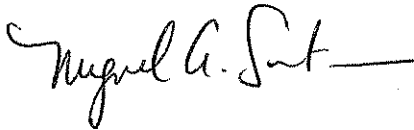


CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

0220-04851-0001

Date: August 23, 2013

To: Honorable Members of the Planning and Land Use Management Committee

From: Gerry F. Miller  Council File No: 13-0046
Chief Legislative AnalystMiguel A. Santana
City Administrative OfficerSubject: **FIRST STATUS UPDATE ON DEVELOPMENT SERVICES FUNCTIONAL TRANSFER****SUMMARY**

As part of the 2013-14 Adopted Budget, the Mayor and Council directed staff to functionally integrate development services programs of multiple City departments into a new development services department for the purpose of providing streamlined services and greater accountability for its customers. A joint report from the Departments of Building and Safety (LADBS) and City Planning (DCP) provided the conceptual framework for the new department (C.F. 13-0046). The Council approved the functional transfer of LADBS, DCP, planning functions from the Department of Transportation (DOT), plan-check functions from the Fire Department (LAFD), and land use planning functions from Public Works, Bureau of Engineering (BOE) into the new department effective January 1, 2014. Additionally, Motion 36A directed the Offices of the City Administrative Officer (CAO) and the Chief Legislative Analyst (CLA) to retain a management consultant to assist in developing a transition plan, in consultation with the affected departments, to fully integrate the planning and development functions identified in the joint report with additional consideration given to the feedback of the development industry, business community, residents, and Neighborhood Councils. On June 28, 2013 a Request for Proposals (RFP) was released to retain a process improvement management consultant. On August 9, 2013, a contract was executed with Matrix Consulting Group, Ltd. (Consultant) for this purpose. This first status report provides an update on the steps that have been taken to implement the new department effective January 1, 2014.

RECOMMENDATION

That the Planning and Land Use Management Committee note and file this report inasmuch as it is for informational purposes only.

FISCAL IMPACT STATEMENT

There is no General Fund or Special Fund impact.

**PLANNING & LAND
USE MANAGEMENT**

AUG 23 2013

STATUS UPDATE

Working Group Process

In early June 2013, the CAO and CLA initiated an Executive Working Group (EWG) with key managers and executive staff of all departments involved with the functional transfer and the Offices of the City Controller, City Attorney, and the Personnel Department. The EWG meets weekly to discuss and work through tasks to implement the new department and is chaired by the CAO and CLA. The EWG developed the Request for Proposals (RFP) released on June 28, 2013 for the project's management consultant, provided representatives for the review panel that evaluated the proposals received in response to the RFP, and established three sub working groups to focus on details of the functional transfer and new department. The sub working groups are responsible for three different aspects of the project:

1. **Development Functions and Customer Service Working Group.** This working group is responsible for issues related to business processes and improving customer service, including, but limited to, resolving how to streamline business processes once the new department is established, developing Memorandum of Agreements between the new department and the LAFD, DOT, and BOE, and identifying specific measures that will result in improved customer service levels.
2. **Personnel Concerns and Work Culture Working Group.** This working group is responsible for issues related to class specifications, employee questions, and providing employees resources to adjust to changes due to the functional transfer. The working group has developed a Frequently Asked Questions document in response to employee questions about the new department (Attachment A). This document will be updated throughout this process as employee questions are received.
3. **Support Functions Working Group.** This working group is responsible for administrative, technical, and fiscal issues related to the new department. For example, the working group will be responsible for ensuring that all payroll information is seamlessly transferred to the new department by working closely with the Controller's Office and impacted departments.

Management Consultant

On June 28, 2013, an RFP developed by the EWG was released to a list of prequalified management consultant firms maintained by the County of Los Angeles. A Proposer's Conference was held on July 8, 2013 and three firms submitted proposals by the deadline of July 19, 2013, including: Matrix Consulting Group (Matrix), KH Consulting Group, and Bronner Group, LLC. The review panel included representatives from DCP, LADBS, DOT, BOE, LAFD, and the Offices/Department of the Controller, Personnel, and CAO/CLA. The review panel selected Matrix as the consultant for the project.

Matrix has extensive experience in development services with multiple jurisdictions:

- Over 200 management studies on development services for large and small jurisdictions, including but not limited to the City of Los Angeles, San Francisco, San Jose, Pasadena, Arlington County, Virginia, West Palm Beach, Florida, and Lawrence, Kansas.

- Previous work with the Department of City Planning and Office of the Controller on the City's development services functions.
- A Matrix team member with firsthand experience combining Building and Safety and Planning functions as the Director of Planning for the City of Long Beach.

Additionally, the proposed services from Matrix were clear, well designed, and within the budgeted amount. A contract with Matrix was therefore executed on August 9, 2013.

For reference, Attachment B of this report provides a detailed list of items that Matrix will include in their final report due in October 2013.

Stakeholder Outreach

Matrix is performing outreach to both internal and external stakeholders. Stakeholders include but are not limited to: Management, supervisors and key staff of the departments being functionally transferred, labor organizations, elected officials and their staff, the development industry, business community, and Neighborhood Councils (NCs). Matrix began interviewing department staff and management the week of August 12, 2013 and elected offices and industry members the week of August 19, 2013. Those interviews are ongoing.

Relative to the development industry and business community stakeholders, Matrix has or will be interviewing/conducting focus groups with members of the Central City Association (CCA), Valley Industry and Commerce Association (VICA), Development Industry Advisory Committee, American Institute of Architects, Building Industry Association, Building Owners and Managers Association, and as appropriate, other organizations and individuals of the development industry and business community. Sessions will be held without City staff present to ensure attendees can freely express their views. The CCA and VICA have volunteered to help with the outreach to these external stakeholders and provide offsite meeting space for the focus groups.

