

CITYGATE ASSOCIATES, LLC

■ FOLSOM (SACRAMENTO)

MANAGEMENT CONSULTANTS ■



MANAGEMENT REVIEW OF THE COMMUNITY DEVELOPMENT DEPARTMENT FOR THE CITY OF SAN CLEMENTE, CA

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EXECUTIVE SUMMARY AND ACTION PLAN

This report presents the results of Citygate Associates, LLC's management review of the City of San Clemente's Community Development Department. Citygate conducted the fieldwork for the study between August 2009 and October 2009. The scope of the study focused particularly on the development review permitting process from a "backroom" perspective as opposed to a "front counter" perspective. In other words, are there opportunities to change the internal workings of the organization such that the Department's customers have a better experience? The customers of particular interest are the "Mom and Pop" customers, typically engaged in residential home improvements and improvements to small businesses. If improvements are possible, what are these opportunities?

To accomplish this objective, we first analyzed the mission of the Department and its overall philosophies, and assessed the congruence of these critical guidelines with the orientation of the City Council as well as the needs of the community. We then evaluated in varying degrees the organizational structure and management systems, organizational relationships, allocation of resources, data management, personnel management and training, records management, communications, information systems, facilities and equipment, fiscal management, relationships with citizens, employee morale, and related aspects to determine if these are in alignment with the Department's mission and policies.

During the course of this study Citygate received input from Community Development Department customers of various types, business community stakeholders, the City Council, City Manager, Department Heads, Division Managers, Supervisors, and Frontline Professional and Support staff.

We also had access to extensive public records and documents throughout the course of the study.

A. ORGANIZATION OF THIS REPORT

Section 1—Introduction

Section 2—Overview of Current Conditions

Section 3—Five Important Recurring Themes of this Study

Section 4—Ten Major Strategic Recommendations

Section 5—More Recommendations

B. ADVICE TO THE READER: HOW BEST TO HANDLE PEER REVIEW

From time to time throughout this report we speak clearly and to the point without pulling any punches. It is not our intent to offend anyone. However, we believe that our client, the City of San Clemente, is best served by frankness. The characteristics of the City, its elected and appointed leadership, the Community Development Department leaders, staff and the overall development review permitting process have evolved over an extended period of time as a result of many factors. The process has both good and bad characteristics, none of which are the fault of any one person.

What ails San Clemente’s development review permitting system is mostly a process problem, as opposed to being a personnel problem. That is not to say that there are not attitudes and philosophies that need adjusting in order to better reflect the policies of the City Council and the administrative direction from its appointed leadership team. However, notwithstanding these human shortcomings, the staff involved in Building, Planning, Development Engineering, Code Enforcement and the overall development review permitting process are more often than not working very hard and in a conscientious manner to do what is in the City of San Clemente’s best interest. Many of them, elected and appointed, labor under difficult circumstances.

C. FIVE IMPORTANT RECURRING THEMES OF THIS STUDY

During the course of Citygate’s research and analysis, we identified five (5) important recurring themes. These five recurring themes come up directly and indirectly throughout the body of the full report. They are summarized below:

Theme No. 1: Change In Community Priorities

Over the past 30 years, the City’s Community Development Department has been focused on building out and diversifying the City’s residential, retail, and business/industrial sectors. The City is now built out. Political priorities reflect this change in community priorities. However, it is worth noting that a review of the data indicates that the current level of “Mom and Pop” activity is about the same as “Mom and Pop” activity 10 years ago. The “Mom and Pop” activity peaked five years ago at about twice the level it is today. Nevertheless, the focus on land use and development activities has shifted to redevelopment, infill, historical preservation, design review, and cultural preservation. As a result, development review permitting decisions rely much more on subjective criteria that can be difficult to codify. Subjectivity is especially problematic when cultural or historic resources and/or mass and scale issues are involved. Therefore inconsistencies, whether perceived or real, are commonplace, as are customer (and staff) frustrations.

Theme No. 2: Policy Setters Divided

Right now, the Council is divided along various development-related fault lines. This lack of consensus at the policy level contributes to the frustrations and breakdown in trust between the Council and staff. Acknowledgment of these policy level divisions, and then resolving them, is an essential first-step toward improving the development review permitting process.

Theme No. 3: Leadership Disconnect

There are disconnects, both perceived and real, between the City Council and the Community Development staff. This is the case even though 98 percent of staff and Planning Commission recommendations are reportedly upheld by the City Council. Both the perceived and real disconnects could be closed by focusing on two problems. First, staff can take a visible and aggressive lead in adjusting to the paradigm shifts in the City’s customer profile. Second, staff can take a visible and aggressive lead in helping the City Council deal with its policy shifts in terms of growth and development.

Theme No. 4: New Customer Profile

The Community Development Department has struggled to adequately adjust to the paradigm shift in its customer profile. In the past, a high percentage of the City’s development review permitting customers processed large residential and mixed-use development projects and subdivisions. The customers (measured by valuation) were, by and large, absentee owners employing professional architects, planners, and engineers. Now nearly 60 percent of the City’s permit value comes from “Mom and Pop” applicants. Again, though the absolute number of “Mom and Pop” applicants is about the same as 10 years ago, relatively speaking the current political focus is much more on these customers.

Theme No. 5: Highly Regulated Environment

The City Council has high expectations in terms of the quality of development it wants to see in San Clemente. This is a reflection of high community values and expectations. As a result, San Clemente’s regulatory environment is highly complex relative to other California cities. Applicants face unique regulations regarding historical preservation, cultural preservation, Coastal Commission requirements, view corridor policy and soil conditions. Providing a clear and quick path to approval is a challenge in such a complex regulatory environment.

D. TEN MAJOR STRATEGIC RECOMMENDATIONS

In framing this report, it became clear to us that the City needed to first give much of its attention to what we would call foundation work. In other words, if the City can lay down a few fundamental improvements at the policy level and top leadership level, it will enhance its ability to affect positive change for its Community Development Department “Mom and Pop” customers at the day-to-day operational level.

To advance this focused attention, Citygate formulated **Ten Major Strategic Recommendations** that are the most important items for the City to address in order to improve the efficiency and effectiveness of its Community Development Department. These major recommendations are particularly relevant because they address situations and issues that overlap between policy setting and administration. Thus, they require the collaborative attention of both the City Council and staff.

If the City implements all of the other recommendations presented later in this report but does not faithfully implement the following **Ten Major Strategic Recommendations**, we would not expect much in the way of success.

These **Ten Major Strategic Recommendations** are as follows:

Recommendation No. 1: Update the General Plan.

Recommendation No. 2: Update the Zoning Code; establish design guideline standards for historic structures and adjacencies.

Recommendation No. 3: Reinforce a functional customer complaint system.

Recommendation No. 4: Earn full trust and confidence in appointed leadership and staff.

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- Recommendation No. 5: Annually assess the ability to delegate more approval authority to staff.**
- Recommendation No. 6: Link all Conditions of Approval to Council granted authority in writing.**
- Recommendation No. 7: Increase communication between policy setters, appointed leaders, and staff.**
- Recommendation No. 8: Transfer permit authority under the City’s Local Coastal Program (LCP).**
- Recommendation No. 9: Temporarily institute a 2-Step development review permit process for key projects.**
- Recommendation No. 10: Lessen the amount of City Council call-ups and appeals of Development applications.**

E. MORE RECOMMENDATIONS

In addition to the ten recommendations listed above, this report includes another 29 recommendations to improve the efficiency and effectiveness of the City’s development review permitting process. These recommendations are wide reaching in their scope and are designed to realistically and constructively deal with the five important recurring themes described above. These additional recommendations are most often administrative in nature, meaning that they can be implemented within the City Manager’s current scope of authority. These additional recommendations address the following issues:

- ◆ Increasing the transparency and effectiveness of the Development Management Team and re-envisioning what the Team does
- ◆ Increasing the use of meaningful cycle time standards for all steps in the development review permitting process
- ◆ Increasing predictability of the “Path to Approval”
- ◆ Providing award winning customer service
- ◆ Utilizing a “Case Manager” system
- ◆ Increasing staff’s knowledge of and sympathy for the private sector
- ◆ Establishing a “Sense of Urgency”
- ◆ Increasing over-the-counter (OCT) approvals
- ◆ Increasing the accuracy of fee estimates
- ◆ Providing clear conditions of approval early in the process
- ◆ Eliminating burdensome new requirements late in the review process; no more major surprises!

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- ◆ Limiting staff's authority to only authority that is vested in them by the City Council pursuant to law
 - ◆ Broadening the City's exposure to best practices in other Southern California cities

F. NEW FOCUS AND DIRECTION

The customers of the City's Community Development Department are like a collage. There are permit applicants and the general public; complainants and properties being investigated for code violations; small businesses wishing to make improvements and the Historic Society and other groups wishing to protect the cultural fabric of our community; homeowners wishing to make improvements and neighbors wishing to protect their views and rights, etc. The City Council has been approached and heard stories about the difficulties of the City's development review permitting process. The Council's desire, and therefore the focus of this study, is to improve service to the "Mom and Pop" small residential and business customers, without compromising the rights and sensitivities of the other groups. This is the challenge, but in Citygate's view it is a challenge that can be met.

San Clemente's situation with its Community Development Department is less than healthy right now. The City Council, as a body, too often lacks confidence in staff's attitude with regard to administering the development review permitting process.

In order to meet this challenge something must be done that is demonstrative and clear. A new direction and a new expectation must be set if the City wishes to avoid further erosion between the applicants, City Council, and staff with regard to this important program area. Inaction will lead to significant instability and disruption.

As uncomfortable as this might appear, the good news is that the City is in a good position to make positive organizational changes that will avoid instability and disruption. Such is not always the case. These are the indicators:

- ◆ The City Council as a whole believes that the City has a well-intended, competent, and dedicated staff.
- ◆ To its credit, the Community Development Department has successfully instituted many customer service best practices that are now in use at the front-counter area. The Department can build on these successes.
- ◆ The City Council is likely to support departures from the status quo if they are well thought out and implementable, even if done so in phases over time. The Council's tolerance for change is 9+ on a scale of 10. Members of the Council are likely to welcome strong leadership in terms of moving away from the status quo.
- ◆ The City is in a position to afford change; reserves are adequate to handle one-time investments that might be necessary to improve efficiency and effectiveness.
- ◆ To its credit, the Community Development Department has already taken the initiative to change the format of the Development Management Team (DMT) process to provide better accountability and communication to the customer.

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- ◆ Several of the best practice recommendations made in this study already exist in the Department, they simply need to be made more formal and need to be applied more broadly.

G. ACTION PLAN

A listing of our recommendations and a blueprint for their implementation are presented in the following Action Plan. This Plan contains:

- ◆ The priority of each recommendation
- ◆ The suggested implementation time frame
- ◆ The anticipated benefits of each recommendation
- ◆ The responsible organization

The legend at the bottom of each page of the Action Plan defines the level of each priority indicated by the letters “A” and “B.” It is important to note that priorities have been established independent of the suggested timeframe. For example, a recommendation may have the highest priority (indicated by the letter “A”) but may require an estimated six months to implement. Conversely, a recommendation with the letter “B” priority, which indicates that the recommendation is not critical but will improve operations, may have a two-month timeframe, since the estimated implementation effort would not require an extended period of time.

It is also important to note that an “A” priority, which indicates that the recommendation is deemed “mandatory or critical,” should not be interpreted to mean that the recommendation is “mandated” by a statute or regulation – it is simply an “urgent” recommendation of the highest priority.

ACTION PLAN

Recommendation	Priority A/B/C/D	Time Frame for Completion	Anticipated Benefits	Responsible Party(ies)
<u>Recommendation No. 1:</u> Update the General Plan. (Currently in process.)	A	Underway; projected completion November 2011	Provide policy consensus and clarity for land use and development	City Council, City Manager, Community Development Director
<u>Recommendation No. 2:</u> Update the Zoning Code; establish design guideline standards for historic structures and adjacencies.	A	To follow General Plan Update	Provide policy consensus and clarity for land use and development	City Council, City Manager, Community Development Director
<u>Recommendation No. 3:</u> Reinforce a functional customer complaint system.	A	90 days	Increase customer satisfaction	City Council, City Manager, Community Development Director
<u>Recommendation No. 4:</u> Earn full trust and confidence in appointed leadership and staff.	A	180 days	Increase efficiency and effectiveness; increase customer satisfaction	City Council, City Manager, Community Development Director
<u>Recommendation No. 5:</u> Annually assess the ability to delegate more approval authority to staff.	A	90 days, then ongoing	Increase customer satisfaction; increase morale	City Council, City Manager, Community Development Director
<u>Recommendation No. 6:</u> Link all Conditions of Approval to Council granted authority in writing.	A	Immediately	Increase professionalism; increase customer satisfaction; increase elected official confidence	City Council, City Manager, Community Development Director
<u>Recommendation No. 7:</u> Increase communication between policy setters, appointed leaders, and staff.	A	Immediately and ongoing through adoption of General Plan Update	Increase professionalism; increase customer satisfaction; increase elected official confidence	City Council, City Manager, Community Development Director

