Proprietary & Confidential

FINAL REPORT

City of Salem

PERMITTING EFFICIENCY STUDY

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MOSSADAMS

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I. EXECUTIVE SUMMARY

A. BACKGROUND, SCOPE, AND METHODOLOGY

In preparation for the initiation of its Housing Production Strategy, the City of Salem (the City, Salem) engaged Moss Adams LLP, (Moss Adams) to evaluate the structure, processes, and systems involved in development permitting. Currently, both Planning and Building and Safety functions are part of the Community Development Department. Engineering functions reside in Public Works. The City has a centralized Permit Application Center in City Hall that houses customer-facing service counters for each function.

This study centered on the following areas of focus:

- Organizational structure of permitting functions
- Process efficiency and system capabilities
- Customer service efficiency and effectiveness

Moss Adams conducted this engagement between January and July 2023. During fieldwork, Moss Adams conducted document analysis, staff interviews, interviews with the development community, customer surveys, process mapping, and peer benchmarking. Based on the information gained during fieldwork, Moss Adams communicated identified opportunities for improvement through discussions with the City. Additionally, opportunities for improvement are highlighted in this report.

B. SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

Observations and recommendations were grouped into five domains: (1) Organizational Structure, Culture, and Collaboration, (2) Personnel, (3) Development Community, (4) Processes and Systems, and (5) Performance Monitoring. Observations and recommendations are summarized below and are detailed in further depth in Section III.

OBSERVATIONS AND RECOMMENDATIONS		
Organizational Structure, Culture, and Collaboration		
1.	**Observation**	Like other municipalities, Salem's permitting function is split between two departments and numerous divisions. The organizational separation and limited collaboration between functions presents operational silos that hinder the effectiveness of permitting and creates inconsistencies in the customer experience.
	Recommendations	A. Similar to peer cities, consider integrating permitting functions within a unified department to support consistency in expectations, processes, customer service, and systems. B. Conduct regular meetings between core permitting functions to discuss and coordinate efforts, especially for projects that exceed a size or complexity threshold. Consider leadership meetings, manager-level meetings, and all-staff meetings to facilitate collaboration. C. For major projects and applications, consider the viability of appointing a single point of contact for customers.

OBSERVATIONS AND RECOMMENDATIONS		
		D. Ensure that pre-application conferences are effectively used to coordinate efforts between major permitting functions and prepare applicants for project success.
2.	**Observation**	Operational changes related to permitting have presented difficulties for Salem. Many staff perceive that the City has undergone regular permitting improvement efforts that have resulted in few concrete changes.
	Recommendation	Cultivate a culture of deliberate change management by adopting a standardized change management framework and promoting communication and accountability throughout change.
Personnel		
3.	**Observation**	Both customers and City staff indicate that permitting teams are understaffed. Challenges with turnover and recruiting have created conditions of overwork and burnout for existing staff, which compromises the customer experience.
	Recommendations	A. Leverage data to objectively measure and regularly monitor the workload of permitting staff. Use workload monitoring data to communicate with City leadership about specific needs for additional permitting resources. B. Assess whether an on-call services contract for plan review services would be useful, in lieu of additional staffing, to manage short-term workloads. C. Consider using specialized interns to support internal projects and develop an employee pipeline.
4.	**Observation**	Elevated levels of employee turnover in Planning over the last several years has negatively impacted service, morale, and continuity of operations.
	Recommendation	Take measures to develop the existing workforce and recruit qualified, effective staff to the City through compensation reviews, strong communication practices, employee recognition programs, and development opportunities.
5.	**Observation**	A lack of cross-training and reliance on sole contributors creates additional bottlenecks and operational continuity risks in some permitting processes.
	Recommendations	A. Identify and document all processes managed by a single individual. B. To the extent possible, establish and document backups for processes managed by a single individual. Conduct cross-training among employees as necessary. C. For sole contributors with specialized skillsets where cross-training is not feasible, consider on-call contracting or additional authorized positions.
Customer Service		
6.	**Observation**	Building and Safety, Planning, and Public Works permitting teams operate with three distinct cultures and philosophies, resulting in an inconsistent customer experience.

OBSERVATIONS AND RECOMMENDATIONS		
	Recommendation	The City should develop and implement a unified customer service philosophy across all permitting functions. The City should also leverage this philosophy to communicate responsibilities and expectations to stakeholders.
7.	**Observation**	The City's relationship with the local development community has worsened in recent years. Permitting best practices recommend purposeful outreach to and relationship management with the development community.
	Recommendations	A. Invest in and manage development community relationships, shifting from a reactive approach to intentional cultivation of positive communications and relationships. B. Regularly communicate and meet with the development community to both push information out and to elicit feedback. C. Ensure educational resources available for customers are sufficient, clear, and readily available.
Processes and Systems		
8.	**Observation**	The recent adoption and implementation of ProjectDox has been difficult for City staff, negatively affecting efficiency and employee morale. Many customers have also experienced difficulties adapting to the new system.
	Recommendations	A. Evaluate the extent to which ProjectDox can meet Salem's needs and consider transitioning to an alternative system if necessary. B. Examine where permitting process should be changed to adapt to the ProjectDox system C. Consider establishing ProjectDox system experts within each permitting team. D. Ensure customer communication and education efforts focus on ProjectDox E. Limit customer exposure to internal disagreements during plan review
9.	**Observation**	Elements of Salem's residential and public works design standards are outdated or may conflict with the City's goals of facilitating housing development and making housing more affordable.
	Recommendations	A. In regular communications with the development community, collaborate with these stakeholders to identify difficult, costly, burdensome, or conflicting design standards. Where customers are misinformed or have inadequate information, communicate with and educate customers to improve understanding. B. In instances of particularly difficult design standards, evaluate and assess the social costs and public benefits of these requirements. C. Based on these analyses, collaborate with City management, Planning Commissioners, and City Councilors to determine where residential standards could or should be modified based on officials' policy preferences and their goals for the community. D. Develop a schedule to update public works design standards to modernize and streamline requirements.

OBSERVATIONS AND RECOMMENDATIONS		
10.	**Observation**	Customer confusion over submission requirements, payment timing, and conditional approvals causes delays in permitting and disrupts service timeline achievement.
	Recommendations	A. Consider issuing customers a Next Steps memo detailing upcoming procedures and required materials, typical timeline expectations, and any payments or documents due from the customer. B. For projects exceeding a defined threshold, invite the applicants to a cross-functional meeting to discuss comments and support mutual problem solving.
11.	**Observation**	Customers in the development community have been particularly frustrated by instances of what they perceive as excessively and unnecessarily numerous rounds of plan review. Customers view City decisions as capricious and arbitrary, while permitting staff view these submitted plans as subpar and incomplete.
	Recommendations	A. Leverage new meetings with the development community to communicate around these concerns and promote a mutual understanding of expectations. B. Ensure that subsequent rounds of review are performed by the same permitting staff as much as possible to reduce the risk of inconsistent comments and guidance from City staff. Ensure that new comments are not provided on subsequent rounds unless in response to a change in plans. C. If City permitting functions maintain repositories of code interpretations, sharing this with the development community can address the perceived inconsistency of code interpretation and increase the alignment of initial submittals with City standards. D. Consider adopting standard procedures to interrupt cycles of resubmittal, including minimum standards for plan submittals.
12.	**Observation**	Land use reviews were noted as an area of particular difficulty for customers. Members of the development community noted issues with dynamics between the City and applicants, conditional approvals, documentation, and plan expectations.
	Recommendations	A. Manage internal and external communications to mitigate perceived instances of bad faith B. Collaborate with the development community to examine conditional approvals and documentation requirements C. Develop internal guidance to ensure alignment on when exceptions can be granted across core permitting teams.
13.	**Observation**	Members of the development community expressed frustration with stormwater plan reviews, believing the standards are unclear and that comments and their associated revisions are excessively meticulous. Stormwater plan reviews are currently complicated by the lack of a standard format for submittals.
	Recommendations	A. Promote understanding for customers on stormwater plan requirements and the reasons why stormwater reviews have such stringent requirements

OBSERVATIONS AND RECOMMENDATIONS		
		B. Consider adopting a standardized hydrological model tool for all submitted plans
14.	**Observation**	Platting was noted as a particularly difficult and time-consuming process for both the development community and internal staff. The surveyor may be a process bottleneck due to understaffing.
	Recommendations	The City should increase capacity for the platting process by prioritizing additional hiring or partnering with an external contractor.
15.	**Observation**	Salem's proposed off-street trail system is currently being refined and implemented in a disjointed manner in response to permit applications. This ad hoc implementation risks negative impacts to the coherence and resident experience with trails.
	Recommendation	Weighing the costs and benefits of such an action within a resource-limited environment, the City should consider additional refinement studies to create more detailed trail plans.
Performance Monitoring		
16.	**Observation**	Although Building and Safety, Planning, and Public Works each currently use performance metrics, performance measurement and performance monitoring could be performed more effectively by all permitting functions. Limitations of existing performance measures include: • Current performance metrics only address timeliness. • Existing timeliness-related performance metrics are not granular enough to provide actionable insights. • Performance metrics are currently segregated by function.
	Recommendations	A. Create new metrics to assess a broader range of permitting performance. B. Increase the granularity of timeliness-related performance metrics so they can act as diagnostic tools. C. Create a cross-functional process monitoring and improvement team to set, measure, and monitor cross-functional permitting strategic goals and performance measures.
17.	**Observation**	Existing timeliness performance metrics appear to be used primarily for regulatory compliance, accreditation, and internal performance management.
	Recommendation	Publish permitting performance measures, leveraging these metrics as external communications tools for the development community and for the broader Salem community.

II. INTRODUCTION

A. BACKGROUND, SCOPE, AND METHODOLOGY

The City of Salem (the City, Salem) anticipates implementing its Housing Production Strategy in Fall 2023. In preparation for this initiative, the City asked Moss Adams to evaluate the structure, processes, and systems of development permitting in Salem. The goal of this study was to assess and improve the efficiency of the City's permitting process, enhancing the ability of the City to meet the needs of the community through the forthcoming Housing Production Strategy.

Like many other cities, permitting in Salem relies on three main functions: Building and Safety, Planning, and Public Works Engineering. Currently, both Building and Safety and Planning permitting functions are located within the Community Development Department. Permits related to engineering and public infrastructure are managed separately within Public Works. The City has a centralized development services area in City Hall called the Permit Application Center (PAC) that houses counters for each permitting function.

Led by Building and Safety, last year the City adopted a new permitting system, ProjectDox. This new system is used in conjunction with existing technology tools related to permitting, namely Bluebeam and the PAC portal (operated via Amanda).

Because this work is meant to support the City's Housing Production Strategy, much of this report analyzes the interactions between the City and the development community. The term development community refers to any party engaged in developing land and constructing structures on property within the City of Salem. This includes developers, engineers, and homebuilders. For this report, individual homeowners are *not* included in this definition of the development community.

Moss Adams conducted this engagement between January and July 2023. For this engagement, Moss Adams focused on the organizational structure of permitting functions, process efficiency, system capabilities, and the efficiency and effectiveness of customer service. The project consisted of four major phases:

1. **Start up and management:** Project initiation consisted of collaborative project planning and project management with the City, including the development of the scope of work and the final work plan.
2. **Fieldwork:** Fieldwork included interviews, document review, customer surveys, process mapping, and peer benchmarking.
    - *Interviews* – We conducted interviews with key staff and stakeholders, including members of the development community, to gain an understanding of the current state of permitting and development in Salem.
    - *Document Review* – We reviewed documents, such as policies, procedures, reports, guides, performance metrics, and other permitting-related documentation.
    - *Survey* – We distributed a survey to all permitting customers from the past three years to measure the sentiment and experience of customers who engage with Salem's permitting processes. This survey serves as an assessment of customers' attitudes and perceptions of permitting in Salem. Survey results are detailed in Appendix A.
    - *Process Mapping* – We conducted process mapping work sessions with staff to map development review and site plan review processes. The purpose of these work sessions

was to identify process challenges and opportunities for improvement. These improvements are detailed in Appendix C.

- *Peer Benchmarking* – We conducted outreach to leaders in permitting functions from peer cities to gather information on staffing, organizational structure, challenges, and engagement with the development community. Staff from the cities of Beaverton, Bend, Eugene, Gresham, and Hillsboro participated in these benchmarking efforts.

3. **Analysis:** Based on the information obtained during fieldwork, we identified opportunities for improvement and actionable recommendations.
4. **Reporting:** We communicated the results of our analysis with observations and recommendations, presented first in a draft report. Before issuing the final report, this draft was reviewed with management to confirm the practicality and relevance of recommendations.

B. COMMENDATIONS

The purpose of this section is to highlight the hard work and continued efforts of City staff in promoting efficient, high-quality permitting and development that aligns with community expectations. In addition to the opportunities for improvement noted throughout this report, there are important areas of strength to note.

Throughout our engagement with the City, staff were responsive to communications, eager to help, and forthcoming with information. These actions illustrate an important, shared commitment to the continuous improvement of permitting performance. This organizational strength will be invaluable when implementing the recommendations contained in this report.

The organizational emphasis on continuous improvement was further evidenced in the quality of information provided by staff during interviews. Throughout our analysis, staff provided thorough information on the actors, factors, and context influencing permitting and development in Salem. The level of detail provided by staff greatly enhanced the quality of the observations and recommendations provided in this report.

Building and Safety was consistently praised by developers, engineers, and homebuilders as providing superb customer service. Members of the development community applauded members of Building and Safety for transparency, prompt communications, and responsiveness.

Finally, the City should be commended on the homeowner experience with permitting. Although the development community expressed difficulties with permitting, the customer survey indicated that most homeowners, who are mostly infrequent customers, have positive impressions of their experiences with permitting in Salem.

III. OBSERVATIONS AND RECOMMENDATIONS

A. ORGANIZATIONAL STRUCTURE, CULTURE, AND COLLABORATION

Organizational Structure and Collaboration

1.	Observation	Like other municipalities, Salem's permitting function is split between two departments and numerous divisions. The organizational separation and limited collaboration between functions presents operational silos that hinder the effectiveness of permitting and creates inconsistencies in the customer experience.
	Recommendations	A. Similar to peer cities, consider integrating permitting functions within a unified department to support consistency in expectations, processes, customer service, and systems. B. Conduct regular meetings between core permitting functions to discuss and coordinate efforts, especially for projects that exceed a size or complexity threshold. Consider leadership meetings, manager-level meetings, and all-staff meetings to facilitate collaboration. C. For major projects and applications, consider the viability of appointing a single point of contact for customers. D. Ensure that pre-application conferences are effectively used to coordinate efforts between major permitting functions and prepare applicants for project success.

Like many cities, Salem's permitting process is a combined effort of several major functions: Building and Safety, Planning, and Public Works (including Development Services, Water Engineering, Wastewater Engineering, Stormwater Engineering, and Traffic Engineering). Currently, organizational silos and cultural differences between these functions negatively impact permitting effectiveness and customer experience. Teams operate as separate permitting functions with distinct cultures, expectations, and practices. For example, some exceptions to the City's development standards are not agreed upon or well-understood across permitting functions. This creates inconsistencies in the customer experience and negatively affects the City's ability to manage and improve permitting citywide.

Although the three teams must maintain some degree of differentiation to reflect their distinct responsibilities and subject matter expertise, the City currently has an opportunity to greatly reduce the structural, cultural, and operational barriers between these teams. There are a number of overlapping strategies that the City can take to foster a more coherent, integrated permitting function.

Organizational Structure

The City should consider changing its organizational structure to create a more unified permitting function. Three of the five peer cities examined for this analysis have done this in the past decade by organizing core permitting teams within a development services department. Salem should consider a

similar approach, integrating all permitting functions within a new development services department. This new department should be led by a change agent, capable of improving the customer experience, consistency, and staff coaching to promote stability.

A shared organizational and accountability structure can improve permitting through a number of mechanisms. Leaders of a unified department can more easily cultivate a unified permitting culture, set uniform expectations, and increase consistency in the customer experience. Department leadership can better establish and monitor cross-functional permitting performance goals (see also Recommendation 16) and can more easily make organizational and operational adjustments to achieve these goals. Leaders in a unified permitting department are also better equipped to holistically monitor and modify permitting expectations and processes across functions to improve coordination and collaboration. Finally, a unified organizational structure for permitting can help permitting leaders to procure and design electronic systems to best serve the operational needs of all City permitting functions.

As with any significant change to operations, reorganizations can present challenges, as long-established process and routines are disrupted. Although reorganizations aim to create future conditions that improve operations and service delivery, the process of organizational transformation can be difficult for staff and can temporarily complicate operations. The City will need to intentionally manage this change to promote effective implementation of and staff experience with a reorganized department structure (see also Recommendation 2).

Beaverton, Bend, and Eugene adopted a unified organizational structure for permitting within the past decade, with engineering and public infrastructure-related permitting previously being housed in separate Public Works departments. Beaverton and Bend fully integrated permitting staff previously housed in Public Works into their Community Development departments. In Eugene, while engineering and public infrastructure permitting staff are still technically under the authority of the City engineer, many of these staff are assigned to the organizational and supervisory structure of the City's Planning and Development department. In each City, initial cultural resistance to this organizational change resolved within a few years. Interviewed staff from each of these peer cities believe that the benefits far outweigh the difficulties of organizational change.

Internal Coordination and Communication

Staff reported that many cross-functional meetings occurred on a routine basis prior to the COVID-19 pandemic to help align comments, discuss alternatives, and unify responses to plans. While the City holds weekly Development Review Team meetings that include representatives from Planning, Public Works, and Building and Safety, this pre-pandemic level of collaboration has not yet been re-established. The City should improve coordination and collaboration through a series of regular cross-functional meetings and communications. Permitting teams should consider a variety of meetings with a breadth of frequency and level of staff involvement, ensuring all relevant team members are present when meeting with applicants for consistency.

The leaders of City permitting teams should hold regular meetings to coordinate permitting activities at a high level. Leadership should use these meetings to communicate and coordinate around matters relating to permitting at large, such as regulations, policy issues, and City initiatives. These leadership meetings can be used to provide cross-functional direction to permitting citywide.

Regular cross-functional meetings should also be held with lower-level managers of permitting teams who directly oversee frontline staff. These meetings should be used to coordinate permitting, and to

coordinate around specific large projects. Staff from other peer cities spoke to the benefits of these manager-level meetings. Because these managers are more directly involved in permitting work, cross-functional alignment efforts at these meetings resulted in better communication to staff and translated into better collaboration across permitting functions.

Single Point of Contact

As noted previously, there are many functions and individuals involved in permitting processes. When possible, Salem should establish a single point of contact at the City for major/complex projects throughout the project's lifecycle. Permitting best practices suggest that customers should predominantly maintain a single point of contact with governments for large projects.[1] This not only benefits customers by having a familiar liaison who is knowledgeable about project specifics, but also benefits internal processes by having a project representative who can coordinate and communicate between permitting functions, facilitating review and permitting throughout the lifecycle of a project.

The City's Public Works Department currently offers a single point of contact to coordinate engineering reviews through its Development Services team. Similarly, Building and Safety assigns a project coordinator and planners are assigned as a single point of contact. Wherever feasible, the same planner is assigned to the project from the time of pre-application conference until project completion. However, these single points of contact for each functional area results in two issues 1) customers may not understand the primary point of contact since this changes depending on the project phase, and 2) assigned City staff may present solutions that negatively impact another function's plans or approvals due to individual interactions with the customer. Managers within each permitting function should ensure that all staff manage customer communications through designated points of contact and collaborate on communications with the customer to reduce conflicts in the application of City codes. As the City potentially explores system alternatives (see Recommendation 8), the ability to document decisions and communications between staff and customers may be a beneficial feature. If these points of contact ever need to change, permitting staff should ensure that these changes are promptly and clearly communicated to customers.