The CAO is working with the Department of Neighborhood Empowerment on a communications strategy for NCs that will include an email to NC members explaining the project, informing them of the monthly status updates to the Planning and Land Use Management Committee, linking to the FAQ document, inviting them to participate in an online survey to provide input into the process, and a workshop to be held at the Congress of Neighborhoods on September 28, 2013. Additionally, Plan Check NCs will be invited to a focus group meeting with Matrix to get their input. Elected Offices will also be sent an email with a link to the online survey and explanatory text and are encouraged to include it in their monthly newsletters to constituents.

Meetings with labor organizations relative to the new department are ongoing. To date, two informational meetings have been held to brief labor representatives on the project, answer their questions, and get their feedback; two additional meetings are scheduled for the week of August 26, 2013. These meetings will continue throughout the process of establishing the new department. To date, there has been no action taken that requires the formal impact bargaining process; once the Mayor and Council adopt an effectuating ordinance, labor organizations may request formal impact bargaining on specific issues of concern.

Peer City Review

To identify best practices from other jurisdictions relative to how they deliver development services, the CAO began collecting organization charts from peer cities in July 2013. Matrix will be following up with telephone interviews with building officials and planning directors in: Chicago, Dallas, Denver, Phoenix, Portland, San Diego, Long Beach, San Jose, Glendale, and Oakland. The peer review will be completed the week of August 26, 2013.

Frequently Asked Questions and Employee Engagement

Departments involved in the creation of the new department have received more than 400 questions from their employees. The Personnel Concerns and Work Culture Working Group drafted responses to the questions for a Frequently Asked Question (FAQ) document which the EWG approved and is provided as Attachment A to this document. The FAQ may be found at: <http://tinyurl.com/k336v45>.

The Personnel Department was instrumental in developing the FAQ and will continue to provide ongoing help. The Personnel Department will also provide workshops to support employees involved in the functional transfer to the new department. Similar workshops were held for employees involved in the creation of the Economic and Workforce Development Department and functional transfer of Human Services programs from the Community Development Department to the Housing Department earlier this year.

Attachments

MAS/GFM:MF/PJH:TJM/JLK/RRM:02140021c

Frequently Asked Questions – Development Services Reform

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HOW TO SUBMIT QUESTIONS

All staff in all departments may submit questions through their supervisors, directly to executive level staff in your department, or confidentially to the CAO at this address: cao.dsc@lacity.org. Whichever way you choose to submit a question, this Frequently Asked Question (FAQ) document will provide fact-checked responses to the questions received by the CAO directly, from supervisors, and/or your Department's executive level staff.

The CAO will review your question and as needed seek input from other departments (Personnel, Controller, City Attorney, Planning, Building and Safety, Transportation, Fire, Engineering, etc.). Your email address and identity will not be included or shared by the CAO with your, or other, departments. Please include in the subject of your email the following: QUESTION FOR FAQ. Please review the FAQ prior to asking a question to ensure it has not already been answered. Subsequent new questions and answers will be highlighted to make them easily identifiable on the FAQ.

To keep the FAQ useful, informative, and respectful, please avoid unprofessional language in your questions. This is not to say you should not ask tough questions; that's encouraged. However, the CAO reserves the right to edit the questions if they are grammatically incorrect, can be expressed more concisely without losing the original meaning/context, are repetitive of previously answered questions, or lack professionalism. We look forward to hearing from you.

LIST OF KEY DATES

- June 6, 2013: Kickoff Executive Working Group Meeting.
- June 28, 2013: Request for Proposals Release.
- July 8, 2013: Proposers Conference.
- July 19, 2013: Request for Proposals responses received.
- July 19, 2013 – July 26, 2013: Evaluated proposals.
- July 29, 2013 – July 31, 2013: Conducted interviews with firms.
- August 2, 2013: Issued Notice to Proceed to the successful Proposer.
- August 7-23, 2013: Internal stakeholder meetings.
- August 19-30, 2013: External stakeholder meetings.
- August 19-30, 2013: Peer review of other cities.
- August 2013: Status Report No. 1 due to the City.
- September 2013: Status Report No. 2 due to the City.
- September 20, 2013: Draft report due from Matrix Consulting Group.
- October 4, 2013: Final report due from Matrix Consulting Group.
- October 2013: CAO/CLA report to the Mayor and Council with recommendations.
- October to December 2013: Implement initial recommendations.
- January 1, 2014: New department operations scheduled to begin.
- January 2014 onward: Continue to implement recommendations.

WORKING GROUPS

- There are many questions in this FAQ related to how work will be completed to effectuate the functional transfer to the new development services department. The primary means for doing this work will be through working groups. The CAO/CLA initiated an Executive Working Group (EWG) in June 2013 that included representatives from all development services departments involved in the functional transfer as well as the Departments/Offices of Personnel, Controller, and the City Attorney. The EWG has since decided that there will be three sub-working groups which will focus on a specific aspect of the functional transfer and new department:

- 1) Business Processes and Customer Service;
- 2) Administrative and Technology Support; and,
- 3) Personnel and Work Culture Issues.

Each department has assigned management and key staff to the sub working groups. As the sub-working groups progress, they will create ad hoc working groups to focus on specific issues and will include frontline staff and supervisors with expertise in those specific functions.

FEASIBILITY AND PURPOSE OF FUNCTIONAL TRANSFER

1. How can the functional transfer of two departments with entirely different missions and functions provide better customer service?

