

City and County of San Francisco

OFFICE OF THE CONTROLLER

DEPARTMENT OF BUILDING INSPECTION:

The Department Generally Satisfies Its Customers but Should Improve How It Measures Its Effectiveness and Identifies and Refers Projects Subject to Impact Fees





Edward Harrington
Controller

Matthew H. Hymel
Chief Assistant Controller

June 11, 2001

Audit Number 00009

Building Inspection Commission
1660 Mission Street, Sixth Floor
San Francisco, CA 94103

President and Members:

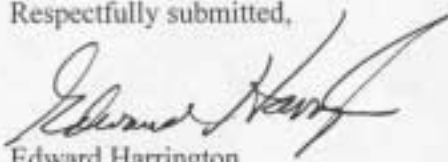
The Controller's Audits Division presents its report concerning the performance audit of the Department of Building Inspection (department) of the City and County of San Francisco (City).

This report concludes that for the department to assess whether it is effectively and fairly enforcing building codes that protect public safety, it should improve its performance measures. In addition, the report shows that the department has not consistently referred certain building projects for collection of development impact fees resulting in millions of dollars of lost revenue to the City. The report also concludes that the department has not ensured that its employees are professionally certified and that they obtain continuing professional education credits as required by state law. The report further concludes that the department's methods for recording and reporting on its activities need improvement. Finally, surveys indicate that employees and customers are generally satisfied with the department, but some areas need improvement.

The report includes several appendices, including the results of a related audit conducted by management consultant KPMG. Copies of that report are available from this office.

The department's response is attached to this report. The Controller's Audits Division will work with the department to follow up on the status of the recommendations made in this report.

Respectfully submitted,



Edward Harrington
Controller

TABLE OF CONTENTS

Executive Summary	S-1
Introduction	1
Chapter 1 Although the Department Gauges the Efficiency of Its Efforts, It Should Also Measure the Effectiveness of Its Work	7
Chapter 2 The Department Does Not Consistently Refer to the City and the School District the Projects Subject to Impact Fees From Developers	19
Chapter 3 The Department Should Improve Some Personnel and Fleet Management Practices	31
Chapter 4 The Department Uses Inefficient, Unreliable Processes for Recording and Reporting Information on Its Productivity and Promptness	39
Chapter 5 The Department's Customers and Employees Express General Satisfaction with the Department	47
Appendix A Department of Building Inspection Customer Survey Questionnaire	A-1
Appendix B Department of Building Inspection Employee Survey Questionnaire	B-1
Appendix C Customer Survey Executive Summary: Prepared by the Public Research Institute of San Francisco State University	C-1
Appendix D Department of Building Inspection Employee Survey Summary of Selected Responses	D-1

Appendix E	E-1
KPMG LLP Executive Summary of the Performance Audit of the Department of Building Inspection	
Department of Building Inspection Response	F-1

TABLE OF EXHIBITS

Introduction

Exhibit 1	Department of Building Inspection Organizational Chart	2
Exhibit 2	The Permit Application Process at the Department of Building Inspection	3
Exhibit 3	The Inspection Services Process at the Department of Building Inspection	4
Exhibit 4	Expenditures by Program, Fiscal Year 2000-2001	5

Chapter 1

Exhibit 5	A Standard Strategic Planning Process for Organizations	10
-----------	---	----

Chapter 5

Exhibit 6	Service Problems That Customers Experienced in the Past Year	51
-----------	--	----

EXECUTIVE SUMMARY

Results in Brief

Although the Department of Building Inspection (department) of the City and County of San Francisco (City) has many ways to measure its efficiency, the department does not adequately measure and report on the effectiveness of its work so that it can determine if it is fully accomplishing its mission. The department cannot assess whether it is meeting its mission because it lacks performance measures that could indicate whether it effectively and fairly enforces codes to protect public safety. In addition, the department has caused the City's Municipal Railway and the San Francisco Unified School District (school district) to fail to collect millions of dollars in fees because the department does not consistently refer projects subject to two project impact fees that developers owe. Our audit also showed that the department does not ensure that its staff receives the training and certification required by state law. Further, although the department generally meets its goals of providing prompt, efficient service, the department uses inefficient, unreliable processes for recording and reporting information on its response time and productivity. Finally, most of the department's customers and employees express satisfaction with the department, but some customers and employees believe that some areas of the department's operations need improvement.

A separate but related audit of the department performed by KPMG under contract to the Controller's Office found that the department's permit issuance process has minor quality-control gaps that raise the risk of substandard construction, process and technology issues that delay permit issuance, insufficient use of quality controls and technology that hampers the productivity and responsiveness of inspectors, and frontline contact with customers that is inefficient and inconvenient. The results of the KPMG audit appear in more detail in Appendix E.

Background

The purpose of the department is to serve the City and the general public by ensuring that life and property are safeguarded and to provide a public forum for community involvement in that process.

To fulfill its purpose, the department does the following:

- Reviews residential and commercial building plans.
- Issues building, electrical, plumbing, and street space permits for proposed and in-progress projects.
- Inspects buildings and sites for conformity with approved permits and federal, state, and local building codes.
- Conducts community outreach activities.
- Investigates complaints of violations of the building, plumbing, electrical, housing, and disability access codes, and lead hazard reduction and environmental health and safety requirements.

The department's two primary functions, issuing permits and inspecting buildings, are the basis for its organizational structure. As of October 2000, the department had 284 employees. Its fiscal year 2000-2001 budget is \$34 million. The department operates as an enterprise fund; therefore, any surplus revenue is carried forward and accumulated as a reserve. The department's operations are funded primarily from charges for its services.

Although the Department Gauges the Efficiency of Its Efforts, It Should Also Measure the Effectiveness of Its Work

The department has not developed performance measures or reports that gauge the effectiveness of its inspection and permit processes. Consequently, the department cannot be certain that it adequately fulfills its mission to safeguard the life and property of San Franciscans. However, the department has many standards for evaluating its employees' promptness and productivity in issuing permits and in conducting inspections, probably more than it needs. The department could better assess its effectiveness and report more meaningful results if it had measures that gauge the quality as well as the quantity and timeliness of its work.

The department's current performance measures also lack direct ties to a strategic plan that outlines the department's vision and guides its programs. The department's plan meets the City's requirements but has shortcomings that impede the department's ability to fulfill its mission by not

linking mission to goals, goals to objectives, and objectives to performance measures. Although the department has many written objectives for staff productivity, the strategic plan does not clearly link these objectives to the department's broader goals. In addition, the department should strengthen its policies to help ensure that its employees do not provide improper preferential treatment to customers, including outside expeditors.

The Department Does Not Consistently Refer Projects Subject to Fees That Developers Owe the City and the School District

The department does not properly identify and refer all construction projects subject to fees owed the City by building developers or owners. We estimate that the Municipal Railway has not billed or collected \$3.5 million in Transit Impact Development Fees since July 1985 and that the school district may have failed to collect hundreds of thousands of dollars in school fee revenue. No management review is built into the department's process for identifying and referring projects subject to the two fees, the process has few automated checks, and policies and procedures for this process are inadequate. The department does not compile permit data to tabulate the creation of new residential or nonresidential space, so there is no way for the Municipal Railway, the school district, or department management to know whether the department refers all projects that may be subject to the two fees.

The Department Does Not Adequately Monitor Employee Certification, Training, or Evaluation and Could Improve Its Fleet Management Practices

Because the department has not adequately recorded or monitored employee certification, training, or evaluation, it cannot be certain that it is complying with state law or that its employees receive appropriate feedback on their performance from their managers. In fact, 25 percent of department employees required by state law to earn certification may not have done so. Consequently, the department is exposing the City to legal liability from dissatisfied customers or others for not being able to show that its staff are properly certified and trained as required by state law. Furthermore, the department does not have policies and procedures in place for it to record and monitor employee certification and training. Without such policies and procedures, the department does not have consistent, reliable information on the status of employees who require certification and training.

Most of the department's 129 employees who responded to our employee survey question about performance evaluations report they have not received evaluations in more than a year, and 19 percent of those responding say

they have never been evaluated. According to the City's Department of Human Resources, departments should evaluate their employees at least annually. Without documentation about their job performance, employees do not know whether they are performing their responsibilities adequately.

We also found that the department does not keep adequate records to ensure that it reports the unpaid car benefit that federal law requires be applied to all employees who drive city cars home at night. We found that the department did not report this benefit for more than half the employees who receive it. Further, the department does not have adequate procedures to manage its city vehicle fleet.

The Department Uses Inefficient, Unreliable Processes for Recording and Reporting Information on Its Productivity and Timeliness

The department, and especially its Plan Check Services unit, relies too heavily on manual processes to calculate its performance statistics. These processes are unnecessarily time-consuming and subject to error. Because the resulting statistics are the department's primary means for determining whether its employees are productive, inaccurate figures could present a misleading picture of the department's performance. Without accurate performance statistics, department management and city decision makers cannot be sure that the department is as efficient as it reports. Moreover, staff members are spending unnecessary amounts of time tabulating statistics that computerized systems could calculate more quickly and accurately.

Further, the productivity results that the department reports for its building inspectors appear to be overstated. Although the reported promptness of building inspections is accurate, the recorded number of building inspections and the resulting reported level of inspector productivity are inflated. This situation has occurred because the Building Inspection Division counts as inspections some of the building inspectors' other activities and some tasks that are not inspection activities at all. Finally, the Housing Inspection Services Division should improve its reporting of performance results and its record keeping, particularly of how housing inspectors spend their time on code enforcement cases, and establish performance goals that better reflect its objective to see that code violations are corrected.

***The Department's
Customers and Employees
Generally Express
Satisfaction With the
Department***

We surveyed the department's customers and employees to learn their perceptions about the department's performance. Our surveys revealed that customers and employees are generally satisfied with the department but identified certain areas of concern. Customers raised some concerns about the level or quality of certain services provided by the department, while employees' concerns were mostly related to outside influences on the department and to workplace and employment issues. Department management should be able to address many of these concerns easily and may correct or enhance its delivery of services to the public based on the results of these surveys.

Key Recommendations

To improve its operations, the Department of Building Inspection should act on all the recommendations presented in this report, including those key recommendations outlined below:

To gauge how well it is accomplishing its mission of effective, fair, and safe code enforcement, the department should take these steps:

- Develop a strategic plan that will result in a comprehensive set of goals and objectives linked to the department's mission. The department should create a plan that brings together the department's vision, mission, goals, objectives, and performance measures and review it annually.
- Formulate a limited set of performance measures that not only address the department's promptness and productivity but also its effectiveness.
- Establish an explicit policy prohibiting its employees from giving any customer improper preferential treatment. This policy should be part of a code of ethics developed by the department, with assistance from the City's Ethics Commission, and adopted by the Building Inspection Commission for the department's use.

To identify and refer more effectively the construction projects subject to impact fees owed to the City and the school district, the department should enhance its procedures and systems in the following ways:

- Establish in the permit tracking system an automated reminder for staff to verify that, when required, the Transit Impact Development Fee and School Facility Impact Fee have been paid.
- Ensure that Permit Services Program supervisors spot-

check permit applications regularly to see that clerks are referring applications appropriately to the San Francisco Municipal Railway and the San Francisco Unified School District.

To ensure that its employees are professionally certified and trained in accordance with state law and to more consistently evaluate the performance of its employees, the department should take these actions:

- Develop a policy on professional certification and training of employees that states the legal requirements, affected employees, acceptable types of training, and consequences for those who do not comply.
- Establish a procedure for how the department will collect and maintain employee certification and training information and how the department will enforce training and certification requirements.
- Ensure that all employees receive performance evaluations at least annually.

To use more efficient, reliable processes for recording and reporting performance statistics, the department should do the following:

- To save staff time and provide more accurate reports, ensure that the Plan Check Services unit works with the Management Information Services Division to automate, as much as possible, the calculation of performance statistics.
- Make certain that the Building Inspection Division includes only actual inspections in the counts it uses to calculate inspector productivity.
- Have the Housing Inspection Services unit consider using as a performance measure the number of, or the rate at which, violations are corrected rather than counting as resolved (abated) only those cases that have paid their final bills.

To obtain and use valuable comments on its operations, the department should conduct its own customer and employee surveys in the future and use the results as a guide to improve business processes, management and staff relations, and customer services.

In addition, the department should act on all the recommendations presented in KPMG's audit report, including the selected recommendations below:

- To demonstrate that the department is thoroughly enforcing the codes, add controls to ensure that staff thoroughly and accurately reviews permit applications and plans. The department should then report the results.
- To issue permits more efficiently, research the most common complaints about the One-Stop process and train staff of the One-Stop Permit division to remedy these types of complaints.
- To approve more plans while customers wait, assess the potential for giving engineering staff a greater role in the initial counter screening during the plan-check process.
- To realize greater inspector productivity through less manual paperwork, acquire existing paperless technology that will streamline the inspection records process.
- To improve customer service, make uniform the hours during which customers can schedule building, plumbing, and electrical inspections.
- To reduce the time customers wait on the telephone, install an automated voice-response system to handle and track data on incoming calls.
- To increase the productivity of plan checkers, refer code-related questions to the Technical Services Division.

Department Response

The Department of Building Inspection believes the audit report is insightful and will be useful in its ongoing efforts to improve its service delivery. The department's full response is attached to the report.

INTRODUCTION

Created in 1994 by voter referendum, the Department of Building Inspection (department) and the Building Inspection Commission (commission) regulate building projects in the City and County of San Francisco (City). The department serves the City and the general public by safeguarding life and property in San Francisco, and providing a forum that involves the community in that process. The mission of the department is to oversee the effective, efficient, fair, and safe enforcement of the City's building, housing, plumbing, electrical, and mechanical codes and of disability access regulations. The commission's role is to direct and manage the department, and the commission holds public hearings on appeals and other issues related to the department's decisions and practices.

Under the commission's supervision, the department does the following:

- Reviews residential and commercial building plans.
- Issues building, electrical, plumbing, and street space permits for proposed and in-progress projects.
- Inspects buildings and sites—including new construction, additions, alterations and repairs—for conformity with approved permits and federal, state, and local construction laws.
- Conducts community outreach activities.
- Investigates complaints of violations of the building, plumbing, electrical, housing, and disability access codes, and lead hazard reduction and environmental health and safety requirements.

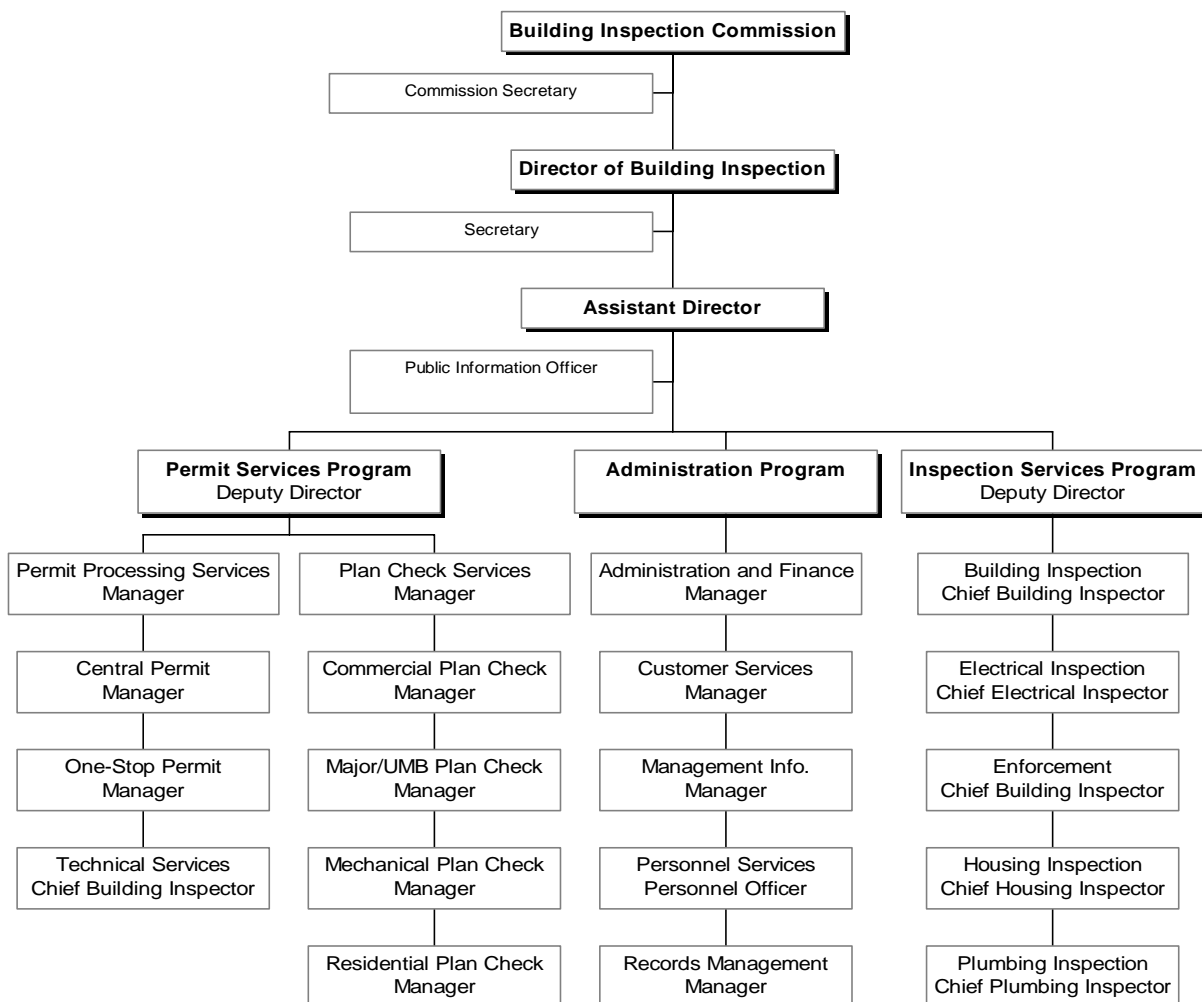
As an extension of the commission, the department has the authority to approve or deny new construction projects through the plan review and permitting process. In addition, through the building inspection process, the department can issue notices of code violations.

The commission consists of seven members. Three members are appointed by the Board of Supervisors, and four are appointed by the mayor. According to Section D3.750-4 of the city charter, the commission has the authority to organize, reorganize, and manage the department. The commission appoints the director of building inspection (director), who is responsible for appointing the department's other leadership positions, including one assistant director and two deputy directors. The assistant director oversees all administrative functions of the department, one deputy director is responsible for the Permit Services Program, and one deputy director manages the Inspection Services Program.

PRIMARY FUNCTIONS OF THE DEPARTMENT

The department has two primary functions: It reviews plans and issues permits for proposed and in-progress construction projects, and it inspects buildings, structures, and sites for their compliance with local, state, and federal laws regulating construction and site improvements in the City. The department's two main service programs, Permit Services and Inspection Services, have divisions to perform specific functions. The Permit Services Program encompasses two units: Permit Processing Services and Plan Check Services. The Inspection Services Program includes building, electrical and plumbing inspection; housing inspection; and enforcement of codes and regulations. In addition to these two programs, the department's Administration Program manages the administrative responsibilities of the department. Exhibit 1 illustrates the department's organizational structure.

