



## **County of Santa Cruz Board of Supervisors**

### **Agenda Item Submittal**

**From:** County Administrative Office

**Subject:** Presentation on the Organizational Assessment of the Building Permit Process

**Meeting Date:** March 25, 2025

**Formal Title:** Consider report and presentation on the Organizational Assessment of the Building Permit Process from Baker Tilly, and take related actions

### **Recommended Actions**

1. Accept and file report and presentation on the Organizational Assessment of the Building Permit Process from Baker Tilly; and
2. Direct the County Administrative Office to return on or before June 24, 2025, with a workplan for the Community Development and Infrastructure Department to implement recommendations from the organizational assessment.

### **Executive Summary**

The State of California (State) and County of Santa Cruz (County) enforce stringent building codes and protections for the natural environment that are intended to protect human life and maintain natural diversity. In June 2024, the County Administrative Office (CAO) engaged Baker Tilly to complete an organizational assessment of the County's building permit process with the goal to gain an understanding of insights from internal and external sources and to develop recommendations for moving forward with improved processes and customer experience. Baker Tilly's work included a review of current and past process improvement efforts, operational data, interviews with employees and customers, stakeholder meetings, and an employee survey. By the end of June 2025, the CAO, in conjunction with Baker Tilly and the Community Development and Infrastructure (CDI) Department, will develop a workplan to implement near and longer-term improvements to the development and building permit approval process based on the assessment.

### **Discussion**

The Board has prioritized improving the operational efficiency of the development and building permit approval process of the County. Staff began assessing the complexities of the development and building permit process and targeting improvements in late 2018 through an effort entitled PRIMO Pie; however, these efforts were sidelined in early 2020 due to the COVID-19 pandemic and the CZU fire response. The Board's interest in this has not waned, and community members have continued to express a desire to see changes and improvements in this area of County operations.

To address the Board and community interest, the CAO engaged an independent consultant to assess the County's building permit process. Baker Tilly was selected to complete an organizational assessment of the permit center process based on their unique qualifications and direct experience working in and with planning departments throughout the State to improve customer experience, process improvement as well as engage in effective staff, customer, and stakeholder outreach activities. The project scope included regularly scheduled coordination meetings with the County Project Team, including staff from the CAO and CDI, to provide context and background, help ensure critical path progress, and troubleshoot and resolve issues as they arise.

Baker Tilly's objectives for this engagement included:

- Completing information and data collection to identify operational efficiencies, inefficiencies, delays, areas of duplication, and identify where conflicting permitting requirements, processes or practices currently exist.
- Developing an understanding of operations and staffing within the Unified Permit Center, including reporting relationships, communication and the use of technology.
- Identifying process roadblocks, understanding customer service issues, and assessing satisfaction and/or dissatisfaction with permitting and development processes.
- Evaluating operations as they are meant to work based on policies, codes and regulations compared to daily operations.

To meet these objectives, Baker Tilly completed the following outreach activities as part of their scope of work:

- 15 internal interviews
- 2 stakeholder advisory group meetings (13 attendees each)
- 8 development community member interviews
- 16 stakeholder interviews
- 89 employees completed a survey

The CAO engaged a consultant to complete this work to provide an outside unbiased, expertise, a statewide perspective and knowledge of planning department operations, benchmarks, and best practices. Having Baker Tilly complete this work ensured that the County would receive an arms-length objective assessment.

### ***Highlights of Organizational Assessment Observations***

The assessment includes three distinct themes: 1) organizational culture, 2) sources of complexity in the unincorporated area that impact development, and 3) areas for process improvement. Process improvement generally covers most of the observations, which surround work standardization, optimization, and coordination.

#### Organizational Culture

The organizational cultural theme was captured in multiple observations noted by Baker Tilly. They noted an apparent cultural divide among more and less tenured staff, from both staff and the community members. They also noted a general perception that a "culture of no", or resistance to approval, is rooted in development processes. Baker Tilly recommends implementing a customer service training program that targets our customers' needs and creates cohesion in our internal interactions.