One of the key objectives of the functional transfer is to improve customer service through streamlining and/or aligning business processes so that customers have a more straightforward and predictable experience when interacting with development services, whether it be a single family home owner or a large developer. One strategy for facilitating this objective is unified oversight of development services under one Department Head. This strategy will not solve every issue customers currently experience, but it can support the overall goal of improving customer service by increasing accountability and bringing together employees from different disciplines to solve issues under the control of their own department.

2. Which other large jurisdictions have consolidated planning and building departments? Has anyone looked into other cities for any success in improving customer service by combining the two departments?

A number of large American cities have blended departments: In California, San Diego, San Jose, Oakland, Sacramento, Long Beach, and Glendale have blended departments; nationally, Chicago, Dallas, Phoenix, Austin, and Atlanta have blended departments. In addition to the analysis City staff have completed, the management consultant (Consultant) hired by the CAO/CLA will review and assess practices from five to ten cities with blended development services functions for lessons learned, best practices, and how having these functions in one, blended department affected customer service levels.

3. Shouldn't a consultant be hired to see if consolidation is a good idea to begin with? We can't afford to make these decisions without input from all parties such as our customers, employees, labor unions, business associations, trade associations, development industry, etc.. There has also been no study to evaluate the impact on service delivery during implementation nor is there a plan to address if/how the proposed department will streamline the process to improve the delivery of development services to the public. Shouldn't the feasibility, impact, and plan for improving services be completed prior to implementation of the consolidation?

When the Council adopted the Mayor's proposed budget for 2013-14 and the amended joint report from Building and Safety and Planning, they included directions for the

CAO/CLA to procure a management consultant. The procurement was completed on July 31, 2013; the consulting firm's name is Matrix Consulting Group. The list of key dates above shows the important milestones and deliverables for the Consultant and when they are due.

The Consultant will first meet with internal and external stakeholders, including but not limited to employees, labor unions, customers, policy makers, private citizens, and management to receive feedback on the new department, including all of the questions identified above. Further, the CAO/CLA have directed the Consultant to provide an independent analysis that includes recommendations for the implementation of the functional transfer as previously approved by the Council as well as alternative recommendations should the Consultant find that they would better address the City's main goal of improving customer service levels in development services.

While every effort will be made to ensure the creation of the new department does not negatively impact the ongoing delivery of services to customers, it is inevitable that there will be some impact because of the time required from management and staff to provide feedback, expertise, attend meetings, and perform tasks necessary to successfully execute the functional transfer. To minimize these impacts, the CAO/CLA are working with the impacted departments to focus the efforts of the working groups on tasks that must be finished by January 1, 2014; for example, defining the scope of services for the Consultant, addressing systems, accounting, and personnel issues, and providing employees with this FAQ document to answer questions about the functional transfer.

4. Why rush to implement the consolidation when the new Mayor and seven new Councilmembers have not weighed in on whether or not they support the consolidation?

While there is a new Mayor and seven new Councilmembers, the CAO/CLA are obligated to carry out the direction set previously by Council when it adopted the former Mayor's proposed budget. Unless the new Mayor or Council take an action changing that established direction, it is the direction that the CAO/CLA will follow. We anticipate that the Mayor or Council will want to consider the Consultant's findings and recommendations as part of the CAO/CLA reportback in October 2013 at which point they will make a decision as to how to proceed.

5. What are the legal steps that this proposal has to go through? Does this consolidation require a Charter change? Does the City Attorney have to write an Ordinance? Does the City Council have to approve this action and which Council committees does this report have to go through?

The functional transfer does not require a Charter amendment; however, it will require the City Attorney to draft effectuating Ordinances to change existing codes. The Ordinances will require Mayor and Council approval and would need to be approved before January 1, 2014 in order to implement the functional transfer and creation of the new department by that date. Except for the Planning Committee, it is unknown at this time which Council committees will be assigned the report for consideration.

6. Is the purpose of consolidation cost savings? If not, why not consolidate?

The purpose of the functional transfer is not to generate cost savings; the purpose is to realign existing functions, increase accountability, and thereby improve customer service.

MISSION AND NAME OF NEW DEPARTMENT AND BUILDING OFFICIAL REQUIREMENT

7. Will the Urban Planning or the Building and Safety function take a more important role after the consolidation? What takes precedence, "Safety" or "Planning" functions?

Planning and Building and Safety are both primary factors in the City's economic and social welfare, so both will continue to be equally high priorities in the new department. This is reflected in the fact that all current Planning and Building and Safety funding continues in the new department and all positions have been transferred to the new department, pending final Mayor and Council action. The Consultant will make recommendations as to how the new department should be structured and what its mission will be so that these important functions continue to receive the resources and focus they require.

8. Why does the name of the new department, "Department of City Planning and Development," include "Planning and Development" but exclude the word Safety? Excluding "Safety" from the name deemphasizes safety functions and demoralizes employees whose work is to ensure the safety of the City's structures. There should be a balance between "Safety," "Planning," and "Development." All are important and should not be overlooked.

The name, "Department of Planning and Development" was selected by the previous Mayor. The Consultant will look at the missions and department names, among other things, of different cities and will recommend a name that reflects the new department's full mission, including Building and Safety and Planning functions. Recommendations for the new Department's name will be included in the Consultant's report and the CAO/CLA report to the Mayor and Council in October 2013.

9. What is the Structural Engineer Association of Southern California's position about deemphasizing the importance of our safety functions?

