



City of Independence

Review of Licensing and Permitting Process

City Of Independence, Missouri

**Report to the Mayor and City Council
By the Management Analyst
December 17, 2013
Report No. 12-04**

City of Independence

City Council Office



December 17th, 2013

Honorable Mayor and Members of the City Council:

This report was assigned by the Audit and Finance Committee in August 2012 and was initiated by the City Management Analyst pursuant to Chapter 1, Article 43 of the City Code of Ordinances. The audit was designed to address questions regarding the experiences of new and existing business seeking licensing and permitting services from the City. Key focus areas included inter-departmental coordination in the licensing and permitting process, the customer service experience, and staff communication, both internally and with customers.

The licensing and permitting process, when appropriately engaged and understood by a customer, rates favorably for quickly and accurately assisting customers. Indeed, 59% of those surveyed for this report rated processing times as the area with which they were most satisfied. These ratings of timeliness are consistent with the findings of the 2012 Greater Kansas City Municipal Development Report Card, prepared by the Lewis White Real Estate Center at the University of Missouri-Kansas City and the area chapter of the Society of Industrial and Office Realtors (SIOR). This report reviewed the time required to secure building permits for commercial development. The report ranked Independence as being tied for second best among 14 area cities for permit approval time.

Customer satisfaction is not just limited to timely processing. Instead, 83% of survey respondents stated that the commercial development process in Independence compared favorably or about the same to other communities with which they had worked. When asked which portion of the commercial development process was most in need of improvement, 48% of respondents indicated that no improvement was needed, which was the most common response. Moreover, satisfaction among survey respondents increases with each subsequent phase of the licensing and permitting process. When asked to consider their perception of various stages of the process, 77% found it moderately or very easy to navigate their initial contact with the City, 82% found it moderately or very easy to navigate the permit application stage and 91% of respondents found it moderately or very easy to navigate the inspection process. That these perceptions increase with each passing step in the process again indicates that once the requirements of the process are clearly understood, customers will likely find their project brought to a hassle-free and expeditious conclusion.

It is, however, correctly identifying project requirements and orienting the initial discovery stage of the process that has proven to be challenging for some customers, thereby negatively impacting their perception of the process. 32% of respondents strongly or somewhat disagreed that staff gave them complete and consistent answers regarding the requirements for their project. Because of the perceived lack of consistent information early in the process, 27% of survey respondents identified themselves as unsatisfied or very unsatisfied with employee courtesy. When considering employee knowledge in this

phase, 19% of survey respondents rated themselves as unsatisfied or very unsatisfied and 18% were neutral. Community Development staff that handle many of these initial customer interactions indicated that one of their biggest challenges is making sure they are able to fully determine the scope of a project. It can be difficult for a customer to know what information is relevant to staff, and it can be equally difficult for staff to easily ascertain the details of a project, making it hard to provide customers with the correct information. Staff also noted that when a high volume of traffic is being handled at the customer service counter, they must attempt to accommodate everyone's needs as quickly as possible. Any such dissatisfaction is also likely driven by the fact that the process involves multiple departments, thereby making it difficult to determine the correct resources and guidelines necessary to meet the requirements of a project. Departments involved with the licensing and permitting process noted that improvements need to be made to improve internal coordination, especially in identifying the appropriate point of contact within each department. Given these challenges, there is presently lacking a high degree of predictability and certainty in the early stages of the licensing and permitting process.

Staff from the Community Development, Finance, Fire, Health, Police, Power and Light, Public Works, Technology Services, Water, and Water Pollution Control Departments reviewed a draft of this report. The draft report was also reviewed by the City Manager and City Counselor, and a response from the City Counselor is appended. Finally, members of the Audit and Finance Committee reviewed this report before it was finalized. The cooperation and courtesy of all who provided assistance is greatly appreciated.

Respectfully,

A handwritten signature in black ink that reads "Zachary Walker". The signature is written in a cursive, flowing style.

Zachary Walker
City Management Analyst

Contents

Contents.....	4
Introduction	5
Audit Objectives.....	5
Scope and Methodology	5
Background	5
Summary.....	8
Findings.....	10
The Process Lacks a Dedicated Point of Entry and Contains Multiple Departments That Need Improved Coordination	10
The Process Contains Regulations and Steps That Are Not Well Communicated	12
Confusion Early in the Process Negatively Impacts Customer Service Satisfaction	15
Technology Utilized in the Licensing and Permitting Process is Antiquated	18
The Process Lacks Well-Defined Performance Measures.....	20
Recommendations.....	20
Appendix A: City Counselor’s Response	22

Introduction

Audit Objectives

This audit of the City of Independence's licensing and permitting process for new businesses was conducted pursuant to Chapter 1, Article 43 of the City Code of the City of Independence, which outlines the primary duties and responsibilities of the City Management Analyst. This audit was designed to answer the following questions:

- How well coordinated are City departments involved in the licensing and permitting process?
- Are customers provided with consistent information from City staff regarding project status and project requirements?
- Is thorough communication provided to a customer when a project or plan review is stalled?

Scope and Methodology

This audit was assigned by the City Council's Audit and Finance Committee in August 2012 and begun in May 2013. The audit was conducted in accordance with generally accepted government auditing standards as well as the City's audit policies and procedures. Audit methods included:

- Administering a 25-question customer satisfaction survey to 350 contacts representing developers, contractors, and business owners who applied for a commercial building permit between July 1st, 2012 and March 31st, 2013.
- Conducting interviews with staff from the Community Development, Finance, Fire, Health, Police, Power and Light, Public Works, Technology Services, Water, and Water Pollution Control Departments as well as staff from the City Manager's Office.
- Reviewing literature detailing best practices and improvements for business licensing and permit activities, including previous City of Independence audit reports of the business licensing and permit process.
- Researching regional cities as well as nationally recognized communities to compare and contrast current practices in the City of Independence.

No information was omitted from this report because it was deemed privileged or confidential.