LEGEND

- A Recommendation mandatory or critical
- B Strongly recommended

ACTION PLAN

Recommendation	Priority A/B/C/D	Time Frame for Completion	Anticipated Benefits	Responsible Party(ies)
<u>Recommendation No. 8:</u> Transfer permit authority under the City's Local Coastal Program (LCP).	A	Following adoption of General Plan Update	Increase local control; increase customer satisfaction	City Council, City Manager, Community Development Director
<u>Recommendation No. 9:</u> Temporarily institute a 2-Step development review permit process for key projects.	A	Immediately; terminate upon completion of General Plan Update or before	Increase likelihood of success; increase customer satisfaction	City Council, City Manager, Community Development Director
<u>Recommendation No. 10:</u> Lessen the amount of City Council call-ups and appeals of Development applications.	A	Immediately set the goal; achieve as General Plan Update moves forward.	Increase customer satisfaction	City Council, City Manager, Community Development Director
<u>Recommendation No. 11:</u> Re-envision the Development Management Team (DM-Team) and broaden its scope.	A	30 days	Increase professionalism; increase customer satisfaction; increase transparency of the process; increase employee confidence, participation, and morale	Community Development Director, Public Works Director/City Engineer
<u>Recommendation No. 12:</u> Institute a serious-minded, team-building training program at the DM-Team.	A	July 2010	Increase professionalism; increase customer satisfaction; increase employee confidence, participation, and morale	Community Development Director, Public Works Director/City Engineer

LEGEND

- A Recommendation mandatory or critical
- B Strongly recommended

ACTION PLAN

Recommendation	Priority A/B/C/D	Time Frame for Completion	Anticipated Benefits	Responsible Party(ies)
<u>Recommendation No. 13:</u> Publish, promote, and report out cycle time standards for the Planning and Engineering programs.	A	Immediately, and ongoing	Increase professionalism; increase customer satisfaction; increase transparency of the process; increase employee confidence, participation, and morale	Community Development Director, Public Works Director/City Engineer
<u>Recommendation No. 14:</u> Monitor and report out on Planning and Engineering cycle times.	A	30 days	Increase professionalism; increase customer satisfaction; increase transparency of the process; increase employee confidence, participation, and morale	Community Development Director, Public Works Director/City Engineer
<u>Recommendation No. 15:</u> Utilize Determinate Processing Agreements for high priority projects.	A	30 days	Increase professionalism; increase customer satisfaction; increase transparency of the process	Community Development Director, Public Works Director/City Engineer
<u>Recommendation No. 16:</u> Eliminate interdisciplinary overlapping review.	B	30 days	Increase customer satisfaction	Community Development Director, Public Works Director/City Engineer
<u>Recommendation No. 17:</u> Institute an award winning <i>Unanticipated Service Program</i> for customers of all types.	A	90 days	Increase customer satisfaction	Community Development Director, Public Works Director/City Engineer
<u>Recommendation No. 18:</u> Institute an interdepartmental <i>Continual Improvement Team</i> .	A	30 days	Increase efficiency and effectiveness; increase customer satisfaction	Community Development Director, Public Works Director/City Engineer

LEGEND

- A Recommendation mandatory or critical
- B Strongly recommended

ACTION PLAN

Recommendation	Priority A/B/C/D	Time Frame for Completion	Anticipated Benefits	Responsible Party(ies)
<u>Recommendation No. 19:</u> Constantly evaluate customer satisfaction.	A	July 2010	Increase customer satisfaction	Community Development Director, Public Works Director/City Engineer
<u>Recommendation No. 20:</u> Establish a <i>Case Management System</i> for discretionary permits.	A	90 days	Increase efficiency and effectiveness; increase customer satisfaction	Community Development Director, Public Works Director/City Engineer
<u>Recommendation No. 21:</u> Increase staff's knowledge of the private sector.	A	90 days, and then ongoing	Increase efficiency and effectiveness; increase customer satisfaction	Community Development Director
<u>Recommendation No. 22:</u> Establish levels of review that are scaled to fit the size of the project.	A	60 days	Increase efficiency and effectiveness; increase customer satisfaction	Community Development Director, Public Works Director/City Engineer
<u>Recommendation No. 23:</u> Eliminate "Second Bites at the Apple" during plan review.	A	Immediately	Increase customer satisfaction	Community Development Director, Public Works Director/City Engineer
<u>Recommendation No. 24:</u> Conduct training needs assessment for planners, and then implement it.	A	30 days for assessment; initiate training implementation July 2010	Increase efficiency and effectiveness	Community Development Director
<u>Recommendation No. 25:</u> Establish "Post-Op Analysis" across departmental lines.	A	30 days	Increase efficiency and effectiveness; increase customer satisfaction	Community Development Director, Public Works Director/City Engineer

LEGEND

- A Recommendation mandatory or critical
- B Strongly recommended

ACTION PLAN

Recommendation	Priority A/B/C/D	Time Frame for Completion	Anticipated Benefits	Responsible Party(ies)
<u>Recommendation No. 26:</u> Establish a free <i>New Customers Academy</i> .	A	Initiate program within 60 days; expand July 2010	Increase customer satisfaction	Community Development Director
<u>Recommendation No. 27:</u> Synchronize the Electronic Permit Tracking System (TRAKiT) with the Records Management System (EDMS).	B	July 2010	Increase efficiency and effectiveness; increase customer satisfaction	Community Development Director
<u>Recommendation No. 28:</u> Increase over-the-counter approvals.	A	60 days	Increase customer satisfaction	Community Development Director
<u>Recommendation No. 29:</u> Place Building plan check corrections on the Department website.	B	July 2010	Increase customer satisfaction	Community Development Director
<u>Recommendation No. 30:</u> Prepare more effectively for Design Review Meetings.	A	Immediately	Increase staff professionalism; increase customer satisfaction	Community Development Director
<u>Recommendation No. 31:</u> Establish a <i>Sense of Urgency</i> among staff.	A	Immediately	Increase staff professionalism; increase customer satisfaction	Community Development Director
<u>Recommendation No. 32:</u> Increase plan checker field experience.	B	June 2011	Increase customer satisfaction	Community Development Director, Public Works Director/City Engineer

LEGEND

- A Recommendation mandatory or critical
- B Strongly recommended

ACTION PLAN

Recommendation	Priority A/B/C/D	Time Frame for Completion	Anticipated Benefits	Responsible Party(ies)
<u>Recommendation No. 33:</u> Use outside Engineering Plan reviewers in order to meet turnaround standards.	B	90 days	Increase efficiency and effectiveness; increase customer satisfaction	Community Development Director, Public Works Director/City Engineer
<u>Recommendation No. 34:</u> Send City Planner to Leadership/Management Training and other best practice cities.	B	Immediately to other cities; Leadership/Management Training July 2010	Increase professionalism; increase efficiency and effectiveness	Community Development Director
<u>Recommendation No. 35:</u> Activate customer service management software.	A	90 days	Increase customer satisfaction	Community Development Director
<u>Recommendation No. 36:</u> Purchase high-speed computers for front counter.	A	July 2010	Increase efficiency and effectiveness; increase customer satisfaction	Community Development Director
<u>Recommendation No. 37:</u> Conduct weekly staff meetings.	A	30 days	Increase efficiency and effectiveness	Community Development Director
<u>Recommendation No. 38:</u> Assign Community Development Director, Public Works Director/City Engineer, City Planner, and Building Official to the front counter.	A	Immediately, then ongoing	Increase knowledge of key personnel; increase customer satisfaction	Community Development Director, Public Works Director/City Engineer, City Planner, Building Official

LEGEND

- A Recommendation mandatory or critical
- B Strongly recommended

ACTION PLAN

Recommendation	Priority A/B/C/D	Time Frame for Completion	Anticipated Benefits	Responsible Party(ies)
<u>Recommendation No. 39:</u> Reexamine Planning Division staffing levels in 12 months.	B	1 year	Increase cost effectiveness of Community Development Department.	City Manager, Community Development Director

LEGEND

- A Recommendation mandatory or critical
- B Strongly recommended

SECTION 1—INTRODUCTION: THE SCOPE, OBJECTIVES, AND APPROACH TO THE MANAGEMENT REVIEW STUDY

A. CITY OF SAN CLEMENTE: THE CURRENT CONDITION

The City of San Clemente is a full-service, home-rule government agency serving an area of 18.5 square miles and a population of nearly 68,300. The Southern California Association of Governments projects San Clemente’s population to grow to 74,000 by the year 2020.

The City of San Clemente operates under a council-manager form of government and derives its authority from both the California constitution and laws enacted by the state legislature. All legislative power is held by the publicly elected City Council, which consists of the Mayor and four Council Members. All Council Members have equal authority; however, the Mayor has the additional responsibility of presiding over City Council meetings, signing official documents and performing ceremonial functions.

The City Council is elected at-large for four-year overlapping terms of office. Non-partisan City elections are held in November of even-numbered years for Council Members.

The City of San Clemente controls annual budgetary resources in excess of \$80 million.

The City Slogan, which is quite relevant to this study, is "Spanish Village by the Sea."

B. STUDY SCOPE AND OBJECTIVES

The scope of this study includes a management review of the City of San Clemente’s Community Development Department as a whole with a particular emphasis on its development review permitting process. Particular emphasis is placed on improving service for customers making small residential additions and alterations, and small businesses wishing to make improvements to their business. These types of customers are referred to as “Mom and Pop.” The City’s building inspection, urban planning, and code compliance programs are housed in the Community Development Department and are included in this study. The study will examine, albeit to a lesser degree, how the City’s Public Works Department’s development engineering program interfaces with the Community Development Department during the development review permitting process.

The objective of the study is to provide an independent third-party analysis of the management and operations of the Community Development Department as it now exists, and to design a creative strategy for improvements, as needed. The project was designed to address the following objectives:

1. Eliminating “back room” bottlenecks that might remain in the current development review process, notwithstanding the recent notable improvements made in the front counter customer service area.
2. Streamlining the development review process to improve efficiency and effectiveness resulting in reduced customer complaints.
3. Improving services that customers expect throughout the permitting process, resulting in reduced customer complaints.

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4. Deploying staff to meet customer expectations in order to avoid surprises for the applicant.
 5. Making organizational changes that are advisable in order to achieve the preceding objectives.

The following key factors deemed critical to the success of the Department and the development review permitting process under examination were reviewed:

- ◆ Mission and goals of the City
- ◆ Mission and policies of the Community Development Department
- ◆ Communication among the staffs, and the staff with their customers
- ◆ Current and future performance measures
- ◆ Support systems
- ◆ Use of technology
- ◆ Organization of the system components
- ◆ Management structure and effectiveness
- ◆ Customer satisfaction
- ◆ Allocation of employees and other resources
- ◆ Personnel management, supervision, and reporting
- ◆ Staffing, budgeting, and training
- ◆ Workload trends
- ◆ Physical layout of the current program locations

The scope of Citygate Associates' engagement did not include either a financial audit or a compliance audit. Within the scope and objectives of the study, Citygate set its own goals that, once accomplished, would help determine if the programs under review provide development permitting services in a timely, efficient, effective, and responsive manner. These goals include:

- ◆ Analyzing the goals of the City's Community Development Department and the development permitting review process and the overall philosophy, attitude, and approach of the staff and leadership assigned to the City's building, planning, code compliance, and development engineering programs, and assessing the congruence of these critical features with the orientation of the City as well as the needs of the public and the development community.
- ◆ Assessing whether the Community Development Department provides a set of clearly defined, comprehensive services that are well planned and executed.
- ◆ Reviewing the aspects within the Community Development Department that are most critical to successful development review permitting performance and the reduction of customer complaints.

Citygate also set a goal of providing realistic recommendations that can be implemented such that the programs under review improve their overall effectiveness and meet the needs of the

City Council, the Community Development Department, and the customers and citizens that they serve.

C. STUDY APPROACH

Citygate’s study approach and methodology consisted of six major tasks, which we described in our Proposal to the City. These tasks are listed below:

Task 1: Initiate and Manage the Project

This task involved meeting with the City officials to initiate the study, including interviewing each City Council member to enhance our understanding of the issues and the context of this study.

Task 2: Conduct Initial Review of Operations

This task involved obtaining and reviewing pertinent documentation, and developing an overall process profile of the planning, engineering and building operations. This task also included interviewing the appropriate staff to gain their insights on various aspects of the operational processes, and to identify areas for improvement.

Task 3: Conduct Customer Focus Groups

This task involved conducting two customer focus groups in order to understand the “customer” perceptions of the services provided by the Community Development Department. The focus groups involved a targeted list of customers, including small “Mom and Pop” applicants as well as larger repeat-customer developer applicants, and their architectural and engineering representatives.

Task 4: Conduct Analysis of External Delivery System

Once the overall process profiles were developed, this task involved understanding and documenting the key process areas, as well as the critical service delivery methods used. This task enabled us to identify bottlenecks, redundant systems, inadequate controls, and inefficient procedures and to begin identifying opportunities for streamlining.

Task 5: Perform In-Depth Operational Analysis

This task involved performing an operational analysis within areas identified in previous tasks, including where organizational and operational performance and service levels can be enhanced.

Task 6: Prepare Final Report (Recommendations/Implementation Plan)

This task involved documenting our review findings, recommendations, and proposed implementation and strategy, and providing ample time for the City to review and discuss our recommendations and proposed strategy. The main goal of this task was to ensure that the factual basis for our findings was correct and that our analysis was complete and accurate.

In executing these tasks and addressing the study objectives previously described, Citygate engaged in the following processes:

- ◆ Met with and conducted in-depth interviews with the Mayor and each member of the City Council.

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- ◆ Conducted interviews with the City Manager, Assistant City Manager, Human Resources Manager, Community Development Director, and Public Works Director/City Engineer.
 - ◆ Conducted interviews with the City’s Building Official, City Planner, and Code Compliance Manager.
 - ◆ Conducted interviews with counter personnel, staff planners, staff engineers, technology support personnel, customer service personnel, and their supervisors.
 - ◆ Performed walkthroughs of offices and facilities.
 - ◆ Reviewed available documents and records relating to the management, operation, and budgeting of the Community Development Department.