To date, the CAO/CLA have received no communication from the Structural Engineer Association of Southern California relative to the new department. Their input as a stakeholder is welcome and will be solicited. Whatever feedback they may provide, the new department will be tasked to maintain safety as a priority in its mission, actions, and decisions.

10. By California Law, there must be a Building Official assigned to oversee the 'Safety' functions related to the plan check and inspection activities. In our Municipal Code, the Superintendent of Building is the Building Official. Will this still be the case?

The City will review the appropriateness of continuing to utilize the Superintendent of Building classification as the City's Building Official; if another classification is more appropriate, the City may choose to select another classification to fulfill the role of Building Official. An ordinance would need to be presented and approved to change the identified classification in the Municipal Code. Regardless of the classification, the City will continue to have a Building Official as required by the California Health and Safety Code.

MANAGEMENT OF NEW DEPARTMENT

11. Why should the smaller department, Planning, be in charge of the consolidated department?

Neither department will be in charge of the new department as both departments will become one department and the management teams from both departments will be integrated. The Mayor will appoint the General Manager of the new department.

12. What makes the Director of Planning better suited to lead the new department than the Superintendent of Building? How is the Planning Director qualified to oversee Building and Safety work and make decisions on construction Code related issues?

It is premature to speculate on who will be the General Manager of the new department as the Mayor has not yet made his selection for that role. What is known is that the City will fully comply with the requirements of the California Health and Safety Code to ensure that the City's Building Official is properly certified, and therefore qualified, to make decisions relative to the Building Code.

13. Is there anything in the Charter that says the current Planning Director has to be in charge of the new department?

No, the Charter does not identify the name of any General Manager for any City department. The Charter gives the Mayor the power to appoint the General Manager for the new department.

14. My department has a reputation as well-run. On the other hand, successive Controllers have found the other department to be poorly managed, unresponsive, unaccountable, and not transparent. Also, employees in my department are more familiar with the other's codes and regulations than the other department's employees. Why would you merge my department with the department that has so many problems?

The Controller has issued audits for all departments being functionally transferred with recommended changes to various operations, so it is important to remember that areas for improvement exist in all departments. The point of the functional transfer is to improve customer service across all development services functions. The Consultant will review all related audits to identify opportunities for resolution of outstanding issues during the course of the functional transfer.

15. I heard that DCP is a Chartered department and DBS is not. Is this the reason why DBS is getting absorbed into DCP and not the other way around?

The Department of City Planning is a Charter department and the Department of Building and Safety is an Ordinance department. The City Attorney will advise the Mayor and Council on how the functional transfer will need to be reflected legally in effectuating Ordinances. In terms of operations and organization, the functional transfer will not result in one department taking over another; instead, it will create a new department by functionally transferring all of Building and Safety and Planning, and parts of Fire, Transportation, and the Bureau of Engineering, from their existing departments to the new department.

If you are involved in accounting, budgeting, or personnel for either department, some confusion on this issue may arise from the fact that the City's budgeting, financial, and personnel systems assign each department a number and the Planning Department's number was used for budgeting purposes in the 2013-14 Budget. This was done only to simplify the complex process of moving positions and funding for purposes of the budget. If the Mayor and Council move forward with the new department later this year, it is very likely that the department numbers currently used by Building and Safety (08) will be used in the new department rather than Planning's number (68). In either case, this is for accounting purposes only.

OPERATIONAL QUESTIONS

16. Will the new structure include teams of combined staff from DCP and DBS or will there still be separate teams of staff in the reorganization?

While specialized expertise will always be needed, there may be opportunities to have combined teams of engineers, planners, and inspectors as appropriate. The Consultant will provide input on this question as well as the working groups being led by the CAO/CLA.

17. How will we handle Building and Safety appeals? Most of the time permits are appealed when there is a zoning issue; will Planning now be handling these?

If the Mayor and Council proceed with the functional transfer, the City Attorney will be reviewing all code sections and writing effectuating Ordinances; this would also include L.A.M.C. 12.26.K which covers the appeals process. How it may change will depend on the actions of the Mayor and Council.

18. Will Planners take over zoning plan check?

It is unknown at this time whether or not planners would take over zoning plan check. The Consultant will provide input on this question as well as the working groups being led by the CAO/CLA.

19. How will our geo-teams evolve? How will we interface with other departments geographically organized teams? We would like to use our geographic teams and have them be a conduit within the new organization.

It is unknown at this time how the geo-teams will evolve and interface with other departments. The Consultant will provide input on this question as well as the working groups being led by the CAO/CLA.

20. Any thought given to the face of Planning? We have many vacancies and it looks like a ghost town with no staff in some areas.

The Planning Department will be working with the CAO and Managed Hiring Committee (MHC) to unfreeze vacant positions and to develop a hiring plan for the department which would provide some flexibility in filling technical and revenue producing positions. Filling vacancies is always subject to available funding, which is a function of local economic activity.

21. Will we integrate computer systems? Will there be a new technology that we can upgrade to?

Yes, we are looking at ways to integrate systems that deal with development services for the entire City. The BuildLA proposal, which currently has an RFP released, will consider different solutions to integrate the City's various technology systems.

22. Will we re-design our website?

A new logo and look for the new department, as well as a new mission statement to reflect the priorities of the new department, will be created.

23. Can we expand our counter online appointment request to include Policy Planners?

This service is expected to be implemented by the new department.

24. As construction increases, Building and Safety usually hires more engineers, inspectors and administrative staff to handle the workload. Will we still be able to do that?

It is expected that the current hiring plan for Building and Safety, which allows flexibility in filling positions as revenue and workload allows, will continue. After the functional transfer, the new department will work with the Managed Hiring Committee to revise any existing hiring plans to support the fully integrated department.