Background

The Community Development Department's Building Inspection Division is tasked with ensuring that buildings, structures, and properties are constructed, utilized, and maintained in a manner that reduces risk to public health, safety, welfare and trust relating to all aspects of the built environment. The division accomplishes this role through the administration and enforcement of the adopted building codes, ordinances, and construction standards. A business wishing to construct or otherwise modify a

structure must first submit an application for a permit to complete this work. Through the City's Building Official, the division issues permits for building, electrical, mechanical, plumbing, and roofing activities. All but the building permit may be applied for via the City's website, as building permits require the submission of building plans. Design and construction standards for these activities are regulated by Chapter 4 of the City Code of Ordinance through the adoption of international codes:

- Article 4: Adopts the International Plumbing Code, 2012 Edition, as published by the International Code Council, Inc., as the Plumbing Code for the City of Independence for control of plumbing installation or construction.
- Article 5: Adopts the International Building Code, 2012 Edition, as published by the International Code Council, Inc., as the Building Code for the City of Independence for control of buildings and structures.
- Article 6: Adopts the International Mechanical Code, 2012 Edition, as published by the International Code Council, Inc., as the Mechanical Code for the City of Independence for control of heating, pipe fitting, ventilating, cooling, and refrigeration installation or construction.
- Article 7: Adopts the National Electric Code, 2011 Edition, as published by the National Fire Protection Association and approved by the American National Standards Institute, as the Electrical Code of the City of Independence for control of electrical installation and construction.
- Article 12: Adopts the International Existing Building Code, 2012 Edition, as published by the International Code Council, Inc., as the Existing Building Code of the City of Independence for the repair, alterations, change of occupancy, additions, and relocation of existing buildings, including historic buildings.

In Fiscal Year 2011-12, the division issued 3,181 permits and conducted 5,880 building inspections (including residential structures). Inspections are completed to ensure the work has been executed in accordance with the aforementioned code requirements. Inspection and enforcement for these activities are administered by the Community Development, Power and Light, Water, and Water Pollution Control Departments.

New businesses must also conform to Chapter 9 of the City Code, which adopts the 2012 Edition of the International Fire Code as the Fire Code and the 2012 Edition of the National Fire Protection Association as the Life Safety Code for the City of Independence. These codes are administered, inspected, and enforced by the Fire Prevention Division of the Fire Department, which is overseen by the Chief Fire Inspector. In Fiscal Year 2011-12, the Division conducted 523 plan reviews and final construction inspections and 858 occupational license inspections and reinspections.

Depending on the nature of the work being done, other City departments may also become involved in the commercial building process. Any individual, business or non-profit organization that is going to

distribute or sell food or drink for human consumption must have a Food Service Permit. The Environmental Health Division of the City's Health Department is responsible for enforcing the design standards set forth in Articles 9 and 10 of Chapter 11 of the City Code as well as for issuing the Food Service Permit. Additionally, the Health Department also regulates the operation of nursing homes (Article 6, Chapter 11), day cares (Article 7, Chapter 11), swimming pools (Article 13, Chapter 11), massage therapy establishments (Article 14, Chapter 11), tattoo and piercing facilities (Article 16, Chapter 11), and lodging facilities (Article 17, Chapter 11).

Public improvement work is inspected by the Public Works Department and includes grading, erosion control, sanitary sewers, storm water detention construction, sidewalks, curbs, and drive approaches in the right-of-way. These regulations are outlined in Chapters 17 and 20 of the City Code.

A project must also be reviewed by the Community Development Department's Current Planning Division to ensure it conforms to the zoning requirements as set forth in the City's Unified Development Ordinance. Once all zoning requirements have been satisfied, and upon completing final inspection of all permitted work, a business is issued a Certificate of Occupancy by the Community Development Department. The Community Development Department utilizes a software system known as HTE to coordinate inspections, with each department indicating when final inspections are complete.

Since the licensing and permitting process for new businesses requires compliance with a wide array of City codes administered by multiple City departments, the Community Development Department offers a pre-application meeting to all applicants. This meeting brings together representatives from review departments prior to application submission. The goal of the pre-application meeting is to ensure quick approval once a plan is submitted, obtain departmental contact information, and provide a comprehensive list of the project requirements, the project deadlines, and expected review times.

In addition to regulating the built environment, the City also requires any individual or company operating a business or providing a service in Independence to obtain a business license. Chapter 5 of the City Code sets the procedures for obtaining a business license. The Business Licensing Division of the Finance Department is responsible for processing, issuing, and monitoring business licenses. Application for a business license may be made online with payment by a credit card. In Fiscal Year 2011-12, the Business Licensing Division issued 7,867 business licenses, including annual renewals.

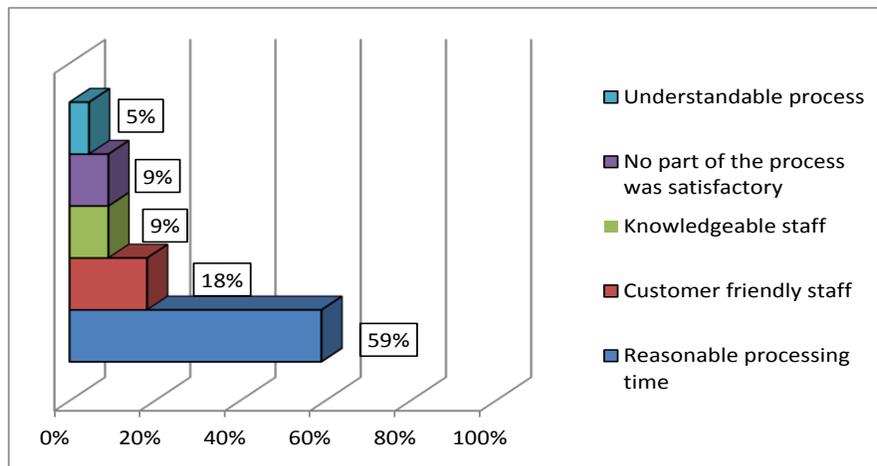
Applications for a business license were previously processed manually and were circulated to each review department to ensure compliance with all health, zoning, fire, building, and other codes of the City of Independence, as required by Section 5.01.008(C) of the City Code. This process took upwards of 30 days to complete, and this portion of the City Code was eliminated in January 2001. In its place, the Finance and Technology Services Departments collaborated to develop an in-house software system that routes each new business license application to the review departments. A zoning clearance check is made, and all review departments are given 48 hours to place a hold on the application should they wish to allow for any further assessment of the business. If no response is received within 48 hours, a department's consent is assumed, and new business licenses are printed each Thursday.

