



# Memorandum

**TO:** COMMUNITY & ECONOMIC  
DEVELOPMENT COMMITTEE

**FROM:** Joseph Horwedel

**SUBJECT:** DEVELOPMENT SERVICES  
ACTIVITIES

**DATE:** October 7, 2011

Approved

Date

Oct. 13, 2011

**COUNCIL DISTRICT:** Citywide  
**SNI AREA:** All

## RECOMMENDATION

Accept the status report on the Development Services activities, including initiatives related to the Development Services Administrative Hub, Development Services Project Manager/Expediter, and Coordinated Expedited Review for Planning Applications.

## BACKGROUND

During the 2010-2011 Fiscal Year, the Development Services Partners (Planning, Building, Public Works, and Fire) helped nearly 28,000 Permit Center customers, processed over 1,800 Planning applications, conducted over 101,000 building inspections, issued over 24,000 building permits, and took more than 90,000 telephone calls for Development Services customers. With continued challenges in meeting customer needs based on decreased General Fund resources to fund general inquiries, the Development Services Partners have entered an era of continual process improvements. Committed to providing excellent and efficient service at the speed of business, the Partners are in continual dialog with customers, engaged in careful monitoring and scrutiny of performance measures and revenue, and have a committed plan to engage in process improvements.

## ANALYSIS

### Administrative Hub

The goal of the Administrative Hub is to identify and implement Administrative processes that could be consolidated throughout Development Services in order to provide efficient and consistent administrative services. The Hub now reports out on Development Services current and projected revenue and expenses, providing high level information to use for

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staffing decisions, and helping in other ways to respond quickly to meet business demands. In addition, the Partners are streamlining the contracting process by working with an experienced staff member in Public Works.

Since the last report to Community and Economic Development Committee in April 2011, the Hub has finalized its 2011-2012 budget and is continuing to implement staffing adjustments to better meet the needs of the Partners during this fiscal year. The Hub will be experiencing Administrative staffing losses in 2011 due to retirements, but has made great progress in streamlining office management and accounting functions and plans to continue assisting Public Works and Fire in these areas as the new staff are trained.

### **Adjusting Staffing Levels to Meet the Demand**

Through the work of the Administrative Hub, the Partners continue to carefully monitor revenue and performance measures on a monthly basis and strive to adjust resources accordingly. Just as in the 2008-2009 and the 2009-2010 budget years where revenues dropped and the Partners adjusted resources downward, the Partners were able to detect an increase in activity during the end of 2009-2010 and added an additional Special Tenant Improvement/Industrial Tool Installation (STI/ITI) and Expedited Line in the Permit Center. For 2011-2012, both these lines were made permanent, and a Building Program Manager was added to provide additional oversight and coordination in the Permit Center. Based on the success of the Development Services Express Line, a temporary Expedited Coordinated Review Planner position was also added as a pilot to provide an enhanced service for customers desiring a faster processing option for certain Planning applications (discussed in more detail later in this report).

As the projected service demand has continued to increase, the Building Division has added overstrength Inspectors and Associate Engineers in an effort to keep up with the activity demands. The Building Division has also temporarily implemented inspections on select Saturdays since September to reduce the back log of inspection requests. This extraordinary service is provided by staff who volunteer to work the extra day with overtime pay, and customers are not subject to additional fees given the inspection wait times. With the reduced activities during the winter period and overstrength positions, we expect the scheduling of building inspection should return to the targeted service performance of within 24 or 48 hours. Staff will continue monitoring the permit activity and staff turn-over rate and will continue evaluating whether additional overstrength positions may be needed in anticipation of construction activities in 2012.

In addition, to work at the speed of business, a Senior Permit Specialist position was added to augment current staffing in the Fire Department and the Building Division. Due to its increased service demand, Public Works has requested a \$312,000 increase to its Development Services appropriation to fund the addition of an overstrength Engineer, a Senior Construction Inspector, and 0.5 FTE of a Staff Specialist position. While the Planning Division is experiencing an increase in application submittals, the revenue from those submittals has dropped from July to September, reflecting smaller scale projects. Given salary savings in the Planning Fee program, the Division is carefully evaluating resources to determine appropriate staffing to complete works in progress. To help address the increased number of submittals and to assist with Permit

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Center activities, Planning has added a half-time overstrength Planning Technician through December 22, 2011.

Based on these staffing adjustments, the Partners have been able to effectively respond to an upward swing in Development activity. During 2010-2011, all Development partners were able to add to their Fee Reserve, and revenue continues to exceed expectations in most programs.

