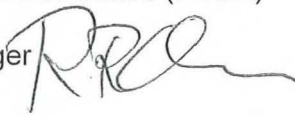


**CITY OF LOS ANGELES**  
**INTER-DEPARTMENTAL CORRESPONDENCE**

DATE: June 9, 2010

TO: Honorable Ed Reyes, Chair  
 Planning and Land Use Management Committee (PLUM)

FROM: Robert "Bud" Ovrom, General Manager  
 Department of Building and Safety 

SUBJECT: **RESPONSE TO THE CITY COUNCIL'S REFERRAL TO PLUM OF A BUILDING AND SAFETY PROPOSAL TO USE FURLOUGHS TO RETAIN 53 OF THE 74 ENTERPRISE FUND REVENUE-GENERATING EMPLOYEES SLATED FOR LAYOFF**

This request is the Department of Building and Safety's (LADBS') response to the City Council's directive to submit a report in reference to Item 46 of the Budget and Finance Committee Report on the FY 2010-11 Proposed Budget (specifically, "Voting Recap On Matters Relating to Council's Consideration of the 2010-2011 Budget - May 17, 2010 - Recap Of Budget And Finance Committee Report"). Item 46 reads as follows:

*"Instruct the Department of Building & Safety to submit for Council's consideration the Building & Safety Performance Enhancement Program and the potential impact on this Program of 80 positions [decreased to 74 due to unexpected attrition and displacement] proposed for deletion in the 2010-11 Budget. \*INSTRUCT the Department to work with the CAO and the CLA to develop and implement triggers to ensure that the Department's annual Enterprise Fund carryover relative to fees collected and services not yet rendered, beginning in 2010-11 are achieved, which would include necessary actions, including 26 furlough days to correct projected shortfalls in the annual carryover, such as layoffs and/or other expenditure reductions." (\*Rosendahl - Reyes)*

### **LADBS' Performance Enhancement Program (PEP)**

I developed the PEP report during my first three months as General Manager of Building and Safety with the help of staff from each major function, including all top management and a department-wide survey. Prior to becoming General Manager of Building and Safety, I was the Deputy Mayor for Economic Development, and Building and Safety was one of the departments under my purview. During both stints (outside looking in and inside looking out), I have found that the Department is a very good organization – a solid mission, dedicated staff, and well-run operations. The PEP report shows how we can take a good department and make it better.

A fundamental shift being set forth in the PEP report deals with staffing. Adequate staffing and tools to perform a job are fundamental to all organizations. Without these, the mission/core functions cannot be delivered timely (or at all) which delays economic recovery and the collection of much needed revenue, wastes precious resources, and creates public safety issues related to backlogs of inspections and our inability to respond effectively during a disaster (e.g., earthquake, fire, storm, etc.). A copy of the PEP report is attached for your review. The following text deals with the staffing component of PEP and the impact on operations described in PEP.

### **Demand for Services and Staffing Requirements**

New construction is inherently cyclical as it ebbs and flows with the trends of the larger economy. As an Enterprise Fund, we need to be able to more quickly adjust to those changes. As the report points out, between FY 2001-02 and FY 2004-05, when our workload was going up, our workforce was going down. Then between FY 2006-07 and FY 2008-09, when the workload was going down, our workforce was going up. The normal process of government is too slow to reflect the always changing conditions in private sector new construction.

We have been challenged these past 18 months by the first downturn in construction since the Enterprise Fund (EF) was created and it has become more apparent that we need the flexibility to adjust the workforce to reflect this variable workload. In this fiscal year (FY 2009-10), LADBS lost 164 EF employees through the Early Retirement Incentives Program (ERIP) and other attrition leaving only 705 EF employees. As PEP illustrates, our smaller permanent workforce can be supplemented with former retired employees who, by existing regulation, can be brought back on a limited term basis to help even out the peaks and valleys of the workload.

However, laying off 74 additional employees (39 inspectors, 18 assistant inspectors, 11 engineers, 4 clerk typists and 2 office engineering technicians) will reduce our EF revenue-generating workforce to only 631 employees. These reductions will substantially impair our ability to adequately serve the construction/development industry and would work against the much needed economic recovery at a time when construction activity appears to be on the upswing:

Workload Indicator	November – April FY2008-09	November – April FY2009-10	Difference
Construction Valuation	\$.994 billion	\$1.386 billion	+39%
Enterprise Fund Revenue	\$33.3 million	\$43.5 million	+31%
Permits Issued	50,235	55,266	+10%
Walk-in Customer Transactions	175,309	180,583	+ 3%

**LADBS’ Proposal to Retain 53 of the 74 EF Revenue-Generating Employees from Layoff**

The Department proposes to retain 53 of the proposed 74 laid-off EF employees by using the salary savings through the implementation of full furloughs on ALL positions.

Having 21 layoffs instead of 74 would leave our EF workforce at 684. We have gone back 35 years and can find no record of LADBS ever having so few EF employees. The following are the Department’s answers to questions asked at the Budget and Finance Committee and full Council meetings during budget deliberations related to our proposal:

**1. Is there a negative fiscal impact on the General Fund by retaining these employees?**

No. Based on the following, there is no impact on the General Fund to retain these employees:

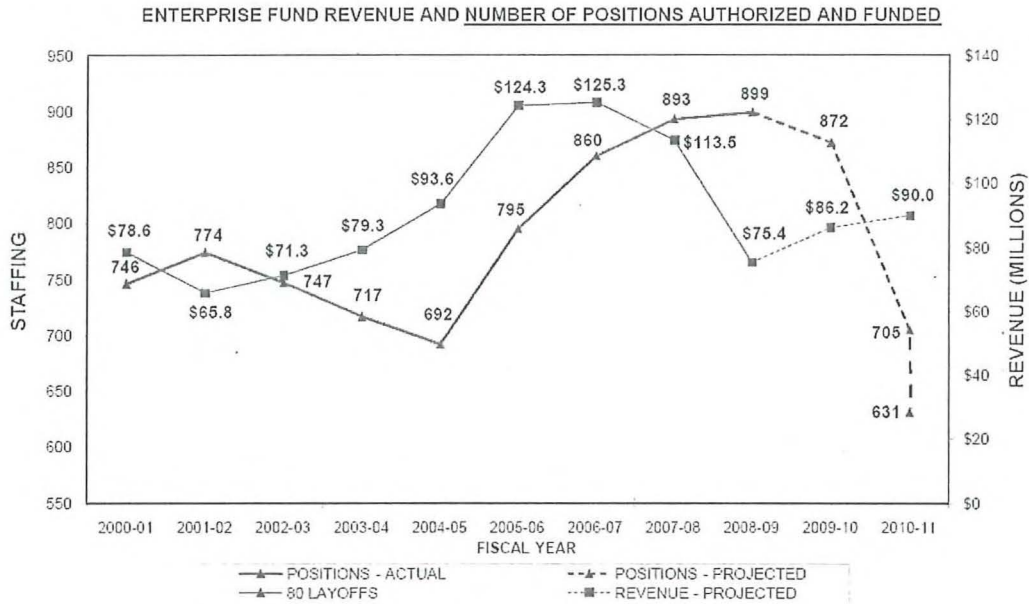
- The Enterprise Fund pays for Fringe Benefits (health, retirement, Workers’ Compensation, etc.), Central Services, and lease payments for EF employees. (See attached “LADBS Cost Analysis of Restoring 53 Enterprise Revenue-Generating Positions Slated for Layoff July 1, 2010”.)
- For FY 2010-11, LADBS is budgeted to pay approximately \$28.6 million in net General Fund reimbursements:
  - \$22 million Related Costs (\$17 million Fringe + \$10 million Central Services less related costs paid directly to other agencies like CAO salaries and related costs and lease costs).
  - \$6.6 million lease/occupancy costs (\$4 million for Figueroa Plaza alone) and direct costs for services (like CAO salaries and related costs).
- Although there won’t be an impact on the General Fund to retain these employees, laying them off would cost the General Fund approximately \$11,700 per employee.

**2. Furloughs should only be used as a temporary solution. The City needs a permanent structural fix. Is LADBS' proposal a permanent structural fix?**

Yes. The Department views furloughs as a temporary fix and a bridge to a permanent solution. Since construction activity is on the upswing (see response to Question No. 3), furloughs will act as a stopgap measure to get us to the permanent fix. If construction activity falls again, there will be triggers in place to adjust expenditures accordingly (see response to Question No. 7).

**3. What is the "Right Size" workforce for the projected \$90 million revenue in FY 2010-11?**

According to 10 years of historical revenue and staffing data for Building and Safety (see graph below), with its peaks and valleys, the Department has averaged \$91.3 million in annual Enterprise Fund revenue with an average workforce of 798 authorized positions. Each employee generated \$114,411 in revenue (\$91.3 mil revenue / 798 employees). Applying this ratio of revenue per employee to our projected FY 2010-11 revenue of \$90 mil would warrant a workforce of 787 employees (\$90 mil revenue / \$114,411 per employee). The premise of PEP is to have a smaller "right-sized" permanent workforce and then use contract employees to cover "peak" workload periods.



We believe 705 EF would be a "right size" for a permanent workforce. It is 10% below the warranted workforce of 787 needed to address the \$90 million workload for next fiscal year (beginning July 1, 2010). However, the layoff of 74 additional employees will drop staffing levels to 631 employees which would be 20% below the warranted workforce and 10% below the "right-sized" workforce. Unfortunately, we recognize our budget cannot support an ideal "right size" of 705, and even if our proposal is approved we still must lay off 21 employees and take our EF workforce to 684.

As mentioned earlier, construction activity is on the rise: During the past six months, workload indicators such as Construction Valuation, EF Revenue, Number of Permits Issued, and Number of Walk-in Customer Transactions have shown a steady increase (39%, 31%, 10% and 3% respectively) when compared to the same time period as last fiscal year. Also, there are many moderate to large jobs (LAX, POLA, Emerson College, Midtown Crossing, Baldwin Hills Crenshaw Plaza, USC Village, so forth) in the pipeline for FY 2010-11 and beyond. A workforce of 631 will make it very difficult to deliver timely services needed by the construction/development industry even with overtime, contracts and layoff recalls.

**4. Does imposing furloughs on Enterprise Fund staff pose a legal threat?**

The Department does not feel that there is a legal threat based on the following reasons:

- Currently, all LADBS employees, regardless of the funding source (e.g., Enterprise Fund and General Fund) are furloughed. The CAO has previously made an exception for allowing the LADBS Enterprise Fund positions to be furloughed (see attached memo from the CAO, dated January 15, 2010 regarding "Implementation of Furloughs for MOU 5 – Municipal Construction Inspectors Association").
- The Department is unaware of any change in the status of the law with respect to furloughing non-General fund employees. LADBS emphasizes that its need last year and this coming year to furlough EF employees is strictly based on a demonstrated financial necessity and not because the Department seeks to treat all of its employees uniformly. We believe that was the latter motivation that got the State of California in legal trouble.
- The FY 2010-11 Budget already assumes split-funded positions (paid by General Fund and Enterprise Fund) will be fully furloughed. The Department will have approximately 119 split funded positions (in addition to 27 positions fully funded by the General Fund) required to be fully furloughed. The split-funded positions are of the same classifications as non-furloughed positions and generate revenue for both the General Fund and Enterprise Fund. The Chief Administrative Office staff (CAO) calculated an Enterprise Fund salary savings for furloughing split-funded positions of approximately \$450,000. This savings is retained by the Enterprise Fund, so it is not a benefit to the General Fund.

**5. Would a reduced workforce have an adverse impact on the City's ability to respond to the residents and to recover from a major disaster?**

Yes. ERIP has already greatly impacted the Department's ability to respond timely and effectively as much of the staff experienced in emergency response protocols and structural damage assessment have retired. The employees to be laid off are experienced in providing emergency response and recovery services. LADBS is not considered a "first responder" like Police and Fire, but those responders contact us to conduct an inspection of the damage to determine if a building is safe to enter/occupy. Building and Safety staff members are certified by the State to conduct safety assessment inspections and LADBS is the only City agency authorized to placard a building (posting of Red, Yellow, or Green placards). As Mayor Villaraigosa has been saying, "*You cannot predict a disaster, but you can prepare for it.*" Reducing damage assessment and emergency management staff will most definitely make it difficult to assist the City in gaining situational awareness, provide for continuity of government, and continuity of operations which are major components of the National Incident Management System (NIMS).

**6. What impact would a reduced workforce have on an economic recovery?**

The Department would be unable to provide plan checking and inspection services in a timely fashion which would be detrimental to realizing a badly needed economic recovery. Any delay in construction projects has negative impacts on the City (ability to collect fees) and the developer (higher funding costs, delays in employing workers, delays in occupancy and paying taxes – property, business, and sales).



# Performance Enhancement Program (PEP)

*“MAKING A GOOD DEPARTMENT EVEN BETTER”*

April 29, 2010

Robert R. “Bud” Ovrom  
General Manager

## MISSION STATEMENT

The mission of the Department of Building and Safety is to protect the lives and safety of the residents and visitors of the City of Los Angeles and enhance the quality of life, housing, economic prosperity, and job creation. This is accomplished through advising, guiding, and assisting customers to achieve compliance with the Building, Zoning, Plumbing, Mechanical, Electrical, Disabled Access, Energy, and Green codes; and local and State laws, through a timely, cooperative, and transparent process for the facilitation of construction and maintenance of commercial, industrial, and residential buildings throughout the City.

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ANTONIO R. VILLARAIGOSA  
MAYOR

DEPARTMENT OF  
BUILDING AND SAFETY  
201 NORTH FIGUEROA STREET  
LOS ANGELES, CA 90012

ROBERT R. "BUD" OVROM  
GENERAL MANAGER

RAYMOND S. CHAN, C.E., S.E.  
EXECUTIVE OFFICER

April 29, 2010

Fellow Building and Safety Employees,

Following my appointment by Mayor Villaraigosa on December 21, 2009 and confirmation by the City Council on January 19, 2010, I officially started work as General Manager of the Los Angeles Department of Building and Safety (LADBS) on January 25, 2010. During these first three months I have immersed myself in better understanding the current operations of the Department. To do that, I have:

- Held 9 employee meetings at different locations and met with 800 employees.
- Visited all 16 of the Department's offices.
- Conducted a written exercise among the Senior Managers and received 80 recommendations for changes within the Department.
- Conducted a survey of all LADBS employees and received over 300 suggestions for improving the Department.
- Held one-on-one meetings with each of the Department's 13 senior managers.
- Scheduled individual meetings with the leadership of the five bargaining units representing our employees: Service International Employees Union (SEIU), Los Angeles Professional Managers Association (LAPMA), Municipal Construction Inspectors Association (MCIA), Engineers and Architects Association (EAA) and American Federation of State, County, and Municipal Employees (AFSCME).
- Had 'meet and greet' sessions with 10 business and neighborhood groups to solicit input regarding the Department from the client's perspective.
- Reviewed the findings and recommendations of the various audits and reports which have been done during the last several years regarding LADBS' performance.
- Had individual orientation meetings with the City Attorney, City Controller, General Manager of the Personnel Department, and Chief Administrative Officer.

From this valuable input I have assembled in this report my initial assessment of the Department and the administrative actions I will be taking in the immediate future.

When I was appointed Chief Executive Officer of the Los Angeles Redevelopment Agency in 2003, I undertook a major reorganization of the Agency and created a 'regional' structure. In the case of the Building and Safety Department, I believe the basic organizational structure is well founded and not in need of any fundamental change. I was also pleased to find, as I had expected, that most of the operational systems and management of the Department are excellent.

However, as with any organization, there is always room to make improvements. With the administrative actions I am putting forward in this report, I believe we have the opportunity to take the Department to an even higher level of performance – **from very good to even better.**

Every department in the City faces immense challenges due to the current severe economic recession and the resultant negative impact on their operating budgets. Much attention has been rightfully placed on the City's General Fund, because of the basic City services (police, fire, paramedics, libraries, recreation and parks, etc.) that are provided through the General Fund. However, the loss of revenue in the LADBS special Enterprise Fund has been even more dramatic, because our revenues are based on new construction and new construction has plummeted even more than the major revenues of the General Fund. With the administrative actions I am advancing in this report, I believe we will be better able to cope with these economic challenges, and *again*, find ways to 'do more with less.'