25. What are the implications of doing our Zoning Code update at the same time as the functional transfer to the new department?

It is unrealistic to think that the creation of the new department will not require the attention of employees or will not divert some of their time from regular work. The CAO, CLA, and department executive teams have discussed this, including how important it is that staff be available to customers just as the economy recovers. Large projects, such

as the Zoning Code update and BuildLA, must also stay on track throughout the process. We know that in the case of Denver, Colorado, the city rewrote its Zoning Code and at the same time functionally transferred development services into a new department with both projects ending successfully. The City of Los Angeles is bigger and more complex than Denver, so helping customers, keeping large and small projects on schedule, and starting a new department will be a significant challenge.

To help make this work, there are a few simple steps employees can take:

1. Inform your supervisor as early as possible if you find that a deadline is at risk of not being met;
2. Talk with your supervisor about how to better prioritize work so the most important things are getting done first.
3. Avoid spending time on speculation or rumors about the new department—check this FAQ, ask your supervisor, or submit a question to the CAO directly instead; and,

In addition, your department's supervisory and executive staff will need to establish clear priorities, necessary resources, and an open door for you to keep them informed during this process. They can authorize overtime where budgeted, reschedule meetings, submit hiring requests to the Managed Hiring Committee, and work with you to resolve issues.

FISCAL QUESTIONS

26. Does the consolidation generate any cost savings for the General Fund or Special Funds?

No cost savings are projected from the functional transfer except for the elimination of one General Manager position. That savings would be primarily to the Building and Safety Building Enterprise Fund.

27. How much revenue will be lost during implementation of the consolidation due to such things as changing the department name, relocating staff, reconfiguring offices and counters, confusing the customers? Why would this consolidation take place when it will most likely create an annual loss of revenue of more than \$4 million due to loss of surcharge and cashiering fees? If the City is going broke, why merge these two departments now? What is the impact from relocating staff and the costs?

The CAO will conduct a fiscal analysis on the new department as part of its reporting to the Mayor and Council in October 2013. At this time, the full fiscal impact of the changes identified in the questions are unknown.

28. What funds will pay for the cost of the consolidation? Special Funds or the General Fund?

The costs for the Consultant are split evenly between the Building and Safety Enterprise Fund and the Planning Case Processing Fund. As part of the CAO's fiscal analysis of the new department, the CAO will recommend expenditures from whatever funding source is appropriate for any future costs based on the function it will support and the allowable costs for the given funding source.

29. How will the merger affect the use of the LADBS Building Permit Enterprise Fund? Will it be used for things like hiring planners and paying for zone code reform instead of paying for DBS functions, including hiring and promoting DBS staff? Is it illegal to charge fees for plan check/engineering and inspection services and then use that revenue to cover DCP services? Since the proposed functional organization chart attached to the joint report realigns/blends all DBS functions, how will the LADBS Enterprise Fund be protected from abuse by DCP functions since they are not cost recovery?

All fees must be used for the purposes for which they are collected and may not legally be used for another purpose. Fees deposited in the Building and Safety Building Enterprise Fund for plan check/engineering and inspection services must therefore be used to pay for those services. The same conditions are true for the three special funds supporting the Planning Department and special funds supporting positions to be transferred from the Department of Transportation. Relative to the organizational structure of the new department, the Consultant's recommendations will address that issue.

30. Why does LADBS' Enterprise Fund show an increase of \$10 million in reimbursements to the General Fund to cover the cost of the merger in the proposed budget?

The \$10 million increase is due to increased hiring by Building and Safety in Fiscal Year 2012-13 and projected hiring in Fiscal Year 2013-14, as well as an increase in the Department's Cost Allocation Plan rate. The functional transfer has no impact on the reimbursement rate.

EMPLOYMENT QUESTIONS

31. Will there be layoffs right after the consolidation? Will there be layoffs in the future? What demotions, eventual position cuts, eventual layoffs, and bumping rights issues will occur?

No layoffs or demotions are anticipated as a result of the functional transfer. Layoffs, were they to occur, would be the result of future economic factors such as a downturn in the economy. The Mayor and Council would have to authorize layoffs, subject to applicable Civil Service Rules. When the Mayor and Council authorize layoffs, the Personnel Department meets with department employees to fully explain the process, including seniority issues (bumping rights).

32. How will my seniority be affected if there were layoffs in the future?

Employees' seniority will remain as if no consolidation took place. Layoff / displacement seniority is calculated according to class groups. A class group includes all of the positions in a class in a particular department.

Employees will be moved to the new department through a functional transfer as provided in City Charter Section 514. Civil Service Rule 8.6 states, "When a function is transferred from one department to another department, the incumbents of all positions transferred shall remain the original class group for purposes of a layoff and reemployment under Charter Section 1015." In other words, only a voluntary transfer to another department or a promotion will disrupt your seniority in the class group you currently occupy. Class groups are only reviewed in the event that there is a call for layoffs. There have been no discussions of any layoffs.

33. I still have more questions about class groups, and displacements, and the layoff process.

For more specific information on the City of Los Angeles layoff process, you can go to: <http://per.lacity.org/LayoffProcess.htm>

34. What effect will the consolidation have on promotional opportunities and current job classifications? What effect will this consolidation have on any future promotion opportunities for Building and Safety administrative employees who perform systems, clerical, and accounting duties?

Promotional opportunities cannot be determined at this time. The functional transfer will not impact the requirements of current job classifications. If positions become vacant, department management will request to fill positions based upon established hiring authorization processes.

35. Would Building and Safety employees be considered with more seniority? Would Planning employees have unspoken advantages because Planning is heading the consolidated department?

