

**CITY OF MIAMI BEACH, FLORIDA**  
**BUILDING DEPARTMENT ORGANIZATIONAL**  
**AND OPERATIONAL REVIEW AND ANALYSIS**

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**DECEMBER 16, 2008**

**TCBA WATSON RICE LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
**And**  
**Advisors**



Mayor and Members of the City Commission  
City of Miami Beach, Florida  
Attention: Mr. Jorge Gonzalez, City Manager

Thank you for this opportunity to assist the City of Miami Beach, Florida (the City") by performing an Organizational and Operational Review and Analysis" of the Building Department. This report documents the results of our work.

To accomplish the objectives of this review and analysis, existing policies and procedures were reviewed; practices followed by the department's staff were observed and analyzed; financial, management reporting and support systems were reviewed; various analyses and reviews were conducted of department's operations; the Mayor, City Commissioners, departmental management and staff, and other external stakeholders were interviewed.

The cooperation received from the City Manager's office, the Building Department, along with assistance received from other departments was excellent. Staff of the building department are highly motivated and professional, and their assistance was essential to the successful completion of this project. We want to also thank external stakeholders for their time and assistance which also made this project successful. All suggestions and comments were considered and, where appropriate, were incorporated in the observations, findings, and recommendations documented in this report. We have also provided internal management's response to this report,

We hope that appropriate action will be taken to address the observations, findings, and recommendations embodied in this report. Improved conditions within the Building Department will benefit all of the building department's stakeholders, the department's staff, the City Commissioners and City administration, and citizens, as a whole.

Please do not hesitate to contact us if you have any questions regarding any aspect of this report.

Miami Florida  
December 16, 2008

*TCBA Watson Rice LLP*

# **City of Miami Beach**

## **Building Department Organizational and Operational Review and Analysis**

**December 16,2008**

# City of Miami Beach Building Department Organizational and Operational Review and Analysis

## TABLE OF CONTENTS

	Page
I. INTRODUCTION	1
II. EXECUTIVE SUMMARY	5
III. ORGANIZATIONAL AND OPERATIONAL REVIEW AND ANALYSIS OF THE BUILDING DEPARTMENT	25
A. The Building/Development Process	25
B. The Building Department	30
1. Organization and Staffing	30
2. Budget and Financial Operations	45
3. <b>Systems</b> and Procedures	51
4. Statistical Analysis of Operations	51
5. Operating Division Reviews	63
6. Internal <b>Audit</b> Report (July 3, 2008)	75
7. Quality Control Review (October 2008)	76
C. Customer Interaction	77
D. Technology Solutions	86
1. <b>Q-Matics</b>	86
2. Permits Plus <b>System</b>	87
3. Interactive Voice Response ( <b>IVR</b> ) System	89
4. Permit Manager - Online Permitting	90
5. <b>BuildFax</b>	90
E. Building Development Process Focus <b>Group</b>	90

# City of Miami Beach Building Department Organizational and Operational Review and Analysis

## TABLE OF CONTENTS

	<u>Page</u>
F. Stakeholder Interviews	94
1. Stakeholder Comments	95
2. Chamber of Commerce Report (February 19,2008)	100
<b>IV. PERMIT FEE AND COST ALLOCATION PLAN REVIEW</b>	<b>101</b>
<b>V. OUTSOURCING/PRIVATIZATION</b>	<b>103</b>
<b>VI. BEST PRACTICES (BENCHMARKING)</b>	<b>112</b>
A. Survey/Questionnaire	113
B. Peer Review	119
<b>VII. OBSERVATIONS, FINDINGS, AND RECOMMENDATIONS</b>	<b>121</b>
A. Preliminary Observations, Findings, and Recommendations - First Project Status Meeting (September 5,2008)	122
B. Preliminary Observations, Findings, and Recommendations - Second Project Status Meeting (October 3,2008)	126
C. Comprehensive Observations, Findings, and Recommendations	130

**City of Miami Beach Building Department  
Organizational and Operational  
Review and Analysis**

**TABLE OF CONTENTS**

	<u><b>Page</b></u>
VIII. EXHIBITS	143
<b>A. U.S. General Accounting Office Report - "Privatization: Lessons Learned by State and Local Governments"</b>	
<b>B. Internal Audit Report - Building Permit Fees - July 3,2008</b>	
<b>C. Chamber of Commerce Report - February 19,2008</b>	
<b>D. Building Department Benchmarking Survey</b>	
<b>E. City of Miami Beach - Building Development Task Force Improvements - Building Development Process - Long and Short Term Initiatives</b>	
<b>F. Building Department Comments Regarding Report Observations on the Department's Organization Structure (April 13,2009)</b>	

# City of Miami Beach Building Department Organizational and Operational Review and Analysis

## 1 INTRODUCTION

For several years, the City of Miami Beach's Building Department and related departments involved in the building/development process have been challenged by administrative and operating issues. As a result, the City has engaged in several studies of its building/development departments designed to improve their operations and service delivery capabilities.

