



# **CITY OF WACO, TX DEVELOPMENT SERVICES EFFICIENCY STUDY**

**FINAL REPORT**

September 6, 2024

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# EXECUTIVE SUMMARY

## A. BACKGROUND

The Development Services Department (Department) supports the efforts of the city of Waco (City) to ensure the orderly, safe, and responsible development of Waco. The Department is responsible for administrating and enforcing the adopted building, plumbing, electrical, gas, and mechanical codes, zoning and subdivision ordinances, and other ordinances for the City. The Department also supports long-range planning efforts such as comprehensive and transportation plans and technical assistance to builders, architects, planners, engineers, and developers.

The City's Adopted FY 2023-2024 budget appropriates \$7.3 million to the Department. The adopted budget includes increases for personnel, replacing the current permitting software, a new Combination Inspector position, a new Mobility Manager position, and consulting costs for the City Plan 2040 Update.

The Department contracted with MGT Consulting of America (MGT) to conduct a management study to identify critical challenges within the permitting process and what might be done to address them.

## B. METHODOLOGY

MGT performed sufficient and appropriate procedures to understand the permitting process and identify its key challenges. Procedures performed included the following:

- ◆ surveyed stakeholders;
- ◆ interviewed Department staff, external stakeholders, and staff in other City departments;
- ◆ reviewed permitting data to assess timeliness between application and permit issuance;
- ◆ compared service times for a few of the most common permit types for a sample of four to six peer cities;
- ◆ assessed citizen self-service and electronic submission options;
- ◆ reviewed the website for clarity of instructions, use of Frequently Asked Questions (FAQ), and how to contact staff for support; and
- ◆ reviewed protocol to answer applicant questions.

## KEY OBSERVATIONS

- Overall, external stakeholders feel that the Development Services Department staff is friendly and provides good customer services.
- There is a sentiment of external stakeholders that the permit application submission process is easy and compares favorably to other municipalities.
- Eighteen percent of the external stakeholders who responded to MGT's survey indicated that they are satisfied or very satisfied with their overall experience as it relates to the city of Waco permitting process.
- The Development Services Department should prioritize technological improvements that help streamline processes, increase accessibility, and enable data-driven decision-making.
- There is an opportunity to maximize service delivery by standardizing policies, procedures, and workflows.

# 1. SURVEY RESULTS

MGT and the City’s Development Services Department collaborated to survey stakeholders (i.e., internal and external) of the permitting process. The surveys were designed to help the Department understand the feelings toward the permitting process and identify critical issues within it. The surveys were conducted online via Qualtrics between February 8, 2024, and March 1, 2024.

The survey results provided valuable insights into the permitting process, offering a snapshot of participant perspectives and behaviors. These findings can inform decision-making processes and strategies related to the permitting process. Key observations from each survey are presented below.

## A. Internal Survey

The survey consisted of seven questions covering various aspects of the permitting process, including the communication and overall effectiveness of the permitting process. The link to the survey was provided to the Director of Development Services to share with internal stakeholders, including permitting, planning, and inspection staff. Seventeen internal stakeholders responded to at least one question. However, not every respondent answered every question. The survey results presented the following key findings:

- ◆ 24 percent (4 of 17) of the respondents indicated that they were satisfied or very satisfied with their overall experience with the permitting process.
- ◆ 24 percent (4 of 17) of the respondents agreed or strongly agreed that sufficient resources and staff are allocated for a smooth internal permitting process.
- ◆ 18 percent (3 of 17) of the respondents rated the effectiveness of the internal communication related to the permitting process as effective or very effective.
- ◆ 13 percent (2 of 16) of the respondents indicated that the current permitting system for internal users is effective or very effective.
- ◆ Survey respondents stated that lack of training and different priorities among departments cause bottlenecks within the permitting process.
- ◆ Software issues, lack of communication between employees, and lack of organizational structure were also cited as causing bottlenecks.
- ◆ Survey respondents indicated that improving training, processes, software, and communication between departments can help resolve some of the issues within the permitting process.