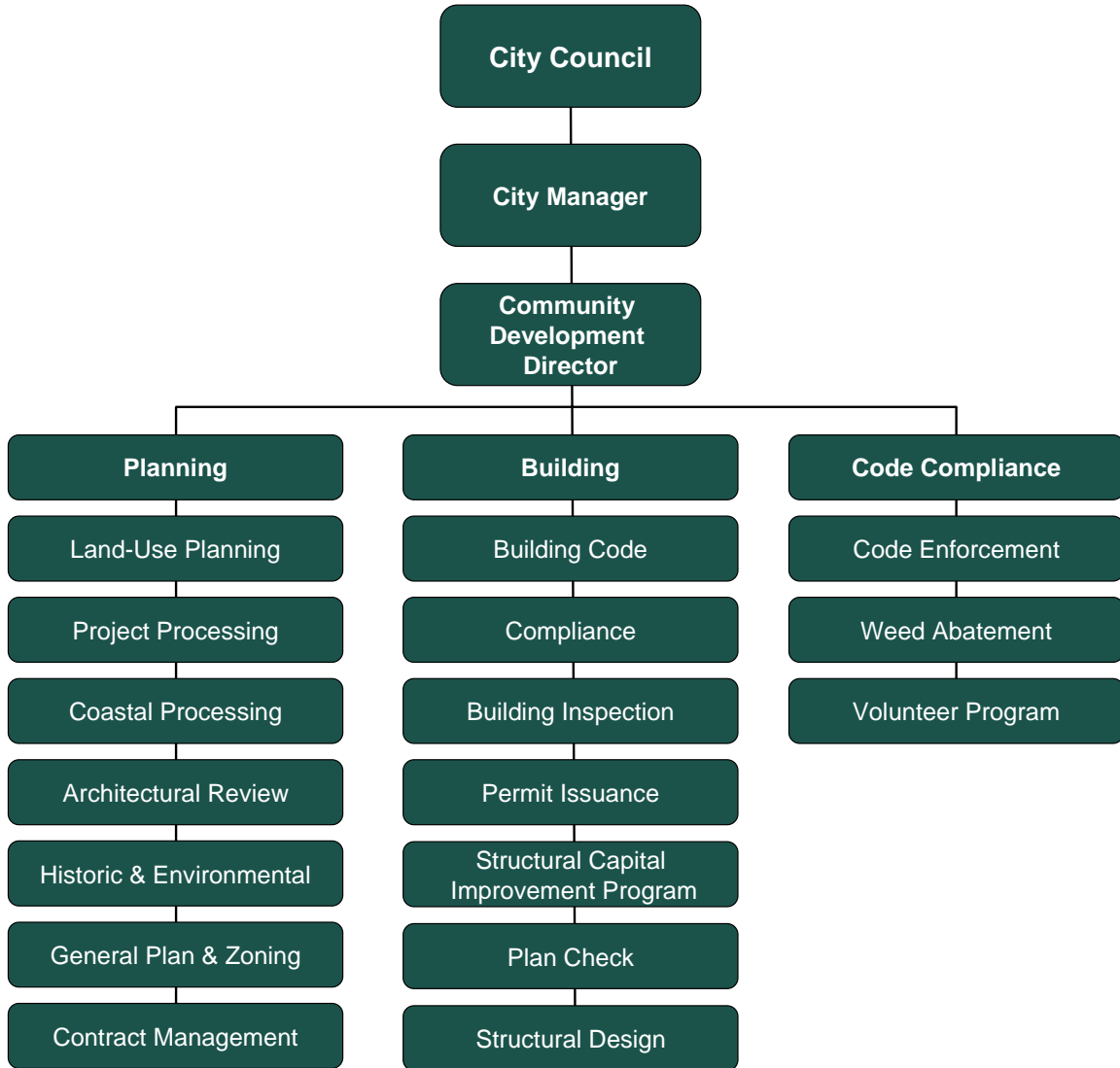
Throughout this process, it was our policy to review findings of the study with multiple sources in order to validate findings and data used in the report. The data was also presented and discussed with management personnel to allow an opportunity to provide evidence concerning aspects of the report that they felt were in error.

SECTION 2—OVERVIEW OF CURRENT CONDITIONS

A. ORGANIZATION OF COMMUNITY DEVELOPMENT DEPARTMENT

The City of San Clemente’s Community Development Department is comprised of three divisional program areas that include Planning, Building, and Code Compliance, as depicted below:

City of San Clemente’s Community Development Department

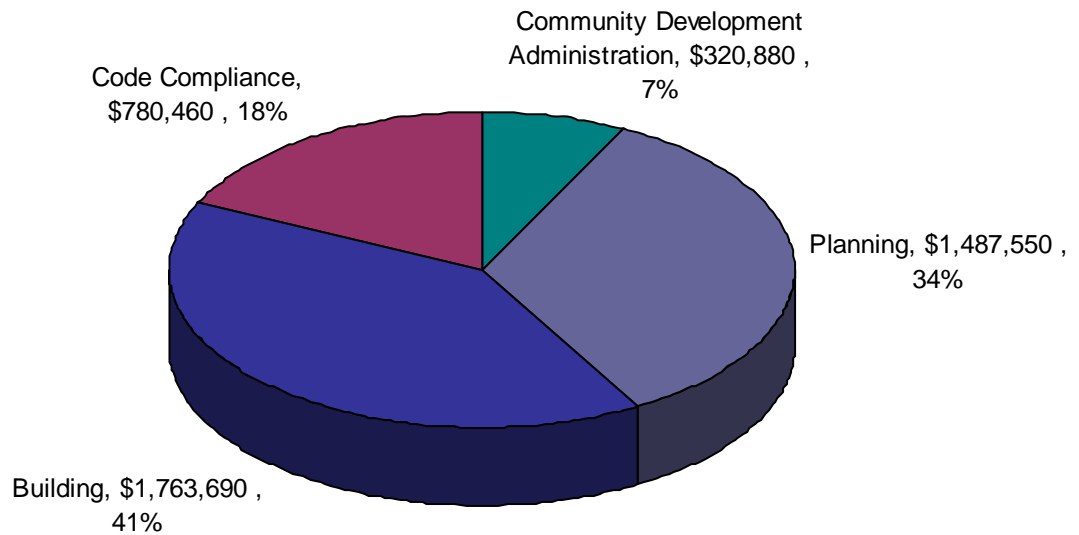


B. CURRENT STAFFING AND BUDGET RESOURCES

The Community Development Department's approved 2009 budget totaled \$5,318,395. The approved 2010 budget is \$4,352,580, which represents an eighteen percent (18%) reduction over the prior year.

These resources are shared among the administrative and three program divisions, as follows:

Community Development Department 2010 Budget



The approved staffing levels in the Community Development Department for FY 2010 are as follows:

Staffing Levels Count	
Community Development Administration	
Community Development Director	1.00
Administrative Assistant	.50
Housing Manager	1.00
Housing Specialist	.75
<i>Sub-total</i>	<i>3.25</i>
Planning	
City Planner	1.00
Principal Planner	1.00
Associate Planner	4.00
Assistant Planner	1.00
Administrative Assistant	1.00
Office Specialist II	1.00
Office Specialist I	.50
<i>Sub-total</i>	<i>9.50</i>
Building	
Building Official	1.00
Senior Building Inspector	1.00
Plans Examiner	1.00
Senior Plan Check Engineer	1.00
Plan Check Engineer (Underfilled as Plans Examiner)	1.00
Building Inspector II (Limited Term)	1.00
Building Inspector II	2.00
Senior Permit Technician	1.00
Permit Technician	2.00
Administrative Assistant	1.00
Information Systems Technician	1.00
Customer Service Specialist II	1.00
<i>Sub-total</i>	<i>14.00</i>
Code Compliance	
Code Compliance Manager	1.00
Senior Code Compliance Officer	1.00
Code Compliance Officer	2.00
Office Specialist II (PT)	0.50
<i>Sub-total</i>	<i>4.50</i>
TOTAL	31.25

C. CUSTOMER PERCEPTIONS

As part of this study Citygate conducted two focus group meetings. The focus groups involved a targeted list of customers, including small “Mom and Pop” applicants as well as larger repeat-customer developer applicants and their architectural and engineering representatives. Focus groups are a valuable, reliable, and valid tool for gathering information with regard to stakeholder/customers’ attitudes, values and needs. Focus groups can help the City gain clarity on how people experience the development review permitting process in San Clemente. However, it is worth noting that focus groups have limitations. While they are beneficial for identifying problems, they have limited use in terms of actually developing or evaluating programs. One must be careful not to assume that results of a single focus group can be used to generalize about a total population in the City.

The following is a summary of the perspectives and opinions gathered at the focus group meetings:

1. All parties involved need to have full trust and confidence in appointed leadership and staff.
2. City staff needs greater approval authority to ensure smooth processing of permits.
3. City needs to establish better interdepartmental coordination of conditions of approval.
4. City needs to have established permit turnaround times.
5. City staff abuses its authority.
6. City needs to eliminate interdepartmental overlapping reviews and contradictory Conditions of Approval.
7. City needs to have differing levels of review that are scaled to fit the size of the project.
8. City needs to eliminate “second bites at the apple” plan check corrections.
9. City needs to increase over-the-counter approvals.
10. City should place plan check corrections on the Department website.
11. City staff should be better prepared for design review meetings.
12. City should combine design review and zoning administrative hearings.
13. City should limit review of minor amendments to existing Conditional-Use Permits to the specific impacts of the amendments, as opposed to taking license to reopen all aspects of the Conditional-Use Permits.
14. City should understand that *time is money*; no sense of urgency among staff.
15. City should adopt a local coastal plan.
16. City should increase plan checker field experience.
17. City should remove requirement for San Diego Gas & Electric and Cox Cable to approve all plans.

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18. City should use outside plan checkers in order to meet turnaround standards.
 19. City should end the “first-come-first-served” policy.
 20. City should develop retaining wall standards.
 21. City should institute a 2-Step development review permit process for key projects.
 22. City should establish design guideline standards for historic structure adjacencies.

D. NEW FOCUS AND DIRECTION

The customers of the City’s Community Development Department are like a collage. There are permit applicants and the general public; complainants and properties being investigated for code violations; small businesses wishing to make improvements and the Historic Society and other groups wishing to protect the cultural fabric of our community; homeowners wishing to make improvements and neighbors wishing to protect their views and rights, etc. The City Council has been approached and heard stories about the difficulties of the City’s development review permitting process. The Council’s desire, and therefore the focus of this study, is to improve service to the “Mom and Pop” small residential and business customers, without compromising the rights and sensitivities of the other groups. This is the challenge, but in Citygate’s view, it is a challenge that can be met.

The relationship between the City and the Community Development Department is less than healthy right now. The City Council, as a body, too often lacks confidence in staff’s attitude with regard to administering the development review permitting process.

Something must be done that is demonstrative and clear. A new direction and a new expectation must be set if the City wishes to avoid further erosion between the applicants, City Council, and staff with regard to this program area. Inaction will lead to significant instability and disruption; it is just a matter of when.

As uncomfortable as this might appear, the good news is that in Citygate’s judgment, the City is in a good position to make positive organizational changes that will avoid instability and disruption. In other situations, such is not always the case. These are the indicators:

- ◆ The City Council as a whole believes that the City has a well-intended, competent, and dedicated staff.
- ◆ The Community Development Department has successfully instituted many customer service best practices that are now in use at the front-counter area. The Department can build on these successes.
- ◆ The City Council is likely to support departures from the status quo if they are well thought out and implementable, even if done so in phases, over time. The Council’s tolerance for change is 9+ on a scale of 10. Members of the Council are likely to welcome strong leadership in terms of moving away from the status quo.
- ◆ The City is in a position to afford change; reserves are adequate to handle one-time investments that might be necessary to improve efficiency and effectiveness.

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- ◆ To its credit, the Community Development Department has already taken the initiative to change the format of the Development Management Team (DMT) process to provide better accountability and communication to the customer.
 - ◆ Several of the best practice recommendations made in this study already exist in the Department, they simply need to be made more formal and need to be applied more broadly.
 - ◆ The Community Development Director plans to implement the important customer service related recommendations in this study with a “**FEP**” program:
 - **F**ormalize recommendations
 - **E**xpand use of recommendations
 - **P**ublicize the availability of recommendations.

SECTION 3—FIVE IMPORTANT RECURRING THEMES OF THIS STUDY

During the course of Citygate’s research and analysis, we identified five (5) important recurring themes. In our judgment, these are the most important items for the City to be aware of and to address as a result of this study. The themes deal with matters that are relevant at the policy setting level, administrative level, and operational level of the organization. San Clemente’s Community Development Department has the opportunity to re-envision itself and to become a highly responsive, dynamic organization. It has an opportunity to make meaningful changes to ensure the organization’s relevance to the ongoing needs of the community. These five recurring themes come up directly and indirectly throughout the body of the full report. They are summarized below:

THEME NO. 1: CHANGE IN COMMUNITY PRIORITIES

Over the past 30 years, the City’s Community Development Department has been focused on building out and diversifying the City’s residential, retail, and business/industrial sectors. The City is now built out. Political priorities reflect this change in community priorities. However, it is worth noting that a review of the data indicates that the current level of “Mom and Pop” activity is about the same as “Mom and Pop” activity 10 years ago. The “Mom and Pop” activity peaked five years ago at about twice the level it is today. Nevertheless, the focus on land use and development activities has shifted to redevelopment, infill, historical preservation, design review, and cultural preservation. As a result, development review permitting decisions rely much more on subjective criteria that can be difficult to codify. Subjectivity is especially problematic when cultural or historic resources and/or mass and scale issues are involved. Therefore, inconsistencies perceived or real are commonplace, as are customer (and staff) frustrations. It is a completely new ballgame for the City, its policy setters, and its staff. The aches and pains of these changes are apparent.

