

**DATE:** July 19, 2017

**TO:** Honorable Mayor Jerry Smith  
City Council

**FROM:** Anne Marie Gaura, City Manager  
Dean Frieders, City Attorney  
Jo Ellen Charlton, Community Development Director

**SUBJECT:** Code Compliance, Building and Economic Development.

## **I. Summary**

The City has recently undergone some internal reorganization to increase efficiency and maximize appropriate use of the limited resources available for code compliance and building review. This memorandum summarizes the changes that have occurred to date and outlines the currently planned activities.

## **II. Background**

Prior to the recession, the City formerly operated with an in-house Building Division that was responsible for code enforcement, new construction, and building renovation that had a significant staff associated with it. In 2008, the City underwent a staff reduction in the Building Division as a component of budgetary cuts, resulting in the elimination of most of the staff. At the conclusion of that process, the Building Division had three employees who were tasked with code enforcement, plan review, and building inspections. Code enforcement was significantly curtailed to a reactive model, which (through no fault of the limited staff available) resulted in a backlog of code enforcement throughout the community. In addition, the City utilized a Fire Prevention Lieutenant (FPL) in the Fire Department to provide fire-related plan review and license-based inspections.

Over a multi-year period, the City Council considered the issue of code enforcement for residential property, both owner-occupied and rental, culminating in the creation of the Crime Free Housing Bureau (CFHB). Workload projections at the time identified the need for significant additional staffing in order to meaningfully address then-current code enforcement issues in the community. Limited resources only allowed for a limited number of positions to be created, with a full-time coordinator and part-time inspectors

being authorized. Those positions were filled and the CFHB existed as a component of the Police Department.

In 2014, the City outsourced the Building Division functions. The initial action to outsource was undertaken pursuant to the City Manager's authority on an interim basis, with an independent contractor brought in to fulfill building plan review and inspections along with limited code enforcement activities. The contractor was later brought to Council for approval of expenditures in excess of staff spending authority, and served for a period of approximately 18 months. Thereafter, the City completed a Request for Proposals (RFP) process resulting in the selection of HR Green as the City's contractual building services provider, which became effective last summer.

Following the arrival of HR Green and other organizational changes, the City discovered there were many inefficiencies in the siloed organizational model. With many properties in the City being mixed use, personnel from multiple departments would be visiting the same properties to conduct inspections. For example, the FPL would conduct an inspection of a licensed business on the first floor, CFHB would conduct an inspection of residential units located above the commercial use, and the building contractors would conduct inspections of renovation work occurring within the building. Additionally, highly trained resources were not being effectively utilized. For example, the FPL has a significant amount of technical expertise, but was responsible for conducting gas station inspections. If the first inspection showed an issue with peeling paint or expired fire extinguishers (or other similar issues that did not require significant technical expertise), that trained resource was utilized for follow-up and re-inspections in an inefficient fashion.

When major code enforcement issues arose, there was often a need to involve multiple departments and various personnel with different areas of responsibility and expertise to address a single property, again making inefficient use of limited resources. Additionally, with a new emphasis on Economic Development, the City discovered that many processes existed that benefitted from the up-front involvement of a building official to provide feedback in the business attraction process. Downtown redevelopment projects were made possible through early discussions that identified ways of permitting building renovations that made projects feasible. Code enforcement projects were expedited through the application of specific technical expertise with building and mechanical codes.

The City's initial agreement with HR Green contemplated the provision of contractual services with a limited duration of services from a trained Chief Building Official (CBO). Through the City's early experience with HR Green, it became apparent that there was a need to extend the duration of those CBO services to help reorganize the City's operational model. This was undertaken within the terms of the contract as "additional services".

At this point, the City evaluated how it was operating and identified the siloed business model that was being utilized. The City looked at the different operational models utilized over the preceding years, with both fully in-house staff and fully outsourced staff, and identified the pros and cons of each approach. Looking to optimize the use of available



resources, each of the City's departments collaborated to try to devise an optimal organizational model. That model culminated in the suggestion that the building-related functions, including inspections, permitting and code enforcement, should be centered in a single department under common leadership.

The benefits of this organizational model include the ability to assign available staff based upon the City's overall priorities and needs rather than those of an individual department. If a low-level re-inspection of a property was needed, a code enforcement officer could be utilized in lieu of using the more highly trained FPL. Where a single building included multiple uses, the City's inspection process for the building could be coordinated and completed at once. Where property issues carried over from a residential property to an adjacent commercial property, the City's code enforcement efforts could be coordinated across the area, rather than being bifurcated by parcel. This organizational model also benefits the community by having one qualified individual with knowledge of all building and property maintenance codes advising and overseeing the work.

