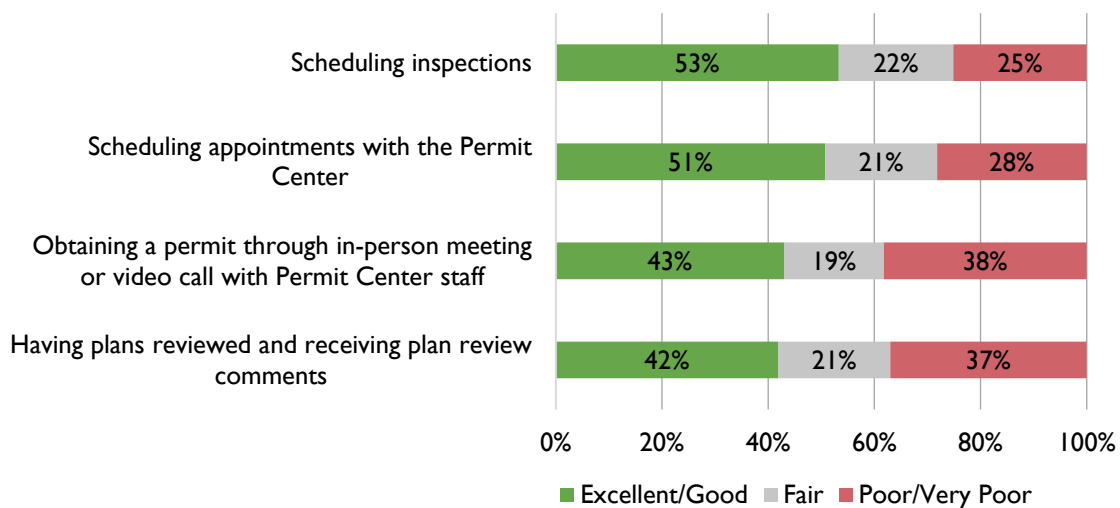
Number of respondents = 344 to 509 depending on the question

Q11: Thinking about the service(s) you have received from City staff for your single-family residential project in the past year, how would you rate the timeliness of each of the following services?



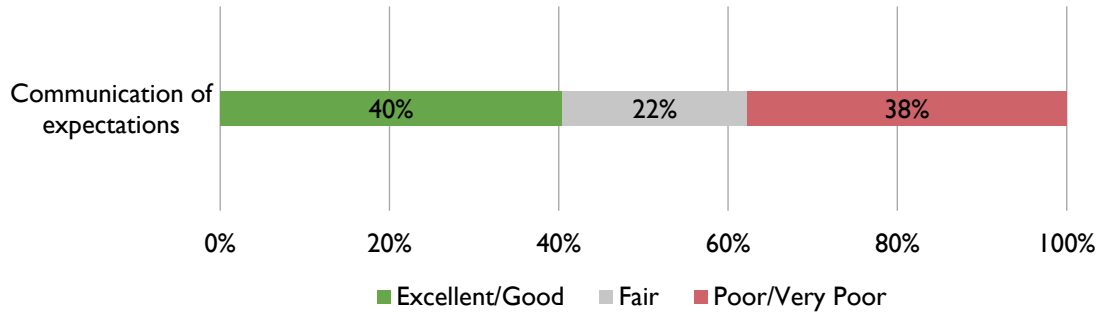
Number of respondents = 334 to 493 depending on the question

Q12: Thinking about the service(s) you have received from City staff for your single-family residential project in the past year, how would you rate knowledge and expertise of the staff you worked with on the following:



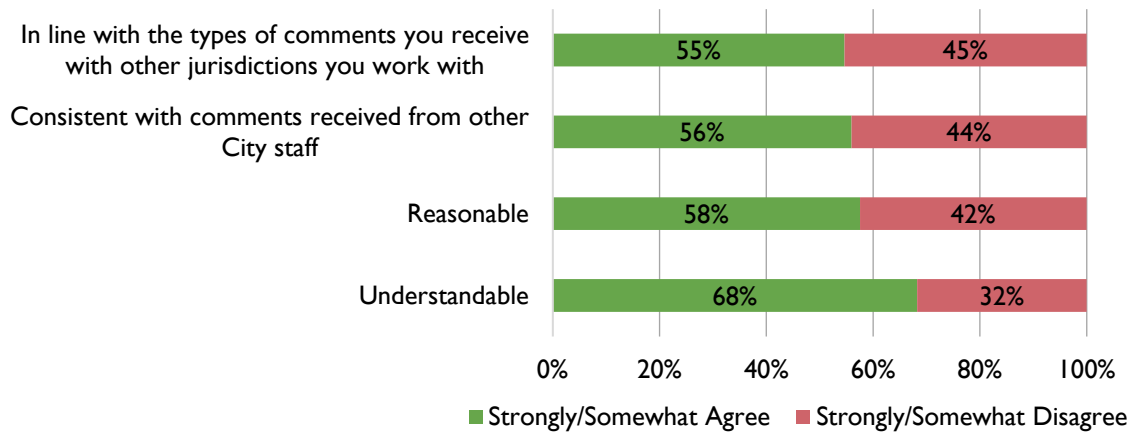
Number of respondents = 335 to 446 depending on the question