In January 2000, the then City Manager made a report to the then City Commissioners (Commission Memorandum No. 55-00, dated January 12, 2000) on the status of implementing recommendations made by its Business Resolution Task Force (BRTF). The task force's recommendations, which were the result of a seven (7) month study by a group of fourteen (14) individuals with varying backgrounds, were included in its report dated November 30, 1999. The report's recommendations were grouped into five (5) categories: Expedite Permitting, Improve Customer Service, Simplify Land Use Boards Process, Improve Staffing and Hiring, and Invest in Technology. The chairperson of the task force noted in the cover letter to the report the following statement: "Tangible results can only be achieved if the City commits to implementing the recommendations and monitors the progress of their implementation."

On January 30, 2006, the City Manager announced the creation of the Building Development Process Taskforce (BDPT) in a "Letter to Commission" (LTC No. 028-2007). The mission of the task force was " ... to improve the City's service delivery in the area of construction and development services through a partnership and dialogue between City departments involved throughout the process and industry representatives." Representatives from the Building Department, Public Works, Fire Prevention, and Planning/Zoning formed an interdepartmental group charged with conducting a process review and recommending short, medium, and long-term solutions to process challenges identified in their review. Interdepartmental recommendations were to be tempered by input on issue resolution and strategy from industry representatives during public meetings. The City manager anticipated that this process would result in "significant improvements" to the building/development process. The efforts of this task force are ongoing today.

The City's Internal Audit Division conducted a regularly scheduled audit of the Building Department. Prior to the initiation of the audit, which was scheduled to start during the 2006/2007 fiscal year, Building Department management brought to the attention of Internal Audit concerns surrounding the lack of accountability, procedures, and controls in place impacting the integrity of permit fees collected. The Internal Audit Division increased the scope of their audit to include an assessment of the reliability and integrity of building permit fees collected, while considering the implementation of a simplified building permit fee structure. The audit's findings and recommendations were submitted to the current City Manager in a report dated July 3, 2008. The report covered the period October 1, 2006 through December 31, 2007. The audit mentioned numerous areas where the Department faced operational challenges and challenges associated with the proper assessment and collection of permit fees, and with the use and interpretation of the permit fee schedule. The audit documented problems in the administration of the fee process, including, but not limited to, use of a complicated, confusing, and inadequately designed system for the

## **City of Miami Beach Building Department Organizational and Operational Review and Analysis**

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calculation of fees; improper assessment and under-collection of fees; and, general deficiencies in the systems and controls in effect over the process.

In addition to the **internal** audit, the Internal Audit Division provided the Building Department with a separate audit staff person to conduct an ongoing review of the fee calculation process for all permits at closeout. This activity has identified over \$6 million of previously not assessed and uncollected revenue for the fiscal year ended 2007. This process is ongoing.

The Miami Beach Chamber of Commerce also commissioned a **review** of the City departments involved in the building and **permitting** process. The Chamber's Building and Permitting Committee "... was created to voice its concerns and suggest balanced solutions and improvements" to the numerous issues and complaints of **dissatisfaction** with City services the Chamber received from the business **and** residential community. The committee's findings and recommendations were addressed in a "List of Concerns & Solutions," which represented the body of its report to the Chamber dated February 19, 2008. Their report is being reviewed by the Building Department.

Other factors have also contributed to the need for the Building Department to improve its image **and** provide **quality** services to its customer base in an environment of trust.

In September 2006, a Chief Electrical **Inspector** in the Building Department was arrested for allegedly taking bribes. In March 2008, two Building Department employees and a Planning Department employee were arrested for participating in **alleged** illegal activities and one Building Department employee voluntarily resigned from the Department. The then head **of** the Building Department, whose **performance** was under question, resigned his position after being on the job approximately two and a **half years**.

The Department has had five (5) department heads **over** the period 2005 - 2008; three of which have been the City's Building Official. In 2001, the Department had approximately 49 employees. In 2008 the Department had or is authorized **79** employees. The Department has grown so fast that its processes, systems, **and** procedures have not kept pace with the growth.

It is in **this** atmosphere that the **City** continues its efforts to restructure the Building Department and improve its operations and operating efficiency.