Exhibit 1
Department of Building Inspection
Organizational Chart



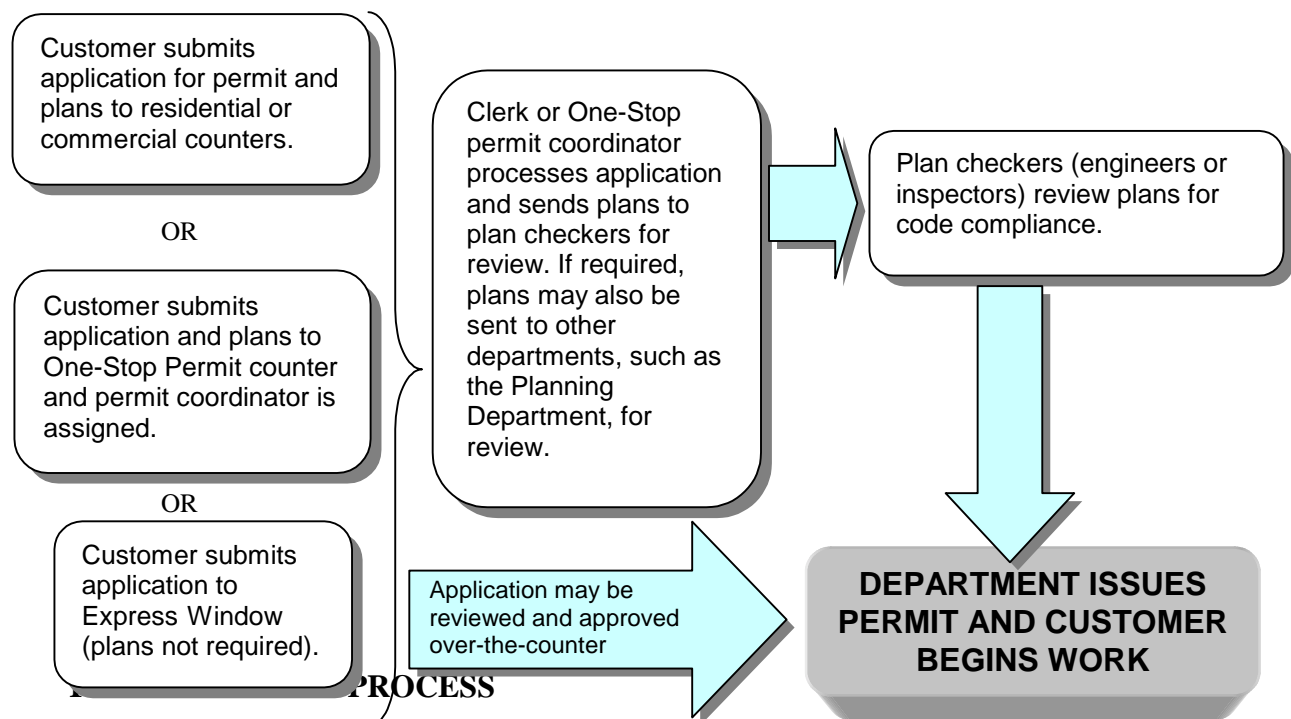
The department had 284 employees allocated to its various divisions as of October 2000, and most worked in the Permit Services and Inspection Services Programs. The department receives no funds from the City's general fund but operates as an enterprise fund; it derives its revenue from fees charged for plan checking, permitting, and licensing. Any surplus revenue that remains at the end of the fiscal year is carried forward to the next year's budget and accumulated as a reserve for future expenditures.

THE PERMIT PROCESS

Most permit applicants submit their applications to the department's Central Permit Bureau counter. If counter staff accept the application, plan checkers review the plans for compliance with building codes. Once plan checkers have approved the plans and the department has prepared the permits, the Central Permit Bureau issues the permits. Applicants may submit to an express window for expedited review any projects that do not require review by other city departments. On the other hand, permit applicants who have projects requiring review and approval by several city departments—such as the Department of Public Health, Department of Public Works, Fire Department, and Planning Department—can choose to submit their applications and plans to the department's One-Stop Permit Coordination (One-Stop) counter. The One-Stop permit process helps expedite permit issuance by having the plans reviewed simultaneously by the appropriate departments. Exhibit 2 briefly describes the permit application process.

Exhibit 2

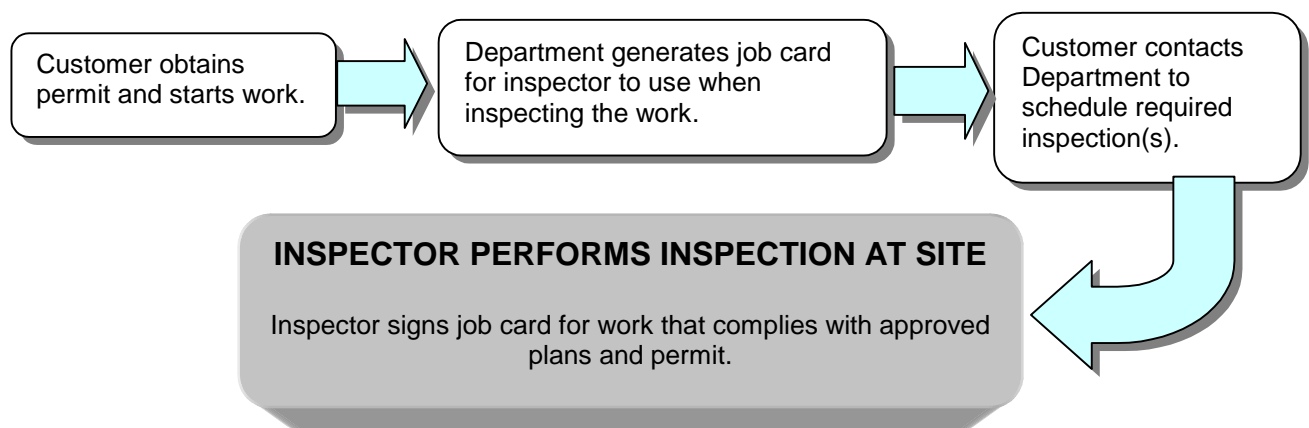
The Permit Application Process at the Department of Building Inspection



The inspection function includes both construction inspection—building, plumbing, and electrical—and housing inspection. Inspectors for both types of reviews perform code enforcement inspections and respond to citizen complaints. Housing inspectors also regularly inspect apartments and hotels. Exhibit 3 shows the basic elements of the inspection process.

Exhibit 3

The Inspection Services Process at the Department of Building Inspection

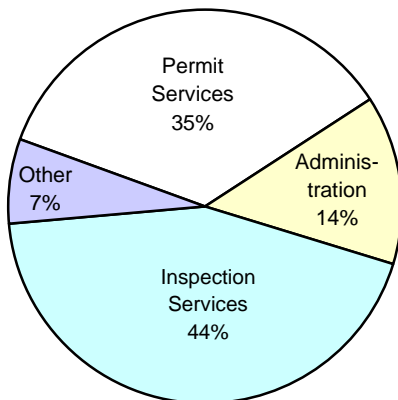


REFERRALS TO OTHER CITY AGENCIES

Developers of certain residential or nonresidential space are subject to two fees—the Transit Impact Development Fee and the School Facility Impact Fee—that are collected with the assistance of the department and are based on the square footage of the project. Authorized by the City’s administrative code, the Transit Impact Development Fee is intended to help alleviate the financial burden of increased use of the City’s public transportation system that office development causes in the downtown area. Established by state law, the School Facility Impact Fee grants school districts the ability to levy a fee on certain construction projects. This fee helps fund the construction or reconstruction of school facilities.

BUDGET FOR FISCAL YEAR 2000-2001

Exhibit 4
Expenditures by Program
Fiscal Year 2000-2001



The department's commitment to improvements in customer service is evident throughout its fiscal year 2000-2001 budget. At \$34.2 million, the department's total budget emphasizes customer service through additional allocations for more frontline inspection staff, additional community outreach programs, Web site enhancements, improvements to permit and complaint tracking systems, and an expansion of the department's offices at 1660 Mission Street. This budget shows an increase from actual expenditures of \$28.6 million in fiscal year 1999-2000 and \$28.0 million in fiscal year 1998-99. As Exhibit 4 indicates, the department spends 79 percent of the current budget on customer-oriented services related to permits and inspections.

SCOPE AND METHODOLOGY

The purpose of this audit was to assess the performance of the main services and management controls of the department and to identify areas for improvement. The secondary purpose of this audit was to complement an audit performed by KPMG LLP (KPMG) by assessing areas of the department that KPMG did not evaluate and conducting a more thorough review of some functions that it did review (see KPMG's work at Appendix E). We evaluated the department's management controls—that is, the tools it uses to operate, including those related to strategic planning, policies and procedures, and performance measurements—to ensure it is achieving its objectives. We reviewed recent budgets, the most recent annual report, and other documents to assess the adequacy of the department's performance measures, management reports, and vehicle fleet management.

We also analyzed the reported performance of the department's principal functions: permit issuing and building and housing inspection. To accomplish this review, we conducted interviews of staff and management; examined reported performance results, complaint handling, employee training and certification data in light of state requirements; and conducted surveys of staff and customers.

To gauge the effectiveness of the department in collecting fees for the Municipal Railway and San Francisco Unified School District, we assessed the processes by which the department identifies and refers projects subject to the fees and tested judgmental samples

of projects to determine the reliability of the department's processes. We also used Planning Department data to estimate the amount of square footage subject to the Transit Impact Development Fee and compared that figure to the amount of square footage the department actually referred to the Municipal Railway.

To obtain comments from department staff on various issues, such as departmental management, employees' job satisfaction, workload, and training, we conducted a confidential survey of all staff, including senior management. The survey asked both closed- and open-ended questions to elicit employee attitudes and opinions about working for the department and about working with customers. The survey also solicited ideas and suggestions for improving the department. We distributed the results of the survey to all department staff.

In addition, at our request, the Public Research Institute of San Francisco State University conducted a survey to gauge the satisfaction and experiences of the department's customers. This survey was mailed to approximately 2,500 department customers, and it asked closed- and open-ended questions about customers' experiences with the department and their perceptions of the service they received. We presented the results of this survey to the department's senior management.

CHAPTER 1

ALTHOUGH THE DEPARTMENT GAUGES THE EFFICIENCY OF ITS EFFORTS, IT SHOULD ALSO MEASURE THE EFFECTIVENESS OF ITS WORK

CHAPTER SUMMARY

The Department of Building Inspection (department) for the City and County of San Francisco (City) has not developed performance measures or reports that gauge the effectiveness of its inspection and permit processes. Consequently, we were unable to gather data that would allow us to determine fully—and the department cannot determine fully—whether the department is fulfilling its mission to safeguard the life and property of San Francisco residents. On the other hand, the department has many standards—probably more than it needs—for evaluating its employees' timeliness and productivity in conducting inspections and issuing permits. More specific performance measures that gauge effectiveness as well as quantity and timeliness of work would help the department better assess its effectiveness and report meaningful results. In addition, the department and the public would benefit from a fully realized quality-control check for the department's plan-check function, including a performance measure that would allow the department to demonstrate that the plan-check function is conducted thoroughly and properly.

The department's current performance measures also lack direct ties to a strategic plan that outlines the department's vision and guides its programs. The department's three-year strategic plan fulfills the City's charter and administrative code requirements but has shortcomings that impede the department's ability to fulfill its mission and that prevented us from analyzing thoroughly the department's overall performance. Although the department has many written objectives for staff productivity, the strategic plan does not clearly link the objectives either to the department's broader goals or to its specific performance measures.

In addition, the department needs to begin measuring the promptness and efficiency of the service provided by the One-Stop Permit Coordination unit. Such a measurement would allow the department to compare these service qualities with those of the department's conventional permit approval process.

Finally, the department lacks policies for ensuring that employees avoid giving improper preferential treatment to customers or their agents. According to a survey we conducted, some of the department's plan checkers and inspectors believe that some customers receive improper preferential treatment.

BACKGROUND

To enable its organization to succeed, management must develop detailed processes to guide staff. For example, planning, organizing, and controlling are key responsibilities of management. Tools managers use to control the functions of their organizations include policies and procedures, forms, records, performance standards for employees and the organization as a whole, budgets, and management information reporting. Such management controls support the elements of a strategic plan, enabling a department to achieve its goals and minimize risks.

The City passed an ordinance in 2000 mandating that each city department develop goals and performance measures to better address public needs. The ordinance states that the departments' articulation of vision, mission, and goals will improve program efficiency and effectiveness and help the Board of Supervisors make policy and spending decisions. To this end, the San Francisco Charter, Section 9.114, requires that each department develop a budget that contains, among other things:

- The overall mission and goals of the department.
- Strategic plans that guide each program or activity.
- Productivity goals that measure progress toward achieving strategic plans.

The San Francisco Administrative Code, Section 3.5, further requires that each department do the following:

- Identify policy outcome measures that reflect the mission and goals of the department and that can be used to gauge progress toward attaining these goals.
- Develop and review annually a three-year strategic plan to reflect policy outcomes from the operations of the department consistent with the then-approved budget.

THE DEPARTMENT'S LACK OF AN ADEQUATE STRATEGIC PLAN IMPEDES ITS ABILITY TO FULFILL ITS MISSION

The department has complied with the San Francisco Administrative Code (administrative code) requirement to develop a strategic plan, but this plan is not comprehensive, and its deficiencies hinder the department's ability to achieve its mission. Although the department has prepared a three-year plan, it does not contain all the elements found in a model strategic plan, which clearly states an organization's vision for the future, its mission, its goals, objectives that flow from those goals, and performance measures that will indicate progress toward accomplishing the objectives. The plan should directly connect the goals and objectives to the department's mandated duties, as expressed in the mission statement. The department has developed some of the elements of a model plan, such as a mission statement and performance measures, but it needs to integrate them in a cohesive plan that can guide its programs.

*A Model Strategic Plan Links an
Organization's Vision, Mission,*

Goals, and Objectives

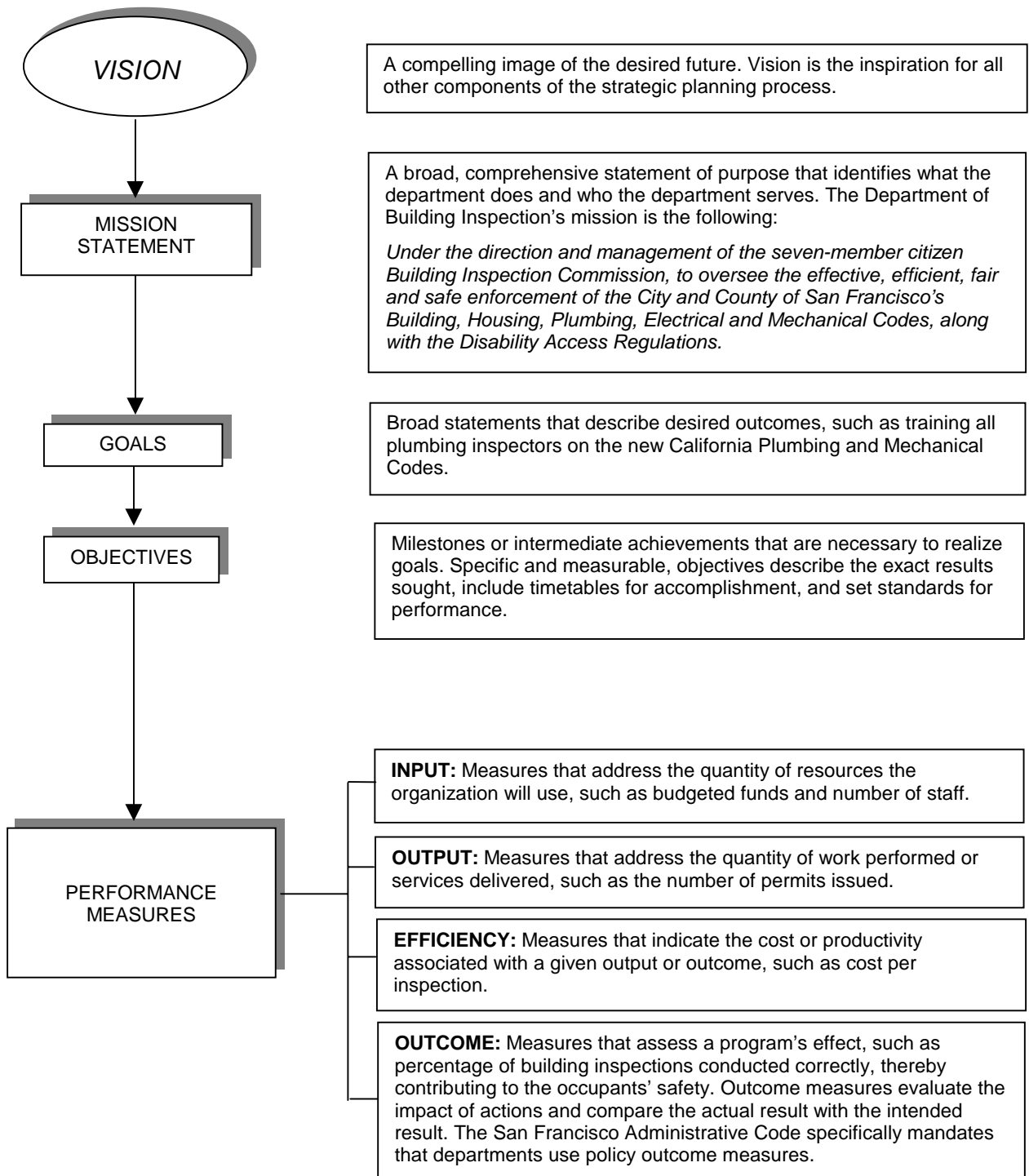
Using authoritative literature and the Controller's Performance Measurement Instructions, we developed a model of the strategic planning process, which Exhibit 5 on the following page describes. Each step in strategic planning is essential to the step that follows, beginning with the vision statement. A vision statement consists of principles, standards, or qualities an organization considers worthwhile and the fundamental beliefs on which the organization bases its practices. For example, a building inspection department's vision of its regulatory role should be oriented toward ensuring that life and property are safeguarded. Reflecting the vision and intent of the organization, the mission statement clarifies the organizational purpose without providing details of the method for achieving it.

The strategic plan's goals and objectives specify how an organization will accomplish its mission. Goals identify the general changes or results that must be achieved to fulfill the vision and carry out the mission. Goals can be internal or external to the organization, depending on the result desired. For example, in building inspections, an internal goal may be to respond to all housing complaints within a specific time, while an external goal may be to improve the condition of the City's housing. After an organization determines its goals, it needs to develop specific activities—or objectives—to achieve the goals. Finally, the organization must establish specific ways to measure its performance.

Exhibit 5

A Standard Strategic Planning Process for Organizations

A future-oriented process of diagnosis of problem areas, objective setting, and strategy building that is an essential part of quality management. This process relies on careful consideration of an organization's capacities and environment and leads to significant decisions about allocation of resources. Strategic planning emphasizes effective uses of resources to achieve meaningful results.



***The Department's Strategic Plan Fails to
Link Objectives and Performance Measures
to the Broader Goals of the Department***

When the department prepared its three-year plan for 1998-99 through 2000-01, it did not include in the plan the department's vision and mission statements or its broad program goals. It also did not identify which of the items listed are objectives and which are performance measures. For example, it lists as equivalent items for fiscal year 2000-2001 a qualitative objective such as "implement San Francisco 2000 Building Code" and a specific, quantitative performance measure such as "approve 95 percent of all residential alteration permits within 24 hours or less, and 98 percent within seven days." The plan also mixes goals and objectives. For example, for fiscal year 1998-1999, the plan says that the Permit Services Program will create a specialized plan-check section for projects requiring disabled access (an objective) to improve permit screening at the counter (a goal). Further, the plan neither links the objectives and measures to the broader goals of the department nor shows how the specific performance measures flow from the department's objectives. Instead, this two-page document consists of a three-year, line-item budget for the department and a list of statements for each of these years for the three major areas within the department: the Permit Services Program, Inspection Services Program, and Administration Program. Some of the statements are quantitative performance measures—for example, increasing community outreach efforts by 25 percent—and others appear to be objectives to meet unstated goals—for example, issuing routine permits over the Internet.

The department has some of the building blocks of a high-quality strategic plan because it publishes other documents, such as its annual report, that include its mission statement and selected goals of the department's many divisions. In addition, the documents we reviewed as part of this audit indicate that the department understands the value of preparing plans that include specific objectives, and the documents show that the department is committed to performance measurement. The next steps toward a more integrated planning process for the department include combining all the elements of a comprehensive strategic plan into one document.

**THE DEPARTMENT SHOULD USE FEWER PERFORMANCE
MEASURES BUT INCLUDE MEASURES THAT REFLECT THE
EFFECTIVENESS OF ITS SERVICES**

Although the department's performance measures are generally adequate for assessing the department's productivity and timeliness, their number is unreasonably large, and none focuses on the outcomes or effectiveness of the department's efforts. Performance measures allow the City to evaluate whether its resources are used for maximum benefit and to provide accountability. By focusing on a few key measures of timeliness and productivity and including a few effectiveness measures, the department could

demonstrate to policymakers and the public that the quality of its services is of the highest caliber.

***The Department Has Too Many
Performance Measures***

The department has established a large number of performance measures and may find it difficult to collect and report data on all of them. As of August 2000, the Permit Services Program had 24 measures, the Inspection Services Program had 14 measures, and the Administration Program had 14 measures. Although some of these measures are the same for different programs and divisions of the organization, the existence of as many as 24 performance measures for a departmental program may be excessive. It must be acknowledged that collecting, analyzing, and reporting data on just one measure that involves the activities of dozens of staff can be a labor-intensive, demanding exercise. Although each division or bureau of the department has fewer measures than exist at the program level, each unit of each program must typically monitor its performance on 5 to 10 measures. The department might better gauge its efficiency by having each program choose a few key measures of timeliness and productivity for each program division.

***The Department's Performance
Measures Reflect Only One
Part of Its Mission***

Almost all of the department's performance measures relate to efficiency. However, the department's mission statement says that the department is to oversee effective, efficient, fair, and safe code enforcement. Although indicators of the department's promptness and productivity are certainly valuable, the department reports no quantitative results of how effectively, fairly, and safely it enforces the codes. The department's many performance measures are more than adequate to gauge whether the department is delivering services promptly and efficiently.