It should be noted that all of the actions outlined in this report fall within the administrative authority of the General Manager and the existing Memorandums of Understanding (MOU) with the various bargaining units. If any proposed actions in the future necessitate Council action, I will first return to the employees with an explanation at that time.

It should also be noted that all of the actions enumerated in this report are basically internal to the operation of the Department. The external, or interdepartmental, issues involving broader citywide development reform (sometimes referred to as the "12 to 2" plan) are being done under the leadership of the Mayor's Office and First Deputy Mayor, Austin Beutner. That very important effort is **not** the subject matter of this report.

Because so many of the actions being called for in this report came from the employees themselves, I am hopeful that most of our employees will see and understand the need to make these changes. I fully understand that not everyone will agree with everything. I simply ask our employees look at the report in its entirety and weigh the merits of the full report against any individual items with which they may disagree.

This is a good department, but together we can make it even better. And, it will take all of us working together to confront and overcome the harsh economic and budget realities we must face.

I look forward to your continued dedication and hard work on behalf of the Department and the people of Los Angeles.



Robert R. "Bud" Ovrom

General Manager

Los Angeles Department of Building and Safety



# **PERFORMANCE ENHACEMENT PROGRAM (PEP)**

## **Table of Contents**

	<b>Page</b>
<b>I. EXECUTIVE SUMMARY</b>	<b>1</b>
<b>II. OPERATING PREMISES</b>	
A. Fiscal Sustainability	3
B. Flexible Workforce for Variable Workload	7
<b>III. OPERATING BUREAUS AND OFFICES</b>	
A. Case Management Office	9
B. Inter-governmental Relations and Communications Office	11
C. Code Enforcement Bureau	13
D. Inspection Bureau	17
E. Engineering Bureau	21
F. Resource Management Bureau	25
G. Management Teams	27
H. LADBS Offices	29
<b>IV. DEPARTMENTAL PRIORITIES</b>	
A. Emergency Preparedness and Response	31
B. Training	33
C. Technology	34
D. Ethics	36
E. Morale	37
F. Workforce Diversity	38
<b>V. INNOVATIVE DIRECTIONS FOR IMPROVING CUSTOMER SERVICE</b>	
A. Parallel Design-Permitting Process	39
B. Construction-Inspection Partnership Program	40
C. Food Service Establishments Case Management Program	41
D. Green Building Program	42
E. Robotic Parking	43
F. Non Flat Roofs for High-rise Buildings	44
G. Entrepreneurial Ventures	45
<b>VI. CONCLUSION</b>	<b>47</b>

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## I. EXECUTIVE SUMMARY

Frankly, my initial thought for this report was to not have an Executive Summary. My concern with executive summaries, in general, is that people often read them and then don't read the full report. Because the challenges which face this Department today are so critical, I think it is important for people who work for and with this Department to truly understand what is going on. Hence, although I am doing an Executive Summary, my sincere hope is that most of the people getting this report will take the time to read and digest it!

The most important point to take away from this assessment is that the Department is probably facing the most significant challenges it has ever had to face. During the last two years the Department, along with the entire City, State and nation, has faced the greatest economic crisis since the "Great Depression." New construction in the City, the Department's lifeblood, has declined from over \$5.2 billion in Fiscal Year (FY) 2006-07, to only \$2.5 billion in FY 2008-09, a drop of almost 53% in just two years.

During those same two years, our annual Enterprise revenues dropped from \$125.3 million to \$75.4 million, while our annual operating expenditures rose from \$99.3 million to \$117 million, as our total number of authorized positions grew from 860 employees to 899.

We have managed to make it through these turbulent times by reducing our carry forward balance (reserves) from \$69.1 million in FY 2006-07 to \$27.2 million in FY 2008-09 – and the expectation of having only \$12.1 million in the carryover balance at the end of this Fiscal Year (2009-10), in just a couple of months.

Clearly, the path the Department was on during the last two years was not sustainable. But, with hard work and sacrifices by a lot of people, we should be able to reverse the trend by the end of this fiscal year and as we move into next year.

The economy and our Department are starting to turn the corner. Citywide actions taken by the Mayor and the City Council (furloughs, hiring/spending freezes, and early retirements) are successfully reducing Department expenditures. Annual operating expenses are expected to decline from \$117 million in FY 2008-09 to \$101.3 million by June 30, 2010 as we reduce the workforce by 162 employees to a new total of 798.

Helped in large part by the long overdue capital improvements at LAX, building permit valuations should creep up from \$2.5 billion in FY 2008-09 to \$2.8 billion in FY 2009-10 and our Enterprise revenue rise from \$75.4 million to the projected \$86.2 million.

No one has a crystal ball to know exactly how this apparent economic recovery will play out during the next few years. Even as the economy picks up in various sectors, there is a large inventory of commercial and residential space that needs to be absorbed before we can expect to see a net increase in private sector new construction. Hence, new ground-up construction will likely lag behind other sectors in the economy and it could be several years before we again see building permit valuation back in the \$4-5 billion range.

Accordingly, as we close this Fiscal Year and budget for next year, a very prudent and carefully monitored course will need to be charted. The specifics of that course will play out in the next few weeks as the City Council considers and acts on the Mayor's proposed budget for FY 2010-11. This report will not try to speculate on how the FY 2010-11 budget will be resolved. We will deal with that as it comes to us.

A fundamental shift being set forth in this report deals with staffing. New construction is inherently cyclical as it ebbs and flows with the trends of the larger economy. As an Enterprise Fund, we need to be able to more quickly adjust to those changes. As the report points out, between FY 2001-02 and FY 2004-05, when our workload was going up, our workforce was going down. Then between FY 2006-07 and FY 2008-09, when the workload was rapidly going down, our workforce was going up. The normal process of government is too slow to reflect the always changing conditions in private sector new construction. Hence, the brilliance of the Department was to establish an Enterprise Fund.

We now face the first downturn in construction since the Fund was created. We need the flexibility to adjust the workforce to reflect this variable workload. We can do that by supplementing our smaller permanent workforce with former and retired employees who, by existing regulation, can be brought back on a limited term basis to help even out the peaks and valleys of the workload.

Other highlights in this report include:

- Assigning Lincoln Lee to assume responsibility for the Case Management Unit and moving that unit to the 10<sup>th</sup> floor Executive Office to better enable it to be our link to citywide development reform.
- Expanding David Lara's role to the increasingly important roles of intergovernmental relations and communications and also moving him to the 10<sup>th</sup> floor of the 201 building to be a more integral member of the Executive Management Team.
- Reassigning Dr. Grace Harper to take over the Code Enforcement Bureau, which is facing a General Fund budget crisis, with the charge of trying to further reduce the Bureau's dependency on the General Fund. I have asked Dr. Harper to remain at her current office at Figueroa Plaza, in order to be able to continue to call on her to assist the Executive Team and other areas, particularly in developing a program to improve our technical training.
- Filling three of the four Bureau Chief positions, with the retirement of Karen Penera, Hector Buitrago and the reassignment of Dr. Harper. Dr. Ifa Kashefi will remain at Engineering, but will have the daunting task of filling the vacancy created by the reassignment of Lincoln Lee.
- Targeting identified department-wide priorities for increased attention, most notably emergency preparedness, training, technology, ethics and workforce diversity.
- Embarking on a number of innovative directions which will enhance customer service despite declining resources.

The challenges we have are great, but by working creatively together, we can take this already very good department and make it even better.

## II. OPERATING PREMISES

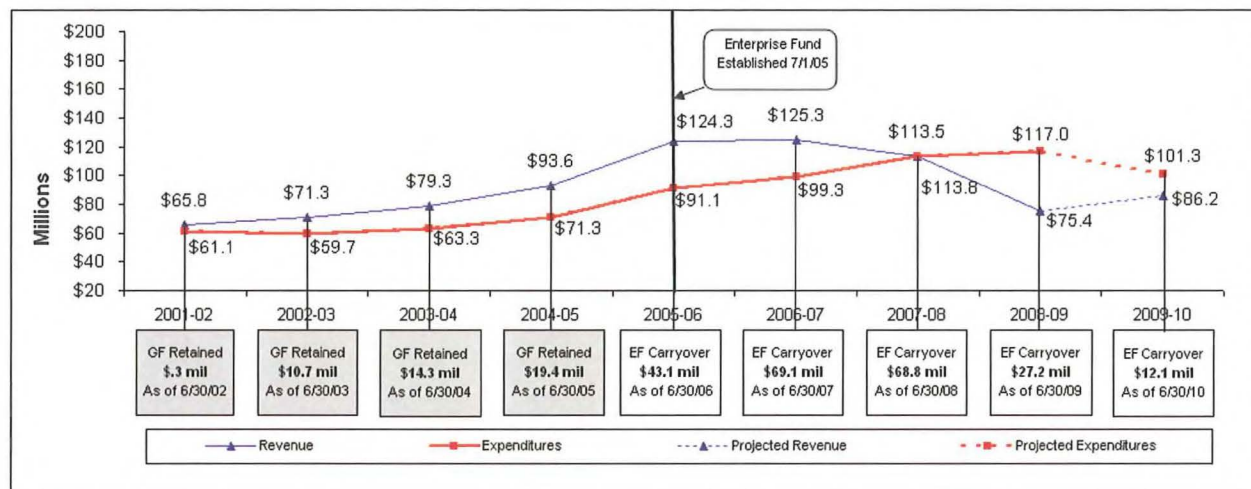
### A. Fiscal Sustainability

One of the smartest things the Building and Safety Department has done in recent years was to obtain the Mayor's and City Council's approval in July 2005 to establish the LADBS Building Permit Enterprise Fund (Ordinance No. 176,604). This financial structure assures that all fees collected by the Department are used to support only the activities for which the fees were collected.

Prior to the establishment of the Enterprise Fund, all LADBS revenue was deposited into the General Fund. Since the creation of the Enterprise Fund, the revenue from fees collected to provide plan check and inspection services has been deposited directly into the Enterprise Fund. This revenue is restricted to paying for salaries, related costs (fringe benefits), overhead, equipment, support services, and other expenses directly related to providing plan check services, inspection services, and related life safety services. Hence, the Department is no longer subject to the vagaries of being a part of the General Fund and having to "compete" with Police, Fire, Paramedics, Recreation and Parks, Libraries, and so forth.

Moreover, the Enterprise Fund is also good for the general public, because it assures that "new development pays its own way" and that General Fund revenues are not used to subsidize development related services. However, the Enterprise Fund is now coping with the first dramatic downturn in new construction since the fund was established. Everyone is aware of the budget crisis facing the General Fund as a result of the current massive economic recession. What many people don't recognize is that development-related fees have suffered an even greater decline than General Fund revenues: Sales, Property, Business Licenses and Transient Occupancy taxes have dropped by 5-15%. However, as the chart below shows, between FY 2006-07 to 2008-09, LADBS Enterprise Fund revenues dropped from \$125.3 million to \$75.4 million -- **a decline of almost 40% in just 2 years!**

### Enterprise Fund 9-Year Historical and Projected Revenue and Expenditure Analysis



FY	Balance (million)	Retained by GF (million)	Retained by SF (million)	Carryover (million)	FY	Balance (million)	Retained by EF (million)	Carryover (million)
2001-02	65.8 - 61.1 = 4.7	0.3	4.4	4.4	2005-06	124.3 - 91.1 = 33.2	33.2	43.1
2002-03	71.3 - 59.7 = 11.6	10.7	.9	5.3	2006-07	125.3 - 99.3 = 26.0	26.0	69.1
2003-04	79.3 - 63.3 = 16.0	14.3	1.7	7.0	2007-08	113.5 - 113.8 = (0.3)	(0.3)	68.8
2004-05	93.6 - 71.3 = 22.3	19.4	2.9	9.9	2008-09	75.4 - 117.0 = (41.6)	(41.6)	27.2
					2009-10	86.2 - 101.3 = (15.1)	(15.1)	12.1

Expenditures could not be adjusted as fast as revenues dropped. As shown on the chart above, from FY 2006-07 to FY 2008-09, expenditures actually rose from \$99.3 million to \$117 million. To balance the budget, the Department's "carryover" balances were reduced by \$41.9 million in two years from \$69.1 million to \$27.2 million.

What is critically important to understand with the LADBS Enterprise Fund is that the "carryover" balance is not to be the same as a general reserve in other funds. Other funds might have revenues exceed projections or expenditures come in less than budgeted, resulting in a year-end surplus that is added to the "reserve" for a rainy day fund. That is not how the LADBS Enterprise Fund works. What is somewhat unique to us is that we collect fees in one year for services that might not be rendered until future years. LADBS collects all plan check and inspection fees at the outset of the application process (up-front). Services are provided weeks, months, or even years into the future, depending on the size and scope of the project. LADBS allows an applicant 18 months to comply with plan review requirements and obtain permits. Additionally, up to two years is allowed to complete construction after permits have been issued. Further, both of these time frames can be extended multiple times.

LADBS is required to maintain a sufficient balance in the Enterprise Fund to pay for plan check and inspection services not yet provided for these unfinished projects. Expenses related to these services include future salaries, related costs, allowable overhead, and equipment.

Because construction activity and resultant revenue dropped so dramatically, and before expenditures could be adjusted, the Department has had to resort to using all of the revenues collected in current years to cover the expenses being incurred in those years, rather than encumbering some of that revenue for future expenses.

The problem of an inadequate carryover balance is compounded by the fact that when the Enterprise Fund was created in 2005, the accumulated carryover from prior years for "revenues collected for services not yet rendered" was retained in the General Fund and not transferred to the new Enterprise Fund. In the 2006 Financial and Compliance Audit of the Department of Building and Safety, the City Controller concluded that between FY 1998-99 and FY 2004-05 (the year just prior to the establishment of the Enterprise Fund), the Department recovered 116% of its construction permit cost and 113% of its plan checking costs. From FY 2001-02 to 2004-05, the total amount of these exceed-cost fees ("revenues collected for services not yet rendered") was approximately \$45 million which was retained in the General Fund. Given the current fiscal condition of the General Fund budget, it is unrealistic to think the LADBS Enterprise Fund will ever be reimbursed for that money, as an appropriate way to keep the fund solvent.

It should also be noted on the chart on the prior page that the dotted projected lines for FY 2009-10 show that expenditures are now dropping to \$101.3 million (due to the Early Retirement Incentive Program (ERIP), furloughs, and attrition); and that revenues are starting to again increase to \$86.2 million (due to the Mayor's and City Council's approval for adjusting our fees, which had not been done in 14 years to cover cost). The carry forward balance is expected to be \$12.1 million.

The first action item of this report is to make a firm commitment to manage the Department and the Enterprise Fund in a fiscally prudent manner.