## B. External Survey

The survey consisted of eight questions covering various aspects of the permitting process, including clarity of instructions, helpfulness of the staff, and overall timeliness of the process. The survey was posted on the Department’s website to allow participation of as many external stakeholders as possible. Fifty-three people responded to at least one question. However, not

every respondent answered every question. The external survey results provided the following observations:

- ◆ 17 percent (9 of 53) of the respondents indicated that they were satisfied or very satisfied with their overall experience within the permitting process.
- ◆ 36 percent (19 of 53) of the respondents stated that the instructions provided during the permitting process are clear or very clear.
- ◆ 37 percent (19 of 52) of the respondents agreed or strongly agreed that the necessary guidelines and information are readily available for them to understand the permitting requirements.
- ◆ 31 percent (16 of 52) of the respondents indicated that they often or always receive timely and sufficient communication from the City's employees.
- ◆ 48 percent (25 of 52) of the respondents rated the helpfulness and responsiveness of the staff involved in the permitting process as somewhat helpful and responsive or very helpful and responsive.
- ◆ 12 percent (6 of 52) of the respondents stated that the permitting process is shorter than expected or much shorter than expected.
- ◆ 20 percent (10 of 49) of respondents indicated that Waco's permitting process is somewhat better or much better than the process of other cities.
- ◆ Survey respondents stated the following:
  - The current staff is helpful in assisting applicants.
  - Waco is behind on keeping up with the workload.
  - Processes are not updated online and cause backlogs.
  - Applications take a long time to approve and cause delays on project start dates.

## 2. SUMMARY OF INTERVIEWS

This section of the report presents a summary of interviews conducted as part of the Development Services study. These interviews were to gather insights, perspectives, and opinions from key internal and external stakeholders related to the permitting process. The interviews were conducted in person between February 5, 2024, through February 7, 2024. A semi-structured interview format was employed, allowing for flexibility in questioning while ensuring consistency across interviews. Each interview lasted approximately 45 – 60 minutes. Key observations from the interviews are presented below.

### A. Interviews of Internal Stakeholders

The internal stakeholders' questions were designed to help the MGT team understand the communication, recent changes, technology use, performance measures, and challenges in the permitting process. The participants included City staff who play a role in the permitting process, including plan reviewers, construction inspections, permit technicians, the supervisor team, and leadership from the Public Works Department. MGT also interviewed the Mayor, Mayor Pro Tem, City Manager, Deputy City Manager, and an Assistant City Manager.

The listings below provide a summary of the positive attributes and concerns noted during the interviews as communicated by the City staff.

### Positive Attributes:

- ◆ There is effective communication within the Development Services Department.
- ◆ The team collaborates well with each other.
- ◆ There is a general sense that everyone in the Department wants to improve but feels they do not have the time to make the necessary changes to make them.

### Concerns:

- ◆ The staff voiced several information technology (IT) related concerns:
  - The staff does not automatically receive notifications or status updates from the permitting system.
  - Files are sometimes lost within the systems.
  - Other departments sometimes do not have access to the system or do not know how to use it. Thus, they cannot enter the necessary information into the system.
  - Lack of a formal folder structure within the S drive. There is no naming or numbering convention.
  - The current permitting system does not allow for proper tracking of permits and key performance indicators (KPIs).
- ◆ The staff indicated that the Department has difficulty hiring because the pay is not competitive.
- ◆ Other departments are sometimes slow in performing their duties. Sometimes, there is a feeling that other departments are not held to the same urgency level as the Development Services Department.
- ◆ There is a lack of formal training as everyone has a different way to train, and there are no standard operating procedures.
- ◆ There is a feeling there is no time for training or other development activities. Employees do not want to take sick leave, training days, or other time away from the office for fear of their workload becoming too much when they get back into the office.
- ◆ The staff indicated that the vehicles used by the inspectors are not adequate for the job. For example, sometimes inspectors drive smaller vehicles like sedans to construction sites that may be unable to navigate unpaved construction sites.
- ◆ The workload of the inspectors is too high. Inspectors conduct between 30 to 50 inspections per day (national average is 15).
- ◆ Increase the time to conduct an inspection from the current 24 hours to 48 hours.