***The Department Deserves Praise for Coordinating
Program Performance Measures With Measures
for Each Division and for Using Some Measures
Consistently Across Programs***

Although the department has too many performance measures, the measures for the department's three programs—the Permit Services Program, Inspection Services Program, and Administration Program—are logical in that they correspond to the measures for the programs' divisions. Making these connections among measures helps the department ensure that it will meet its program goals. For example, the Permit Services Program has a measure to review and approve 95 percent of all construction permits within seven days. To help the program achieve this level of performance, the following divisions have specific goals:

- The Residential Plan Check Division is to review and approve 90 percent of all permits within 7 days.
- The Mechanical Plan Check Division is to review and approve 90 percent of all permits within 15 days.
- The Major Projects/Unreinforced Masonry Buildings Plan Check Division is to review and approve 75 percent of all permits within 90 days.
- The Commercial Plan Check Division is to review and approve 90 percent of all permits within 30 days.

Thus, each division's measures correlate to its parent program's measures.

The department also has done an admirable job of using some of the same performance measures for most or all of its organizational units. This consistency demonstrates that management has coordinated—although not explicitly—at least some of the goals of the department with those of its component units, and it allows management to compare the performance of divisions on these measures. Three measures are common to every division and all three programs in the department:

- Replying to 85 percent of the director's (customer complaint) letters within the director's deadline.
- Answering 100 percent of the director's letters five days after the director's deadline.
- Responding to all phone calls within 24 hours.

The Department Should Establish Effectiveness Measures

Although building inspection agencies in other jurisdictions do not usually measure the outcomes of their work, the department could devise ways to measure indirectly how effectively and fairly it is doing its job. Indeed, after consulting sources such as the International City/County Management Association and reviewing model performance measures for building, plan review, and code enforcement functions, we found that most measures used elsewhere are based on response time, cost to provide service, and productivity of staff. The response time and productivity measures are similar to those established by the department. Nevertheless, the department would benefit by measuring whether plan-check, inspection, and other key services it provides are performed accurately and thoroughly, in addition to knowing that its services are timely and delivered efficiently. It is such measures of effectiveness, indirect as they may be, that will show that the department's code enforcement results in safe structures for San Franciscans.

The department's current measures address effectiveness only indirectly and only for inspections, with division goals focusing on having each senior inspector or senior housing inspector perform five spot-check inspections per week. However, the department has no measures that allow for consistent reporting on the results of those spot checks and that have as the ultimate goal the ensuring that construction will result in safe

conditions for the building's occupants. Such measures might assess the following types of inspections:

- Proper, thorough inspections—The percentage of spot-check inspections verifying that original inspections were conducted properly to ensure that all work complied with applicable codes.
- Accurate inspections—The percentage of items on correction notices and reports originally noted by inspector that the senior inspector deems correct or necessary during a spot-check inspection.
- Effective follow-up inspections—The number of items on correction notices and reports that were not followed up on in subsequent inspection(s).
- Effective inspections of housing—The number of unsafe housing conditions identified and corrected as the result of housing inspections.

Further, the department could evaluate the effectiveness of its plan-check function to measure the department's success in fulfilling its key mission—that is, how well it ensures that the department approves only plans for safe buildings that comply with all relevant codes. The department could use a quality-control or spot-check process to include a review that would provide information for measures such as the following:

- Accurate plan reviews—The percentage of approved plans found to have no substantive errors (for example, no design elements contrary to code and no unnecessary changes noted by plan checker).
- Thorough plan reviews—The percentage of approved plans found to have no substantive omissions (all necessary changes noted by plan checker).
- Plan reviews that are procedurally thorough—The percentage of approved plans found to have no processing errors or omissions (such as initials or stamps missing).

The City of Sunnyvale includes effectiveness measures for both its inspection and its plan review functions. Sunnyvale assigns staff to different geographic areas of the city and, during one year, plan review and inspection staff working in other districts audits approximately 10 percent of the inspections and plan reviews performed by Sunnyvale. Sunnyvale measures the quality of its inspections by the percentage of audited inspections found accurate. The percentage of audited plan reviews found to be accurate indicates the effectiveness of the plan review function.

***The Department Should Better
Demonstrate That It Assures the
Quality of Its Plan-Check Function***

The department does not systematically measure and report on the effectiveness of work performed by the Plan Check Services group to demonstrate that the department approves only plans that comply with codes. Unlike the arrangement at the Inspection Services Program, Plan Check Services has no written procedure and does not document the results of any spot-checking that may be performed by supervisors to evaluate work

quality. Before Plan Check Services approves a permit application, the application undergoes the department's quality-control process. This is a formal process in which staff uses a checklist to review each set of plans before the permit is approved. Although the department contends this is an adequate check on the quality of the plan checkers' work, we found it to be primarily a check of plan routing and completeness, not a re-check of the plans to ensure the quality of the review itself.

We found that at least one division of Plan Check Services had taken it upon itself to conduct its own quality checks. According to the manager of the Residential Plan Check Division, because so many of its plan checkers are new, his division has instituted an additional check before applications are sent on to the next station. Department management states that plan-check supervisors do spot check their subordinates' work but we found no recording or reporting of such checks and no departmental policy or procedure requiring such checks. While the department's quality-control process is adequate as far as it goes, it could be enhanced with documented spot checks of the quality of plan checkers' work.

Moreover, the fire safety of buildings could be compromised if staff of the San Francisco Fire Department trained for this function do not evaluate plans, and the Department of Building Inspection cannot manage this risk adequately if plan-check supervisors do not consistently review and document the quality of their staff's work. As noted in Chapter 2, we found a few instances of the department's failing to refer plans to the Fire Department although the Department of Building Inspection's own policy requires referral of the plans.

THE DEPARTMENT SHOULD MEASURE THE TIMELINESS OF THE SERVICE OFFERED BY THE ONE-STOP PERMIT UNIT

The department contends that service from the One-Stop Permit Coordination unit (One-Stop) is faster and easier for the customer than the normal process for permit application review, but the department cannot conclusively demonstrate this to be true. One-Stop is a cooperative effort of the Department of Building Inspection, the Planning Department, the Fire Department, the Department of Public Health, and the Department of Public Works. One-Stop began in March 1998 as a way to expedite permit processing for projects requiring at least three review stations. It has been one of the department's key efforts in improving its customer service in the permit approval process, and it has received significant resources.

As discussed in Chapter 5, almost all (98 percent) of the customers who have used One-Stop did so because they believed it is faster than going through the normal process, and nearly half (46 percent) used One-Stop because they thought it would be easier than the normal process.

The department itself asserts that One-Stop can cut permit processing time approximately in half. Since the beginning of fiscal year 2000-2001, One-Stop has had as a goal to report turnaround time on all activities. However, One-Stop has reported only a few efficiency results and has not done so in the same, uniform way as have the Commercial, Residential, Mechanical, and Major/Unreinforced Masonry Building Plan Check Divisions. As a result, we could not determine if One-Stop is faster than the normal process or by how much.

The department measures the promptness and efficiency of permit approval for the four plan-check divisions in terms of their ability to review and approve a certain percentage of permit applications within a specified number of days, but the department has not done so for One-Stop. Nevertheless, One-Stop has reported some figures for the speed with which it reviews and approves applications. In the department's most recent annual report, for fiscal year 1998-99, One-Stop reported how quickly it processed restaurant permits: This unit took an average of three weeks if fewer than two plan revisions were submitted or an average of 57 days if two or more revisions were submitted. The unit also reported on the speed of its quality-control review (100 percent within 24 hours) and its processing time for application intake (average reduced from 90 minutes to 30 minutes). However, the department has not reported efficiency results for One-Stop that the department can compare with those of similar projects reviewed through the normal, sequential process initiated at the Central Permit Bureau. If the department knew how much faster One-Stop's process is than alternative processes, it could make more informed decisions about the level of resources it is willing to commit to this unit.

THE LACK OF CONTROLS ON OUTSIDE EXPEDITERS PROMOTES THE PERCEPTION OF IMPROPER PREFERENTIAL TREATMENT BY THE DEPARTMENT

Despite the availability of the department's One-Stop process and the general promptness of its usual processes for reviewing and approving permit applications, certain practices at the department could cause some customers to believe that they need to hire agents to expedite permit or project approval (expeditors) who can solicit the most favorable treatment by the department. More than half of the plan checkers responding to our survey said that they deal every day with agents hired by customers to expedite permit or project approval (expeditors). More than a quarter of plan checkers (6 of 23) reported that an expeditor had asked them for improper preferential treatment, and two-thirds of responding plan checkers said that they have seen expeditors receive such treatment. Also, almost one-third of the department's inspectors (7 of 22) responding to our survey said they had had an expeditor ask them for and had seen an expeditor receive improper preferential treatment. These figures reflect a broader trend for all customers of the department. Of the 21 plan checkers responding to this item, 6 (20 percent) said that they had witnessed customers receiving preferential treatment, and 25 percent said that a supervisor had asked them to give a customer such treatment. These responses were more common among inspectors, as 12 of the 26 inspectors (46 percent) responding said that

they had witnessed customers' receiving improper preferential treatment, and 37 percent said that a supervisor had asked them to give a customer such treatment.

Although we cannot say what forms the preferential treatment indicated by staff responding to the survey may have taken, or if it was actually improper, it might have ranged from giving one project priority over another to customers' receiving favorable plan reviews that were undeserved. If nothing improper is occurring, then some employees are misinformed as to what constitutes improper preferential treatment or are incorrectly perceiving what appears to them to be improper preferential treatment. If, however, customers are hiring expeditors because this allows them to receive preferential treatment from the department, the problem is one of actual practice and not just perception.

The department's current management controls cannot adequately ensure that it treats all customers fairly and that customers cannot expect expeditors to obtain improper preferential treatment for them. Without strong management controls such as policies and procedures, the department risks at least the appearance of unfair preference for some customers. Beyond establishing policy, the department should inform its staff of what does and does not constitute improper preferential treatment and, if the department can define the practice, proper preferential treatment. Any appearance of some customers' receiving unfair preference can adversely affect the department's reputation and morale. Moreover, the department faces not just the risk of the appearance of unfair preference but the reality. Stronger management controls will enable the department to mitigate the risk that any customer, including a permit expeditor, receives improper preferential treatment.

Although some controls exist that promote fairness and discourage improper preferential treatment in the permit and inspection processes, they are not adequate to assure the department that such treatment does not occur. According to the deputy director for the Inspection Services Program (formerly the deputy director for the Permit Services Program), the fact that no one has sole control over the approval of a project ensures the accuracy and fairness of the permit process. In addition, the department has taken a step to control expeditors' access to department staff: It installed gates at the counter of the Permit Center's first floor to make it more obvious that customers may not enter employee-only areas. However, the department lacks other management controls that would minimize the risk that projects handled by expeditors could receive preferential treatment in permits or inspections.

As we discussed earlier in this chapter, the department cannot be certain of the quality of the plan-check process, including its accuracy and fairness. Further, the department has not told its customers that they are not to expect preferential treatment for their permit applications or projects when expeditors are handling the customers' applications. The department should provide the same level of service to all customers with similar projects regardless of whether they hire expeditors.

RECOMMENDATIONS

To ensure that the Department of Building Inspection manages and measures its performance more effectively, the department should do the following:

- Develop a strategic plan that will result in a comprehensive set of goals and objectives. The department should create a plan that includes the department's vision, mission, goals, objectives, and performance measures, and the department should review this plan annually.
- Establish a limited set of performance measures that not only addresses the department's efficiency and productivity but also gauges its effectiveness.
- Improve or add to the existing quality-control procedure to ensure that the plan-check and permit approval processes are accurate and fair. Thorough and documented spot checks by supervisors may fulfill this recommendation. The department could report as a performance measure the results of these spot checks.
- Measure the promptness of permit application review and approval via the One-Stop process versus the promptness with which the normal, sequential process reviews equivalent projects. This measure would help the department assess whether the One-Stop unit deserves more resources.

To avoid even the appearance of inequitable treatment of customers, the department must state clearly that fairness is a core value of the organization and ensure that its employees and customers know this value. To do so, the department should take these actions:

- Implement an explicit policy prohibiting its employees from giving any customer improper preferential treatment. This policy should be part of a code of ethics developed by the department, with assistance from the City's Ethics Commission, and adopted by the Building Inspection Commission for the department's use.
- Establish a process that allows employees who may be whistleblowers to report their concerns to department management, the Building Inspection Commission, or the Ethics Commission.
- Amend its authorized agent form to inform its customers in writing that the department does not regulate expeditors or afford them preferential treatment.

CHAPTER 2

THE DEPARTMENT DOES NOT CONSISTENTLY REFER TO THE CITY AND THE SCHOOL DISTRICT THE PROJECTS SUBJECT TO IMPACT FEES FROM DEVELOPERS

CHAPTER SUMMARY

The Department of Building Inspection (department) does not properly identify and refer to the appropriate agencies all construction projects subject to fees owed to the City and County of San Francisco (City) by building developers or owners. We were able to collect limited data from the department on properties that might have been subject to the Transit Impact Development Fee (transit fee). In doing so, we found that the inconsistencies in the department's processes for referring projects to the San Francisco Municipal Railway (MUNI) have resulted in missed fees from eight buildings since July 1985. We estimate the total missed revenue to be \$3.5 million. Further, although the department more consistently identifies and refers to the San Francisco Unified School District (school district) the building projects subject to the School Facility Impact Fee (school fee), the school district can miss thousands of dollars for each case in which a developer does not pay the appropriate school fee. However, it appears that MUNI and the school district can collect these unpaid fees retroactively.

The department's process for collecting these two fees includes no management review and few automated checks. The department does not compile permit data about the creation of new residential or nonresidential space, so MUNI, the school district, and department management have no method for ensuring that the department refers to MUNI and the school district all projects that may be subject to the two fees. The department has no policies explaining its role in collecting these fees, and its procedures are out of date, particularly regarding the transit fee. Because other agencies collect the transit fee and school fee for the maintenance and improvement of their facilities and services, the referral of projects subject to these two fees appears to be a lower priority for the department than the collection of the permit and inspection fees that fund the department's work. However, we see no reason that the department could not more effectively refer projects subject to these two fees.

Finally, the department appears to be doing an adequate job of assessing permit-related fees. Nevertheless, it could improve its controls to prevent the possibility of abuse when staff enters \$1 in the permit tracking system as the low estimate of a construction project's value. The department should also refer all projects to the San Francisco Fire Department (Fire Department) when department policy requires staff to do so.

BACKGROUND

Applicants for construction permits pay fees based on both the estimated value and the square footage of their projects. The Department of Building Inspection and other city departments that must approve permit applications (such as the Planning Department or Fire Department) charge the applicants fees for reviewing the plans or inspecting the work. The estimated value of a project determines many of the fees charged, but some fees are fixed. In addition, each developer of residential or nonresidential space is subject to two fees—the Transit Impact Development Fee and the School Facility Impact Fee—that MUNI and the school district collect according to the square footage of the project. Although the department does not collect these two fees, it is responsible for identifying projects subject to them and for referring those projects to MUNI or the school district.

The San Francisco Administrative Code (administrative code), Chapter 38, stipulates that developers of new office space in the downtown area, which the code defines, pay the Transit Impact Development Fee to alleviate the financial burden imposed on MUNI by the increased transit use to and from the downtown area.

The California Education Code (education code), Section 17620, authorizes the governing board of any school district, including the San Francisco Unified School District, to levy a fee on any construction project that increases floor area either for residential occupancies of more than 500 square feet of assessable space or for any commercial or industrial occupancies. These fees are to fund construction or reconstruction of school facilities, and the Education Code prohibits any city or county from issuing a building permit without certification that the developer has complied with this fee.

The department identifies building projects subject to the transit fee and the school fee when developers file their permit applications, and the department is responsible for ensuring that buildings subject to these fees are not occupied until the fees have been paid. The department refers to MUNI those developers of building projects that may be subject to the transit fee so that MUNI can evaluate whether the developers owe the fee. The department also determines the square footage of projects subject to the school fee and provides this information to the school district.

The department operates as an enterprise fund, which is a type of fund that is separate from the City's General Fund. The department's services are funded solely by fee revenues generated from plan checking, permit issuing, and licensing. Any surplus revenue is carried forward and accumulated as a reserve.

THE DEPARTMENT'S INEFFECTIVE PROCESS FOR COLLECTING THE TRANSIT IMPACT DEVELOPMENT FEE CAUSES THE CITY TO LOSE SIGNIFICANT REVENUE

Because the department has not properly referred some construction projects to MUNI, the City has failed to assess, bill, and collect millions of dollars in transit fee revenue. Our analysis of records from the Department of Building Inspection, the Planning Department, and MUNI shows that the City could have collected an estimated \$3.5 million more in transit fee revenue if the department had properly referred to MUNI all the projects we reviewed that were subject to the fee. We identified eight office space projects created in the downtown area of San Francisco since fiscal year 1986-87 that were subject to the transit fee but that the department had not referred to MUNI.

Since 1986, the City Has Not Collected an Estimated \$3.5 Million in Transit Impact Development Fees

Because the department did not refer to MUNI the eight projects subject to the transit fee, the City failed to assess and bill building developers and owners approximately \$3.5 million. From Planning Department records covering only office space projects of more than 25,000 square feet approved since fiscal year 1986-87, we found three projects subject to the transit fee that the Department of Building Inspection should have known about but that it did not refer to MUNI. These three buildings created 234,845 square feet of new office space and owe an estimated \$1.17 million in transit fees. The Planning Department approved two of these buildings since July 1999, while the third was approved in 1991. In addition, the Department of Building Inspection's database listed five permits issued from calendar years 1997 through 1999; however, the department failed to refer the projects to MUNI. After we told MUNI about the projects, MUNI determined that they did owe the transit fee. MUNI estimates that developers for these five projects will owe about \$2.33 million.

MUNI is taking action to collect the transit fees from the developers or owners of all eight buildings we identified. These estimates are based on the transit fee's full rate of \$5 per square foot, but the actual fees MUNI may charge could be less if it grants any of these projects discounts because of the administrative code's allowances related to previous use of a property. However, even the high-end estimate is a conservative calculation of the transit fee revenue that the City has lost since the fee's inception in 1981 because our analyses excluded projects of less than 25,000 square feet that the department approved before January 1997 and after December 1999, and our estimates also excluded all projects approved by the Planning Department before July 1986.

The City should be able to collect all of the transit fee revenue it has not assessed in past years. According to a deputy city attorney, if the City has not billed the developer or owner, the City can collect an unpaid transit fee regardless of when the project was built. She also said the transit fee precedent would probably enable the City to collect other

unbilled fees as well. However, the City has only three years to collect the fee once it has issued the bill.

If the transit fee had increased over the years, the developers that have not yet paid their fees would owe much more than do currently. Surprisingly, the transit fee has not risen since the original ordinance was enacted in 1981, setting the fee at \$5 per square foot of new office space. The San Francisco Administrative Code, Section 38.6, states that the fee schedule shall be reviewed annually to ensure that it continues to reflect the projected cost of providing the additional public transit service required by new developments. Had the transit fee increased annually since 1981 according to the Consumer Price Index, the fee would have been \$9.49 per square foot in 2000, and the eight projects described above would owe the City a total of \$6.4 million instead of \$3.5 million.

***The Department Failed to Refer to
MUNI 7 of 13 Projects in Our Sample***

During our audit, we reviewed a sample of 13 construction projects that received permits in 1997 through 1999 and that appeared subject to the transit fee. Our analysis showed that the department failed to refer 7 (54 percent) to MUNI so that MUNI could determine whether the projects' developers actually owed the transit fee. The developers for 5 of the other 6 building projects in our sample had paid the transit fee, and MUNI had determined that the remaining project was not subject to the fee.

Of the seven buildings that the department did not refer to MUNI, two were assembly, or meeting spaces renovated for business uses. One permit indicated a building's change in use from storage to business, another from factory to business, and another from a repair garage to business. Yet another project added an additional story to a building used for business purposes. Because these projects changed the buildings' original uses to business uses or added square footage, they all may have increased the amount of office space in the City and thus increased the need for mass transit. For these reasons, the department should have referred all seven projects to MUNI for its determination.

One building in our sample of seven projects that the department did not refer illustrates a critical flaw in the department's process for identifying buildings that may be subject to the transit fee: a building can change its use completely, yet the developer need not pay a transit fee if applicants take out a series of small permits. The contractors for this building, 650 Townsend Street, applied for many permits using two addresses over several years. These applications suggest that the contractors were performing major renovations incrementally. A commercial plan checker for the department and a MUNI staff person acknowledge that this building has changed its use from an apparel mart to office space, but the developer never paid the transit fee. According to the permit clerks we interviewed, they look for applications that indicate office space will increase or a building's use will change. However, the site permit application is usually the only document that describes the overall project, while subsequent permits for a project, such as electrical work, seismic upgrading, or tenant improvements, may not include

information about additional space or a change in use. After we showed MUNI the seven projects in our sample that the department had failed to refer, MUNI found that two projects were not subject to the fee: one project was canceled, and the other converted a building into a restaurant rather than an office. However, one of the five buildings that MUNI determined was subject to the fee is 650 Townsend Street, which by itself may owe over one million dollars in transit fees.

