



Memorandum

TO: COMMUNITY AND ECONOMIC
DEVELOPMENT COMMITTEE

FROM: Joseph Horwedel
David Sykes

SUBJECT: SEE BELOW

DATE: January 12, 2011

Approved

Date

1.12.2011

COUNCIL DISTRICT: Citywide
SNI AREA: All

**SUBJECT: STATUS UPDATE OF THE PROJECT MANAGER/EXPEDITER AND
ADMINISTRATIVE HUB FOR DEVELOPMENT SERVICES**

RECOMMENDATION

Accept the status report on the Development Services Project Manager/Expediter and Administrative Hub.

BACKGROUND

For the 2011-2012 fiscal year, Council funded a pilot program for a Development Services Project Manager/Expediter position. Lee Butler assumed that position in September 2010. The Project Manager/Expediter serves as a single point of contact for key economic development projects going through the development process, and works with Development Services partners to accelerate permit processing schedules. The Project Manager/Expediter also identifies process improvements to reduce service overlaps and other inefficiencies.

In preliminary budget meetings held with the City Manager to discuss 2010-2011 reduction proposals, the Development Services Partners (Departments of Public Works, Fire, and Planning, Building and Code Enforcement) also committed to implement an Administrative Hub. The Administrative Hub was initiated in August 2010 to consolidate and streamline services across all of Development Services. In streamlining services, the Administrative Hub is engaged in simplifying the budget process, improving transparency with liability/works in progress across Development Services partners, and identifying subsidized areas in an effort to ensure Development fees are used in the most effective and efficient manner.

ANALYSIS

Project Manager/Expediter

PERMIT EXPEDITING

Since filling the Development Services Project Manager/Expediter (DSPM/E) position in September 2010, the top priority has been to work closely with key applicants to streamline development services permitting processes in Planning, Building, Fire, and Public Works while retaining the quality of the required review. The projects include companies that generate revenue for the City, provide new jobs to San Jose, or support the City's Green Vision. The DSPM/E is currently working on 27 economic development proposals (see Attachment 1) that cumulatively cover over 3.5 million square feet of area, generate over 12,000 jobs, and account for over \$11 million in revenue for San Jose annually.

Business Recruitment. In conjunction with Development Services partners, the Office of Economic Development, and the Redevelopment Agency, the DSPM/E meets with prospective developers and businesses early in their decision-making process to persuade them to locate in San Jose, promising to work in partnership with applicants to meet aggressive timelines. The DSPM/E serves as a single point of contact among the development partners, helping developers navigate inter-related permit processing specialties and timelines. In a December 2010 letter to Mayor Reed, James Mair, President of South Bay Development Company, writes that TriQuint, a Semiconductor manufacturer, "was leaning toward moving to a building in Milpitas primarily over concerns of timing with the process for planning and building permit approvals in the City of San Jose." Triquint ultimately chose to expand in San Jose rather than Milpitas, and Mr. Mair thanked Mayor Reed for immediately convening Development Services staff to meet with Triquint representatives, and he praised the Development Services Partners for their work in expediting permit approvals.

Priority Project Identification. When priority applications are submitted, the DSPM/E works with Development Services Partners, from front line staff to department management, to establish expedited permit review timelines. When Stion, a solar panel manufacturer, submitted an application for an expansion, Development Services Partners were notified that same day of an expedited schedule. The Planning permit was set for hearing immediately, and all comments and changes were incorporated during the required public noticing timeframes. The processing time was cut from the typical three-plus months to approximately five weeks. Similar expedited review cycles are now underway for Public Works permits associated with Stion's improvements.

Issue Resolution and Project Expediting. With regular access to department management in each Development Service specialty, the DSPM/E raises problem issues to levels where decisions can be made quickly, thereby keeping projects moving towards completion. When the Planning application to relocate the Garden City Casino was submitted, Mr. Butler reconvened the Architectural Review Committee, organized community meeting logistics, and reviewed environmental documentation as part of a highly-expedited six-week permit processing timeline.