The City had received criticism of the CFHB code enforcement process based on the perception that the City's use of marked patrol cars with "Crime Free Housing" on them portrayed a negative image for the City. However, as has been reported to the City Council on an annual basis, the CFHB has been highly successful in addressing code enforcement issues. Based on these points and the need to coordinate CFHB's operations with the City's other building-related operations, it was proposed to integrate CFHB personnel (the currently approved positions, without any new positions) into Community Development and retitle the positions as code compliance. This addressed the criticism of the title, preserved the staffing and their significant impact, was budget neutral, and increased the efficiency of the personnel. On a daily basis, the City has the ability to look at all building-related available personnel and assign them based on the needs of that particular day.

In considering this organizational model, it was apparent that Community Development was the appropriate department to house this functionality, with one of the key goals identified as finding opportunities to change discussions from code enforcement to community enhancement and economic development. In considering how best to coordinate the efforts of the allocated positions for code compliance, the FPL, outside contractual building services and related positions, and how best to coordinate the City's economic development building activity as a primary goal and function of Community Development, it became apparent that a single position with oversight over all of the underlying building-related roles was critical.

As noted above, the City had previously utilized fully in-house building services and fully outsourced building services. The organizational model that became apparent through the evaluation of how best to use the resources available was a hybrid organizational model. The City could utilize an in-house CBO to supervise both internal staff (FPL, code compliance, etc.) and to supervise contractual service providers (plan review, building inspection). The work that is variable in nature (e.g. plan review and building inspection that vary by time of year and level of development activity) could be outsourced, which



allows the City to align costs with revenues and increase or decrease contractual spending based on workload rather than carrying internal employees who are either overworked or underutilized depending on development activity. The constant workload of code compliance, supervision and support of economic development activity could be borne by the in-house position.

At this point, staff undertook discussions with the members of the City Council to review the findings and recommendations that had been reached. As noted above, the 2014 reorganization was undertaken at the staff level and was thereafter broadly supported. Accordingly, staff looked to implement a further refinement of that reorganization. Prior to doing so, staff engaged in outreach with community stakeholders such as the City's Business Coordination group, the DeKalb Area Rental Association (DARA), and local builders and developers. Community response was positive.

In looking at the CBO role, it was identified as a critical part of both increasing the effectiveness of current staff and also more fully supporting building activity as a component of community and economic development. A full-time, in-house CBO position with the knowledge and skill set similar to that being provided by HR Green, offered significant savings as compared to continuing even with part-time outsourced CBO services. Recognizing the need for the position, but also being aware of the City's budgetary constraints, the Community Development Department looked to take a vacated existing, full-time position that is City Council and budget authorized (the Long Range Planner) and converting it to the CBO role. This results in no increase in authorized full-time positions, and allows for a significant cost savings when comparing the cost to contractual CBO services. It also allows for significantly more coordination and collaboration between the various City personnel that interact with buildings and properties throughout the community, and enables the Community Development Department to fulfill its title role (community development), with a designated employee within the department coordinating property-related issues and responding directly to the Community Development Director. It also allows for the creation of an overtime exempt position that can help address after hours emergency building issues that may arise within the City from time to time.

The CBO position will directly supervise and oversee the work of the former Crime Free staff, consisting of a supervisor and up to five part-time inspectors, as well as the FPL, and the workload being assigned to HR Green or other outsourced work related to permitting and construction. All positions reporting to the CBO have been transferred into Community Development with no change in title or pay. Every aspect of the Crime Free Housing Program will continue to be implemented, however it will now be a program within a division named "Code Compliance" located in the Community Development Department. The Crime Free supervisor's position has been retitled to Code Compliance Coordinator. He continues to work closely with the Police Department and reports the program continues to be an effective tool at reducing crime in properties covered under the program. The number of crime free housing cases in the first six months of 2017 is lower than the same time period last year, due in large part to the fact that landlords are



better equipped to manage properties as a result of the tools provided to them through the Crime Free Housing Program.

As noted above, the position allocated to CBO is retitling a currently authorized full-time position within the Community Development Department. The position has been advertised but no hire has yet been made. This action item is provided as an update to the City Council while that process is ongoing.

### **III. Community Groups/Interested Parties Contacted**

The City engaged in outreach with the Business Coordination weekly meeting group, DARA, local builders and developers and other community stakeholders. In addition, the City Council has been advised of the process throughout the past year.

### **IV. Legal Impact**

The City Manager has the authorization to place positions within the City's existing pay plan and to retitle or reclassify positions. As evidenced through the 2014 reorganization of the Building Division, the City has previously undertaken similar efforts at the staff level to reorganize and streamline operations to better meet community needs.

### **V. Financial Impact**

The reorganization described above primarily consists of taking existing personnel and placing them in a position to collaborate and utilize their available resources more effectively. The change from outsourced CBO functionality to in-house staffing both expands the hours of service available (from part-time to full-time) and reduces overall cost of providing that knowledge to support economic development efforts in the community. Based on a market study of comparable communities, the compensation for the CBO position is greater than the compensation for a long range planner, but is still less expensive than outsourcing that position long term.

### **VI. Options**

This item is presented for discussion and update.

### **VII. Recommendation**

Staff will continue to provide updates on the efficacy of the changes in organization and their impact on building activity, code enforcement and community development.