Although a unified permitting department would facilitate the implementation of this practice, this structural reorganization is not strictly necessary for a single point of contact to be successful. However, this point of contact would need to have sufficient familiarity with processes and staff across all permitting functions to have the knowledge and social capital necessary to effectively coordinate between organizationally separate permitting teams. Oftentimes, this role is filled by a permit technician in other municipalities.

Pre-Application Meeting

Salem's permitting process already aligns with best practices by offering (and sometimes requiring) pre-application meetings with applicants. However, some members of the development community feel like these meetings do not effectively prepare the applicant or the City for upcoming projects. Staff from each of Salem's peer cities stressed the importance of the pre-application process for facilitating collaboration and aligning efforts and expectations across permitting teams. Permitting leaders should ensure that pre-application conferences are effectively used to prepare both

[1] A Best Practices Model for Streamlined Local Permitting, *The Massachusetts Association of Regional Planning Agencies*, 2007; Special Study: Department of Development and Environmental Services Permitting Best Practices Review, *King County Auditor's Office*, 2004; Lessons learned: How counties are improving permitting processes, *Washington State Auditor's Office Local Government Performance* Center, 2012.

customers and City staff across functions for forthcoming projects. In order to improve the productivity of these meetings, to the extent possible, the City should provide easily understandabe, complete guidance on what documentation to submit prior to the meeting and commit to reviewing the materials in advance of the meeting.

Following the pre-application meeting, the applicant currently receives several sets of verbal or written comments and considerations from each permitting group (e.g., Planning, Public Works, Building and Safety) on their proposed project. Not all comments are consolidated and some may be contradictory, which does not prepare the applicant for success in the next phase of permitting while creating costly time delays. To ameliorate this concern, the single point of contact assigned to the project (as noted above) should consolidate comments and specifically look for any potential contradictions to resolve internally before communicating with the applicant.

Change Management

2.	**Observation**	**Operational changes related to permitting have presented difficulties for Salem. Many staff perceive that the City has undergone regular permitting improvement efforts that have resulted in few concrete changes.**
	Recommendation	**Cultivate a culture of deliberate change management by adopting a standardized change management framework and promoting communication and accountability throughout change.**

Salem has undertaken multiple efforts in recent years to improve permitting. Many interviewed staff believe that these reform efforts have been difficult to implement and sustain. At the same time, many staff across permitting teams reported difficulties adjusting to the new ProjectDox system, a significant operational change implemented in late 2022. Leadership and key employees involved in the permitting process have also fluctuated recently, which presents an opportunity to adopt and embrace changes that will improve the permitting experience for applicants and employees.

As organizations, processes, and systems evolve, staff often struggle with operational and organizational changes. When changes are not effectively communicated, implemented, and maintained, it is difficult to see the benefits of change and secure the leadership and staff buy-in necessary to effectively implement other changes in the future. Change can be especially challenging when workloads are high and the proper time and training necessary to implement change creates additional work for an already overburdened team.

As Salem continues to improve permitting, the City should develop additional capacity for intentional change management, as described below. The City should adopt a standard change management framework to organize improvement efforts. When using such a framework, the City should align leadership and staff to change, plan effectively for change, provide appropriate communications, and create sufficient internal buy-in to adopt and sustain change.

A standard change management framework institutionalizes processes for effective organizational and operational improvements. A framework not only assists organizations in using effective, evidence-based management practices, but can also improve an organization’s capacity for change. Managing change is an organizational proficiency that can be intentionally improved. It involves

learnable and coachable skills and behaviors from leadership and staff, along with cultural changes that can be purposefully and gradually cultivated.

There are a number of commercial and academic change management templates that the City can adopt completely or can use as a structure to build a unique change management framework suited to Salem's unique circumstances and culture.[2] Although each of these change management models are unique, many have similar components:

- **Aligning leadership and building an internal coalition for change:** A leadership team, formed from a partnership of City stakeholders, should clearly define the problem and the purpose for instituting change. This leadership team steers the alignment of change efforts across the enterprise and works to sustain the organizational commitment to improvements. For Salem permitting improvement efforts, this leadership team would be formed from all teams affected by potential operational or organizational improvements, regardless of which department they reside in or what types of permits they oversee.
- **Communicating the need for change and securing buy-in:** Excellent communication is critical to change management. Affected employees should be aware of the business need for change, and leaders should build awareness around the organization's needs and the risks of maintaining the status quo. Where appropriate, impacted staff should be involved in defining improvement initiative requirements and the design process for changes. City leaders should ensure clear and open lines of communication throughout the change management process and advocate for two-way dialogue to provide answers and reassurance to staff. With the City's recent implementation of ProjectDox, some staff felt that the new system was a change forced upon them by Building and Safety, rather than an organizational improvement that they had bought into and supported prior to implementation.
- **Educating staff:** Beyond cultural buy-in, change requires training staff on how to effectively perform their responsibilities in accordance with the change. Throughout implementation, staff must be provided with sufficient education to adapt to change. Trainings also provide opportunities to provide feedback on change and change processes, allowing leaders to make minor adjustments where necessary. As a part of these educational efforts, organizations should provide and/or update policies, procedures, desk manuals, and performance measures that reflect change and can serve as resources for staff. Educational efforts can be both formal and informal. When adopting a new electronic permitting system, Beaverton created system experts within each major permitting function, effectively creating localized ambassadors of change, capable of providing informal assistance to colleagues when needed (see Recommendation 8).
- **Sustaining change over time:** Change is not a one-time occurrence. Operational and organizational improvements are prolonged transformations of processes, systems, and the responsibilities of personnel. Organizations must maintain improvements until they are fully institutionalized, building upon early success until changes become permanent. The new expectations for staff and leaders should be regularly reinforced, and evidence of organizational improvement and integration of employee feedback should be communicated to staff.

The importance of permitting change management capacity is only reinforced by the many recommendations presented in this report. Although improvements requiring large organizational and operational reforms would see the greatest benefit from the implementation of a change management

[2] Examples of the many change management templates available include the Kotter Model, the McKinsey 7-S Framework, and Lewin's Three-Stage Model of Change Theory.

framework, even small improvements to the City's permitting practices would benefit from intentional and structured change management.

B. PERSONNEL

Staffing and Workload

3.	Observation	Both customers and City staff indicate that permitting teams are understaffed. Challenges with turnover and recruiting have created conditions of overwork and burnout for existing staff, which compromises the customer experience.
	Recommendations	A. Leverage data to objectively measure and regularly monitor the workload of permitting staff. Use workload monitoring data to communicate with City leadership about specific needs for additional permitting resources. B. Assess whether an on-call services contract for plan review services would be useful, in lieu of additional staffing, to manage short-term workloads. C. Consider using specialized interns to support internal projects and develop an employee pipeline.

There is both an internal and external perception of understaffing across all permitting functions. Like each of its peer cities, Salem has experienced challenges with turnover and recruiting, furthering conditions of overwork and burnout for existing staff and requiring regular training of any newly hired staff. Turnover can have a negative impact on customer experience by reducing continuity in plan review, turnaround times, and clear expectations. Due to workload, planning staff are available for fewer hours at the PAC.

Staffing challenges are universal amongst Salem's peer cities. While peers have been most challenged in hiring inspectors, all permitting-related roles have been difficult to fill. Many peers spoke to positions that had been vacant for extended periods of time. Although there are steps that Salem can take to improve staffing and workload issues, recruitment issues relate, in some extent to, the broader conditions of the labor market for permitting professionals in Oregon's midsize cities.

The City should take steps to measure and monitor workload and staffing so that it can strategically target capacity augmentation efforts in the areas of greatest need. Where advantageous, the City should continue to leverage outside contractors and masters-level interns to improve capacity.

Capacity Measurement and Monitoring

Currently, understaffing within the City's permitting teams is an issue that internal and external stakeholders experience, but are largely unable to quantify. Workload issues are ubiquitous due to turnover and varying plan submittal quality, but the degree of overwork is uncertain. To address this, the City should use and collect data to measure and monitor the workload of permitting staff.

Although municipal permitting is a complex process, the workload placed on staff can be measured. Plans reviewed and inspections performed are quantifiable activities—and while some permits are far

more complex and require much more staff time than others, existing and new data can be used to measure and monitor staff workload. For example, a workload analysis can provide greater weight to permit types that are more time-intensive for staff.

Using data-driven workload monitoring, the City can more objectively analyze which functions are most understaffed and are most critical to improving permitting performance. Some permitting functions likely have greater staffing needs than others. These cross-functional staffing prioritization efforts would be easier to implement in a unified permitting department (see Recommendation 1) rather than structurally and culturally siloed permitting teams.

Permitting teams can leverage these evidence-based assessments of workload to communicate with City leaders about quantitative needs for additional permitting resources. In recent years, the Bend Community Development Department successfully leveraged such a productivity analysis to demonstrate and receive additional resources to improve capacity. Similarly, Salem Planning used caseload data to demonstrate the need for additional staff and some higher fees. In the absence of this data, it is difficult to determine how and where additional staff would be merited.

Contracting

Given hiring and retention difficulties, permitting leaders should assess where additional contracting for external plan review services may be more efficient and effective than adding internal staff, as it has already done with stormwater reviews and some planning responsibilities. Many staff from peer cities spoke to the importance of external contracting for roles such as general planners and historic preservation for certain types of plan review activities (e.g., full time and part time planners, historical preservation specialists). Leadership should also weigh the benefits and costs of an on-call plan review services contract to assist in times of peak workload. Beaverton has successfully used such a contract to manage capacity constraints.

Leveraging Interns

Permitting management should continue to collaborate with Human Resources to consider using specialized interns to supplement the capacity of permitting functions and to facilitate recruitment. Hillsboro provides a model for effectively using interns from a wide array of public policy, public administration, and planning master's degree programs, using these interns to work on special projects that their staff do not have time to complete (e.g., developing customer-facing educational materials, research for potential code amendments, etc.). Although many of these interns cannot assist staff with completing their plan review duties, using interns for necessary special projects can provide time for city staff to complete more urgent plan review work. Efforts to use interns are already underway, as evidenced by the FY23-24 budget including two paid Planning interns.

Additionally, using interns from graduate planning programs can improve the effectiveness of entry-level recruitment. There are two accredited planning programs at Oregon universities: Portland State University's program, which requires internship experience to graduate, and the University of Oregon's program, which encourages students to gain real-world experience. Planning has already seen some success with intern-to-staff recruitment with previous unpaid interns.

Employee Retention

4.	Observation	Elevated levels of employee turnover in Planning over the last several years has negatively impacted service, morale, and continuity of operations.
	Recommendation	Take measures to develop the existing workforce and recruit qualified, effective staff to the City through compensation reviews, strong communication practices, employee recognition programs, and development opportunities.

Staff turnover within Planning has been very high over the last several years, which has created additional strain on leaders within the team to train and develop new employees while workloads remain elevated. High levels of turnover may be attributable to a myriad of factors, including fluctuating City leadership, poor morale, lack of teamwork, unclear expectations, compensation, and inadequate career development opportunities.

High turnover can result in a less experienced workforce, diminished institutional knowledge, elevated workloads, and low morale. Inexperienced employees, without comprehensive training and solid leadership, are more likely to be less productive and make more mistakes, potentially resulting in service disruptions. Additionally, the remaining employees may experience low morale due to increased workloads and responsibilities as positions vacate. Ultimately, the costs of recruiting, hiring, and training new employees, as well as the overall lost productivity, negatively impacts the City's ability to efficiently conduct business.

The City should take action to develop and retain the existing workforce. Compensation and benefits should be reviewed regularly in comparison with key peers to ensure that the City remains competitive. Communications should ensure that employees are better engaged and recognized. Training and development should become a focus organization-wide, and a meaningful, low-cost employee recognition program should be developed to help create a positive work environment.

Compensation

City leadership should examine the extent to which permitting wages align with the compensation of peer cities and with current economic conditions. Despite some cooling, labor markets in Oregon cities remain strong.[3] Salem will likely continue to face competition from other public and private employers in pursuing permitting candidates. Salem should ensure that its compensation is competitive with other cities. In evaluating how fee structures can be adjusted to reflect staff compensation, City and permitting leaders can explore the creation of additional fees designed to promote equity in the development process, charging additional fees for customers that require disproportionate staff time.

Communication

Clear and frequent communications are critical to improving morale. Transparent communication from management will reduce rumors and gossip, and employees will feel more secure. Leadership needs

[3] Oregon Economy at a Glance, Bureau of Labor Statistics; Salem Economy at a Glance, Bureau of Labor Statistics; May Job Openings and Labor Turnover Survey, Bureau of Labor Statistics

to transparently demonstrate a culture of open, forthcoming, and clear communication within Planning and across permitting-related functions. Leadership should be committed to changing the environment, establishing a clear vision statement and communications goals for Planning, and executing a comprehensive communication strategy.

Expectations for employees were reported to be unclear at times, given different interpretations of development codes. Planning leadership should further expand existing guides for staff to understand how codes should apply and be present within each project to create consistency and confidence among new team members.

Employee Recognition

To increase morale and improve employee retention, Planning's management team should solicit feedback from employees to improve the work environment by implementing motivational techniques, establishing employee recognition programs, developing division-wide quarterly performance goals, and encouraging and displaying open cross-functional communication. To seek feedback from employees, leadership should initiate a dialogue with employees through surveys and discussion groups. Managers will need to believe in, support, and participate in these activities with employees. Responses from employees will inform various non-compensation rewards and improvements that management may want to employ. Further, the conversations and surveys themselves will make employees feel like they are being heard, are valued, and have more impact on their work environment.

In a revenue-constrained environment, there may not be the ability to provide the types of awards and recognition to employees that are requested. However, there are many free and low-cost ways to boost morale. Sharing positive feedback from customers, taking time in staff meetings to recognize employees for great work, and empowering employees to take responsibility for their accomplishments are all steps that management can take today to improve morale.

Permitting-wide quarterly performance goals should be established (see the Performance Monitoring section). When a group or cross-functional team meets a goal, they should be recognized by leaders and colleagues.

Employee Training and Development

Training opportunities are an excellent, purpose-driven way to encourage cross-functional team building and knowledge transfer. Engaging employees with expertise, specialized knowledge, and/or an interest in developing and delivering training is an excellent opportunity to share knowledge, collaborate, and build relationships across the organization. Empowering staff to design and provide training will engage employees, develop leadership and communication skills, share knowledge, and improve morale.

Planning functions of peer cities are facing the same recruitment and retention challenges as Salem. To hire qualified employees in today's highly competitive market, the City should focus on becoming known as a great place to work by creating competitive pay, benefits, and focusing on training and development.

Sole Contributors

5.	Observation	A lack of cross-training and reliance on sole contributors creates additional bottlenecks and operational continuity risks in some permitting processes.
	Recommendations	A. Identify and document all processes managed by a single individual. B. To the extent possible, establish and document backups for processes managed by a single individual. Conduct cross-training among employees as necessary. C. For sole contributors with specialized skillsets where cross-training is not feasible, consider on-call contracting or additional authorized positions.

There are a number of duties within the City's permitting functions that rely upon a single person. If these sole contributors are unable to fulfill these duties, permitting processes can slow or stop. This places the City at risk of service disruption if these individuals are absent due to vacation, illness, or leave of absence, or if they depart from City employment. For example, there is only one employee in Public Works who acts as the overall technical reviewer and it is unclear how this responsibility is performed in the absence of this employee. There is a similar lack of redundancy with several other positions across the permitting functions; in interviews, the developers noted that this creates challenges when people take vacation or are otherwise unavailable.

The City should identify all instances of sole contributors and establish redundancies. Permitting processes should not be held up due to a single employee absence.

Establish Backups and Provide Cross-Training

First, the City should identify and document all permitting processes managed by a single individual. The City should also document the extent to which these roles involve specialized skills that are or could be shared by other employees.

The City should establish and document backups for each sole contributor, formally designating which staff members are responsible for duties when sole contributors are absent. Incumbents should conduct cross-training to ensure that assigned backups have the appropriate knowledge and skills necessary to perform these key duties when exigencies arise.

Once sole contributors are identified, creating position backup through cross-training involves four basic steps:

1. Delineate the knowledge and skills necessary to fulfill the responsibilities of sole contributors.
2. Cross-reference knowledge and skills with an inventory of current staff abilities. This step can reveal gaps between staff skills and organizational needs.
3. Train secondary employees to fulfill the duties of sole contributors when needed and assign secondary employees.
4. Assign secondary responsibilities to employees that overlap with other team members' primary duties.

When planning and implementing a cross-training program, consider the following factors to build a durable, agile, and efficient process:

- **Create a culture of collective success:** For some employees, being indispensable is a point of pride. Permitting leaders should make it clear that the City values people's ability to support each other and that single points of failure are an organization-wide weakness. Employees should be assured that their capacity to help their co-workers in times of need will benefit them when they need additional support.
- **Set formal expectations:** Where possible, permitting teams should require employees to have at least one person who can step into permitting processes at a moment's notice. Make it mandatory, give clear instructions, and provide time for people to cross-train effectively.
- **Test success:** To support long-term success, employees should run simulations to ensure cross-training meets expectations. Determine whether a key employee can go away on vacation with absolutely no team contact. If someone can step in during this person's absence, it's covered.
- **Develop a feedback mechanism:** Employees should be provided an opportunity to give feedback on the impact of cross-training activities. This information should be leveraged to continuously improve efforts.

Although the establishment of backups through cross-training is a one-time undertaking, the maintenance and refinement of backups should become an ongoing organizational practice. Over time, permitting processes change and the responsibilities of staff evolve. Periodically, the City should review processes to confirm that no key action is only performed by a single employee and implement further cross-training as necessary.

Investing in Additional Capacity

Permitting requires some staff to have highly specialized skills that render cross-training extremely difficult. For example, although this role is currently contracted out, stormwater plan reviews require specialized knowledge that other staff may not have. City-provided cross-training would not provide inexperienced staff with the knowledge and skills necessary to conduct stormwater reviews.

In situations where cross-training is not possible or cost-effective, the City should consider increasing staff capacity through on-call external contracting or adding authorized positions. Sole contributors should be considered when measuring workload and creating a prioritization framework for hiring additional staff (see Recommendation 3).

C. CUSTOMER SERVICE

Customer Service Philosophy

6.	**Observation**	**Building and Safety, Planning, and Public Works permitting teams operate with distinct cultures and philosophies, resulting in an inconsistent customer experience.**
	Recommendation	**The City should develop and implement a unified customer service philosophy across all permitting functions. The City should also leverage this philosophy to communicate responsibilities and expectations to stakeholders.**

The core teams involved in City permitting—Building and Safety, Planning, and Public Works—have different cultures and philosophies related to customer service. In the context of the City's Housing Production Strategy, customer service consists of the responsibilities, attitudes, and principles that characterize the interactions between City staff and members of the development community as they work together to promote high-quality development in Salem. Although some cultural dissimilarity between permitting teams should be expected due to variation in their permitting responsibilities, the magnitude of these service differences creates inconsistent experiences for customers.