***The Department's Process for Referring
Projects to MUNI Has Major Flaws***

The department's process for referring projects to MUNI for transit fee determinations has serious weaknesses because it depends too heavily on the experience and attention of the staff involved, and the process does not include up-to-date written procedures that remind the staff about the transit fee. When department clerks receive the initial application, they must notice that the project is in the downtown area, as defined in the transit fee ordinance, and that the project may increase office space through new construction or by conversion of existing space. According to a permit clerk we interviewed, if she thinks a project will increase office space, she tells the project applicant to contact MUNI, and she gives the applicant a piece of paper with the phone number, fax number, and address of the contact person at MUNI. According to another permit clerk at the department's Central Permit Bureau, she sometimes sends by facsimile to MUNI the customers' permit applications. If an applicant is in a hurry, she sometimes processes the application first and informs the applicant and MUNI that the fee must be paid later.

The process described to us includes no reminder for clerks of a building's transit fee status. Unless the applicant offers the written determination he or she received from MUNI, the clerks must discern from the permit application that a project may be subject to the fee. There is no written policy or procedure to require plan checkers to refer projects to MUNI if they notice that a project will create office space. Furthermore, when the project is complete, the department has no procedure to require inspectors to check whether the developer has paid the transit fee. If the department has not referred to MUNI a project that is subject to the fee, MUNI must somehow find out about the project and notify the department's inspectors to withhold a Certificate of Final Completion and Occupancy until the developer pays the fee. Thus, the process depends solely on the clerks' discretion and attention when permit applications are filed and approved.

Moreover the lack of adequate procedures and systems to collect the transit fee suggests that department management is not concerned about collecting this fee even though the department violates the administrative code when it issues Certificates of Final Completion and Occupancy without evidence that developers have paid the required transit fee. Management has done little to address the process.

The written procedure for the clerks' handling of these cases is outdated because it relates to a computer system the department no longer uses, and the department has no overall policy explaining to staff why the department has a role in collecting a fee that benefits

another city department. The process includes no control points involving automation or the actions of managers. The previous version of the department's permit tracking system contained a series of fields into which the clerks entered data about the transit fee determination. According to a permit clerk, if the data were not entered, the system would not process the application. In contrast, the current system will let the user continue even if the status field for the transit fee is blank. Apparently, supervisors do not review the clerks' work on permit applications that may be subject to the fee, and the department's emphasis on customer service may encourage clerks to process applications promptly rather than to spend time analyzing whether the project may be subject to a fee owed another department.

Finally, the department does not compile permit information to track the total amount of new residential or commercial space. Thus, neither department managers nor MUNI can evaluate the department's effectiveness in referring applications appropriately.

THE DEPARTMENT NEGLECTS TO NOTIFY THE SCHOOL DISTRICT OF SOME PROJECTS SUBJECT TO THE SCHOOL FEE

In failing to refer some projects subject to the school fee to the school district, the department causes the school district to lose significant revenue, and it violates state law. Indeed, the loss to the school district of even one building's assessment can amount to thousands of dollars in revenue. Our audit disclosed that the department is missing some referrals because it has a manual process for referring projects to the school district, and this process needs improvement.

When the department receives an application, a permit clerk notes that the project will increase residential or commercial space in the City, and the clerk attaches a form and its carbon copy to the application. When the plan checker reviews the project, he or she determines the increase in residential or commercial square footage and writes that figure on the form. One copy of the form remains attached to the application until the school district notifies the department's Central Permit Bureau that the developer paid the fee. The applicant takes the other copy to the school district, where school district staff uses the square footage determination to calculate the fee owed for the project. Residential development is assessed at \$1.72 per square foot, office or commercial space at \$0.24 per square foot, and retail or service space at \$0.13 per square foot. When the applicant pays the fee, school district staff stamps the form and sends it back to the department for the permit to be issued.

***The School District Can Lose Significant
Revenue When Developers Do Not Pay
the School Fee***

The fiscal loss to the school district from the department's failing to assess the school fee on even one building can be significant. Our test of permit records for increased nonresidential space showed that 13 (65 percent) of 20 projects had paid the school fee, 2 (10 percent) of the projects had not paid, and the remaining 5 projects were still under review by plan checkers. Of the 2 nonresidential projects for which the department did not assess the school fee, 1 was represented by a site permit application submitted in March 2000 to erect a 23-story office building at 524 Howard Street. For this building, the department should have assessed an estimated \$48,472 for the school fee. If the department failed to assess the school fee on other projects, as is likely, the school district may have lost hundreds of thousands of dollars in fee revenue.

***The Department Violates State Law
Because It Does Not Properly
Assess the School Fee***

The department violates the California Education Code because it does not consistently identify and refer to the school district before issuing building permits the construction projects that are subject to the school fee. By failing to withhold a building permit for a project subject to the school fee until the school district certifies that the developer has paid the fee, the department violates the California Education Code, Section 17620. In addition, the department's inconsistencies in referring applications to the school district could lead to a public perception that the department does not treat projects equally.

According to the manager of the Central Permit Bureau, she or another supervisor reviews applications for large new buildings, but there is no management review of fees assessed. In addition, a manager's review will not necessarily catch all errors unless the manager is thoroughly familiar with the applicable requirements and exceptions for the school fee listed in the Education Code. The department's procedure was written in 1987, and some staff members appear unfamiliar with it. Further, the procedure is outdated, incomplete, or both. For example, it does not mention that the school fee applies only to residential construction that increases space by more than 500 square feet.

Finally, because the department does not track the creation of new residential or commercial space, neither it nor the school district can evaluate the department's rate of success in referring projects to the school district.

***The Department's Process for
Referring Projects to the School
District Is More Effective Than Its
Referral Process for the Transit Fee***

Although the department should improve its procedures for assessing the school fee, our tests revealed that the rate at which the department correctly assesses and refers projects subject to the school fee (13, or 87 percent, of 15 nonresidential projects and 18, or 90 percent, of 20 residential projects) is significantly higher than its rate of referral for the transit fee (7, or 54 percent, of projects). We also found that the department processes permit applications differently for the two fees, and the differences may account for the different rates of success.

For the transit fee, the permit clerks refer customers to MUNI when the customers file their applications, and MUNI determines whether the applicants owe the fee and how much they owe. The applicants then present the determinations to the department's permit clerks and pay to MUNI the amounts specified. On the other hand, when a customer files a permit application subject to the school fee, department staff attaches a form to the application, and the procedure includes three opportunities for department staff to ensure that this fee is paid: Staff verifies the payment at permit filing, plan checking, and permit issuance. The attached form reminds the clerks and plan checkers that the project is subject to the school fee. Neither system works as consistently as it should, and managers do not review the work of the clerks for either fee.

**THE DEPARTMENT SHOULD IMPROVE CONTROLS
OVER \$1 PROJECT VALUE ESTIMATES AND ITS REFERRAL
TO THE FIRE DEPARTMENT OF PERMIT APPLICATIONS**

The department generally uses reasonable estimates of the value of construction work, which determines the amounts of many permit and inspection fees that the department charges its customers. However, the department should establish a control to help prevent the possibility of abuse when staff enters \$1 as the project value in the permit tracking system. Further, the department should more consistently follow its policy for referring to the San Francisco Fire Department the applications for building permits so that Fire Department personnel can review the fire safety features of all proposed projects. Permit applicants typically provide on their applications the value estimates for work they are proposing. Department employees can change the estimated value if they believe it is unreasonable.

The department bases the fees charged on data about permit applications that department staff enters in the permit tracking system. This information includes the estimated values of the projects and the names of the other departments that must review the applications. If the permit clerk enters the value estimate of a project correctly, the tracking system

should calculate the correct permit fees. However, we found no procedure, including spot checks, for supervisors to review plan checkers' assessments of value estimates provided by customers or to ensure that the permit fees are reasonable. The Central Permit Bureau manager said that she knew of no management review of fees.

We reviewed the department's reports on permits issued and permits filed for the first half of June 2000. Of the 1,589 items in these two reports, 54 (3.4 percent) appeared to present discrepancies. However, after reviewing documentation on the 54 permits, we concluded that the department is using reasonable value estimates for work proposed in almost all cases.

***The Department Could Better Prevent the
Possibility of Abuse When Staff Enters in the
Database \$1 as the Value for Work to Be Performed***

Although the department generally uses reasonable estimates of project value to calculate permit fees, its review and referral process for permit applications appears to have a few weaknesses. Specifically, for 4 (7 percent) of the 54 applications we reviewed in detail, the department's permit tracking system showed \$1 as the estimated value for each project, an amount that appears unreasonably low. Staff in the Central Permit Bureau explained that it enters this amount into the system when the permit application simply revises plans for work approved under an earlier permit and does not increase the value of the work originally proposed. Department staff enters \$1 as the value of work so that the permit tracking system does not calculate and require additional permit fees that would duplicate those the applicant has already paid. However, the practice of using \$1 as the value of work increases the possibility that staff could abuse this feature of the system to enter fraudulently low values for projects so that permit applicants could pay permit fees that are lower than those required.

However, the practice of entering \$1 as the value of a proposed project does not indicate that the department assesses permit fees incorrectly. In addressing the department's controls over whether it generally arrives at reasonable value estimates, the former deputy director for permit services stated that plan checkers use a standardized table to assess building valuations, especially for new construction, to ensure that permit fees are correct. He also stated that plan checkers use their judgment to assess whether valuations are reasonable and that other permit services staff see the valuations and would identify any that were unreasonable for the work to be performed. He added that building inspectors also provide a check on this system when they inspect the project as it is built. Nevertheless, the department has no procedure that requires plan checkers, permit issuers, or inspectors to check whether a project with a \$1 or other low estimated value has an earlier permit under which all fees were paid.

***The Department Should More Consistently
Follow Its Policy for Referring Building
Permit Applications to the Fire Department***

Of the 54 items we identified in the department's reports on permits issued and filed during the first half of June 2000, 3 (6 percent) were permit applications that the department should have but did not refer to the Fire Department. According to the department's policy for such referrals, the department should have referred these applications. Although the 3 applications represent only a few among many, the risk inherent in fire safety issues demands that the department follow its referral policy in all cases. The department's inconsistency in allowing trained staff from the Fire Department to scrutinize fire safety features of buildings could suggest a serious lack of oversight by the Department of Building Inspection.

RECOMMENDATIONS

To allow the Municipal Railway and the San Francisco Unified School District to collect more effectively the fees owed to them and to better control how it assesses permit fees and reviews permit applications, the Department of Building Inspection should take these steps:

- Update its policies so that the department clearly communicates to all Permit Services Program staff its responsibilities for the Transit Impact Development Fee and the School Facility Impact Fee.
- Revise its current procedures, particularly those related to its permit tracking system.
- Develop a procedure to track incremental changes to buildings so proposed construction projects that change a building's use or that increase square footage can be referred appropriately.
- Establish in the permit tracking system an automated reminder for staff to verify the status of fee payments. This reminder could appear when the department is ready to issue to a developer the Certificate of Final Completion and Occupancy.
- Ensure that supervisors for the Permit Services Program spot-check permit applications regularly to see that clerks are referring applications appropriately to the San Francisco Municipal Railway and the San Francisco Unified School District.
- Add a field to the permit tracking system that would require staff to indicate any previous permit numbers for permit applications that are renewals or revisions of other permits and that do not require the usual fees. An entry in this field would allow the system to waive the additional fees that the department would otherwise assess, and the entry would clearly identify why the applicant does not owe the usual fees.

- Make certain that the department is implementing a process that ensures that the Permit Services Program refers cases to the San Francisco Fire Department according to the department's procedure. The department should revise this referral procedure if necessary.

CHAPTER 3

THE DEPARTMENT SHOULD IMPROVE SOME PERSONNEL AND FLEET MANAGEMENT PRACTICES

CHAPTER SUMMARY

Because the Department of Building Inspection (department) has not adequately recorded or monitored employee certification, training, or evaluation, it cannot be certain that it is complying with state law or that its employees receive appropriate evaluations of their performance from their managers. In fact, 25 percent of department employees required by state law to earn certification may not have done so. Consequently, the department is exposing the City and County of San Francisco (City) to legal liability because the department has no policies or procedures that allow it to show that staff has proper certification and training. Additionally, unless department employees achieve certification and fulfill continuing education requirements, they may not be staying abreast of developments and techniques in their fields that would allow them to perform their jobs as proficiently as possible.

Indeed, most of the department's 129 employees we surveyed report that they have not received performance evaluations in more than a year, and 19 percent of 129 employees responding to a survey we conducted said that they have never been evaluated. According to the City's Department of Human Resources, departments should evaluate their employees at least annually. Without documentation about their job performance, employees do not know whether they are fulfilling their responsibilities adequately.

Further, the department does not keep sufficient records to ensure that it reports the unpaid car benefit that federal law requires the City to apply to all employees who drive city cars home at night. Our review showed that the department did not report this benefit for more than half of the employees who receive it. Finally, the department does not have adequate procedures to manage its vehicle fleet.

BACKGROUND

According to the California Health and Safety Code, Section 18949.28, all construction inspectors, plan examiners, and each local agency's building official must obtain professional certification from a recognized state, national, or international association as determined by the local agency. In addition, certification must be obtained within two years of hire by the department. Thus, all plan checkers and all building, plumbing, and electrical inspectors are subject to the code. The department's director may also be subject to this regulation because the code further states that a building official is

“the individual invested with the responsibility for overseeing local code enforcement activities, including administration of the building department, interpretation of code requirements, and direction of the code adoption process.” In addition, the code states that employees working for the department on or before January 1, 1994, are exempt from the certification requirement and those who began working after that date are subject to it.

The same section of state law also requires that all construction inspectors, plan examiners, and the department’s building official—regardless of hire date—complete a minimum of 45 hours of continuing education every three years. The law states that providers of continuing education may be any organization affiliated with the code enforcement profession, a community college, or any other provider of training that has similar quality, as determined by the local agency. The law defines this continuing education to include any education on the enforcement of Title 24 of the California Code of Regulations and any other locally enforced building and construction standards.

THE DEPARTMENT MUST ENSURE THAT ITS EMPLOYEES HAVE PROFESSIONAL CERTIFICATION

The department does not adequately ensure that its employees have earned the professional certification required by law. The department has no policy or procedure for monitoring the professional certification status of its employees, and it does not maintain adequate records of their certification status. Without this monitoring and record keeping, the department cannot know the extent of its compliance with the certification requirement now or in the future.

In December 2000, at our request, the department sought documentation of certification directly from employees subject to the requirement. In examining the documentation, we found that 6 of 24 department employees who we believe were required by law to possess professional certification had not earned this certification. The professional competence of the department’s employees could be questioned, and the department could be subject to legal action from a dissatisfied customer or others if some employees who should be certified have not completed this process.

Twenty-five Percent of the Department's Employees Who Need to Earn Certification May Not Have Done So

Although we found that most of the department's employees who should be certified were certified, some employees had not completed the certification process by the end of 2000. For the 24 employees we identified as requiring certification, the Personnel Services Division was able to collect documentation for us showing that 18 (75 percent) were certified, 2 (8 percent) were not certified, and 4 (17 percent) provided no information. In addition, of the 18 who were certified, 3 had not obtained certification by the date required by law.

***The Department's Record
Keeping Is Deficient***

The department's Personnel Services Division was able to provide us with only partial records of employee certification. In November 1995, the department director sent a memorandum to deputy directors and division chiefs summarizing the provisions of the state law requiring certification and continuing education credits for construction inspectors, plan checkers, and building officials. Although the memorandum requested that deputy directors and division chiefs provide the names, classifications, and hiring dates of the employees affected, the Personnel Services Division did not have this information on file. To determine which department employees must be certified, the Personnel Services Division had to research employee hire dates through the City's Department of Human Resources. According to the Personnel Services Division manager, the division does not maintain records of employee hire dates.

In the past year, according to the director of the Personnel Services Division, staff had contacted employees requesting that they report on their certification status. However, the information it received did not include documentation to support employees' claims that they had been certified or to show that the employees surveyed were those required by law to be certified.

***The Department Has No Policies or Procedures
For Verifying Certification of Employees***

The department lacks a policy or procedure for making certain that all appropriate staff obtains certification. Further, we found no departmental policy or procedure regarding professional certification that adequately describes the law's requirements, the department's responsibilities under the law, ways to identify employees who require certification, and a process by which the department can collect and monitor employee certification information.

Although the director's 1995 memorandum began a process of verifying certification by compiling relevant employee data, it did not establish a procedure to monitor compliance continuously. Another memorandum, written by a senior housing inspector in March 1998 to the department's senior managers, summarizes the provisions of the law. The memorandum also describes a certification program of the International Conference of Building Officials and provides information about an exam that took place in June 1998. The memorandum states that the department would pay for the cost of the exam. However, we found no evidence that the department acted in response to this information.

The department could more effectively monitor employee certification if the department established a policy describing specifically which employees must earn certification. The law is clear that plan checkers and building inspectors require certification, but senior managers do not fall into these job categories. However, managers in the Permit Services and Inspection Services Divisions oversee the work of their staff and must be fully

capable of plan review and inspection work to supervise their staff effectively. For this reason, we believe that the department should require managers, including the department's director, to be subject to the same certification requirements as their staff.

THE DEPARTMENT MAY NOT BE COMPLYING WITH STATE TRAINING REQUIREMENTS

The department does not maintain adequate records and has no policy or procedure to monitor the continuing professional education of its staff. Consequently, the department cannot be certain that it complies with the requirement in state law that all construction inspectors, plan checkers, and the department's building official complete at least 45 hours of continuing education every three years. Unlike the requirement for certification, this provision pertains to the affected employees regardless of their hiring dates. If they do not fulfill continuing education requirements, department employees may not stay current with developments and techniques in their fields that will allow them to perform their jobs proficiently.

We requested that department managers give us documentation for those employees who were required to complete continuing education classes for the 1998-2000 period. The documentation we received indicated that only 42 percent of all employees had some training during the period. According to the Administration and Finance Division manager, the department has no policy or procedure for tracking employees' continuing education classes, but the department is beginning to develop a process to collect this information.

Of the six managers of divisions or units from whom we requested information, none had maintained records to show that all employees in his or her division or unit had completed at least 45 hours of training for any three-year period. Only one division had maintained records for its employees, but these records covered only the training that took place during 2000. Also, we could not determine if any of the training listed in the information given to us would meet the law's requirements for continuing professional education because the department has no standards or criteria specifying the types of training that count toward fulfilling the requirements.

Not only have they failed to monitor employees' continuing education, but some department managers have also demonstrated that they may not understand the law's requirements fully. For example, one manager indicated that he thought employees who had worked for the department for a certain amount of time were exempt, and another manager indicated that staff members should determine if they want training. Because records were incomplete and the department does not maintain adequate records of continuing education, we could not assess the status of any employee's compliance with the law.

THE DEPARTMENT SHOULD BETTER ENSURE THAT ITS EMPLOYEES RECEIVE EVALUATIONS REGULARLY

Of 129 department employees we surveyed, 78 (60 percent) indicated that they had not received a performance evaluation within the past year. The City's Department of Human Resources suggests that city departments conduct employee performance appraisals at least annually. We did not review the department's personnel records to determine the frequency with which employees have received performance evaluations. However, in the survey of employees we discuss in Chapter 5, we asked employees approximately when they received their most recent performance appraisal. Only 51 (40 percent) of those surveyed stated they had received a performance evaluation in the past year. In addition, 53 (41 percent) of the respondents stated that they had received their last performance evaluation from more than one year to more than five years ago. The remaining 25 respondents (19 percent) stated that they had never received a performance evaluation. Some of those who had not had a performance evaluation in the last year may have been recently hired and were not yet due for an evaluation at the time of the survey.

The department's assistant director acknowledged that employees' performance should be measured more regularly. She also noted that evaluations should be more consistent because the department measures the performance of senior staff more regularly than it evaluates the performance of lower-level employees.

Without documentation about their job performance, employees do not know whether they are fulfilling their responsibilities sufficiently. Inevitably, the department's staff has less direction and accountability than it would if performance appraisals were in place. The *Handbook for Employees of the City and County of San Francisco* (August 1998, p.14) offers the following description of the City's evaluation system for employees:

The purpose of the performance appraisal system is to ensure that employees understand the duties and responsibilities for which they are being held accountable, evaluate employees on their performance, identify training needs, improve effectiveness, provide a basis for career development and assure quality service to the public. The system is an essential tool for managerial decision-making, [and] assists in overall communications.