In addition to administering the business license program, the Business Licensing Division also processes requests for a liquor license. Liquor Licenses are issued in accordance with Chapter 2 of the City Code. In Fiscal Year 2011-12, the Division processed 32 new liquor license applications. In accordance with Section 2.04.001(C)(5) of the City Code, each liquor license application includes a criminal history report, conducted by the Independence Police Department and obtained from the Missouri Highway Patrol.¹

Summary

The licensing and permitting process, when appropriately engaged and understood by a customer, rates favorably for quickly and accurately assisting customers. Indeed, 59% of those surveyed for this report rated processing times as the area with which they were most satisfied. One survey respondent commented, “The convenience of online services and response times is very satisfactory.”

EXHIBIT 1: CUSTOMER SATISFACTION WITH ENTIRETY OF PROCESS



These ratings of timeliness are consistent with the findings of the 2012 Greater Kansas City Municipal Development Report Card, prepared by the Lewis White Real Estate Center at the University of Missouri-Kansas City and the area chapter of the Society of Industrial and Office Realtors (SIOR). This report reviewed the time required to secure building permits for commercial development. The report ranked Independence as being tied for second best among 14 area cities for permit approval time.

Customer satisfaction is not just limited to timely processing. Instead, 83% of survey respondents stated that the commercial development process in Independence compared favorably or about the same to other communities with which they had worked. When asked which portion of the commercial development process was most in need of improvement, 48% of respondents indicated that no improvement was needed, which was the most common response. Moreover, satisfaction among survey respondents increases with each subsequent phase of the licensing and permitting process. When asked to consider their perception of various stages of the process, 77% found it moderately or very easy to navigate their initial contact with the City, 82% found it moderately or very easy to navigate the permit application stage and 91% of respondents found it moderately or very easy to navigate the inspection process. That these perceptions increase with each passing step in the process again

¹ Criminal history reports are also completed by the Independence Police Department as part of business license applications for pawnshops, taxicab/sightseeing/jitney operations, refuse haulers, and automotive dealers.

indicates that once the requirements of the process are clearly understood, customers will likely find their project brought to a hassle-free and expeditious conclusion.

It is, however, correctly identifying project requirements and orienting the initial contact stage of the process that has proven to be challenging for some customers, thereby negatively impacting their perception of the process. 32% of respondents strongly or somewhat disagreed that staff gave them complete and consistent answers regarding the requirements for their project. Because of the perceived lack of consistent information early in the process, 27% of survey respondents identified themselves as unsatisfied or very unsatisfied with employee courtesy. When considering employee knowledge in this phase, 19% of survey respondents rated themselves as unsatisfied or very unsatisfied and 18% were neutral. Community Development staff that handle many of these initial customer interactions indicated that one of their biggest challenges is making sure they are able to fully determine the scope of a project. It can be difficult for a customer to know what information is relevant to staff, and it can be equally difficult for staff to easily ascertain the details of a project, making it hard to provide customers with the correct information. Staff also noted that when a high volume of traffic is being handled at the customer service counter, they must attempt to accommodate everyone's needs as quickly as possible. Any such dissatisfaction is also likely driven by the fact that the process involves multiple departments, thereby making it difficult to determine the correct resources and guidelines necessary to meet the requirements of a project. Staff in each department involved with the licensing and permitting process noted that improvements need to be made to the internal coordination between departments, especially in identifying the appropriate point of contact within each department. Given these challenges, there is presently lacking a high degree of predictability and certainty in the early stages of the licensing and permitting process.

Finding: The Process Lacks a Dedicated Point of Entry and Contains Multiple Departments That Need Improved Coordination.

- **Recommendation:** Management should designate a staff liaison to serve as the official point of entry for those seeking business-related assistance.

Finding: The Process Contains Regulations and Steps That Are Not Well Communicated.

- **Recommendation:** Management should finalize development of a comprehensive business resource guide outlining general process steps and requirements. This guide should be placed prominently in the business portal on the City's website and should also be placed at the automated business centers and service counters in City facilities.
- **Recommendation:** As the administrator of the plan review and permit inspection process, Community Development staff should determine which departments need to be involved with which project types and continue to condense the number of permit types and revise permit application forms, thereby eliminating the number of steps required in the process and increasing the rate of first-time project approvals.
- **Recommendation:** Management should create a video for inclusion in the business portal on the City's website to illustrate the general steps in the licensing and permitting process, including promoting the pre-application review meeting.

- **Recommendation:** Departments involved in the licensing and permitting process should identify a staff person to serve as the point of contact in order to improve inter-departmental communication and accountability.

Finding: Confusion Early in the Process Negatively Impacts Customer Service Satisfaction

- **Recommendation:** The Community Development Department should act upon staff’s idea to develop a situational guide or list of frequently asked questions to ensure they are thoroughly assessing the customer’s project
- **Recommendation:** Management should finalize plans to provide a citywide customer service training to ensure a business friendly culture is promoted among City staff.

Finding: Technology Utilized in the Licensing and Permitting Process is Antiquated.

- **Recommendation:** The City should migrate to a new software system and away from aging legacy systems to allow for integration of information between departments.
- **Recommendation:** Management should encourage the development of “apps” for smart devices to allow for additional project management capabilities by customers.

Finding: The licensing and permitting process lacks well-defined performance measures.

- **Recommendation:** City departments responsible for administering licensing and permitting functions should set goals related to the quality and timeliness of work and should develop performance measures to monitor progress.