**Action Items:**

- 1. Develop and implement an accounting methodology to better encumber funds from revenues received for services not yet rendered, starting in the FY 2010-11 Budget.**
- 2. Conduct yearly cost recovery analysis for all services to ensure all services are fully cost recoverable.**
- 3. Pursue cost recovery for code enforcement functions to reduce dependency on General Fund:**
  - Establish the Administrative Code Enforcement Fees.**
  - Establish a fee to monitor vacant buildings with orders on them that are not getting brought into compliance.**
  - Adjust fee for the Annual Inspection Monitoring Program.**
- 4. Send all permit applicants with a “Ready to Issue” permit application a letter encouraging them to come in and obtain permits.**
- 5. Establish a Document Research fee to research relevant documents for the permit applicant when a project is submitted for plan check, which will also be a great convenience for the permit applicants.**
- 6. Establish a fee to enforce the California Green Code which will become effective January 1, 2011.**
- 7. Pursue cost recovery for various Enterprise Fund functions:**
  - Adjust the “Request for Info” fee which currently is \$1 + \$ .1 per page of document.**
  - Adjust the fee for generating the Residential Property Report (9A Report).**
  - Adjust the fee to recoup the real costs of services provided to other departments such as the Department of City Planning, Office of Finance, and the Los Angeles Unified School District (LAUSD).**
- 8. Establish a fee for the Construction-Inspection Partnership Program between the construction team of a project and LADBS’ inspection team to effectively facilitate project construction.**
- 9. Evaluate the possibility of requiring electrical permits for energy retrofit installations, and of asking the LADWP Energy Solutions group to refer contractors to us to obtain electrical permits.**

**BUILDING AND SAFETY REVENUE AND EXPENDITURES PROJECTED<sup>1</sup> FOR FY 2009-10**

<b>Revenue (Millions)<sup>1</sup></b>	<b>Generated</b>	<b>Received by GF</b>	<b>Grant Funded</b>	<b>Total</b>
<b>On-Budget</b>				
LADBS Enterprise Fund (48R)	86.2	0.0	0.0	86.2
General Fund (GF)	3.7	8.3	0.0	12.0
Off-Site Sign Periodic Inspection Program <sup>3</sup>	0.4	0.0	0.0	0.4
<b>Total On-Budget</b>	<b>\$90.3</b>	<b>\$8.3</b>	<b>\$0.0</b>	<b>\$98.6</b>
<b>Off-Budget</b>				
Community Development Block Grant (CDBG)	0.0	0.0	1.3	1.3
<b>Total Off-Budget</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$1.3</b>	<b>\$1.3</b>
<b>Total On- and Off-Budget</b>	<b>\$90.3</b>	<b>\$8.3</b>	<b>\$1.3</b>	<b>\$99.9</b>

<b>Expenditures (Millions)<sup>1</sup></b>	<b>Salaries</b>	<b>Overtime</b>	<b>Transportation</b>	<b>Training</b>	<b>Lease costs</b>	<b>Reimbursement to GF &amp; Others</b>	<b>Contractual Services<sup>3</sup></b>	<b>Misc. Expense and Equipment<sup>3</sup></b>	<b>Total</b>
<b>On-Budget</b>									
LADBS Enterprise Fund (48R)	59.3	1	1.4	0.1	5.1	28.6	0.0	5.8	101.3
General Fund	7.5	0.0	0.4	0.0	0.0	0.0	0.2	0.2	8.3
Off-Site Sign Periodic Inspection Program <sup>2</sup>	0.4	0.0	0.01	0.0	0.0	0.0	0.0	0.0	0.41
<b>Total On-Budget</b>	<b>\$67.2</b>	<b>\$1.0</b>	<b>\$1.8</b>	<b>\$0.1</b>	<b>\$5.1</b>	<b>\$28.6</b>	<b>\$0.2</b>	<b>\$6.0</b>	<b>\$110.0</b>
<b>Off-Budget</b>									
Community Development Block Grant (CDBG) <sup>4</sup>	1.3	0.0	0.03	0.0	0.0	0.6	0.0	0.0	1.93
<b>Total Off-Budget</b>	<b>\$1.3</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.6</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$1.9</b>
<b>Total On- and Off-Budget</b>	<b>\$68.5</b>	<b>\$1.0</b>	<b>\$1.8</b>	<b>\$0.1</b>	<b>\$5.1</b>	<b>\$29.2</b>	<b>\$0.2</b>	<b>\$6.0</b>	<b>\$111.9</b>

<sup>1</sup> Projections based on year-to-date (as of 3/31/2010) data.

<sup>2</sup> The Off-Site Sign Periodic Inspection Program (OSSPIP) is an on-budget program, but revenue and expenditures are deposited to and expended from a trust fund called "Off-Site Sign Periodic Inspection Fee" (Fund 46F).

<sup>3</sup> Contractual Services depicts GF only. Enterprise Fund Contractual Services is part of miscellaneous Expense and Equipment.

<sup>4</sup> Community Development Block Grant (CDBG) is funded by Federal grant money. The above figures have been converted from a Program Year (PY) to Fiscal Year (FY) 2009-10: PY 35 (July 2009 through Mar 2010) and PY 36 (April 2010 through June 2010). The total funding shortfall for these periods is \$428,602.



## B. Flexible Workforce for Variable Workload

Real estate development and new construction are inherently cyclical – the workload constantly ebbs and flows with the economy.

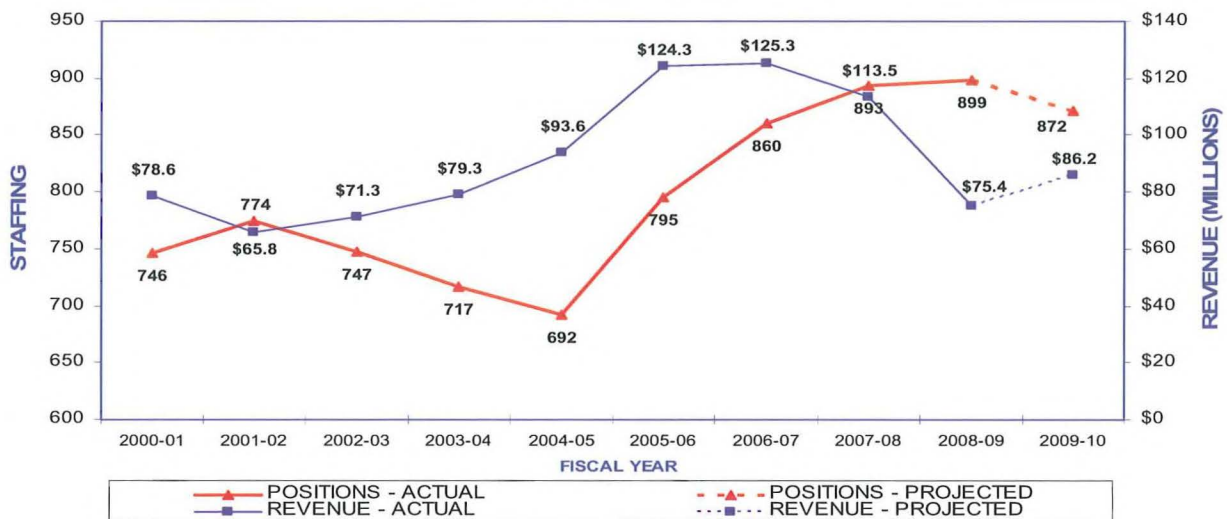
The distinction today is that we are going through the worst recession since the Great Depression. Mayor Villaraigosa’s first term saw the biggest building boom in the history of the City – \$17.2 Billion in new construction in just 4 years. The Mayor often said he wanted to make the crane the official bird of the City – the construction crane. He said he wanted to look out of his window and see cranes as far as the eye could see. And, for most of the first term, that was true!

But now, for national and international macro reasons beyond our local control, we face an entirely different situation. The crane has gone into hibernation.

As noted above, that situation has had a particularly negative impact on LADBS, because all of our Enterprise Fund revenues are dependent on fees related to construction. We have seen new construction valuation drop from \$5.3 billion in FY 2006-07 to only \$2.5 billion in FY 2008-09, a drop of almost 53% in just two years.

But, given our civil services rules, labor contracts, and carryover workload from the construction boom, it was not possible to adjust the workforce as rapidly as the workload dropped. As shown in the chart below, our revenue dropped from \$125.3 million in FY 2006-07 to \$75.4 million in FY 2008-09 (down almost 40%), while the number of authorized positions increased from 860 to 899 positions (up 4.5%).

**Enterprise Fund Revenue and Positions Authorized**



With early retirement incentives and attrition, the number of Enterprise Funded authorized positions is projected to drop to 872 by the end of this fiscal year (2009-10). And revenues are starting to creep back up (see blue dotted line on the chart above).

Furloughs, retirement incentives, and layoffs are not very sophisticated management tools. LADBS needs to develop a system to more rapidly and equitably adjust the workforce to reflect the workload.

At the beginning of FY 2009-10 (July 1, 2009), LADBS had 1,023 authorized positions, but only 961 of them were filled. Attrition, frozen vacancies, and interim budget cuts have caused the Department's workforce (number of employees) to drop to only 798 since July 1, 2009. The result of such an approach to workforce reduction is sporadic throughout the organization and bears no relationship to the needs or performance of the Department. The numbers below tracks the decline of the workforce plan within the past 12 months by 163 employees (includes Enterprise Funded, General Funded, and Special Funded positions) as of June 30, 2010, a 17% reduction of the total workforce.

**LADBS Workforce from July 2009 to June 2010**

**Number of Employees Reduced Within 12 Months =** 5 Resignations  
 44 Transfers (to other departments)  
 113 Retirements (ERIP)  
 1 MICLA Resolution Position (exp. 12/31/09)  
**163 employees**

	<b>Number of Employees July 1, 2009</b>	<b>Number of Employees June 30, 2010</b>	<b>Number of Employees Reduced</b>	<b>Percentage Change</b>
<b>Inspection Bureau</b>	393	329	<b>64</b>	<b>16.28 %</b>
<b>Engineering Bureau</b>	228	193	<b>35</b>	<b>15.35 %</b>
<b>Code Enforcement Bureau</b>	148	118	<b>30</b>	<b>20.27 %</b>
<b>Resource Management Bureau</b>	169	139	<b>30</b>	<b>20.27 %</b>
<b>Case Management, Neighborhood &amp; Governmental Services Division</b>	17	14	<b>3</b>	<b>17.75 %</b>
<b>Management</b>	6	5	<b>1</b>	<b>16.67 %</b>
<b>TOTAL</b>	961	798	<b>163</b>	<b>16.96 %</b>

**Total Number of LADBS Employees Remaining as of June 30, 2010 = 798 employees**

One way to more appropriately adjust the workforce is to bring back on "90-day Contracts" employees from the newly created reservoir of recently retired employees.

The City's civil service rules and labor contracts permit the limited use of this talent pool. Most General Fund Departments cannot reasonably use it because they don't have the money to pay for the contracts. But, in the case of LADBS, the fees paid for specific projects provide the revenue, and the individual projects provide the defined scope of work. LADBS is perfectly suited to use the 90-day Contracts to provide a flexible workforce to meet a variable workload.

**Action Items:**

- 1. Work with the Office of the City Administrative Officer (CAO) to develop appropriate mechanisms to be able to readily retain retired LADBS employees on a 90-day Contract for specific projects/assignments.**
- 2. Work with the CAO to retain appropriate number of vacancies for 90-day Contract and backfilling essential vacancies as permitted by the FY 2010-11 Budget.**

### **III. OPERATING BUREAUS AND OFFICES**

#### **A. Case Management Office**

Case Management, with a current count of 14 employees, was originally established in the Department in 1995 to provide assistance to the building industry by navigating large or complex projects through the various stages of design, permit approval and construction.

During the **design stage** of a project, Case Managers perform project feasibility studies, coordinate pre-development meetings with other City departments, and provide preliminary plan review to identify potential building site and code issues. During the permit **approval stage**, Case Managers resolve issues arising from design considerations and code requirements as they assist applicants with plan check corrections and the citywide clearance processes. During the **construction stage**, Case Managers resolve any issues or discrepancies between contractors and inspectors, and they coordinate Certificate of Occupancy meetings to facilitate certificate issuance.

Over the past 15 years more than 10,000 projects have been processed through the Case Management operation, and today approximately 700 cases are considered active. Although different criteria for using Case Management have existed over the years, today almost any project is eligible to take advantage of these services.

In 2004, the Case Management operation was merged with Council Liaison under the leadership of David Lara.

Given the high priority Mayor Villaraigosa has placed on “development reform” under the leadership of First Deputy Mayor and Chief Executive for Economic and Business Policy, Austin Beutner, the Case Management operation is well positioned to be the Department’s primary linkage to the other City Departments and outside agencies involved in the development process.

The Case Management operation is well regarded in the development industry and we will be taking action now to make this good service even better. We will restore the Case Management operation to a stand-alone office (not merged with Council Liaison) and relocate it to the 10<sup>th</sup> floor of the 201 North Figueroa Street headquarter office, to be closer to the Executive Office of the Department.

#### **Action Items:**

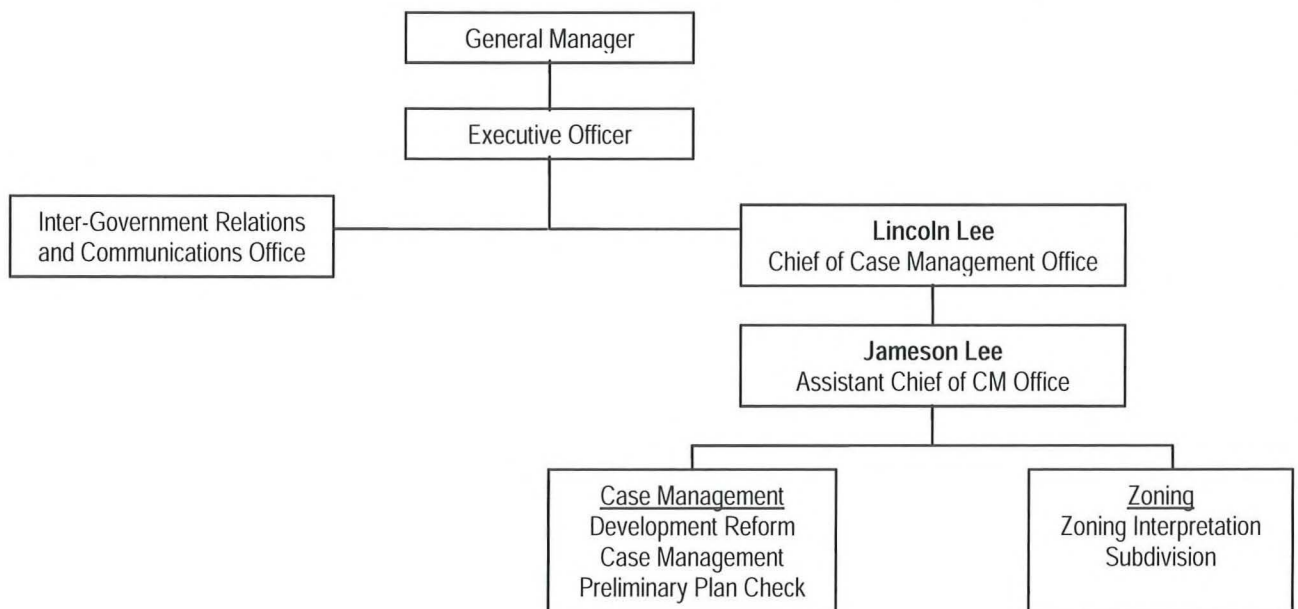
- 1. Effective May 10, 2010, current Case Management Chief, Dave Lara, will be reassigned as Chief of the new Inter-governmental Relations and Communications Office (whose enhanced roles are outlined in the Inter-governmental Relations and Communications Office section on page 11).**
- 2. Effective May 10, 2010, Assistant Chief of the Engineering Bureau, Lincoln Lee, will be reassigned to assume responsibility for the Case Management Office.**

3. **By July 1, 2010, the Case Management Office, currently located on the first floor of 221 North Figueroa Street will be relocated to the 10<sup>th</sup> floor of 201 North Figueroa Street to consolidate office space and situate the Case Management Office in a more prominent location alongside the LADBS Executive Office.**
4. **Continue to work with the Mayor's Office, the regulatory agencies, and the industry on the 12 to 2 Plan/Development Reform Program to establish a timely, cooperative, and transparent development approval process for the facilitation of approving construction of development projects.**
5. **By June 1, 2010, grant Case Managers the authority to issue variances/modifications related to building code issues for projects that are not in the permit approval or construction process.**
6. **Facilitate the permitting and inspection process for charter school projects by improving our partnership with the LAUSD Charter School Division, Partnership for LA Schools, Charter School Facilities Collaborative, and Charter School Permit Team.**
7. **By July 1, 2010, assign a Case Manager to advise, guide and assist small business operators to facilitate the construction work of their establishments in the City of Los Angeles.**

As will be the case with every change in assignment outlined in their report, Mr. Lincoln Lee will be given the managerial latitude to implement other operational enhancements, policies and/or procedures he deems appropriate after he assumes his new position.

**Case Management (CM) Office Organizational Chart**

This organization chart is only a brief illustration and does not include all the functions in the organization.



