



**CITY OF SACRAMENTO
DEVELOPMENT OVERSIGHT COMMISSION
2007-2008 ANNUAL REPORT**



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2007-2008 DEVELOPMENT OVERSIGHT COMMISSION ROSTER

Mark Abrahams

Building Industry Professionals Appointee

Holger Fuerst, P.E., 2008 Vice Chair

Building Industry Professionals Appointee

Michael Malinowski, AIA, 2007 Chair

Building Industry Trade Organization Appointee

Kristina McBurney

Public at Large Appointee

John Nunan

Building Industry Trade Organization Appointee

John Packowski, AIA

Building Industry Professionals Appointee

Brian Holloway

Building Industry Professionals Appointee

Bruce Starkweather, AIA

Building Industry Professionals Appointee

Roger Valine, 2007 Vice Chair, 2008 Chair

Public at Large Appointee

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CITY STAFF LIAISONS TO THE DEVELOPMENT OVERSIGHT COMMISSION

Marty Hanneman

Assistant City Manager, Office of the City Manager

William Thomas

Director of Development, Development Services Department

Willie Harris

Operations Manager, Development Services Department

Janis Franklin

Program Specialist, Development Services Department

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LETTER TO MAYOR AND CITY COUNCIL

Honorable Mayor Fargo and the City Council of the City of Sacramento

After seven years of hard work, the Development Oversight Commission has reached a key crossroad in 2008. Some of the key issues that bring us to a crossroad this year include:

- Our original charter of 34 specific tasks has been either completed or rendered moot by the dramatic improvements in development processing during our tenure.
- While there is much work to be done in the near future in the areas of
 - Regulatory restraint
 - Process Streamlining
 - Culture change
 - Organizational improvementsCity Staff have become primary engines for change and improvement.
- In 2008 fully 1/3 of the core DOC members have been termed out. Departing members include those with the longest tenure, going back as far as a decade with involvement in City initiatives for development processing improvement.
- We are entering a time of fiscal challenge and shifting development patterns as part of a downward real estate cycle

In this environment, it is a fitting time to evaluate how we can best serve the City and in that light we have engaged in a series of workshops and discussions among ourselves; key City leadership, department heads and staffers; the development industry and its many players and organizations; and the community at large including the many active individuals, groups and focused interests. From these discussions, several things have become clear:

1. The “Developing Partners” initiative is a key potential for continued success in moving the City toward its broad vision. The DOC is a unique entity that brings private sector interests and the public into direct partnering with all development related City departments. We believe the benefits of that partnering are only beginning to be explored. We believe based on our unique composition that the DOC is well suited as an organization to assist the City staff in bringing a perspective and focus to their efforts that embrace the community more broadly than otherwise could occur.
2. Development activity in general is subject to the same cycles as the economy at large. Looking back, while the City has accomplished some great things in the last “up” cycle, much of the potential for shaping Sacramento as “The Most Liveable City in America” was spent

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- in fixing process and organizational challenges. The fruits of that work, now nearly completed, must be maintained so our community is poised to take full advantage of the next “up” cycle. If we pull back from our progress now, we will end up back in the mode of ‘housekeeping’ rather than ‘riding the boom’ toward our shared vision of a great City.
3. As both public and private sector economies go through potentially challenging times in the near future, a synergy and partnering can help all of us together weather this period.

This report overviews some of the successes of the last year, and outlines where we believe our efforts are best put in new and ongoing initiatives. With the challenges and the opportunities so potent on the horizon, and a new team in place, the DOC looks to 2008 with great energy enthusiasm.

Mike Malinowski, 2007 Chair DOC

Roger Valine, 2008 Chair DOC

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2007 SUCCESSES

Overview

Since the inception of the Development Oversight Commission (DOC) in 2001, any report on its facilitation of positive strides in the development arena would essentially mirror those successes achieved by the City's Development Services Department (DSD). As noted in the 2005-2006 DOC Annual Report, DSD now flies with its own wings and is its own source for new ideas and process improvements. The DOC and DSD are still vitally connected and synergistic, however the DOC's role in 2006 was more strategic, and focused on completing special projects that had roots in the earliest founding concepts of the Commission.