Findings

The Process Lacks a Dedicated Point of Entry and Contains Multiple Departments That Need Improved Coordination

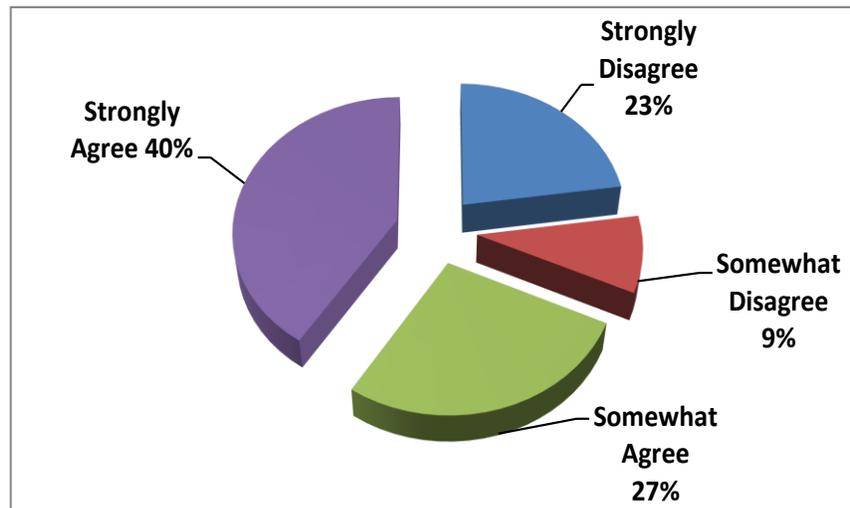
Identifying the correct point of entry into the licensing and permitting process can be difficult for those seeking to open a business in Independence. Customer satisfaction increases with each phase of the licensing and permitting process as requirements are better understood. However, customers reported that the initial stages of the process lack an identifiable, single point-of-entry. Moreover, these individuals also reported that the success and overall ease of navigating the process is overly dependent on where a customer makes their initial point of contact. This means that although City staff may be working to provide reliable information, an applicant may start in the wrong place and need to be redirected, or, worse, may become misinformed about the requirements of their project.

When a patron enters Independence City Hall, one of the most notable features in the second floor lobby is a large customer service counter. Because of its prominence, this tends to be the most common initial point of contact for many customers. This counter area provides services for three different functions: permits and zoning activities, both managed by the Community Development Department, and business licensing, managed by the Finance Department. In fact, 68% of survey users indicated their

initial point of contact was with the Community Development Department, while another 14% reported this contact was made with the Finance Department. In many instances, this counter area is the appropriate point of entry for a customer. Depending on the customer’s need or project type, however, staff at this counter may have to direct them to another location, either within City Hall or at another external location. Moreover, staff members that operate the counter noted that customers tend to approach the counter without noticing that different areas are designed to provide different types of services, as there is no clear delineation between these functions. Staff indicated that the physical layout of this counter could likely be improved to make these divisions more apparent or aesthetically pleasing, thereby helping to better direct the flow of traffic.

Research conducted by the National League of Cities suggests that creating avenues of communication is one of the key ways local governments can encourage business growth.² Depending on the type of business, up to nine City departments may be enforcing various code requirements, including overseeing the issuance and inspection of multiple licenses and permits. Compounding this issue is that no one division, department, or liaison has currently been designated as the de facto conduit of these activities. Having multiple departments involved in the licensing and permitting process without a central point of contact may leave some customers feeling as if they cannot obtain a consistent response from City staff regarding the requirements for their project. Some staff members interviewed for this report indicated that they too had experienced situations in which the answer received regarding project requirements would vary from department to department or even from staff person to staff person within the same department. 32% of respondents strongly or somewhat disagreed that staff gave them complete and consistent answers regarding the requirements for their project.

EXHIBIT 2: PERCENTAGE OF RESPONDENTS WHO AGREED STAFF GAVE COMPLETE AND CONSISTENT ANSWERS



² National League of Cities Center for Research and Innovation. “Supporting Entrepreneurs and Small Business: A Tool Kit for Local Leaders”.

To that end, it may be advisable to designate a staff liaison as the formal point of entry for the licensing and permitting process. Research shows these liaisons take on various forms across municipalities. In cities such as Kansas City, Missouri (KC Bizcare) and Milpitas, California (Milpitas Business Ambassador Program), customer service centers consisting of multiple staff members have been established to provide assistance for businesses navigating a city’s licensing, permitting, and approval process. In other communities, such as Springfield, Missouri, one staff person has been designated as an “ombudsman” to serve a similar purpose. Providing informed staff or advocates within the City may serve to further assist customers navigating internal City departments. Several departments interviewed for this report indicated support for such a function. Some departments and key stakeholders, including staff from the Ennovation Center and Independence Economic Development Council, indicated they have utilized staff from the City Manager’s Office as a means to successfully navigate the licensing and permitting process, once again highlighting that the initial point of contact can greatly influence the ease with which the process is completed. The overriding theme in these cities, however, is that they serve as “point-of-entry” ambassadors to inform and guide the customer, but the administration, interpretation, and enforcement responsibilities still lie with the respective departments. Should an ambassador function be desirable in Independence, this is an important aspect to retain, as these departments possess the formal knowledge to administer key code requirements.

The Process Contains Regulations and Steps That Are Not Well Communicated

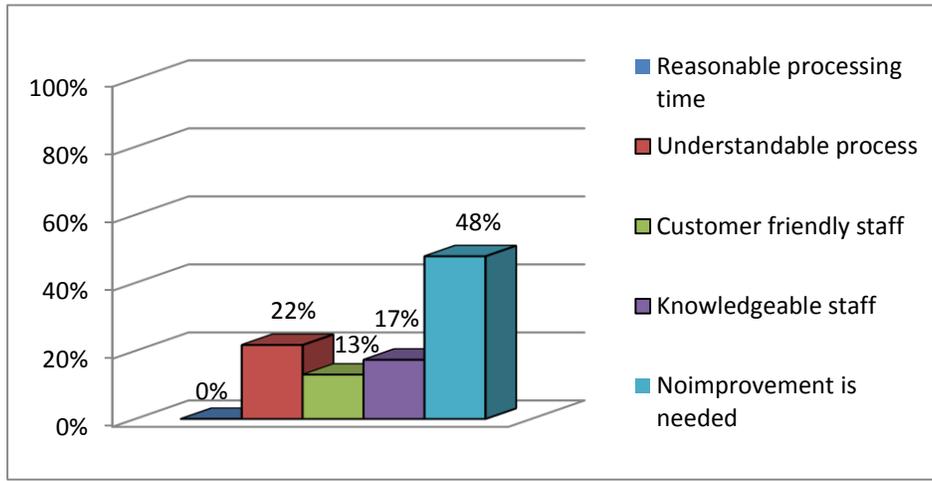
The licensing and permitting process contains unclear regulations and confusing steps that are not well communicated, especially early in the process. Navigating regulatory steps can be difficult for any business, but can be especially hard on small or new businesses that do not have the time, resources, and experience needed to readily understand the process. A National League of Cities Report found that “a major barrier facing new and small businesses isn’t insurmountable regulations, but a regulatory process that makes it difficult for them to engage with the system.”³

Instead, the level of success early on is largely a product of one’s level of experience and familiarity with licensing and permitting requirements. In fact, survey respondents showed an increasing level of satisfaction with each passing phase of the licensing process. While 77% of users found it moderately or very easy to navigate through their initial contact with the City, 82% found it moderately or very easy to navigate the permit application process and 91% found it moderately or very easy to navigate the inspection process, showing that as users become more familiar with the process, they are more likely to have a positive perception.