THE DEPARTMENT DOES NOT ADEQUATELY REPORT THE UNPAID CAR BENEFIT FOR ITS EMPLOYEES OR SUFFICIENTLY MANAGE ITS CITY VEHICLES

Besides seeing that its employees are adequately certified, trained, and evaluated, the department must ensure that it reports to the Internal Revenue Service the unpaid car benefit for all employees who receive it. In addition, the department needs to strengthen its management controls over its fleet vehicles. The department does not report the unpaid car benefit for more than half of the 91 employees who receive the benefit. Furthermore,

the department has no written policy for determining the assignments of city cars to drivers or parking spaces.

***Most of the Department's Drivers
Who Use City Cars Are Not Taxed
According to Federal Law***

The department violates federal tax law by failing to report the unpaid but taxable car benefit tax from more than half of the 91 employees who drive city cars home at night. Central Shops, which assigns and services most city vehicles, assigned 115 city cars to the department for use by department employees. The department has use of a nearby parking lot in which it parks some cars at night. Department employees who live in San Francisco park the remaining cars at their homes at night and use them to commute to work. We found that the department reports the night use of only 39 (43 percent) of the 91 cars that go home with department employees, and it fails to report the use of 52 cars (57 percent). The Controller's Special Pay Usage Report shows that 41 department employees had a \$3 per day unpaid car benefit reported on their paychecks in the pay period ending January 5, 2001; however, the department does not list 2 of these employees as night drivers.

Under federal tax law, if employees use their employer's cars to commute, employers report this use as a taxable fringe benefit included in employee income. Employees' use of these cars to commute to and from work is considered personal use and valued at \$1.50 per trip or \$3.00 per day.

The San Francisco Administrative Code Section 4.11 permits commuting in city cars by on-call employees and other employees under limited circumstances, including for the sole purpose of garaging the vehicle at the employee's residence. In such cases, the department head must determine that the public interest is best served by permitting the employee to take the car home rather than by the City's garaging it. The Board of Supervisors must approve these decisions upon recommendation by the director of administrative services. According to the department's Administration and Finance manager, the department obtained approval from the Board of Supervisors sometime before 1996 when the department was known as the Bureau of Building Inspection within the Department of Public Works.

The Personnel Services manager keeps the Special Pay Usage Report records for unpaid car benefits, but the Administration and Finance manager keeps the records for car assignments. Our review indicated that these records do not receive regular reconciliation. Inconsistently reporting these benefits violates federal tax law and puts the City at risk of sanctions by the Internal Revenue Service.

***The Department Assigns Cars to Some Employees
Who May Not Need Them Every Day***

According to the Administration and Finance manager, the department's unofficial policy is for inspectors and other personnel who need city cars during the day to use the vehicles, but we were unable to determine how many employees use cars during the day. Further, the department does not keep current its assignment records. Each inspector needs a car daily, and 89 (88 percent) of assigned cars are assigned to the Inspection Services Program. However, 12 (12 percent) of the assigned cars are assigned to other units: 11 to managers and members of noninspection units and one to the Building Inspection Commission, which has a secretary who takes this vehicle home at night. The department's director is assigned a car, and each unit of the Permit Services Program has one car assigned to it. The exceptions are the Mechanical Plan Check Division, which receives no assigned vehicles, and the One-Stop Permit Coordination unit, which receives four.

***The Department Does Not Have a
Policy for Assigning Its Fleet Vehicles***

The department does not have a policy covering how it should assign city cars to employees and when it should garage cars at the department overnight. The department has no set number of parking spaces available for overnight use and no policy for determining car assignments. At the time of our audit, 91 of the department's employees drove city cars home at night, and the department had assigned 23 additional cars to park overnight in a lot near the department. The department appears to assign cars to night drivers as its option of first resort and then park extra cars in the lot. Assigning cars to night drivers who are not on-call employees when overnight parking space is available adds unnecessary mileage and wear to city cars.

We also found that the department's records of car assignments should be more current. According to the department's administration and finance manager, the assignment of cars changes frequently. Because other department personnel do not communicate changes promptly, she updates the records about every two to three months. However, without more current records of which employees take cars home at night, the department cannot correctly assess the unpaid car benefit.

RECOMMENDATIONS

To better monitor employee certification, training, and evaluations and to comply with state law, the Department of Building Inspection should do the following:

- Develop a policy regarding professional certification and training of employees that details the legal requirements for training, the affected employees (including managers), and the acceptable types of training. This policy should also state consequences, such as reassignment or administrative leave, for those employees who do not comply with the requirements within a stated time.
- Establish a procedure specifying how the department will collect and maintain employee certification and training information. This procedure should also outline how the department will enforce training and certification requirements. Maintain records of employees' hire dates to determine who must earn certification and aid in scheduling employee evaluations.
- Ensure that all employees receive performance evaluations at least annually. The department's Personnel Services Division should provide guidance to managers in administering performance evaluations. The division should also record when performance evaluations for every employee are due so that it can notify the appropriate managers.
- Make certain that managers who assign cars maintain clear, current records of assignments and communicate these assignments promptly to personnel managers so that the unpaid car benefit is reported properly to the Internal Revenue Service.
- Develop and enforce a detailed policy regarding the use of city vehicles. To comply with the provisions of the City's administrative code, the policy should include a discussion of how the public interest is best served by the proposed policy. The Building Inspection Commission and the director of administrative services should approve this policy and then recommend it to the Board of Supervisors.
- Use available garage or lot spaces before it allows personnel who are not on call to take cars home at night.
- Consider creating a pool of cars for use by those who do not travel daily.
- Analyze its overall vehicle needs to ensure that it has an appropriate number of city cars.

CHAPTER 4

THE DEPARTMENT USES INEFFICIENT, UNRELIABLE PROCESSES FOR RECORDING AND REPORTING INFORMATION ON ITS PRODUCTIVITY AND PROMPTNESS

CHAPTER SUMMARY

The Department of Building Inspection (department), and especially its Plan Check Services unit, relies too heavily on manual processes to compile its performance statistics. These processes are unnecessarily time-consuming and subject to error. Because the resulting statistics are the department's primary means for determining whether its employees are productive, inaccurate figures could present a misleading picture of the department's performance. Without accurate performance statistics, department management and city decision makers cannot be sure that the department is as efficient as it reports. Moreover, staff members are spending unnecessary amounts of time tabulating statistics that computerized systems could calculate more quickly and accurately.

Further, the productivity results the department reports for its building inspectors appear to be overstated. Although the reports on the promptness of building inspections are accurate, the records on building inspections and the resulting reports on the level of inspector productivity show inflated figures. This situation has occurred because the department's Building Inspection Division counts as inspections some of the building inspectors' other activities and some responsibilities that are not activities at all. Finally, the Housing Inspection Services Division should improve its reporting of performance results and its record keeping, particularly of how housing inspectors spend their time on code enforcement cases, and it should establish performance goals that better reflect its objective to see that code violations are corrected.

THE DEPARTMENT'S CALCULATION OF PERFORMANCE STATISTICS IS INEFFICIENT AND POTENTIALLY INACCURATE

The department, and especially the Plan Check Services unit, generally uses manual methods of calculating performance statistics that are unnecessarily time-consuming and subject to error. The amount of manual labor involved in the reporting process unnecessarily occupies staff with tasks that do not directly contribute to the fulfillment of the department's mission and that reduce the time they have available to serve customers or to support other staff who deal with customers. Moreover, these calculation methods caused the department to report some statistics that are inaccurate and erroneously showed that the department had met certain performance goals.

Employees appear to recognize that the department could use automated methods to increase efficiency. In our survey of employees, 110 (82 percent) of 134 respondents agreed that greater use of computers and other technology would improve the department's productivity.

***Some Performance Statistics
of the Plan Check Services Unit Are
Inaccurate or Cannot Be Verified***

We tested selected performance statistics for three of the four divisions of the Plan Check Services unit and found that two of the three divisions reported some performance statistics that are inaccurate, and the third reported statistics that we could not test for accuracy. We tested selected productivity and response-time results of the Commercial Plan Check, Residential Plan Check, and Major Projects/Unreinforced Masonry Building (Major/UMB) divisions that appear in the department's report for the first quarter of fiscal year 1999-2000.

We found that the Commercial Plan Check Division calculated its response-time and productivity statistics correctly based on data in the department's permit tracking system. However, the division could not provide daily reports for the month we tested. As a result, we could not verify the accuracy of the reported quarterly results.

The Residential Plan Check Division incorrectly stated in the quarterly report that it had met all its performance goals. In reviewing the results, we calculated that this division fell 3 percent short of meeting its goal for permits approved within seven days: The division approved 87 percent of permit applications rather than the reported 90 percent. In addition, in calculating productivity statistics, the Residential Plan Check Division appears to have used an incorrect number of hours spent by plan checkers. According to our review of daily reports for August 1999, which was one month during the quarter, plan checkers worked 37 more hours than the number used by the department in the calculation.

The Major/UMB Plan Check Division uses a faulty method of calculating the percentage of permits approved within 90 days. Because it counts permits that take as long as 120 days for approval as having received approval within 90 days, this division incorrectly stated that it had approved 86 percent of its permit applications within 90 days, thereby meeting its performance goal of 75 percent for the quarter. We found that the Major/UMB Plan Check Division actually approved only 64 percent of the permits it reviewed within 90 days, and this amount was 11 percent below its goal for the quarter. Without accurate response-time statistics for this unit, department management cannot adequately gauge the success of this key function of the department.

***The Department Relies on
Inefficient Calculations That
Could Be Erroneous***

Not only does the department rely on a faulty method to calculate some performance statistics, but it also uses a manual system for calculating and compiling the response-time and productivity statistics it includes in monthly and quarterly reports. This method for collecting data is more time-consuming and introduces more possibility for human error than does an automated method. The system is also inefficient because it requires duplicate data entry and duplicate calculations by those who do the work and those who keep track of the data.

The monthly reports that we tested from the various inspection divisions were accurate. However, the Plan Check Services unit has moved away from automated calculations of its performance data and toward manual methods that its staff knows are inefficient. According to the principal clerk who prepares the unit's performance data, when the department switched from the previous version of the permit tracking system to the current version in January 2000, it experienced problems with inaccurate data. Consequently, the unit began relying more on manual methods to produce subsequent reports.

According to a senior business analyst and a consultant to the Management Information Services Division, the department's line staff does not take full advantage of the permit tracking system's script-writing capability. If plan checkers and inspectors directly entered selected activity data into the Permit tracking system, support staff in these units could execute statistical management reports with a few keystrokes on their computers.

**THE BUILDING INSPECTION DIVISION
OVERSTATES ITS PRODUCTIVITY**

Although inspectors' daily records support the figures for response-time and total building inspections that the department reports, the department is unintentionally inflating the number of building inspections because the Building Inspection Division counts as inspections some other activities performed by the building inspectors and some categories of a project's status that are not activities. Some of these activity categories clearly do not constitute inspections, and it is unclear if others may qualify as inspections. The department allows building inspectors to record all such activities on their daily reports. Because these methods lead to inaccurate performance statistics, department management cannot rely on the statistics to assess the Building Inspection Division's actual productivity.

Various activities other than inspections may take an inspector's time. For example, if an inspector arrives at an address and finds that entry to the building is impossible, no inspection occurs. In this case, the building inspector records that visit on the daily report as "no entry/no progress," and the department counts this visit as an inspection. However, the inspector can also record activity in this category if he or she performs an inspection and finds that no progress has been made on the building.

For October 1999, we found that 1,180 (23 percent) of the 5,137 reported building inspections were actually activities in 13 categories that may not represent inspections. Almost all (1,150 or 97 percent) of these 1,180 reported inspections were in six categories: permit expired (438), no entry/no progress (190), correction required (186), certificate of final completion and occupancy issued (149), reinspection required (122), and notice of violation issued (65).

Although we found that activity other than inspections composed 23 percent of the reported number of building inspections for one month, we could not precisely determine the extent to which the reporting of activities that do not involve actual inspections inflates the reported count of inspections and inspector productivity. Some activity categories when used alone for a single site visit at one address may indicate that an inspection has occurred and resulted in the activity described. For example, an inspection may have occurred and resulted in the inspector's recording "reinspection required" as the only activity for a visit to an address. Other activity types such as "no entry/no progress" may or may not indicate that an inspection has occurred depending on whether the inspector was able to enter the premises but found no progress or was unable to enter the building to conduct the inspection.

The department has emphasized productivity measures for its staff, including an expectation that all construction inspectors conduct an average of 11 inspections per day. If the Building Inspection Division's productivity in fiscal year 1999-2000 had been 23 percent less than reported, it would have decreased from an average of 12.8 to 9.9 inspections per inspector per day, causing the division to fall below its goal of 11 inspections per inspector per day. However, this level of productivity is still comparable to those of other selected jurisdictions. For example, inspectors in San Diego County perform an average 8.4 inspections per day, and those in Portland, Oregon, complete 10 to 12 per day.

THE HOUSING INSPECTION SERVICES UNIT PERFORMS ADEQUATELY BUT SHOULD CREATE BETTER RECORDS AND IMPROVE ITS GOALS

The Housing Inspection Services unit adequately handles code enforcement cases, but it should improve its record keeping and goals. The Housing Inspection Services unit has made positive organizational changes to improve its handling of cases that require enforcement of housing, building, and other codes, and it has decreased the number of

unresolved cases. However, the Housing Inspection Services unit does not keep complete, accurate records of code enforcement cases, and this deficiency can hinder the effective resolution (abatement) of the cases. Further, department management would have a clearer idea about the Housing Inspection Services unit's success in resolving code enforcement cases if this unit established a goal and a performance measure defined in terms of a target level for its caseload. Currently, the unit's goal relates to the annual rate at which the unit wants to reduce its case backlog.

***The Housing Inspection Services Unit
Could Improve Its Record Keeping***

From August 2000 to January 2001, the Housing Inspection Services unit reduced its number of active cases. However, it does not keep complete, accurate records of the cases, and this failure impedes its ability to ensure that property owners resolve code violations. In trying to determine if the Housing Inspection Services unit ensures that cases are resolved (abated) in a timely manner, we found that the duration of code enforcement cases ranges widely and that many reasons exist for delays in resolution, some of which are not the Housing Inspection Services unit's responsibility. For example, for the properties in 50 cases we reviewed, one property was in conservatorship, and abatement was delayed because a court order was needed to obtain money to pay for corrective work. Two other properties had been reinspected multiple times, but violations continued. Such cases can remain unresolved for years.

Despite the fact that code enforcement is inherently complex so that some cases can take months or years to resolve, the active case list erroneously included some records of abated cases. This error makes it appear that the Housing Inspection Services unit has more unabated cases than it actually does. We found that 21 (42 percent) of the 50 cases we reviewed should not have been on the active case list. Further, the chief housing inspector noted that the inspectors often do not accurately record the hours they spend on each case—time for which the department can bill a violator—and these inaccuracies can lead the department to underbill a violator and present a misleading record of the case.

The chief housing inspector reported to us that she is implementing changes to improve these practices. She acknowledged that poor record keeping has limited the Housing Inspection Services unit's ability to penalize violators and to evaluate its work.

***The Housing Inspection Services
Unit Could Improve Its Goal Setting***

The Housing Inspection Services unit does not set specific goals for some important components of its work, and the absence of goals makes it difficult for this unit to gauge its overall progress in relation to its workload. The Housing Inspection Services unit has as a goal to reduce its backlog of inherited code enforcement cases by 25 percent each year, but eventually this goal will be meaningless. The Housing Inspection Services unit should but does not have a "steady-state" code enforcement caseload target toward which

it is working. This target would specify the number of code enforcement cases that the unit should handle at any given time.

The department considers a case abated when the developer or owner has corrected all violations, the property has received a final inspection, and the owner has paid the final bill for fines and for time spent by Housing Inspection Services unit staff. According to the chief housing inspector, if violations are corrected but the final bill has not been paid, the department removes the case from its automated Complaint Tracking System but keeps the case on the active case list. In August 2000, violations in 90 (9 percent) of 1,004 open cases had been corrected but the property owners had not paid their final bills.

Although the department uses the billing of violators as an enforcement tool, the collection of the fees is not the goal of its Housing Inspection Services unit. Instead, the primary function and emphasis of this unit is to see that builders and owners correct their properties' code violations so that buildings are safe for the public. The Housing Inspection Services unit is currently unable to recognize fully its accomplishments in overseeing corrections because figures for the number of corrected violations lie buried in the active case list until property owners pay their final bills.

RECOMMENDATIONS

To enhance its processes for recording and reporting management information, the Department of Building Inspection should take the following actions:

- Ensure that the Plan Check Services unit automates, as much as possible, the calculation of performance statistics so that the unit saves staff time and provides reports that are accurate. To do so, Plan Check Services staff should consult with staff of the department's Management Information Services (MIS) Division to determine the relevant capabilities of the permit tracking system. Plan Check Services staff and managers should inform the MIS Division staff about the kinds of performance reports they need each month and quarter, and they should detail all the requirements to incorporate.
- Develop a system that checks the accuracy of data entry and calculated statistics to ensure that statistics reported by the Plan Check Services unit are correct.
- Make certain that the Building Inspection Division includes only actual inspections in the counts it uses to calculate inspector productivity. To do so, the division could revise the inspectors' daily report form to distinguish between inspection-related activities and inspections.
- See that the Housing Inspection Services unit continues to improve its record keeping, particularly its methods for noting the amount of time housing inspectors spend on code enforcement cases.

- Have the Housing Inspection Services unit consider establishing a target caseload size that it will maintain after it eliminates the old, unabated cases. This target will help measure the division's success in handling newer cases effectively.
- Direct the Housing Inspection Services unit to consider using as a performance measure the number of, or the rate at which, builders or owners correct code violations rather than counting as abated only those cases for which property owners have paid their final bills. The improvement of substandard housing is more important to the public and to the City and County of San Francisco than are the fines or fees that the Housing Inspection Services unit collects.
- Monitor the effects of changes in code enforcement procedures to ensure that the Housing Inspection Services unit is processing abatement cases efficiently and effectively and that the unit's caseload does not rise to previous levels.

CHAPTER 5

THE DEPARTMENT'S CUSTOMERS AND EMPLOYEES EXPRESS GENERAL SATISFACTION WITH THE DEPARTMENT

CHAPTER SUMMARY

We were able to survey the customers and employees of the Department of Building Inspection (department) to learn their perceptions about the department's performance. Our two surveys revealed that customers and employees are generally satisfied with the department. However, responses to the surveys also pointed out certain problems, deficiencies, and areas of concern. Customers raised concerns about the level or quality of services provided by the department either in the permit application process or in the inspection process, while employees' concerns related to fairness in hiring and promotion, outside influences on the department, and workplace and employment issues.

Department management should be able to address easily many of the concerns expressed by customers and employees, and the department may correct or enhance its delivery of services to the public based on the results of these surveys. Indeed, customers gave the department favorable ratings because of its obvious focus on serving its customers well. Nevertheless, the department must balance its emphasis on customer satisfaction with its regulatory mission to enforce the City's building codes. Conversely, the value of customer opinion surveys is limited because even fair, courteous enforcement of building regulations may not satisfy some customers.

BACKGROUND

Public and private organizations often use customer satisfaction and employee surveys to gauge the effectiveness of the organizations' services. Such surveys can also provide an organization with valuable information for identifying areas that need attention and for improving the organization's overall operations. Organizations like the department that have a strong focus on customer service should establish a continuous or periodic survey process to obtain comments and suggestions from the customers it serves. In this audit report, we have not attempted to describe in detail the results or implications of all the responses to the surveys' questions. Instead, we present a summary of each survey's most significant results. Under separate cover, we have given the department the complete results of both surveys.

Survey of Customers

We contracted with the Public Research Institute (institute) of San Francisco State University to assist us in developing and administering a survey of a sample of the department's customers. The institute mailed questionnaires to 2,502 customers who had applied for permits from June 2000 through December 2000. Of the surveys mailed, 2,303 were deliverable. From this pool, we received 576 questionnaires by the due date, for a response rate of 25 percent.

The survey of department customers asked about the types of permits for which customers applied, the application processes, and customers' ratings of the service they received. The application processes covered in the survey included that of the department's Central Permit Bureau, which handles most applications; the process used by the One-Stop Permit Coordination unit, which has employees from two or more departments simultaneously review applications that need approvals; and the process at the Express Window, which deals with simple applications that do not require plans. We asked about the promptness with which department staff notified customers of changes needed in their plans and whether staff was helpful in minimizing delays. We inquired whether customers used outside agents (expeditors) to help manage the processing of their plans or permit applications. In addition, we asked about the timeliness and ease with which customers were able to schedule inspections and about the professionalism, fairness, and competence displayed by the department's inspectors. The survey also asked customers to describe the department's services in general and to provide any additional comments or suggestions for improvement. Finally, respondents were to describe their business at the department and the frequency with which they apply for permits with the department. Appendix A presents the customer survey questionnaire, and Appendix C presents the executive summary from the final report on survey results.

