



## Innovation Award Application 2014



**City of Phoenix**

## Comprehensive Development Process Reforms

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Describe the Program/project/ product/ service innovation:

During the peak of development in the City of Phoenix, the development community was frustrated by the slow process of approving permits and scheduling inspections, some of which was due to the large volume of requests. During the Great Recession, there were fewer applications for permits and requests for inspections, however the loss of staff through three cycles of reductions in force meant turnaround times did not improve. The slow turnaround time during the downturn continued to frustrate developers eager to open projects with limited revenue or constrained financing. Decreased demand also allowed staff the time to examine processes and make improvements to prepare for increased activity in the future. In the wake of these changes, the City began a thorough examination of the development process, from plan submittals to inspections and from the customer experience to internal and organizational operations. This complete analysis and rethinking of the development process began in April 2009 when the Mayor and City Council formed a task force to improve processes and services to customers including, but not limited to, turnaround times and the predictability of plan reviews. In November 2011, the Mayor and City Council engaged a group of nearly 150 community and business leaders to be a part of the second Development Process Ad Hoc Task Force and its subcommittees, covering topics such as commercial development, planning and zoning changes, and residential development. The Task Force identified a variety of recommendations, including changes to City Code, the Zoning Ordinance, internal operations, and organizational structure. The project has been on-going since April 2009 with additional improvements occurring in areas not originally examined by the task forces.

This project has included over four years of work by the Mayor and City Council, community and business leaders, and professional staff to fundamentally improve the development process for residents, businesses, contractors, and staff. These changes, successfully developed or implemented over the past two years, include:

- **24 Hour Inspection Turnaround Policy:** This policy, approved by the Mayor and City Council, directs staff to schedule all inspections for the business day following the request. In FY2012-2013, 95 percent of all residential and 97 percent of all commercial inspections were completed within one business day.
- **Self-Certification Program and Subsequent Expansion:** Following the model of other cities around the United States, the City of Phoenix implemented a self-certification program for registered professionals to bypass the normal plan review process and obtain permits to begin construction in one day. With the most recent expansion of this program, the City of Phoenix surpassed all other municipal programs by allowing all types of new building construction plans and alterations, with the exception of hazardous occupancies, high rises, hillside

development, large assemblies and flood plain areas. This expansion opened the door to projects of all types, scope and size, including historic buildings. Extensive training and certification of design professionals, audit procedures, inspections, and other safeguards ensure that buildings still follow all of the related building and zoning regulations.

- **Electronic Plan Review:** Electronic Plan Review (EPR) allows for the submittal of construction plans via the internet. Plans are reviewed and marked up electronically using custom software. The system allows customers to submit plans 24 hours a day and reduces the need for physical trips to City Hall. An EPR pilot began on June 24, 2013. The pilot allowed staff and customers to test the software and identify gaps in the system while the final touches were completed on the website interface. About 30 projects were submitted during the pilot and the City went live with EPR to the general public on November 4, 2013.
- **Co-Location with Maricopa County Permitting Functions:** As part of the development process, many customers of the City's Planning and Development (P&D) Department are also required to get permits from Maricopa County Environmental Services Department (MCESD) and Maricopa County Air Quality Department (MCAQD) for projects such as restaurants, septic tanks, and dust control. Navigating the unique regulatory requirements of both agencies can be frustrating and, if not coordinated appropriately, can impact project timelines. In addition, some customers make multiple trips to various locations to deliver applications, drop off plans, make payments, and pick up permits. Recognizing the customer service benefits to providing a one-stop shop for customers, P&D and Public Works staff have been working with Maricopa County to establish a County services counter on the second floor of City Hall. At this counter, County staff will work side-by-side with City staff to ensure seamless customer service and coordination during the permitting process. While the City and County are still working to implement this improvement, it is anticipated that applications, revisions, research, and cashiering will be available for permits provided by MCESD and MCAQD in Phoenix City Hall. Examples of permit types include: food establishments, special events, dust, burn and on-site waste/water. It is anticipated that the counter will open by summer 2014.
- **Five-Day Development Site Plan Review:** Five Day Development Site Plan Review was implemented with a goal to perform 90 percent of all site plans in five days or less. To achieve this goal, staff coordinated the scanning and indexing of all existing zoning files, and five dedicated staff were hired. These changes were effective in reducing what was previously a 20-30 day turnaround time to an average of five days in the first two months of implementation. Additionally, the team exceeded the goal in the first two months by reviewing 95 percent of over 300 total site plans submitted within five days.
- **Inspections Smartphone Program:** Approximately 100 inspectors use a laptop and cell phone to conduct approximately 700 constructions inspections