It thus becomes critical to ensure customers are made to feel informed about and comfortable with the process and project requirements in the early stages. An “understandable process” was cited by 22% of respondents as the area most in need of improvement, representing the top choice among those who felt improvements were needed.

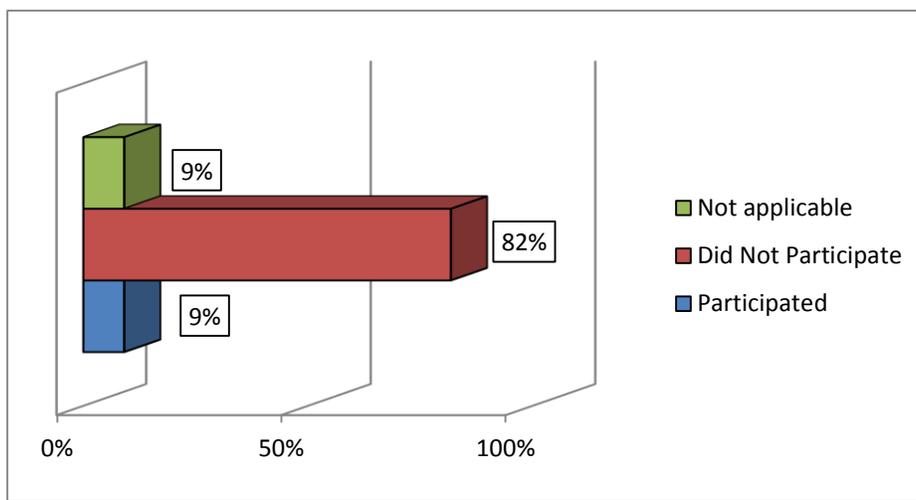
³ National League of Cities Center for Research and Innovation. “Supporting Entrepreneurs and Small Business: A Tool Kit for Local Leaders”.

EXHIBIT 3: AREAS MOST IN NEED OF IMPROVEMENT



While regulations help safeguard citizens, protect built and natural assets, and preserve a city’s sense of place, they can also create barriers that impede development for businesses.⁴ To overcome these potential barriers, the City has taken some important steps to clarify the regulations and the steps involved. For example, the Community Development Department offers an optional pre-application meeting prior to application submission for all construction-related projects. The purpose of these meetings is to introduce an applicant and their design professional to City staff from all departments responsible for enforcing code requirements, review what those requirements are, and ensure quick approval of plans once submitted. Both City staff and those surveyed for this report agreed these meetings were very beneficial. However, only 9% of those surveyed indicated they had previously participated in such a meeting.

EXHIBIT 4: PERCENTAGE OF RESPONDENTS WHO PARTICIPATED IN THE OPTIONAL PRE-APPLICATION MEETING



⁴ National League of Cities Center for Research and Innovation. “Supporting Entrepreneurs and Small Business: A Tool Kit for Local Leaders”.

Staff indicated they are reluctant to make these meetings mandatory because they do not want to be seen as an impediment to an applicant who wishes to move quickly through the process. However, staff should identify a strategy for increasing participation in the pre-application meeting given the benefit reported among those who participated. The pre-application meeting is not well-advertised on the City's website, so increased promotion and publicity of the meeting should be a priority.

City staff has also taken steps to document process requirements, with multiple departments creating various guides or checklists to review pertinent information regarding the licenses and permits for which they are responsible. However, no comprehensive guide is currently available to serve as a singular source of general process steps and common project requirements. Instead, one must contact each department individually to obtain this information. Moreover, staff that operates the customer service counter in the main lobby of City Hall indicated that the number of customers waiting to be serviced at this counter can create a long queue, when some of these customers simply need general project information. They suggested that creating a basic user guide or general information brochure may alleviate some of this backlog and serve these customers more quickly, thereby allowing them to spend more time reviewing detailed plans and discussing permit applications with customers who are further along in the process.

Staff noted that previous attempts to create a comprehensive guide or checklist had proven difficult, given the many nuances that can arise from project to project. Other municipalities have avoided this breakdown, however, by noting that the guide should not be used to address all potential requirements. The business resource guide developed by KC Bizcare, for example, contains the following disclaimer: *"The Business Resource Guide is intended to serve as a reference document and in no way attempts to provide all of the information necessary to start a business in the City of Kansas City, Mo. The advice of an attorney and/or accountant should be sought before conducting any business activity."*⁵

Additionally, the City currently has a portal for "business" activities, but it contains the varied guidelines and checklists from the multiple departments involved, making it cumbersome to easily identify these resources. To alleviate confusion, staff should revise the current business portal to create a virtual one-stop customer experience. Placing the consolidated business resource guide in this forum would help reduce confusion, along with all necessary resources and applications to complete project requirements. Rather than requiring business owners to take their time gathering information from several City departments, the virtual one-stop shop would enable customers to more easily find pertinent information as well as more readily conduct most of their business online at their convenience.

Furthermore, City's such as Springfield, Missouri and Kansas City, Missouri, have produced short videos to illustrate the license and permit process, thereby allowing users to see physical locations of where they need to go to complete certain steps, what this interaction will look like, and where in the process each general step occurs. These videos are similar to the "Inside Independence" videos currently produced by the City's Technology Services Department. This video could also serve as another avenue to promote the pre-application meeting to customers.

⁵ "Business Resource Guide: City of Kansas City, Mo". Revised 10/2011.

In addition to these customer-service oriented improvements, staff should also seek to address internal processing issues. Staff highlighted instances in which they were sent plans for project review or asked to perform inspections of permitted work which were unnecessary. Staff from the Community Development Department, who directs this review and inspection process, noted that they have begun meeting with other departments to clarify which project types they are responsible for so as to eliminate any unnecessary delays in the approval process to further reduce confusion.