Q13: Thinking about the service you have received from City staff for your single-family residential project in the past year, how well did staff communicate plan review expectations?

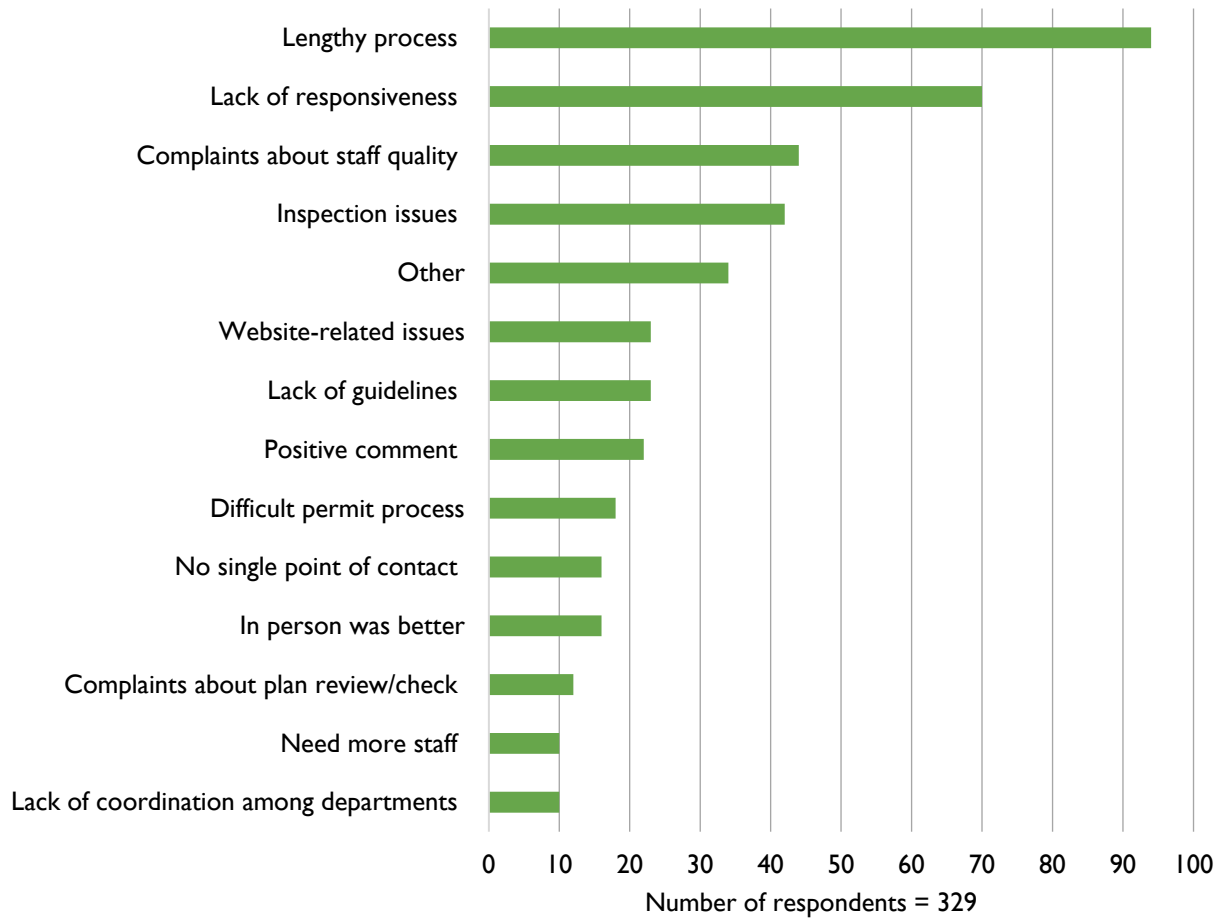


Number of respondents = 517

Q14: Would you say the comments you've received from City staff during plan review were



Q15: If you had a challenging experience working with City staff, what would have helped to make the process easier to navigate (open-ended question)?