No. Employees' seniority is not impacted by the functional transfer. All hiring and promotions are subject to civil rules and procedures. The organizational structure of the new department has not been determined.

36. The joint report states that "Close to 250 employees perform similar routine administrative, clerical, systems, and accounting duties." The report also says that the Personnel Department and CAO will analyze the existing positions in the two departments. Will these employees be subject to pay grade or other types of demotions in these "redundant" positions? Where are these positions? Will these positions be cut immediately after the consolidation? Will these positions be cut in the future? When the departments are merged will we lose any systems positions?

The use of the word "redundant" in the joint report to describe the approximately 250 administrative, clerical, systems, and accounting positions in both departments does not

accurately explain the positions. The positions include classifications which are found in both Building and Safety and Planning (for example, Clerk Typist), versus position classifications that are unique to each department (for example, Electrical Engineer or City Planner). The specific duties and responsibilities of the individual staff in these positions may or may not be similar to peers in the other department, depending on whether they work on a common function such as payroll or an uncommon function such as a special project specific to their department. Regardless of current assignment, both departments currently report shortages in administrative resources, so the positions are not "redundant." Please also see answer to question No. 31 regarding layoffs above.

This said, General Managers recommend allocating resources to meet operational needs through the budgeting process, subject to the approval of the Mayor and Council. If the department has vacancies in administrative classes and no operational need to fill them, the General Manager may recommend reallocating those resources elsewhere in the department.

37. Will the consolidation affect my current assignment?

It is possible. Current work assignments will also be an area reviewed by the Consultant. Once this process is finalized, managers will meet with the staff assigned to them to provide details regarding their assignments.

38. Will I be reporting to an inspector or a plan checker?

The reporting structure will depend on how the new department is organized based on the Consultant's recommendations. As part of the project, the Consultant will consider stakeholder feedback and best practices from other cities; they will also take into account the uniqueness of Los Angeles and its particular development services needs in order to make their recommendations.

39. Why is the staff in the proposed Department so unevenly distributed among the proposed functions, ranging from over 600 in the Development Services function to only a very few in other functions? Will this require that some management positions be downgraded because their span of control has shrunk?

An organizational chart for the new department has yet to be developed. The Consultant will make recommendations on the span of control for the various operations in the new department. These recommendations would be subject to Mayor and Council approval.

40. What is the impact on hiring, creating new positions, and contracting out services? Will any of the plan check, inspection, and code enforcement duties be contracted out?

Hiring and creating new positions in the future would depend on the economy. There is no plan at this time to contract out plan check, inspection, and code enforcement duties. If contracting for these services was considered in the future, it would be subject to approval by the Mayor and Council.

41. Will new positions/classifications be created and who can apply for these?

Hiring and creating new positions in the future would depend on the economy. Any recommendations for new classification would be subject to the review and approval of the Personnel Department and/or Civil Service Commission, Mayor, and Council.

42. Will any engineering and inspector positions be converted to planner positions?

There is no plan at this time to convert engineering positions to planner positions. However, the Consultant has been directed to make an independent analysis, so they could include a recommendation that involves changes to existing positions. The Mayor and Council would make the final policy decision.

43. What will my work schedule be after January 1, 2014?

No changes to employee schedules have been discussed to date; however, management reserves the right to modify work schedules in the future.

44. How was I identified to go to the new department? How will the relocations be determined?

Positions were identified based on the duties performed and the functional role of the positions within the development process. Once this determination was made, staff occupying those positions were identified to functionally transfer to the new department.

45. What is the effective date for staff to move to the new department? Will I be moving to my new work assignment on January 1, 2014? Where will my work location be?

The functional transfer is currently scheduled to become effective on January 1, 2014. We do not anticipate employees will physically move from their current locations before January 1, 2014. The phasing and location of employee moves, if they occur, has not yet been determined.

46. How much notice will be given if I am required to relocate?

A specific timeframe cannot be given at this time; however, employees will be provided sufficient advance notice to prepare for any moves.

47. Can employees speak at Council and Committee Meetings without repercussions?

Yes. Employees who choose to speak at City Council and Committee meetings must do so on their own time or with approved time off.

48. Can employees grieve any consolidation actions?

The decision to implement the functional transfers may not be grieved. There will be an opportunity for employee organizations to meet and consult with management over the impacts of the functional transfer of duties and responsibilities. During the process, employee organizations will have input to the Consultant process, and may bring forward questions and concerns they may have or which have been brought to their attention by the employees they represent.

49. Is the functional transfer a meet and confer issue?

No. Upon the implementation of the functional transfer, management will conduct impact bargaining with all affected bargaining units.

50. What about my excess sick leave pay I received at my current department?

Employees who accumulate more than 800 hours of 100% sick leave will be compensated at one-half his/her current salary for those unused hours in excess of 800 hours annually. If you were entitled to receive this pay-out in your current department, you will still receive it at the new department.

51. Will my paycheck still be direct deposited or do I have to sign up again with my new department's payroll?

As it stands presently, whether you are enrolled in direct deposit or you receive a paper check, you will continue to receive it in this manner once you are in your new department. If there is a change in this process, affected staff will be notified by the Payroll section.

52. How will my parking be affected by the consolidation?

It is not known at this time if and how parking will be affected. For those required to relocate, information will be given about parking options available when staff are notified of the relocation.

53. When will we know the final plan?

The CAO/CLA and Consultant will present reports to the Mayor and Council in October 2013. The October report will layout short, medium, and long term plans. Also please see the schedule of key dates and deliverables located at the beginning of this document.