## **B. Inter-governmental Relations and Communications Office**

For many years the Department of Building and Safety has been fortunate to have a person, David Lara, devoting a significant portion of his time as liaison to the City Council. I believe this role has been mutually beneficial – it provides the Councilmembers with an immediate link to any function provided by the Department – Code Enforcement, Case Management, Building Inspection, Plan Check, etc. In return, it provides the Department with a close pulse on legislative and budgetary matters at the Council which dramatically impact the Department.

Given the success of this function and its performance by Mr. Lara, I will increase the scope of his inter-governmental relations responsibility to also include County, State and Federal legislative matters. As such, he will be our Department's liaison to the Mayor's Office, Council, and Office of the City Legislative Analyst (CLA) on any and all legislations.

Given how well the Department does so many things, it is somewhat surprising to note the comparatively poor job the Department does with external communications. The Department's web page is fairly mediocre and, unlike many other City Departments, LADBS does not have a regular newsletter. Ongoing communications with its customers is important for any department or business, and it becomes even more critical during periods of stress, like we are facing today. This Department is ripe with information and stories our customers would find both helpful and informative.

As noted above, in order to devote a higher priority to the Case Management operation, the responsibility for Case Management will henceforth be a full time job under Mr. Lincoln Lee and no longer a part time job, with Mr. Lara handling both Case Management and Council Liaison. With Mr. David Lara being released from his part-time responsibility of Case Management, it will free up that time not only to devote to a broader scope of inter-governmental relations, but it also affords us the opportunity to use his knowledge of Department operations to enhance our communications with our customers.

Moreover, I will relocate the Inter-governmental Relations and Communications Office (IRC), Mr. Lara's LADBS office, to the 10 floor of the 201 North Figueroa Plaza headquarter building, in order for him to become a more integral part of the Executive Management Team. (He will, of course, also retain his field office in City Hall).

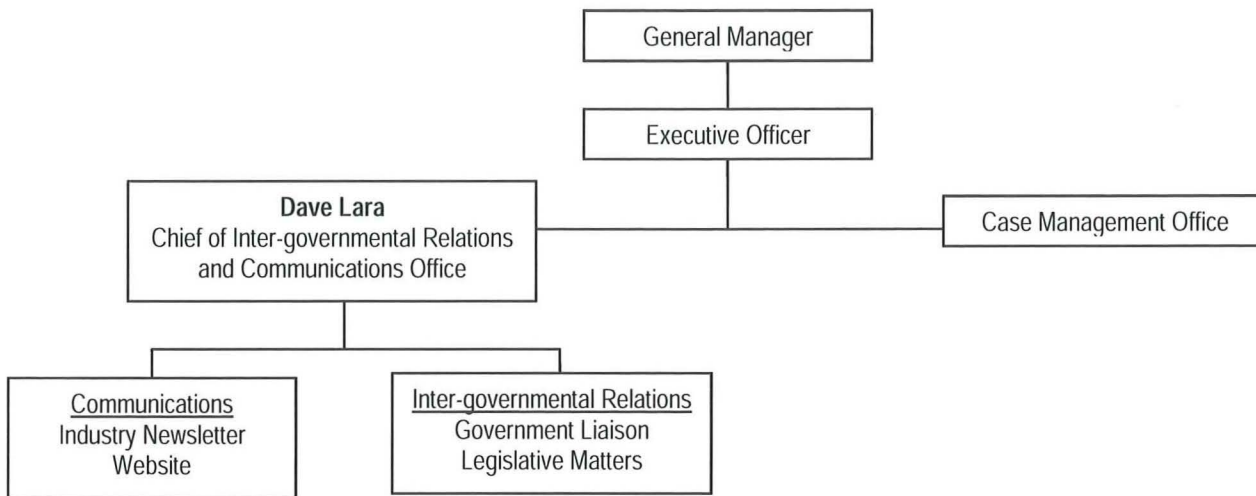
### **Action Items:**

- 1. Effective May 10, 2010, David Lara will be the LADBS' Chief of Inter-governmental Relations and Communications Office with responsibility as the liaison to the Mayor's Office, Council, and CLA on all City, County, State and Federal legislative matters, and to oversee the Department's external communications.**
- 2. As soon as practical, Mr. Lara's primary IRC office will be relocated to the Executive Office on the 10<sup>th</sup> floor of 201 North Figueroa Street.**
- 3. Effective May 10, 2010, Ms. Celeste Morris will be assigned to provide administrative and technical support to IRC.**

4. Explore the feasibility of using an interim or a student pro-worker to supplement the IRC staff.
5. By June 30, 2010, IRC will launch its first electronic newsletter.
6. By December 31, 2010, IRC will work with Systems to complete an update of the Department's website.

**Inter-governmental Relations and Communications Organizational Chart**

This organization chart is only a brief illustration and does not include all the functions in the organization.



### **C. Code Enforcement Bureau**

Although most people probably think of plan checking and building inspection when they think of LADBS, another extremely important bureau is Code Enforcement. Indeed, I am listing Code Enforcement as the first bureau discussed in this report, because of the particular challenges facing it right now.

The Code Enforcement Bureau's mission is to preserve and enhance the safety, appearance and economic stability of our community through the diligent enforcement of applicable ordinances and land use regulations.

The City, through its Redevelopment Agency, Community Development Department and Housing Department, each year spend millions of dollars trying to eradicate blight and restore neighborhoods. One of the best "buys for the buck" in neighborhood protection is to stop the decay and deterioration from starting in the first place – and that is the job of Code Enforcement. Few things can initiate the downward spiral of a neighborhood as quickly as vacated/abandoned buildings creating an eyesore/attracting nuisance or inoperable vehicles in the front yard. The Police Department's heralded emphasis on the "broken widows" theory clearly includes strong code enforcement. Indeed, Code Enforcement is the equivalent of fire prevention in the Fire Department and crime prevention in the Police Department.

And, similarly to Police and Fire, Code Enforcement is primarily paid for by the General Fund. However, given the need to prioritize limited resources, Code Enforcement is not typically thought of in the same way as Police and Fire. As tragic as it would be, the brutal truth is that the City could eliminate code enforcement altogether, given the need to fund even higher priority essential services.

The Code Enforcement Bureau staffing levels have been dramatically reduced over the past few years. In FY 2005-06 the Bureau had approximately 144 general funded positions and as of July 1, 2010, the Bureau has only 83 general funded positions. This dramatic reduction (42% reduction) in staffing forces the elimination of some important services, and service reduction and delay in response time for other services:

- **Elimination of the Problem Property Resolution Team (PPRT)**  
PPRT Inspectors were part of a multi-agency task force composed of the Office of the City Attorney, Police Department, the Housing Department, and LADBS. The mission of this task force was to abate building and housing violations on properties which have associated criminal activity such as drugs and gangs. It will be gone by July 1, 2010.
- **Elimination of the Abandoned Building Task Force (ABTF)**  
The mission of the Abandoned Building Task Force was to pursue abatement of the City's most severely blighted abandoned buildings ("Worst of the Worst"). The goal was to have these buildings rehabilitated or demolished. It will be gone by July 1, 2010.
- **Elimination of the Nuisance Abatement Revocation (NAR) Section**  
The Nuisance Abatement Revocation team works with the Department of City Planning in pursuing enforcement of major zoning violations on properties which have associated criminal activity. It will be gone by July 1, 2010.

▪ **Reduced Sign Complaint Enforcement**

The inspection staff assigned to handle complaints regarding unapproved signs, banners, supergraphics, etc., has been reduced to two inspectors, from the prior level of six.

▪ **Overall Bureau Complaint Response**

- Initial response time to complaints on non-hazardous violations will increase from within 10 business days to approximately 20 business days.
- The duration to monitor a violation case and to gain compliance will increase.
- Staff time to participate in community meetings to promote voluntary compliance through education and access to information to the public will be drastically curtailed.

In a City of 469 square miles and 4 million residents, Code Enforcement today is hanging on by a thread. However, we cannot, and will not, “go gently into that good night”. Perhaps the only way to save Code Enforcement for the people of Los Angeles is to fundamentally “reinvent” it and get it out of the General Fund. To that end, we have been meeting with the City Attorney to explore ways to develop a method to have violators pay their fair share of the cost of Code Enforcement through a cost recovery system of fines and penalties, and fees.

The very capable Bureau Chief, Hector Buitrago, took the ERIP and retired in October 2009. To fill that void, I am reassigning our most experienced Bureau Chief, Dr. Grace Harper, to take over the Bureau during the time of its greatest need.

**Action Items:**

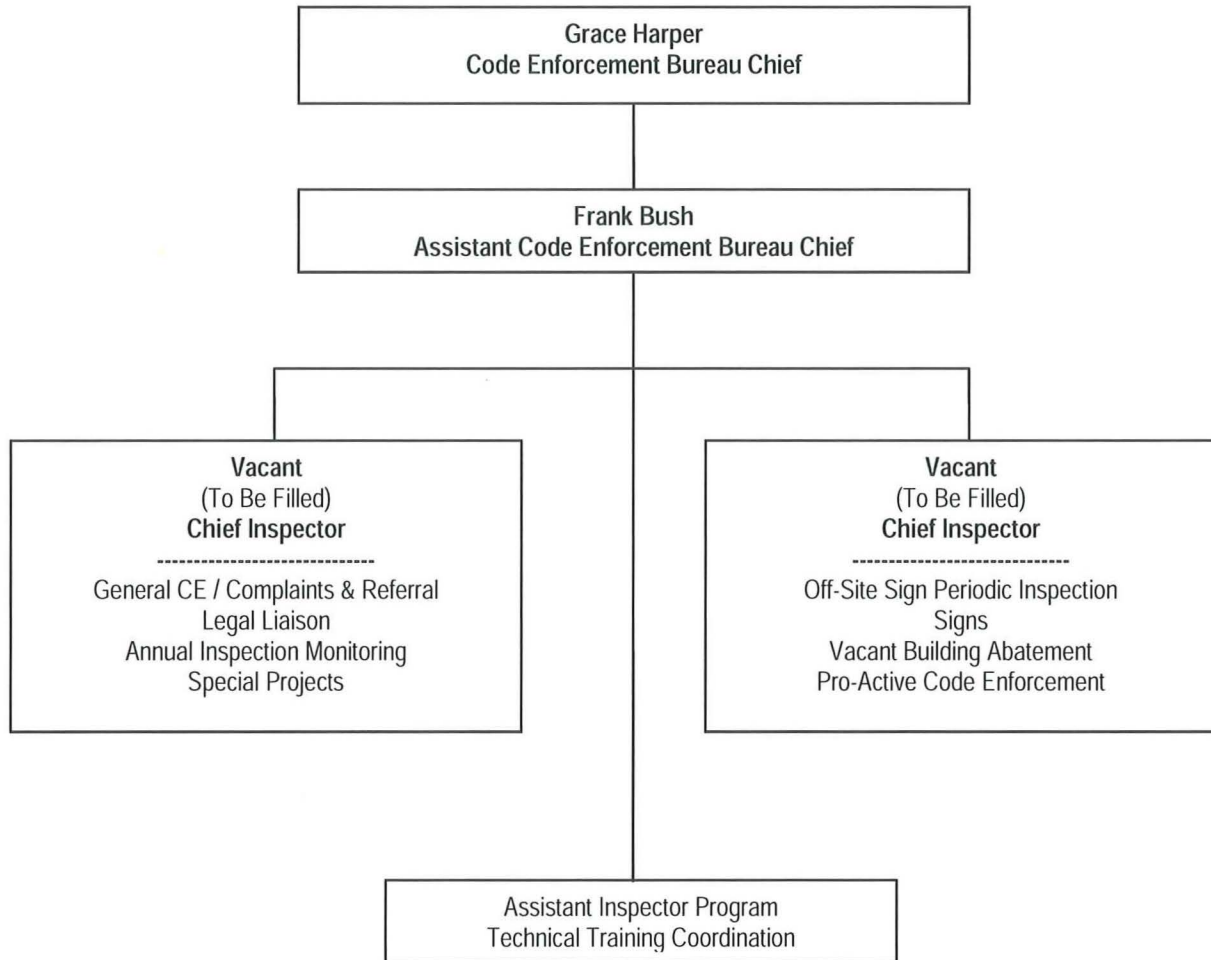
- 1. Effective May 10, 2010, reassign Dr. Grace Harper as the Chief of the Code Enforcement Bureau.**
- 2. Work with the City Attorney to develop and bring to the City Council a new cost recovery fee, the Administrative Code Enforcement (ACE) fee, to help offset the expenses of running the Code Enforcement Bureau. Work with the CAO to insure that any new revenues generated are held in an account dedicated to pay for Code Enforcement and not swept into the General Fund.**
- 3. Establish a fee to monitor vacant buildings with orders on properties that are not getting brought into compliance.**
- 4. By June 30, 2010, adjust the fee for the Annual Inspection Monitoring Program.**
- 5. Work with the California Sign Association and other stakeholders to evaluate the feasibility of developing an On-Site Sign Enforcement Program.**

As will be the case with every change in assignment outlined in this report, Dr. Harper will be given the managerial latitude to implement other operational enhancements, policies and/or procedures she deems necessary and appropriate when she assumes the position of Chief of the Code Enforcement Bureau.



### Code Enforcement Bureau Organizational Chart

This organization chart is only a brief illustration and does not include all the functions in the organization.



Code Enforcement Improves Quality of Life in the City of Los Angeles



#### **D. Inspection Bureau**

The Inspection Bureau is responsible for the inspection of construction projects which include new buildings, and the addition, remodel, or repair of single family dwellings, duplexes, apartments, industrial, commercial, and office buildings. The Bureau consists of Building and Mechanical Inspectors (for inspection of single family dwellings and duplexes), Building, Electrical, Plumbing, Mechanical, Fire Sprinkler, Elevator, and Pressure Vessel Inspectors (for inspection of apartments and commercial buildings), and support staff members. In addition, the Bureau has geologists and geotechnical engineers who are responsible for the reviewing and approving of soils and geology reports. The Bureau also issues approvals for Special Events, enforces various earthquake retrofit programs, and approves material construction materials fabrication facilities.

The Inspection Bureau is, by a large margin, the largest of the Department's four Bureaus, with 329 of the Department's 800 employees, as of June 30, 2010. However, the Bureau has been particularly impacted by the ERIP, with 62 employees participating in the program. This disproportionate impact is because of the higher median age in the Bureau – it takes as long as 10 years of experience in the construction trades to meet the minimum qualifications to become an Inspector. By comparison, an engineer can get a job in the Engineering Bureau right out of college. However, with the reduction in the workload, it has been easier to absorb this reduction in the Inspection work force than in other LADBS bureaus or other City departments.

As I visited with business groups, the most common complaint I got was regarding the lack of consistency between Inspectors – one Inspector would require something on one day and a different Inspector would require something different on another day! It drives developers crazy when different City departments have differing policies or practices. But, it drives them even crazier when these are differences within the same Department!

The suggestion that most often came from contractors was to assign one consistent Inspector to each project. That is, in fact, the Department's practice! But, with vacation, sick leave, jury duty, military leave and furloughs, that assigned Inspector is not always available – so another Inspector is sent instead.

That problem was compounded by the prior administration's laudable goal for timely inspections. The goal of the Department is to have 95% of all calls for inspection responded to within 24 hours – and 100% within 48 hours! And, the Department consistently, almost fanatically, achieves or exceeds the 24 hour goal. No metric drives the Bureau more than this one regarding timeliness. As a result, if the assigned Inspector isn't available, another Inspector – any Inspector – will be sent in order to achieve the 24 hour response time. In fact, contractors might have been willing to wait 36 or 48 hours to get the “right” inspector, but the metric for timeliness drives the process, not the quality or consistency of the inspection.

Other common complaints involved conflicts between Plan Check (Engineering Bureau) and the Inspection Bureau and “serial inspections” – an Inspector only looks at one thing at a time and therefore needs to return another day for something else (perhaps also done to drive the statistics, rather than provide the service).

Fortunately, all of these issues are relatively easy to fix. Indeed, the 24 hour response time metric was also often cited by the LADBS employees themselves as a frustration and one they are anxious to see changed to improve the quality of their work.