Note: Auditor categorization of survey responses to Question 15.

APPENDIX D

Incoming Projects Requiring Plan Review, Converted to Estimated Hours

	Project Type	Projects Taken in During January 2022 Requiring Plan Review	Review Hour Range per Project	Lower Range of Time to Review Incoming Projects	Upper Range of Time to Review Incoming Projects
Residential	One story additions	68 projects	3-6 hours	204 hours	408 hours
	Two story additions	20 projects	6-12 hours	120 hours	240 hours
	Minor structures	2 projects	2-18 hours	4 hours	36 hours
	Miscellaneous residential	185 projects	2-6 hours	370 hours	1,110 hours
	New single-family development	81 projects	6-12 hours	486 hours	972 hours
Multiple Attached Dwellings	Minor Structure	2 projects	2-18 hours	4 hours	36 hours
	Miscellaneous Multifamily	35 projects	2-6 hours	70 hours	210 hours
Commercial/Industrial	Commercial High Rise	1 project	48-72 hours	48 hours	72 hours
	Minor Structure	4 projects	2-18 hours	8 hours	72 hours
	Miscellaneous Commercial	39 projects	2-6 hours	78 hours	234 hours
	New Commercial	6 projects	18-30 hours	108 hours	180 hours
	Interior/Exterior Alterations without Calculations	217 projects	4-12 hours	868 hours	2,604 hours
	Total	660 projects		2,368 hours	6,174 hours

Source: Auditor analysis of AMANDA of projects and Building Plan Review estimated hours by project type. Analysis excludes 147 taken in during January 2022. Excluded projects had 1) plan check category marked as “not applicable” or blank, and 2) “Building Review Required” marked as no or blank in AMANDA. Some over-the-counter projects may be included in the project count.

	Project Type	Projects Taken in During March 2023 Requiring Plan Review	Review Hour Range per Project	Lower Range of Time to Review Incoming Projects	Upper Range of Time to Review Incoming Projects
Residential	One story additions	41 projects	3-6 hours	123 hours	246 hours
	Two story additions	5 projects	6-12 hours	30 hours	60 hours
	Miscellaneous residential	130 projects	2-6 hours	260 hours	780 hours
	New single-family development	77 projects	6-12 hours	462 hours	924 hours
Multiple Attached Dwellings	Minor Structure	2 projects	2-18 hours	4 hours	36 hours
	Miscellaneous Multifamily	67 projects	2-6 hours	134 hours	402 hours
	Miscellaneous Residential	2 projects	2-6 hours	4 hours	12 hours
	Interior/Exterior Alterations without Calculations	6 projects	4-12 hours	24 hours	72 hours
Commercial/Industrial	Minor Structure	1 project	2-18 hours	2 hours	18 hours
	Miscellaneous Commercial	26 projects	2-6 hours	52 hours	156 hours
	New Commercial	4 projects	18-30 hours	72 hours	120 hours
	Interior/Exterior Alterations without Calculations	163 projects	4-12 hours	652 hours	1,956 hours
Tract/Multifamily	New Multifamily	1 project	30-60 hours	30 hours	60 hours
	New single-family development	1 project	6-12 hours	6 hours	12 hours
	Total	526 projects		1,855 hours	4,854 hours

Source: Auditor analysis of AMANDA of projects and Building Plan Review estimated hours by project type. Analysis excludes 230 projects taken in during March 2023. Excluded projects had 1) plan check category marked as “not applicable” or blank, and 2) “Building Review Required” marked as no or blank in AMANDA. Some over-the-counter projects may be included in the project count.