Survey of Employees

To measure the "climate" of the department, the employee survey asked employees for their opinions about the department in general, about the productivity and quality of work of their work units, and about management of the department. Our questionnaire also asked about the adequacy of training opportunities and the extent of computer use and other technology. Additionally, we asked about employees' attitudes toward changes occurring in the department, about their opinions of morale among employees, and about critical areas they think the department should address. The survey also asked many open-ended questions, including those addressing what employees like best about working for the department, what the department could do to improve services to customers, and what needs to be changed or improved. Finally, the survey included questions specifically designed for employees who worked in Permit Services and Inspection Services, the two main programs that provide services directly to customers.

The confidential employee surveys were distributed to the department's 284 employees, and 137 completed questionnaires were returned for a response rate of 48 percent.

Appendix B presents the employee survey questionnaire, and Appendix D presents a more detailed summary of the survey results.

CUSTOMERS ARE GENERALLY SATISFIED BUT FEEL SOME AREAS NEED IMPROVEMENT

The customer survey indicated that the department's customers are generally satisfied with the services they received, but some responses indicated there may be deficiencies and problems that present the department with opportunities for improvement.

When asked to rate the department's service overall, 65 percent of customers indicated that they had received good or excellent service from the department in the past year, 26 percent rated service as fair, and only 9 percent characterized the service as poor or very poor. Although it is not reasonable to expect 100 percent customer satisfaction, the department should consider gathering information on those customer experiences rated fair to poor to determine the areas that need improvement.

Customers Rated the Permit Application and the Plan-Check Process Favorably

The majority (65 percent) of customers rated permit application services as good or excellent, and most (86 percent) said the department's employees were helpful and courteous during the application process. Of the 60 percent of customers who indicated they had problems during the permit application process, 75 percent said they were able to resolve the problems satisfactorily with department staff. Customers also reported that the department's plan-check process is responsive: More than three-fourths of all customers felt that they had been notified promptly when corrections or changes were required.

Although these results reflect positively on the department, about half (49 percent) of the customers indicated that they experienced delays during the plan-check or application review process, and 38 percent of these customers indicated that the department's staff had not been helpful in minimizing delays. Although delays in processing applications and checking plans may occur for various acceptable reasons, the department should look more closely at the application and plan-check processes and procedures to determine how the department can minimize delays and improve customer service when delays occur.

We also designed the survey to determine the extent to which the department's customers hire expeditors to speed permit or project approval. If the survey showed that many permit applicants use expeditors, this customer preference could indicate that the department's processes are not sufficiently understandable to the public. Survey responses showed that only 32 (6 percent) of 516 respondents used expeditors, while 484 (94 percent) indicated

that they did not. Respondents who used expeditors stated they did so because expeditors were able to obtain permits more quickly than the applicants could, expeditors made the process convenient, and they knew the process. Also, some respondents said that they used expeditors because the department's staff was too difficult to deal with or because the department required too much paperwork.

***Customers Are Very Satisfied With
One-Stop Permit Processing and
Will Continue to Use It***

The 21 percent of customers who indicated that they used the One-Stop Permit Coordination unit (One-Stop) rated their experience as highly positive, and customers believe that One-Stop is providing service that is faster than the service available through normal procedures at the department. Of the 576 customers responding, 91 (16 percent) supplied information about their use of One-Stop. Nearly all customers (98 percent) who chose to use One-Stop did so to receive faster service, while less than half (46 percent) indicated that they did so because the One-Stop procedures are easier to use than are those in the department's other units. Of those who used One-Stop, the vast majority (95 percent) indicated they would do so again for future projects. Only a small minority (5 customers) indicated that they would not use One-Stop again, saying that staff had misled them about appropriate procedures, they had received incorrect information, or they had tried to use One-Stop several times but had found no one working at the One-Stop counter.

***Not All Customers Describe
Inspection Services Favorably***

Although a majority of customers seem satisfied with inspection services, the department should examine the reasons why some customers, particularly those seeking residential inspections, appear less pleased with their experience in making appointments and contacting inspectors. The majority (65 percent) of customers rated as "somewhat easy" the scheduling of inspections and the customers' contacting or meeting with inspectors. Most of these customers said that they had received timely inspection appointments either within 48 hours or on a date they had requested; these time limits are part of the department's goals for all inspections. However, 15 percent of customers rated acquiring these services as "somewhat" or "very" difficult. Survey results indicated that customers seeking residential inspections found making appointments more difficult than did customers seeking other kinds of inspections.

Most customers generally agreed that the inspectors they worked with were professional (78 percent), fair (70 percent), and competent (73 percent). However, electrical permit customers rated inspectors somewhat lower on all three attributes than did nonelectrical permit customers. Because the survey did not allow us to determine the cause for these lower ratings, the department's Inspection Services Program should determine whether

factors under the department's control explain this perception and whether the department can change this view of electrical inspectors.

***Customer Survey Results Show Areas
That the Department Needs to Improve***

Of 537 respondents, 73 percent indicated that they experienced at least one type of problem, 10 percent experienced four or more problems, and 26 percent experienced no problems with the department's service in the past year. Exhibit 6 shows the percentage of responses to this survey question by problem type.

Exhibit 6
Service Problems That Customers Experienced in the Past Year*

<i>Problem Type</i>	<i>Percentage of 537 Customers Responding**</i>	<i>Total Respondents</i>
Inspectors are inconsistent***	35.0	188
Permit approval takes too long	29.4	158
Permit fees too high	19.2	103
Inspection scheduling is too difficult	18.6	100
Plan-check process inefficient	18.4	99
Permit application process confusing	15.5	83
Other problems°	20.3	109

* The year preceding the customer's response, or sometime during calendar year 2000.

** The same customer may have reported more than one problem.

*** Customer indicated that different inspectors reached different conclusions about the same condition.

° Those cited in written comments from customers.

The survey also asked customers to give additional comments about services and to suggest ways the department can improve. Written responses included both complimentary remarks and criticisms about specific services. Some critical comments related to long lines at permit counters, difficulties with payment processing, inconsistent code interpretation from the department's staff, slow plan-check processing, difficult scheduling processes for inspectors other than building inspectors, lack of online permit processing, and insufficient parking for customers. A small number of comments about a particular problem may represent the experiences or concerns of many other customers who have chosen not to express them. These comments can also help department management identify opportunities for improving its customer service.

The Department's Emphasis on Customer Service May Conflict With Its Mission

While we applaud the department's efforts to improve customer service, we acknowledge that customer satisfaction is not the sole measure of the department's success. According to the department's management and its annual report, the department places a strong emphasis on providing good customer service—and quick responses—to the contractors, builders, architects, owners, and others seeking permits and inspections of work performed on their projects. For example, goals for 1998-1999 included increasing customer service training, increasing the number of over-the-counter approvals for commercial permit applications, hiring additional staff to meet demand for residential plan checks, and performing more than 92 percent of inspection requests within 48 hours or as requested by customers through the Building Inspection Division. However, the department's mission statement says that the department serves the City and County of San Francisco and the public by ensuring public safety through the enforcement of building codes and regulations. The department must balance its emphasis on customer satisfaction with its charge to safeguard life and property.

EMPLOYEES ARE GENERALLY SATISFIED WITH WORKING FOR THE DEPARTMENT BUT HAVE CONCERNS ABOUT FAIRNESS

The levels of satisfaction expressed by employees and their assessment of a department's level of functioning are valid indicators of a department's effectiveness. The responses to our survey of employees at the Department of Building Inspection indicate that the department's employees generally feel positive about their jobs, that the quality of their work is high, and that their productivity has improved in recent years. Employees also feel the department contributes to the City's quality of life and that the department has made progress toward improving customer service. Further, employees generally understand the department's goals and objectives, and they believe that the department is fulfilling its mission. In addition, most employees think that the department is well managed, that communication between management and staff is good, and that morale in their respective work units is high.

However, as Chapter 1 discusses, some employees feel that the department has allowed some customers, including expeditors hired as agents by customers, to affect adversely the ability of permit processing and building inspection staff members to perform their jobs in a professional manner. In written comments, some employees expressed concern about a lack of fairness in employee hiring and promotions, and some indicated that relations and communication among management and staff need improvement. Other employee responses focused on problems related to workload, computer system reliability, workspace, and training issues. On the other hand, the majority of responding

employees did not express these concerns. Appendix D presents a summary of employees' responses to the survey.

RECOMMENDATIONS

Surveys provide only some of the information needed to assess organizational effectiveness. Nevertheless, to obtain reliable information from its customers and employees that would help to gauge its success in delivering services and assist its continuing efforts to achieve its mission, the Department of Building Inspection should do the following:

- Use the results of our customer survey and employee survey as a guide to improve business processes, management and staff relations, and customer service. In particular, examine why customers seeking residential inspections and those receiving electrical inspections are less satisfied than others are.
- Periodically conduct, or contract for, formal surveys of its customers. A survey consultant could develop a sound survey instrument that the department could administer regularly, or the department could contract with a professional survey organization to administer and analyze a survey.
- Consider conducting periodic, confidential employee surveys.

We conducted this audit according to generally accepted government auditing standards. We limited our review to those areas specified in the audit scope section of this report.

Staff: Mark Tipton, Audit Manager
 Millicent Bogert
 Carrie Fassett
 John Haskell
 Richard Hendry
 Kai Mander

Appendix A

Department of Building Inspection Customer Survey Questionnaire

Department of Building Inspection Customer Survey

Instructions: The person who handled the *most recently* completed project with the Department of Building Inspection (DBI) should fill out this survey. Please check the appropriate box or boxes like this: ☒.

1. What was the purpose of your or your firm's *most recently* completed business with DBI?

(Check all that apply)

- a. ☐ General question
- b. ☐ Code question
- c. ☐ Permit application
- d. ☐ Records management
- e. ☐ Inspection
- f. ☐ Plan check
- g. ☐ Request a meeting
- h. ☐ Other

Section 1: Permit Application Process

Please answer Sections 1-3 in reference to your **MOST RECENTLY** completed project with DBI.

2. If you went to DBI to apply for a permit, were staff helpful and courteous?

- a. ☐ Yes
- b. ☐ No
- c. ☐ I was not the person who applied for the permit
- d. ☐ I don't remember

3. What type of permit were you seeking?

(Check all that apply)

- a. ☐ Commercial
- b. ☐ Residential
- c. ☐ Building
- d. ☐ Major project
- e. ☐ Plumbing or mechanical
- f. ☐ Electrical
- g. ☐ Other

4. Where did you submit your permit application?

SKIP SECTION 1a

- a. ☐ One-Stop Counter (**GO TO SECTION 1a**)
- b. ☐ Express Window
- c. ☐ Central Permit Bureau (front or main counter)
- d. ☐ I didn't submit the application/plans
- e. ☐ I don't remember which counter I used

Appendix A

Department of Building Inspection Customer Survey Questionnaire

Section 1a

*If you used
One-Stop
Permit
Processing...*

5. How did you decide to use One-Stop permit processing?

- a. ☐ I chose to go directly to One-Stop
b. ☐ DBI staff referred me to One-Stop

6. If you chose to use One-Stop, please indicate why.

(Check all that apply)

- a. ☐ Easier to use
b. ☐ Faster service
c. ☐

Other _____

7. Would you use One-Stop again for future projects?

- a. ☐ Yes
b. ☐ No

Why
not? _____

8. If you provided your own estimated cost for the work, did DBI increase it?

- a. ☐ Yes
b. ☐ No
c. ☐ I did not provide an estimate
d. ☐ I don't know

9. Overall, how would you rate the service DBI provided during the permit application process?

(Circle the appropriate number)

Excellent	Good	Fair	Poor	Very poor
1	2	3	4	5

10. If you had problems with the processing of your permit application or plans, were you able to resolve them satisfactorily with DBI staff?

- a. ☐ Yes
b. ☐ No
c. ☐ I did not have any problems
d. ☐ There were problems but I did not handle them

Section 2: Plan Check and Permit Processing

11. Were you promptly notified of any corrections or changes that were necessary to your plans or application?

- a. ☐ Yes
b. ☐ No
c. ☐ Not applicable

12. If there were delays in reviewing your plans or application, were DBI staff helpful in minimizing the delay?

- a. ☐ Yes, they were helpful in minimizing the delay
b. ☐ No, they were not helpful
c. ☐ There were no delays
d. ☐ There were delays but I did not handle them

13. Did you use an outside expeditor to apply for your permit or manage the processing of the permit application or plans?

- a. ☐ Yes
Why did you/your firm use an expeditor?

b. ☐ No

14. Was your permit issued within 7 days of your application?

- a. ☐ Yes
b. ☐ No

Appendix A

Department of Building Inspection Customer Survey Questionnaire

Section 3: Inspection Scheduling and Inspection Services

15. Were you able to schedule all inspections within 48 hours of your request OR on a date that you requested?

- a. ☐ Yes
b. ☐ No

16. How easy was it for you to...

(Circle the appropriate number)

	Very easy	Somewhat easy	Neutral	Somewhat difficult	Very difficult
a. make the inspection appointment?	1	2	3	4	5
b. contact or meet with an inspector?	1	2	3	4	5

17. Please rate the extent to which you feel the inspector(s) with whom you worked were...

(Circle the appropriate number)

	Strongly agree	Somewhat agree	Neutral	Somewhat disagree	Strongly disagree
a. Professional	1	2	3	4	5
b. Fair	1	2	3	4	5
c. Competent	1	2	3	4	5

Section 4: DBI Service Overall

Please answer Section 4 in reference to your OVERALL EXPERIENCE with DBI in the past year.

18. Overall, how would you rate the service provided by DBI in the past year?

(Circle the appropriate number)

Excellent	Good	Fair	Poor	Very poor
1	2	3	4	5

19. Please identify any problems you have experienced with DBI's service in the past year:

(Check all that apply)

- a. ☐ Permit application process is confusing
b. ☐ Permit fees are too high
c. ☐ Plan check process is inefficient
d. ☐ Permit approval takes too long
e. ☐ Inspection scheduling is too difficult
f. ☐ Inspectors are inconsistent (for example, if inspectors reach different conclusions about the same condition)
g. ☐ I have **NOT** experienced any of these problems
h. ☐ Other problem (describe in question 20 below)

20. Please provide any additional comments about DBI's service or suggestions for improvement:

Section 5: About You

21. I am a(n):

- a. ☐ Contractor
b. ☐ Developer
c. ☐ Owner
d. ☐ Agent or representative
e. ☐ Professional expeditor
f. ☐ Other

22. I (my firm) apply for permits:

- a. ☐ Only once
b. ☐ 2 to 3 times per year
c. ☐ 4 to 9 times per year
d. ☐ 10 times or more per year

Appendix B

Department of Building Inspection Employee Survey Questionnaire

Department of Building Inspection

For each of the questions below, please check the box next to the correct response, or answer as indicated. Answers from these questions will be kept strictly confidential.

1. My job classification is: (check one)
 - a. ☐ Information Systems (1002, 1023, 1043, 1044, 1051, 1053, 1071)
 - b. ☐ Administration (1372, 1374, 1375, 1378, 5180, 5181)
 - c. ☐ Administrative Support (1203, 1222, 1241, 1244, 1270, 1367, 1404, 1408, 1410, 1424, 1426, 1444, 1446, 1452, 1632, 1654, 1823, 1840, 1842, 4321)
 - d. ☐ Civil and Mechanical Engineers (5204, 5206, 5208, 5210, 5214, 5252, 5256)
 - e. ☐ Plumbing Inspectors (6242, 6246)
 - f. ☐ Electrical Inspectors (6248, 6249, 6250)
 - g. ☐ Housing Inspectors (6270, 6272, 6274)
 - h. ☐ Building Inspectors (6331, 6333, 6334)
 - i. ☐ Other Professional and Technical Support (1752, 5217, 6138, other)
2. I work in: (check one)
 - a. ☐ Permit Services
 - b. ☐ Inspection Services
 - c. ☐ Administration
3. I have worked at the Department of Building Inspection, including DPW, for: (check one)
 - a. ☐ Less than 1 year
 - b. ☐ 1 to under 2 years
 - c. ☐ 2 to under 5 years
 - d. ☐ 5 to under 10 years
 - e. ☐ 10 years or over
4. Other than English, I can speak, or read and write the following languages:

<input type="checkbox"/> Chinese (Cantonese)	<input type="checkbox"/> Spanish
<input type="checkbox"/> Chinese (Mandarin)	<input type="checkbox"/> Tagalog
<input type="checkbox"/> Korean	<input type="checkbox"/> Vietnamese
<input type="checkbox"/> Russian	<input type="checkbox"/> Other (specify:_____)

Appendix B

Department of Building Inspection Employee Survey Questionnaire

Building Inspection Department Overall

5. The work of the Building Inspection Department contributes to the improvement of the City's quality of life.
6. The department has made good progress toward improving customer service.
7. The goals and objectives of the department are clearly defined.
8. The department has a strategy in place for future growth and improvement.
9. The department's strategy for future growth and improvement has been communicated to all staff.
10. The department is fulfilling its mission "to oversee the effective, efficient, fair and safe enforcement of the City's building, housing, plumbing, electrical, and mechanical codes, as well as disability access regulations."

<u>Strongly Agree</u>	<u>Agree</u>	<u>Disagree</u>	<u>Strongly Disagree</u>	<u>Not Sure</u>
1	2	3	4	X
1	2	3	4	X
1	2	3	4	X
1	2	3	4	X
1	2	3	4	X
1	2	3	4	X

My Job

11. Overall, I am satisfied with my job.
12. In the past two years, the productivity of my work unit has improved.
13. The overall quality of work being done in my work unit is high.
14. I have a clear understanding of what constitutes acceptable performance in my job.
15. People in my work unit can get by without meeting the minimum performance standards.
16. Building Inspection's policies and procedures manuals help me perform my job better.
17. There is enough staff in my work unit to adequately perform work we are required to do.
18. With the workload I have, I am able to perform my job duties effectively.

<u>Strongly Agree</u>	<u>Agree</u>	<u>Disagree</u>	<u>Strongly Disagree</u>	<u>Not Sure</u>
1	2	3	4	X
1	2	3	4	X
1	2	3	4	X
1	2	3	4	X
1	2	3	4	X
1	2	3	4	X
1	2	3	4	X

Appendix B

Department of Building Inspection Employee Survey Questionnaire

Management

19. All in all, the department is well managed.
20. My division's management has high standards and expects that employees produce high quality work.
21. My work unit is well managed.
22. I know exactly what my supervisor expects of me.
23. When I have a question about my job, I can go to written policies and procedures or to my supervisor and receive reliable, up-to-date information.
24. Management does a good job of seeking out the opinions and suggestions of its employees.
25. The quality of communication between management and staff is good.
26. Policies and procedures related to my job duties are clearly defined and consistently applied.

<u>Strongly Agree</u>	<u>Agree</u>	<u>Disagree</u>	<u>Strongly Disagree</u>	<u>Not Sure</u>
1	2	3	4	X
1	2	3	4	X
1	2	3	4	X
1	2	3	4	X
1	2	3	4	X
1	2	3	4	X
1	2	3	4	X
1	2	3	4	X

Training

27. I am satisfied with the opportunities for training and development that are provided to me.
28. The training I have received has been relevant; that is, it has increased my professional knowledge and improved my level of competence on the job.
29. **Answer only if applicable to your job:** I have received sufficient training on the Permit Tracking System to use it effectively.
30. **Answer only if applicable to your job:** I have received sufficient training on the Point of Sale (POS) system to use it effectively.
31. **Answer only if applicable to your job:** do you hold a building, plumbing, electrical, mechanical or other certification from ICBO or other professional organization?
 - a. ☐ Yes b. ☐ No
32. If you answered "No" to item 31, are you planning to obtain professional certification?
 - a. ☐ Yes b. ☐ No

<u>Strongly Agree</u>	<u>Agree</u>	<u>Disagree</u>	<u>Strongly Disagree</u>	<u>Not Sure</u>
1	2	3	4	X
1	2	3	4	X
1	2	3	4	X
1	2	3	4	X

Appendix B

Department of Building Inspection Employee Survey Questionnaire

Computers and Other Technology

33. Do you use a computer in the performance of your job duties?
- a. ☐ Yes → *If yes, go to the next question.*
- b. ☐ No → *If no, go to question 38.*
34. Check the response that best describes how often you use the computer you have at your disposal.
- a. ☐ Frequently each day c. ☐ A few times a week e. ☐ Rarely
- b. ☐ Occasionally each day d. ☐ Several times a month f. ☐ Never
35. If you checked a box other than frequently (box a.) in question 34, indicate why you don't use a computer more often (check all that apply):
- a. ☐ Using a computer is not necessary for performing some of my job duties.
- b. ☐ I would use my computer more often if I had more training.
- c. ☐ The computer equipment I have is not adequate to perform my job duties.
- d. ☐ Rather than use the computer, I prefer to use pen/pencil and paper.
- e. ☐ Other (please describe): _____

Please circle the response that best represents how you feel.