Along these same lines, many staff members indicated that, due to retirements and other factors, they are no longer certain who the point of contact may be for each department. As such, they are challenged to easily identify a personal point of contact in a department. To that end, each department should designate a point of contact. This designee and their contact information should also be included in the business resource guide as well as the virtual one-stop shop on the City's website.

Finally, staff is improving tedious permit application and inspection procedures, including the following:

- Presently, customers must make an application and request an inspection for multiple separate trade permits (i.e., building, mechanical, electrical, and plumbing). Staff is amending this process to create one permit to cover the building and trade permits for a project, resulting in one application and one call for inspection. Similar procedures are used in Lee's Summit and Blue Springs and should be familiar to contractors. Staff plans to debut this change in the fall.
- The current application for permits reflects a "one size fits all" approach, and does not give the applicant all of the information needed to understand the requirements of the permit. To address this challenge, the Community Development Department is creating four different application forms, which will provide information to address common questions regarding each particular type of activity. Staff reported that when they amended the sign permit form, the first-time approval rate for sign permits increased from 80% to 94%. Staff expects these new permit forms will increase first-time approval from 60% to 85%.
- Community Development staff have begun researching all permit types to combine those that are similar or overlap one another. This review has reduced the number of permits from approximately 74 to 50. Staff plans to continue evaluating these permit types to seek to further streamline the permit process.

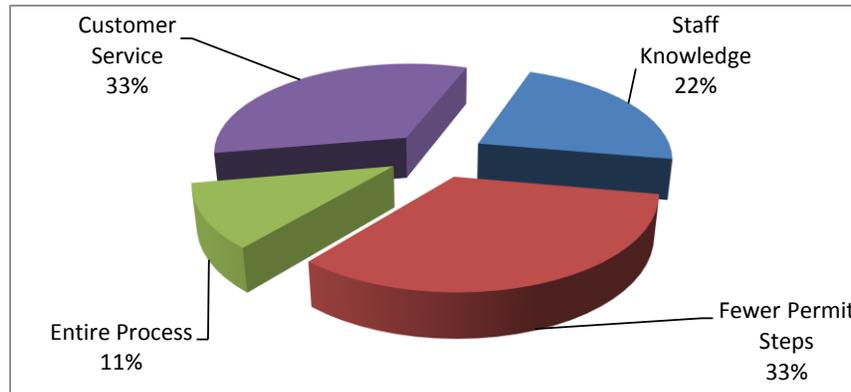
Community Development staff must make sure that these changes are well-communicated to the business development community while also informing staff citywide of these modifications.

Confusion Early in the Process Negatively Impacts Customer Service Satisfaction

Satisfaction with customer service is low in the early stages of the licensing and permitting process. As noted in Exhibit 1, when considering the entire licensing and permitting process, only 18% of survey respondents indicated that employee courtesy was the area with which they were most satisfied, while only 9% rated employee knowledge as the area with which they were most satisfied. When survey

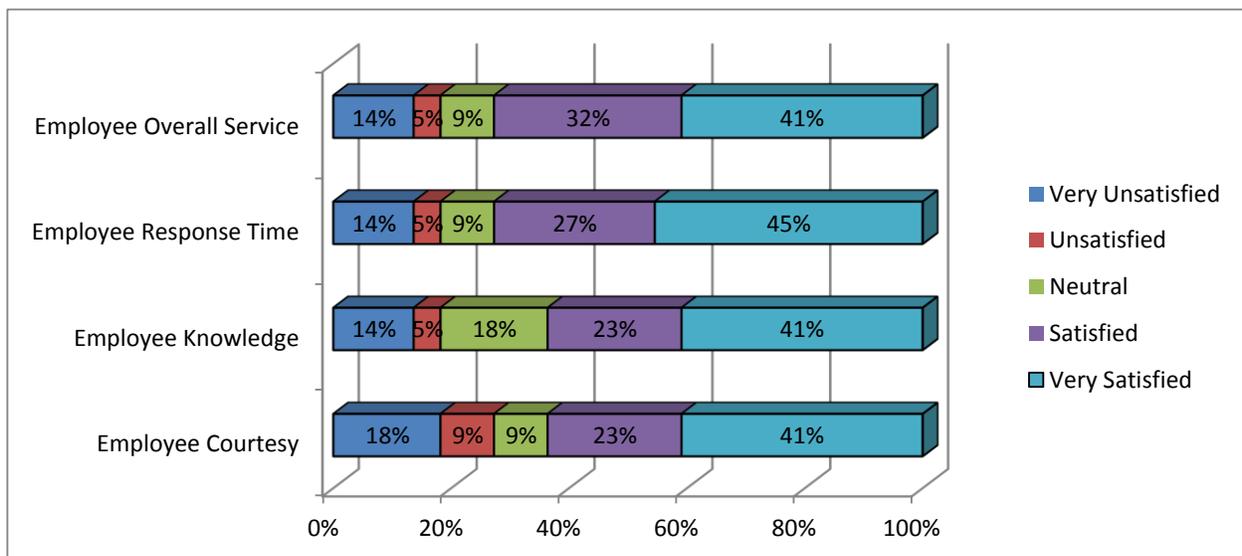
respondents were asked to consider certain aspects of the licensing and permitting process, 33% rated customer service as being more favorable in other communities, while 22% rated staff knowledge as being more favorable in other communities.

EXHIBIT 5: ASPECTS OF THE BUSINESS DEVELOPMENT PROCESS RATED MORE FAVORABLE IN OTHER COMMUNITIES



The survey indicates that customer satisfaction with employee courtesy continues to increase with each passing stage of the licensing and permitting process to the point that those dissatisfied or very dissatisfied with employee courtesy in the latter stages involving inspection of permitted work was limited to just 14%. However, earlier phases managed by Community Development Department staff that involves submitting a permit application and the issuance of permits at the service counter in City Hall found 27% of users were unsatisfied or very unsatisfied with employee courtesy, while 19% were unsatisfied or very unsatisfied with employee knowledge and another 18% only rated themselves as neutral with regard to employee knowledge.