#### Sources of Complexity

Sources of complexity that impact development revolve around processes that are not under the direct control of CDI. Santa Cruz County has a diverse ecosystem. It is also

geomorphically very young and riddled with active earthquake faults. Sections of County Code are meant to protect ecosystems and human safety. The protection of human safety is also a pillar of the State Building Code. Together, these protections are a significant source of complexity for community members attempting to navigate the permit process to develop on land near these natural resources. Additionally, some development codes are not under the purview of CDI such as fire regulations, septic and water sources, which are regulated by other agencies/departments.

Baker Tilly recommends the County develop a robust pre-clearance process to inform applicants of all requirements they will be subject to as part of the project submittal process. This will improve transparency into County Code, addressing a concern shared by the development community. They further recommend that the County pursue opportunities to improve collaboration and review processes across internal (CDI) and external (Environmental Health and Fire) reviewing entities and evaluate further integrating development-related functions into CDI.

Enhancing communication and coordination should be pursued with a multi-departmental advisory committee that includes customers and stakeholders. The County should also develop a communications plan to convey new requirements, interpretations and changes to processes for both internal and external stakeholders. This includes enhancements to the CDI webpage.

### Process Improvement

Needed process improvements include updating policies to ensure clarity and consistency in County Code, evaluating opportunities to introduce flexibility to facilitate cohesion and consistency among reviewers, and improving clarity and thoroughness of comments in the plan review process. To address these observations, Baker Tilly identified several recommendations that could be impactful.

One recommendation is to focus plan review efforts on the first staff review to provide applicants with a detailed response that thoroughly identifies deficiencies and a clear path to approval on the second routing (or round of review). This will reduce the need for third routings and review.

To assist in fulfilling the Unified Permit Center (UPC) vision as a one-stop shop, Baker Tilly recommends that CDI define a single staff person with the organizational authority to review and revise staff comments on all third routings of a project submittal and that this staff person consistently exercises this power. This will ensure consistency with State and local standards, support metric tracking, and enhance customer service.

To ensure clarity, both in County Code and department policies, CDI should consult and work with County Counsel to update County Code to enhance permitting efficiency while aligning policies with Board objectives and staff's discretionary authority. To further this, CDI administrative policies and operational procedures must be well documented in a clear manner. Once completed, CDI must continually assess that County Code and department policies are being applied consistently.

The UPC, staff of Building Permit Technicians, is the gateway to application review. Building Permit Technicians are a critical filter to assessing development plan conformance with County systems and development requirements. Baker Tilly recommends that the County add two Building Permit Technicians to facilitate efficient

plan review. Currently, the workload for the Building Permit Technicians is at maximum capacity, with any disruptions (such as mandatory training, staff illness or vacation) creating an increased backlog.

The CDI Management Team recommends the addition of one Building Permit Technician to test how the additional staff improves workflow. This position has not yet been requested as part of the 2025-26 Budget. If supported by the Board, CDI will request the position as part of the supplemental budget.

Baker Tilly also recommends that the County explore new technology solutions, such as Artificial Intelligence (AI)-assisted plan review. The Planning Division has been working closely with the Information Services Department (ISD) to evaluate this option. Several programs have been reviewed with vendors; however, they are not yet ready for deployment.

In the interim, ISD and the Planning Division are collaborating on a new work program aimed at enhancing our current ePlan system. This initiative will improve the user interface and clearly outline pre-permit application requirements. The new system will also be designed with the framework for future integration of AI tools as they become more robust and available.

### ***Next Steps CAO and CDI Planning Division***

The CAO and CDI are collaborating to develop a detailed workplan to implement select recommendations from Baker Tilly's assessment and will present the workplan to the Board for consideration at the June 24, 2025 meeting. As the workplan is being developed, the CDI team is committed to pursue the following quick wins to begin addressing the recommendations:

#### **30-Day Timeline to Completion**

- Create walk-in hours for the UPC (Monday – Thursday 8 AM – 9 AM)
  - Stakeholder interviews have indicated that walk-in customers are not always accommodated in a timely manner. Currently, walk-in customers are assisted between scheduled appointments or in place of missed appointments; however, this can result in wait times. Contractors have reported that these delays significantly impact their workday, as they often require immediate assistance before heading to job sites—whether for over-the-counter permit pickups or code inquiries. To better serve customers with urgent needs, morning walk-in hours will be added for the UPC, enhancing service efficiency. Scheduled appointments will remain available throughout the day, Monday through Thursday.
- Provide same day intakes for discretionary permits.
  - Certain projects require discretionary permit approval before a building permit application can be submitted and approved, making the discretionary permit process a critical component of the overall permitting process for these project types. Stakeholders have reported that delays in the discretionary permit intake process, particularly through the current submittal appointment system, significantly impact the overall timeline for

obtaining a building permit. To address this issue, the discretionary permit submittal process will be restructured to allow same-day submittals during business hours. This operational change is expected to reduce discretionary permit processing times, thereby expediting the overall building permit process.