36. I have received the computer training I need in order to use the computer effectively in my work.
37. There is adequate technical support available for computer users when they have questions or problems.
38. Greater use of computers and/or other technology would help me be more efficient in performing my job duties.
39. Greater use of computers and/or other technology would improve the Building Inspection Department's productivity.
40. My supervisor encourages our work unit's use of computers and/or other technologies.

Strongly <u>Agree</u>	<u>Agree</u>	<u>Disagree</u>	Strongly <u>Disagree</u>	<u>Not Sure</u>
1	2	3	4	X
1	2	3	4	X
1	2	3	4	X
1	2	3	4	X
1	2	3	4	X

Appendix B

Department of Building Inspection Employee Survey Questionnaire

Change

41. In my work unit, most people are receptive to, and ready for, change.
42. The changes currently being made by management are probably needed to make the department function more effectively.
43. Department management is open to suggestions for change from staff.
44. The department needs to implement changes more quickly in order to be more effective.
45. Attempts to implement changes in the department are creating more problems than they solve.

Strongly Agree	Agree	Disagree	Strongly Disagree	Not Sure
----------------	-------	----------	-------------------	----------

1	2	3	4	X
1	2	3	4	X
1	2	3	4	X
1	2	3	4	X
1	2	3	4	X

Organizational Pride and Performance

46. In my work unit, employee attitudes support above average performance.
47. Most of the people I work with take pride in the quality of their work.
48. I am proud to tell people I work for the Department of Building Inspection.
49. Morale in the department is generally good.
50. Morale in my work unit is generally good.

Strongly Agree	Agree	Disagree	Strongly Disagree	Not Sure
----------------	-------	----------	-------------------	----------

1	2	3	4	X
1	2	3	4	X
1	2	3	4	X
1	2	3	4	X
1	2	3	4	X

51. If you indicated in question 49 or 50 that morale in the department or your work unit was not good, what do you think can be done to improve it (select all that apply):

- a. ☐ Incentive programs (recognition programs, social gatherings, etc.)
- b. ☐ More consistent application of disciplinary procedures and promotional opportunities
- c. ☐ Additional training (please specify): _____
- d. ☐ Other (please explain): _____

52. Approximately when did you receive your last performance appraisal?

- a. ☐ Within the last year d. ☐ 3 to 5 years ago
- b. ☐ 1 to 2 years ago e. ☐ Over 5 years ago
- c. ☐ 2 to 3 years ago f. ☐ I have never received an appraisal or review while working here.

Appendix B

Department of Building Inspection Employee Survey Questionnaire

53. Of the categories listed below, please identify the THREE (3) areas you feel are most critical for the department to address in order to improve its performance. **Mark your 3 choices with an "X"** as being the most important.
- | | |
|---|---|
| a. ___ Workload | j. ___ Management direction or guidance |
| b. ___ Management-staff relations | k. ___ Computerized systems or other technology |
| c. ___ Compensation (pay/benefits) | l. ___ Employee safety |
| d. ___ Physical working conditions | m. ___ Professional competence of staff |
| e. ___ Employee morale | n. ___ Professional competence of management |
| f. ___ Department policies and procedures | o. ___ Customer Services |
| g. ___ Employee performance appraisal/review system | p. ___ Other (specify) _____ |
| h. ___ General job training | |
| i. ___ Computer training | |

Additional Questions

54. What is the ONE thing you like best about working for the Department of Building Inspection?
-
-
-
-
-
-
-
-
-
-
55. What ONE thing could be done to improve services to Department of Building Inspection customers?
-
-
-
-
-
-
-
-
-
-
56. If there was ONE thing you could change, what would it be and how would you improve it?

Appendix B

Department of Building Inspection Employee Survey Questionnaire

➔ *If you want to provide more detailed information about any question in this survey, please write it here with the question number next to it.*

ATTENTION!

Permit Services employees:

Please continue to page 8 and answer questions 57 through 73.

Inspection Services employees:

Please continue to page 10 and answer questions 74 through 91.

ALL OTHER STAFF:



YOU ARE DONE.

Please drop completed survey into one of the sealed collection boxes located in the break room or near the transcription unit.

Thank you for completing the survey!

Appendix B

Department of Building Inspection Employee Survey Questionnaire

*****Questions 57-73 are for Permit Services Employees Only*****

Permit Services

PLAN CHECKERS – PLEASE ANSWER QUESTIONS 57 through 68:

57. Which area in Plan Check Services do you work in?
- a. ☐ Major/UMB Plan Check c. ☐ Residential Plan Check
b. ☐ Commercial Plan Check d. ☐ Mechanical Plan Check
58. How many plans do you check on average each day? _____
59. How many plans do you believe is reasonable to check in one day? _____
60. Check the box that best describes your workload:
- a. ☐ Manageable b. ☐ Barely Manageable c. ☐ Unmanageable
61. Do you feel you spend too much time answering questions from parties other than customers. For example, do you handle inquiries from the public, the media, or neighborhood organizations, activities that are not directly related to the performance of your job duties?
- a. ☐ Yes b. ☐ No
62. If you answered “Yes” to question 61, estimate the percent of time you spend performing your plan checking and other job duties versus handling non-job related questions and complaints, and/or neighborhood concerns.
- _____ % Performing job duties _____ % Non-job related customer and media inquiries
and/or individual and neighborhood complaints/concerns
63. If you answered “Yes” to question 61, do you believe that questions and complaints that are not job-related should be handled by staff in Customer Services or another division?
- a. ☐ Yes b. ☐ No c. ☐ Not Sure
64. Have you witnessed customers receiving improper preferential treatment?
- a. ☐ Yes b. ☐ No c. ☐ Not Sure
65. Has a supervisor ever asked you to give a customer improper preferential treatment?
- a. ☐ Yes b. ☐ No c. ☐ Not Sure
66. How often do you deal with expeditors hired by customers?
- a. ☐ Every Day b. ☐ At least once a week c. ☐ At least once a month d. ☐ Rarely e. ☐ Never

Appendix B

Department of Building Inspection Employee Survey Questionnaire

PLAN CHECKERS: Answer Questions 67 and 68 only if you have dealt with expeditors hired by customers.

67. Has an expeditor hired by a customer ever asked you for improper preferential treatment?

- a. ☐ Yes b. ☐ No c. ☐ Not sure

68. If you answered Yes to question 67, have you ever witnessed an expeditor receiving improper preferential treatment?

- a. ☐ Yes b. ☐ No c. ☐ Not Sure

IF YOU WORK IN PERMIT PROCESSING SERVICES, PLEASE ANSWER QUESTIONS 69 through 71

69. Which area in Permit Processing Services do you work in?

- a. ☐ One-Stop/Express b. ☐ Central Permit Bureau c. ☐ Technical Services

70. Check the box that best describes your workload.

- a. ☐ Manageable b. ☐ Barely Manageable c. ☐ Unmanageable

71. If you work in permit processing services and you checked box b. or c. in question 70, describe what change(s) could be made to improve the manageability of your workload:

72. ***All Permit Services Employees (circle one):***

DBI has placed too much emphasis on customer service.

<u>Strongly Agree</u>	<u>Agree</u>	<u>Disagree</u>	<u>Strongly Disagree</u>	<u>Not Sure</u>
1	2	3	4	X

73. If you answered “1” or “2” for question 72, please provide an example of how the department overemphasizes customer service:

Appendix B

Department of Building Inspection Employee Survey Questionnaire

***** Questions 74-91 are for Inspection Services Employees Only *****

Inspection Services

IF YOU ARE A BUILDING, PLUMBING, OR ELECTRICAL INSPECTOR, PLEASE ANSWER QUESTIONS 74 THROUGH 85:

74. How many inspections on average do you conduct each day?
a. ☐ 1-5 b. ☐ 6-10 c. ☐ 11 or more
75. How many inspections per day do you consider reasonable? _____
76. The number of inspections I am expected to conduct is:
a. ☐ Too high b. ☐ Reasonable c. ☐ Too low
77. If you consider the number of inspections you conduct to be too high or too low, what changes(s) should be made? _____

78. In general, do you inspect to the:
a. ☐ Approved plans b. ☐ Applicable codes c. ☐ Both
79. Have you witnessed customers receiving improper preferential treatment?
a. ☐ Yes b. ☐ No c. ☐ Not Sure
80. Has a supervisor ever asked you to give a customer improper preferential treatment?
a. ☐ Yes b. ☐ No c. ☐ Not Sure
81. How often do you deal with expeditors hired by customers?
a. ☐ Every day b. ☐ At least once a week c. ☐ At least once a month d. ☐ Rarely e. ☐ Never

Inspectors: Answer questions 82 and 83 only if you did not answer "Never" to question 81.

82. Has an expeditor hired by a customer ever asked you for improper preferential treatment?
a. ☐ Yes b. ☐ No c. ☐ Not sure
83. Have you ever witnessed an expeditor receiving improper preferential treatment?
a. ☐ Yes b. ☐ No c. ☐ Not Sure
84. If you work in Code Enforcement, Disabled Access, and Health & Safety, how would you assess your workload?
a. ☐ Manageable b. ☐ Barely Manageable c. ☐ Unmanageable

Appendix B

Department of Building Inspection Employee Survey Questionnaire

85. If you checked box b. or c. in question 84, describe what changes could be made to improve the manageability of your workload.

IF YOU ARE A HOUSING INSPECTOR, ANSWER QUESTIONS 86 THROUGH 89:

86. How many housing inspections do you conduct on average each day? (circle one):

1 2 3 4 5 6 7 8 9 10

87. How many inspections per day do you consider reasonable?

88. If you consider the number of inspections you conduct to be more than reasonable, what change(s) should be made?

89. Estimate the percentage of your time you spend trying to collect fees billed to landlords for costs of enforcement actions?

- a. ☐ 0% b. ☐ 10% to 15% c. ☐ 15% to 20% d. ☐ More than 20%

All Inspection Services Employees answer questions 90 and 91:

90. DBI has placed too much emphasis on customer service (circle one).

<u>Strongly Agree</u>	<u>Agree</u>	<u>Disagree</u>	<u>Strongly Disagree</u>	<u>Not Sure</u>
1	2	3	4	X

91. If you answered "1" or "2" for question 90, please provide an example of how the department overemphasizes customer service:

That's all! Please put your completed questionnaire in the attached envelope and drop it into one of the sealed collection boxes located on each floor.

Thank you for completing the survey!

Appendix C

Customer Survey Executive Summary:

Prepared by the Public Research Institute of San Francisco State University

Executive Summary

This report presents findings of the San Francisco Department of Building Inspection Customer Survey conducted in January 2001 by San Francisco State University's Public Research Institute for the City and County of San Francisco's Controller's Office. The survey was intended to help the Controller's Office evaluate the effectiveness and efficiency of the Department of Building Inspection (DBI) as mandated by the City Charter.

The project's goal was to survey recent customers of San Francisco's DBI to determine the quality of their experience with various departmental services and personnel. All customers identified by DBI as contractors who had applied for a permit with DBI between June and December 2000 were mailed an anonymous 2-page questionnaire that asked respondents to provide information regarding their most recent experience with the following DBI procedures and services:

- Permit application process;
- Plan check and permit processing;
- Inspection scheduling and inspection services; and
- Overall experience with DBI in the past year.

On January 9, 2001, the Public Research Institute mailed introductory letters, questionnaires and self-addressed stamped envelopes to 2,502 customer addresses provided by DBI. A follow-up reminder postcard, mailed to all 2,502 customers on January 23, prompted 22 telephone requests for an additional copy of the questionnaire. By February 12, the Public Research Institute had received 576 completed surveys from 2,303 DBI customers with deliverable addresses, representing a 25% response rate.

The Public Research Institute analyzed the DBI customer survey data, and major findings of this analysis are summarized below.

- Most customers (85%) reported the purpose of their most recent contact with DBI was to apply for a permit, and 44% of respondents indicated more than one purpose for their business.
- Of those customers who indicated the type of permit sought, 55% sought electrical permits and 46% sought plumbing or mechanical permits. Twenty percent of respondents indicated more than one type of permit. Of customers who reported the type of project, 79% sought permits for residential projects.
- Contractors represented 82% of the sample, and 78% of respondents were frequent DBI customers who applied for permits at least four times per year. Nearly half of all respondents (48%) applied for permits 10 or more times per year.
- Most customers (65%) rated DBI's permit application services good or excellent, and 40% had experienced no problems during the application process. Of 323

Appendix D

Customer Survey Executive Summary:

Prepared by the Public Research Institute of San Francisco State University

customers who had experienced problems processing their applications, 243 (75%) were able to satisfactorily resolve them with DBI.

- Most respondents (86%) felt DBI staff had been helpful and courteous during the application process.
- Only 17% of the cost of work estimates submitted by customers had been raised by DBI.
- Although most customers (74%) reported their permits had been issued within 7 days of their application, 49% of all customers experienced delays during the plan check or application review process, and 38% of these customers felt DBI staff had not been helpful in minimizing the delays. Most customers (78%) felt they had been promptly notified about required corrections or changes.
- The majority of customers (65%) felt it was somewhat or very easy to make inspection appointments and contact or meet with inspectors. However, 15% of customers felt making appointments was somewhat or very difficult, and 16% felt contacting inspectors was somewhat or very difficult.
- Customers who sought residential permits felt inspection appointments were harder to make than those not seeking these types of permits. Those who felt they had received excellent service during the permit application process were more likely to rate their access to inspection services as very easy.
- Most customers agreed or strongly agree that inspectors with whom they had worked were professional, fair and competent, and of these performance attributes, inspectors' professionalism received the highest ratings. Nearly half of all respondents (46%) strongly agreed inspectors were professional, while 43% and 40% strongly agreed they were competent and fair, respectively.
- Electrical permit applicants tended to rate inspectors somewhat lower than non-electrical customers on all three performance dimensions. Customers who felt inspection appointments were easy to make and inspectors easy to contact were more likely to rate inspectors highly professional, fair and competent.
- Of 537 respondents, 27% said they had experienced no problems with DBI's service in the past year, 26% had experienced one type of problem and 10% had experienced four or more problem types. Of 537 respondents, 35% said they felt inspectors were inconsistent and 29% felt permit approval took too long.
- Overall, 65% of customers felt they had received good or excellent service from DBI in the past year, while only 9% characterized services as poor or very poor.

Appendix D

Department of Building Inspection Employee Survey Summary of Selected Responses

***Note:** There were 137 questionnaires returned out of 284 that were distributed, for a response rate of 48 percent.*

The Department Overall

- Employees feel the department has made good progress toward improving the quality of life in San Francisco and about the department's improvements in customer service.
- Employees feel that management has effectively communicated the department's goals and objectives to staff. Employees also feel the department is fulfilling its mission.

My Job, My Supervisor, and Department Management

- Employees are satisfied with their jobs and feel that productivity in their work units has improved in the last 2 years.
- Although 59 percent of employees feel the department is well managed, 30 percent disagree. However, approximately 80 percent of employees feel their own work units are well managed, and that their divisions' management has high standards and expects high quality work.
- Employees feel that they know what supervisors expect of them and they can rely on their supervisors or on policies and procedures to provide reliable, up-to-date information.
- Although 60 percent of employees feel that management seeks out the opinions and suggestions of its employees, 29 percent disagree. Similarly, 65 percent feel that communication between management and employees is good while 28 percent disagree.
- Although 67 percent of employees feel the department's policies and procedures are clearly defined and consistently applied, 28 percent disagree.

Training

- Employees are satisfied with the training and development opportunities they receive. However, while 52 percent of employees who use the department's permit tracking system feel they have received sufficient training to use it effectively, 43 percent disagree. Further, while 61 percent of employees who use the point of sale system feel they have received sufficient training to use it effectively, 33 percent disagree.

Appendix D

Customer Survey Executive Summary:

Prepared by the Public Research Institute of San Francisco State University

- Ninety-four percent of employees use computers in their work. Sixty-two percent of employees feel computer training is adequate, but 33 percent disagree. Further, while 52 percent feel technical support is adequate, 40 percent feel it is not.

Organizational Change, Pride, and Performance

- Employees feel they are receptive to and ready for changes in the department and changes currently being made are needed to make the department function more effectively. However, while 50 percent of employees indicated that management is open to change, 33 percent disagreed.
- Respondents said that employees of the department are proud of their work and proud to tell people they work for the department. Further, employees indicated that morale in their work units is high. However, while 57 percent of employees indicated that morale in the department as a whole was good, 35 percent indicated it was not. Employees who indicated that morale was not good cited reasons such as poor communication with and lack of support from management, concerns about the influence of outside or special interests on the department, and concerns that hiring and promotions are not conducted fairly.
- Forty percent of employees indicated they had had a performance appraisal in the last year, but 41 percent indicate they had not, and 19 percent indicated they had never had a performance appraisal.

Areas for Improvement and Change

- Employees indicated that the 3 most critical areas for the department to address are workload, management and staff relations, and compensation.
- Employees indicated what they like best about working for the department is the professionalism and friendliness of co-workers, helping the public and ensuring public safety, and the jobs they hold or the type of work they do.
- Employees indicated that the department's services could be improved with better customer services training for employees and extended office hours for permit processing.
- Some (65 percent) of the responding employees indicated the one thing they would change. Responses covered many topics, with the most common one being eliminating favoritism—both in response to outside influences and in hiring and promotion of department employees (19 responses). Other changes employees frequently cited included improving the reliability of the department's computer systems and improving the automated phone system (11 responses), more and better training (9 responses) and adding more workspace as well as a break room and library (9 responses).

Appendix D

Department of Building Inspection Employee Survey Summary of Selected Responses

Permit Services Division Employees

- Permit Services Division plan checkers report that they check an average of 3.4 plans per day, consistent with the department's goals of 3 commercial plans and 4 residential plans per day, but they feel 2.6 plans per day, on average, is more reasonable. Also, plan checkers are evenly divided over whether their workloads are manageable or barely manageable.
- Almost one-third of plan checkers (7 of 22) feel too much of their time is spent performing non-work related activities, including answering inquiries from people other than customers.
- Twenty-nine percent of plan checkers (6 of 21) indicated they have witnessed customers receiving improper preferential treatment and 25 percent (5 of 20) said that supervisors had asked them to do so.
- Over half of plan checkers (11 of 21) indicated they deal with outside expeditors every day and one-third indicated they deal with expeditors at least once a week.
- Over one-quarter of (6 of 23) plan checkers indicated that outside expeditors had asked them for improper preferential treatment.
- Most Permit Services Division employees indicated their workloads are manageable.
- When asked if the department places too much emphasis on customer service, 43 percent of Permit Services Division employees agreed and 53 percent disagreed.

Inspection Services Division Employees

- The majority of inspectors report that the average number of inspections they conduct per day is 11, consistent with the department's performance measures, but they feel 9 inspections per day, on average, is more reasonable.
- Inspectors generally feel their workloads are reasonable, but those who do not suggested changes such as less emphasis on quantity or number of inspections, better distribution of workload, more staff, smaller inspection districts, and performance measures that require fewer inspections per day and that take more complex inspections into consideration.
- Forty-six percent of (12 of 26) inspectors indicated they have witnessed customers receiving improper preferential treatment while 38 percent indicated they had not.
- Over one-third of (10 of 27) inspectors indicated a supervisor had asked them to give a customer improper preferential treatment.
- One-third of (9 of 27) inspectors indicated they deal with expeditors at least once a month.

Appendix D

Customer Survey Executive Summary:

Prepared by the Public Research Institute of San Francisco State University

- Almost one-third of (7 of 22) inspectors indicated that an expediter hired by a customer had asked them for improper preferential treatment.
- Almost one-third of (7 of 22) inspectors indicated that they had witnessed expediters receiving improper preferential treatment.
- The majority of inspectors who work in code enforcement, disabled access, and health/safety indicated their workloads were manageable.
- Inspections Services Division employees generally do not believe the department places too much emphasis on customer service.

Housing Inspection Services Employees

- Most housing inspectors indicated they conduct, on average, 6 inspections per day, but think that 5 inspections per day would be a reasonable expectation.

Appendix E

KPMG LLP Executive Summary

*City and County of San Francisco Department of Building Inspection
Performance Audit*

EXECUTIVE SUMMARY

I. Results in Brief

The Department of Building Inspection (DBI) is in business to review plans, perform inspections, and issue permits. DBI exhibits a strong customer service ethic but requires much improvement in its key processes of permit issuance and inspection.