The current City Manager's office has worked closely with Building Department management and support staff to identify areas for improvement in operations and opportunities to enhance and develop administrative systems. Through those efforts, City and **Building** Department management have already identified issues at the Department that needed to be addressed. The City Manager's office has sought to ensure that issues that are important to the organization's operations are identified, analyzed, and resolved through organizational, administrative, and system improvements. This project engagement was structured to facilitate those general objectives.

## City of Miami Beach Building Department Organizational and Operational Review and Analysis

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The objectives and scope of services for this engagement were stated in a detailed **work plan** which was included as "Attachment A" to this firm's contract for professional services **with** the City. In summary, we were to address four areas in our review and analysis of the Building Department. Those areas are identified as follows.

- Conduct an organizational and operational review of the Building Department.
- Review and comment on the City's proposal for developing a new fee structure for Building Department **services**.
- Identify areas in the Building Department that might benefit from outsourcing.
- Identify industry "best practices" that the Building Department could adopt.

This organizational and operational review was designed to document the major processes of the Department's operating **areas**, assess their effectiveness, and pinpoint inefficient operations and inadequate systems. The **review** of the Department's processes, systems, operations, and strategies **was** primarily conducted at the **level** of the division chiefs and below. This was done to better identify areas for improvement at the staff **level**.

Although this **review** primarily focused on the Building Department, the departments that work closely with the Building Department in the **building/development** process (Public Works, **Planning/Zoning**, and Fire Prevention) were also subjected to limited reviews. These reviews focused on the interrelationships between the departments and their respective impacts on the individuals **and** entities who require **building/development** services.

The approach to conducting these reviews included **the following**.

- Learning about the organization, how operations function, how staff address problems and meet standards, and how staff manage operational resources.
- Gaining an understanding of **the** functional area's objectives, processes and information systems, and how they integrate with overall operations.
- **Evaluating** information from management and staff; procedural documentation; reviews of departmental processes and performance measurement data.
- Assessing **the area's** total operational environment, **its** capabilities, requirements, and how current efficiencies compared to the past or to standard benchmarks, where applicable.
- Identifying areas that can be effectively outsourced.

## **City of Miami Beach Building Department Organizational and Operational Review and Analysis**

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The methodologies used in performing this project included interviews, information and data analysis, and trend analysis. The consultants relied heavily upon the accuracy of data and information contained in reports provided by staff. Extensive interviews were conducted with staff of the four departments, departmental management, the Mayor and City Commissioners, and external stakeholders who use the services provided by the departments. The study methodology also included data and information gathering from other building departments and a peer review. The peer review was conducted with the assistance of building department managers and staff from other area municipalities and jurisdictions, and industry professionals,

Our observations, findings, and recommendations for improvement are based on the collective efforts of this review and analysis, and the active involvement and input from City administration and departmental staff. Interim observations, findings, and recommendations have been presented to City and departmental management over the course of the project so that critical recommendations could be evaluated and, if approved, implemented immediately. The interim observations, findings, and recommendations, along with the comprehensive recommendations of this report, are included in section VII of this report.

The field work on this project was conducted over the period August 11 - December 16, 2008. Except as noted in the body of this report, the status of the Building Department's implementation of any of our interim recommendations was not specifically tracked.

An organizational and operational review and analysis, such as this project assignment, is critical to the success of any organization because it can provide a method to do the following.

- Evaluate specific operations independently and objectively.
- Assess compliance with organizational objectives, policies and procedures.
- Assess the effectiveness of management control systems.
- Identify criteria for measuring achievement of organizational objectives.
- Assess the reliability and usefulness of management reports.
- Identify problem areas and their underlying causes.
- Identify opportunities for improvement and cost reduction or containment.

As with any project of this nature, the desired end result is an honest picture of the organization's current situation, including its strengths and weaknesses, and challenges and choices it has for the future. This assessment process was adapted to fit the needs and culture of the Building Department's organization and environment.

To facilitate our work, the City Manager insured that any resources, data, reports, analyses, studies, or other information we requested, was made available. We were also provided with complete, unquestioned access to all City staff, especially staff of the Building, Fire (Fire Prevention Division), Public Works, and Planning/Zoning departments. All staff contacts were informative and instrumental in conducting this review and analysis.

## City of Miami Beach Building Department Organizational and Operational Review and Analysis

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Individuals and persons representing entities that use the services of the Building Department were also key contributors to the successful completion of this project.