The City should develop and adopt a permitting-specific, formal customer service philosophy. A customer service philosophy can help center individuals and teams around common goals and standards for permitting services, aligning culture across permitting teams and promoting successful and consistent customer experiences. The development community expressed that the following components would be beneficial to include in a customer service philosophy:

- Strong communication practices, including defined expectations for responding to inquiries
- Clarity in decision-making authority
- A teamwork approach to evaluating ways that plans can be approved

Internal Alignment

A customer service philosophy provides a strong and consistent set of guidelines on which to ground permitting processes, staff decisions, and communication. Although a customer service philosophy should be uniquely constructed to reflect Salem's culture and circumstances, such a philosophy should describe, at a minimum:

- The responsibilities that City staff have in serving the broader Salem public when providing permitting services
- The responsibilities and expectations of City staff in providing permitting services to customers, including timeliness of responses
- The principles and beliefs that should guide the structure of City processes and the actions of City staff
- How the policy and direction set by City Council guide staff responsibilities with regard to permitting

Like many aspects of local governance, customer service in permitting is complicated by the many interests—and sometimes competing interests—of the populations served by City staff. Permitting staff regulate development to promote safety and livability for the Salem community, which can place the interests of Salem residents and City staff at odds with the interests of the development community. In these cases, customer service may feel inadequate to those in the development community due to the City's need to uphold community expectations. However, permitting processes that create excessive difficulties or delays for the development community can limit housing production and commercial development, particularly for affordable projects. In these instances, the interests of the development community are aligned with those in the Salem community that are overburdened by housing costs or are housing insecure, who would benefit from additional housing supply. A customer service approach that facilitates development serves a broader public beyond merely those in the development community.

Beaverton and Eugene reported they have successfully used customer service philosophies to improve permitting. Although each philosophy is unique to these cities, a key element of both

philosophies is conducting operations, especially plan review, within a solutions-oriented framework. Both philosophies describe how staff should work *with* customers to figure out how a project can align with permitting requirements, pushing staff to work as collaborative problem solvers alongside applicants.

As permitting teams and City leaders are developing Salem's permitting customer service philosophy, these internal stakeholders should consider integrating principles and strategies to support unified communications with the development community. As much as possible, permitting functions should seek to communicate with customers with a unified voice and communications strategy, rather than separate communications strategies from individual permitting functions (see also Recommendation 8).

External Communication

In addition to the internal benefits of a customer service philosophy, a unified customer service philosophy for permitting can be leveraged as an external communication and relationship management tool. When all three major permitting teams are aligned to the same customer service philosophy, the City can anchor and justify its processes and actions by using this philosophy when communicating with stakeholders. The City should center this customer service philosophy in its efforts to manage relationships with the development community (see Recommendation 7). Even when those in the development community disagree with or are frustrated by the City, a customer service philosophy can be used to explain the reasoning behind the City's permitting practices.

Relationship with the Development Community

7.		
	Observation	**The City's relationship with the local development community has worsened in recent years. Permitting best practices recommend purposeful outreach to and relationship management with the development community.**
	Recommendations	**A. Invest in and manage development community relationships, shifting from a reactive approach to intentional cultivation of positive communications and relationships.** **B. Regularly communicate and meet with the development community to both push information out and to elicit feedback.** **C. Ensure customer educational resources are sufficient, clear, and readily available.**

The relationship between Salem's development community and the City's permitting staff has worsened in recent years, as reported in interviews and survey results. Many in the development community have expressed growing frustration with their interactions with City permitting functions, while City staff express discontent with plans submitted from the development community are perceived as low quality.

Intentional Relationship-Building and Communication

The City should work to repair its relationship with the development community, intentionally investing in and managing these relationships to support successful permitting and development in Salem.

Permitting best practices emphasize the importance of regular communications with customers, including meeting and fostering professional relationships with the development community.[4] Most of Salem's peer cities have undertaken measures to regularly communicate and meet with their development communities, though some peer cities have yet to restart in-person meetings after pausing them due to COVID-19.

There are a variety of mechanisms the City can use to engage with the development community. Permitting teams should hold periodic public meetings with the development community at large, open to anyone involved or interested in development in Salem. At these meetings, the City should provide updates to regulations, processes, and systems required to successfully apply for and obtain permits in Salem. These meetings can also be used as an opportunity to review frequent plan comments, how to resolve them, and examples of successful plans that meet City requirements. The City should also collect feedback on customer experience and how the City can improve. Given the current relationship between the City and local developers, it may be beneficial for the meetings to be facilitated by an independent party until trust can be established.

Perhaps most importantly, permitting teams should also hold more frequent private meetings with key industry groups in Salem such as the Homebuilders Association of Marion and Polk Counties. These meetings can be used to provide more targeted and detailed information to important actors in the development community. The City can also elicit feedback from important local industry leaders more frequently in these meetings. The privacy of these meetings may change the type or quality of feedback received.

Finally, cross-functional permitting teams should hold regular individual meetings with the City's most frequent and largest customers to discuss and coordinate ongoing and upcoming projects. One of Salem's peer cities has found great success holding monthly meetings with its largest and most frequent customers to facilitate permitting and development. Planning currently provides a model for such meetings through their regular communications with Salem-Keizer School District around their bond projects.

Educational Resources

The City should ensure that customer educational materials available are comprehensive and sufficiently detailed. To identify areas where additional or improved materials may be beneficial, permitting teams should rely both upon their own expertise and the experiences of customers. Although the experience of large and frequent customers should be prioritized when developing educational materials, the City should also consider the experience of infrequent homeowner applicants to the extent feasible. A consistent customer feedback mechanism after permit issuance would be useful for collecting this feedback. Improving educational materials is a type of special project that may be appropriate for specialized interns (see Recommendation 3). As the City continues to improve or shift strategies in its implementation of ProjectDox, they should pay special mind to the sufficiency of customer educational materials around electronic systems.[5] Previously used educational PDFs that were removed from the City's website may be useful as a starting point for ensuring sufficient educational resources.

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[4] Special Study: Department of Development and Environmental Services Permitting Best Practices Review, *King County Auditor's Office,* 2004

[5] The City of Hillsboro provides a thorough ProjectDox user guide on its website.

D. PROCESSES AND SYSTEMS

ProjectDox

8.	Observation	The recent adoption and implementation of ProjectDox has been difficult for City staff, negatively affecting efficiency and employee morale. Many customers have also experienced difficulties adapting to the new system.
	Recommendations	A. Evaluate the extent to which ProjectDox can meet Salem's needs, and consider transitioning an alternative system if necessary. B. Examine where permitting processes should be updated to adapt to the ProjectDox system. C. Consider establishing ProjectDox system experts within each permitting team. D. Ensure customer communication and education efforts focus on ProjectDox E. Limit customer exposure to internal disagreements during plan review.

The recent adoption and implementation of ProjectDox has been difficult for City staff. Although any system overhaul can create difficulties for staff in learning and adapting to new technologies and workflows, the magnitude and persistence of difficulties with this new system has affected process efficiency and employee morale. Management reported actively working through employee-identified issues to improve the usefulness of the system through the use of a consultant. Both Public Works and Planning have expressed resistance to ProjectDox, which creates an environment where applicants must use up to three different means of communication (ProjectDox, Sharefile, and e-mail) to retrieve comments. This presents potential for conflicting plan comments, resulting in cyclical reviews and additional inefficiency for customers due to City staff preferences.

Like staff, many customers have experienced difficulties navigating the transition to ProjectDox. The system is a significant change from previous systems that were used by customers, and interviews indicated that there seems to be a steeper learning curve with this system. For instance, some customers struggle with the system's strict naming conventions for uploads, viewing these requirements as an unnecessary imposition, rather than a necessary step for system expediency. Customers do not fully understand how or why these naming conventions are necessary for the best use of ProjectDox.

City and permitting leaders should reassess permitting's system environment to determine if the City should continue using ProjectDox. If the City decides to continue using ProjectDox, in addition to the continued efforts to work with Avolve to troubleshoot systems issues, the City should undertake targeted efforts to improve staff and customer experience with ProjectDox. Internal efforts should focus on process refinement and personnel, while external efforts should primarily concern communication and education.

Internal: Evaluate and Reconsider ProjectDox

Given the prolonged difficulties with ProjectDox implementation, City leadership and permitting leaders should evaluate the extent to which the system can meet the needs of permitting processes, staff, and customers. If leadership determines that the system cannot effectively support City permitting, or cannot do so without excessive costs, City leadership should consider procuring or developing an alternative permitting system.

Internal: Adapt City Processes

If the City continues to use ProjectDox, it should take efforts to promote better internal and external engagement with the system. Although some of the staff difficulties adapting to ProjectDox are due to the learning curve for using the new system, some difficulties can be explained by a mismatch between the ProjectDox system and City permitting processes. Unless it is designed in-house or is extensively customized, permitting software never perfectly matches a jurisdiction's permitting processes. There are two options for dealing with discrepancies between permitting software and permitting processes: (1) change how the software is used to fit existing processes, or (2) adapt existing processes to fit the software.

For the most part, interviews with staff indicated that the City has been working around the ProjectDox software and adapting the software to fit existing City processes. The most prominent example of this surrounds how work is assigned to staff. ProjectDox was designed to assign tasks to staff through a first-in-group method, in which a list of shared tasks would be presented to a group of staff. Individuals would then start at the top of this list, assign the task to themselves, complete it, and then move onto the next task presented. Some permitting staff have resisted this assignment method, insisting that supervisors continue to manually assign tasks to staff.

The City should inventory instances where permitting processes conflict with ProjectDox software and determine whether permitting teams have responded by adapting the software or by adapting permitting processes. While it may not be beneficial or feasible to alter all permitting processes to fit a new system, adopting a new system is an opportunity to redesign and improve processes in a way that allows the system to support workflows and processes. Permitting teams should assess whether there are benefits to revising the City's permitting processes to align with ProjectDox software needs, rather than fully adapting software to existing processes.

Internal: System Ambassadors

Of the five peer cities, only Beaverton had also recently implemented a new permitting system, so the software-related experience shared in peer benchmarking efforts was limited. However, interviewed staff from this city explained that they had established one or more experts within each permitting team. Each permitting team selected one representative to receive additional training on the system, beyond what was provided to other staff. These selected staff acted as both ambassadors for the system change and as local resources of software knowledge who could help their peers when they encountered difficulties with the new software.

If Salem's permitting teams continue to struggle with the new ProjectDox system, the City should consider establishing a similar practice. Teams within Building and Safety, Planning, and Public Works should each select a staff member to receive additional education on ProjectDox. These individuals would then act as a resource for peers struggling with the system.

External: Customer Communication and Education

As a part of the City's efforts to improve customer relationships, communications, and educational resources (see Recommendation 7), permitting teams should undertake focused efforts to improve the customer experience with ProjectDox. The City should leverage its new periodic meetings with the development community to collect feedback on the customer experience, and permitting teams should use this feedback to prioritize the creation or revision of educational resources that better serve customers. The City should consolidate its system environment to create a more streamlined, simplified process for applicants to submit plans, receive comments, and resubmit.

External: Speaking with One Voice in Plan Reviews

Currently, customers can see permitting teams' comments on plans in ProjectDox before the City has completed plan review, meaning that customers can see instances in which comments may not be finalized. This negatively impacts the customer experience by introducing uncertainty into the process.

To the extent possible, permitting teams should modify its current system implementation to prevent customers from seeing City comments before they are finalized. In its efforts to act as an integrated permitting function (see Recommendation 1), permitting teams should try to communicate with customers with a unified voice as much as possible.

Design Standards

9.	**Observation**	**Elements of Salem's residential and public works design standards are outdated or may conflict with the City's goals of facilitating housing development and making housing more affordable.**
	Recommendations	**A. In regular communications with the development community, collaborate with these stakeholders to identify difficult, costly, burdensome, or conflicting design standards. Where customers are misinformed or have inadequate information, communicate with and educate customers to improve understanding.** **B. In instances of particularly difficult design standards, evaluate and assess the social costs and public benefits of these requirements.** **C. Based on these analyses, collaborate with City management, Planning Commissioners, and City Councilors to determine where residential standards could or should be modified based on officials' policy preferences and their goals for the community.** **D. Develop a schedule to update public works design standards to modernize and streamline requirements.**

Elements of Salem's residential and public works design standards may conflict with the City's goal of facilitating housing development, especially affordable housing and market-rate middle housing. Onerous or confusing design requirements create uncertainty and delays in the permitting process, which results in additional costs for developers. These costs have increased, and will likely continue to increase, with the rise of interest rates and the associated costs of borrowing money over time. Additional costs due to challenging design requirements and permitting process delays affect the

business decisions and revenue strategies of developers. Higher development costs can influence pricing decisions, incentivize the development of luxury housing over more affordable options, or lead developers to move their business away from Salem.

A commonly cited example of difficult design standards related to windows for new developments (Windows 702.015c and 702.020c). For bedrooms, a window is required on each wall, even if one wall is entirely within a closet. Members of the development community have expressed confusion and frustration over this requirement, viewing it as adding unnecessary costs to new units without benefitting the occupant. Evaluating design standards were not within the scope of this study—but the frustration of the development community with such design requirements demonstrates the need for customer education and/or adjustments to these standards.

Additionally, public works design standards have not been updated in nearly a decade. Both City staff and the development community acknowledge the need to re-evaluate these code requirements to modernize and streamline expectations. To facilitate this process, Public Works should develop a prioritized listing of code amendments and begin working on improving the standards. This work can be highly complex and will require both staff time and resources over the course of several months or years.

Leveraging improved relationships with the development community (see Recommendation 6), the City should establish regular efforts to communicate and problem-solve with the development community to ensure that design standards best serve the Salem public. City and permitting leaders should recognize, and should help communicate—to City Council, the Planning Commission, neighborhood associations, and to the development community—that design standards come with both costs and benefits that should be considered holistically.

As a part of the Oregon Housing Planning Project, Salem underwent a thorough review of multifamily housing design requirements from 2018-2020, revising these standards and permit processes to expedite the approval of multifamily housing and working to address the City's and the state's housing shortage. While still acknowledging the City's notable accomplishments and progress in facilitating housing development, design standards should be a regular focus of communication, customer education, and evaluation for permitting staff.

Communicating Design Standards

In conjunction with its efforts to improve relationships and communications with the development community (see Recommendation 7), permitting staff should regularly work with the local development community to identify the design standards that they consider to be the most onerous or confusing. Permitting teams should work alongside the development community to determine whether the difficulties with these design standards can be addressed through additional customer education, where exceptions may be appropriate, or if the standard itself may need to be revised.

The City may find that communication and education around design standards can improve the much of the experience with and perceptions of these standards in the development community. Design standards with inadequate customer education should be integrated into the City's efforts to improve educational resources and mutual understanding of expectations. Permitting staff should consistently make time for discussion of these standards in their regular meetings and communications with the development community.

Analyzing the Costs and Benefits of Design Standards

Permitting leaders should regularly collaborate and problem-solve with the development community to identify and analyze design standards that present particular difficulties in implementation and are not purely a matter of inadequate customer education. Permitting staff should remain open to and investigate instances in which certain residential design standards may create undue costs that may undermine the purpose of a development.

Design standards can have tangible benefits, such as livability, safety, preserving and promoting local character, creating additional greenery, and attracting residents. However, some residential design standards can create real costs for the Salem public that, at times, can outweigh their benefits.

The development community in Salem is not unique in its difficulties with certain design standards, and the negative externalities of these standards can affect the broader Salem community. A 2019 nationwide survey of 2,800 homebuilders demonstrated that onerous residential design standards can increase construction and design costs, raise the selling price of new housing units, lead to fewer total units constructed, and can move housing development away from jurisdictions.[6] More restrictive local government regulatory environments for housing are associated with higher housing costs, including costs of multifamily and affordable housing.[7] Local regulations that increase the cost of construction can negatively impact local housing supply.[8]

Permitting staff should periodically evaluate design standards that present notable difficulties for the development community. To the degree possible, permitting staff should estimate the degree to which these design requirements benefit the Salem population, along with any costs the are placed on the broader Salem community by the effects of design standards on development activity. Permitting staff should collaborate with members of the development community in their efforts to assess the effects of difficult design standards on development. Because permitting functions are already stretched thin, investing in additional capacity may be particularly important for implementing these analyses with any regularity (see also Recommendation 3).

Communicating with Policymakers

In all likelihood, these collaborative efforts between permitting staff and the development community will reveal instances in which design standards may create more social costs than public benefits.

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[6] Residential Design Standards: How Stringent Regulations Restrict Affordability and Choice, National Association of Home Builders, 2020.

[7] Malpezzi, Stephen. "Housing Prices, Externalities, and Regulation in U.S. Metropolitan Areas." Journal of Housing Research, 1996, 7(2), pp. 209–41; Quigley, John M. and Steven Raphael. "Regulation and the High Cost of Housing in California." AEA Papers and Proceedings, 1995, 95(2), pp. 323-328; Garcia, David et al. "Unlocking the Potential of Missing Middle Housing." UC Berkeley Terner Center for Housing Innovation Policy Brief, 2022; California Department of Housing and Community Development. "Affordable Housing Cost Study: Analysis of the Factors that Influence the Cost of Building Multi-Family Affordable Housing in California." 2014; Noam, Eli. "The Interaction of Building Codes and Housing Prices." AREUEA Journal, 1983, 10, pp. 394-404; U.S. Department of Housing and Urban Development. "New Housing in High-Productivity Metropolitan Areas: Encouraging Production," Office of Policy Development and Research, 2021.

[8] Glaser, Edward, Jenny Schuetz and Bryce Ward. "Regulation and the Rise of Housing Prices in Greater Boston." Harvard University and Pioneer Institute for Public Policy Research Policy Brief, 2006; Malpezzi, Stephen. "Housing Prices, Externalities, and Regulation in U.S. Metropolitan Areas." Journal of Housing Research, 1996, 7(2), pp. 209–41; Noam, Eli. "The Interaction of Building Codes and Housing Prices." AREUEA Journal, 1983, 10, pp.394-404.

Looking beyond the effects of construction costs on housing supply, while the current research focuses on the length of local rezoning processes, there is also evidence that regulations that lengthen municipal permitting processes can negatively affect local housing supply. Mayer, Christopher and C. Tsuriel Somerville. "Land Use Regulation and New Construction." Regional Science and Urban Economics, 2000, 30, pp. 274-289; Glaeser, Edward and Joseph Gyourko. "The Impact of Building Restrictions on Housing Affordability." Federal Reserve Bank of New York Economic Policy Review, 2003, pp. 21-39.

Permitting staff should communicate these instances to City management, who in turn should present this information to City policymakers. Although the relative costs and benefits of residential design standards can be evaluated from a largely technical perspective, residential design standards are ultimately a policy choice for City officials. However, technical assessments of the costs and benefits of design standards should help City policymakers determine how to appropriately weigh their policy priorities around housing development and design requirements that may conflict with one another.

Communicating Next Steps

10.	Observation	**Customer confusion over submission requirements, payment timing, and conditional approvals causes delays in permitting and disrupts service timeline achievement.**
	Recommendations	**A. Consider issuing customers a Next Steps memo detailing upcoming procedures and required materials, typical timeline expectations, and any payments or documents due from the customer.** **B. For projects exceeding a defined threshold, invite the applicants to a cross-functional meeting to discuss comments and support mutual problem solving.**

During many of the City's permitting processes, there are natural milestones at which customers receive comments and feedback from the City prior to moving into the next phase. During completeness and conformance reviews, submitted documents are reviewed by City department staff and comments are provided to the customer. This presents opportunities for the customer to alter their plans and designs to align with regulations and ultimately work towards obtaining a land use decision. Similarly, when all submitted documents are received and land use applications are reviewed, City staff notify the customer of their approval status, if applicable, before moving into construction permits. In both cases, we identified opportunities to clarify customer understanding of their responsibilities.

Staff acknowledged a potential benefit in incorporating the use of Next Steps memos between rounds of review and alongside communication of conditional approval. As a result of the array of permit types that the City issues, permitting may involve land use applications, civil site work permits, public construction permits, and building permits. These factors may require the completion of another application or planning document before they can be processed. Customers often overlook upcoming deadlines or subsequent permitting considerations due to the perception that they are nearing the end of the permitting process. This type of communication can serve to refocus customers, elaborate on conditions of approval to provide more actionable feedback, and establish reasonable timeline expectations for any remaining steps. Additionally, these memos can highlight approaching customer deadlines for outstanding items on their end and remind customers to remit payments or file extensions with respective subdivisions.