THEME NO. 2: POLICY SETTERS DIVIDED

It would be helpful and constructive if the City Council were able to form a clear policy path regarding where it wishes to lead the community in terms of growth and development. Right now, the Council is divided along various growth and no-growth, change and no-change fault lines. It is our understanding the General Plan has not been updated since 1992 and the Zoning Code has not been updated since 1996. This lack of clarity and consensus at the policy level contributes to the frustrations and breakdown in trust between staff and the Council. Acknowledgment of these policy level divisions, and then resolving them, is an essential first-step toward improving the development review permitting process. It is important that expectations placed upon staff be tempered with the reality that the Council is in the process of shifting its policy priorities and that policy direction at this time is unclear. Firing staff, reorganizing the Department, pulling more and more permit approvals up for review by the Council, or any other remedial act will not solve the City’s development review permitting problems if the top-level policy divisions, changes, and priorities are not addressed.

THEME NO. 3: LEADERSHIP DISCONNECT

There are disconnects, both perceived and real, between the City Council and the Community Development staff. This is the case even though 98 percent of staff and Planning Commission recommendations are reportedly upheld by the City Council. Both the perceived and real disconnects could be closed by focusing on two problems. First, staff can take a visible and aggressive lead in adjusting to the paradigm shifts in the City’s customer profile. Second, staff can take a visible and aggressive lead in helping the City Council deal with its policy shifts in terms of growth and development. Not taking these steps has created an environment wherein Council does not have confidence in staff, and staff is afraid to make decisions. The Department leadership needs to shape a new visioning for the Department and its relationship with the City’s elected officials.

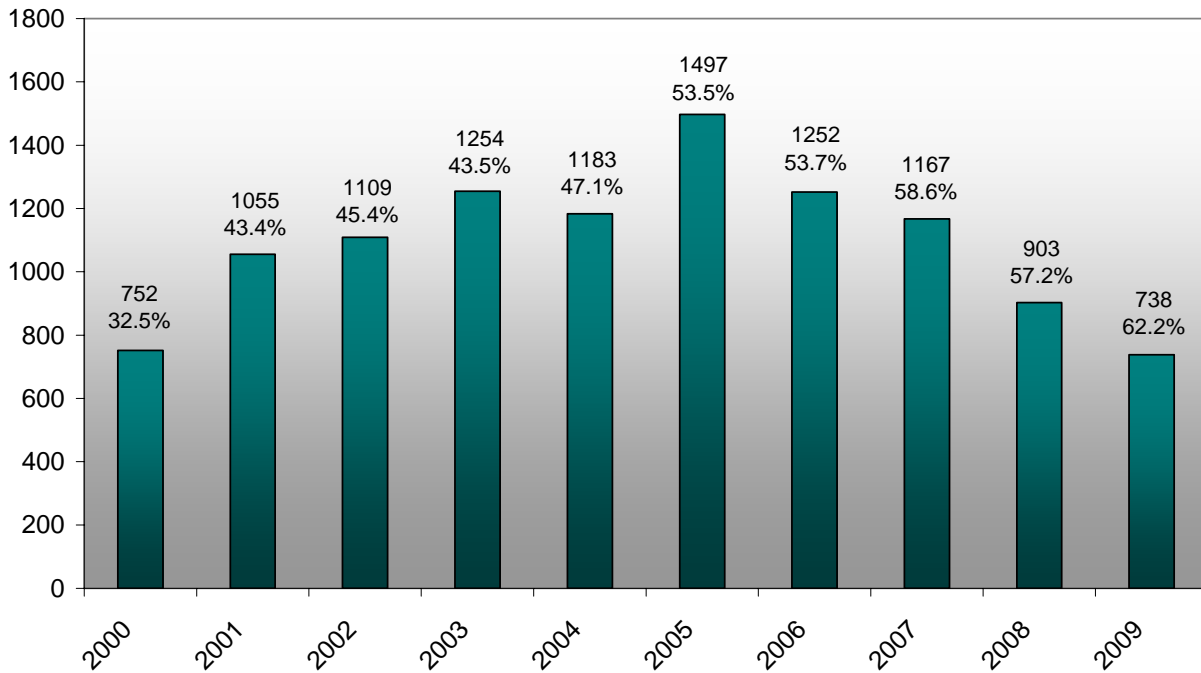
THEME NO. 4: NEW CUSTOMER PROFILE

The Community Development Department has struggled to adequately adjust to the paradigm shift in its customer profile. In the past, a high percentage of the City’s development review permitting customers processed large residential and mixed-use development projects and subdivisions. The customers (measured by valuation) were, by and large, absentee owners employing professional architects, planners, and engineers. Now nearly 60 percent of the City’s permit value comes from “Mom and Pop” applicants. Again, though the absolute number of “Mom and Pop” applicants is about the same as 10 years ago, relatively speaking the current political focus is much more on these customers. (See the graphics on pages 3-5 of this section)

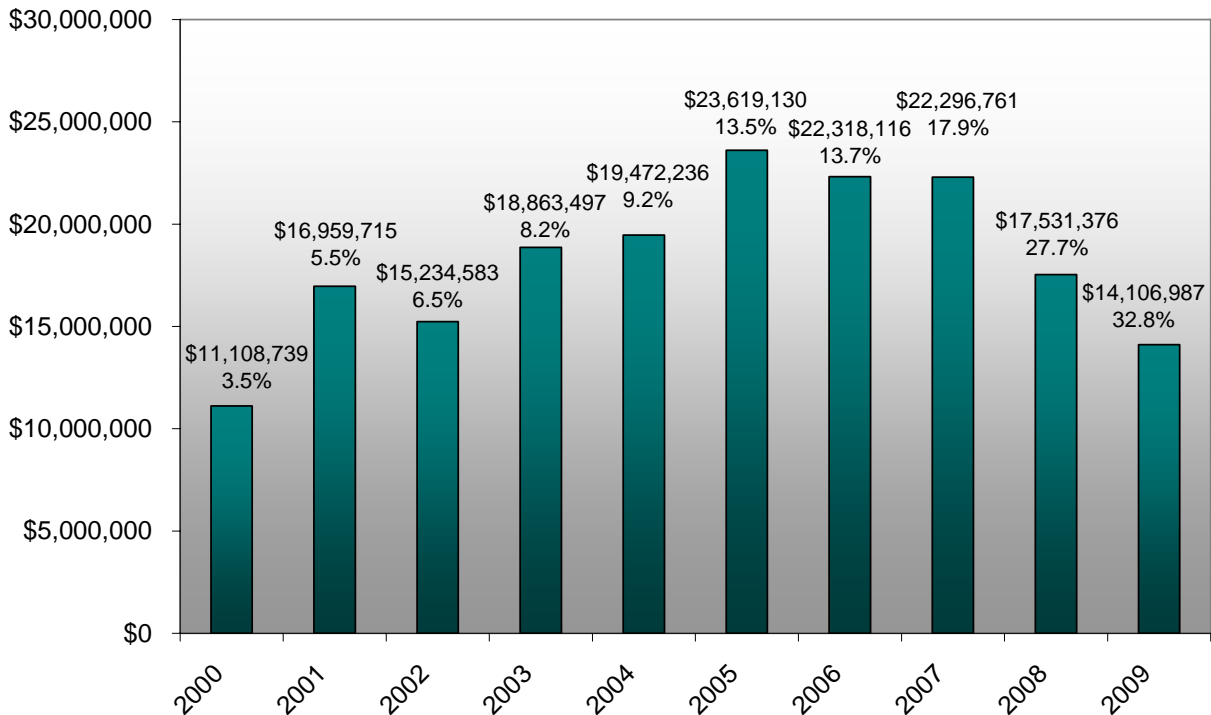
THEME NO. 5: HIGHLY REGULATED ENVIRONMENT

The City Council has high expectations in terms of the quality of development it wants to see in San Clemente. This is admirable, and no doubt is a reflection of high community values and expectations. As a result, San Clemente’s regulatory environment is highly complex relative to other California cities. Applicants face unique regulations regarding historical preservation, cultural preservation, Coastal Commission requirements, view corridor policy and soil conditions. Providing a clear and quick path to approval is a challenge in such a complex regulatory environment. It would be constructive for the City Council and staff to acknowledge and respect this challenge in a mutually supportive manner.

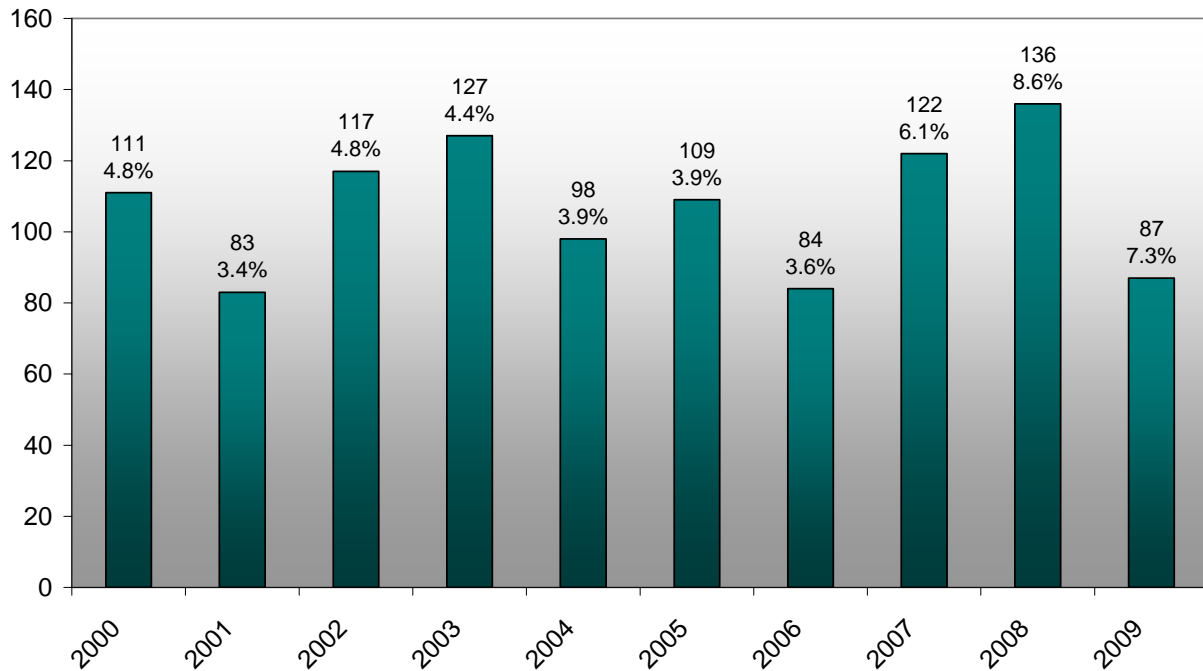
Residential Building Permits for Additions and Alterations ("Mom and Pop")



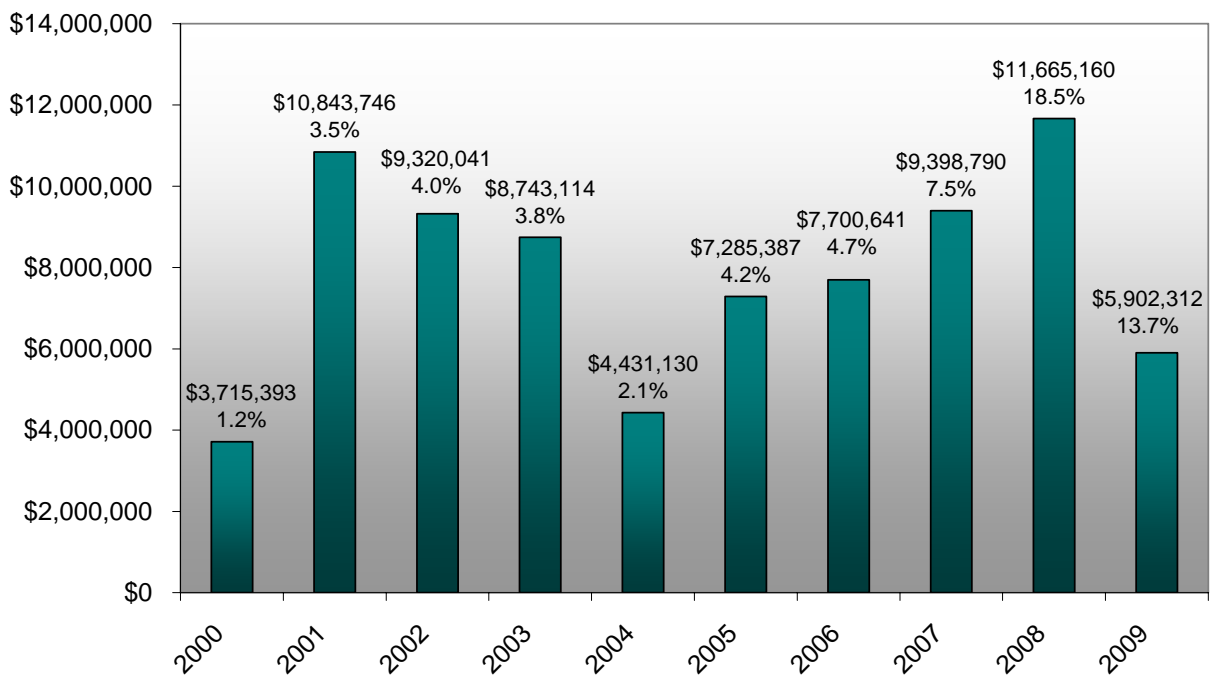
Residential Valuations for Additions and Alterations ("Mom and Pop")



Commercial Building Permits for Additions, Alterations, and Tenant Improvements



Commercial Valuations for Additions, Alterations, and Tenant Improvements



SECTION 4—TEN MAJOR STRATEGIC RECOMMENDATIONS

The following **Ten Major Strategic Recommendations** are the most important items for the City to address in order to improve the efficiency and effectiveness of its Community Development Department. They are the critical building blocks for successfully reducing the current level of customer dissatisfaction with the Community Development Department. These major recommendations are particularly relevant because they address situations and issues that overlap between policy setting and administration. Thus, they require the collaborative attention of both the City Council and staff.