Internal Advocacy. The DSPM/E is uniquely positioned to internally advocate on behalf of applicants for favorable code interpretations, faster review cycles, and other regulatory

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flexibility. This advocacy has helped applicants like Tesla Motors invest in San Jose, and it has streamlined processes for retail tenants with the @ First development (N. 1st Street & Highway 237) and Coleman Landing development (southwest corner of Coleman and Newhall Streets).

PROCESS IMPROVEMENTS

Streamlining the permitting process for key economic development projects is the DSPM/E's primary responsibility. As time permits, the DSPM/E also implements internal process improvements. Mr. Butler initiated a pilot program to streamline the transition for sign permit applicants moving from Planning to Building permits, saving valuable time for hundreds of applicants each year. In preparation for an early 2011 Council hearing, City attorneys are reviewing Title 20 changes that would facilitate economic development in commercial and industrial zoning districts and promote green building and clean technology.

UPCOMING WORK

The DSPM/E will continue to identify, track, and facilitate entitlement processes for key economic development proposals as the top priority. As time permits, the DSPM/E will also continue implementing process improvements. A top process improvement priority for the DSPM/E is to implement an expedited review process for Planning permits that will be modeled on the Special Tenant Improvement program in the Building Division.

Administrative Services Hub

Since initiation of the Administrative Hub in August 2010, the Planning and Building administrative staff has worked closely with the Development Partners to identify key business processes that have been streamlined and absorbed into the Administrative Hub. Since the last status report, a Development Services "dashboard" has been created and the first report will be published in January with December revenue and expenses. This dashboard will provide each partner with a monthly summary of the revenue and expenditure status of each Department and Division in Development Services, as well as a status of reserves. This report will allow the Departments to keep a critical eye on the status of the Development program, enabling staff to be able to respond quickly to meet business demands. In addition, Development Services contract support is now being provided by an experienced staff member in Public Works, allowing the Administrative Hub to concentrate on providing core services.

The next milestone for the Administrative Hub will be to create a Development Services appropriation for each Division so that expenses can be more easily tracked. Through the 2011-2012 budget process, costs associated with the Administrative Hub staffing will be identified and spread to each Development Services partner. Work will continue on moving more services over to the Administrative Hub during the next fiscal year.

/s/

DAVID SYKES, ACTING DIRECTOR
Public Works

/s/

JOSEPH HORWEDEL, DIRECTOR
Planning, Building and Code Enforcement

For questions please contact Harry Freitas at 408-535-8588.

Attachment

ATTACHMENT 1: Development Services Project Manager/Expediter Priority Projects:**Planning Permits Needed:**

Business / Reference Name	Location
Almaden Ranch retail center	SE/c Almaden Expy. & Chenoweth
Arcadia Evergreen retail center	S/s Quimby, W'ly of Capitol
FMC/Earthquakes soccer stadium	Coleman - Airport West
Garden City Casino relocation	Airport Parkway
Grocery Store tenant @ 1 st	1st & Holger (SE/c)
Mariott development @ 1st	1st & Holger (NE/c)
Target @ 1st Freeway Sign	1st & Holger @ 237
Almaden Plaza Freeway Sign	Almaden Expy & Blossom Hill @ 85
Coleman Landing - Chevron	Coleman & Newhall (SW/c)
Monterey/Alma retail center	E/s Monterey, 300' south of Alma
Stion Solar	6351 San Ignacio Ave.
Brokaw Commons retail center	NW/c Oakland & Brokaw
Tesla vehicle sales @ Santana Row	Santana Row
VietnamTown retail center	N/s Story, 750' W'ly of McLaughlin
Super Micro	N/s Fox Ln., W'ly of Oakland (Charcot extension)
Riverview residential / commercial	NW/c N. 1st & River Oaks

No Planning Permits Needed:

Business/Reference Name	Location
Mariott Residence Inn @ Skyport	Skyport & 1st
Price Waterhouse Cooper	Sobrato DT Tower
America Center office / R&D park	Great America Pkwy & 237
Nanosolar	Hellyer & Fontanoso
Sun Power	145 Rio Robles
TriQuint	SW/c Montague & Orchard
Silicon Quest	Fortran
Suburu	Capitol
Samsung	3000 Orchard Pkwy
San Pedro Urban Market	SW/c N. San Pedro & St. John
Tech Shop	300 S. 2nd St. @ SE/c San Carlos