54. I am having a really hard time dealing with all of the uncertainty and change that is occurring with the transfer to PDD. Is there anyone I can talk to?

Organizational change can be difficult. Since the City's fiscal crisis began in 2009, almost every Department in the City has had to downsize or restructure in some way. The Personnel Department and its staff have been involved with helping employees weather these changes on many levels. We remain impressed with how resilient our

City family has been told how co-workers have helped each other deal with the uncertainty that change can bring.

Personnel has customized numerous workshops for Departments to assist in these transitions. At these interactive workshops, various coping strategies to deal with change and uncertainty are presented and discussed. Workshops specific to the current functional transfers will be offered to all employees who wish to attend.

In addition, the Employee Assistance Program (800) 213-5813 is available, free of charge, 24 hours a day, seven days a week to all eligible employees as part of your medical benefits. A qualified intake specialist will assess your needs and refer you to a professional who can help with emotional, financial, legal, childcare or eldercare issues. Contact your Department's Personnel Director or the Personnel Department's Employee Benefits Division for an explanation of your specific benefits.

CONSULTANT QUESTIONS

55. Do we have funds to hire a consultant for the consolidation?

Yes. The Planning Case Processing Fund and Building and Safety Building Enterprise Fund will each cover \$150,000 of the \$300,000 cost of the Consultant. These funds were appropriated in the 2013-14 Adopted Budget.

56. Who is in charge of the consultant?

The CAO is managing the contract; however, the CAO is working closely with the CLA on the functional transfer and with the Consultant.

57. Can we ask some of the expeditors that currently go through our process to give us input on some of the recommended improvements to our services?

Yes. The Consultant will obtain input from these and other stakeholders.

58. Has the Consultant worked on a consolidation as big and in as little time as this?

No. Los Angeles is the largest municipal jurisdiction to take this step. The Consultant has worked on a number of functional transfers of development services for other jurisdictions such as: Glendale, California, Lawrence, Kansas, Manatee County, Florida, and Pasadena, California.

59. Have they done a consolidation in a union environment?

All of the Consultant's previous work with governmental jurisdictions relative to development services has been in environments with union represented employees.

60. How will the Union interact with the Consultant?

Unions will primarily interact with the Consultant through stakeholder interviews and in giving feedback on draft recommendations resulting from that feedback.

61. Will the Consultant give us options? Will the Consultant tell us whether or not a functional transfer will work/is a good idea?

Yes. The Consultant's report on the functional transfer will include a list of options and their recommended course of action. They will explain why they recommend a given approach versus another and include evidence from stakeholders, peer review of other cities, and their own research and experience to support their conclusions. An independent analysis by the Consultant will include the best ideas on how the City should move forward. However, the Consultant is not revisiting the decision of Council and Mayor to functionally transfer, rather how best to integrate those functions.

62. Why should the Consultant do this if they are not familiar with the City and we have such a short timeline?

The review panel selected the Consultant because they scored the highest based on demonstrated ability, proposed services, timeliness, cost and quality, and the oral interviews. Additionally, the Consultant has worked with the City in the past with the Planning Department and Controller's Office, so they are familiar with the City to some degree. Relative to the short timeline, the Consultant has previously completed projects with short time frames and they have committed to meeting the deadlines identified under key dates above.

63. Have previous consolidations done by the Consultant actually helped/worked?

The *American Planning Association* included the firm's Management Study of the Development Review Process for Lawrence, Kansas in its Planners Information Service Report on Improving the Development Review Process. The report can be found at the following link: <http://www.planning.org/zoningpractice/2012/pdf/oct.pdf>.

64. Will anyone look at the actual delays within departments?

Yes. One of the first things the Consultant requested from each department is their performance data for each of their business processes.

65. What happens after the Consultant's first draft report is submitted to the City?

The draft report will be circulated for feedback to all departments (Building and Safety, Planning, Transportation, Fire, and Public Works, Bureau of Engineering). Follow up meetings with key stakeholders will also be held to get their input on the findings and recommendations to be included in the final report.

JOINT REPORT QUESTIONS

66. I think the consolidation report is one sided, making my department look bad and the other great. We have tremendous pride in what we do, so it's frustrating to see my department misrepresented like that. Why were the two departments not presented fairly?

When one's own work and department is written about and discussed in public, it can be frustrating, especially if it includes criticism, recommends changes, and/or might not reflect how you see your work or your department. This can happen when the Controller issues an audit, a news story comes out, or, in this case, Council receives a departmental report. It may be best to look at the joint report as one perspective on the City's development services functions, one which the Mayor and Council adopted. The stakeholder meetings that will begin in mid-August will offer multiple perspectives on the same questions. Peer reviews of other cities will identify the best practices of those cities. The Consultant will incorporate these considerations and provide an independent, fact-based analysis. The CAO/CLA will also provide their perspective on these questions. None of these points-of-view will be perfectly correct or necessarily reflect how you see development services or your department because each of them is subject to the viewpoint of the people involved. Nevertheless, this process, by which many people will have input, is the best process available.

67. I've heard the "Joint Report" was actually written by the Planning Department and Building and Safety was not consulted on it, though we wanted to work on it together. Is that true?

Both departments had roles in developing the joint report. Following common City practice when writing joint reports, one department took the lead in the preparation of the report (Planning). By signing the report, Building and Safety took co-ownership of it along with the Planning Department.

68. The outcome of this report is that the Director of Planning and Superintendent of Buildings did well while we, the low level staff, cannot get the job done. Why is this?