If the City implements all of the other recommendations presented later in this report but does not faithfully implement the following **Ten Major Strategic Recommendations**, we would not expect much in the way of success. To put it more clearly, elected officials are advised to avoid the temptation to look solely for solutions in the inner workings of the organization. Doing so will lead to further frustrations for the City Council, staff, and the City’s customers.

These **Ten Major Strategic Recommendations** are as follows:

Recommendation No. 1: Update the General Plan.

There exists a significant disconnect between staff and the City Council. Staff is uncertain as to where the Council, as a policy setting body, wants to take the community particularly with regard to maintaining the “Spanish Village by the Sea” environment. Lack of consensus and clarity around issues of design, use compatibility, neighborhood definition, density, massing, and consistency are wreaking havoc on the discretionary decision making process.

The General Plan has not been updated since 1993. Over the past twenty years the City’s planning needs have changed. In the current world, the City is all about in-fill and preservation. This requires an entirely new focus on the part of the City’s elected officials and staff. The development review permitting process needs to embody this consensus. Updating the City’s General Plan is a critical first step towards closing any disconnect between staff and the Council. It is a laborious, costly, and time-consuming effort, but it is essential because it will provide a forum for the Council, community, and staff to collectively begin to share the same vision with clarity and purpose.

Recommendation No. 2: Update the Zoning Code; establish design guideline standards for historic structures and adjacencies.

The Zoning Code has not been significantly updated since 1996. Again, much like the City’s General Plan, it is important that the City do the hard work necessary to modernize, update, and, most importantly, provide agreement and policy consensus on the details of implementing infill oriented priorities for the City. Updating the Zoning Code will provide the lot-by-lot clarity needed by staff in order to provide good and reliable customer service. To help provide clarity for projects in the architectural overlay districts and for historic resources, the Zoning Ordinance update should add detail to the design guidelines. Without an updated Zoning Code, there will continue to be too much guesswork and too much subjectivity, all of which leads to customer dissatisfaction.

Recommendation No. 3: Reinforce a functional customer complaint system.

Citygate observes that the role of elected officials and the role of staff has become dysfunctional with regard to customer complaints. In the ideal, the City's elected officials only have to set policies and the appointed staff faithfully administers the policies. Citygate recognizes the City has governance ordinances and policies that reflect this delineation of responsibilities along traditional policy setting and administrative lines of authority as found in its Council-Manager form of government. Nonetheless, we identified situations wherein elected officials felt compelled to perform what would ordinarily be administrative functions in terms of handling customer complaints. To the extent this is true, one can assume, rightly or wrongly, that such action is born out of a long-standing frustration with the development review permitting process.

This is not a problem that is unique to San Clemente's city government. In fact, it is commonplace in many local governments.

In recent years, the San Clemente City Council has changed its policy direction with regard to development in the City. This new regulatory expectation requires a new administrative attitude on the part of the Community Development Director and staff. At this point in time, administration of the Council policies is complicated by disconnects described previously in the **Five Important Recurring Themes** section of this report. Nonetheless, the Council expects staff to provide a high level of customer service to applicants and expects staff to adjust to the change in the Department's customer profile and the corresponding lower level of technical expertise.

The City Council, on the whole, experiences or observes instances wherein they believe applicants can only receive good customer service and problem resolution from the City through direct intervention by the elected officials. This usually takes the form of the Councilmember passing the customer complaint, inquiry, or problem on to the City Manager or Community Development Director.

This seems innocent enough, but in fact, it is very dysfunctional. Once this type of dysfunctional system takes root, it can be difficult to reverse. This is because several self-perpetuating dynamics are at play.

First, an applicant becomes frustrated with the development review process for one reason or another, typically over time delays, not being able to ascertain the status of their application, or vague and subjective development standards. Applicants try to resolve issues or get answers to their questions by contacting the planning staff member they believe is responsible for their application. The application process is complex and often very subjective. Planners must rely upon many individuals not within his or her division (e.g., Engineering, Building), much less under his or her supervision. Thus, clear and reliable answers are too often difficult to ascertain. This situation frustrates both the planner and the customer. In frustration, the applicant may direct their inquiry up to a supervisor or to an individual in the Division or Department with whom they have worked previously. This can yield inconsistent responses and/or create confusion in the Department. This is referred to as an applicant "shopping around" for the answer they want to hear. Eventually, the applicant does not get an adequate response and concludes, rightly or wrongly, that the only available alternative is to seek assistance from an elected official.

The second self-perpetuating dynamic comes into play when the Councilmember, quite legitimately wanting to help a customer in need, reacts to the applicant’s inquiry by jumping into the details of the application. Most often, the Councilmember is concerned about whether staff is being responsive and faithfully administering policy, as the individual Councilmember views it. From staff’s perspective the interceding is viewed as a “political” intrusion upon their administrative duties or professionalism.

The self-perpetuating cycle is then reinforced. Staff becomes intimidated and reacts by becoming more bureaucratic and risk-averse, the applicant continues to believe that only a Councilmember can resolve problems, and the Councilmember continues to be frustrated with non-responsive staff and, therefore, feels compelled to continue intervention. These reactions then lead to lower employee morale and more fear, which paralyzes the development review permitting process even further. The customer complaints just keep on coming and coming.

With all good intentions, the City Council, on an ongoing basis, entertains customer complaints in a manner that reinforces this dysfunctional system. This guarantees failure. Staff unwittingly goes along with the system by abdicating their responsibilities.

This self-perpetuating dysfunctional cycle will continue until the participants — the applicants, staff and elected officials — develop and reinforce a functional customer service chain-of-command.

A functional customer service chain-of command is essentially a reverse hierarchy, and can be described as follows:

1. Case Manager (Associate Planner): The Case Manager is the planner with the primary responsibility to move the application successfully through the development review process within the opportunities and constraints established by adopted City Council policy.
2. Team Leader (Principal Planner): The Team Leader is the first-line supervisor of the Case Manager. In this role, he or she is responsible for providing day-to-day direct support and assistance to the Case Manager to make sure that issues are resolved in a timely and consistent manner.
3. Division Manager (City Planner): The City Planner is responsible for assisting the Case Manager in his or her efforts, to bring resources to the process, and to resolve issues that arise between reviewing divisions and programs.
4. Department Director: The Director is charged with satisfactorily resolving all application problems wherein policy direction from the City Council has been established. Further, the Director is responsible for identifying issues that raise policy questions that require the City Council’s attention.
5. City Manager: The City Manager is responsible for providing day-to-day policy clarification to the Director on behalf of the City Council.
6. City Council: The City Council members are responsible for establishing development-related policy within the public meeting forum.

When a problem comes to the attention of any member of the chain-of-command, it is essential that the member honor the chain-of-command structure and protocol. If the chain-of-command structure is not honored, the dysfunctional cycle of customer dissatisfaction will continue.

The Department will operate at its peak efficiency when decisions and problem resolution can take place at the “lowest point” in the organization. In other words, as close to the Case Manager/Associate Planner/Associate Engineer as possible.

A functional chain-of-command system requires constant and diligent reinforcement. Each participant in the chain must first ask themselves, and the customer, whether an opportunity has been given for the next “lower link in the chain” to resolve the problem at hand. If not, then the member takes steps to arrange a time for the customer to quickly meet with the appropriate staff member in the chain-of-command with sufficient authority to resolve the problem. From this point forward, the member monitors the problem to make sure it is resolved in a timely fashion. However, the member does not intercede unless the problem is not resolved satisfactorily.

It is important to note that it is not the customer’s job to understand, much less honor, the chain-of-command approach to solving processing problems. This is the job of the organization and the members of the chain-of-command structure, from the bottom to the top.

A well-disciplined and reinforced chain-of-command structure within the Community Development Department will serve to identify problems that are real, as opposed to imagined, and will increase accountability for quality customer service.

This dysfunctional chain-of-command problem is deeply rooted in the City organization; therefore, it will take a concerted effort to correct. Left unattended, the problem will continue to frustrate customers, demoralize staff and diminish the credibility of the City’s elected officials. Although it may appear to be a responsive system of problem solving on the surface, from an overall productivity standpoint it is very inefficient. Further, it provides an inconsistent level of service to applicants. Efficient organizations, be they public or private, have learned how to provide service, identify customer issues and resolve problems at the “lowest point” in the organizational hierarchy. This yields the greatest return on the expenditure of scarce public dollars.

What should a Councilmember do to reinforce a functional, as opposed to dysfunctional, customer service system? There is a simple solution. Ask the customer:

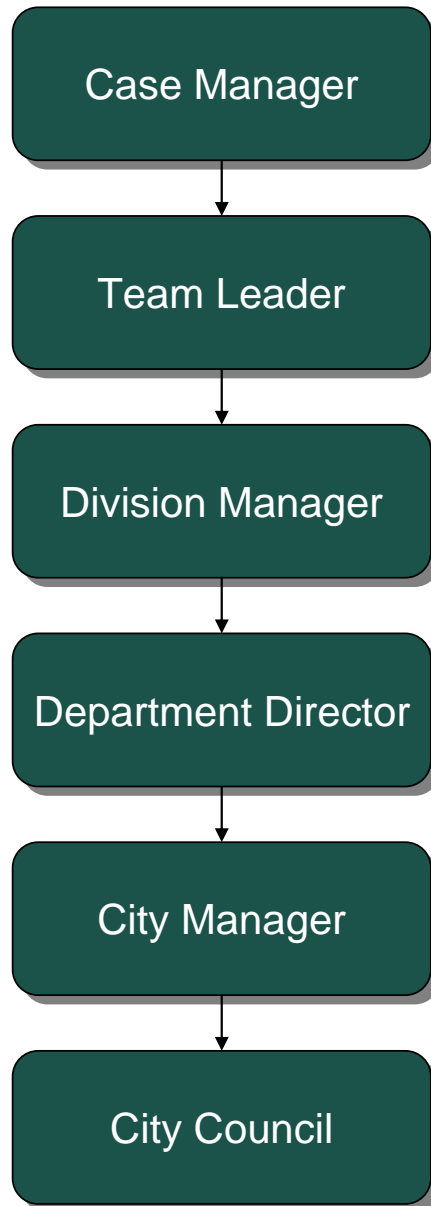
“Have you spoken to our Community Development Director about your problem?”

If they say “No,” then give them the Director’s direct phone number and e-mail address and politely tell the customer to contact the Director. Tell the customer to feel free to call the Councilmember if they do not get a return call or e-mail from the Director or a member of his staff within 24-hours or less. Handling it in this manner will re-enforce a functional system for managing customer complaints.

A. KEY PERFORMANCE STANDARD PRINCIPAL

The customer service performance standard for the Director and his staff is that 100 percent of all customer concerns be addressed at the staff level. Customer complaints should never have to go beyond the Director. That is the “Best Practice” standard.

San Clemente Community Development Department Customer Satisfaction Chain-of-Command



Recommendation No. 4: Earn full trust and confidence in appointed leadership and staff.

Citygate encountered evidence that, with regard to planning issues, the Council's trust and confidence in staff is low. Furthermore, front line planners do not know that upper management can interpret the Council's policy expectations with a high degree of accuracy. Witness the fact that discretionary actions on the part of staff and the Planning Commission that have been called up by the Council or require City Council approval often require an extensive amount of additional analysis by staff for the Council to accept the Planning Commission's recommendations. The City processed 95 discretionary permits in 2009. Seventeen required City Council approval: eleven because the Council was required by ordinance to be the decision making body, and six because they were called up by the Council. Of these seventeen, two were reversed. Arguably, this is typical of a city the size and complexity of San Clemente. Nonetheless, there is a perception that the items brought up on appeal were very difficult and disruptive to the Council and the community. This may in part be because of the high level of scrutiny staff and the Planning Commission actions received during the Council's review.

Department Head level staff should be accurate 95 percent of the time when it comes to knowing and interpreting the City Council's policy objectives. This is the combined responsibility of the Director, City Manager, and City Council. The City Council, subordinate level staff, and customers should be able to rely on this level of accuracy. Even if 98 percent of the applications are ultimately approved, a lot of staff guesswork is involved in guiding applicants through the process. The amendments to the General Plan and Zoning Code will help in resolving this issue.

As a stated goal, the Council and staff, particularly upper level appointed staff, should work to increase the level of trust and confidence they have in one another when it comes to the development review permitting process.

