

Memorandum



CITY OF DALLAS

DATE June 4, 2021

TO Honorable Members of the Economic Development Committee

SUBJECT **Comprehensive Building Permits Update**

This memo provides a comprehensive summary, status, and path forward on building permits in Dallas. Much discussion has taken place on the subject and shared previously, but it is a good time to reset where we have been, where we are, and where we are going.

Background/Context

In the Fall of 2018, Sustainable Development & Construction implemented an electronic plan review system, ProjectDox by Avolve, with an eye toward the future and increased efficiency. Reduction of paper plans being received by in-person drop-offs and serial routing of those documents to various review disciplines were the main objectives. Concurrent reviews would speed the overall plan review process.

ProjectDox was chosen as the “best of breed” solution, offering an off-the-shelf solution with minimal configuration for Dallas. The known shortfall was ProjectDox would have to be integrated with the 15+ year old Posse system, the backbone permitting system from which permits are issued, records are kept, fees are calculated, etc. It was known there would not be 100% integration between these systems, that manual steps by staff would be required to move information between the systems.

Following a “soft launch,” in the Spring of 2019 staff began conducting training classes for applicants on the new ProjectDox system. The benefits became clear and staff was able to successfully process the volume of electronic submissions being received. The number of electronic submissions plateaued at approximately 20% of all submission in early 2020.

Then, literally overnight with the onset of the pandemic and the restriction of in-person visitors to the Permit Center at the Oak Cliff Municipal Center, ProjectDox went from being an emerging tool to nearly the exclusive way to submit permit requests. The percentage of electronic submissions quickly spiked to approximately 90%. The availability of ProjectDox allowed the essential construction industry to continue to obtain required permits with very limited physical interaction. Plans could be submitted 24 hours a day, 7 days per week.

With this sudden increase in volume of ProjectDox usage, several problems emerged:

- Not all staff were trained on ProjectDox and had a learning curve to overcome.
- A very significant number of customers were forced to use ProjectDox and did not have the training or knowledge to do so effectively.
- The technical environment was not sized for the volume of activity in the system, creating general slowness and timing out when customers and staff tried to use the system.

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Overall permitting activity was relatively slow in the second half of March and April 2020 as the world mostly stood still to figure out what was next with the pandemic. The estimated construction value of permits issued in March 2020 was \$200 million. However, that number rose dramatically to approximately \$330 million in April 2020 and to over \$400 million in May 2020. This is the time period when the issues outlined above began to stand out and the “backlog” of single family permits began building.

The initial backlog was in the “pre-screen” function, where every electronic submission goes first for staff to check to ensure all required documents and plans are uploaded, complete, and in the required format. If yes, the submission moves on to the “plan review” stage after the applicant is notified it has passed pre-screen and the initial fees are paid by the applicant. If no, a task is sent back to the applicant with comments noting the deficiencies. Applicants make the corrections, resubmit, and the project enters the pre-screen process for a second pre-screen. With so many new users, nearly every submittal required multiple rounds of revisions, extending the overall timeline and consuming staff time.

In September 2020, four additional staff members were allocated to the pre-screen function to work through the backlog and an existing contract for temporary support staff was also utilized. Since this was mainly an administrative function, it was relatively easy to utilize and train these resources, and the backlog was reduced from 464 applications in the pre-screen queue on September 1, 2020 down to 101 applications on October 28, 2020.

It was around this time that SDC also ramped up training to assist applicants with the ProjectDox system. Training and reference materials were already provided and available online both on the Building Inspection website and the ProjectDox login page with instructions on how to properly submit a project. These materials were enhanced by offering virtual webinars to walk applicants through how to effectively use the system. An instructional video was also added to the Building Inspection website. Staff began publishing current review times weekly for commercial and single family permits on the Building Inspection website for transparency and to appropriately set timeline expectations.

Once the pre-screen backlog was cleared, those projects moved to plan review, the second main phase of the process, creating a new backlog at this more technical and time-intensive step. Of course, new submittals continued to come in and those flowed more smoothly through pre-screen, constantly adding to the number in plan review. In December 2020, the combined time for pre-screen and first plan review extended to 15 weeks for single family projects.

In December 2020, Senior Plan Examiners were partially re-assigned to Single Family Plan Review from other internal plan review teams to help out. A goal was set with the Development Advisory Committee, as recommended by the Dallas Builders Association, to reduce the timeline for first plan review down to 2-3 weeks by the end of the 1st quarter 2021 (March 31st).

Meanwhile, the Information and Technology Services (ITS) department continued work on improvements to system performance issues that greatly slowed tasks both by applicants and staff. ITS redesigned and rehosted the current system environment for greater efficiency and scalability, conducted a diagnostic on the network at the Oak Cliff Municipal Center, and upgraded staff computers with more memory, higher processing speeds, and Windows 10 that resulted in much better performance in handling the large files associated with plan review. In addition,

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CARES Act funds were used to pay for improving the integration between ProjectDox and Posse, reducing, but not eliminating, the manual steps needed to be taken by staff.