throughout the city each day. Initially developed as a pilot program but recently implemented across all of the inspectors, staff developed a web application that allows inspectors to enter results on a smartphone while on the jobsite, and the text-to-voice feature on the smartphones enabled comprehensive notes to be included with each inspection. A number of construction-related mobile applications replaced current inspection tools, and other applications facilitate review and approval of field changes. Communication was enhanced through easier email access and improved monitoring and response to voicemail and text messages. The phones also increase efficiency through the use of GPS navigation and the on-board cameras. The initial cost to equip approximately 100 inspectors with smart phones is estimated at \$24,000. Adding data to existing phone plans will add \$2,400 per month. These costs will be more than offset by the increase in productivity that will allow the group to perform 30 to 40 additional inspections per day while improving communication and customer service for the development community.

- **Increased Use of On-call Contracts:** As permitting and inspections have grown since the lowest levels a few years ago, Planning and Development staff have increasingly relied on on-call contractors for review and inspection. The use of on-call contractors allows the Department to be flexible and respond to demand immediately. This change was necessary to ensure the 24 hour turnaround for inspections would be possible as demand grows or declines.
- **Privatized Non-Life Safety Inspection Program:** This voluntary program allows development customers to hire qualified independent private inspectors to perform non-life safety inspections for the following eligible inspection types: energy, green building and landscape. Staff developed a policy outlining minimum qualifications and requirements for customers who choose this option. This program has reduced the development timeline without increasing costs to the City of Phoenix.
- **Building Maintenance Registration (BMR) Program Expansion:** BMR is intended for electrical and plumbing/mechanical maintenance projects and is a cost-effective way for an organization to benefit from the City's building safety inspection services. Previously, the program was limited to small projects such as relocating receptacle outlets or lighting fixtures, but through the Task Force, staff recommended expansion to Level 1 alterations from the existing building code. The expanded program has been utilized by the City of Phoenix Public Works and Water Services Departments, and by John C. Lincoln Hospital.
- **Consolidation of Fire New Construction Inspections:** Previously, the Fire Department, specifically the Fire New Construction Inspections group, was responsible for inspecting new construction. This group was transferred to the Planning and Development Department to increase coordination and reduce delays in the development process.

- Fire Permit Consolidation: Consolidation of fire off-site, on-site and backflow permits was implemented. Access control permits that previously required approval by the Fire and Planning and Development departments were combined to require only one approval. Sprinklers in single family homes can now be a deferred submittal on a single family home permit, allowing customers to begin construction prior to having sprinkler plans approved.

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Short description of the importance, internal impact, and community benefits:

These changes have dramatically improved the experience for customers as well as for department staff. The timeline for some steps in the development of even large projects has decreased from a month or more to just a few days, if not 24 hours. With less time spent in the review and approval process, construction projects for both residential and commercial customers can now start and finish sooner, which increases the economic impact. With commercial projects finishing sooner, businesses can now open quicker and begin to hire workers. These improvements have also been part of the Community and Economic Development Department's portfolio of reasons that Phoenix has a competitive advantage when working with businesses to locate, grow or expand in Phoenix. The internal impact of some of these changes was not without challenge or resistance, however staff have been given the tools and support needed to help make their work easier, faster and more efficient. These changes have also been lauded by the local development community and by construction and architecture professionals. In addition, self-certification has led several design professionals to a unique niche in the current construction market. They are able to offer quick turnaround times on tenant improvements and interior remodels by utilizing the self-certification program. One such architect has self-certified over 60 permits for medical offices and other tenant improvements since 2010.

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What makes this a quantum leap of creativity?

This program represents a quantum leap of creativity because it was a fundamental rethinking of the development process using a 360-degree approach that included significant external customer input through the citizen Development Process Ad Hoc Task Force, as well as improvements for staff, including Electronic Plan Review and the Inspections Smart Phone program. By listening to development customers, staff was able to learn about the most significant challenges caused by the regulatory process. By addressing those concerns, while still maintaining a strong focus on the City's responsibility to the community for proper development, the City has been able to dramatically reduce the friction involved in the development process. Instead of looking at just one aspect of the development process, for example just on Electronic Plan Review or just the Self-Certification Program, this process has examined every aspect

of the process and found ways to make nearly all of those steps easier. With the recent inclusion of the planned co-location with Maricopa County permitting processes, this entire process over the past two years has made Phoenix more customer-focused and ready for development.