Recommendation No. 5: Annually assess the ability to delegate more approval authority to staff.

As trust and confidence increase in the future, the City Council should be able to delegate more and more permitting authority to staff. Again, efficient "best practice" community development organizations make decisions and resolve problems at the "lowest point" in the organizational hierarchy.

The City Council and Community Development Director should have this as a common goal. To further the goal, Citygate recommends the Director develop an inventory of the "Paths to Approval" for each discretionary permit type. The inventory should be reviewed annually with the Planning Commission and the City Council. The Director, Commissioners, and Councilmembers should discuss opportunities to delegate discretionary decision-making to lower points in the organization, and take action to do so.

This will substantially increase the efficiency of the development review permitting process and, thus, reduce customer complaints.

Recommendation No. 6: Link all Conditions of Approval to Council granted authority in writing.

Staff exercises its development review permitting authority solely at the pleasure of the City Council. There need not be any exceptions to this principle. Unfortunately, the City’s historical preservation and cultural preservation review are based on guidelines, as opposed to clear-cut development standards. Given that design guidelines by their nature are designed to be flexible and to some degree subjective, when there is disagreement in their interpretation this can be viewed as an abuse of authority, intended or not. Customers in the focus groups complained bitterly about planners abusing their discretionary authority in the name of what staff might perceive as being “good planning.” Customers often do not like clear, codified city regulations. What they like even less are subjective interpretations. Therefore, it is important that such interpretations be rooted in authority clearly granted by the City Council.

The remedy to this problem is to require staff to link all Conditions of Approval to City Council-granted authority in writing as part of the permit approval process. Typically, the authority is found, or should be found, in the General Plan, Zoning Code, or other special overlay zone requirements. The update to the General Plan and Zoning Ordinance will help to further define this authority. The benefit of linking Conditions of Approval (project requirements) achieves two things: first, it puts a constraint on the misuse of authority; and, second, it forces the development of clear, codified development standards.

Implementing this recommendation will lower customer complaints.

Recommendation No. 7: Increase communication between policy setters, appointed leaders, and staff.

The City Council is going through a significant shift in development policy. Recognizing this shift, the Council has devoted considerable time and budget to the General Plan, which will better define current and forward-looking development policy. As a result of this shift, there is a need to communicate, communicate, and communicate some more until the policy transition has settled down. Doing so will help lower the amount of customer complaints.

Moving forward on updating the General Plan and Zoning Code will surely involve a great deal of communication between policy setters, appointed leaders, and staff; however, it is likely not to be enough. Council consensus around important development issues will be achieved as the General Plan Update moves forward. In the meantime, staff will need to stay very tuned-in to the Council’s changing expectations in terms of the ongoing review of applications that are currently in process. Issues will arise that require an immediate read from the policy setters if staff is to be successful.

Citygate recommends the City Manager, Community Development Director, Public Works Director/City Engineer, Planning Commission Chairperson, and other key personnel involved in the development review permitting process meet in one-hour workshop format at least every 90 days to make sure everyone is operating in a consistent and constructive manner. These communication meetings should not include any members of the City Council; Council members will and should remain focused on setting policy within the context of the publicly conducted General Plan Update process. These one-hour workshops will be especially important as new General Plan policies emerge from the City Council. Workshop agenda items could include, for example:

- ◆ Upcoming development proposals that have policy implications

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- ◆ Reporting out on cycle time performance measurements in the Building, Planning, and Development Engineering Divisions
 - ◆ Progress on staff training and development

Recommendation No. 8: Transfer permit authority under the City’s Local Coastal Program (LCP).

A significant portion of the City of San Clemente is within the jurisdiction of the California Coastal Commission. This adds a level of complexity to the development review permitting process that frustrates many of the City’s customers.

The Coastal Commission provides cities with the opportunity to minimize inconveniences to their local permit customers by developing and implementing a Local Coastal Program (LCP). As stated in Coastal Commission literature, the LCP is intended to be a basic planning tool used by local governments to guide development in the coastal zone, in partnership with the Coastal Commission. The LCPs contain the ground rules for future development and protection of coastal resources in the 75 coastal cities and counties in California. The LCPs specify appropriate location, type, and scale of new or changed uses of land and water. Each LCP includes a land use plan and measures to implement the plan.

Many of the 75 coastal counties and cities have elected to divide their coastal zone jurisdictions into separate geographic segments, resulting in some 128 separate LCP segments. As of 2008, approximately 72 percent of the LCP segments have been certified, representing close to 90 percent of the geographic area of the coastal zone, and local governments are issuing coastal permits in these areas.

Coastal Commission records indicate the City of San Clemente has adopted a LCP Land Use Plan and that it has been certified for consistency with Coastal Act requirements. However, the City has not yet developed the LCP Implementation Plan, which is required to receive permitting authority. Completion of the LCP will follow the amendment to the General Plan and Zoning Code.

Transferring Coastal Act permitting authority to the City would provide the opportunity to improve the efficiency of the City’s development review process and, as a result, reduce customer complaints.

Recommendation No. 9: Temporarily institute a 2-Step development review permit process for key projects.

During the course of Citygate’s management review, we encountered frustrations on the part of staff and customers with regard to the unpredictability of the discretionary permit process in San Clemente. Staff’s frustration is born from their wanting to implement the objectives of the City Council, as reflected in the Zoning Code, and then having their recommendations overruled by appeal or “call up.” Understandably, customers also express frustration because they feel they cannot rely upon staff’s understanding with regard to the Pathway to Approval. The City Council expresses frustration because, in the view of several Members, staff does not give them what they want or expect. Everybody is losing under this sad state of affairs. Customer complaints are high.

These types of frustrations are understandable given the previously described disconnects, both perceived and real, between staff and the Council. The frustrations are likely to continue at an undesirable level at least until the City Council and staff close the disconnection by doing the work to update the General Plan and Zoning Code. That will take a long time.

In the interim, the City could temporarily institute a 2-Step development review permit process for key projects. Under this approach, staff would bring a development proposal to the City Council for policy discussion as a first-step in the development review permitting process. The action would not be a public hearing nor would any binding action be taken. Staff would simply identify the policy issues involved in the development proposal as measured against the current General Plan, Zoning Code, or other previously adopted formal policies of the City Council. If the current regulations did not achieve the Council's desired outcomes for the community, then the Council could consider a moratorium pending amendment to current local ordinances if the issue were serious enough to have significant citywide impacts. As an alternative, the City could negotiate a development agreement to achieve the Council's objectives. If nothing else, the Council and staff would be more likely to be in one accord.

If the City chooses to implement a 2-Step process, it should first delineate the criteria for projects to be eligible for inclusion in the 2-Step process.

While this 2-Step process should only be a temporary approach to closing the disconnection between staff and the Council, it is recommended that the City codify a requirement that all General Plan amendments to be initiated by the City Council. Therefore, prior to submitting a complete development application which required an amendment to the General Plan, an applicant would first be required to obtain the Council's approval to initiate a General Plan Amendment. Presumably, after updating the General Plan and Zoning Code, the gap will have been closed and the 2-Step process can be dismantled. It is best to view it as a necessary stopgap measure only.

Recommendation No. 10: Lessen the amount of City Council call-ups and appeals of Development applications.

In 2009, the City Council was compelled to call up six discretionary applications. This leads to a high level of dissatisfaction on the part of the City's applicant customers. It also can frustrate and beleaguer staff. No doubt the Council is equally frustrated and feels that the Planning Commission and staff are sometimes out of touch with the Council, in whole or in part.

A high level of Council-generated appeals is a symptom that the system is not working as well as it could. The appeal volume should be monitored, measured, reported out, and discussed at least yearly by the City Council, Planning Commission, and staff.

Everyone involved in the development review permitting process should be working to lessen the amount of City Council call-ups and appeals of development applications. Doing so will enhance fairness, stability, and predictability of the process, and will improve customer satisfaction.

SECTION 5—MORE RECOMMENDATIONS

The remaining recommendations in Citygate’s report are important in varying degrees but arguably not as strategically essential as the **Ten Major Strategic Recommendations** detailed in the previous section of this report. Although the following recommendations will surely be of interest to the City’s elected officials, the recommendations are fundamentally administrative in nature.

Recommendation No. 11: Re-envision the Development Management Team (DM-Team) and broaden its scope.

Citygate Associates believes the San Clemente’s development review permitting process, and all the program activities that dovetail into it, can perform efficiently and effectively in a manner that will meet or exceed the expectations of the City’s fair-minded stakeholders. However, things need to change. There is always room for improvement.

San Clemente must re-envision its Development Management Team (DM-Team or DMT) into a highly focused and well-disciplined interdepartmental group. Most, if not all, best practice planning agencies have such internal interdepartmental “Development Review Teams” at the center of their internal review process. If led properly, they can evolve into highly energetic and productive centers of activity. The best ones are transparent and participatory. Best practice agencies are unafraid to offer opportunities for customers to attend in order to help facilitate efficient review of their projects. In December 2009, City staff implemented the most important aspect of this recommendation by opening up DM-team meetings to the property owners, applicants, developers and design professionals. This change has been well received by DM-Team members and customers and we commend the staff for taking this positive step.

The re-envisioned DM-Team should have at least ten (10) basic functions, which include the following:

1. Placing conditions of approval on discretionary entitlement applications;
2. Tracking development applications to make sure they are processed in a timely manner;
3. Holding pre-application conferences with applicants, and institutionalizing a “Red Team” concept for priority projects;
4. Managing items going to the Planning Commission and City Council;
5. Monitoring for consistent and well-coordinated application of planning, engineering, and building standards; eliminate conflicting conditions;
6. Identifying and resolving development review permitting problems;
7. Effectively managing the subdivision map finalization and Certificate of Occupancy process;
8. Disseminating information regarding development review policies and procedures to other staff members in the City, and provide training as needed;
9. Monitoring customer service at all times through every step in the development review permitting process; and

10. Celebrating successes.

The re-envisioned DM-Team should take the lead on implementation of the recommendations in this report. The DM-Team should be the focal point for continually heightening Department awareness of time frames, developing consistent and clear development standards, and delivering reliable Path-to-Approval timelines for the customers.

The DMT Department Head leadership should, by their own example, set a strong “*Sense of Urgency*” with regard to permit processing and reinforcement of the City Council’s customer service expectations.

The DM-Team would benefit from re-formulating its agenda for its weekly meetings. The DMT should first identify categories of permit types, existing cycle times for each permit type and mechanisms for streamlining the review process for each permit category to meet cycle time standards. For purposes of an example, a re-envisioned DM-Team agenda should include:

<p style="text-align:center"><u>DM-Team</u> <u>WEEKLY MEETING</u> <u>AGENDA</u></p> <p>Technical Items: Senior Staff and Division Heads (1 hour)</p> <ol style="list-style-type: none">1. Review and conditioning of pending projects2. Discussion of upcoming Commission and Council action items3. Review of new projects4. Review of pre-applications for priority projects (applicant present) <p>Policy Squad: Department Heads (30 minutes)</p> <ol style="list-style-type: none">5. Vision Items: Where we’re heading6. Review of “Post Op Analysis”7. Review of priority projects (applicant present)8. Review of performance measurements9. Status of DM-Team continual improvement items (process; policies; standards; training; technology; customer service feedback, etc.)10. Around-the-table comments and requests for help11. Adjourn.

The precise reformulated agenda that would work best in the City of San Clemente should be refined and developed collaboratively by the Public Works Director/City Engineer, Community Development Director, and other participating Department Heads that may choose to participate, as well as their respective staffs. Conferring with the City Manager would be advisable. Citygate suggests that a split agenda would work best. Under this approach, the “*Technical Squad*” comprised of the Planning, Development Engineering, and other staff professionals

reviewing active applications would begin the meeting and do their work. Midway through the DM-Team meeting, as noted in the above example, the Directors would join the meeting as the “*Policy Squad.*”

The DM-Team should meet often, should meet briefly, and should meet in a highly organized manner. Once a week is best. **Meetings should begin and end on time.** Attendance should be mandatory. As time goes on, it will become clear why this is a requirement.

As the DM-Team matures and establishes a track record of efficiency, it should be encouraged to take on additional responsibilities that are in support of the City’s development-related activities and programs.

In short, the DM-Team should become the center stage for development coordination and development-related customer service. Operating characteristics of a re-envisioned DM-Team should include the following:

- ◆ Customer Service (constantly, all the time, meaningfully)
- ◆ Review and manage all development proposals including site development applications, subdivisions and specific plans
- ◆ Inform applicants of conditions of approval UP FRONT
- ◆ A sense of urgency
- ◆ MANDATORY ATTENDANCE, until excused in person by DM-Team leader on a case-by-case basis
- ◆ Shared leadership
- ◆ Adding more functions and skill sets over time
- ◆ Continual improvement process
- ◆ Standard conditions developed, discussed and adopted
- ◆ Issue identification and problem solving
- ◆ Once a week
- ◆ Eliminate second bites at the apple
- ◆ Build confidence and a can-do attitude
- ◆ Prepare reliable fee estimates
- ◆ Celebrate accomplishments
- ◆ Reinforce the organizational structure
- ◆ Reinforce “authority” and its limits as vested by City Council

Recommendation No. 12: Institute a serious-minded, team-building training program at the DM-Team.

Citygate Associates recommends the staff leadership team formulate and implement ongoing team-building for the DM-Team. If necessary, team-building consultants should be brought in to help with this work, though it would be more effective if the exercises were designed in-house, if

possible. As an alternative, the City could purchase off-the-shelf team-building training modules.