The development community also emphasized the important of strong communication throughout the permitting process. To support this effort, the City should establish post-review meetings with the applicant for projects that exceed a certain threshold. The purpose of this meeting is to create clarity in comments, items that need to be addressed, and enable cross-functional problem solving in real

time. This process should be scheduled one to two weeks following comment receipt to promote timely processes.

The City has already implemented a version of this proactive customer communications around approval expirations. Customers with approved plans have two years to either vet the plat by submitting a final mylar plat or file for an extension or risk the approval expiring. Should a customer fail to submit or extend the deadline of their final plat, all the time and resources expended by both the City and the customer is wasted. The planning division currently sends courtesy expiration letters to customers near this deadline. Extending these proactive customer communications practices through Next Steps memos can similarly nudge customers to better fulfill their permitting obligations.

Repeated Plan Reviews

11.	**Observation**	**Customers in the development community have been particularly frustrated by instances of what they perceive as excessive and unnecessary rounds of plan review. Customers view City decisions as capricious and arbitrary, while permitting staff view submitted plans as subpar and incomplete.**
	Recommendations	**A. Leverage new meetings with the development community to communicate around these concerns and promote a mutual understanding of expectations.** **B. Ensure that subsequent rounds of review are performed by the same permitting staff as much as possible to reduce the risk of inconsistent comments and guidance from City staff. Ensure that new comments are not provided on subsequent rounds unless in response to a change in plans.** **C. If City permitting functions maintain repositories of code interpretations, sharing this with the development community can address the perceived inconsistency of code interpretation and increase the alignment of initial submittals with City standards.** **D. Consider adopting standard procedures to interrupt cycles of resubmittal, including minimum standards for plan submittals.**

Some members of the development community have negative perceptions of their experiences participating in multiple rounds of reviews for the same project. These stakeholders cite inconsistencies in code interpretation, different staff reviewing the same project in different rounds of review, and subsequent reviews resulting in wholly new comments that were not present in initial reviews. At the same time, permitting staff describe performing many rounds of reviews for projects with incomplete plans that are incongruent with design standards.

These contrasting impressions of multiple rounds of review have fostered an adversarial dynamic between customers and permitting staff in which each party, at times, perceives the other as acting in bad faith. Permitting staff perceive customer plan designers as hasty and inattentive, creating subpar plans that may not be complete, expecting City staff to expend valuable time fixing customer errors and noncompliance. Conversely, customers perceive City staff as capricious, arbitrarily rejecting plans and inconsistently interpreting code. Some customers maintain that at its worst, this dynamic

has led some of them to believe that they are incentivized to submit substandard and incomplete plans, believing that their submittal of high-quality, comprehensive plans would be evaluated unfairly. Such instances of subpar submissions can only add to the negative perceptions permitting staff may have of these customers.

As a part of the efforts to improve relationships and communications with the development community (see Recommendation 7), the City must work together with the development community to interrupt this cycle of negative interactions between customers and staff. Although this adversarial dynamic can only be changed through the combined efforts of the City and the development community, there are several steps that the City can take to begin fixing this issue. These actions can demonstrate that the City is acting in good faith to improve the customer experience, which will hopefully spur changes in the development community.

Leveraging Relationships with the Development Community

As a part of the City's revived efforts to engage with the development community and intentionally manage these relationships (see Recommendation 7), the City should undertake focused efforts to address this difficult dynamic. Permitting teams should collect direct feedback from the development community around their concerns to clearly demonstrate that the City is committed to listening and addressing customer difficulties. Affirming and communicating that permitting teams will act in good faith to address the issues customers face with multiple reviews can hopefully encourage the development community to recognize and begin to confront their involvement in this feedback cycle.

Consistency in Plan Review

A primary customer complaint is inconsistency in plan review. In focus groups, customers have explained how in subsequent rounds of plan review, the City will sometimes have new comments on aspects of designs that are identical to the initial review and thus were tacitly approved by the absence of City comments. Customers believe that some of this inconsistency can be explained by rounds of review being performed by different City staff and/or new, less experienced staff. Conversely, city staff at times find that plans are so incomplete that a full set of comments cannot be provided on initial reviews, which could explain customers' perceived inconsistency

The City should—as much as possible—have the same staff perform subsequent plan reviews on the same project. Permitting teams should promote consistency in plan reviews, both through staffing assignments and internal alignment on expectations for application of design standards. Having the same staff perform multiple rounds of reviews supports this consistency. Additionally, by having the same reviewer from each permitting team in multiple rounds of plan review, the City can utilize customer feedback to identify any instances of staff issuing inconsistent or incomplete plan reviews, which can help permitting teams to strategically target internal education and professional development to promote performance.

Sharing Code Interpretations with Customers

Presently, some in the development community believe that permitting staff could receive higher-quality initial submittals if the City provided additional guidance on the City's interpretations of code. The City should develop a user guide for external parties, detailing code interpretations with the development community. These can be shared through redesigned educational materials and should be available on the City's website. The intent behind this type of material is to promote compliance with City design standards, reduce the burden on City staff of commenting on non-compliant plans,

and create mutual understanding of expectations to improve working relationships, ultimately enabling the City to implement a successful Housing Production Strategy.

Procedures and Standards to Interrupt Repetition

Some of the contentious dynamic created from these cycles of multiple reviews can be attributed to the basic frustrations of customers and City staff caused by repeatedly undertaking a plan revision and submission process ad nauseam. The City should consider adopting processes to interrupt this repetition and/or to improve the customer experience during this repetitive process, such as meeting with developers following the provision of comments (see Recommendation 10).

One of Salem's peer cities established a standard operating procedure to break up the customer experience of resubmittal. After two rounds of plan review, the City requires customers to attend a free conference with plan review staff. At this conference, permitting staff demonstrate a solutions-oriented customer service philosophy, working alongside customers to thoroughly explain plan requirements and to collaboratively problem solve to help the plan reach a state where it can be approved. The City should consider a similar approach to reinforce its customer service philosophy (see Recommendation 6).

In addition, as suggested in the internal Public Works review, to address repeated instances of incomplete submittals, permitting teams should adopt minimum plan submittal requirements, setting clear expectations for what constitutes a complete product for review. The City would then have a responsibility to promptly assess resubmittals against completeness standards and, in the case of rejection, provide detailed information on what is necessary to achieve a complete submittal. Although customers could continue to submit incomplete plans, this would create objective standards and clear actions for customers.

Land Use Reviews

12.	**Observation**	**Land use reviews were noted as an area of particular difficulty for customers. Members of the development community noted issues with dynamics between the City and applicants, conditional approvals, documentation, and plan expectations.**
	Recommendations	**A. Manage internal and external communications to mitigate perceived instances of bad faith** **B. Collaborate with the development community to examine conditional approvals and documentation requirements** **C. Develop internal guidance to ensure alignment on when exceptions can be granted across core permitting teams.**

Members of the development community noted land use reviews as an area of particular difficulty. Customers noted four main difficulties with land use reviews:

1. Members of the development community reported land use requirements were often unclear and expressed a desire for clearer checklists, resources, and/or guidelines. These challenges were echoed in survey results, where respondents generally rated their experience with land use permits lower than other permit types (see Appendix A).

2. Some members of the development community believe that the City has, at times, acted in bad faith, threatening to arbitrarily reject plans if the applicant did not grant an extension to the City.
3. Members of the development community also believe that the City does not grant conditional approvals in instances when such approvals would be appropriate. Instead, Salem rejects the plans and requires another submission and round of review.
4. Customers believe that the City's requirements for land use reviews involve significantly more documentation than what is legally or typically required, resulting in unnecessary up-front costs for developers, while process delays result in additional costs through inflation and interest.

In the City's efforts to develop and further refine its educational materials (see Recommendation 7), permitting teams should focus on land use reviews, ensuring that the materials provided are sufficient. Additionally, the City should undertake the following efforts to address the perceptions of customers.

Collaboration with the Development Community

In its renewed efforts to communicate and manage relationships with the development community, the City should collaboratively work to address customers' concerns surrounding conditional approvals and what they perceive as excessive documentation requirements and plan comments. Through the City's regular meetings with the development community (see Recommendation 7), or through targeted focus groups with customers, permitting staff should collect feedback on specific instances where customers felt that excessive documentation was demanded and occurrences where customers believe conditional approvals should have been granted. Permitting staff should work with the development community to identify commonalities between these specific examples so that anecdotal experience with these difficulties can be translated into systematic solutions with permitting processes. If there are common themes where customers misunderstood documentation requirements or conditional approvals, permitting staff should design purposeful education and communication strategies to address these misunderstandings.

The City should then work with internal and external stakeholders to examine whether land use documentation burden can be reduced in certain cases and if there are additional cases in which planning staff can appropriately issue conditional approvals. As in the City's examinations of residential design standards (see Recommendation 9), planning staff must weigh the potential negative effects of maintaining the status quo on development in Salem. Although the power to implement such permitting processes reforms is asymmetrically held by the City, fostering sufficient and high-quality development in Salem is a collaborative effort between city staff, the development community, neighborhood associations, the Planning Commission, and City Council. Like other areas of permitting, planning teams should work with stakeholders to design land use review processes to best support the City's housing and development goals, recognizing that both City staff and developers play important roles in furthering development.

Addressing Internal Conflicts

Because there are several different functional teams involved in permitting processes, code conflicts and the ability to grant exceptions sometimes arise between groups. In process work sessions, staff noted that street connectivity, street widths, street trees, and sidewalk locations often present interpretation and application challenges. Therefore, leadership across core permitting teams should work together to develop internal guidance that clearly articulates when an applicant qualifies for an

exception to the design standards. This will enable internal departments to agree on approach in conflicting situations to expedite the permitting process for City staff and applicants.

Stormwater Plan Review

13.	Observation	**Members of the development community expressed frustration with stormwater plan reviews, believing the standards are unclear and that comments and their associated revisions are excessively meticulous. Stormwater plan reviews are currently complicated by the lack of a standard format for submittals.**
	Recommendations	**A. Promote understanding for customers on stormwater plan requirements and the reasons why stormwater reviews have stringent requirements.** **B. Consider adopting a standardized hydrological model tool for all submitted plans.**

In interviews, members of the development community expressed frustration with the City's stormwater plan reviews, citing a lack of clarity in standards. These customers also noted occurrences of review comments that they perceive to be overly prescriptive, providing little added value.

Stormwater reviews are currently handled by an external firm, Otak. Like internal staff and members of the development community, these contracted staff were interviewed for this report.

Customer Education

The City is required to maintain compliance with its National Pollutant Discharge Elimination System (NPDES) Municipal Separate Storm Sewer System (MS4) permit. To address this, the City has developed a section of its website that has a thorough explanation of this stormwater permit.[9] In meetings and communications with the development community (see Recommendation 7), staff should help customers understand the reasoning behind the stringency of stormwater requirements and should refer them to these online resources as appropriate.

Hydrology Model

Currently, there is not a high level of standardization for stormwater plans. Designs vary significantly, which complicates and slows the plan review process for Otak staff.

The City should consider the benefits and costs of adopting a standardized hydrological model for stormwater reviews. This tool would create commonalities in stormwater plans to more accurately and efficiently evaluate the quality of plans and their alignment with MS4 permit requirements. One notable example of such a tool is the Western Washington Hydrology Model.[10] Otak staff explained

[9] Stormwater Permits and Annual Reports, City of Salem, https://www.cityofsalem.net/government/shaping-salem-s-future/reports-studies/stormwater-permits-and-annual-reports

[10] Western Washington Hydrology Model, Washington Department of Ecology, https://ecology.wa.gov/Regulations-Permits/Guidance-technical-assistance/Stormwater-permittee-guidance-resources/Stormwater-manuals/Western-Washington-Hydrology-Model

that the City of Portland has recently adopted a standardized hydrology model. If the City chooses to standardize stormwater submittals, permitting teams could engage with Portland staff to learn how best to implement such a standard hydrology tool in Salem.

Platting

14.	Observation	**Platting was noted as a particularly difficult and time-consuming process for both the development community and internal staff. The surveyor may be a process bottleneck due to understaffing.**
	Recommendations	**The City should increase capacity for the platting process by prioritizing additional hiring or partnering with an external contractor.**

Before any feedback was solicited from the development community, City staff spoke to issues with the timeliness of platting, believing that the City surveyor is currently a process bottleneck because they are understaffed and acting as a sole contributor. In later conversations with the development community, the development community noted particular frustration with the timeliness and difficulty of platting. In addition to implementing the process mapping and improvement efforts facilitated by Moss Adams, the City should prioritize increasing the capacity of the platting function. In addition to its efforts to increase capacity for functions staffed by sole contributors (see Recommendation 5), the City should prioritize hiring additional staff or working with an outside contractor to further increase the capacity of the platting function.

Trail System

15.	Observation	**Salem's proposed off-street trail system is currently being refined and implemented in a disjointed manner in response to permit applications. This ad hoc implementation risks negative impacts to the coherence and resident experience with trails.**
	Recommendation	**Weighing the costs and benefits of such an action within a resource-limited environment, the City should consider additional refinement studies to create more detailed trail plans.**

Salem's proposed off-street trail system includes a shared use path from the flagship Riverfront Park to the northmost tip of the City along the Willamette River. The plan for this trail system provides a general framework for where this path may be established. However, these trails are currently translated from these plans into reality through an ad hoc process. During plan review for development projects along this path, the City's parks and transportation planning staff rapidly examine how component pieces of trail, and any associated easements, can be integrated into these developments. While there is nothing inherently unsuitable with this ad hoc implementation process, creating detailed trail plans solely in response to permit applications risks creating a disjointed trail.

Although trail designs may be separately appropriate for different developments along the path of the master plan, when the trail is complete, residents will experience the entirety of the trail rather than its

component parts. These patchwork decisions will not necessarily create a comprehensive trail network with the City's desired levels of connectivity and accessibility.

Recognizing that such studies come with opportunity costs and financial burdens, the City should consider additional refinement studies along the trail plan path, creating more detailed trail plans. These refinement studies would, prior to development, delineate the trail system plan at a more granular level at some locations throughout the City. Although these more detailed designs could be useful, City leaders may very well determine that such refinement studies are not cost effective.

E. PERFORMANCE MONITORING

Performance Metrics and Monitoring

16.	Observation	**Although Building and Safety, Planning, and Public Works each currently use performance metrics, performance measurement and performance monitoring could be performed more effectively by all permitting functions. Limitations of existing performance measures include:** • **Current performance metrics only address timeliness.** • **Existing timeliness-related performance metrics are not granular enough to provide actionable insights.** • **Performance metrics are currently segregated by function.**
	Recommendations	**A. Create new metrics to assess a broader range of permitting performance.** **B. Increase the granularity of timeliness-related performance metrics so they can act as diagnostic tools.** **C. Create a cross-functional process monitoring and improvement team to set, measure, and monitor cross-functional permitting strategic goals and performance measures.**

The core permitting functions individually maintain performance metrics to assess the timeliness of various processes. Because permitting teams face both customers and statutes that require timely throughput, maintaining these performance measures around timeliness is an important part of successful performance monitoring and management.

However, current performance monitoring practices are limited in multiple ways that restrict the usefulness of these metrics:

1. Existing metrics only assess timeliness
2. Existing metrics are too broad to effectively identify the cause of process delays
3. Performance metrics are largely managed separately by Building and Safety, Planning, and Public Works, leading to fragmented evaluation of the permitting function. Teams each have different timeliness expectations, or no expectations defined.

Broaden Performance Metrics

Although important, timeliness metrics only assess one aspect of permitting performance. Best practices recommend quantifying goals and measuring performance for other aspects of permitting.[11] Potential domains for supplementary permit performance measurement include:

- **Customer Service:** Permitting best practice stresses the importance of measuring, monitoring, and improving customer service. The City should consider implementing standard online customer feedback surveys after permit issuance and/or on an annual basis. As a part of the City's renewed engagement with the development community (see Recommendation 7), permitting teams should elicit both verbal and anonymized written feedback from customers, and should consider occasional focus groups to obtain focused customer feedback on targeted areas of improvement.
- **Cost Review:** Although inextricably related to timeliness, cost monitoring is another potential area for new performance measures. Some cities perform regular assessments of the costs incurred by the City in reviewing and processing different types of permits. These cost determinations can help with workforce planning, establishing the appropriate level for permit fees, communicating aspects of permit operations to customers (see Recommendation 17), and adding precision to the cost-benefit analyses that the City should perform when assessing potential changes to existing permitting practices (see Recommendation 9, Recommendation 14, and Recommendation 15). Although such a metric has not been seen in other cities, a set of novel performance metrics could also evaluate and quantify the social and economic costs of additional time that development projects spend in permitting. This could help the City to evaluate permitting performance and potential reforms with respect to the impact on the broader Salem community.
- **Quality:** Creating performance measures for the quality of permitting processes can potentially be invaluable for performance management but is likely labor intensive. Such performance measurement would likely have to take the form of an occasional project review or audit, wherein the City's cross-functional performance monitoring team (see the Cross-Functional Improvement Team section) would perform a post-mortem after a complex project has been fully permitted. The team would examine the artifacts and the timeline from a project, determining what went well, and what could be improved upon. As a part of this process, the team would examine any instances of multiple rounds of review (see also Recommendation 11), determining whether permitting teams could have taken any proactive measures to more rapidly align developer plans with regulations, reducing the number of rounds of review required to issue permits.

Increase the Granularity of Timeliness Metrics, Improving Diagnostics

Although the City's timeliness metrics are an important first step in measuring and monitoring performance, increasing the level of detail in timeliness metrics could allow permitting teams to better target improvement efforts. For example, Planning's timeliness metrics currently track the time between application completion and decisions. Similarly, Building and Safety's metrics track the time until first review is complete.

The City should create and measure more detailed timeliness performance measures at the team and/or staff level. These metrics could assess smaller steps within plan review processes, determining the time that applications spend with staff before they are handed off internally or are

[11] Special Study: Department of Development and Environmental Services Permitting Best Practices Review, *King County Auditor's Office*, 2004

handed off to the customer. More detailed timeliness metrics could also assess timeliness on the customer side, such as measuring the time of an initial customer application until the submittal is actually complete, or the time that elapses between when a customer receives comments from first review until second review materials are received. Performance goals should be set annually, and performance measurements should be conducted and monitored monthly. In interviews, staff explained that ProjectDox may be able to assist in creating these customer-side timeliness metrics.

More detailed performance measures can help permitting teams to more precisely identify which aspects of permit processes are most in need of improvement. With existing general timeliness measures, permit teams can determine whether the overall process is performing within speed expectations. With more detailed timeliness metrics, permit teams could determine which steps, if any, within a permit process are causing the overall process to slow. With this information, permitting teams can more effectively target improvement efforts.

Cross-Functional Improvement Team

Permitting best practices recommend the assessment of performance from a viewpoint that examines permitting as a unified function (see Recommendation 1), rather than groups of tasks segregated by Building and Safety, Planning, and Public Works. To this end, the City should establish a cross-functional process monitoring and improvement team that should regularly set, measure, and monitor cross-functional permitting strategic goals and performance measures.[12] Like other metrics, performance goals should be set annually, while performance monitoring should occur monthly.

Although this team should monitor the performance of the major permitting teams individually, this team should also establish metrics that assess the performance of permitting citywide as a single function. These metrics can mirror the aspects of performance that are separately measured by Building and Safety, Planning, or Public Works, but should assess the performance of permitting holistically.