The Common Sense Policy

The DOC has long recognized that, for DSD processes to be truly streamlined, decision-making has to take place at the appropriate staff level, often times involving frontline staff. In order for this to happen, it is necessary that each staff member be assured that it is acceptable to use common sense in interpreting the letter of the code where it seems to contradict broad City goals, visions or policies. In 2006, the DOC culminated its promotion of this philosophy by receiving City Council approval of the Common Sense Policy. The DSD now has an important tool to empower staff and encourage confident, practical and creative decision-making. The policy is also a symbol of the larger cultural change effort occurring within DSD.

Reorganization of the Design Review and Preservation Commissions

Initiated in 2005, the reorganization of the Design Review & Preservation Board (DRPB) into two separate commissions with new visions and reconstituted membership was truly the DOC success highlight of 2006. The sheer complexity of the task was daunting. An agreement that assured good design and oversight would not be abandoned was crafted among staff, neighborhood stakeholders, current DRPB board members and the City Council. The Urban Design Manager position was created and filled as a prerequisite to the assumption that planning staff could adequately perform more of the design review, enabling the new commissioners to focus on policy development rather than conducting project-focused hearings. DOC members spent countless hours moderating focus group hearings, allaying neighborhood concerns and working individually with Council Members to come up with a plan satisfactory to all. Although the new Design and Preservation Commissions are now in place, the DOC's work with the Boards and Commissions is not complete. The DOC established a focus group in 2006 designed to explore streamlining the City's planning processes. Composed of

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DOC members, Planning Commissioners and DSD staff, this focus group seeks to replicate the 2006 achievements with stakeholders.

Citywide MATRIX

In 2006 the DOC played a major supporting role in assisting DSD's implementation of the MATRIX process on a citywide basis. In the 2005-2006 DOC Annual Report and in subsequent meetings with each City Council member, DOC commissioners strongly advocated for an expansion of the MATRIX and lobbied for the various fee enhancements needed to pay for it. During the course of last year, the DOC provided review, critique and support that helped shape the program leading to its citywide implementation in early 2007.

Success in a New Role

The newly focused strategic role of the DOC in 2006 was displayed in many of the activities undertaken by the Commission and by individual commissioners. Some of these included:

- Providing a preliminary forum to review proposed DSD policies such as those for midtown parking, traffic planning and fee restructuring.
- Commissioner participation in the DSD Steering Committee overseeing the evolution of department processes.
- Commissioner participation in an advisory role in shaping City contract procurement procedures.
- Active commissioner involvement in the development of the General Plan update.
- Commissioners participating in the semi-annual Customer Focus Group forums.

The DOC looks forward to continuing its role as a facilitator of improvements in the development arena in the coming year and beyond.

2007 CHALLENGES

Overview

Major successes have been identified and heralded since being proposed by the DOC and implemented by City staff over the past several years. Cultural change, fair and efficient processing and the MATRIX process have been the most notable of these successes. As we look ahead, there are several additional important challenges facing the City's development community that will need to be addressed.

Economy/Market & Budget

The decline in the residential real estate economy within the Sacramento Region has resulted in a simultaneous decline in applications and building permit revenue received by the City. Much of this decline is due to the retraction of many production homebuilders from the market over the past two years. Residential building permits have gone from an annual \$544 million in valuation in 2004, to \$340 million in valuation 2005 and \$487 million in valuation in 2006. However, commercial and retail construction has continued to increase substantially and has offset much of the revenue and development activity impacts associated with slowing residential development. Independent builders have continued to build in the City, especially on infill and previously bypassed locations.

One challenge for the City in 2007-2008 will be in nurturing infill development and providing adequate development opportunities and a comparatively better business-friendly environment as it competes for economic viability with its neighboring jurisdictions. With permit income showing a modest decline from previous levels, the City budget needs to be maintained in order to preserve recent staff improvement levels, prevent staff-level losses, and remain prepared for the return of a robust development economy.

Flood Protection

Another challenge for the City is the recent loss of 100-year flood protection in several of its new growth areas. This combined with FEMA's re-mapping of the Natomas growth area to a lower flood designation (and the resultant restrictions on development there) will result in a multi-year drag on potential development in that portion of the City. This stagnation may curtail planned future-growth area annexations to the City and slow residential development in other existing growth areas as well.

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The challenge for 2007-2008 will be passage of SAFCA's flood assessment measure combined with diligent efforts to obtain the associated State and Federal matching funds for levee reconstruction and stabilization.

Fees

Even during this current residential real estate downturn, outreach efforts with representatives of the development industry resulted in support for current fee levels. Representatives also expressed support for some fee increases, if levels of customer support and expedited processing accompanied those fee increases.