Recommendation No. 13: Publish, promote, and report out cycle time standards for the Planning and Engineering programs.

San Clemente’s Building Division in recent years has done a good job of publishing, promoting, and reporting out on their permit cycle time standards. The Planning Division and the Engineering Division (Public Works Department) report that they have cycle time standards. The divisions need not hit their cycle time standard 100 percent of the time; however, they should strive to hit it over 95 percent of the time. If nothing else, having high expectations with regard to cycle times will get staff focused in the right direction.

While cycle times standards have been established some applicants and staff are unaware of these standards. The cycle time should be published, promoted, and reported out so that applicants and all staff know what to expect. Improved understanding will lower frustrations.

It is important to note that delays are often the result of an applicant needing time to create a “complete” application. Applications can linger for several months as the applicant responds to design and/or engineering issues. Other recommendations below will address how best to deal with this issue.

Recommendation No. 14: Monitor and report out on Planning and Engineering cycle times.

It is important that cycle times be monitored and analyzed. This requires the use of daily logs, accurate transmittal memoranda, and use of the “Track-It” electronic permit tracking system.

The cycle time standards should be integrated into DM-Team operations. Team leaders should monitor and report out the cycle times on a regular basis. Cycle times should be discussed at DM-Team meetings and staff meetings held by the reviewing divisions (Planning, Public Works/Engineering, Traffic, Legal, etc.) so that everyone in the development review permitting process is aware of the standards and has the opportunity to contribute to making the review system work more efficiently. In addition, the DM-Team should report out cycle time statistics on a monthly or quarterly basis to the Planning Commission and City Council. The reports should also discuss the correlation of the cycle time trends to the increases/decreases in customer satisfaction.

Monitoring cycle time records is a fundamental management tool for understanding whether additional personnel are required to perform planning and engineering plan and application review. To the Department’s credit, output-related performance measures are in place that track the number of people assisted at the counter, the number of plan checks completed, and the number of applications completed per employee. Measuring cycle time success is critical to achieving customer satisfaction, therefore, such information should be included in the Department’s performance measurement system. Attempting to understand staffing requirements without cycle time data leads to weak, anecdotally-based requests for additional resources. Such requests are too often not valid.

Cycle time standards are also a useful tool when determining the appropriateness of City cost recovery fees.

Recommendation No. 15: Utilize Determinate Processing Agreements for high priority projects.

Citygate Associates recommends that San Clemente use “Determinate Processing Agreements,” as illustrated on the following pages, for selected projects. These agreements, which should be used selectively to further the City’s priority policy objectives, are simple and highly effective. The agreements are non-binding and typically are limited to 2-pages in length. The City could choose, for example, to offer Determinate Processing Agreements for:

- ◆ Commercial projects in Old Town San Clemente
- ◆ Historical preservation projects
- ◆ Cultural Resource preservation projects
- ◆ Redevelopment projects
- ◆ Commercial projects that generate over \$10,000 per year in new sales tax revenue
- ◆ Affordable housing projects of four units or more

The DM-Team participants should discuss and decide which type of projects should be afforded Determinate Processing Agreements and the exact content of the document. Conferring with the City Manager and City Council would be advisable. Determinate Processing Agreements should include basic project information and a back and forth schedule. It is best to keep it simple, as provided in the following example:

SAMPLE

SAMPLE

CITY OF SAN CLEMENTE
COMMUNITY DEVELOPMENT DEPARTMENT
DETERMINATE PROCESSING AGREEMENT

Date:

Project Name:

Priority Category:

Proponent Contact:

Location:

Case Manager:

SCHEDULE OF PERFORMANCE

ACTION (RESPONSIBLE PARTIES)

COMPLETE DATE

- | | |
|---|-------------------|
| 1. Pre-application Conference (All Hands) | January 5, 2010 |
| 2. Submission of Complete Application (Applicant) | January 19, 2010 |
| 3. Deemed Incomplete Letter (Case Manager) | February 12, 2010 |
| 4. Project meeting (All Hands) | February 14, 2010 |
| 5. Second Submission (Applicant) | February 21, 2010 |
| 6. Deemed Complete Letter (Case Manager) | March 1, 2010 |
| 7. Call for Conditions of Approval (Case Manager) | March 3, 2010 |
| 8. Review Conditions at DM-Team (All Staff) | March 24, 2010 |
| 9. Discussion with Applicant regarding conditions
(Case Manager/Applicant) | March 26, 2010 |
| 10. Project Refinements Due (Applicant) | April 1, 2010 |
| 11. Staff report prepared (Case Manager) | April 15, 2010 |
| 12. Staff report to Director for review
(Case Manager/ Director) | April 15, 2010 |
| 13. Final service check with applicant
(Case Manager/Applicant) | April 16, 2010 |
| 14. Post hearing Notice | April 17, 2010 |
| 15. Planning Commission Hearing | May 1, 2010 |

Signatures indicating concurrence:

Case Manager

Applicant

Director

NOTE: This Determinate Processing Agreement is intended to increase effective communication between the City and the Project Proponent. It is a "good-faith" commitment to cooperate and to advance the subject project in a manner consistent with the public interest.

Development and management of Determinate Processing Agreements can be addressed as part of the DM-Team’s Priority Projects agenda item. For both the Target and Playa Del Norte projects, staff has created a project timeline with due dates reportedly similar to Citygate’s Determinate Processing Agreement recommendation. This is a positive step and Citygate encourages City staff to formalize the timeline in a robust agreement like the sample shown above.

Recommendation No. 16: Eliminate interdisciplinary overlapping review.

During the focus groups, it was indicated that the Conditions of Approval imposed by the City’s Planning Division and Development Engineering Division are often contradictory in nature. Expressed in the extreme, engineering conditions emphasize function over form, whereas planning conditions emphasize form over function. The City’s DM-Team format has been designed to resolve inconsistencies and eliminate overlap; however, it is important that both divisions remain very sensitive to the problem at all times in order to avoid inconsistencies. Both divisions need to be respectful and aware of the requirements of the other’s legitimate objectives and work cooperatively to resolve any contradictory requirements.

The City has recently opened the DM-Team process to applicants. This will resolve many of these potential inconsistencies long before they become problems.

Recommendation No. 17: Institute an award winning Unanticipated Service Program for customers of all types.

Instituting an “Unanticipated Service” program in the Community Development Department is likely to be the single most effective approach to increasing customer satisfaction and reducing, if not eliminating, complaints from applicants.

The Department’s customers are often frustrated by their inability to obtain reliable and timely information about the status of their applications. This frustration, Citygate believes, only adds fuel to customers’ concerns about other aspects of the development review and permitting process. In our experience, when applicants are kept informed, they are less likely to assume the worst. Conversely, when applicants are not kept informed, they assume the worst with regard to what is happening to their applications and their project. Then they complain. It is axiomatic that in the absence of information, people fill in the blank with negative perceptions. This negative perception can take hold and be very difficult to reverse, irrespective of a public agency’s efforts to improve systems and procedures.

The principle of “Unanticipated Service” is a simple one:

“Customer satisfaction increases most dramatically when a customer receives a service they did not expect.”

Examples of how it could be used in the Community Development Department include the following:

- ◆ The City Planner sends a personal letter or e-mail to the City’s most active applicants and consultants describing to them improvements and changes that are underway in the Department.

-
- ◆ The Case Managers proactively call or e-mail their applicants every Friday to let them know the status of their applications and to identify and discuss how issues can best be resolved in a mutually satisfactory manner. The applicant is also asked if he or she has any concerns regarding the application's status.
 - ◆ The applicant receives a letter or e-mail from the Case Manager or Director at the conclusion of the entitlement hearing wherein he or she is asked how the Department might improve its efficiency, effectiveness, and customer service.

Recommendation No. 18: Institute an interdepartmental Continual Improvement Team.

The re-envisioned DM-Team, at its first meeting, should establish a Continual Improvement Program. The Team or squad selected to implement the program needs to have authority within, and participation from, all of the development review permitting divisions, including the direct participation of the division managers and the Public Works Director/City Engineer and Community Development Director. In this instance, bigger is better for many reasons – not the least of which is building interdivisional communication and enthusiasm. A group of 8 or more will work well.

Citygate Associates recommends the Department Directors task the Continual Improvement Team to:

- ◆ Improve customer service across divisional lines
- ◆ Review the development review permitting process used by competing cities in the Orange County and San Diego County region to ensure that San Clemente's review process is always the most efficient and effective, bar none
- ◆ Implement a rigorous technology-based self-help program for customers
- ◆ Improve all aspects of the Community Development Department's website
- ◆ Eliminate interdivisional practices that do not work
- ◆ Enhance interdivisional work programs
- ◆ Identify and dedicate resources to address needed improvements in the development review permitting process
- ◆ Accept improvement assignments from leadership staff
- ◆ Establish, monitor, and report out on improvement goals and objectives.

Composition of the Continual Improvement Team should be broad-based in its makeup and participation. This will ensure meaningful input and ensure that the Team's tasks do not become overly burdensome to any one division, work group or individual employee. The Team should meet often outside of the DM-Team format, but the meetings should be brief. We suggest meeting every other week for one hour. Working groups should be assigned around specific program tasks. Their work should be done between Team meetings, not at the meetings. The bi-weekly meetings would be oriented towards identifying tasks, bringing resources to the effort, and reporting out to the DM-Team on progress and successes. A sample agenda would be as follows:

CONTINUAL IMPROVEMENT TEAM
BI-WEEKLY MEETING AGENDA

9:00 a.m. to 10:00 a.m.

1. Review of goals and objectives and reaffirmation of principles
2. Consensus around newly identified needed improvements
3. Review and status of new Team projects
4. Review and status of ongoing Team projects
5. Around-the-table comments and requests for help
6. Adjourn.

Recommendation No. 19: Constantly evaluate customer satisfaction.

Citygate Associates recommends that the Continual Improvement Team take the lead on conducting ongoing surveying of the Department's customers. Focus groups should be conducted every 90 days. Such techniques are inexpensive and valuable. In addition, the Department's customer comment cards, with free postage, should be distributed to all customers upon completion of their development and/or permit application processing. Follow-up surveys via e-mail should also be utilized. Just like in the private sector, there must be a constant flow of meaningful customer feedback looping into the Continual Improvement Team's work effort.

The Department should consider contracting for these customer survey and focus group services, if necessary. Doing so often provides a greater degree of independence and candor; thus, the information is of a higher quality and more valuable.

Recommendation No. 20: Establish a Case Management System for discretionary permits.

Citygate recommends that San Clemente institute a "Case Management" approach to processing discretionary permits. Our customer focus group customer research indicates applicants can become frustrated because no one individual is responsible for handling an application from the beginning of the development review process until completion of construction.

Citygate recommends that all discretionary permits be assigned a planner as a Case Manager. If the project involves a significant amount of engineering work, then a co-Case Manager from the Development Engineering Division should be assigned to the project application. It never hurts to have two individuals responsible for the success of a development project.

Further, it is recommended that the Case Management assignment log be widely distributed throughout the organization so that everyone knows who is calling customer service shots. The Case Manager should be assigned the responsibility to move the application through the entire permitting process, from Pre-application meetings to recordation of the map, when applicable, to occupancy. The Case Manager for a given application should be made known to the applicant as

soon as possible in the process. From this point on, the Case Manager will be given the authority to take the initiative in order to:

- ◆ Keep the applicant informed on a proactive basis.
- ◆ Assist the applicant in developing a complete application.
- ◆ Keep track of the application as it moves through the complex review process.
- ◆ Move the application along throughout the process by identifying and resolving issues as they arise, irrespective of the division or department in which the application confronts an obstacle.
- ◆ Establish and maintain credible working relationships with staff and managers in all program areas.
- ◆ Keep managers informed with regard to assistance that is needed to resolve issues in a timely manner.
- ◆ Deliver “Unanticipated Service” to the applicant.
- ◆ Serve as the primary contact for those members of the public, City staff, and the City Council seeking information regarding the application and the project.

The Case Manger will always be the front line on the one-stop development review process. Case Management works best when the City Manager’s Office is insistent that all departments in the development review process are meeting their cycle standards and they are all working toward a common goal. The DM-Team concept will dovetail into and support Case Management across divisional lines.

Recommendation No. 21: Increase staff’s knowledge of the private sector.

A thorough knowledge of Community Development Department customer needs is an essential ingredient to improving the Department’s overall effectiveness and efficiency. Most of the Department’s planning staff members have little direct experience working in the real estate development business. As a result, few staff members understand the real impact of their decisions, particularly with regard to time and money.

Citygate recommends that selected individual members of the Community Development staff spend at least one week per year dedicated to increasing their knowledge of the private sector. This can be accomplished in several ways. For example:

1. The City Planner, Principal Planner, and other key staff members can attend a development company’s annual strategy or budget development meeting.
2. Staff members can attend an architect or engineering company’s weekly staff meeting.
3. Staff can spend time at a development company’s offices in order to help the developer or development consultant prepare a complete application for a large project.

Citygate believes that increasing staff’s knowledge of the private sector will have a positive impact upon staff’s ability to provide quality customer service. By working directly with their customers, staff will begin to understand the constraints under which the property development

industry operates when trying to construct a project according to established margins of profit. Moreover, staff will begin to understand the “sense of urgency” that is experienced by the Department’s customers.

This new knowledge, and the empathy stemming from it, will reduce customer complaints.

Recommendation No. 22: Establish levels of review that are scaled to fit the size of the project.