On January 27, 2021, City Council authorized professional service contracts for third-party supplemental plan review and inspection services to assist in processing building permits and be available for inspections, if needed. Work began immediately to obtain City of Dallas email addresses and user IDs for the ProjectDox electronic plan review system. Virtual meetings with the supplemental plan reviewers were held to discuss the process, the use of ProjectDox, Dallas City Code, and conducting reviews in order to get started. There were challenges with plan reviewers accustomed to working in other jurisdictions, but staff worked to minimize inconsistencies between outside reviews and internal reviews. Assignment of plans to these supplemental resources began on February 4, 2021.

As reported by memorandum to the Economic Development Committee on April 2nd, the backlog was eliminated as previously committed and the combined timeframe for conducting the first prescreen (1-2 business days) and first plan review of a single family project was down to 4 weeks. A week later, it was down to 3 weeks, where it has remained since.

It was a huge challenge for all of the reasons outlined above, as well as intermittent lost staff time due to positive COVID-19 cases and power outages at the Oak Cliff Municipal Center as a result of both a fire and the massive winter storm.

Single Family Permits Update

As of June 1st, 2021, there were 260 single family projects with pending applications. Of those, 180 were in the queue for first plan review. 95.5% of the projects in the first plan review stage had been in the queue for less than 3 weeks. 83.3% had been in the queue for less than 2 weeks

Commercial Permits Update

With the improvements on the single family permits side, attention has now turned to commercial permits. The timelines for commercial permits were not impacted nearly as much as single family and remained at 4 – 6 weeks for initial plan review throughout much of the timeline described above. The number of permits in plan review ranged from 600 to 900 during this time period. In mid-May, that number reached 1,141, but on June 1st, 2021, the number of commercial projects was down to 939.

Q-Team Update

What has been seen in The Q-Team, the City's express plan review team, has seen an increased number of submissions for minor permits and smaller remodel and finish-outs. These were not part of the original conception for the Q-Team to focus on larger projects that ultimately generate increased employment and tax revenue. While this increase in submittals cannot be directly attributed to any dramatic slow-down in the processing of commercial permits through the typical commercial review cycles, clearly there was a desire by some to take every measure to avoid delays by submitting through the Q-Team process for permits that have included fences, swimming pools, canopies, communication towers and smaller finish-outs. These permits do not really benefit from the Q-Team process, and may take longer, as many of these permits can be

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processed in a few days through the standard process. The consequence is that it has a negative impact on projects that do benefit from the Q-Team process by diverting resources.

For this reason, staff is instituting a policy to limit Q-Team reviews to:

- New commercial construction
- New multifamily construction greater than 6 units
- Commercial and multifamily remodels, additions and finish-outs greater than 10,000 square feet

Q-Team will not be accepting permits for:

- Fences, swimming pools, canopies, decks and similar site improvements
- Grading or paving only permits
- Work begun without a permit
- Equipment only installations including cellular towers, concrete batch plants, generators and material handling equipment
- Projects with less than \$50,000 valuation

Note: City staff will continue to expedite work associated with catastrophic events such as weather-related damage or fire.

Development Community Update

Staff has been in dialogue with the development community about these changes at both the Development Advisory Committee and at monthly meetings with the contractor associations. Staff is developing a Q-Team project eligibility checklist and communicating these project qualifications to the broader development community.

While staff has received some concerns on project limitations such as minimum 10,000 square feet for remodels and finish-outs, there is a consensus that a focus on larger, more complicated projects for the Q-Team will enhance that process and will be of benefit overall. Staff will work with the development community to evaluate these project qualifications in 3 months to see if anything needs to be revisited.

In addition to the Q-Team changes, a pilot project will begin in early June to utilize the supplemental plan review resources assisting with single family on commercial reviews. This will require ramp up time to train those resources and formalize the process for commercial reviews but will help absorb non Q-Team projects and reduce time to first review for standard commercial projects.

Path Forward

There is no one shoe fits all solution to addressing the real and perceived issues related to the City's building permitting process. We recognize this reality and are taking a proactive comprehensive approach to addressing the challenge. More importantly, the path forward leads off with a focus on enhanced customer service, continuing to move projects through the system efficiently, analyzing City code for alignment, exploring organizational alignment and addressing much needed system upgrades. Over the next six months and leading up to the Spring of 2022

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and in alignment with the recently adopted economic development policy one-year transition, the following activities will be underway in Sustainable Development.

1. Customer Service Process Improvement Project with Toyota (Underway with Q3 completion)

On May 11th, 2021 a new project was launched in partnership with Toyota Production System Support Center (TSSC), a division of Toyota Motor North America (TMNA). TSSC advises non-profits, community organizations, government entities and select retailers and manufacturers using their Toyota Production System to increase productivity, maximize available resources, and strengthen the quality and efficiency of production. This project will focus on improving customer service of the Permit Center. The scope of the project includes the Building Inspection call center, which received 112,800 calls during 2020 and is on pace to receive more in 2021, as well as walk-in and email customers.

As frustrations grew with the elongated plan review times for single family and in-person consultations were halted, more pressure was put on the call center and other customer service functions to provide answers. Complaints about long hold times, dropped calls, and no response to voice mails and emails have become common. All of these issues will be examined as part of this project.