EXHIBIT 6: SATISFACTION WITH COMMUNITY DEVELOPMENT COUNTER STAFF



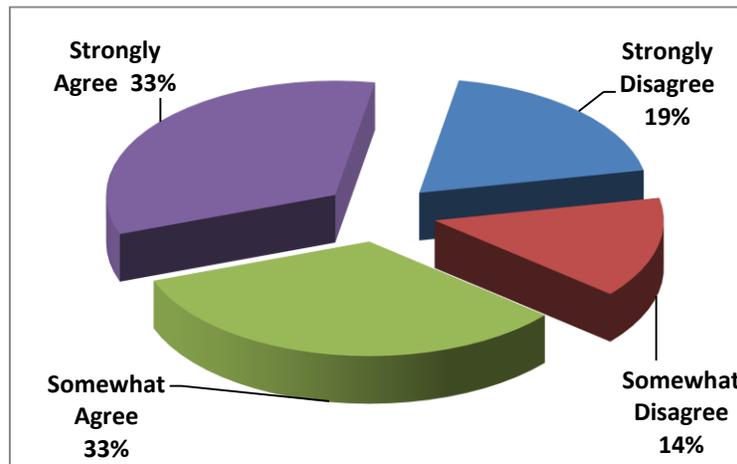
Some survey respondents, however, were highly complimentary of the permit application process. One respondent commented that “walking in was very easy”, another noted that the process was “much easier than other cities I deal with”, while still another praised the counter staff as being “awesome”. Community Development Department staff indicated that they take a great deal of pride in the level of customer service they provide, noting that helping people and having a “professional attitude is what we do.” Staff said they try to “bend over backwards” to help people, but admitted it can become rather hectic at the service counter during peak service times when staff attempts to service as many customers as quickly as possible. Additionally, because of the prominence of the service counter in the main lobby area, some of the customers who seek assistance are actually in need of an unrelated service, though staff does direct them to the appropriate resource.

Indeed, a closer examination of these survey responses reveals an important caveat. Note in Exhibit 6 that 73% of survey respondents were satisfied or very satisfied with the overall employee service they received from Community Development administrative and counter staff. Moreover, 72% of respondents were satisfied or very satisfied with employee response times. These responses, along with other interviews, indicate that the customer’s frustration lies not in some inherent rudeness or a lack of knowledge of project requirements on the part of Community Development staff. Instead, this evidence again suggests that while users are largely satisfied with the overall experience and response times of the Community Development administrative and counter staff, dissatisfaction with employee courtesy and knowledge in this area can be directly correlated with the inability to easily define project requirements or to outline the necessary steps in the process. Again, the ease with which a customer is able to clearly and swiftly obtain the necessary project requirements and process guidelines largely determines how easy and friendly they find the process to be.

Community Development Building Inspections staff indicated that they make every effort to assist customers by trying to fully gauge the scope of a project. Providing a customer with all requirements for their project can be difficult, however, if the scope is not fully communicated by a customer or understood by staff. In these situations, the customer will become frustrated when they are later instructed to make certain modifications to their project that could have been addressed earlier had all information been communicated to and understood by staff. In many instances, these situations are simply the product of customers who, as Building Inspections staff described it, are business savvy but unfamiliar with navigating the regulatory process. Staff noted that the most common question from these individuals is, “Why do I need a permit?” Staff suggested that it might be helpful to internally develop a situational guide or a list of frequently asked questions to help make sure they ask all the right questions of customers in order to fully understand the scope of a project.

Despite these efforts, there are still those who feel they are not readily provided with alternatives or suggestions to satisfy project requirements. One such respondent stated, “Staff (in other cities) was knowledgeable and gave ‘out of the box’ ideas that still met city code. You want an experience that you feel that the staff is working to help solve an issue and has the knowledge or will find the person with knowledge to help.” 33% of respondents strongly or somewhat disagreed that staff provided helpful alternatives or suggestions.

EXHIBIT 7: RESPONDENTS AGREEING THAT STAFF PROVIDED HELPFUL ALTERNATIVES OR SUGGESTIONS



The National League of Cities Center for Research and Innovation has noted the importance customer service plays in the business development process: “It is one of the most direct ways that entrepreneurs and local businesses interact with their local government. A negative experience not only hurts new business’s ability to succeed, but also sets a tone for how a community values its entrepreneurs.”⁶

While customer dissatisfaction was primarily limited to the early stages of the process and largely attributable to perceived difficulties with understanding process steps and project requirements, providing excellent customer service should be a main goal of all City functions. In fact, the City Manager has indicated that a customer service-oriented training will be provided during the current fiscal year for all City employees. Such training was a major component of a 2011 City of Kansas City, Missouri “Special Committee on Small Business” report, which included a recommendation to establish “a cooperative, solutions –based discussion of options for complying with City regulations.”⁷

Technology Utilized in the Licensing and Permitting Process is Antiquated

The software applications, computer systems, and other technology utilized in the license and permitting process is antiquated and limits the ways in which City staff and customers may interact with one another. HTE, which is the software being used to manage the permit inspection process is limited in its functionality, making it difficult to interface with the many departments who have code oversight and enforcements responsibilities. Staff from the Community Development Department, for example, commented that they have adjusted to HTE, rather than HTE adjusting to them. Moreover, staff from the Technology Services Department indicated they are challenged to provide continued service for this software. Requests for changes or improvements to the software can be difficult to accommodate.

⁶ National League of Cities Center for Research and Innovation. “Supporting Entrepreneurs and Small Business: A Tool Kit for Local Leaders”.

⁷ City of Kansas City, Missouri. “Special Committee on Small Business: Report of Findings, Recommendations, and Ongoing Actions.” December 8, 2011.

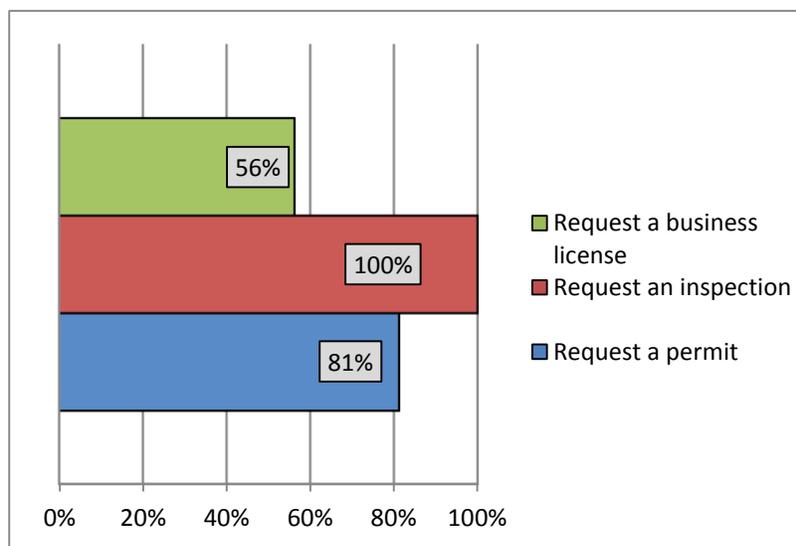
Moreover, anticipated retirements in the Technology Services Department means that staff knowledge and skill to service this system will be greatly diminished.