Whatever the outcome for the two department heads may be in the future, which is under the Mayor's purview, the frontline staff of both departments are critical to the City's development services operations. It may help to consider the following:

- The joint report should be seen as one, among many, points-of-view on the question of how to make the City's development services more efficient, predictable, and helpful to customers.
- There is no big system, including the City's development services system, that could not be improved in some way.
- Frontline staff tends to include the individuals within a system who best understand what's wrong and what's right with the system in which they work.

69. Why was the Joint Report altered at the Planning and Land Use Committee so the recommendation that the CAO procure a consultant was changed to the Planning Department procure the consultant? That seems like it would give the Planning Department the upper hand to control the entire consolidation without proper input by all stakeholders.

The Joint Report recommendation was changed in the Planning Land Use Management Committee (PLUM) meeting to have the Planning Department procure the Consultant. This issue was resolved when the Council adopted Motion 36A (C.F. 13-0046), sponsored by Councilmember Englander, which amended the recommendation from the PLUM Committee and directed the CAO/CLA to retain the Consultant.

MISCELLANEOUS QUESTIONS

70. Who decided to do this consolidation?

The former Mayor proposed the functional transfer in his 2013-14 Budget and the Council adopted the budget and the joint report from Building and Safety and Planning.

71. How can we trust the elected officials advocating for the consolidation?

Whether you trust an elected official advocating for the functional transfer, or any person for that matter, is beyond the purview of this FAQ. It may be helpful to consider what role elected officials have in the process of creating the new department:

Elected officials are responsible for making policy decisions. The functional transfer and creation of the new department is a policy decision. To inform that decision, the Council directed the CAO/CLA to procure a management consultant. They did this so that stakeholders will have a chance to weigh in, approaches used in other cities will be considered, and time for a full exploration of the issues will lead to a set of recommendations on which they could act when the final policy decision is considered, prior to January 1, 2014.

The Mayor, Council, and others may or may not agree with the recommendations of the consultant and/or the CAO/CLA. You must make your own decisions whether to trust those involved in the decision-making process.

72. There are rumors that Mayor Garcetti is not supportive of the Consolidation and that it may not happen.

At this point, speculating on how a given elected official views the functional transfer is premature.

73. We spent \$600,000 to hire a consultant two years ago to study development services. They did not recommend the consolidation. The development services departments signed off on their findings. What changed from then to now?

What changed was the former Mayor's and Council's view of how best to deliver development services. They concluded that the model agreed to by the development services departments could be improved through the functional transfer and creation of the new department. It is the prerogative of the Mayor and Council to make these policy changes. The primary reason given for the change was that it would improve customer service.

74. A study done in 2011, at a cost of \$600,000, provided a strategic plan to improve services. Has anyone done a status report to find out how many of those recommendations have been implemented and by which agencies? Consolidation was not among those recommendations, so why are we doing it now?

Numerous departments have provided status reports to the Mayor and Council on the implementation of recommendations contained in the development reform report. The Consultant will work with departments to determine what additional steps may be taken to improve development service delivery in the City. The former Mayor and Council approved the functional transfer and new department as a way to improve customer service.

Factors to be incorporated into the Consultant's final report shall include, but not be limited to:

1. An executive summary of the project, findings, and recommendations in the report;
2. A written summary of the goals, objectives and missions of the consolidation and the new department. The summary shall include: the critical factors which will influence the new department, a set of metrics and measurements identified by stakeholders to assess the outcomes of the new department, the tools the City will utilize to measure the success of improvements to its development services system from the creation of the new department, the improvements to be implemented after January 1, 2014, and the longer-term milestones to fully leverage the benefits of the new department;
3. Recommended changes, deletions, and/or additions to the management and organization of existing development services (i.e. planning, plan check, permitting, inspection, etc.) functions to best carry out the goals, objectives and mission of the new department, including recommendations already included in the Joint Report, alternative recommendations to those in the Joint Report, and any new or additional recommendations. Each recommendation shall also include an explanation of the performance improvements that can be expected from making each change, metrics to measure the change in performance, recommended timelines for implementation of the changes, and significant challenges to implementing the change. The recommended changes must ensure minimal or no disruption to delivery of existing services during the transition and one year after the consolidated department becomes operational;
4. Flow charts and other graphical illustrations documenting the recommended changes to existing functions and processes;
5. A written summary and analysis of the recommended changes to existing staffing patterns and resource allocations to best carry out the goals, objectives and mission of the new department. Additionally, a detailed organizational chart and staffing plan shall be provided for the new department, reflecting any recommended changes to staffing;
6. A written summary and analysis of the recommendations, as appropriate, for creation of new classifications and consolidations of existing City classifications. Such recommendations shall include descriptions of duties to be performed and required experience, education, licenses, and/or certifications;
7. A written summary and analysis of the recommendations for addressing staffing and resource needs related to economic upticks and downturns in the local real estate and development industry;
8. A written summary and analysis of the mission and name for the new department;

9. A written summary and analysis identifying the best practices from other cities in addressing the types of strategic changes proposed in the May 29, 2013 joint report on functional integration that can be adapted to the City Los Angeles and other related information -- such as how those best practices are integrated into the final recommendations for the functional integration or how the approach followed by other cities does not apply to Los Angeles;
10. A written summary and analysis of the recommended amendments to the Mayor's Development Reform Strategic Plan and the BuildLA technology platform in light of the functional integration of development services departments and functions that were not contemplated in the Strategic Plan or BuildLA platform;
11. A written summary and analysis of the tasks, sub-tasks and timelines necessary to implement the new department by January 1, 2014; and,
12. A fiscal impact analysis, including one-time and ongoing costs for the functional integration of development services departments.