In addition to Toyota personnel and Sustainable Development & Construction staff, City staff from Budget and Management Services' Performance, Innovation, and Strategy division and Lean Six Sigma practitioners from Dallas Water Utilities, Dallas Fire-Rescue, Information Technology Services, and the 311 Call Center are key team members. The objective of the 3-month project is to analyze the current situation and implement ideas for improvements to provide customer service that delights the customer.

2. City Code Review and Recommendations (Underway with Q3 action)

In consultation with legal support, staff will be conducting a review of City Code Chapter 52 Section 302 to bring forth any suggested recommendations to City Council for changes and or additions to foster greater efficiency in process timing and alignment of City policy. The goal is to bring recommended changes to the Economic Development Committee in August/September.

3. Workflow Evaluation and Staffing Study (Underway with Q4 recommendations and implementation by Q2 2022)

Adopted in the FY20-21 budget, a third-party Workflow Evaluation and Staffing Study to help determine appropriate staffing levels and additional opportunities for improvements is approximately two months into an expected nine-month project. The Matrix Consulting Group, the winning proposer among seven proposals received in response to the RFCSP, has significant experience in conducting similar projects in various sized local government agencies, including Boston, DeKalb County (GA), San Jose, Miami Beach, and Ft. Worth. Recommendations from this study are anticipated in December 2021, with implementation in 2022. Important note, we are continuing to explore other organizational alignment strategies. This work and recommendations will support ongoing refinement and alignment in providing the most effective structure capable of advancing the goals of economic growth in Dallas.

4. Posse System Replacement (Procurement Process Completion Q3 2021)

The City remains in the procurement process for the replacement of the Posse permitting system. The RFCSP was released in August 2020 and vendor responses were submitted in September 2020. Following evaluation and vendor demonstrations, a top proposer was identified. The Office of Procurement Services, Information & Technology Services, and Sustainable Development & Construction are currently working with the vendor to finalize the Statement of Work as part of the contract. This contract will come to the City Council for approval when finalized. The project is estimated to take 18 months from initiation to full implementation.

This project is more than just a technology upgrade. It is critical for reviewing the end-to-end processes and the long-term technology to support these processes. One of the most significant expected benefits is a new level of transparency to the permitting process for applicants to follow their permit requests through the process.

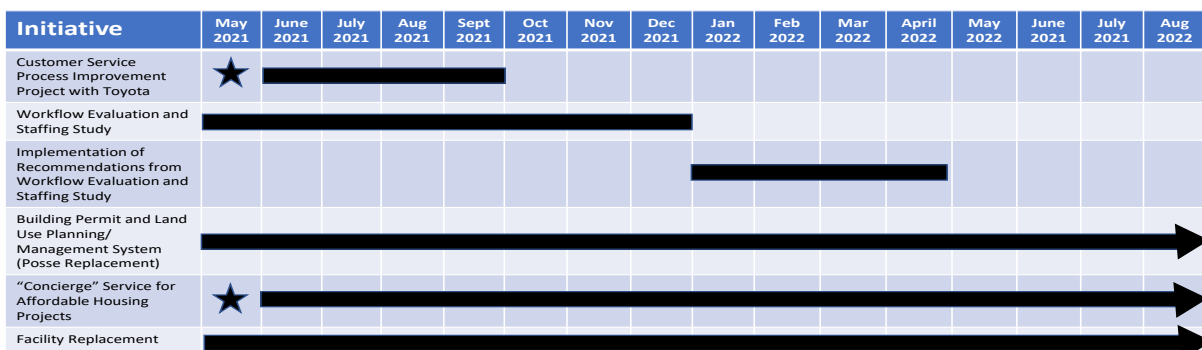
5. Concierge Service for Affordable Housing Projects (Underway with Q2 2021 targeted for implementation)

As approved in the FY20-21 budget, two additional Development Project Coordinators have been hired to provide “concierge” services for projects related to mixed income housing developments that are participating in the 1,000-Unit Affordable Housing Challenge and other City Housing programs. Concierge level service has been provided to very large projects (e.g., Red Bird Mall, DISD, AT&T) for several years, but these new resources will extend that service to affordable housing projects. The Development Project Coordinators will work directly with the Housing & Neighborhood Services department and the development team to communicate development requirements, processes, timing, and track progress of these very important projects.

6. New Facility to Replace the Permit Center and Staff Offices in the Oak Cliff Municipal Center (Replacement discussion underway with Q2 2022 targeted for development)

The Oak Cliff Municipal Center is not conducive to excellent customer service or optimal staff productivity. Renewed efforts for a better facility solution are underway. We are currently analyzing office/use requirements as we explore potential development scenarios to move this much needed project forward.


The following timeline overview illustrates the various projects and initiatives as outlined above:



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As we continue the work underway, staff will be providing ongoing updates via memorandum and through presentation and discussions with the Economic Development Committee. The collective goal of the work is about tackling a multitude of interwoven issues and needed improvements to ensure the effective delivery of building permitting services in the City of Dallas.

Should you have any questions, do not hesitate to contact myself or Kris Sweckard, Director of Sustainable Development & Construction, at (214) 671-9293.



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