Performance Communications

17.	**Observation**	**Existing timeliness performance metrics appear to be used primarily for regulatory compliance, accreditation, and internal performance management.**
	Recommendation	**Publish permitting performance measures, leveraging these metrics as external communications tools for the development community and for the broader Salem community.**

The City's existing performance metrics are currently used for state compliance, International Accreditation Service accreditation, and internal performance management. In the City's efforts to proactively manage development community relationships (see Recommendation 7), permitting teams should openly and transparently publish performance metrics, leveraging these metrics as

[12] Special Study: Department of Development and Environmental Services Permitting Best Practices Review, *King County Auditor's Office*, 2004

external communication tools.[13] Performance measures have four primary benefits for external communications:

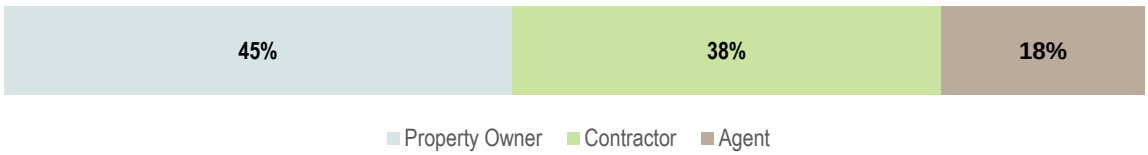
- **Objectivity:** Performance metrics can anchor communications and development community relationship management efforts in objective measures of City performance, rather than customer anecdotes. In any city, regardless of the average level of permitting performance, there will always be instances in which some permits and projects are processed slower or at a differing quality than customer and staff expectations. Additionally, individual customer perceptions of city permitting performance can, at times, be biased and inaccurate. By using transparent and consistent performance metrics, the City can speak to the overall performance of the permitting function, steering conversations with the development community away from anecdotal or inaccurate customer perceptions and toward objective measures of performance.
- **Conveying improvement efforts:** Over time, performance measures can be used to demonstrate to developers, and the broader Salem community, that the City is undertaking good faith efforts to improve the efficiency and effectiveness of the permitting function and the customer experience. Consistent measures of performance that demonstrate investment in improvement and responsiveness to customer feedback can help defuse tensions between the City and the development community or can help allay customer frustration with individual projects. An implementation plan that outlines recommendations, timelines, and priorities, can also serve this function.
- **Setting expectations:** A transparent dashboard of performance measures can help customers understand what to expect when engaging in permitting processes. This can be useful for managing relationships, both with those in the development community and with homeowners.
- **Accountability and transparency:** Communicating performance metrics to the public can further the City's goals of accountability and transparency set forth in the City's Mission, Vision, and Values section of its Strategic Plan.

[13] The City of Bend openly publishes a wide range of permitting performance metrics, which may serve as a useful model when considering implementation of this recommendation.

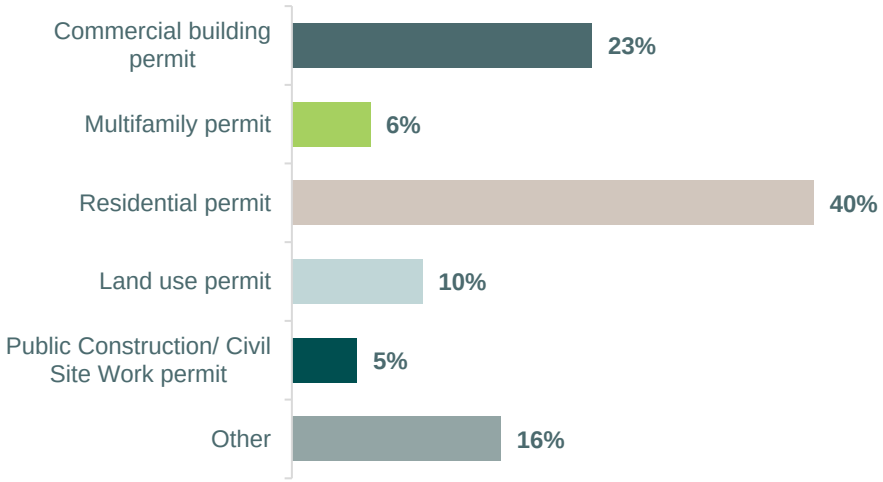
APPENDIX A: CUSTOMER SURVEY RESULTS

Background and Overall Experience

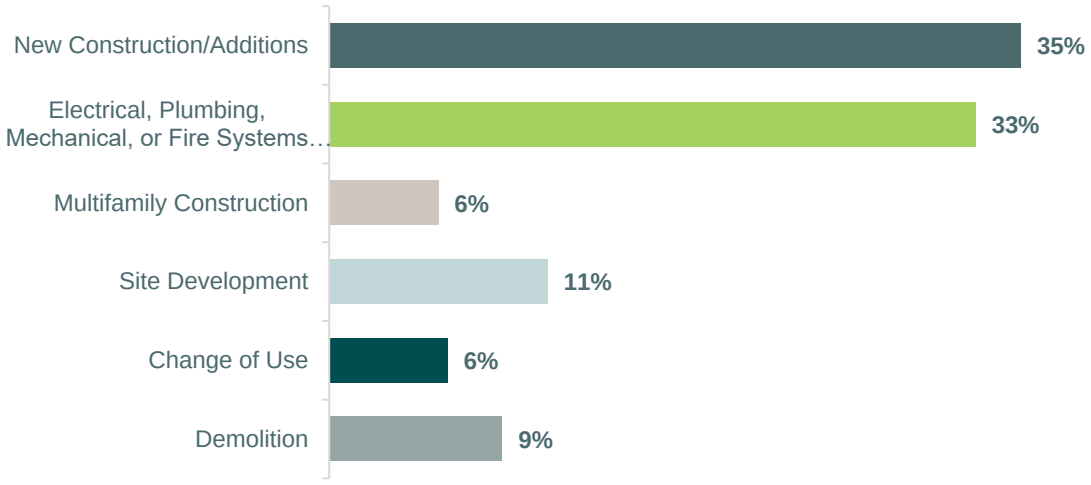
Which of the following best represents your role?



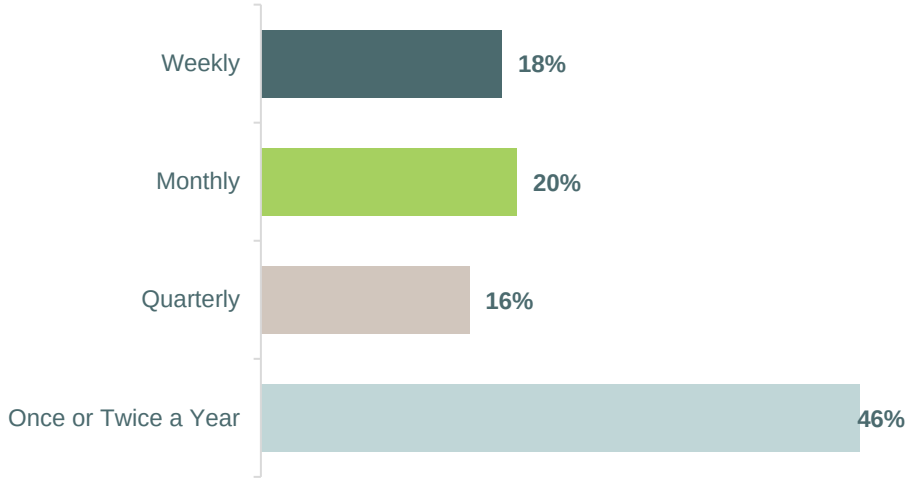
In your most recent permitting experience, what kind of permit did you apply for?



If you applied for a commercial building permit, please select whether your project was related to any of the following:

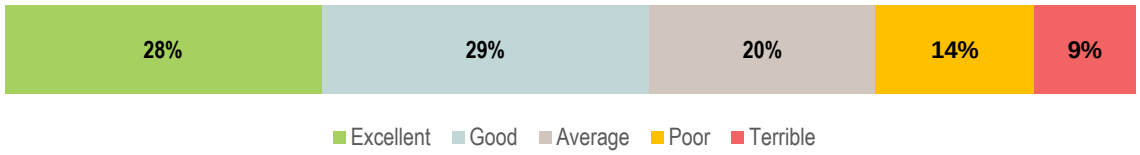


On average, how often have you interacted with the City of Salem related to permitting (applying for permits, plan reviews, inspections, etc.) in the past year?

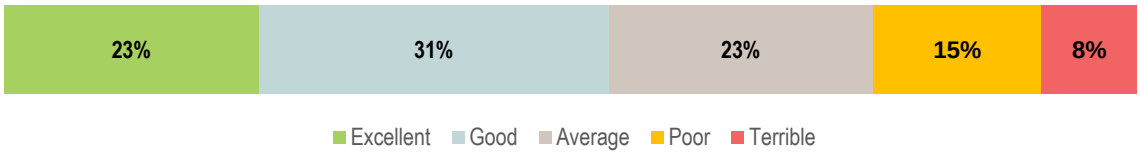


How would you rate the following, based on your overall experience with these services?

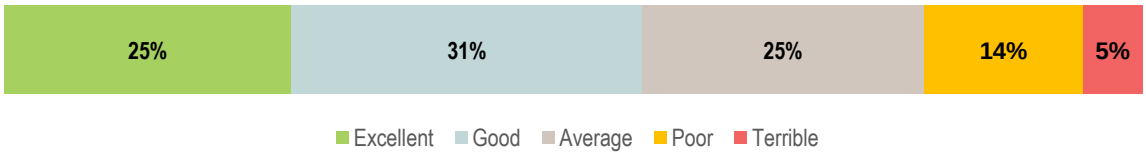
Processing/turnaround time



Clarity of roles and responsibilities during the process

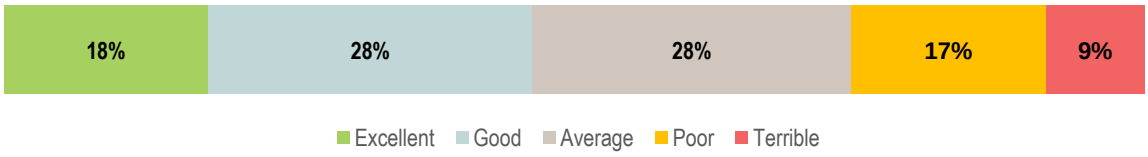


Frequency of communication from the City

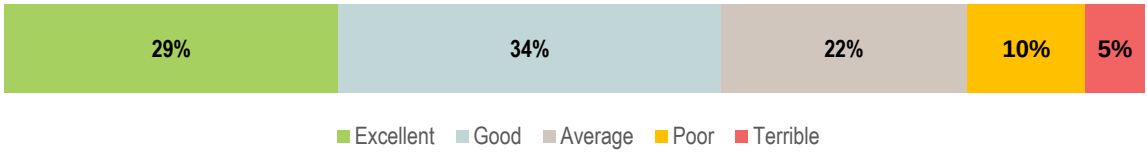


How would you rate the following, based on your overall experience with these services?

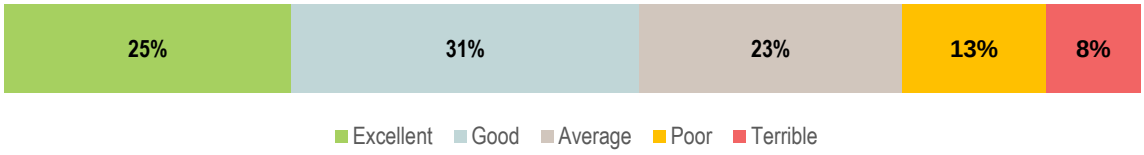
Availability of relevant information on the website



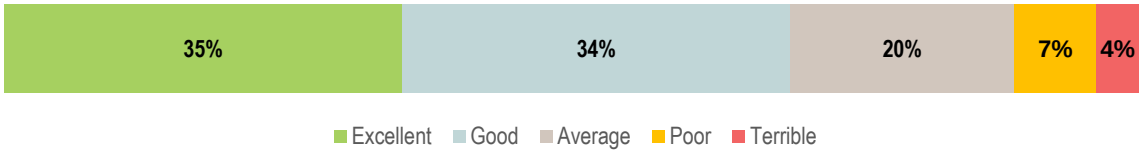
Staff response time



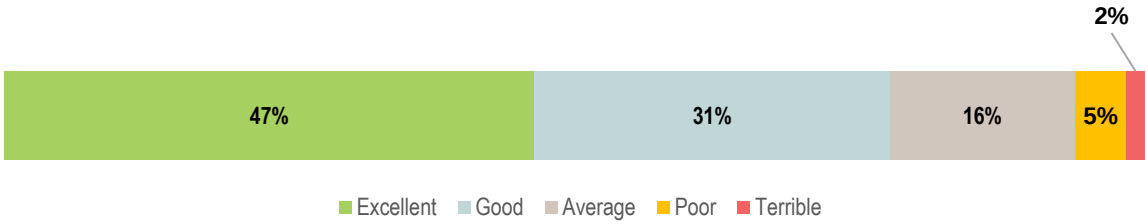
Consistency in plan review comments



Consistency in inspection feedback

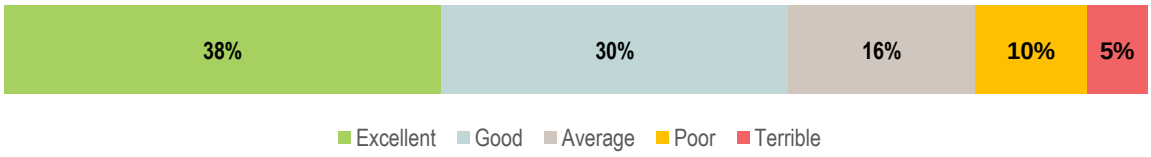


Professionalism and courtesy of administrative and counter staff



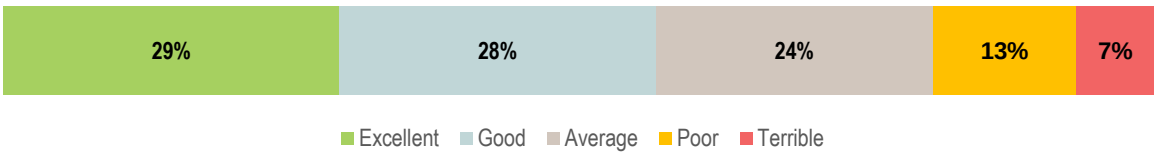
How would you rate the following, based on your overall experience with these services?

Staff knowledge and helpfulness in handling permit application and questions

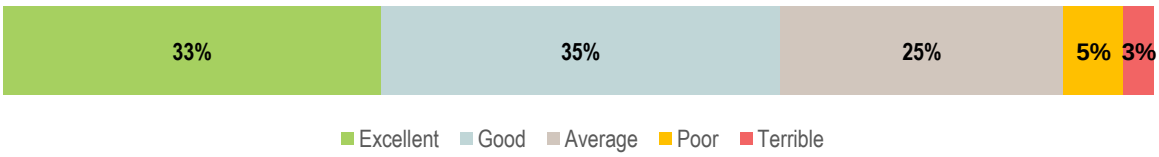


During the permitting process many City departments are often involved in plan review and inspections. How would you rate your experience with each review group?

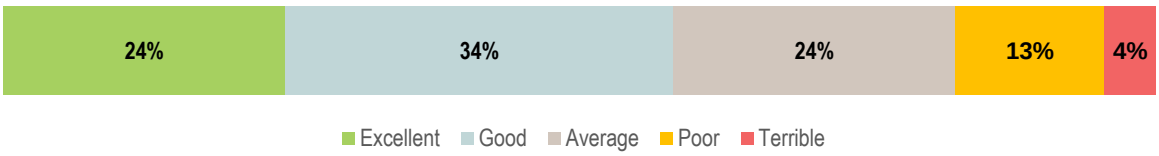
Planning



Building and Safety

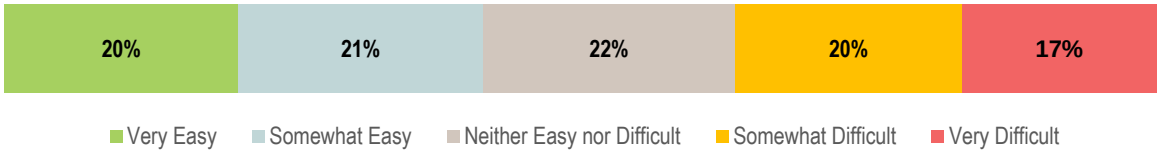


Public Works/Engineering

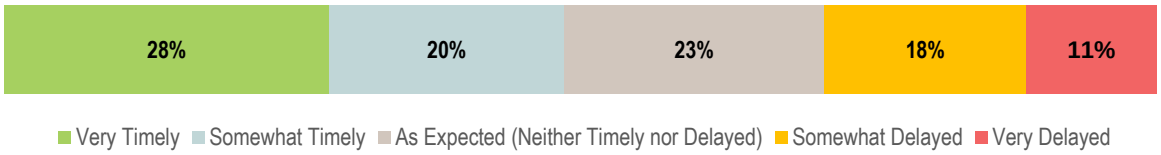


Plan Review

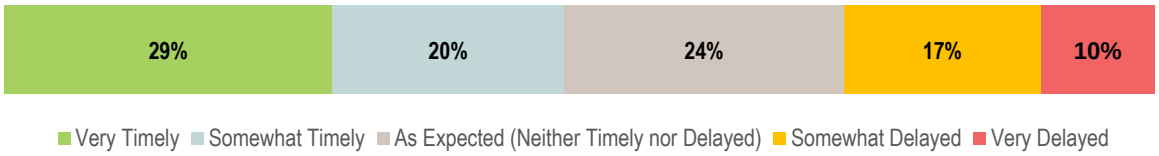
How would you rate the ease of submitting plans for review?



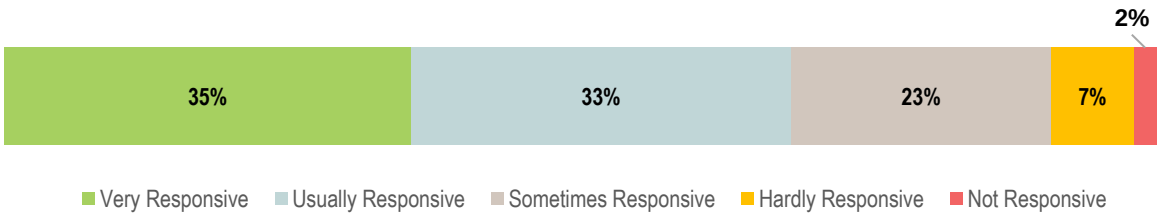
How would you rate the turnaround time for initial plan review?



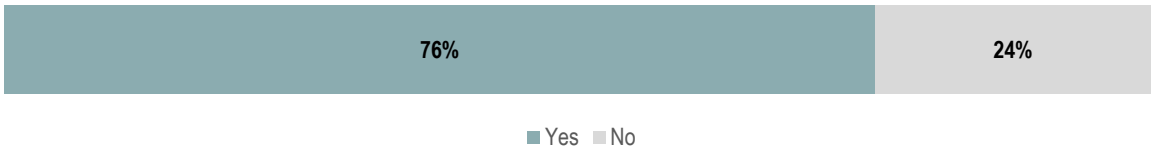
How would you rate the turnaround time for subsequent plan correction submissions?



How would you rate the responsiveness of plan reviewers?

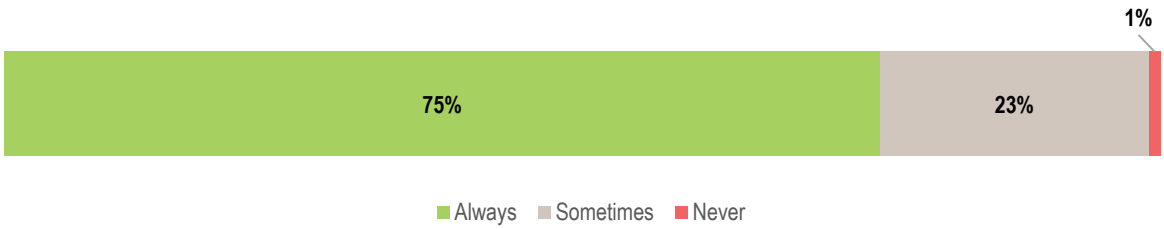


If a correction notice was issued for your plan review, were the correction comments clear and concise?