Memorandum

TO: JOE ROIS
CITY AUDITOR

FROM: Chris Burton

SUBJECT: SEE BELOW

DATE: November 15, 2023

Approved



Date 11/15/2023

**SUBJECT: RESPONSE TO THE AUDIT OF RESIDENTIAL BUILDING PERMITS:
ADDITIONAL RESOURCES AND FURTHER PROCESS
ENHANCEMENTS CAN REDUCE WAIT TIMES AND IMPROVE
SERVICE DELIVERY.**

The Administration has reviewed the Audit of the Planning, Building and Code Enforcement Department's Residential Building Permit process and agrees with the four (4) findings and 15 recommendations identified in the Audit Report. The Administration's specific response to each of the City Auditor's recommendations are provided in this response to the report, along with target dates for implementation.

BACKGROUND

The objective of the audit was to assess the timeliness of the Planning, Building and Code Enforcement Department's (Department) Building Permit process, up to permit issuance. The audit focused on "single-family residential additions or alterations, including accessory structures" as requested by City Council in the City Auditor's Fiscal Year 2023-24 Annual Work Plan.

Separate from this audit, the Department has been working on measures to improve the review timelines of permit processes, as well as the customer experience provided. These improvements have focused on mitigating impacts to customers by reducing wait times and process delays, creating a deeper understanding of operation performance that will help identify areas for future improvement that are aligned with the Department's management framework. The Building Plan Review unit has utilized peak staffing resources to reduce the project backlog and associated plan review timelines while the Department continues to recruit permanent staff. Since peak staffing was fully utilized in early 2023, the number of overdue projects for review has dropped by nearly 60%. Additionally, the implementation of self-start applications and SJePlans for plan review will eliminate the need for intake appointments and will provide a more transparent and collaborative plan review process. While these systems and process changes are still new, early

indications show the standardization of uploads from customers has streamlined the intake process. Finally, the implementation of the Department's Customer Service Charter has brought additional focus to how PBCE ensures that any issues or delays in the permitting process can be identified quickly to deploy informed solutions that mitigate or resolve the problem.

RECOMMENDATION AND ADMINISTRATION'S RESPONSE

Finding 1: Staffing and Workload Imbalances Have Impacted the Timeliness of the Building Permit Process

Recommendation #1. To ensure the Planning, Building and Code Enforcement's staffing plan accurately considers Building's ongoing staffing challenges, the Department should develop a long-term staffing strategy that:

- a.** Expands its recruiting efforts by bolstering advertising for specific positions, including outreach and career fairs in which potential candidates can learn more about the department.
- b.** Continues and potentially prioritizes recruitment for entry-level positions, such as Engineer I/II, and works with local universities to create short-term career programs, such as internships.
- c.** Considers how the department uses consultants and other staff, such as inspectors or other positions, for reviewing residential plans as appropriate.

Administration's response: The Administration agrees with this recommendation.

Green – This recommendation has been partly implemented with the current recruitment for ENG I/II positions, the use of contract staff to supplement vacant positions, as well as the use of inspection staff for review of smaller single-family residential remodel projects. The Department is evaluating cooperative programs with universities.

Target Date of Implementation: June 30, 2024

Recommendation #2. In conjunction with the long-term staffing strategy, to ensure that the Building Division has the resources needed to accommodate ongoing workload, Planning, Building and Code Enforcement should reassess the assumptions in its permit fee model and update and document current staffing assumptions related to the expected time necessary for staff to complete work, vacancy rates, dedicated ADU staffing, use of consultants for residential plan review, estimated workload volume, and use of reserves.

Administration's response: The Administration agrees with this recommendation.

Green – The Department will ensure the assumptions utilized in the fee model are correct on an annual and on-going basis to ensure the needed resources are available to complete the work, including incorporating long-term staffing requirements staff will identify and model.

Target Date of Implementation: September 30, 2024

Recommendation #3. In order to ensure consistency of plan review fees, Planning, Building and Code Enforcement should:

- a. Provide ongoing training to Plan Reviewers on charging actual time, even when hours spent exceed the initial estimates. Further, the training should include whether Senior Engineers may charge time to customers for oversight and coordination when plan reviews are completed by consultants.**
- b. Work with the Information Technology Department to adjust plan check fees in AMANDA to the current fiscal year adopted fee rates.**

Administration's response: The Administration agrees with this recommendation.

Green – A comprehensive training plan, including training on administrative expectations, is on the workplan for the plan review team. The Department will work with ITD to ensure that the correct plan review fees are assessed with the effective date of the new adopted fee rates.