**Action Items:**

- 1. As noted above, effective May 10, 2010, the current Chief of the Inspection Bureau, Dr. Grace Harper, will be rotated to serve as the Chief of the Code Enforcement Bureau.**

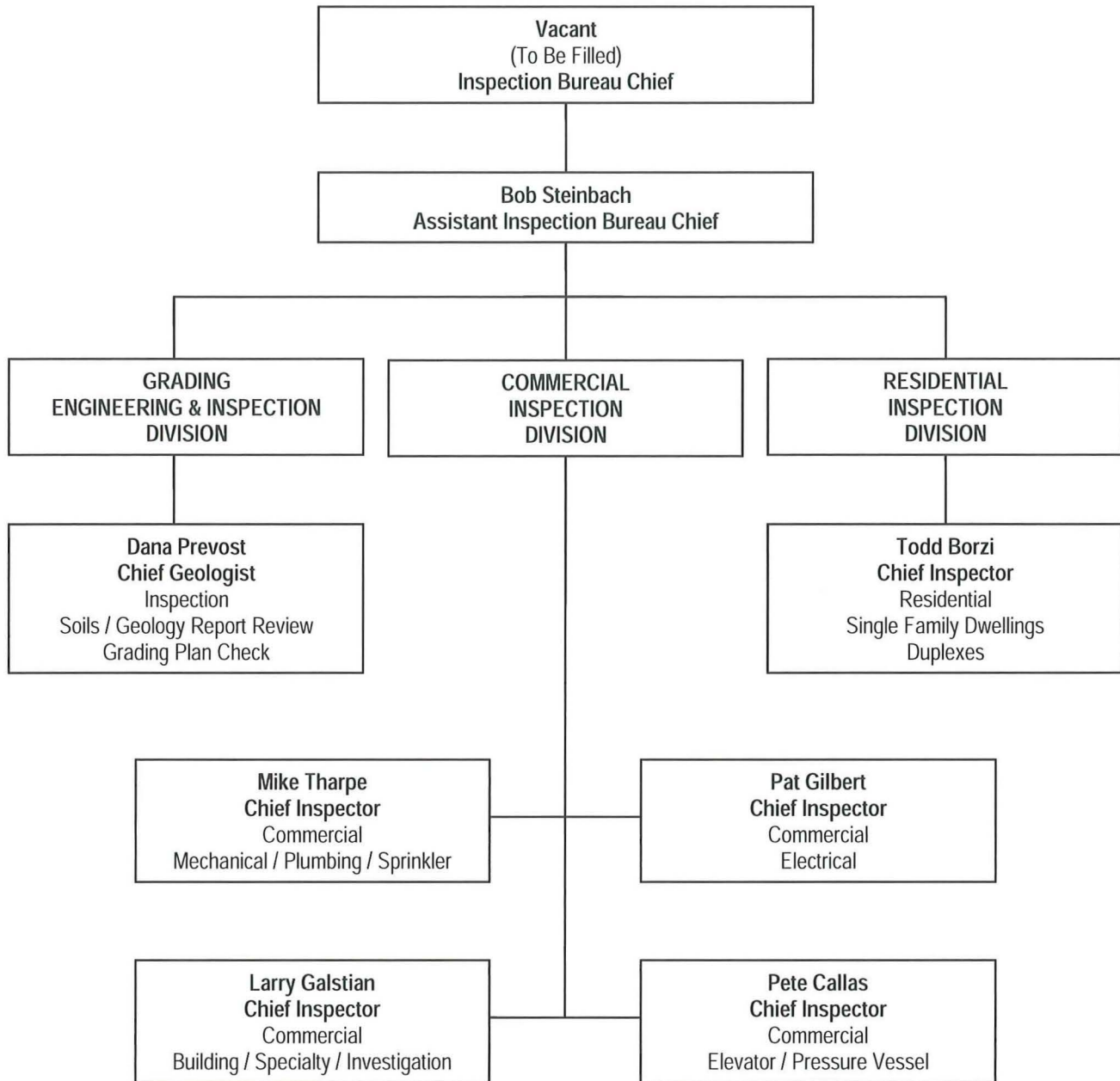
*It should be immediately and emphatically pointed out that the rotation of Dr. Harper from one Bureau to another Bureau is not out of any dissatisfaction with her work. Indeed, the policy frustrations noted above were not of her making. As was pointed out earlier in this report, I am planning on better utilizing Dr. Harper's considerable talents in ways that I believe will be more beneficial to the Department.*

- 2. Effective May 10, 2010, initiate a selection process to appoint an Acting Chief of the Inspection Bureau from in-house candidates.**
- 3. By August 2010, fill the permanent Inspection Bureau Chief position pursuant to Executive Directive No. 6 and in accordance with the City's current managed hiring process.**
- 4. By May 10, 2010, permanently transfer managerial responsibilities of the Van Nuys Office from the Inspection Bureau to the Engineering Bureau.**
- 5. By June 1, 2010, establish comprehensive policies and procedures to prevent inconsistent and conflicting inspections by different LADBS inspectors on the same projects.**
- 6. By July 1, 2010, grant Inspectors the authority, with the consent of their Supervisors, to issue variances/modifications to approve minor construction deviations at the construction sites.**

As will be the case with every change in assignment outlined in the report, the new permanent Chief of the Inspection Bureau will be given the managerial latitude to implement other operational enhancements, policies, and/or procedures he or she deems necessary and appropriate upon assuming the position.

## Inspection Bureau Organizational Chart

This organization chart is only a brief illustration and does not include all the functions in the organization.



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## **E. Engineering Bureau**

The Engineering Bureau reviews plans and issues building, electrical and mechanical permits for projects which include new buildings, and the addition, remodel, or repair of single family dwellings, duplexes, apartments, industrial, commercial, and office buildings. In addition, the Engineering Bureau is also responsible for reviewing applications for building, electrical, and mechanical product approvals through its Research Section and its Electrical and Mechanical Testing Laboratories.

LADBS' Commission Office is also a function of the Engineering Bureau to provide support services for the Board of Building and Safety Commissioners and is responsible for researching, writing and presenting reports on all appeal cases to the Commissioners.

As of June 30, 2010, the Bureau will have a total of 193 staff members that include Structural, Electrical, Mechanical Plan Check Engineers and support staff members.

### **Action Items:**

- 1. By July 1, 2010, take the following actions to streamline the Commission Office operation:**
  - **Begin delivering the Commissioner's case packages via e-mail.**
  - **Electronically record the meetings and only write action "minutes."**
  - **Work with the Department of Transportation and Public Works Bureau of Street Service to evaluate the possibility of transferring the hearing of haul route cases to the Public Works Commission.**
  - **Relocate the Commission Office to the 8<sup>th</sup> floor.**
- 2. By July 1, 2010, grant Plan Check Engineers the authority to issue variances/modifications to approve minor design deviations.**
- 3. By August 1, 2010, expand "Over-the-Counter Plan Check" services to shorten plan check turnaround time for:**
  - **Simple change of use projects including restaurants**
  - **Tenant improvement projects**
  - **Small 2nd story addition projects**
  - **Small Electrical and Mechanical jobs**
  - **Establish "Over-the-Counter Plan Check by Appointment"**
  - **Evaluate the feasibility of issuing permits "as per Type V sheet" for small residential projects so the customers only need a plot plan, floor plan, and a Type V sheet to obtain permit.**
- 4. By September 1, 2010, evaluate the possibility of expanding the "Appointment Plan Check" services to include various project types that are being reviewed through the "Regular Plan Check" services to shorten the turnaround time for these projects.**

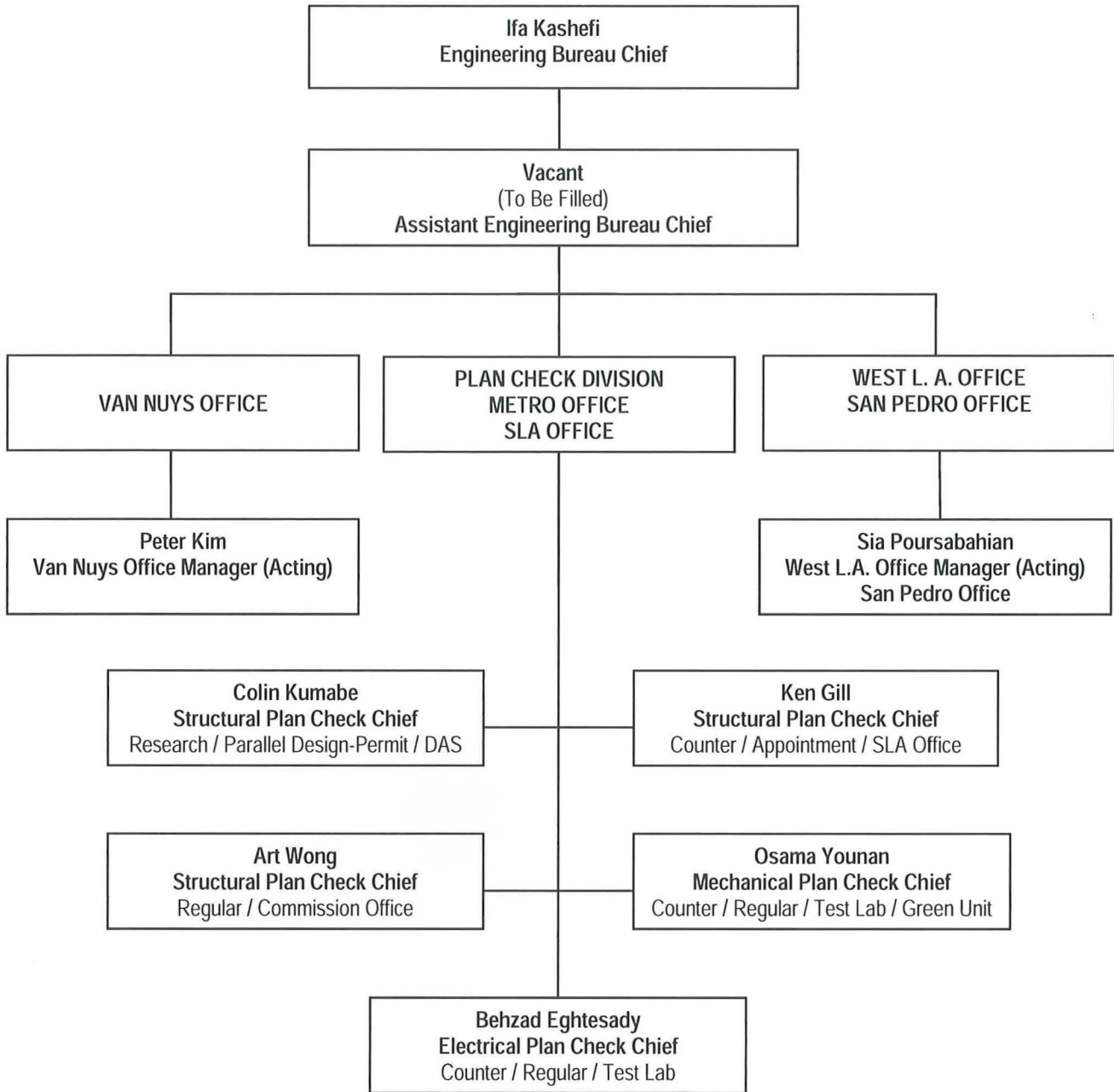
5. **By November 1, 2010, take the following actions to streamline “Regular Plan Check Services:**
  - **Establish a “Document Research” service to research relevant historical documents (permits, certificates of occupancy, ZA cases, etc.) for the permit applicant when a project is submitted for plan check. A fee will be assessed for this service.**
  - **Reengineer the “Supervisory Review” process to shorten plan check turnaround process.**
  - **Reengineer the “Plan Check Verification” Process to enhance effectiveness.**
  - **Disabled Access Section only reviews the disabled access regulations for new buildings, additions, and major change of use projects. For other types of projects, the Structural Plan Check Engineers assigned to the project will review and enforce the disabled access regulations.**
6. **By December 1, 2010, expand the collection of typical “Requests for Modification” for Plan Check Engineers and Supervisors to expedite approvals or denials.**
7. **Work with the Mayor’s Office, CAO, and the Fire Department to eliminate fire-life safety plan check redundancies.**

As will be the case with every change in assignment outlined in the report, the Chief of the Engineering Bureau, Dr. Ifa Kashefi, will be given the managerial latitude to implement other operational enhancements, policies, and/or procedures as she deems necessary and appropriate.



## Engineering Bureau Organizational Chart

This organization chart is only a brief illustration and does not include all the functions in the organization.



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## **F. Resource Management Bureau**

The Resource Management Bureau coordinates and/or provides all administrative, financial, human resources, records retention, information technology, training, and emergency management services department-wide. These services include payroll, accounts payable/receivable, cashiering, developing and implementing an operational budget, contracts, and human resources, communication services (including new telephone service, voice mail, pagers and cellular telephones). The Bureau's Training and Emergency Management Division (TEMD) provides technical and non-technical training. TEMD also oversees the Department's disaster and emergency preparedness plans and is responsible for the Department's 24-hour emergency response obligations. The Bureau serves the public through the development of codes and legislation and responses to Public Records Act requests, summons for court appearances, subpoenas, and depositions.

The Bureau has lost more than 20 percent of its staff through attrition (ERIP, transfers/promotions out) over the past 18 months and the training budget has been reduced from \$350,000 to less than \$100,000. To address these gaps in staffing, the Bureau has implemented temporary unofficial "as needed" loans (employees are shifted to help other units from hours to a few days at a time) to address the most critical services (e.g., cashiering services, billing, records processing, etc.). To further compound the challenges facing the Bureau, its very capable Chief, Karen Pennera, will take an early retirement on June 30.

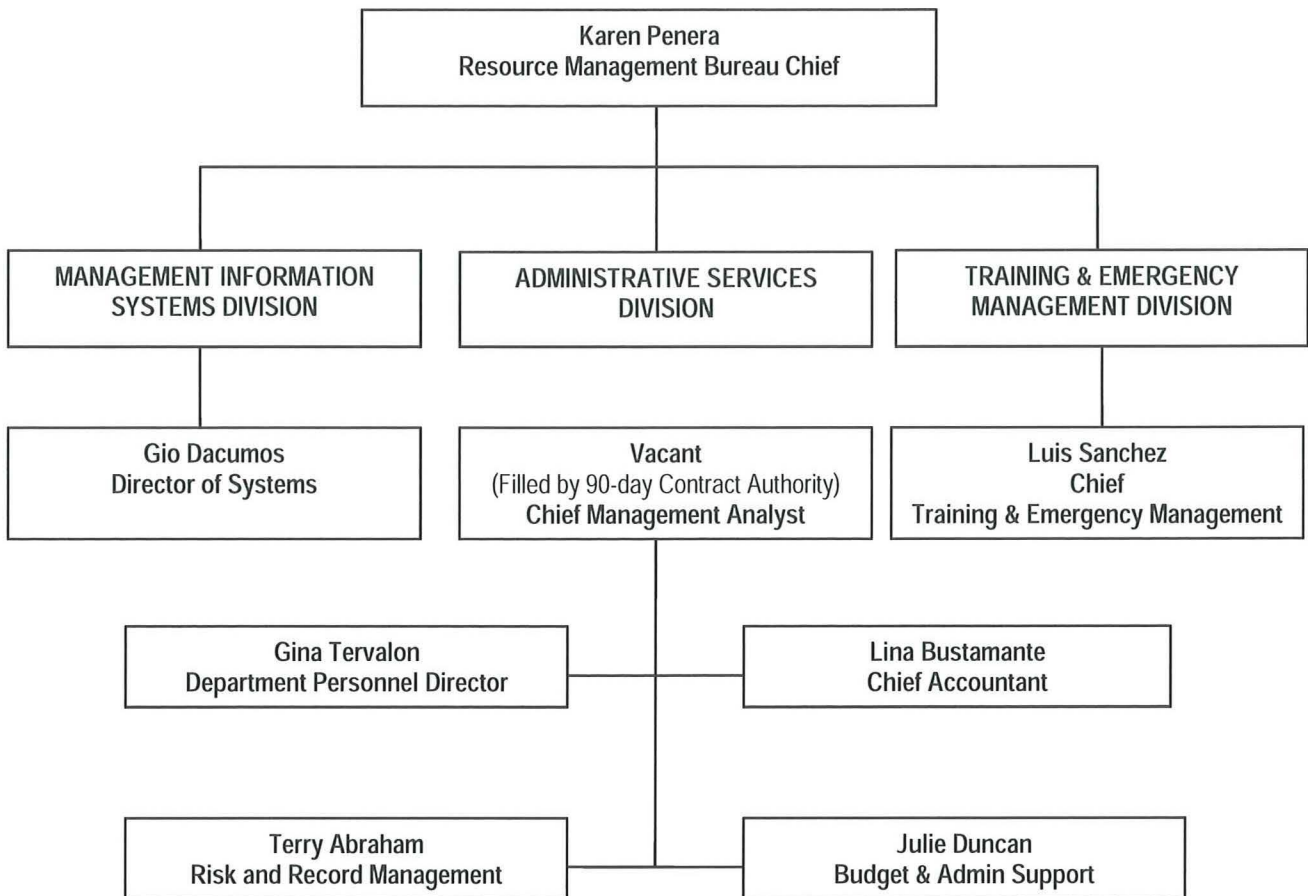
The Bureau currently consists of three divisions – Information Systems, Administrative Services, and Training and Emergency Preparedness. Although I am confident that the Bureau works well, a large part of the reason is that Karen Pennera is very experienced and puts in an incredible number of hours in the job. With a new Bureau Chief, I would like to explore some organizational changes. I would like to elevate the standing of both the Personnel and Finance sections to report directly to the Bureau Chief. I am not even sure I like the name of the Bureau – Resource Management. But, I will hold all of those decisions until the new Bureau Chief is selected.