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#### Who benefits?

Ultimately, all residents of the City of Phoenix have benefited or will benefit from this project through the increased and quicker development, and subsequent increased tax revenue. From the self-certification program alone, over 550 permits have been issued with a \$415 million permit valuation. This represents development activity which previously would have gone through the review process, likely taking several months. By using professionals certified with the City of Phoenix, new projects can start construction without delay. Residential projects are also now easier to complete, so remodeling which would have been delayed by the permitting process can now be started and completed quicker, allowing for quicker turnaround time for residential projects as well.

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#### How was the program/project/product/service initiated and implemented?

This project, involving multiple programs, was primarily initiated by the Mayor and City Council when they established a first citizen task force in April 2009 and then the Ad Hoc Development Process Task Force in November 2011. Through the input of business customers, residents and community leaders, recommendations were developed to improve the development process. Further programs were developed under this project through the input of stakeholders, staff and community leaders. Maricopa County approached the City of Phoenix about co-location opportunities, which has been a recent addition to the ongoing development process changes. Implementation occurred by City staff, and involved various departments and all levels of staff. Departments involved include: Planning and Development, Fire, Water Services, Street Transportation, and the Community and Economic Development departments. Hundreds of community stakeholders and contractors were also involved in feedback through pilot programs, self-certification training, and more.

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#### What risks were taken?

This project was not without risks. Throughout this process, some stakeholders were concerned that regulations or review processes would be relaxed to the point where safety was compromised or proper community involvement in development was not considered. Because of these risks, many safeguards were implemented to ensure the proper role in public safety was maintained. Through the self-certification program, for example, permits are audited to ensure compliance with all relevant regulations. Any errors, which are few, are discovered during the audit process within a few days of the permit being issued, so they are easily corrected without major cost or disruption to the

project timeline. The work performed under self-certification permits is also still inspected, so any potential hazards in construction would be caught during that process. Other risks include the risks associated with any innovative program, including resistance to change, potential community protest, and the potential that large investments like Electronic Plan Review would not be ready on-schedule or on-budget, or that usage would be lower than expected so fewer benefits would be possible.

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What, if any were the costs and/or savings?

Costs and savings for this project are difficult to quantify due to the fundamental changes to the department over four years, and the variety of changes made. Electronic Plan Review cost an estimated \$3.5 million including hardware, software and implementation costs. The Inspection Smart Phone program is estimated to cost \$24,000 in equipment and \$2,400 per month in mobile data charges. Overall, the changes that were part of this project will save millions of dollars through efficiency improvements and reduced staff time in processing permits. These changes will also lead to increased development, further solidifying the financial benefits to the City of Phoenix.

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What are the lessons learned that other local governments can learn from?

Some of the primary lessons to be learned from this project include:

- Involve all stakeholders in the process and listen openly to their concerns, ideas and suggestions.
  - Take a holistic approach to analyzing the development process, from both the customer's experience to the staff's ability to efficiently process permits and complete inspections.
  - Goals which may at first seem unachievable (24 hour turnaround, five day site plan review) can be accomplished with the creative input of employees and investments in technology and efficiency improvements.
  - Consider the number of steps customers must make in order to develop multiple types of projects to ensure that services are accessible in one location and/or online.
  - Include other agencies involved in the development process in your own efforts, including considering co-location of services to better serve customers.
  - Ensure public safety is maintained and the needs of the community are balanced with any efforts to improve the development process.
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What department and/or individual(s) championed the innovation? If a contractor was used, please list the name and their contact information.

Former City Councilman Tom Simplot and current City Councilman Sal DiCiccio championed, organized and lead the two ad hoc task forces that challenged staff to

streamline the development process. Assistant Director Cindy Stotler led the implementation of many of these programs and continues to oversee their operations today. Departments involved include: Planning and Development, Fire, Water Services, Street Transportation, and the Community and Economic Development departments. Hundreds of community stakeholders and contractors were also involved in feedback through pilot programs, self-certification training, and more.

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Any additional information you would like to share?

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