### **Project Manager/Expediter**

The Development Services Project Manager/Expediter (Project Expediter) focuses on streamlining projects that generate revenue for the City, provide new jobs to San Jose, or support the City's Green Vision. Since the last progress report to the Community and Economic Development Committee in April 2011, the Project Expediter has helped many key economic development projects reach critical permitting milestones.

- M8trix Casino - Building and Public Works Permits were issued for the relocated Garden City Cardroom at 1887 Old Bayshore Highway. Construction and inspections are underway, with a target occupancy date at the end of January 2012.
- @ First – Several new retail projects are proceeding in the commercial center on the northeast side of North 1<sup>st</sup> Street, just south of Highway 237. CVS, Fresh & Easy, and Chic-Fil-A have recently received separate discretionary approvals of Planning applications, and each project is now under review in the Building Division. Foundation only Building Permits have been issued for one of the new buildings, and additional approvals should be issued in the near future.
- Maxim – Building Permits were issued for site work, building modifications, and tenant improvements at Maxim's new, 430,000 square foot headquarters at 160 Rio Robles. Inspections are underway, and Maxim is targeting occupancy in early April 2012.
- Brokaw Commons – Public Works Grading Permits and foundation-only Building Permits have been issued for Phase I (approximately 80,000 square feet) of this new 100,000 square-foot commercial center at the northwest corner of Old Oakland and Brokaw Roads.
- SuperMicro – The warehouse expansion at 871 Fox Lane received Planning, Building, Public Works, and Fire Prevention approvals for this major San Jose employer whose sales are approaching \$1 billion annually.

In addition to continuing assistance with the aforementioned projects, the Project Expediter is currently facilitating project approvals for a variety of other economic development projects, including Arcadia Almaden ("Almaden Ranch" with approximately 400,000 square feet of new retail space), Zazzle (a leading company in custom product production), and Capitol Expressway auto dealers.

### **Expedited Coordinated Review for Certain Planning Applications**

Modeled on the Special Tenant Improvement program in the Building Division, the Expedited Coordinated Review for Planning applications (ECR) pilot program began in April 2011. The ECR streamlines the Planning process for those who choose to use the service. It is initially focusing on smaller use permits and development proposals. Staff is evaluating whether the model can be expanded to include larger projects, and application intake procedures tested in the ECR process are now being piloted for larger projects.

Since April 2011, the ECR Planner has accepted over 20 applications. In addition to providing applicants with faster review and approval timelines, the ECR process has helped to free capacity among other Planning staff to facilitate faster processing for larger development applications. Applicants receiving approval through the ECR process include office uses, grocery stores, wholesale uses, off-street parking facilities, and above ground storage tanks.

The ECR program is proving to be a valuable tool in attracting and retaining businesses. For example, Monolithic Power Systems (MPS) is expected to submit a Site Development Permit in mid-October for a 9,000-square-foot addition to an existing research and development building at San Ignacio Avenue and Great Oaks Boulevard in Edenvale. MPS currently operates on Guadalupe Mines Road, however, they are being displaced from that location and must move out in early 2012. This project demonstrates the importance of the ECR service, because the expedited development review timeline was critical in MPS' decision to keep their business in San Jose.

### **Process Improvements**

Staff continue to evaluate and respond to gaps and overlaps between Development Services partners, as well as implement other process improvements. For example:

- ✓ Public Works and Planning staff are refining stormwater review processes to clarify roles and responsibilities, resulting in internal and external service improvements.
- ✓ Internal streamlining efforts are underway to reduce steps in the subdivision mapping process.
- ✓ The Building Division is updating the Phone Center process and greeting messages, and they continue to improve and expand web-based resources, including those for online appointment and inspections.

Of particular note is a process improvement regarding the Planning Application review process to ensure complete application submittals and facilitate a comprehensive evaluation of the proposed project during the first review cycle. The Planning Division has begun piloting a new application intake process that now involves the review of the application packet by a more experienced Senior Planner to ensure all submittal requirements have been met, including all the necessary elements of the required plans. Once the application submittal has been determined to be complete, the appropriate fees are assessed and invoice created, and a meeting is set with the prospective applicant and the assigned Project Manager. At this meeting, the applicant makes

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full payment of all fees, delivers the required copies of the plan set, and meets with the Project Manager to begin the working relationship between the staff and the applicant. This early dialogue is critical to the understanding of the project, its scope, and any other elements that the applicant determines important to the review of the project.

During this pilot, approximately 10 applications have been taken in with favorable results from both staff and the applicants. Staff expects to launch this process for all development permit application in a few weeks, once materials have been developed to inform the public and others in the City organization on this new process.

### **COORDINATION**

This memorandum was coordinated with the Department of Public Works and Fire Department.

/s/

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Planning, Building and Code Enforcement

For questions please contact Joseph Horwedel at 408-535-7900.