### **Action Items:**

- 1. Fill the Resource Management Bureau Chief position left vacant by the retirement of Karen Pennera pursuant to Executive Directive No. 6 and in accordance with the City's current managed hiring process.**
- 2. Secure authority for a 90-day Contract for Karen Pennera by July 1, 2010.**
- 3. Clarify and improve the "Construction Services Trust Fund" (One Stop) approval process and order of priorities.**
- 4. Have the new Bureau Chief review the current organization and create a proposal for changes he/she feels are needed.**

## Resource Management Bureau Organizational Chart

This organization chart is only a brief illustration and does not include all the functions in the organization

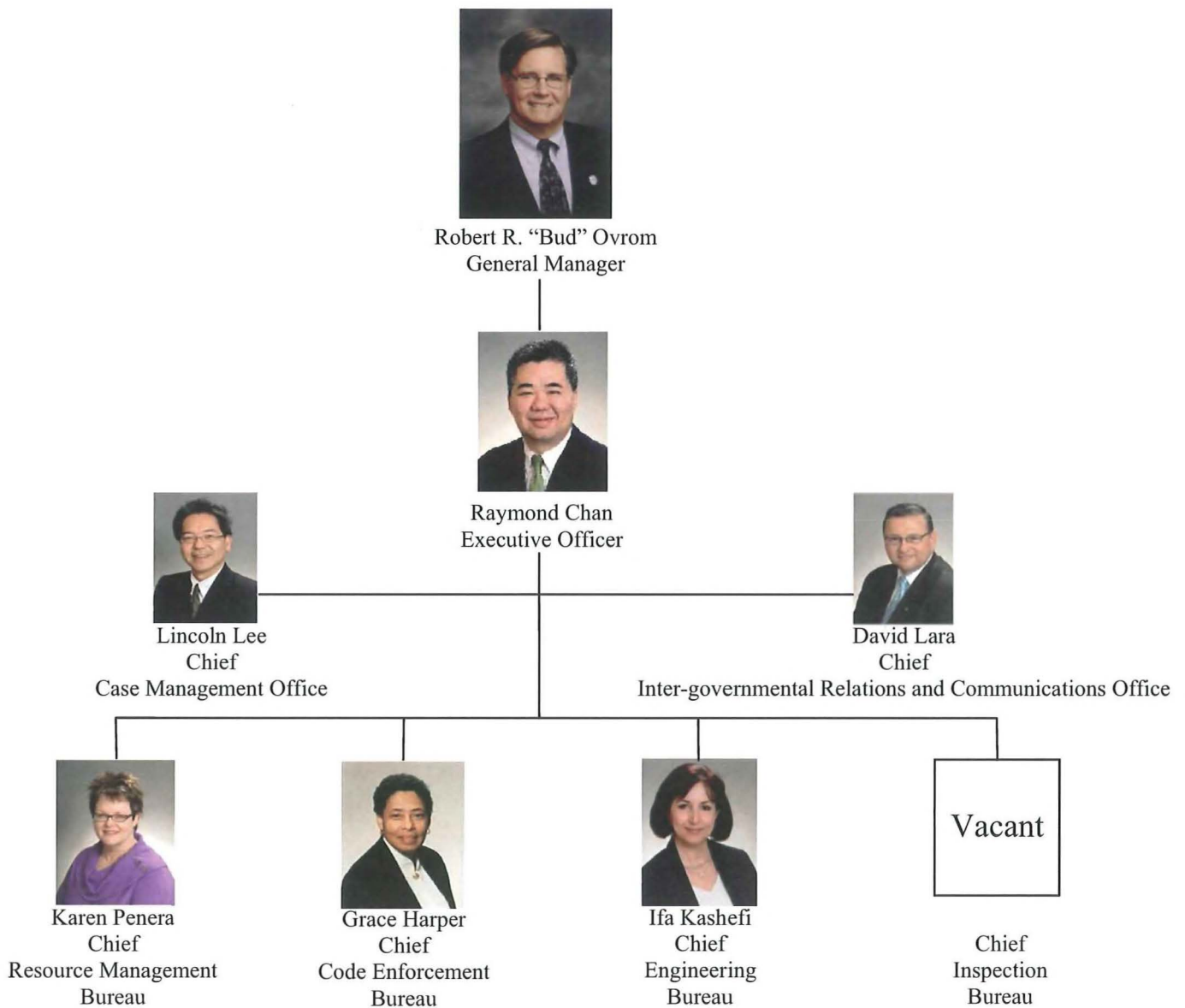


**G. Management Teams**

In the Management Philosophy paper I made available to all LADBS employees via our Intranet, and which I discussed at the nine Citywide employee meetings, I explained the importance I place on strong management teams.

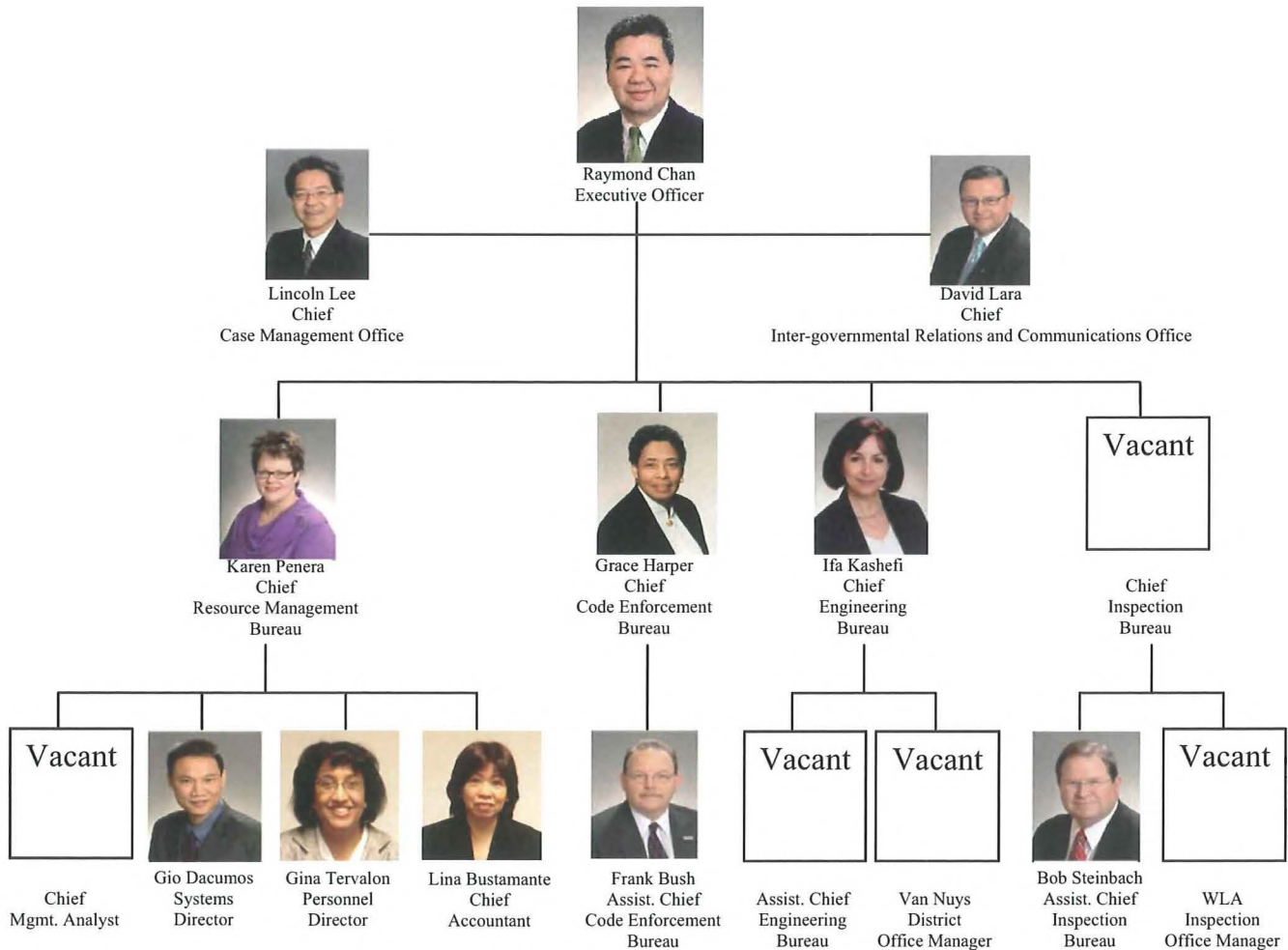
I will immediately constitute two teams. The **Executive Management Team** will consist of the four Bureau Chiefs and my office staff (shown below). We will meet weekly and will collaboratively deal with all policies, programs, projects and operations of the Department at the executive level.

**LADBS Executive Management Team**  
**(As of May 10, 2010)**



The **Senior Management Team** will be headed-up by the Department’s Executive Officer, Raymond Chan, and will also include all of the Senior Managers (shown below). This Team will meet monthly and will undertake “deep dives” on the Department’s operations and performance metrics. The Executive Officer will also conduct regular one-on-one meetings with the Senior Managers each month. As also noted in my Management Philosophy, I will delegate significant authority and responsibility to the Executive Officer to run the Department’s operations on a daily basis.

**LADBS Senior Management Team**  
(As of May 10, 2010)



**Action Item:**

1. **Re-institute annual performance evaluations for Senior Managers to ensure that they continue to:**
  - **Demonstrate leadership with a commitment to the Department’s mission.**
  - **Maintain and develop a refined set of working skills and abilities.**
  - **Enable, empower, strengthen, direct, motivate, and support staff members in performing their duties effectively and efficiently.**
  - **Accountable for the overall performance of their operation.**

## H. LADBS Offices

LADBS currently has 16 offices (down from a high of 21 offices). As the table below shows, different services are provided at different offices

			Plan Check	Inspection	Case Management	Code Enforcement
<b>Construction Services Centers</b>	1	Metro Headquarters	X	X	X	
	2	Van Nuys	X	X	X	
	3	West Los Angeles	X			
	4	South Los Angeles	X			X
	5	San Pedro	X	X		X
<b>Inspection &amp; Code Enforcement Offices</b>	6	3550 Wilshire Boulevard		X		X
	7	11620 Wilshire Boulevard		X		
	8	3982 S. Figueroa Street		X		X
	9	7166 Manchester Avenue				X
	10	4815 Valley Boulevard		X		
	11	2035 Colorado Boulevard		X		
	12	18911 Nordhoff Street		X		
	13	19040 Vanowen Street		X		
	14	14410 Sylvan Street				X
15	10221 Compton Boulevard		X			
<b>Lab</b>	16	2319 Dorris Place	Product Approval			

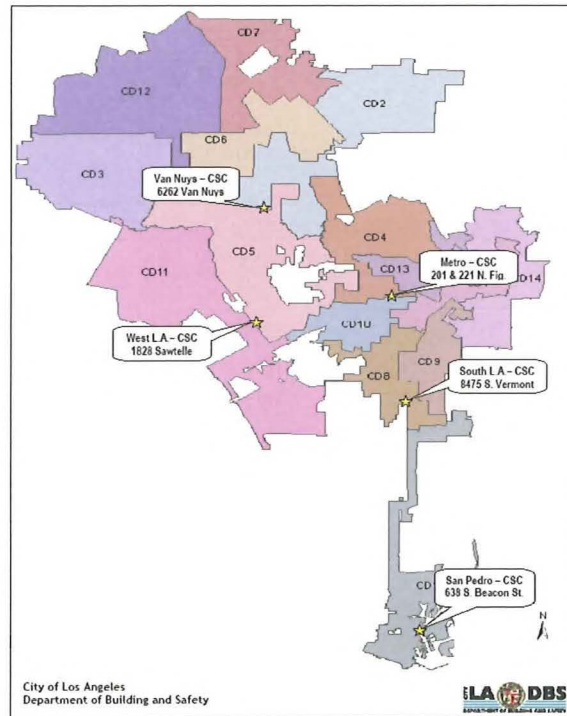
Ideally, it would probably best serve the public to have seven full service centers to coincide with the seven Planning Regions of the City. In the meantime, with the reduction of the workforce and a shrinking budget, we do need to reduce our work space. Some inspection offices are literally open to the public only 45 minutes a day! Their primary purpose is for field Inspectors to have a place to upload and download their laptop computers at the beginning and end of each day. As noted in Section IV-C. Technology in this report, we will be looking at a “virtual office” concept, which would allow Inspectors to do this task from home – rendering these small offices even more obsolete.

### Action Items:

1. **By July 1, 2010, close the following four offices:**
  - 3982 S. Figueroa Street
  - 4815 Valley Boulevard
  - 2035 Colorado Boulevard
  - 10221 Compton Boulevard
2. **Work with Councilmember José Huizar to explore the feasibility of providing LADBS services in East LA through the new Constituent Center being constructed in Boyle Heights.**
3. **Confer with General Services about relinquishing the space at 2319 Dorris Place, if a separate decision is made to close the Test Lab.**
4. **By December 31, 2010, conduct a review of all space needs at the Figueroa Plaza building to determine if any additional space consolidations can be achieved.**

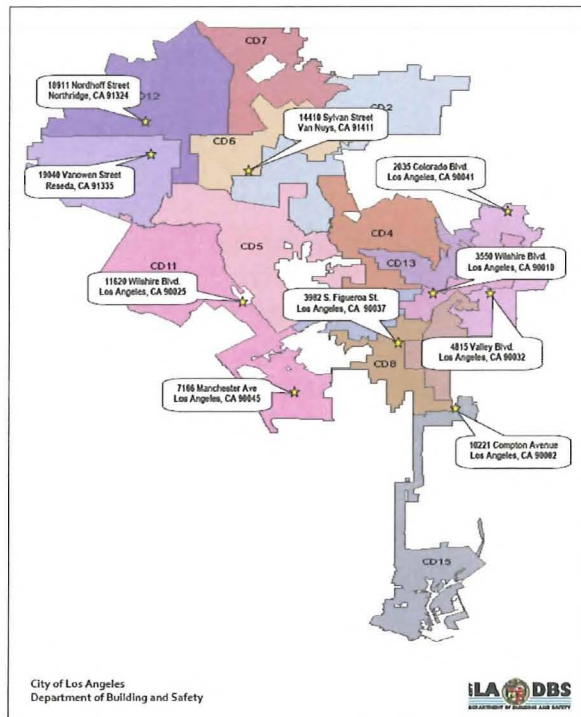
## LADBS CONSTRUCTION SERVICES CENTERS

- 1) **Metro Headquarters**  
201 & 221 N. Figueroa Street
- 2) **Van Nuys**  
6262 Van Nuys Boulevard
- 3) **West Los Angeles**  
1828 Sawtelle Boulevard
- 4) **South Los Angeles**  
8475 S. Vermont Avenue
- 5) **San Pedro**  
638 S. Beacon Street



## SATELLITE OFFICES & TEST LAB

- 1) 3550 Wilshire Boulevard
- 2) 11620 Wilshire Boulevard
- 3) 3982 S. Figueroa Street
- 4) 7166 Manchester Avenue
- 5) 4815 Valley Boulevard
- 6) 2035 Colorado Boulevard
- 7) 18911 Nordhoff Street
- 8) 19040 Vanowen Street
- 9) 14410 Sylvan Street
- 10) 10221 Compton Boulevard
- 11) Test Lab – 2319 Dorris Place





## **IV. DEPARTMENTAL PRIORITIES**

### **A. Emergency Preparedness and Response**

Everyone fully understands the ever present risk of earthquakes, fires and floods in Los Angeles. Everyone also rightfully appreciates the outstanding work our Police and Fire Departments do in handling those major emergencies.