## **B. Interviews of External Stakeholders**

The external stakeholders' questions were designed to help the MGT team gain an understanding of their feelings towards the permitting process, including the ease of submitting a permit application, the communication and support provided by City staff, timeliness of the process, cost, and bottlenecks within the process. The participants included in these interviews are familiar with the City's permitting process and include the Heart of Texas Builders Association, the Waco Realtors Association, WBW Development, Centex AGC, Walker Partners Engineering, and RBDR Architects.

The listings below summarize the positive attributes and concerns noted during the interviews with external stakeholders.

Positive Attributes:

- ◆ The staff is friendly, helpful, and provides good customer service.
- ◆ The submitting process is easy and compares favorably to surrounding municipalities.

Concerns:

- ◆ Information Technology:
  - Cannot see images of the issues found during the inspections in the permitting system.
  - Do not get notifications or status updates from the permitting system.
  - There are lots of manual processes, including having to call the office to ask about inspection status and inform the staff whether a document was uploaded to the permitting system.
- ◆ Communication:
  - It is hard to contact staff sometimes. Phone calls to the main line sometimes are not answered and need to call individuals' cell phones to contact someone.
  - Need to have a "go-to" contact within the City staff to keep the process moving.
  - There is a lack of communication. The Department will make changes to the required documentation needed and/or the application process without properly informing the users.
  - Lack of clarity about which permit needs to be submitted. No frequently asked questions (FAQ) form.
- ◆ Staff:
  - It feels like there are not enough staff to handle the workload capacity. Inspectors are often not able to show up because of the workload.
  - No consistency in the interpretation of the code between the inspectors.
- ◆ Pricing has increased substantially over the past few years which makes it significantly more expensive than building in surrounding municipalities.

### 3. REVIEW OF TIMELINESS

A timely permitting process is essential for fostering economic growth and prosperity. Businesses, entrepreneurs, and investors rely on efficient permitting procedures to navigate regulatory requirements, secure approvals, and move forward with development projects. Whether building a new facility, expanding operations, or launching a new venture, timely permits enable businesses to seize opportunities, create jobs, and drive economic activity.

Due to the limitations of the Department's current permitting systems, MGT was unable to perform an analysis to determine the timeliness of its permitting process. Currently, the Department must maintain manual records via an Excel spreadsheet to track the status of in-process reviews and permits. This spreadsheet requires considerable time to maintain as it is updated weekly and sent to each division and department. While this process does provide

feedback to the Department regarding the timeliness of each permit and review, it does not provide information for the Department as a whole. This is a glaring limitation that the Department is aware of and is actively pursuing other alternatives to remedy.

MGT also compared various metrics for the city of Waco to similar metrics for peer entities identified by the Director of Development Services. A summary of the results of MGT’s peer comparison is presented in Table 1.

**Table 1 – Peer Comparison**

	City of Waco	City of Temple	City of College Station	City of Georgetown	City of Killeen
<b>2024 Population Data</b>	147,434	96,271	127,875	104,721	164,618
<b>Total Number of Residential Related Permits</b>	3,207	5,658	639	Not Provided	9,044
<b>Total Number of Commercial-Related Permits</b>	455	3,652	130	Not Provided	982
<b>Average Day to Process and Issue a New Construction of Single-Family Dwelling</b>	City unable to track due to software limitations	13 days*	5 days**	Not Provided	5-14 days
<b>Total Number of New Construction of Single-Family Dwelling Permits</b>	429	870	456	Not Provided	428
<b>Average Days to Process and Issue New Construction Commercial Permits</b>	City unable to track due to software limitations	13 days*	10 days***	Not Provided	60
<b>Total Number of New Construction Commercial Permits</b>	49	59	40	Not Provided	35
<b>Average Inspection Response Time</b>	1 Business Day	1 Business Day	1 Business Day	1 Business Day	1 Business Day
<b>Size of Department - FTEs</b>	46	23	42	21	59 across four divisions

Population Source: worldpopulationreview.com

Data Source: Each city’s staff.

\* Due to the data available to the City of Temple, an average of all permit types were combined in this calculation.



\*\* Internal deadline is 5 business days. This was met 92.4% of the time by the department.

\*\*\* The internal deadline is 10 business days. This was met 98.5% of the time by the department.