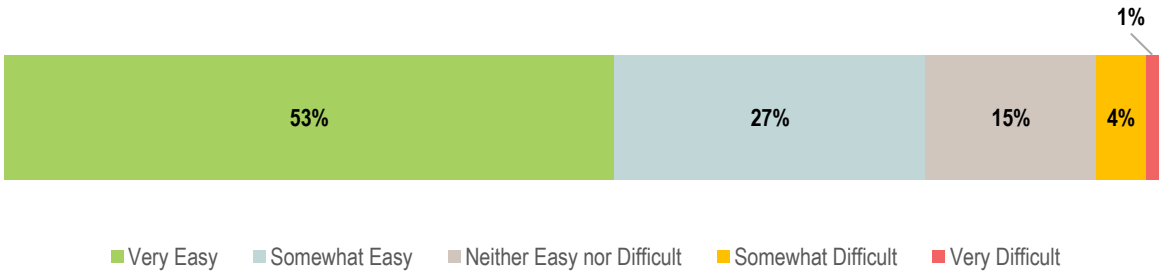


Inspections

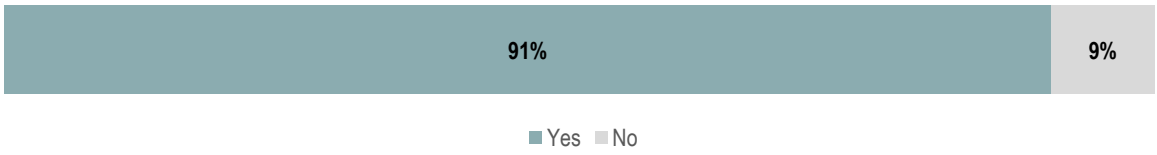
Are inspections performed promptly as scheduled?



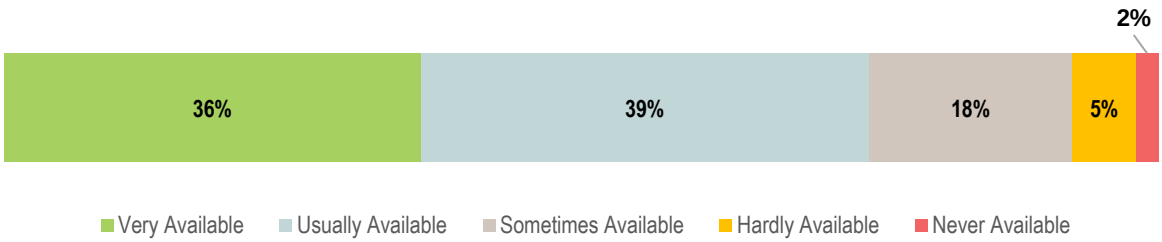
How would you rate the ease of scheduling an inspection?



If a correction notice was issued for your plan review, were the correction comments clear and concise?



How would you rate the availability of building inspectors when you need to get information from them?



Disaggregating Overall Responses

Disaggregating by Customer Type. Responses are represented on a 5-point scale, with 1 being the lowest rating and 5 being the highest rating. All responses are within +/- 6% of the overall average rating. There is not significant variation by customer type.

How would you rate the following, based on your overall experience with these services?	Overall	Property Owner	Contractor	Agent
Processing/turnaround time	3.55	3.56	3.51	3.61
Clarity of roles and responsibilities during the process	3.44	3.38	3.46	3.57
Frequency of communication from the City	3.57	3.5	3.56	3.75
Availability of relevant information on the website	3.3	3.2	3.33	3.43
Staff response time	3.71	3.67	3.69	3.9
Consistency in plan check comments	3.52	3.56	3.53	3.39
Consistency in inspection feedback	3.9	3.83	3.97	3.85
Professionalism and courtesy of administrative and counter staff	4.16	4.06	4.19	4.35
Staff knowledge and helpfulness in handling your permit application and questions	3.87	3.82	3.8	4.09

Disaggregating by Permit Type. Disaggregating by permit type yields much more variance in responses. Responses with a variance of greater than 10% less than overall averages are highlighted below. Responses are represented on a 5-point scale, with 1 being the lowest rating and 5 being the highest rating.

How would you rate the following, based on your overall experience with these services?	Overall	Commercial Building Permit	Multifamily Permit	Residential Permit	Land Use Permit	Public Construction/ Civil Site Work Permit	Other
Processing/turnaround time	3.55	3.36	3.12	3.69	2.74	2.8	3.58
Clarity of roles and responsibilities during the process	3.44	3.29	3.12	3.55	2.98	2.72	3.41
Frequency of communication from the City	3.57	3.45	3.42	3.7	3.15	3.04	3.51
Availability of relevant information on the website	3.3	3.08	2.87	3.41	2.96	2.68	3.38
Staff response time	3.71	3.61	3.58	3.83	3.15	3.16	3.74
Consistency in plan check comments	3.52	3.4	3.03	3.66	2.71	2.74	3.65
Consistency in inspection feedback	3.9	3.78	3.52	4.04	3.42	3.29	3.75
Professionalism and courtesy of administrative and counter staff	4.16	4.07	3.91	4.25	4.06	3.8	4.05
Staff knowledge and helpfulness in handling your permit application and questions	3.87	3.76	3.36	3.94	3.4	3.16	3.97

Responses with a variance of greater than 10% less than overall averages are highlighted in red

APPENDIX B: PEER BENCHMARKING

Internal Culture and Collaboration

Staff from every peer city spoke to the complexities and difficulties of collaborating and coordinating across the three major permitting functions. Peer cities have undertaken a variety of measures to support collaboration across these functions and to foster a productive internal culture.

- All cities hold regular, cross-functional leadership meetings to coordinate and align efforts across permitting functions.
- Staff from Bend and Gresham spoke to improved collaboration by adding an additional set of cross-functional meetings with permitting function leaders and the managers directly below them. Because these managers were more directly involved in permitting work, the alignment efforts at meetings were able to be better communicated to staff and translated into better collaboration between permitting functions.
- Beaverton and Gresham hold occasional all-staff meetings with every employee involved in permitting.
- Multiple cities explained that differing work-from-home policies across divisions can create difficulties with cross-functional communications. Two cities explained that using Microsoft Teams or another instant messaging software fully addresses this issue.
- Beaverton, Bend, and Eugene cities house permitting functions within a unified department in their organization.
    - Staff from these cities stressed the importance of a unified accountability structure for all permitting functions. Being accountable to the same department leadership facilitates the alignment of internal team cultures and expectations around customer service, timeliness, and collaboration between functions.
    - These cities adopted a unified organizational structure for permitting functions within the past decade, with public works-related permits previously being housed within public works departments. Each of these cities spoke to initial cultural resistance to this change that resolved within a few years. Staff members believed the benefits to organization consolidation far outweighed cultural resistance to this change.
    - Eugene is a unique case in which many Public Works permit review staff are still technically under the authority of the City Engineer in Public Works, but these staff are assigned to the organizational and supervisory structure of the Planning and Development Department to promote uniform expectations and accountability across permits.
- Staff from two cities highlighted the importance of leadership at the top of each function for facilitating collaboration. The staff believe that leadership across permitting functions has to articulate a clear vision and philosophy of customer service and cross-functional collaboration.
- All cities stressed the importance of pre-application meetings for aligning expectations and collaboration across permitting functions.
- Beaverton and Eugene have successfully used written customer service philosophies (see Observation 7: Relationships with the Development Community). Staff from these cities explained that the philosophy was useful for aligning internal culture and expectations across permitting functions.
    - One city explained that its staff working on public works-related plan review had to shift their mindset around who their customers are. These staff previously thought of public works operations staff as their customers, rather than those applying for permits.

Staffing

Staffing challenges are a universal experience across cities.

- Most cities explained that their primary difficulties related to recruiting new staff to fill authorized positions, rather than needing new positions to be created. Many cities have positions that have been vacant for a considerable amount of time.
    - Staff from Bend explained that needing new authorized positions was previously a problem but had been resolved. Staff performed a productivity analysis to show that the volume of work necessitated new positions to be authorized by their city council.
- Most cities have experienced acute difficulties recruiting qualified and experienced inspectors. Staff believed that this difficulty was due to potential candidates being able to find better compensation and benefits through private employers.
- Staff from multiple cities cited difficulties in recruiting mid-level planners.
- Staff from three cities stressed the importance of contracted plan review services. Cities contract out a wide variety of plan review positions.
- Staff from Beaverton explained that they have on-call service agreements with outside contractors for some plan review types, allowing them to leverage these resources during times of high volume.

Relationships with the Development Community

There were two themes around development community relationships that were common across all peer cities: (1) cities have taken purposeful steps to foster positive relationships and communications with the development community and (2) city staff believe that more could be done to manage these relationships intentionally.

- Beaverton and Eugene have experienced success using a formal, written customer service philosophy. Staff at these cities explained that this philosophy has not only been useful for internal operations and culture but has also been a useful external communications tool with the development community. The philosophy provides both staff and customers a framework through which to understand the City's services and objectives.

  Although these two cities use different terminology, a key element of both philosophies is conducting plan review from a solutions-oriented framework, working with the customer to figure out how a project can align with permitting requirements.
- Gresham, Bend, and Hillsboro hold periodic, large meetings with the development community to promote positive relationships, provide useful information, and collect feedback. Some cities hold monthly meetings with their local home builders association.
- Beaverton, Bend, and Eugene publish regular newsletters that go out to the development community with relevant information.
- Beaverton conducts regular, monthly meetings with their largest customers to discuss and coordinate ongoing and upcoming projects.
- Beaverton has adopted a standard operating procedure in which, once a customer is submitting plans for a third time, permitting staff meet with the customer to help inform their revisions, hopefully preventing the need for an additional resubmittal.

APPENDIX C: PROCESS MAPPING

City of Salem

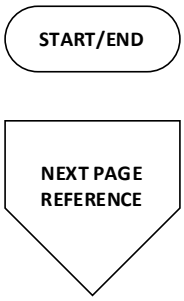
PROCESS MAPPING: KEY **Page 1**

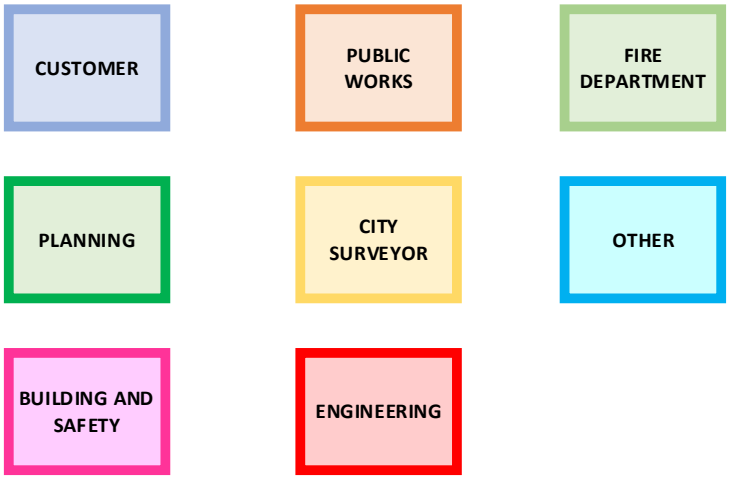
IDENTIFIED PAIN POINT OR AREA OF IMPROVEMENT

INTERPRETATION ISSUES

COMMENT PERIOD

INDICATES A RESTRICTED TIMELINE

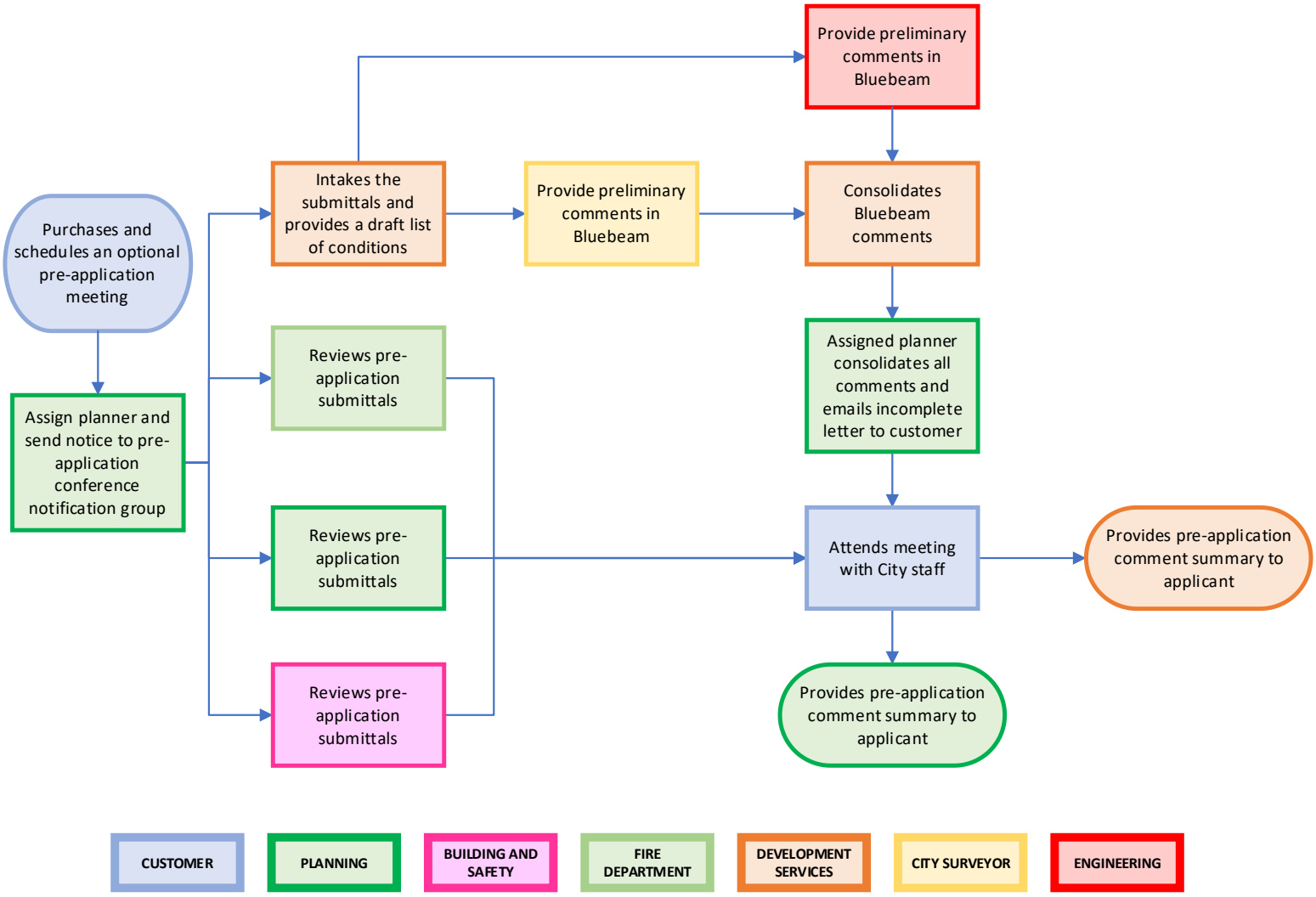




City of Salem

PROCESS MAPPING: Subdivision – Pre-application

Page 2



City of Salem

PROCESS MAPPING: Subdivision – Completeness Review

Page 3

Customer starts their 180 day window for submitting a complete application (i.e., to submit missing documents).

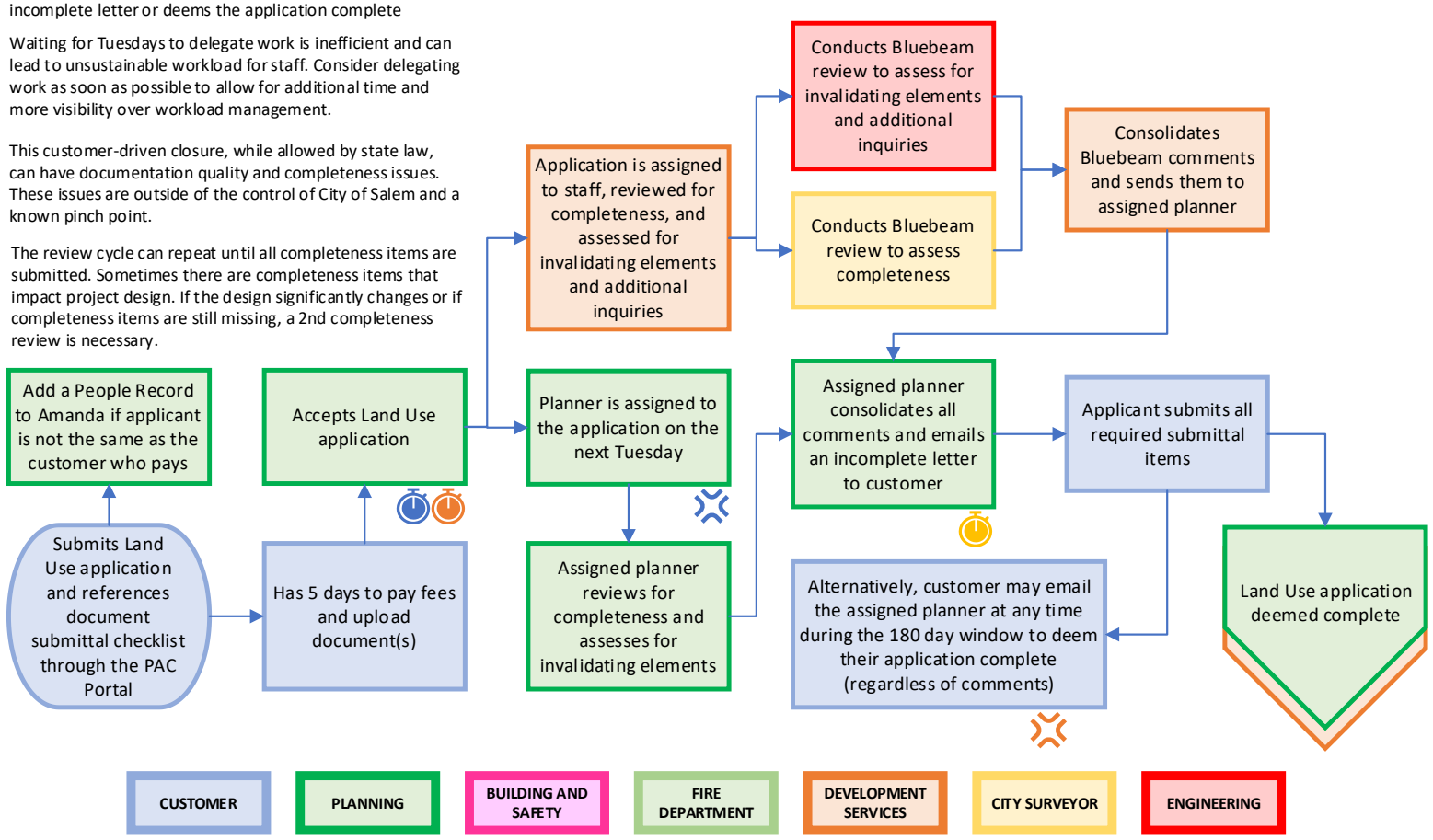
Planning starts their 30 day completeness review (aiming for 20 days).

