

Current Status Update

The Development Services Division is undergoing many exciting operational improvements in Fiscal Year 2009-2010 that will transform our organization into one that provides more consistent, efficient, and effective services to our customers, while remaining the customer driven operation that you have come to expect.

A significant result of the Development Industry's response to the FY 2008-2009 Budget process was the undertaking of a collaborative effort between the Industry and the Division to re-evaluate the organization. The Department of Public Works contracted with the Matrix Consulting Group to conduct a comprehensive Management and User Fee Study. This effort brings forward an improved business strategy to address long standing issues of aligning services with client needs while maintaining a 100% cost recovery program. Through valued participation from the Development Industry and objective guidance by the Matrix Consulting Group, the Management and User Fee Study was completed in time for the FY 2009-10 Budget process. The Management and User Fee Study are available on our website at <http://www.sanjoseca.gov/publicWorks/tds/document.asp>

I. Matrix Management Study

After six-months of conducting focus groups, interviews with clients and City staff, customer surveys, and benchmarking against comparable cities, the Matrix Consulting Group completed a Management Study of the Development Services operation. While the industry consensus is that the Development Services Division is a customer-focused operation, the Management Study identified approximately 100 service improvement recommendations intended to streamline the Public Works' development review process. Because all of these recommendations cannot be implemented immediately, a phasing plan has been developed with priority improvements targeted for FY 2009-2010. Four of those process-streamlining recommendations are highlighted below:

1. **Reorganization:** Development Services is re-organizing to utilize staff to their fullest potential.
 - a. **Utility Permitting:** The Utility Permitting Section has joined the Division to provide a one-stop shop for City public right of way permits. This section issues permits to public utility companies that support development by performing work within the City's public right of way.

b. **Development Teams:** Staff that provides direct development related support has reorganized into specialized teams to provide one point of contact from the early Planning stages through project completion and acceptance. This teaming concept has been re-implemented with a significant change: Development teams will now be led by a Senior Engineer who will assist in the decision making process. See Page 4 for a revised Development Services organizational chart.

2. **Application Submittal Requirements/Checklists:** Estimated Completion - December 2009 Development Services is re-defining the permit application intake process to reduce the amount of inadequate submittals. This improvement will reduce confusion, review timelines, and the cost of providing service. Additionally, the Division will be updating its standard engineering permit checklists/processes.



3. **Private Materials Testing Laboratories:** Estimated Completion - April 2010 Currently, only the City's Material Testing Laboratory (MTL) performs materials testing for developer funded public improvements. This pilot program will offer developers the choice between using the City's MTL or a privately accredited Laboratory.

4. **Plastic Pipe for Public/Private Sanitary Sewers** The long-standing City standard material for public and private street sanitary sewer installations has been Vitrified Clay Pipe (VCP). Industry trends suggest that San Jose should evaluate whether this new material is suitable for sanitary installations within the City.

a. **Private Streets:** Estimated Completion - September 2009 Development Services will formalize it's recently adopted plastic pipe material alternative for Private Street projects (i.e. Common Interest Development) through a revision to the Private Street Standards.

b. **Public Streets:** Estimated Completion - July 2010 Development Services is performing a study to determine if plastic pipe is suitable for public street sanitary sewer installations. The study will include consultation with pipe manufacturers, neighboring jurisdictions, development industry representatives, and other City Departments to evaluate the long-term feasibility of this type of application.

II. Matrix User Fee Study

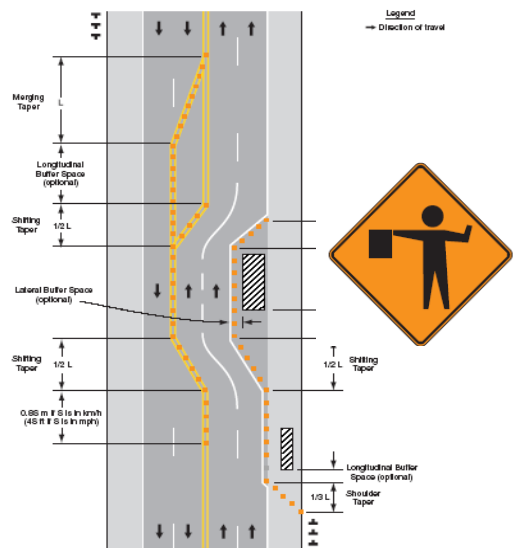
In addition to the Management Study, Development Services also completed a comprehensive review of service timelines and service fees. This information was incorporated into a User Fee Model which balances projected workload, staff resource needs, employee utilization, and estimated FY 2009-2010 cost elements.

The resulting User Fee Study was adopted by the Council as part of the FY 2009-2010 Budget process (i.e. Fees and Charges). In general, the Development Services revised fee schedule (effective August 17, 2009) includes varying degrees of both increases and decreases to the prior fee schedule. More importantly, the fee schedule was significantly updated to align fees to the relevant services provided. This fee schedule is available on our website at: <http://www.sanjoseca.gov/publicWorks/tds/document.asp>

III. Construction Flaggers

Public Works encroachment permits have historically specified that only San Jose police officers (employed through the Secondary Employment Unit) could provide traffic control for construction activities at or within 150 feet of signalized intersections. Officer availability, shift minimums, public perception, and taxpayer responsibility have triggered a need to revisit how and when traffic control officers are specified.

On June 16, 2009, the Council adopted Ordinance No. 28598, amending Municipal Code Section 11.12.050, to permit the use of trained or certified flaggers to direct traffic through construction zones that cannot be effectively controlled through barricades and warning signs.



The use of flaggers, in lieu of San Jose police officers, provides greater availability, flexibility and cost efficiency while ensuring that traffic through routine construction zones is controlled in a safe and effective manner. Flaggers shall be certified by the American Traffic Safety Services Association (ATSSA) or the National Safety Council (NSC). However, when conditions warrant, the Director of Public Works has the authority to require the use of police officers for any construction project.

IV. Undergrounding Ordinance Update

On June 23, 2009, Council adopted Ordinance No. 28596, which amended Municipal Code Section 15.26, to implement two changes to the Utility Undergrounding Fee Program: 1) annual automatic adjustment to the Utility Undergrounding Fee via a construction price index, and 2) partial reimbursement to developers for completion of underground utility projects. Originally proposed as concepts to the Council in May 2008, this Ordinance captures the required changes in the Municipal Code to implement these program improvements.

The Utility Undergrounding Fee Ordinance was adopted by the Council in 1989 requiring private developers to pay the City an in-lieu fee to fund the City's future conversion of overhead utilities to underground systems on designated streets within San Jose. Currently, the fee is \$395 per linear foot of project frontage. The annual adjustment to the Utility Undergrounding Fee will be based on an analysis of the Engineering News Record's 20-City Average Construction Price Index. The implementation of the annual adjustment affords the Utility Undergrounding Fee program the opportunity to keep pace with construction pricing and labor changes, which avoid large sporadic fee increases in the future.

In addition, there are times when it is more efficient and desirable for a developer to underground the overhead facilities rather than paying a fee to the City for a future undergrounding project. As such, a new reimbursement section has been added to the Municipal Code to provide the City the authority to reimburse developers when conditions warrant this type of arrangement.

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