The peer data noted above provides some insights into the other cities' capabilities as compared to the City of Waco. The first and most notable topic is the average inspection response time by each of the peer cities. Waco is in line with its peers as it related to the timeliness of inspection requests. It was noted by all cities that there are situations that limit the cities' ability to meet the one business day turnaround time, but on average each city is achieving this metric. College Station indicated that out of the approximately 13,500 inspections performed in the prior year, only 44 were completed late. Currently, Waco's software does not allow the City to easily and reliably track the average length of time to process permits. However, based on the peer data provided, it appears that most residential permits for a single-family residence are being completed within 5 to 10 business days, while new commercial construction is being completed closer to 15 business days on average. This information provides Waco a good benchmark to track against once its new permitting software system has been established. Overall, Waco appears to sit somewhere between each of the peers in most categories showing that the City's Development Services is not an outlier in operations as compared to its peers, but still has potential to improve as a whole.

## 4. INTERACTION WITH THE INDUSTRY

In today's digital age, providing clear, accessible, and user-friendly instructions for the permitting process is essential for empowering stakeholders and streamlining government services. Online instructions serve as a guiding beacon, helping applicants navigate the complexities of the permitting process with ease and confidence. An effective online instruction platform should provide clear and accessible information, comprehensive guidance, and interactive tools and resources. In the city of Waco, citizens interested in applying for a permit, plan, or license must register or sign in, if they have an account with the City, to apply for a permit, license, or plan.

The City recently updated its Development Services portal to make it more user-friendly. The self-service portal allows citizens to perform certain activities including, but not limited to:

- Search public records.
- Apply for a permit, plan, or license.
- Login to an existing or create a new account.
- Pay invoices.
- Request an inspection.

Citizens interested in applying for a permit, plan, or license click on the "Apply" icon. After clicking on the "Apply" icon, the individual will be able to review the listing of available options and select the option that best fits their needs. In addition to listing the different licenses, permits, and plan options, the portal provides a brief description of each option. Exhibit 1 below presents an example of the trending permits being solicited when we performed research in the portal.





## Exhibit 1 – Trending Permits

**Application Assistant**

Search for application names and keywords

[All](#) **[Trending](#)** [LICENSES](#) [PERMITS](#) [PLANS](#)

> Show Categories

	<b>Residential (Elec)</b> Category Name: Electrical Permits	Description: This is for an electrical permit on a residential structure.	<a href="#">Apply</a>
	<b>Roofing (Residential)</b> Category Name: Residential Building Permits	Description: This is for a residential roofing project. To be used only when covering/replacing existing roofing. Not to be used for the restructuring of a roof, i.e. going from flat to hip roof.	<a href="#">Apply</a>
	<b>Residential (Plum)</b> Category Name: Plumbing Permits	Description: This is for a plumbing permit on a residential structure.	<a href="#">Apply</a>
	<b>Right-of-Way Permit</b> Category Name: Right-of-Way (Engineering)	Description: Drive Approach - Sidewalk	<a href="#">Apply</a>

Source: City of Waco Website

Each of the options has a list of permits, licenses, and plan applications that a consumer can click on and apply individually. Once the applicant clicks on the application they would like to fill, they are transferred to the applicable application where they can start by adding locations, type, contacts, more info, and attachments. The applicant can also create a template, save a draft, or continue to the next part of the application. Moving through the application process is easy as the applicant must fill out the required fills in each section before submitting. The applicant can save their progress at any time and pick it back up later.

There are clear ways for an applicant to apply for a permit, license, or plan. However, there are opportunities for improvements as the information needed for a permit, license, or plan application is missing which makes distinguishing what is needed more difficult. Additionally, there are no Frequently Asked Questions (FAQ) guides in any of the tabs to provide the applicant responses to FAQ. Having this information available to the consumer will allow them to see what is needed for an application and answer questions that they have and would not have to contact the department to have it answered.

## 5. BEST PRACTICES

Implementing best practices for a permitting function involves creating an efficient, transparent, and customer-focused process that meets regulatory requirements and supports community development. Examples of best practices for a permitting function are presented below.