Planning completes their completeness review and issues incomplete letter or deems the application complete

Waiting for Tuesdays to delegate work is inefficient and can lead to unsustainable workload for staff. Consider delegating work as soon as possible to allow for additional time and more visibility over workload management.

This customer-driven closure, while allowed by state law, can have documentation quality and completeness issues. These issues are outside of the control of City of Salem and a known pinch point.

The review cycle can repeat until all completeness items are submitted. Sometimes there are completeness items that impact project design. If the design significantly changes or if completeness items are still missing, a 2nd completeness review is necessary.



City of Salem

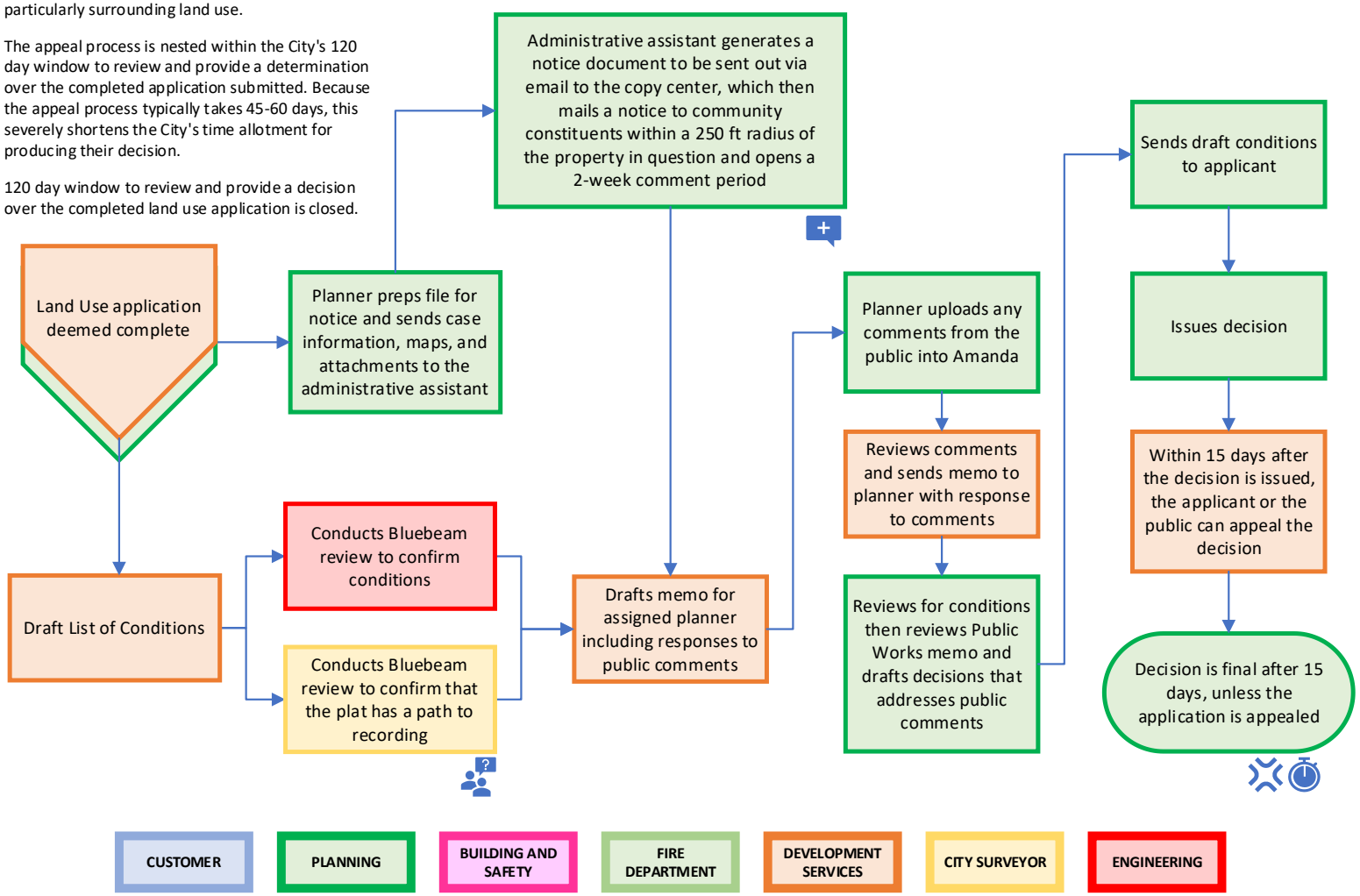
PROCESS MAPPING: Subdivision – Land Use Notification and Decision

Page 4

Turnover in the City Surveyor position brings differences in interpretation in ORS regulations, particularly surrounding land use.

The appeal process is nested within the City's 120 day window to review and provide a determination over the completed application submitted. Because the appeal process typically takes 45-60 days, this severely shortens the City's time allotment for producing their decision.

120 day window to review and provide a decision over the completed land use application is closed.



City of Salem

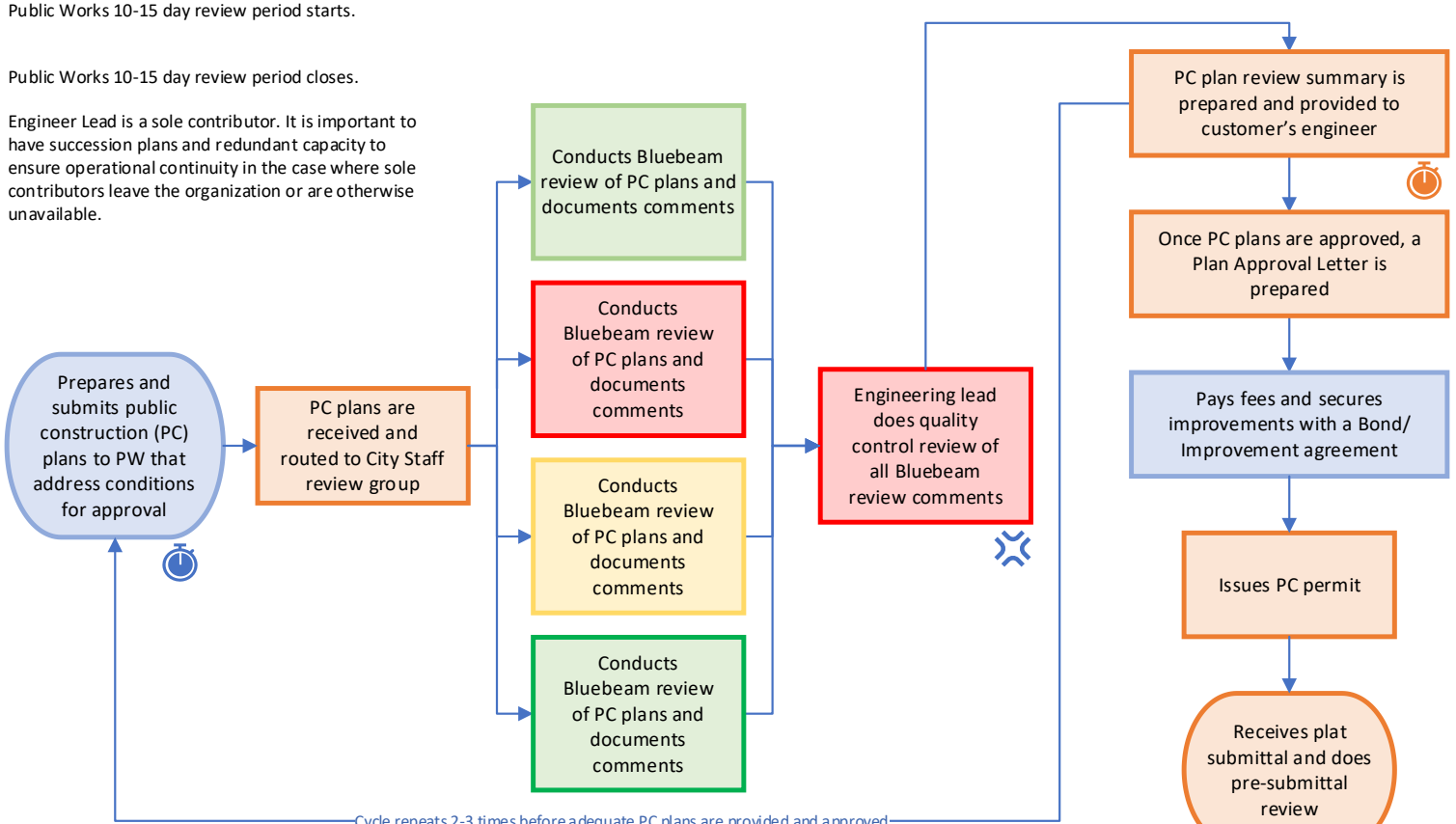
PROCESS MAPPING: Subdivision – Public Construction

Page 5

Public Works 10-15 day review period starts.

Public Works 10-15 day review period closes.

Engineer Lead is a sole contributor. It is important to have succession plans and redundant capacity to ensure operational continuity in the case where sole contributors leave the organization or are otherwise unavailable.

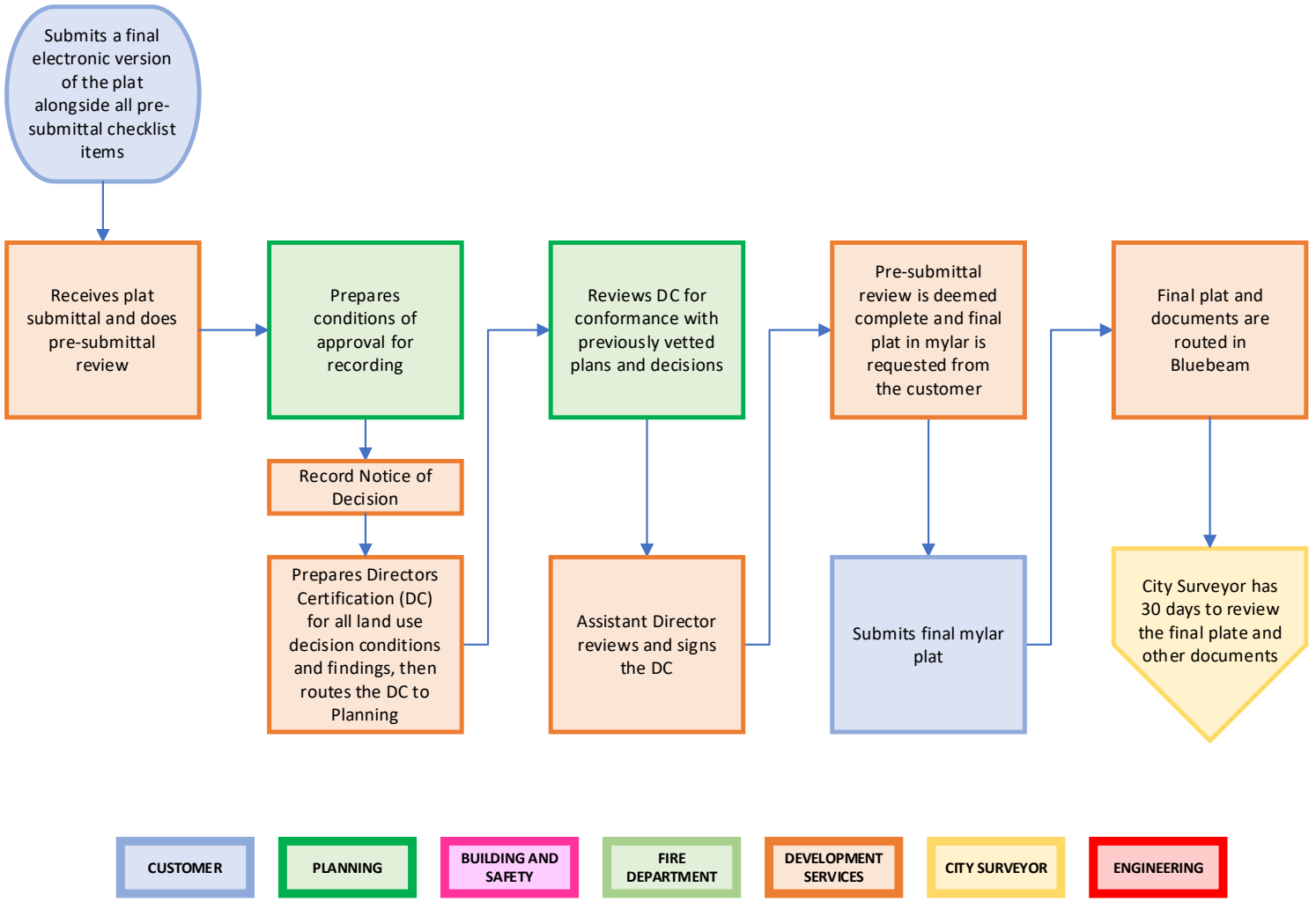


CUSTOMER | PLANNING | BUILDING AND SAFETY | FIRE DEPARTMENT | DEVELOPMENT SERVICES | CITY SURVEYOR | ENGINEERING

City of Salem

PROCESS MAPPING: Subdivision – Platting

Page 6



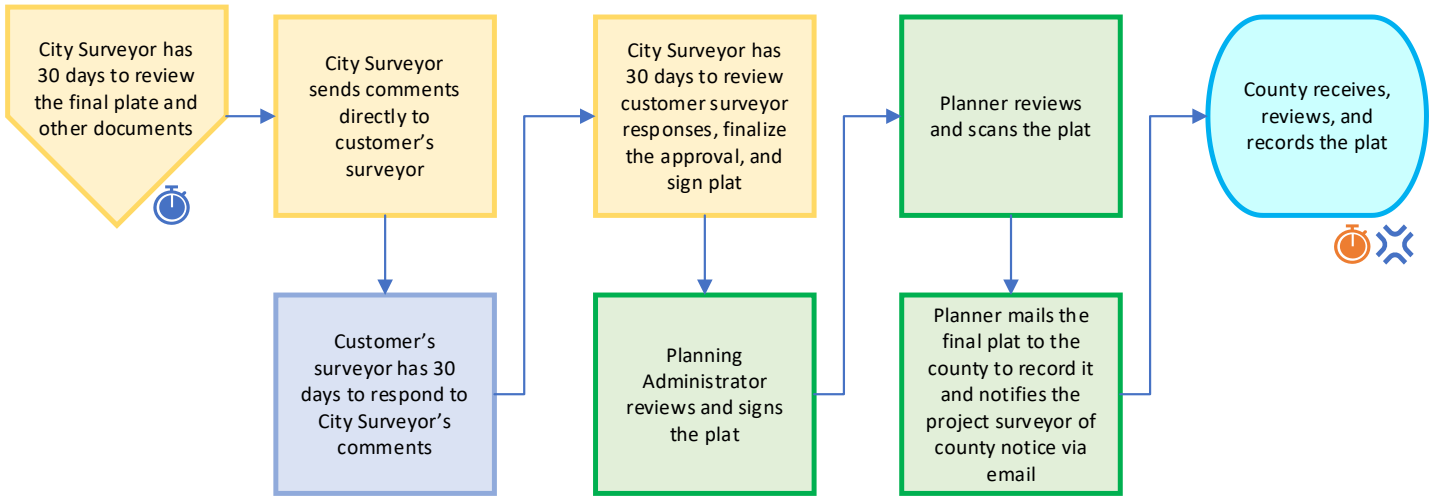
City of Salem

PROCESS MAPPING: Subdivision – Platting (Continued)

90 day window for the final plat to be recorded starts.

90 day recording clock ends when the plat is recorded with the County.

The City has no control over how long it takes the County to record the plat. The City may also may reject the plat (rare).