However, there is not always the same level of understanding or appreciation of the role of the Department of Building and Safety in those same emergencies. Very often, it is our Inspectors and Engineers who are immediately called upon by Police, Fire, and the Emergency Management Department to determine if a building is safe to enter or a hillside slope is stable. Ironically, the term “red tagged” is frequently used in media coverage following an event, but there is usually no recognition that it was LADBS Inspectors or Engineers who were on the scene to make that determination.

Less dramatically, but much more frequently, it is LADBS Inspectors and Engineers who are quick to respond when a vehicle crashes into a building or a tree falls on a house, in order to determine if the structure is safe to occupy. These critical LADBS services are provided 24 hours a day, seven days a week even though staff is not regularly assigned to provide these services, especially after hours and on weekends, as are Police and Fire.

As is often the case, the further we get away from a major/catastrophic event, the more these services are taken for granted or reduced in funding. In recent years we have devolved to the point that almost no General Fund money is going to the Department of Building and Safety to pay for providing critical emergency preparedness and response services. To keep these critical services functioning at all, the Department resorted to using the LADBS Enterprise Fund (a Special Reserve Fund whose funding is derived from development fees) to pay for more than 90 percent of what is clearly a General Fund function.

Under the circumstances, it is quite amazing the high level of service and preparedness that has been maintained under the leadership of Karen Penera and the Department’s Emergency Management staff. The Emergency Management group trains and dispatches emergency response staff comprised mainly of inspectors, engineers, and clerical support. The employees that are part of the emergency response cadre spend time away from their regular duties to devote to emergency preparedness and response.

One very firm organizational value I would like to bring to the Department is a recommitment from Executive Management to the importance of Emergency Preparedness and Response.

Unfortunately for the Department, Karen Penera will be taking an early retirement from the City effective June 30, 2010. One thing I know very clearly from experience is that a person should not be assigned to head Emergency Preparedness and Response because of the box they happen to occupy on an organizational chart. To truly succeed, this critical function needs to be headed by a person who is a “true believer” in its importance.

**Action Items:**

1. **By July 1, determine who will assume the operational responsibility for Emergency Preparedness and Response.**
2. **Continue to work with the CAO to establish an appropriate level of General Fund resources for this function. Funding in the amount of approximately \$226,700 has been placed in the Department's Draft FY 2010-11 Blue Book to partially pay for some of the core Emergency Management and Response staff. Additional General Funding should be considered to provide for equipment, supplies and other relevant needs.**
3. **Continue to improve emergency management and response by:**
  - **Conducting at least one emergency response quarterly despite the decreased staffing level.**
  - **Expanding emergency supply storage containers and locations (from 6 to 8).**
  - **Completing agreements with the owners of pre-designated sites for Incident Command to allow LADBS to set up an Incident Command Post.**
  - **Completing the automation component of the Automatic Employee Emergency Notification/Response System.**
  - **Formalizing the support functions such as courier detail and department-wide roll call.**
  - **Completing the Financial Services emergency section response and funding reimbursement functions.**
4. **Establish a formal Emergency Recovery program to address the recovery side of major/catastrophic events. Recovery includes plan checking, permit issuing, new construction inspection related to rebuilding, demolishing, and repairing damaged structures and sites. Also included are re-inspection related to initial damage, financial support (purchases, timekeeping, reimbursements, etc.) and reporting obligations (City, State, Federal government, news media, Salvation Army, Red Cross, scientific organizations, etc.). The following should be a top priority of this group:**
  - **Create protocols and a tracking mechanism for the Recovery side of a major/catastrophic event. This would include plan check, permit issuance, inspection of new construction, and re-inspection for purposes of down grading the posting.**
  - **Work with other agencies to streamline the rebuild process, including creating ordinance templates that can be approved by the City Council and Mayor during times of emergencies.**

## **B. Training**

Whenever it is necessary to reduce expenses, it seems inevitable that most departments cut the training budget. That has also been true for LADBS: in FY 2006-07 the training budget was \$460,000. By FY 2009-10 it had dropped to \$100,000 in the budget, but due to budget constraints, it was frozen by the Executive Officer to less than \$10,000.

I believe that if a Department is going to have to operate with fewer employees, it is more important than ever that the remaining employees be provided with the best possible training in order to enhance their ability to better do their jobs!

It is my intention to make sure that training becomes a key organizational value for enhancing the operations of the Department.

In these difficult financial times, it won't be easy to get more funding for our training budget, but we will reverse the trend of decline and start rebuilding the training budget.

Perhaps more importantly, we can make greater utilization of the immense talent pool we already have in our own department. ERIP is causing us to lose a wealth of experience and knowledge, but we still have many of the smartest and most talented people in their professions to draw upon.

Accordingly, I am calling upon Dr. Grace Harper, a very capable educator in her own right, to assume the additional responsibility of leading our Department-wide technical training efforts, from her new position as Chief of the Code Enforcement Bureau. Given our still limited financial resources and a shift in direction about how we approach the issue of training, this will not be an easy task, but I am confident that if anyone can reinvent and rejuvenate how we should handle training in the Department, it is Dr. Harper.

### **Action Items:**

- 1. Effective May 3, 2010, assign Dr. Grace Harper the responsibility to create a Department-wide technical training plan, including defining the organizational structure need to implement and maintain it.**
- 2. Effective May 3, 2010, assign Dr. Harper to work with staff in charge of the non-technical training (Personnel Director for HR training and Chief of Training and Emergency Management) to develop a plan for providing other non-technical and emergency response and recovery training.**
- 3. Effective May 3, 2010, have Dr. Harper assume responsibility for the Assistant Inspector Program.**
- 4. The FY 2010-11 budget earmarks \$100,000 for the Enterprise Fund Training account. This amount should not be reduced if possible, especially with the training that will be needed for the adoption of the new codes during FY 2010-11.**

### C. Technology

The Department developed a very robust and aggressive five-year Information Technology Strategic Plan during FY 2007-08, construction activity and related revenue were high. That IT plan meshed well with the Department's mission and overall strategic plan. It included the development of a Virtual Construction Service Center and an electronic structure inventory of all existing structures as well as draft footprints of projects in the pipeline, but not yet built. As revenues fell in FY 2008-09, the Department revised the IT plan accordingly; some initiatives were continued at a slower-than-planned pace (e.g., structure inventory), downsized (e.g., cashiering system) and placed on hold (e.g., combining legacy systems into one enterprise-wide system).

The aforementioned system plans, much like what happens with training when budget conditions get tough, became an early victim of the budget chopping block. Additionally, day-to-day technology needs such as replacing obsolete equipment and software upgrades are deferred, causing a downward spiral of technological deterioration throughout the Department. Chronic disregard for addressing current and future technological needs leads to inefficiencies, inaccuracies and hampers LADBS' ability to deliver services timely.

That is certainly the case in the Department of Building and Safety. As the pendulum swings, there was a time when LADBS was in the forefront of technological innovation. Today, our backbone systems, like Plan Check and Inspection System (PCIS), and cashiering, are so outdated that there is no amount of tweaking or band-aid upgrades that can enable them to meet our critical needs going forward. Major change is long overdue and urgently needed.

Fortunately, LADBS does have access to the "One Stop" fund to pay for some new technology. "One Stop" is a fund derived from a two percent surcharge in all permits and most other engineering, property research, and geological report services. This money may only be used for the purpose authorized when the surcharge was adopted, which includes upgrades in technology.

Over the years, LADBS has used less money from the Fund than it has contributed – approximately 75% of the revenue placed in the Fund came from LADBS, where less than 40% of the expenditures to date have been used by LADBS, including the initial development of the Plan Check and Inspection System (PCIS). Sadly, PCIS is the most critical system to the development process and it is built on technology that is more than 16 years old. It is beyond patching – it must be replaced!

Improved technology is a classic example of how we can "do more for less." Back in a time when funds for technology were more plentiful, all of our field inspectors were provided with laptop computers. LADBS is, in fact, a leader in using electronic reporting. However, all of the field inspectors must go to one of the Department's offices to download their reports from the day before and upload their schedules for the day ahead. With better technology, we could create a "virtual office" where the field personnel could do that "docking" from home and go directly to and from actual construction jobs and spend less time commuting to and from their physical offices each day.

The time and money savings potential for our customers from improved technology is even greater! Everyday contractors, developers, architects and engineers haul dollies full of paper plans into our Construction Services Centers. In many other cities across the nation and around the world, those

plans can be filed electronically. But, we simply do not have the technological capacity to do that in Los Angeles with our current system.

**Action Items:**

- 1. Install a new cashiering system with funds already appropriated by the City Council from the “Construction Services Committee.”**
- 2. Consolidate multiple internal and external computer systems that can communicate with each other into one with a shared database. Current systems include PCIS, CEIS, cashiering, emergency management, accounts payable/receivable, HRMS, Focus, Oracle, etc.**
- 3. Explore the feasibility of implementing “Virtual Office” for engineers and inspectors.**
- 4. Explore the feasibility of loading all code info, info bulletins, manuals, and handouts on inspector laptops.**
- 5. Explore the feasibility of implementing “Virtual Construction Services Center” that would allow customers to do records research and printing.**
- 6. Implement enhancements / improvements such as converting the pressure vessel billing system from PVEL (Focus) to FSS (Oracle) and have an online inspection check off screen for contractors to self-assess their readiness for final inspection.**
- 7. Work with other departments to create a citywide “Master Application” used to track clearances, signoffs, and conditions from all city departments involved in a project.**
- 8. Continue conversion of Department paper records to digital files.**
- 9. Explore the feasibility of allowing staff to access e-mail from home.**
- 10. Explore the feasibility of allowing submittal of electronic plans and soil reports.**

#### **D. Ethics**

As I reached out to dozens of developers, architects, contractors, land use lawyers, and consultants to get their direct input on how the Department is doing, I was very heartened to never – not once – be told that there were problems with corruption or criminal activity. Of course, the common perception from television and movies is that an Inspector can be slipped a few bucks to look the other way on some violation. In fact, that potential is always there – an Inspector in the field carries a tremendous amount of authority. And, corruption is certainly possible, or even prevalent, in other cities or countries. But, that is simply not the norm or culture in the City of Los Angeles – and indeed, in most of our cities.

Mind you, that is not to say that these customers didn't have complaints! There were plenty of concerns about competence, attitude, timeliness, coordination, consistency, etc. But illegal or unethical conduct is not one of the major issues facing the Department.

That said, ethical behavior can never be taken for granted. It is when you let down your guard that such things rise up to bite you. Ethical conduct must be constantly taught, reinforced and monitored.

During the course of the upcoming fiscal year, I will reach out to the Ethics Commission, City Attorney, Police Department, and District Attorney to solicit their input on ways to improve the Department's training and monitoring to continue to assure the highest degree of ethical conduct in the Department.

#### **Action Items:**

- 1. During FY 2010-11, work with the City's Ethics Commission, City Attorney, Police Department, and the County District Attorney to develop and implement appropriate training, prevention and monitoring programs to assure the highest degree of ethical conduct in the Department.**
- 2. Assign a new Ethics Liaison after Karen Penner, Chief of Resource Management Bureau, retires in June 2010.**

## **E. Morale**

As I toured the Department and met with literally hundreds of employees, I was often struck by how fondly people talked about the days when the Department was “like a family.”

Of course, memory often puts things in a kinder light than the reality might have been! But, there is no doubt that in past years morale in the Department has suffered greatly. And, as we continue down the road of layoffs, furloughs, early retirements and reduced staffing, low morale is going to be an ever growing problem.

It would be nice if a General Manager could simply issue a directive, or take some specific action, that miraculously improved morale! It is obviously much more complex than that – and the factual realities we face make it much harder to achieve.

The real “heavy lifting” on improving morale will come from how well we manage the Department through these very tough times.

In the action items below we have many of the suggestions made by the employees themselves and things we can do to help improve morale!

### **Action Items:**

- 1. Survey employees annually for input and suggestions to improve the Department.**
- 2. Foster a voluntary employee committee with the specific task of promoting activities to help improve morale and recreate a sense of family within the Department.**
- 3. Recognize excellent employees in the Department quarterly.**
- 4. Expand the internal use of the Department’s quarterly newsletter as a tool to inform and better communicate with employees.**
- 5. Conduct “State of the Department” meetings on a regular basis.**
- 6. Explore the feasibility of a voluntary, authorized, self-funded, logo wear program.**
- 7. Conduct a logo redesign contest for all LADBS to submit logos.**
- 8. Explore the feasibility of reinstating employee social activities golf, family picnic, etc.**
- 9. Advance a Joint Labor Management Committee to address operational and policy issues.**

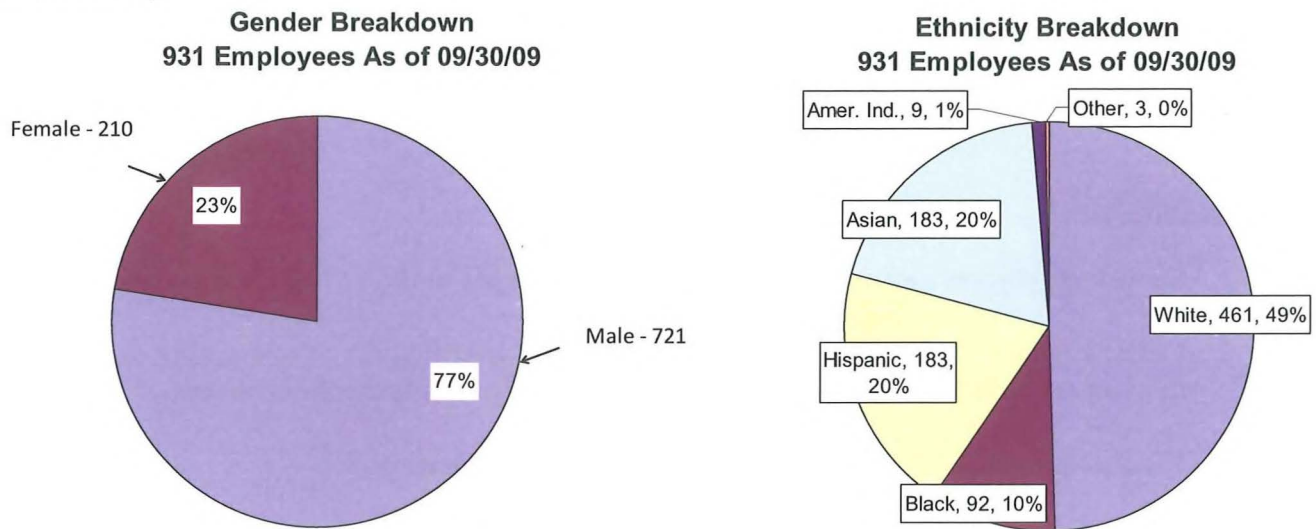
## F. Workforce Diversity

One of the many values I shared with Mayor Villaraigosa is his commitment to having a workforce that is reflective of the community we serve.