Target Date of Implementation: September 30, 2024

Finding 2: Clarifying Plan Review Assignment and Resubmittal Responsibilities Can Improve Customer Satisfaction

Recommendation #4. To improve the process for assigning projects to Plan Review staff or consultants, Planning, Building and Code Enforcement should:

- a. Develop a process to assign projects to appropriate staff in a timely manner.**
- b. Clarify which types of projects should be reviewed by inspectors and track the timeliness of completing reviews for first comments and resubmittals.**
- c. Standardize the process for assignment of projects among staff for plan review.**

Administration's response: The Administration agrees with this recommendation.

Green – The implementation of this recommendation is underway and will be documented through the workgroup's standard operating procedures, which will be placed on the Department's Policy and Procedures Hub for up-to-date access by all team members. Department staff are evaluating and improving the timely assignment of projects to appropriate staff by.

Target Date of Implementation: June 30, 2024

Recommendation #5. In order to provide realistic estimates for the plan review phase of a project, Planning, Building and Code Enforcement should communicate its actual timeframes for providing first comments to customers, and reassess whether its plan review targets are still achievable given staffing resources, and update the estimates if needed.

Administration's response: The Administration agrees with this recommendation.

Green – This recommendation is partly implemented with a message on the building division webpage stating the delay in published plan review turnaround timelines. The practices of reassessing targets, updating estimates, and communicating with customers are components of the Department's management framework improvements.

Target Date of Implementation: June 30, 2024

Recommendation #6. To reduce the number of resubmittals, Building should develop a formal policy for when plan reviewers should call or meet with customers to discuss review comments with a goal of reducing delays for customers.

Administration's response: The Administration agrees with this recommendation.

Green – A policy addressing outreach to applicants to avoid extensive resubmittals and delays will be created and placed on the Department's Policy and Procedure Hub for up-to-date access by all team members. Impact of the policy and changes will be tracked through the Department's Customer Service Charter and metrics.

Target Date of Implementation: June 30, 2024

Recommendation #7. To provide consistent oversight of consultant services and ensure compliance with agreement requirements, Planning, Building and Code Enforcement should develop written procedures to:

- a. Clarify roles and responsibilities on providing oversight;
- b. Track plan review hours expended to ensure accuracy of invoiced time;
- c. Spot check consultant work completed to ensure consistency in quality and accuracy;
- d. Document compliance with the City's From 700 requirements;
- e. Ensure approval of all consultants prior to beginning work; and
- f. Provide data entry access to consultants.

Administration's response: The Administration agrees with this recommendation.

Green – A standard operating procedure related to the use of consultant services will be created to ensure that all staff that oversee consultants are following the same procedures for the initial onboarding and continued oversight of the staffing resource. The implementation of SJePlans for plan review on October 30, 2023, includes access for the consultant plan review staff.

Target Date of Implementation: June 30, 2024

Finding 3: Opportunities Exist to Improve Permit Center Processes and Coordination Among Work Groups

Recommendation #8. To reduce appointment wait times for customers and increase access to more appointment slots, Planning, Building and Code Enforcement should:

- a. Expand optional residential intake appointments, while maintaining appointment access to those customers with more complex projects or for those that request or need them.**
- b. Evaluate whether the default appointment times can be reduced by different time options for the different types of projects.**

Administration's response: The Administration agrees with this recommendation.

Green – This recommendation is partly implemented. With the October 30, 2023, launch of self-start applications and SJePlans for plan review, required Permit Center appointments will be phased out.

Target Date of Implementation: June 30, 2024

Recommendation #9. In order to make current appointments more efficient and reduce the likelihood of customer no-shows, Planning, Building and Code Enforcement should:

- a. Enforce its appointment cancellation policy for applications submitted without required documents that have been unresponsive to contact by Permit Center staff;**
- b. Formalize a queuing process to make canceled appointments available to future appointment holders who have uploaded application materials early; and**
- c. Educate customers on having a successful permit and plan review experience through outreach, recorded webinars, and training brochures on required steps, forms, fees, and communication methods.**

Administration's response: The Administration agrees with this recommendation.

Green – This recommendation has been mostly implemented. Per the response to recommendation #8, required Permit Center appointments are phasing out. Stricter enforcement of cancellations and occurrence of cancelled appointments will not be impactful with that change. The Department has project intake checklists on the website. With the launch on self-start applications on October 30, 2023, there are videos available on the website to explain the intake process. The available checklists and instructions will be updated to ensure up to date information is available to the customers.