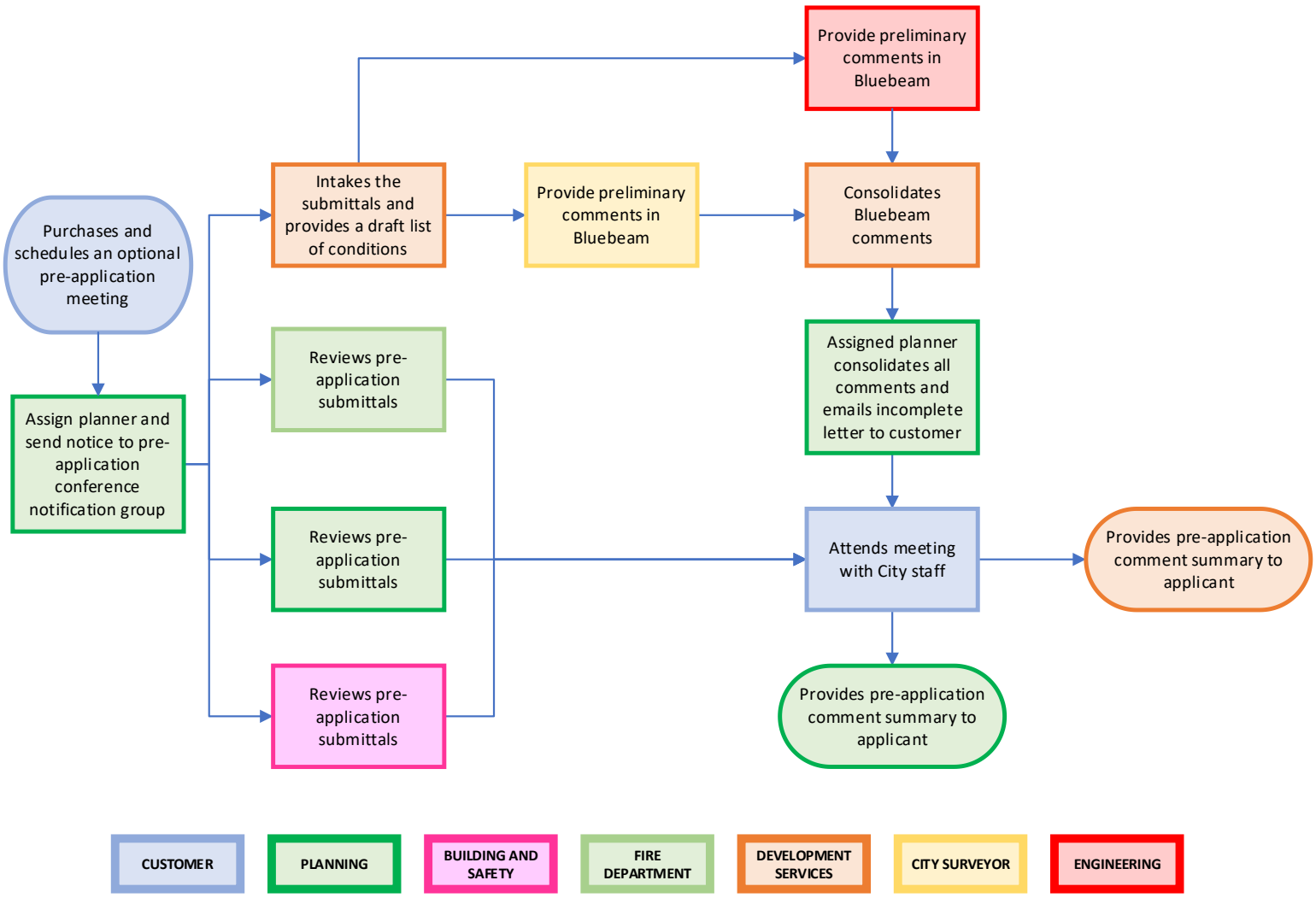


CUSTOMER | PLANNING | BUILDING AND SAFETY | FIRE DEPARTMENT | DEVELOPMENT SERVICES | CITY SURVEYOR | ENGINEERING | OTHER

City of Salem

PROCESS MAPPING: Site Plan Review: Pre-application

Page 8



City of Salem

PROCESS MAPPING: Site Plan Review – Completeness Review

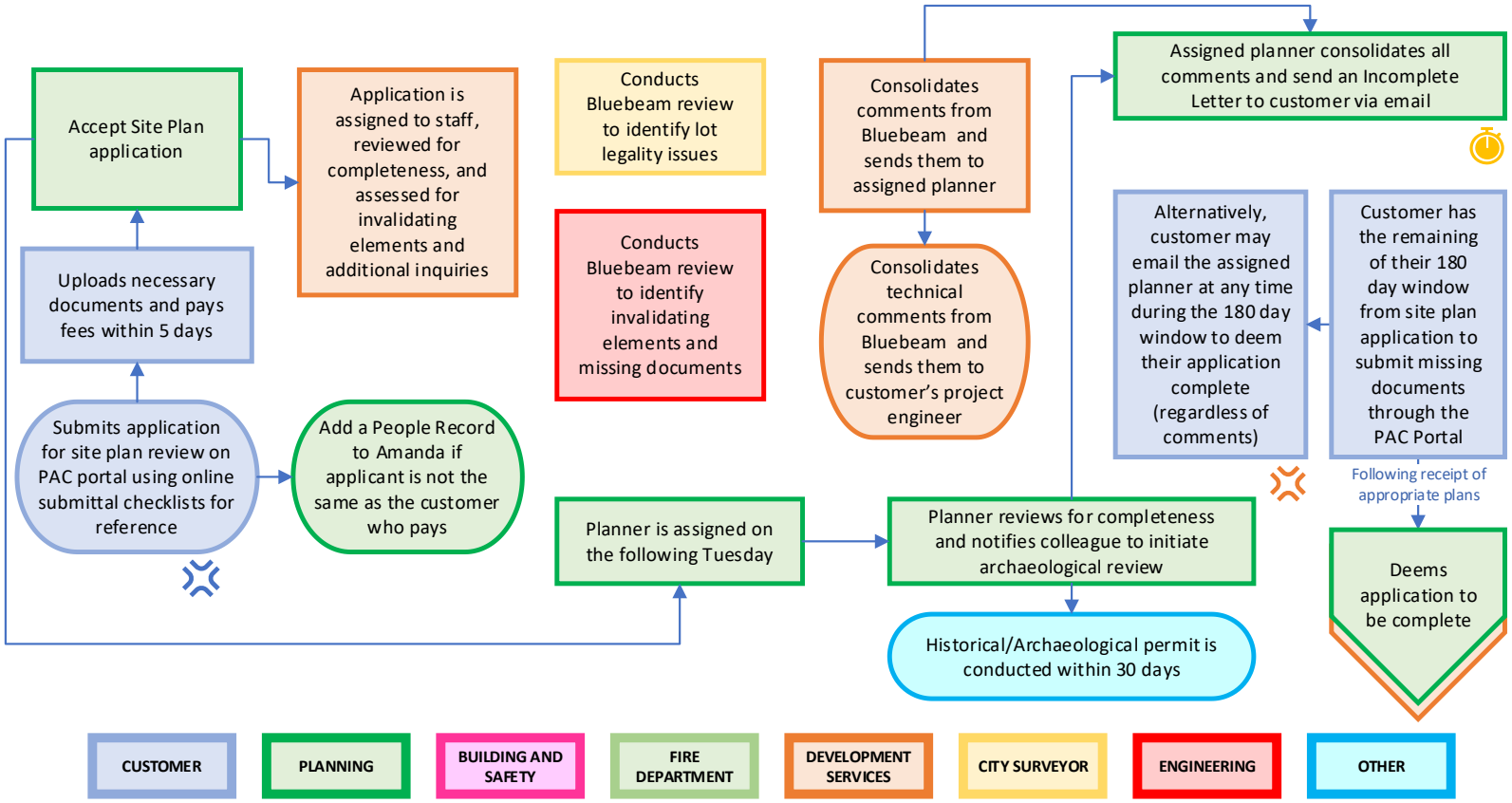
Customer starts their 180 day window for submitting a complete application (i.e., to submit missing documents)

Planning starts their 30 day completeness review (aiming for 20 days)

Planning completes their 30 day completeness review and issues a decision on application completeness.

Staff noted that it may be useful to add a set of required guiding questions to the PAC portal to help orient customers, clarify what they desire, and set timeline expectations. Questions can also help establish the class of application

Customer-driven permit closure is difficult to navigate due to challenges with customer documentation quality and completeness.



City of Salem

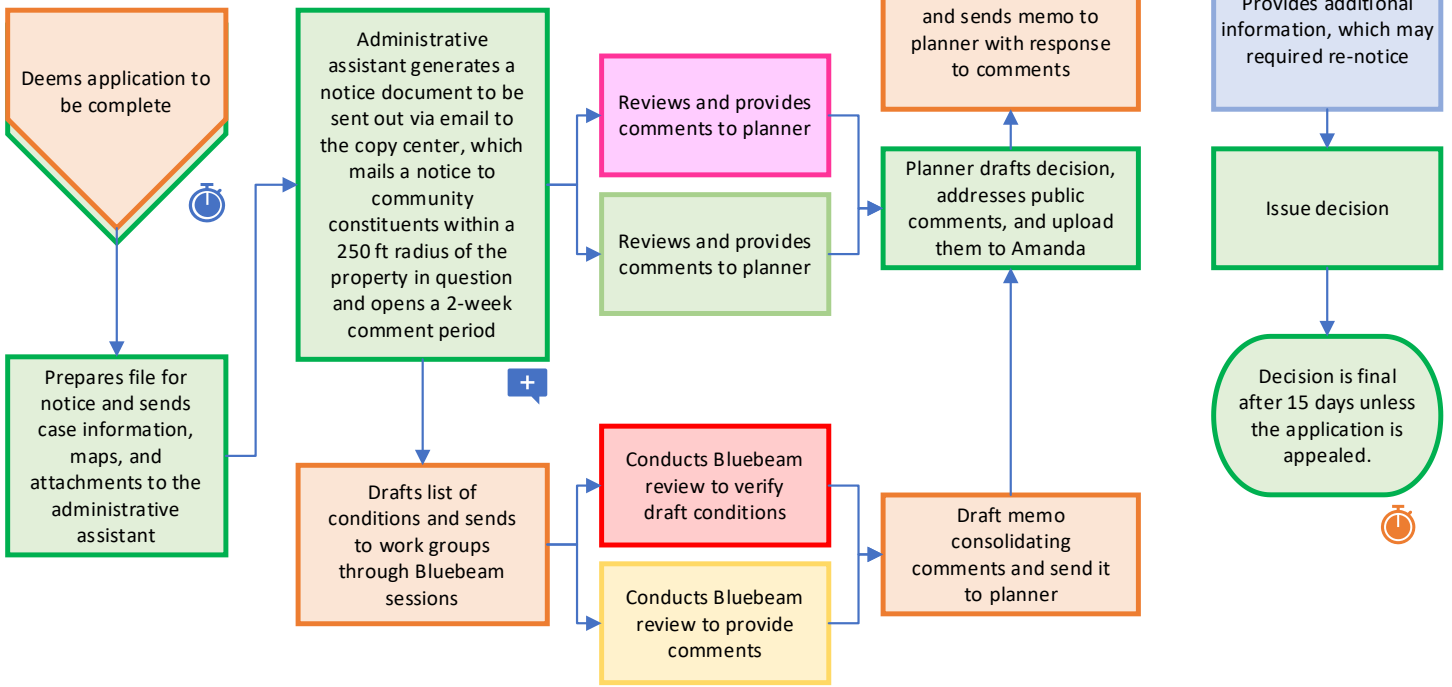
PROCESS MAPPING: Site Plan Review – Land Use Notice and Decision

Page 10

Start of 120 day window to review and provide a decision over the completed land use application

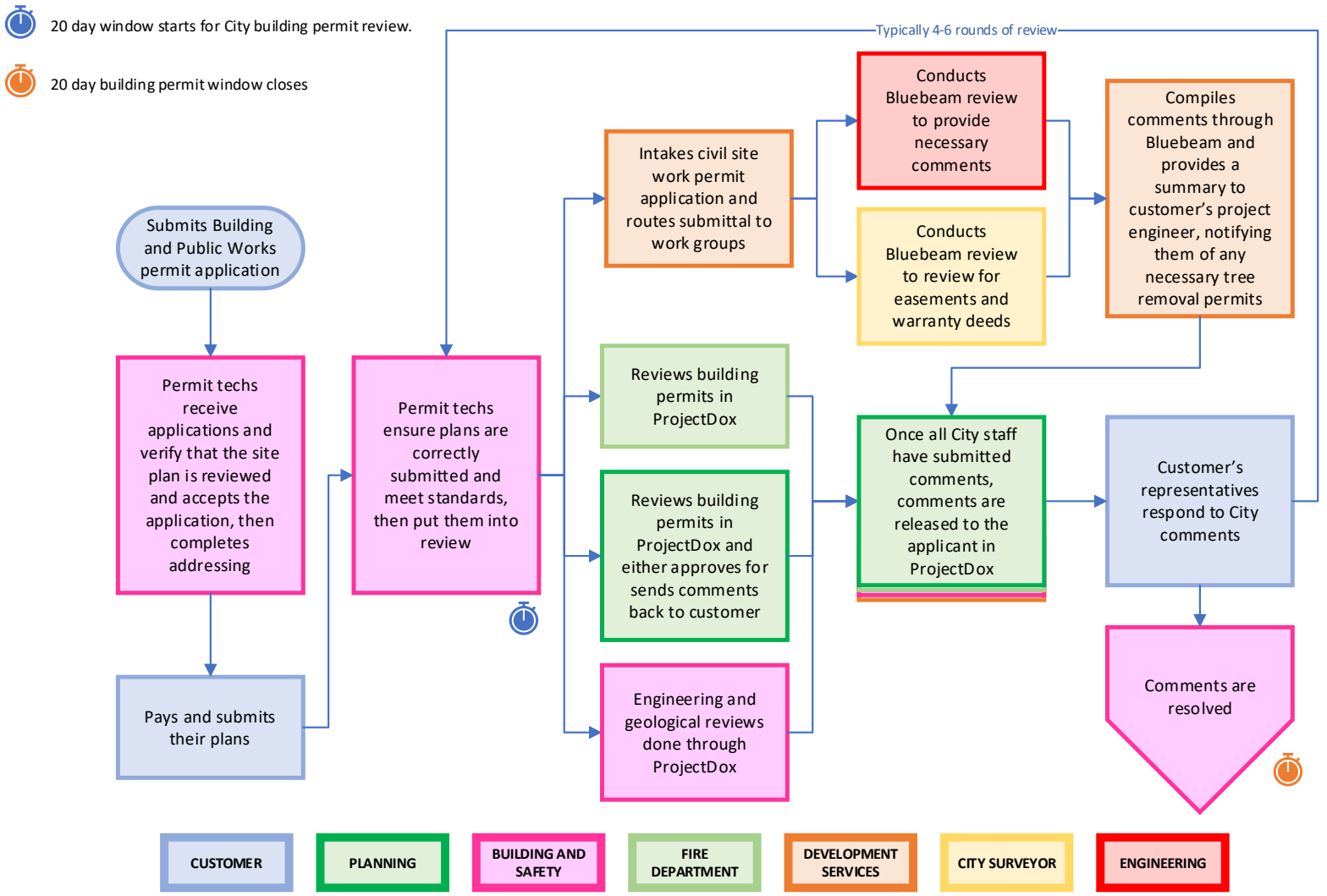
End of 120 day window to issue decision.

The appeal process is nested within the City's 120 day window to review and provide a determination over the completed application submitted. Because the appeal process typically take 45-60 days, this severely shortens the City's time allotment for producing their decision



City of Salem

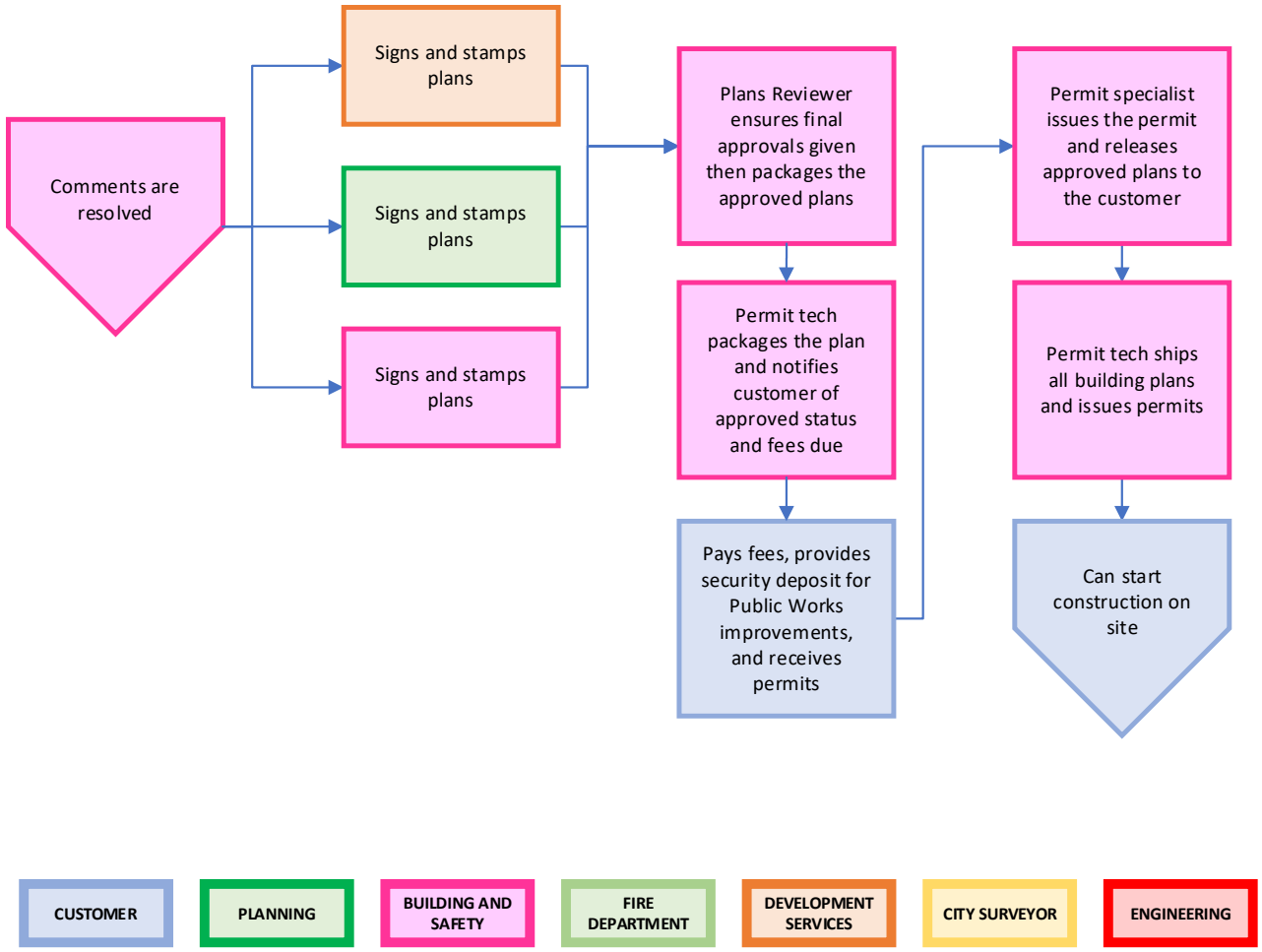
PROCESS MAPPING: Site Plan Review – Building Permits



City of Salem

PROCESS MAPPING: Site Plan Review – Building Permit Continued

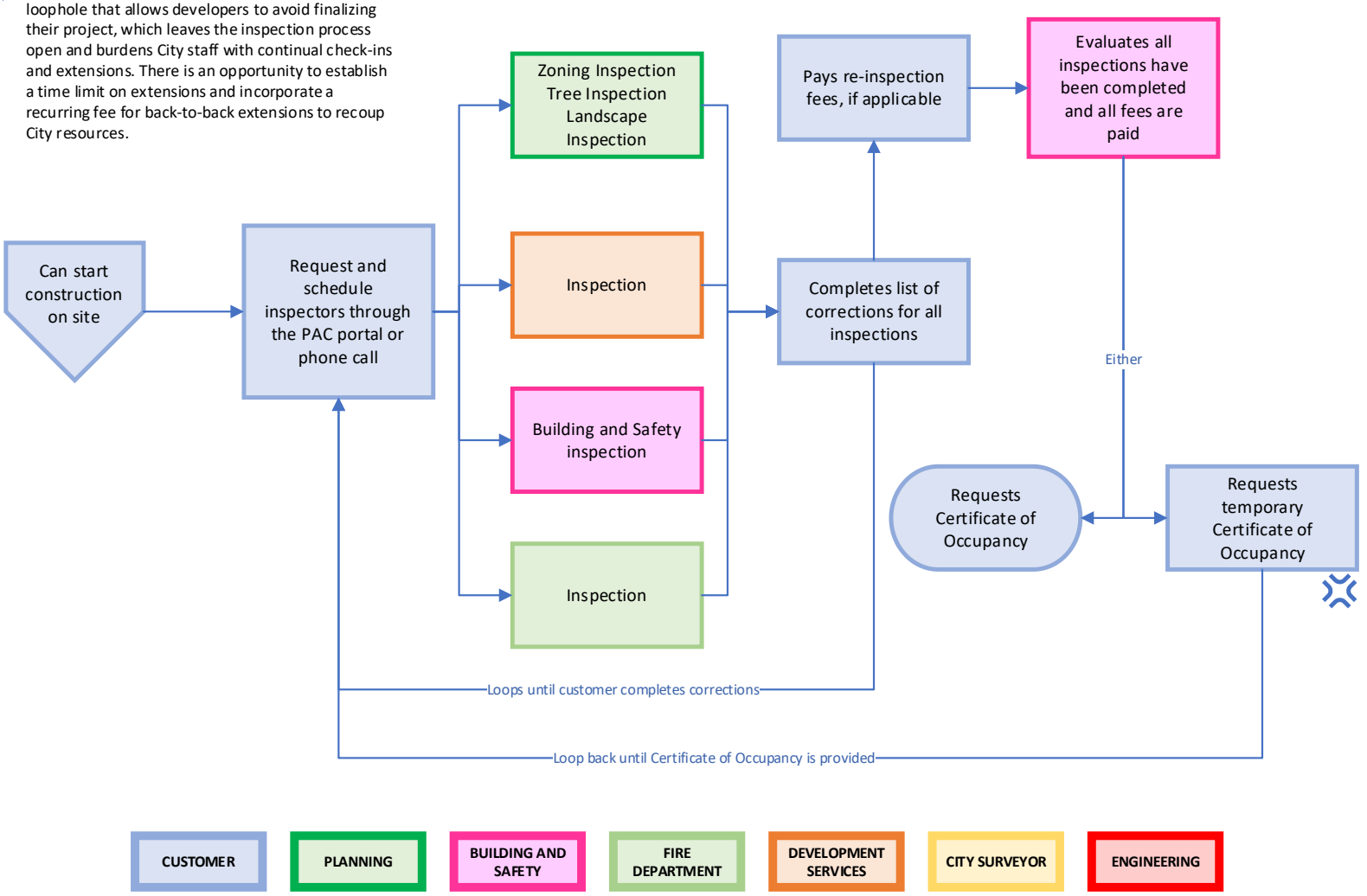
Page 12



City of Salem

PROCESS MAPPING: Site Plan Review: Inspections

The temporary Certificate of Occupancy is a loophole that allows developers to avoid finalizing their project, which leaves the inspection process open and burdens City staff with continual check-ins and extensions. There is an opportunity to establish a time limit on extensions and incorporate a recurring fee for back-to-back extensions to recoup City resources.

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