1. **Clear guidelines and requirements:** Provide detailed, easy-to-understand guidelines, checklists, and step-by-step instructions for different types of permits. Ensure that all relevant information, including regulations, forms, and FAQs, is available online and in multiple formats to accommodate diverse needs.

2. **Streamlined application process:** Implement an online permitting system that allows for electronic submission and use standardized application forms to minimize errors.
3. **Transparent and predictable timeline:** Keep applicants informed about the status of their applications through automated notifications and regular updates.
4. **Efficient review and approval:** Allow for concurrent reviews by different departments to reduce overall processing time and avoid bottlenecks.
5. **Technology integration:** Use advanced permit management software to automate workflows, track applications, and manage communications.

An example of an entity that has adopted best practices to transform its permitting function is the city of Los Angeles, California. The City of Los Angeles implemented its BuildLA portal. Some of the functions offered by the BuildLA portal include:

1. Detailed guidelines and step-by-step instructions for various types of permits, including checklists for required documents.
2. Complete online submission of permit applications, reducing the need for in-person visits and paperwork.
3. The ability for applicants to track the status of their applications in real time.

## 6. RECOMMENDATIONS

MGT's recommendations are informed by industry best practices, benchmarking against peer agencies, and a thorough understanding of the unique challenges and opportunities facing the Development Services Department. They are designed to be pragmatic, achievable, and tailored to the Department's specific context and needs.

### **Recommendations that should be implemented immediately:**

1. **Leverage Technology:** Leveraging technology is essential for modernizing operations, enhancing transparency, and improving customer services. MGT recommends the Development Services Department ensure that the new permitting system provides features that can help streamline the permitting process. These features should include, at a minimum, the following features:
  - The ability to automatically notify internal and external users when something is updated in the system.
  - The ability to track application status for internal and external users.
  - The ability to share inspection information, including photos from the inspection, between internal and external users.
  - Track and store data analytics tools to monitor departmental performance, track key metrics, and identify trends over time.

2. **Create a FAQ guide:** MGT recommends the Development Services Department share Frequently Asked Questions about the permit process and permit types on its website. Providing a set of FAQs can enhance user experience by reducing the need for applicants to search extensively for information. Additionally, FAQs help reduce the number of repetitive inquiries received through other channels such as phone calls or emails.
3. **Standardized Policies and Procedures:** MGT recommends the Development Service Department establish standardized policies, procedures, and workflows for key processes. Clearly documented processes will promote consistency, reduce errors, and streamline operations within the Department.
4. **Implement Performance Metrics:** MGT recommends the Development Services Department implement performance metrics and reporting. Establishing performance metrics and reporting can help monitor department performance and evaluate progress toward organizational goals.

#### **Recommendations that should be implemented within a year:**

1. **Provide Training:** Professional development is critical to the success and effectiveness of a development services department. By investing in the growth and development of its employees, the department can enhance service delivery, promote regulatory compliance, and foster innovation. MGT recommends the Development Services Department offer regular training sessions to enhance staff skills and competencies in areas such as building codes, zoning regulations, and customer service. The training should be consistent to ensure that the same message is being communicated to all employees with similar roles and responsibilities.
2. **Limit the Number of Inspections Performed Daily by Inspectors:** Devoting adequate time and attention to each inspection can help identify potential hazards and ensure that construction projects meet safety standards. MGT recommends the City implement a policy limiting the number of inspections an inspector can be scheduled on a day. The City and the inspectors would need to reach an agreement as to the reasonable number of inspections that an inspector can perform in a day. Factors to consider when determining the number of inspections an inspector should be scheduled in a day include inspection type, the project's size, location, and the number of inspections previously performed on the project. MGT identified several examples of organizations that limit the number of inspections per day based on inspector availability such as the city of Chicago, Illinois; the city of West Hollywood, California; and the city of Graden Grove, California.

#### **Recommendations that should be implemented as time permits:**

1. **Conduct Class and Comp Study:** Avoiding staff shortages is crucial for maintaining efficient operations, meeting service demands, and achieving department goals. The Development Service Department should consider performing a class and comp study to evaluate the structure of job classifications and corresponding compensation levels within the Department to help ensure it has competitive compensation packages and identify potential areas for improvement to enhance retention and recruitment efforts.