Target Date of Implementation: June 30, 2024

Recommendation #10. To standardize current permit processes, Planning, Building and Code Enforcement should develop standard operating policies for the Permit Center on assigning projects for permit issuance, follow-up on outstanding fees, and guidance on forwarding projects to the appropriate Development Partners.

Administration's response: The Administration agrees with this recommendation.

Green – It is on the Permit Center workplan to create procedural documents for the Permit Center team to follow for both SJePlans and non-SJePlans processes. These documents will be placed in the Department's Policy and Procedure Hub to ensure up-to-date access by all team members. Staff will be trained to adhere to the standards.

Target Date of Implementation: September 30, 2024

Recommendation #11. In order to reduce reliance on customers informing staff on final payment of permit fees and to speed up the permit issuance, Planning, Building and Code Enforcement should work with the Information Technology Department (ITD) to create a trigger in AMANDA to notify Permit Specialists once a customer has paid final fees instead of having to check manually.

Administration's response: The Administration agrees with this recommendation.

Green – The Department will work with ITD to add this feature to the workplan to create an automated and clear notification visible to staff, along with process improvements to streamline the plan review routing and permit issuance to reduce delays.

Target Date of Implementation: September 30, 2024

Recommendation #12. To assess whether the SJePlans pilot implementation successfully meets Building’s goal of providing customers with a coordinated plan review experience across development partners, Planning, Building and Code Enforcement, after six months, should assess whether SJePlans addressed, at a minimum, the following:

- a. Consistent resubmittal instructions and steps between Development Partners;**
- b. All uploaded application files are available to all Development Partners’ staff; and**
- c. Routing projects between Building staff and between Development Partners to eliminate sending project files via email.**

Administration’s response: The Administration agrees with this recommendation.

Green – The Department will assess the effectiveness of the SJePlans and SJPermits self-start implementations on an ongoing basis. All three items (a, b, c) are integral to the success of the programs. Impact of the changes will also be tracked through the Department’s Customer Service Charter and metrics.

Target Date of Implementation: December 30, 2024

Finding 4: Building Can Enhance Its Communications with Customers

Recommendation #13. To improve communication and outreach to Permit Center customers, Planning, Building and Code Enforcement should update the website to remove redundancies, clearly differentiate service lines by clarifying expectations for each Permit Center line or reducing the number of “lines”, and providing clear instructions on the permit process.

Administration’s response: The Administration agrees with this recommendation.

Green – This work is on the Permit Center workplan and is partly implemented. The implementation of SJePlans and SJPermits self-start required reworking the website pages related to project intake and service lines. The Department will continue to refine the information.

Target Date of Implementation: September 30, 2024

Recommendation #14. In compliance with City Administrative Policy 1.2.9, Planning, Building and Code Enforcement should set minimum standards for responding to inquiries/requests, including providing approximate follow-up timeframes.

Administration’s response: The Administration agrees with this recommendation.

Green – The Department will create a standard operating procedure complying with the City Administrative Policy 1.2.9 regarding response times. The document will be placed on the Department’s Policy and Procedures Hub for up-to-date access by all team members. Staff will be trained to adhere to the standards.

Target Date of Implementation: June 30, 2024

Recommendation #15. To maximize language accessibility and comply with the City’s Language Equity Policy & Guidelines, Planning, Building and Code Enforcement should:
a. Include language translation options for the sjpermits.org website and phone lines, and
b. Develop a process to identify and prioritize vital documents related to the residential permit process for translation in accordance with the policy.

Administration’s response: The Administration agrees with this recommendation.

Yellow – The Department will work with the Information Technology Department on adding translation options to SJPermits.org and the phone lines. While better technology options are emerging, adding translation options to both services will likely require additional funding to implement that must be addressed in the City’s Budget Process. For part b, the Department has developed a draft policy for identifying and prioritizing vital documents for translation and have shared it with Department management.

Target Date of Implementation: December 30, 2024

CONCLUSION

The Administration thanks the City Auditor and his staff for the audit of Residential building Permits. The Audit Report’s 15 recommendations are consistent with the Department's vision to improve the City’s processes and service levels for permit customers. Many of the recommendations are in the process of implementation and a number are already near completion.

The Department looks forward to improvement the Building permit process for City customers through the improvements identified.

/s/

CHRIS BURTON

Director, Planning, Building and Code Enforcement

For questions, please contact Lisa Joiner, Deputy Director, at Lisa.Joiner@sanjoseca.gov or (408) 535-7757.