- Enhance the Appointment Scheduler to request customer satisfaction feedback after each appointment.

#### 60-Day Timeline to Completion

- Streamlined CZU permit process (remote eplan intakes, automated Deficiency Letter, etc.)
  - Stakeholder interviews with design professionals assisting CZU property owners, along with input from department staff, have identified inefficiencies in the current CZU rebuild process. Unlike non-CZU rebuilds, the ePlan submittal system and permit tracking and reporting measures have not been fully implemented for CZU rebuilds, resulting in additional time required for both submission and review. To eliminate these unnecessary delays, the department is actively implementing ePlan and Infor (permit tracking software) program updates to streamline the permit submittal and review processes, improving efficiency and reducing processing times.
- Increasing staff in-office time to support more in-person service
  - Stakeholder meetings and staff surveys have highlighted challenges in inter-departmental coordination, largely due to the majority of review staff working remotely three days per week. To enhance inter-agency communication, collaboration, and in-person availability for customers, CDI management will work with staff to increase their in-office schedules to support customer service improvements.

#### 90-Day Timeline to Completion

- Continued quarterly Stakeholder meetings
  - A critical component of Baker Tilly's engagement involved collecting feedback from customers of the building permit process through a series of stakeholder meetings. These meetings brought together key industry professionals, including architects, designers, and developers. The insights gathered provided valuable input on counter service, permit submission and review, and inspection processes. Moving forward, CDI will work with the CAO to establish facilitated, quarterly stakeholder meetings to ensure ongoing dialogue and continuous improvement, with the goal of fostering a direct channel for collaboration and feedback, strengthen the partnership between the department and its customers, and tailor services to better meet customer needs.
- Inspection module and streamlined inspection scheduling to improve customer experience

- The current inspection request system is outdated and lacks user-friendly functionality, as inspections are scheduled in fixed time blocks. To enhance efficiency and customer experience, new inspection software will be implemented, enabling real-time communication between inspectors and customers. This upgrade will reduce the inspection time window, allowing customers to better plan and manage their day.

The workplan will address the implementation details, phasing, and resources requirements for the longer duration, more complex recommendations. This includes work with other departments, such as County Counsel, to update the County Code to enhance permitting efficiency and provide clarity on Code interpretations. This will lead to additional work on standardizing permit processing. Other interdepartmental work to be addressed includes evaluating the potential to consolidate septic and water programs into CDI as well as the remainder of the Baker Tilly recommendations. Due to the complexity of this consolidation and other recommendations, there will be phased decision points that require Board consideration.

In support of the overall workplan, the CAO, CDI and Information Services will finalize a project charter, implementation workplan, and budget for a multi-faceted process and technology integration project. This project goal is to develop an online permit system integrating pre-application support, fee estimation, completeness review, and submission, with AI or other technology-based tools to improve pre-intake and review components included as the new technology comes online. Due to budget considerations, this work will be included for the Boards consideration with the larger workplan and also will be implemented in phases if approved and resourced.

County staff will lead development and implementation of the workplan, but staff foresee the need to retain Baker Tilly to provide guidance and objectivity throughout workplan development and implementation.

### **Financial Impact**

Staff anticipates expanding the scope of services for Baker Tilly to include advising on the workplan and specifics of implementation. The County Administrative Office is recommending a budget of \$50,000 for this expanded engagement in 2025-26 (GL Key 181000/62381). The annual cost of adding a Building Permit Technician is approximately \$118,000 (GL Key 541500).

### **Strategic Initiatives**

Operational Plan - Dynamic Economy, Operational Excellence

### **Submitted By:**

Carlos Palacios, County Administrative Officer

### **Recommended By:**

Carlos J. Palacios, County Administrative Officer

### **Artificial Intelligence Acknowledgment:**

Artificial Intelligence (AI) did not significantly contribute to the development of this agenda item.