When I talked about my Management Philosophy at each of the nine employee meetings around the City, I made a point of stressing the personal importance I placed on social justice. I insist on equal opportunity for everyone, not just because it is the law, but also because I am so personally committed to it.

Accordingly, it is important to me that we foster a true organizational value that does not tolerate discrimination towards our fellow employees and members of the public based on race, religion, gender, income, or sexual orientation.

The pie charts below show the current department-wide composition of the workforce by gender and ethnicity.



Source: City of Los Angeles Personnel Department

Of course, these numbers become more meaningful when we break them down by Bureau. We will be able to do that when the FY 2010-11 reports are generated.

### Action Items:

1. **Enhance the role of the Equal Opportunity Officer, Gina Tervalon, to be more proactive in monitoring and promoting diversity in the Department.**
2. **As we add staff in future years, strive to make the Department's workforce even more reflective of the community we serve.**
3. **By June 30, 2011 produce a report which provides gender and ethnicity numbers by Bureau.**



## **V. INNOVATIVE DIRECTIONS FOR IMPROVING CUSTOMER SERVICE**

Even as we were going through this initial assessment phase, we were identifying and implementing new and innovative ideas the Department could immediately pursue.

Through the always capable leadership of our Executive Officer, Raymond Chan, the Department has already begun to rollout a series of operational new programs to enhance our service to our customers. The first four follow – Parallel Design Permitting Process, Construction Inspection Partnership Program, Food Service Establishments Case Management Program, and Green Building Program:

### **A. Parallel Design-Permitting Process**

Traditionally, only when a project with detailed plans that reflect a complete design can be submitted for plan check. That means the design process and the permitting process run in series. Each process requires a lengthy period of time to complete, and more so in totality.

LADBS is implementing a new Parallel Design-Permitting Process that will allow the design process and the permitting process to run concurrently. LADBS will start to plan check plans of a major project at its conceptual design phase and continue to provide plan check, correction verification, and code consultation services to the design team throughout various design phases. When the final drawings are complete, building permit is ready to be issued. The benefits for a development project are as follows:

- Identify and correct code violations early on and avoid cumbersome revisions to finished design.
- Identify clearances and obtain sign-offs from other agencies early on and avoid unexpected clearances.
- Reduce overall permit processing time, start and complete construction ahead of schedule.
- Reduce project cost due to time saving.

The Parallel Design-Permitting Process is enthusiastically welcomed by the industry, and as of today, more than 10 major projects have participated in the program.

#### **Action Items:**

- 1. Continue to refine and implement the Parallel Design-Permitting Process.**
- 2. Initiate an expanded outreach program to more widely market and make the development/construction industry aware of this new service.**

## **B. Construction-Inspection Partnership Program**

The Department is also implementing a program that creates a partnership with developers, and contractors of complex development projects to facilitate project construction. This Construction-Inspection Partnership Program establishes an interaction between the development/construction team and the LADBS inspection team throughout the construction process to ensure:

- A strong communication network between the construction team and the inspection team at all levels from line staff to management.
- Expedient resolution of foreseeable and unforeseen construction issues.
- Elimination of any miscommunication or code interpretation conflicts between inspectors and contractors.

The Program utilizes a series of “all-hands” meetings to bring together the appropriate construction personnel, LADBS inspectors and management, and other departments as needed to collaborate on solutions to issues standing in the way of project completion.

- **Pre-construction Meeting** - Before construction starts, the development/construction team can request meetings with the LADBS inspection team, from field inspectors to chief inspectors, to discuss issues such as:
  - General construction timelines
  - Overlapping inspection disciplines
  - Trade specific questions
  - Off-hour inspection
- **Construction Facilitation Meeting** - During construction, the development/construction team can request LADBS inspection team to participate in regularly scheduled construction meetings to discuss ongoing constructions issues to resolve many of those issues such as:
  - Technical details
  - Inspection or plan inconsistencies
  - Code interpretations
  - Inspection scheduling
- **Temporary Certificate of Occupancy (TCO) and Certificate of Occupancy (C/O) Meeting** - When a project nears completion and either a TCO or C/O is on a tight timeline, LADBS, upon request, can facilitate meetings attended by Inspection, construction personnel, and the owner’s representative, to facilitate resolution to any last minute issues such as:
  - Complicated timelines
  - Fire and life safety systems testing and approvals
  - Equipment listings
  - Final inspections scheduling

LADBS has successfully implemented this valuable service for projects throughout the City of Los Angeles with outstanding results.

### **Action Items:**

- 1. Continue to refine and implement the Construction-Inspection Partnership Program.**
- 2. Initiate an expanded outreach program to more widely market and make the development/construction industry aware of this new service.**

### **C. Food Service Establishment Case Management Program**

The restaurateurs and food service industry recently met with the Central City Association (CCA) and voiced their unpleasant experiences and problems regarding the development process for Food Service Establishments (FSE). The issues were related to the complexity of the process and difficulty in obtaining approvals from various agencies which have resulted in the loss of revenue and delays opening their food service establishments.

In response to the industry's concerns, relevant agencies such as LA County Dept. of Public Health, LADBS, Bureau of Sanitation, Planning, Fire, and Bureau of Engineering have established a multi-agency Case Management Network to streamline the approval process and to provide the following 'hand-holding' assistances to the restaurateurs and their design/construction teams.

- Assistance in navigating through the City's regulatory process
- Assistance in tracking and monitoring the work progress
- Facilitate in solving problems and resolving disputes
- Assistance in finding a path to facilitating the process insuring timely opening

Upon request, a Food Service Establishment Case Manager (FSECM) will be assigned to assist the customers throughout the design, permitting, and construction stages of the development:

- **Design Stage** - When the conceptual design is complete, the FSECM can coordinate with relevant agencies to assist customers with, including but not limited to, the following:
  - Clarify code requirements
  - Determine types of plans required
  - Solve foreseeable problems
  - Determine costs for permits
- **Permitting Stage** - When plans are submitted for review, the FSECM can coordinate with relevant agencies to assist customers with, including but not limited to, the following:
  - Resolve unforeseeable issues and conflicts
  - Obtain clearances from involved agencies
  - Monitor plan check progress
- **Construction Stage** - When all required permits are obtained, the FSECM can coordinate with relevant agencies to assist customers with, including but not limited to, the following:
  - Establish construction sequence
  - Schedule final inspections to achieve targeted opening date
  - Identify problems and solutions

In a recent customer survey conducted by CCA, all the customers that have been or are being assisted by the FSECM expressed their appreciation for this program.

#### **Action Items:**

- 1. Continue to refine and implement the Food Service Establishment Case Management Program.**
- 2. Initiate an expanded outreach program to more widely market and make the food service establishment industry aware of this new service.**

#### **D. Green Building Program**

Given that buildings consume a large portion of the City's and State's electricity and water; and building construction uses great amounts of materials and generates significant amount of waste, the City of Los Angeles and the State of California have put in place regulations to mandate green buildings, encourage green industries and reduce carbon emissions.

Given that the City permits thousands of building projects per year, green building regulations will save significant quantities of electricity, water, solid waste and reduce the negative impact of the buildings on the environment.

In January of 2010, the State's Building Standards Commission adopted the first in the nation Green Building Standards Code, also known as CALGreen, which will become effective on January 1, 2011 for LADBS to enforce. The CALGreen Code will be applicable to almost all types of projects, ranging from low-rise to high-rise buildings, including single-family dwellings, multi-family residential units, office, retail, industrial and assembly buildings. This code will affect various building trades including structural, HVAC, grading, plumbing, and electrical. In addition, Green materials, devices, and assemblies will need to be reviewed to determine their applicability and safety.

In order to effectively enforce and facilitate the implementation of the CALGreen code and to ensure a smooth and comprehensive process is in place, LADBS will expand our Green Building Unit to the Green Building Division.

#### **Action Items:**

- 1. Expand the Green Building Unit to a new Department Division, Green Building Division, by September 1, 2010.**
- 2. Ensure all applicable projects comply with the new CALGreen Code:**
  - Establish plan check and inspection procedures to enforce the Code**
  - Provide training to plan check engineers and inspectors**
  - Provide public outreach and education to ensure that the construction and development community is aware of the new requirements**
  - Work with the building owners, architects, engineers, and contractors to resolve problems that arise in complying with the Code**
- 3. Work with and offer assistance to other City agencies in establishing and implementing their environmental programs as they relate to the building permit process.**
- 4. Establish practical policies and standards for new green technologies and methods of construction that are not adequately addressed in the code.**
- 5. Establish flexible approval standards for new green building products.**
- 6. Set up a Green Building Information Center on the LADBS website.**

## **E. Robotic Parking**

The truth is, during most of the next two years, the Department is most likely going to be very consumed with just trying to survive this last recession. It is going to take several years for the market to absorb the existing inventory of vacant residential units and commercial space. Only then will major new construction return.

During this difficult time we can still try, to the best of our limited resources, to explore other innovative ideas that could be of long term benefit when the economy does fully recover.

One of the ideas that has been battled around for years with no progress is “robotic parking.”

Providing parking is often a physical and financial challenge for many projects. Other cities in the United States and around the world have made considerable progress with “robotic,” or mechanically assisted, parking designs.

In the City of Los Angeles, both the Department of Building and Safety and the Fire Department have experienced reservations about using robotic parking, other than for one-car mechanical lifts, due to safety concerns regarding fire and earthquake.

Just like some people revisited the growth of parking structures over old surfaces parking lots, it seems inevitable that some appropriate use of mechanically assisted parking will ultimately come to the City of Los Angeles. Obviously, we are not going to be at the forefront of that evolution, but at least we can stay in the mainstream, as it becomes more prevalent for certain types of uses in other major urban environments.



### **Action Item:**

- 1. Work with Fire Department to develop a mutually acceptable path for studying the feasibility of robotic parking and to specifically seek out one or two pilot projects before the end of FY 2011-12.**

## **F. Non Flat Roofs for High-Rise Buildings**

Mayor Villaraigosa often bemoans the architectural monotony of all of Los Angeles' high-rise buildings with their City required flat roofs. Most of the major cities of the world have far more interesting building designs, with spiral towers and other creative architectural features and character.

For more than 25 years, the City of Los Angeles has required buildings with floors located more than 75 feet above the lowest floor level having building access to have a flat roof to accommodate a heli-stop. The theory is that in case of a fire, helicopters would be able to land on the helipad to evacuate people and to bring in fire fighters and equipment.

Critics point out that in a fire, the flames, heat and smoke go up, making the use of a roof top helipad unsafe. Moreover, the use of helicopters to do mass evacuations of large high-rise buildings is too slow to be practical.

Other major cities in the United States and around the world have found more creative and practical ways to deal with the very legitimate safety concerns. Perhaps we will never find an approach that is acceptable to the Fire Department, but I do propose that LADBS take the lead to promote the discussion.



**Bank of America Building  
New York**



**American Express Building  
New York**



**Citibank Building  
New York**



**Chicago Skyline**



**San Francisco Skyline**

### **Action Item:**

- 1. Work with Fire and Planning Departments, in conjunction with the architectural, engineering, and contracting professional associations, to explore the feasibility of identifying other design alternatives for the rooftops of high-rise buildings in the City of Los Angeles.**

## G. Entrepreneurial Ventures

In 2005, the Department of Building and Safety took a major step forward by establishing itself as a special enterprise fund and taking more control of the **revenue** it collects.

Now faced with the first major downturn in new construction since the Enterprise Fund was created, this report takes the next step in the evolution of the Department and begins the process of also managing its **expenditures** in a more entrepreneurial fashion. As with any enterprise, the Department has reaped the benefit of capturing all of its revenues during prosperous times. Now we are forced to accept the consequences of a recession. Such is the life of a true enterprise!

In addition, to all of the actions enumerated in the report to become more cost effective in our operations, I was also given several excellent suggestions we could explore for becoming even more **entrepreneurial** in how we **operate**. For example, every three years new Codes are adopted by the State and, subsequently, by cities in California. The Department has to put together training modules to train all of our employees on these new codes. Given that we have developed these training materials for our employees, we could also use them to provide training to contractors, developers, architects, engineers, consultants, other departments and, indeed, even some other cities. We won't necessarily turn training into a profit center, but we can certainly rebuild our training programs that have atrophied due to budget cuts in recent years. At the same time, we would be providing a valuable service to the other professions which have to rely on these Codes – they will learn about them exactly the same way our Inspectors and Engineers have learned about them and that cannot help but build a better mutual understanding. I have asked Dr. Harper to include this entrepreneurial aspect in her review of our technical training.

Same for other educational and informational materials we regularly develop for our employees and the public. These materials are public records and anyone who wants them can get them, if they know about them and ask. But, we could more affirmatively market and automatically distribute them via a fee-based subscription service.

Knowledgeable contractors, buyers, architects, etc, know that we have extensive files on virtually every house and building in the City, which can be purchased for a cost recovery charge. But we can do a far better job of marketing and letting others know about this service, as a way to generate even more fees to recover our costs.

As noted earlier in this report, we have a major need to upgrade our technology. Once we have done that it will be truly “state of the art” and we could perhaps license it to other jurisdictions as a way to help offset our costs.

Other Cities also face major budget problems and perhaps we could explore some options for “contracting in” – making our inspection and plan checking services available to smaller cities which can no longer afford to provide them.

We already have a very under utilized “Certified Licensed Contractor Program.” We could significantly increase that program as a way to both help recover our costs and reduce unpermitted construction/installations in the City.

LADBS runs its own mechanical and electrical test labs. Interestingly, as I interviewed different people, some felt we should not try to compete with private sector test labs and we should reduce our expenses by closing the labs. Others felt we should grow them and turn them into profits centers! As I toured the labs, I clearly could see that we need to decisively do one or the other. The labs are in a middle ground and we need to clearly decide if we are going to grow them or close them.

One of the most creative and productive measures the City of Los Angeles has ever taken for economic development was the adoption of the Adaptive Reuse Ordinance. It permitted vacant office space in the Old Bank District to be converted to literally thousands of residential units. At no cost to the City, it was a major factor in the Renaissance of downtown. However, millions of square feet of vacant old buildings still exist throughout the City. We need a second generation of creative adaptive reuse, specifically for commercial reuse with particular emphasis on reactivation of the upper floors. Working together with Councilmember Huizar and his “Bringing Back Broadway” initiative, LADBS’ Case Management Division will help identify some possible pilot projects.

Since LADBS is now a special Enterprise Fund, we need to instill in every Bureau and in every employee a truly entrepreneurial spirit of how they can bring forward ideas and suggestions for improving our efficiency and recovering our costs.

**Action Item:**

- 1. Direct every Senior Manager to bring to the Executive Management Team by September 30, 2010 (end of the first quarter of the new fiscal year) specific entrepreneurial suggestions for their bureau or division.**



## VI. CONCLUSION

A copy of this report will be posted on the Department's web page (LADBS.org) under "2010 Performance Enhancement Program."

All 98 recommendations will be entered into a tracking system and specific assignments and time schedules established to assure our compliance. A progress report will be regularly reviewed by the Executive Management Team and made available to our employees, City Council, Mayor, other departments, customers, media, and the general public.

As noted throughout the report, this is an initial assessment of the Department and a Work Program for the immediate future. During the months ahead, we will be filling several key management positions and we will have a new budget, starting July 1, 2010. In all probability, another round of specific actions will result from those changes. Any additional planned actions will also be communicated to our employees and customers.

In closing, I would like to thank all of the LADBS employees and others who contributed ideas and suggestions to this report – we literally received hundreds!

I would particularly like to thank Karen Penner and John Biezins for their exceptional and capable work on this report.

And, of course, I must thank my great administrative assistant, Dave Carter, without whom this report never could have been completed.

Most importantly, I want to thank Ray Chan, our outstanding Executive Officer. Ray contributed countless hours and innumerable ideas and suggestions for the report – in addition to continuing to run the Department on a day-to-day basis.

We face difficult challenges in the months and years ahead. But, by working and thinking together, I am confident we can continue to make this very good department even better.