Customers participating in the focus groups indicated frustration with the City taking the same amount of time to review plans for small project as for a large project. The first-come-first-served approach, regardless of project size, suggests a poor approach to customer service. The City should develop an effective triage system wherein all plans are routed into plan review based on their level of complexity. Very different processing protocols and cycle time standards should be established for each so that small projects do not get lost in the large plan review system. Smaller projects should either be approved at the counter or within a very short timeframe, like 24 to 72 hours.

The zoning code does make allowances for different sized projects. For building plan submittals, the issue is more complex and some of the following recommendations are made to address this issue.

Recommendation No. 23: Eliminate “Second Bites at the Apple” during plan review.

The customers participating in the focus groups complained that not all significant issues are raised during the first Building, Planning, or Engineering plan review conducted by the City. Customers told Citygate that it is not at all uncommon for new issues to be raised during the second, third or fourth plan review cycles. This problem is referred to in the business as taking “*Second Bites at the Apple.*” Citygate recommends the City heighten its awareness of this problem and establish a ZERO second bites at the apple standard.

Building plan reviews often require a subsequent round of review if the originally submitted plans are incomplete. Arguably, a zero “second bite” policy would also require a zero tolerance for incomplete submittals. No doubt this would slow down and frustrate many applicants, especially “Mom and Pop applicants.” To avoid this problem, architects should be encouraged to have pre-submittal meetings over-the-counter (OTC) to ensure better submittals and therefore fewer “second bites” for the formal plan review. If the City receives incomplete plan submittals, review staff should indicate to the applicant, in writing if necessary, that additional correction comments might be necessary because of the incomplete nature of the initial submittal.

On occasion, particularly with more subjective discretionary permits, reviewers will have a serious need to make an important interpretation change or make an important new correction during subsequent rounds of plan review; however, this should not be taken lightly. It should only be done with the review and approval of his or her supervisor.

Recommendation No. 24: Conduct training needs assessment for planners, and then implement it.

Over the past five years, the Community Development Department experienced a significant level of turnover in the ranks of its entry-level planners. This increase in turnover coincided,

inadvertently no doubt, with the City’s change in community priorities described earlier in this report (see **Theme No. 1** in **Section 3**). It would be in the City’s interest to invest in its Planning Division personnel by instituting an ongoing, formal training and professional development program.

The goals of such training are to: (a) develop consistency so that everyone interprets the General Plan, Zoning Code, and other Council policies in a similar fashion; and (b) make planners comfortable enough that they know where they can exercise good judgment in a manner that is faithful to the will of the City Council.

Ongoing attendance and participation at professional planning seminars is important, not only for the sessions presented, but also for the interaction with other planners to share experiences, observations, and frustrations. It is important that the planning staff be given the opportunity to attend sessions provided by such professional organizations. They need to know that the City is willing to invest in their skills over the long-term.

Recommendation No. 25: Establish “Post-Op Analysis” across departmental lines.

As a standing DMT agenda item, front-line staff should be given an opportunity to summarize the major actions taken by the City Council or Planning Commission in the form of a “Post-Op Analysis.” This is a proven best practice training technique. It also ensures that staff develops a sense that they have meaningful stake in the successful operation of the Department. Items that should be discussed during the Post Op Analysis include, for example:

- ◆ What did staff do well for the Commission or Council?
- ◆ How might we have done a better job for the Commission or Council?
- ◆ What follow-up action should be taken today to best serve the customer?

The Planning Division already conducts meetings following the City Council and Planning Commission meetings. These meetings could easily be combined with the DM-Team process discussed above to include all divisions. The Community Development Director and the Public Works Director should participate in these briefings.

Recommendation No. 26: Establish a free New Customers Academy.

Many of the City’s customers nowadays have little to no experience dealing with the City’s highly complex development review permitting process. They feel helpless. This fact was reaffirmed repeatedly by staff as well as by the focus group participants. More needs to be done to respond to this change in customer profile. Citygate recommends the City establish a free educational program specifically designed to address the unique needs of “Mom and Pop” customers who are processing their own discretionary development permit. Their professional representatives, architects, and engineers should be welcomed and encouraged to attend and actively participate in the academy. The *New Customer Academy* classes could include subjects such as, for example:

- ◆ How to obtain a permit for a room addition
- ◆ How to obtain a permit for a patio
- ◆ How to obtain a permit for a pool

-
- ◆ How to obtain a permit for a major remodel
 - ◆ How to obtain a permit for a historical structure remodel
 - ◆ How an architect can help you work with the City
 - ◆ How an engineer can help you work with the City

New Customer Academy classes should be added and deleted based on customer demand. The classes should be scheduled in advance and held on an ongoing basis at a regularly established time and place at the convenience of the City's customers.

The Planning Division has begun work on a series of PowerPoint presentations that explain the various development review processes. These presentations will be made available on the City webpage and can be used in the Customer Academy classes. Budgetary support may be required to complete this effort.

Recommendation No. 27: Synchronize the Electronic Permit Tracking System (TRAKiT) with the Records Management System (EDMS).

The Community Development Department's Electronic Permit Tracking System (EPTS) known as "TRAKiT" for the most part does a good job assisting staff to keep on top of the development permits and building permits. However, the TRAKiT system does not sync with the Department's Records Management System (EDMS). State of the art systems nowadays provide this synchronization between the two systems. The gain in staff productivity and customer service would be well worth the investment. It is our understanding that the Department's two systems have sync capabilities; it is just a matter of putting resources towards it and making it a management priority. We encourage the City to do so.

This would allow employees to use a one-button approach to searching for related documents directly from within TRAKiT instead of opening a second program and entering search values separately.

This new search capability would apply to records that have utilized barcode since 2006 and all future records. Some older records may also be similarly located with this same search capability with a second built-in method capturing the street number and providing a choice from distinct results found. Unfortunately, the Department will still have some records that cannot be auto-retrieved using this programmed method.

Recommendation No. 28: Increase over-the-counter approvals.

Best Practice agencies take great pride in their ability to issue over-the-counter (OTC) approvals. They continually examine and redesign their permit processes for opportunities to increase their level of OTC permit issuance in order to improve customer satisfaction. Although State Building Code regulations have expanded greatly in recent years, the Building Division currently reviews and approves at the building counter 78 percent of building plan review projects submitted. The remaining 22 percent go through the formal detailed plan review process. The Building Division accomplishes this while limiting counter reviews to approximately 30 minutes (per Arroyo recommendation). This time limit allows for small projects to be reviewed and keeps other customers from waiting an excessive amount of time for service. The Planning Division has an even higher percentage of OTC reviews since numerous projects that the

Building Division must check-in for a formal technical review are reviewed by Planners at the counter.

San Clemente should continue to make this a key objective of its Continual Improvement Program and should report out to the City Council on a regular basis as to its progress.

Recommendation No. 29: Place Building plan check corrections on the Department website.

This recommendation came directly from the participants in the customer focus groups Citygate conducted as part of this study. The City was encouraged to migrate more of the development review permitting process to the City's website. The e-TRAKiT permit system currently provides building plan review status information online. This could be expanded to include discretionary review processes. As suggested in the focus group, an easy improvement in this regard would be to post the narrative portions of Building plan check corrections on the City's website. Placing the corrections on the website as soon as they become available would give the customer's consultant a leg-up on being responsive, even if much of the narrative corrections are simply boilerplate in nature. Department plan check correction lists are contained within the TRAKiT system as an attachment. Attachment files are not currently made available online. City staff has indicated that this can be accomplished.

Recommendation No. 30: Prepare more effectively for Design Review Meetings.

Several of the focus group participants indicated staff was not at all prepared at Design Review Meetings. It was clear to the customers that the hearing officer was looking at the permit application for the first time after the meeting got started. This does great damage to customer relations and only serves to reinforce the public's stereotype perception of government employees. Staff must consistently display an attitude that the customer's permit application is "job one" and helping them get through the process has the attention of the entire organization. Customers deserve to know that all staff members have thoroughly reviewed all applications BEFORE the meetings take place. Staff should come prepared with questions and comments in advance. No exceptions.

Recommendation No. 31: Establish a Sense of Urgency among staff.

If the boss does not have a sense of urgency, neither will the staff. The City's customers are frustrated with the length and uncertainty of San Clemente's development review permitting process. The City's regulatory environment is complicated and it will always take more time than the amount desired by the City's customers. To offset this reality, it is imperative that staff consistently displays a sincere attitude that time is of the essence! Department leadership needs to constantly reinforce this attitude by its own example. In addition, Department leadership needs to continually give staff the support, tools, training, technology, and protection that they need for this attitude to become a reality for them.

Recommendation No. 32: Increase plan checker field experience.

Customers complained during the focus group meetings that not all of the City's plan checkers have field experience in the construction business. As a result, according to the customers with

whom we spoke, the plan check corrections are all too often impractical. Solutions to problems in the field, born out of experience, are unnecessarily rejected out of hand. The City should look into this concern and make adjustments as appropriate to ensure that field experience-based plan check is available throughout the review process. The City should consider having office staff periodically spend time with building inspectors in the field to gain practical construction knowledge.

Recommendation No. 33: Use outside Engineering Plan reviewers in order to meet turnaround standards.

It is Citygate’s understanding the City’s Development Engineering Division has a “First-Come First-Served” policy with regard to plan checking. Although this approach is egalitarian, it is bad for customer service. It should be discontinued. Many cities mistakenly have a “First-Come-First-Served” policy, especially during tough times. In doing this, they place too much emphasis on keeping their in-house employees busy, rather than placing an emphasis on meeting customer needs.

Citygate recommends the City use outside engineering plan review services as needed in order to meet “best practice” cycle time standards for engineering plan check; and further, that the City drop its “First-Come-First-Served” policy.

The Public Works Department is using outside plan check services far less these days as a result of the slow down in the building and land development industries. The Director notes that they are able to deliver better service to “Mom and Pop” customers using the Department’s in-house engineer staff. This is a laudable approach. However, in order to maintain best practices, it is important that the Engineering Division continue to be driven by excellent cycle time standards in order to maintain customer service that is both high quality and timely. Well-managed outside plan checking services can provide excellent regulatory work for the City, while at the same time providing good customer service for applicants.

Recommendation No. 34: Send City Planner to Leadership/Management Training and other best practice cities.

The incumbent City Planner is newly appointed to the position. He has been with the City for many years; however, he has limited experience working for other California planning agencies. Citygate recommends that the City invest in this employee by providing Leadership/Management Training. In addition, the City Planner should develop, in consultation with his supervisor and peers, a 3-Year program wherein he spends significant time at other planning agencies in Southern California in order to gain exposure to “best practices,” particularly with regard to operational leadership and management. An emphasis should also be placed upon exposure to cycle time standards and development review permitting process streamlining.

Recommendation No. 35: Activate customer service management software.

The Community Development Department’s customers would benefit greatly if the Director used an electronic computer-based system to track customer service requests. Nowadays, such systems are commonplace in cities. It is Citygate’s understanding that the City’s current

software system program has this capability. Citygate stated earlier in this report that “Customer complaints should never have to go beyond the Director.” Activating this customer service management program would help the Community Development Director meet this standard.

Recommendation No. 36: Purchase high-speed computers for front counter.

Citygate learned through staff interviews and observation that several of the computers at the front counter are slow. This becomes a problem when customers are at the counter waiting for staff to pull up information from the electronic permit tracking system or records management system. The computers grind and grind and grind, all the while the customer has to wait. It is not only an inconvenience for the customers, it is demoralizing for staff because they want to do a good job but they are not given the tools to perform well in this regard. This situation should be evaluated by the Information Systems Division to properly assess whether the computer performance issue is related to computer hardware located at the public counter, system networking issues, or software.

Recommendation No. 37: Conduct weekly staff meetings.

It is always important that rank and file employees see and hear from their leaders on a regular basis. This is particularly important in a Department where community and customer expectations are changing, and where there is a disconnection between the Council and staff, as in San Clemente. Citygate recommends the Department hold weekly staff meetings for all employees. They do not need to be lengthy; sixty minutes is sufficient. But they need to be held and led by the Director on a regular basis. For starters, let front-line staff set the agenda.

Recommendation No. 38: Assign Community Development Director, Public Works Director/City Engineer, City Planner, and Building Official to the front counter.

The Department needs to close the experiential gap between its customers and its leadership. Assigning the Department’s leaders to the front counter will create empathy and understanding for both the City’s customers as well as Department staff. Both are necessary if the Department is to effectively meet the City Council’s customer service expectations. Citygate recommends a half-day shift once a month for each Department Head and manager.

Recommendation No. 39: Reexamine Planning Division staffing levels in 12 months.

Staffing levels in the Building Division and Code Enforcement Division are adequate to meet the City’s current workload requirements.

Staffing levels should be set to achieve desired levels of service for the City’s customers. From the perspective of the City’s customers, cycle times are fundamental to meeting and exceeding their expectations. At this point in time, the Planning and Engineering Divisions need to do a better job of publishing, promoting, and reporting out on their cycle time standards.

It is not possible in any meaningful way to ascertain whether staffing levels are adequate to meet or exceed customer expectations until the Department fully revitalizes its cycle time monitoring program as part of its existing performance measuring system. To determine appropriate staff levels at this point would be guesswork.

Citygate recommends the question of staffing levels in the Planning Division be revisited 12 months after the acceptance of this study to ensure the demands of development applications and long-term planning efforts can be supported in a way that provides increased customer satisfaction. At that point in time, given robust implementation of the recommendations in this report, the Director will have a more valid basis upon which to make informed decisions regarding staffing levels.

-END OF REPORT-