- 1 Permit Accuracy and Efficiency. The DBI should eliminate minor quality control gaps in the permit issuance process that raise the risk of substandard construction.
 - A review of 20 applications revealed that 35% were returned after quality checks identified missing reviews, approval signatures, or outstanding code complaints.
 - Permit fee calculations were generally accurate as a review of 25 fee receipts found over/short errors representing only 0.1% of the total collected.
 - Inadequate documentation related to plan changes in the One Stop process which may affect code compliance, was noted, but no estimate of the frequency of this condition could be determined from available documentation.
 - Employee survey results indicated that 50% of staff felt training was not adequate.
- 2 Permit Timeliness. The DBI should address process and technology issues that delay permit issuance.
 - Twenty percent of a 1600 "behind-the-counter" plan sample required 30 minutes or less for review, indicating that more plans can be reviewed and approved "over-the-counter".
 - Current division of plan review responsibilities between the inspector and engineer job positions contribute to delays in permit issuance.
 - Lack of reliable performance measure data make management identification of process bottlenecks difficult.
 - Recent improvements in supporting information technology (Motorola to Oracle) have reduced system-related work slow-downs from almost daily to once weekly occurrences, however additional improvement opportunities exist.
- 3 Inspection Productivity. Insufficient use of technology and quality controls hamper inspector productivity and responsiveness.
 - The inspection records process relies on manual note-taking, requiring multiple transfers of data by inspectors and clerks.
 - The current data collection protocol for tracking inspection performance lacks sufficient checks to ensure accuracy.
 - Quality control procedures for inspections do not favorably compare to the best jurisdictions.

Appendix E

KPMG LLP Executive Summary

*City and County of San Francisco Department of Building Inspection
Performance Audit*

- DBI has the least aggressive response time targets for inspections of the 9 jurisdictions surveyed.
 - Limited improvements in the use of technology have reduced clerical paper processing workloads, saving approximately 8,800 hours yearly and allowing more customer contact, however additional improvement opportunities exist.
4. Customer Service. Although interviews indicate that management and staff emphasize customer service as a priority, front-line contact with DBI customers is inefficient and inconvenient.
- Review found that the three inspection divisions have inconsistent hours and procedures for customers to schedule inspections.
 - Analysis of Customer Service staff activity indicated that 75-85% of calls relate to the same set of questions and could be addressed with an initial automated response.
 - Responses to customer questions on code interpretation are sometimes inconsistent, and take an estimated 6,600 hours of plan review staff time annually, to the detriment of fulfilling normal job responsibilities.

Key Recommendations:

1. Add controls to ensure permit applications are thoroughly and accurately reviewed. **Result:** Increased assurance of building safety.
2. Research One Stop process complaints and train One Stop Permit division staff to remedy. **Result:** More efficient permit issuance process.
3. Assess potential for greater engineering staff involvement in the plan check process during initial counter screening. **Result:** More plans approved while the customer waits; improved customer service.
4. Consider replacing inspector positions involved in the plan review process with junior engineering staff. **Result:** Fewer re-reviews of plans; more efficient plan review process.
5. Acquire existing paperless technology to streamline the inspection records process. **Result:** Less manual paper work; greater inspector productivity.
6. Revise data collection protocol to improve the reliability of plan review and inspection performance measures. **Result:** Increased ability to identify and remedy productivity and responsiveness issues.
7. Improve the quality audit system for inspections and review responsiveness targets. **Result:** Decreased risk of non-compliant construction and improved customer service.
8. Standardize customer service hours for scheduling Building, Plumbing and Electrical inspections. **Result:** Improved customer service.
9. Install an IVR system to handle, track data on incoming phone calls. **Result:** Reduced customer wait times; more efficient staff usage.
10. Refer all code related questions to Technical Services staff. **Result:** Improved customer service; greater plan review productivity.

Appendix E

KPMG LLP Executive Summary

*City and County of San Francisco Department of Building Inspection
Performance Audit*

II. Background

In November 1994, the voters of the City and County of San Francisco passed Proposition G removing the Bureau of Building Inspection from the Department of Public Works and establishing it as a separate City department. The Department of Building Inspection (DBI) is responsible for a wide variety of services, including the inspection of buildings and structures for compliance with related codes and regulations; reviewing plans for conformance with related codes and regulations; approving and issuing permits, updating microfilm records, and processing Residential Records reports.

The services provided by the Department are funded entirely from fee revenues relating to plan checking, permitting and licensing. To support these important services, the Department also provides administrative support and general management activities such as financial planning, budgeting, purchasing, accounting, human resources management, and customer services. Both these services and activities combine to create a complex and sophisticated organization.

The CCSF DBI faces a unique set of challenges in the execution of its mission. Geographical challenges in San Francisco include an expansive waterfront, wide differences in elevation, and significant seismographic concerns. These natural factors, combined with those that are man-made such as the countless types of residential and commercial construction and the rebounding high rise construction industry, would seem to be enough of a challenge. In addition to both these conditions, the Department must satisfy a very active and vocal political electorate, making the efficiency and effectiveness of this public entity a paramount public concern.

III. DBI Should Better Control Permit Issuance to Ensure Accuracy and Efficiency. The DBI should eliminate minor quality gaps in the permit issuance process that raise the risk of substandard construction and improve training. The potential for incomplete reviews or errors in the permit process can be better controlled, reducing the risk of substandard building construction.

- a. **Condition:** We reviewed a sample of 20 internal checklists used to assess the completeness of permit applications before issuance. We found that 20% had not undergone necessary reviews by the Mechanical Plan Check section or were missing approval signatures. An additional 15% of applications involved properties with unresolved code complaints requiring Housing Inspection investigation. **Cause:** Routing and procedural oversights persist in the plan review process. **Effect:** Oversights increase risk of non-compliant construction and the need to return plans for missed approvals, signatures or investigations increases overall plan review time.

Appendix E

KPMG LLP Executive Summary

*City and County of San Francisco Department of Building Inspection
Performance Audit*

- b. **Condition:** The current One Stop permit review process does not ensure the re-review of all plan changes which may effect code compliance. However, no estimate of the frequency of this condition could be determined from available documentation. **Cause:** The current process does not route plans with changes back to non-DBI City departments for re-review. **Effect:** This condition contributes to an increased risk of approval of non-compliant construction.
 - c. **Condition:** Our interviews with Plan Check staff indicated that several believe One Stop staff often do not collect adequate initial documentation from applicants or accurately transfer plan comments to final approved plan sets returned to the applicant. However, this perception could not be substantiated by a review of available documentation. **Cause:** The One Stop permit coordinator positions may lack sufficient plan evaluation skills and training to ensure the completeness of each task. **Effect:** This condition could contribute to re-work by plan review professionals and raise the risk of inadvertent approval of substandard construction.
 - d. **Condition:** We identified 1 instance of inadequate fee assessment and 1 instance of excessive fee assessment for minor amounts in a sample of 25 plumbing, electrical, building and plan check fee assessment receipts. Each of these errors represented a negligible amount (1/10%) of the total fees in the receipt sample. **Cause:** Assessment of fees by Central Permit Bureau staff are generally accurate. **Effect:** If the error rate in the sample is applied to the \$30,239,935 in fees collected in FY 1998-1999, it would represent \$37,116 in lost revenues annually.
 - e. **Condition:** Our July 1999 survey of management and select staff indicated that 50% believe training received was not adequate or valuable. **Cause:** Specifically, those who commented felt that state mandated courses did not provide adequate knowledge to perform most job duties. **Effect:** Inadequate training increases the risk that permits are issued based on incomplete (or inefficient) reviews of building plans.
- IV. **DBI Should Issue Permits Faster.** The DBI should address process issues that delay plan review and permit issuance. Performance data gathered shows inconsistencies and is of limited use to management in identifying process bottlenecks.
- a. **Condition:** A significant number of plans taken in for 'behind the counter' reviews may be suitable candidates for 'over the counter' review. Our review found up to 20% of plan reviews by DBI reviewers took 30 minutes or less, and 3% of such reviews took 15 minutes or less. **Cause:** Current use of plan review professional staff at service counters and screening procedures may not maximize the number of plans able to be reviewed over the counter. **Effect:**

Appendix E

KPMG LLP Executive Summary

*City and County of San Francisco Department of Building Inspection
Performance Audit*

The practice of taking more plans for 'behind-the-counter' reviews increases plan backlogs and lengthens the overall permit issuance process.

- b. *Condition:* The Department employs inspector positions in addition to engineers to review certain elements of construction plans. This plan review role for inspector positions enjoys strong union backing. Interviews suggest that inspectors are sometimes unable to review those plan elements assigned to them to the satisfaction of engineers who re-review these before issuing final plan approvals. However, the extent of this condition could not be estimated by a review of the associated documentation. *Cause:* The use of inspectors to perform an initial first review of plans followed by secondary reviews of engineers does not appear to be efficient or cost effective. *Effect:* This condition contributes to increased plan review and therefore permit issuance times.
- c. *Condition:* While the Department's system for measuring performance of plan review compares well with other jurisdictions, we found inconsistent data collection and calculation practices in our reviews of both 1999 and 2000 data. *Cause:* Operations staff miss or fail to enter plan routing dates consistently at various stages of the plan review process. *Effect:* Unreliable performance measurement data limit management's ability to pinpoint and remedy process bottlenecks.
- d. *Condition:* Use of the Oracle 2000 and legacy Oracle systems has replaced the segmented usage of different information systems for different divisions throughout the Department. *Cause:* A new Oracle 2000 system has been introduced to replace the legacy Motorola system, and is scheduled to also replace legacy Oracle applications. *Effect:* Inefficiencies associated with the use of different systems and lost work time due to system 'freezes' or 'slow downs' have been reduced, however more recent fieldwork reveals opportunities for improvement remain.

V. DBI Should Increase Inspection Productivity and Responsiveness.
Insufficient use of technology and unreliable data gathering practices hamper inspector productivity and responsiveness. The DBI emphasizes customer responsiveness but had the lower inspection response time targets than other jurisdictions surveyed. While we did not attempt to assess the accuracy of inspections, we found that DBI's quality control procedures for inspections did not compare to the best jurisdictions.

- a. *Condition:* During 'ride-alongs' with DBI inspectors, we observed three separate transfers of information by hand from paper site card to paper job card to paper report and finally to the Oracle system. *Cause:* The DBI's inspection records process is paper driven, manually intensive and does not

Appendix E

KPMG LLP Executive Summary

*City and County of San Francisco Department of Building Inspection
Performance Audit*

employ available technology. *Effect:* Time spent on multiple manual transfers of data adversely effects inspector productivity.

- b. *Condition:* Our September 2000 review confirmed our 1999 observations. Data is subject to reporting error and involves time consuming calculation. *Cause:* No consistent definition of what constitutes a single inspection exists, data gathering relies on self-reporting with no automated verification, and calculation of final performance measure figures relies on multiple manual transfers of data. *Effect:* Areas of sub-par inspection performance may remain hidden and actions to improve overall inspection responsiveness may be misplaced.
- c. *Condition:* Since the DBI's 48-hour inspection response time target is less aggressive than the 24-hour target used in the other jurisdictions surveyed, performance results, indicating targets are met or exceeded, may inappropriately indicate comparable productivity. *Cause:* A combination of limited technology to aid customer access and lack of training may contribute to the DBI's lower response time target. *Effect:* The current target is likely to limit the level of service to DBI customers.
- d. *Condition:* The current system for auditing inspection quality risks subjectivity in audit results. Additionally, the DBI does not make use of such information gained by quality audits to identify technical training requirements of its employees. *Cause:* Unlike the best jurisdictions surveyed, the department relies on supervisors to audit the quality of inspections of inspectors reporting directly to them rather than utilizing cross-section checks. The DBI uses a request-driven system to identify training needs. *Effect:* Although no quality issues were identified, the current system, lacking in scheduled periodic reviews, increases the risk that lapses in inspection quality may be overlooked.
- e. *Condition:* The automation of the production of initial inspection job cards using the Oracle 2000 system has eliminated an estimated 8,800 hours, 1100 work days or four FTEs in clerical staff effort identified in our June 1999 review. *Cause:* The introduction of the Oracle 2000 system has automated what was previously a manual task under the old Motorola system. *Effect:* Time previously spent by Central Permit Bureau staff on the production of job cards is now available to attend to the needs of Department customers.

- VI. The DBI Should Improve Customer Service Through Automation and Coordination** Although management and staff emphasize customer service as a priority, inconvenient access hours, a lack of technology and a lack of internal coordination contribute to inefficient and inconvenient front-line contact with customers.

Appendix E

KPMG LLP Executive Summary

*City and County of San Francisco Department of Building Inspection
Performance Audit*

- a. **Condition:** DBI customers must cope with different schedules and procedures to request an inspection from each of three inspection divisions –Plumbing, Electrical and Building. Each division maintains separate hours within which customers may call in to request inspections. In some divisions, inspectors must speak directly to customers to confirm inspection times; in others administrative support staff can do this. **Cause:** Inconsistent service hours and scheduling procedures exist. Technology such as voice mail or automated scheduling to support customer access is not in place.
Effect: These varied procedures complicate customer attempts to schedule inspections.
- b. **Condition:** Our observations of Customer Service staff indicate that routines for responding to incoming customer phone calls are not efficient in their use of either Customer Service or professional staff time. **Cause:** Lack of appropriate technology and insufficient training contribute to the inefficient handling of customer calls.
1. The Department does not use an IVR (Interactive Voice Response) system to handle incoming calls, requiring a staff person to respond to each individually. Based on our observations of Customer Service staff, approximately 80% of time of the three staff persons, or 2.4 FTE, is dedicated to incoming calls. Additionally, without an IVR system the DBI is unable to collect data, e.g. call volumes or inquiry type, to design effective strategies for handling incoming calls.
 2. No touch-tone or recorded message system exists to inform customers of the status of their plans in the plan review process, although this information is recorded electronically. Observations reveal that approximately 75-85% of incoming calls are inquiries about plan status.
 3. Calls are misdirected to line and professional staff contributing to wasted staff time and multiple transfers of customer calls. Analysis of plan review staff and CPB staff comments indicate that many calls are misdirected. One manager indicated that a third of the calls received involved queries that could be handled by Customer Service staff.
- Effect:** Although no reliable data is available, Customer Service staff themselves estimate customer wait times of up to 10 minutes in peak periods, and staff complaints of interruptions from misdirected calls were frequent.
- c. **Condition:** Procedures for handling inquiries on code interpretation leave room for conflicting advice to customers and disrupt plan review workloads.
Cause: The current assignment of responsibilities and lack of coordination contributes to this condition.
1. Two different staff groups, the Technical Services as well as the Plan Check divisions, answer code interpretation inquiries but no

Appendix E

KPMG LLP Executive Summary

*City and County of San Francisco Department of Building Inspection
Performance Audit*

mechanism exists to ensure interpretations provided to the public are consistent. Both interview and focus group comments indicate that responses provided to customers by the two groups can conflict. However, our review found no documentation available to substantiate the frequency of this condition.

2. Our sample inquiry of 4 plan review professionals who answer general code interpretation questions indicates that an average of 0.7 hours is spent daily on this task. If this average is extended to all 33 plan reviewers on an annual basis, a total of 3 FTE hours annually is spent answering code queries and not reviewing plans.

Effect:

1. Contradictory responses to the same code question contributes to customer confusion and impatience. Plans submitted in accordance with one code interpretation may be rejected because of a conflicting interpretation of the code used by the actual plan reviewer.
2. Responding to code inquiries detracts from plan review duties. Interruptions can derail the train of thought and cause delays far beyond the actual time spent responding to the inquiry.

**RESPONSE TO THE AUDIT
DEPARTMENT OF BUILDING INSPECTION**



June 7, 2001

Mr. Ed Harrington
Controller
Controller's Office
City Hall, Room 316
#1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

Dear Mr. Harrington:

As with any agency, we realize that improvements to our service delivery are part of a dynamic and ongoing process. To that end, the Department of Building Inspection was pleased that your audit included not only a survey of our customers but also a survey of our staff. The results of the survey demonstrate that 91 percent of the customers received fair to excellent service, "86 percent felt that the Department's staff had been helpful and courteous during the application process." These results also highlight our efforts to improve service delivery to all our customers. Indeed, we are often in the unique situation where our "customers" are multiple parties for the same application. We must often service not only the homeowner but also the contractor, architect, and neighborhood for the same project. We are also in the role of communicating not only to these multiple parties but assisting in the communication between the parties.

In addition to customer satisfaction, the Department also worked hard to achieve employee satisfaction by offering resources and training to employees in an effort to improve their job performance. Results of audit survey of staff demonstrate that "approximately 80 percent of employees feel their own work units are well managed, and that their divisions' management has high standards and expects high quality work." "Employees indicated what they like best about working for the department is the professionalism and friendliness of co-workers, helping the public and ensuring public safety, and the jobs they hold or the type of work they do.

Our response to the five chapters of the audit is as follows:

The Department not only gauges the efficiency of our efforts but also measures the effectiveness of its work. The Department has several mechanisms to gauge the effectiveness and quality of our work. In the Inspection Program, senior staff routinely conduct spot check inspections and ride along inspections. The Inspection staff also meets frequently with Permit Services staff to discuss quality control issues affecting

Edward Harrington
June 7, 2001
Page 2

plan review and field inspections. Senior members of the plan check staff also conduct reviews of plans that have already been reviewed by other staff. If the senior staff determines any errors made by the plan checker, they will institute internal training on those issues. In addition to these quality control measures, the current system of plan review and field inspections incorporates inherent quality control. In the current permit application process, plans are submitted to our Central Permit Bureau. Our plan check staff in addition to review by senior staff and other divisions reviews these applications. After a permit is issued, field inspections are then conducted. During this process, there are numerous points of quality control measures. Additionally, our Code Enforcement Division also provides another opportunity to ensure that we are fulfilling our mission of safeguarding the life and property of San Franciscans. However, consistent with the audit findings, the Department has failed to report these measures as performance measures. In the past, the Department has worked with the Controller's Office to devise appropriate performance measures. The Department will continue to work with your office to incorporate and report on our current quality performance measures. The Department will also work on ensuring that our performance measures more clearly ties to a strategic plan that outlines the Department's mission and its programs.

Although the Department does refer construction projects that are subject to impact fees, the Department will improve its procedures to ensure that all projects are appropriately referred to Municipal Railways and the School District. The Department has relied on staff to identify and refer such projects. However, since the audit results, the Department has begun updating and drafting administrative bulletins and office policy and procedure guidelines to ensure notification and collection of Transit Impact and School District fees. The Department is also working on establishing automated tools such as automatic electronic links to the Transit Development Impact zones so projects will automatically be identified and creating a database that will also identify projects at the time of filing, that is subject to the SFUSD tax. Concurrently, at the time of identification, a daily report will be compiled and automatically generate a report to be provided to the School District and Municipal Railways. The Controller's Office also recently prepared a report on the handling of these fees by the Planning Department and the Department of Building Inspection. Our Department will work with Planning as well as your office to establish further controls as it relates to these fees.

The Departments has already made improvements to monitor employee certification, training and evaluation. The Department is also working on improving its fleet management practice. The Department has recently established policy guidelines for monitoring certification and training. These procedures will ensure that certification and training is monitored and that they will be linked to the individual employee's annual performance evaluation. This information has also been incorporated into a new database maintained by our Personnel Division for the purpose of monitoring compliance with AB 717. The Department has also established April 1st as the annual performance evaluation date for the majority of our employees. Since the

Edward Harrington
June 7, 2001
Page 3

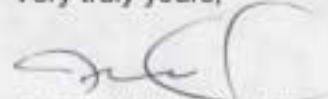
finding of this report, the Department has improved its record on performing annual personnel evaluations. The Department has also issued a memo to all staff to ensure staff compliance with federal law that requires reporting on unpaid car benefits. The Department is currently reviewing its vehicle assignments to determine whether a small vehicle pool can be established. Vehicles are currently distributed pursuant to union memoranda of understanding that requires providing inspection staff with city vehicles.

The Department utilizes the Permit Tracking System to maintain performance statistics and is also currently implementing several additional automated mechanisms that will provide information on it productivity and promptness. Last year, DBI implemented a new Oracle based permit tracking system and has begun to develop a tracking and reporting system for performance of all divisions. Additionally, DBI is currently working on implementing a document tracking system, which will further enhance the productivity and timeliness of permit review. The Department is also coordinating its efforts with the Department of City Planning to improve the overall function of the Permit Tracking System.

The Department's customers and employees generally express satisfaction with the Department. The Department is pleased with the responses from the customer and employee's survey. The Department will continue to address those outstanding issues raised in the survey results.

Overall, the audit report was insightful and will certainly be useful in our ongoing efforts to improve our service delivery.

Very truly yours,



Frank Y. Chiu, C.B.O.
Director

FYC:AL:cj
2001auditresponse.ltr

cc: Mayor
Board of Supervisors
Civil Grand Jury
City Attorney
Public Library
Budget Analyst
KPMG LLP