The City is migrating to a system called Cityworks strictly for asset management capabilities. However, Cityworks has presented the City with alternatives to acquire a separate permitting and land use management system. While Technology Services staff has conducted preliminary research of this system, no final recommendations have been made. Nevertheless, Technology Services staff has noted that an upgrade is needed, as they are exhausting their ability to support the current system.

Compounding this need for a new system is the outdated system utilized by the Finance Department to manage the business license program. The department currently uses a “homegrown” system developed in concert with Technology Services. However, impending retirements will also diminish the knowledge base for maintenance and support of this system. Some departments indicated that they have difficulty interpreting the email notifications generated by the system while others reported being overwhelmed with the number of notifications, many which they may not need to investigate. At its worst, this misunderstanding has led to departments retroactively enforcing provisions of the City Code, as the business license is applied for separately from other permits and licenses. While those who obtained their business license may feel they have satisfied all necessary requirements, they may later find they have to make costly modifications to their business, or, worse still, are forced to shut down because they are operating in violation of the City Code. Incorporating the business license application into the same software system used by the other licensing and permitting departments would help alleviate this disjointed approach and ensure that all code requirements are met early in the process.

Finally, 73% of survey respondents indicated they own some sort of smart device, and desire to utilize this technology to interact with the City in a variety of ways.

EXHIBIT 8: PERCENTAGE OF RESPONDENTS LIKELY TO ACCESS VARIOUS CITY SERVICES VIA A SMART DEVICE



Some respondents indicated a frustration that some permit and license activities could be managed online, while others required the applicant to be physically present to manage these interactions. For example, a customer may apply for a plumbing, mechanical, or electrical permit online, but building permit applications must be submitted at City Hall. However, City staff indicated that this is because building permit applications require the user to submit plans for review, and these plans require special computers and software to conduct the necessary reviews. Though E-plans would undoubtedly benefit the City's business development by offering several cost and time-saving efficiencies, such upgrades would require a substantial investment in new resources that aren't feasible at this time. Where the City can provide greater technological offerings for a relatively low cost is in the development of new apps to provide additional convenient mechanisms to conduct business with the City.

The Process Lacks Well-Defined Performance Measures

The licensing and permitting process does not make use of a dynamic performance measurement program to continuously assess quality, timeliness, and other service metrics. Such measures not only help monitor service levels, but also allow for the departments involved to identify trends and quickly rectify any issues as they arise. Moreover, these measures allow departments to communicate with their customers about the level of service provided and set expectations for project timelines.

City staff interviewed for this report indicated that they desire to implement a performance measurement program. However, limitations within the current software system make it difficult to easily retrieve and assess data at the level necessary to orchestrate such a program. As management contemplates upgrades to the existing software programs, they should consider the ability of the new system to allow for easily tracking and monitoring performance levels.

Recommendations

1. Management should designate a staff liaison to serve as the official point of entry for those seeking business-related assistance.
2. Management should finalize development of a comprehensive business resource guide outlining general process steps and requirements. This guide should be placed prominently in the business portal on the City's website and should also be placed at the automated business centers and service counters in City facilities.
3. As the administrator of the plan review and permit inspection process, Community Development staff should determine which departments need to be involved with which project types and continue to condense the number of permit types and revise permit application forms, thereby eliminating the number of steps required in the process and increasing the rate of first-time project approvals.
4. Management should create of a video for inclusion on the business resources portion of the City's website to illustrate the general steps in the licensing and permitting process, including promoting the pre-application review meeting.

5. Departments involved in the licensing and permitting process should identify a staff person to serve as the point of contact in order to improve inter-departmental communication and accountability.
6. The Community Development Department should act upon staff's idea to develop a situational guide or list of frequently asked questions to ensure they are thoroughly assessing the customer's project.
7. Management should finalize plans to provide a citywide customer service training to ensure a business friendly culture is promoted among City staff.
8. The City should migrate to a new software system and away from aging legacy systems to allow for integration of information between departments.
9. Management should encourage the development of "apps" for smart devices to allow for additional project management capabilities by customers.
10. City departments responsible for administering licensing and permitting functions should set goals related to the quality and timeliness of work and should develop performance measures to monitor progress.

Appendix A: City Counselor's Response

City of Independence

MEMORANDUM

Law Department

DATE: September 18, 2013

TO: **Zach Walker, Management Analyst**

FROM: Dayla Bishop Schwartz, City Counselor *DBS*



**SUBJECT: Report No. 12-04
Review of Licensing and Permitting Process**

I have reviewed the draft report for Report No. 12-04, Review of Licensing and Permitting Process. I am of the opinion that there is nothing contained within the draft report that would expose the City to a lawsuit. Furthermore, it is my opinion that the draft report would not qualify for an executive session discussion before either the Council Audit and Finance Committee or the City Council.

1

CONFIDENTIAL AND PRIVILEGED

THE INFORMATION CONTAINED IN THIS COMMUNICATION IS ATTORNEY PRIVILEGED AND CONFIDENTIAL INFORMATION INTENDED ONLY FOR THE USE OF THE INDIVIDUAL NAMED ABOVE. THE INFORMATION IS ATTORNEY WORK PRODUCT PREPARED IN ANTICIPATION OF POTENTIAL LITIGATION. IF THE READER OF THIS MESSAGE IS NOT THE INTENDED RECIPIENT, YOU ARE HEREBY NOTIFIED THAT ANY DISSEMINATION, DISTRIBUTION OR COPYING OF THIS COMMUNICATION IN RELIANCE ON SUCH INFORMATION IS STRICTLY PROHIBITED.