The challenge in 2007-2008 will be to explore alternative fee mechanisms, streamline the fee estimation and payment systems, coordinate fee increases with improved service and maintain communication with industry leaders to monitor performance and fee acceptability.

Technology

Numerous technological improvements have recently been implemented in the Development Services Department, to support the promised "Tools of Transparency" (see Appendix 8). These include wireless field inspections, real-time permitting and web-posting of reports. The challenges for 2007-2008 will be in fully implementing the capabilities of Accela Automation for customers, community and staff, optimizing the "One Voice" development blog and establishing the community "E-Notification" and "E-Plan" submittal systems.

Professional Growth/Leadership

One of the most notable accomplishments of the past few years has been the professional growth and effectiveness of City staff. From "Getting the Customer to Success" to MATRIX, to the overall culture change effort, DSD has received widespread and public, industry and media praise for its improved business and neighborhood relations. Leadership skills will accompany the professional growth of City staff. Evaluation of improvement efforts, along with feedback, quality controls and customer service assessments will be needed to ensure success in staff development and leadership.

The challenge for 2007-2008 will be in continuing and expanding these successes. Enhanced training, career counseling and staff mentoring are several objectives. The larger challenge will be in preparing staff for their increased decision-making responsibilities, especially as many of the review and approval duties of the Design and Preservation Commissions are transferred to staff and the empowerment of staff at all levels is encouraged.

Developing Partners

Coinciding with the changes noted above, the proposed Developing Partners program intends to solidify the partnership relationships among staff, City customers and outside agencies. Creating a unified development team and having it implement a Citywide MATRIX approach will likely be the greatest challenge of 2007-2008.

The Developing Partners program will require other City departments and outside agencies unfamiliar with culture change to begin shedding their traditional roles and independent relationships of the past. Completion of this initiative will become another well recognized success of the City.

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2008 INITIATIVES

OVERVIEW

The bold and ambitious 2008 DOC plan is designed to assist the Development Services Department further its goals of efficiency, effectiveness, and great customer service. It will continue the role of the DOC to serve as a catalyst for progressive change. During these challenging times for the City, the DOC understands more than ever the importance of assuring a strong working relationship between the Development Services Department and all of the development-related commission. An effective working relationship helps ensure Sacramento will continue to be known as a progressive city, one that will attract the type of development the city and its citizens want for a vibrant and sustainable future. Our four major 2008 initiatives are designed to accomplish that goal.

1. **Building a stronger, stable and even more effective Development Services Department**

Create a DOC Sub-Committee as a fiscal advisor /watch-dog to DSD to fees and cost to accomplish the following:

- Help the department identify permanent funding sources for operating expenses; organizational development and customer service training; long term vision and purpose.
- Assist in implementation of a rigorous cost accounting system and fiscal reporting tools
- Assist with Fee system simplification
- Identify the most valuable services DSD provides and the data and measurements to assist prioritization of services
- Help maintain quality staffing of DSD to be prepared to take advantage of the upswing in the economy

2. **Help DSD build on the strong culture of service to the customer and quality environment for the staff.**

- Help find ways to continue to invest in Customer Service Training / Organizational Development for DSD and its Commissions

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- ❑ Keep a focus on great service with the understanding that financial resources will be impacted
- ❑ Embrace a Continuous Quality Improvement Process to constantly strive for improvement in the processes and product of the DSD

3. Affirm that we have an effective working relationship among the commissions that the Development Services Department interacts with

- ❑ Address overlapping jurisdiction of Commissions and mitigate circular routing of issues between the Commissions
- ❑ Enhance transparency, accountability and follow-up of Commissions actions and decisions
- ❑ Resolve conflicts between Applicants, Staff, and Commissions through team and trust building
- ❑ Create a reasonable balance for transparency of possible conflicting issues with the need for effective processes and progress

4. Focus on the future

- ❑ Continue the good work started with the Developing Partners program. This will foster the creation of strong working relationships with all private and public entities involved in creating the great developments that shape a great city
- ❑ Use our resources to support the adoption of the General Plan and its implementation
- ❑ Help build systems to be ready for the upswing of the recovery so we can better capitalize on that opportunity compared to less progressive communities
- ❑ Work to reinforce the message that Sacramento is "The West Coast Development Capital" to ensure our community will maintain its health and vitality

APPENDIX 1: 2007 DEVELOPMENT SERVICES DEPARTMENT ACCOMPLISHMENTS

(More details in next draft)

1) Appointments made to key leadership positions

The positive direction and reputation of the DSD has enabled the department to recruit and hire highly qualified and talented candidates from the public and private sectors to fill key senior level positions. In 2007 these positions included the Operations Manager, Support Services Manager and Senior Development Project Manager.

2) Professional Growth and Development

The ultimate worth of professional growth and development for staff is the essential role it plays in employee development, morale and the quality of the work product. This means that managers must pay attention to the results of professional development on job performance, organizational effectiveness, and the success of all staff. Each professional development effort should be accompanied by a well-designed evaluation plan for determining its effectiveness. The Development Services Department has elevated the need for a professional growth and development program to a strategic objective for 2007. This program includes the components of training, mentoring, decision-making/empowerment and career counseling opportunities for staff.

3) 300 Richards

4) Green Building program

5) Successfully launched new services

6) Gained positive feedback

7) Continue to build partnerships

8) ICC Training

9) Urban Design Guidelines

10) Preservation Standards

11) Regulatory Improvements (package A and B)

12) Developed strategies to meet challenging revenue and budget projections

13) Achieved getting many customers to success

The department successfully approved over X planning permits and over X building permits in 2007. A sampling of projects includes:

- The Railyards
- Cathedral Square
- Metropolitan
- Marriott
- Hotel Orleans
- Township 9
- Sutter
- Mercy
- 500 Capital Mall
- R Street SPD
- MARRS
- Citizen Hotel
- Gateway East Tower
- Tapistri Square
- La Rivage Hotel
- Retro Lodge
- Crocker Art Museum

APPENDIX 2: 2008 DEVELOPMENT SERVICES DEPARTMENT GOALS

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APPENDIX 3: CUSTOMER COMMENT FORM DATA

Surveys are provided to all customers visiting the counter at both permit centers. The survey asks customers to answer the following six questions on a scale of 1 (poor) to 5 (excellent):

1. I accomplished the purpose of my visit today.
2. Services were provided to me in a timely manner.
3. Staff person (s) were helpful and treated me well.
4. Staff person (s) were knowledgeable in answering my questions.
5. The physical facility was clean, well organized, and suitable for my visit.
6. Overall, I am satisfied with the purpose of my visit today.

In calendar year 2007, overall satisfaction at the North Permit Center increased from X in 2006 to X in 2007; overall satisfaction at the Downtown Permit Center increased from X to X.

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Insert customer service survey graphic here

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APPENDIX 4: FOCUS GROUP EVALUATIONS AND DATA

**Development Community Partnership Meeting
May 23, 2007**

- **Insert Focus Group data here**

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APPENDIX 5: DEVELOPMENT SERVICES DEPARTMENT EMPLOYEE SURVEY SUMMARY

City of Sacramento
Development Services Department
Semi-Annual Employee Satisfaction/Workplace Assessment Survey

Project Summary:

October 2007

This study, conducted by the City of Sacramento Development Services Department from October 9, 2007 to October 23, 2007, requested information from 222 DSD employees through an online survey, of which 119 responded (54%). Results were as follows:

Insert survey results here.

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APPENDIX 6: MISSION, VISION AND GOALS

City Council's Vision Statement

(where we want to be as a city)

City of Sacramento Will Be The Most Livable City in America

Development Services Mission

(the "business" we're in to accomplish the City's vision)

We Help Build A Great City

Operating Principles

(what we stand for and believe in)

- 1. Get the Customer to Success**
- 2. Promote Safety, Livability, and Economic Vitality**
- 3. Value Our Co-Workers and Customers**

Measures of Success

(how we'll measure our success)

Put in place a development review process that is:

- 1. Predictable**
- 2. Timely**
- 3. Clear**
- 4. Seamless**
- 5. A Model For Other Cities**

Four Strategic Areas

(how we'll get there)

- 1. Continuing the Cultural Change of the Department**
- 2. Streamlining the Process**
- 3. Promoting an Appropriate Regulatory Environment**
- 4. Professional Growth and Development**

APPENDIX 9: ORGANIZATION CHARTS

Insert current city and department organization charts here

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**APPENDIX 10: DEVELOPMENT SERVICES DEPARTMENT WORKLOAD
STATISTICS**

Insert workload statistic graphics here.

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