### II. EXECUTIVE SUMMARY

Over the period 1999 through 2008, the Building Department has undergone a number of reviews, studies, and analyses of its operations. Many recommendations **have** been made and many have been implemented. **At least** five (5) directors have led the Department in the past four (4) years and organizational changes have been made throughout the **structure**. Operating and administrative policies **and** procedures are also undergoing frequent changes. New software support systems have been implemented and other technological innovations have been introduced into the Department. Although there have been numerous changes made in Building Department operations over the years, the public's perception of improved operations and change has not been realized.

This report provides a summary of the significant findings, observations, and recommendations developed as a result of a detailed review and analysis of the Building Department's organization and operations. The three departments that work closely with the Building Department as part of the **building/development** process (Fire, Public Works, and **Planning/Zoning**) have **also** been reviewed, at a lesser level than that of the Building Department. The report will also discuss the results of our review of the **Permit Fee and Cost Allocation** request for proposal; present the considerations we have outlined regarding the **outsourcing/privatization** of Building Department services; and, identify "best practices" the Department might consider to improve its operations. This "**Executive Summary**" is structured to follow the above four main elements of the scope of services of the project.

To complement our work, the Building Department prepared a **summary** of its **short-term** and long-term initiatives. Some of the initiatives are the result of our collaborative efforts. Others were inspired by the Building Department's new management philosophies and strategic planning efforts. The Department's initiatives are included in "Exhibit E" of this report.

#### A. ORGANIZATIONAL AND OPERATIONAL REVIEW AND ANALYSIS OF THE BUILDING DEPARTMENT

##### 1. The Building/Development Process

The **building/development** process is defined by a complex set of working interrelationships between the Building, Fire, Public Works, and **Planning/Zoning** departments. The departments are **all autonomous** entities, but they must work effectively as a single unit to be effective. The Building Department serves as the basic coordinating unit for the other departments because they are the primary user department for the Permits Plus system, the system **that** generates the processing flow and tracks the **status of building permit applications**. The Permits Plus system also maintains control over all plan reviewer and inspector comments and permit status.

## City of Miami Beach Building Department Organizational and Operational Review and Analysis

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There is no lead coordinator for the four departments. The departments work with each other **on a purely** cooperative basis. One of the department **heads** or a third party should **be** appointed as the coordinator of the group, who has the **authority** to call the departments into meetings, analyze problems, and resolve inter-departmental issues. They should operate under a **formal** "charter" that defines their coordinated scope and responsibilities. Such an effort **will** go a long way **towards** the **development** of an efficient and effective building/development processing mechanism, able to be responsive to customer needs.

*[City Manager's Follow-up: As a result of discussions with the Building Director and his follow-up discussions with the City Manager, the City Manager sent a memorandum to the members of the Building Development Task Force dated December 8, 2008, designating the Building Director as the chairperson of the inter-departmental team. As stated in the memorandum, the chairperson's role is to facilitate communication and guide process improvement initiatives of the inter-departmental team and to coordinate responses and direct staff and resources on behalf of the City Manager to facilitate building development projects. (This action affirmatively address one of the major recommendations stated in the "Comprehensive Observations, Findings, and Recommendations" section of this report, section VII.)]*

## 2. The Building Department

### **ORGANIZATION AND STAFFING**

The Building Department has undergone many **changes** in the **past** several years. These changes have included administrative changes, changes in the organization structure, and changes in systems and procedures. Changes in laws, rules, and regulations at the federal, state, and local level have also had their impact on the Department. **And** today, the far reaching effects of the global, national, and local economic recession is manifesting itself in reduced construction and renovation activities, a process that started several years ago.

The Building Department is divided into two major subdivisions: Administration and Operations. The Administration division **provides** a variety of **staff/support** services. It is composed of building records and **plans** routing, engineering inspections, development services coordination, front **permit** counter processing, **structural/building** plans review, and information technology support. The Operations Division provides **minimum** standards, provisions and requirements for safe and stable design, method of construction and uses of materials in buildings **and/or** structures erected, constructed, enlarged, altered, repaired, moved, converted to other uses or demolished; and, it provides for the safety of workers and others during these operations and regulates the equipment, materials, use and occupancy **of** all buildings **and/or** structures. Operations includes **plan** review and inspection

## City of Miami Beach Building Department Organizational and Operational Review and Analysis

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services in all disciplines and trade areas, accessibility plans **review/inspections**, and building code **compliance/violations**.

The Building Department provides supervision of construction activities, acceptance of building permit applications, issuance of all building and trade permits, verification of compliance with the Florida Building Code and enforcement of codes promulgated by various regulatory agencies. Plumbing, building, electrical, elevator and **mechanical officials** inspect **new** and existing structures for compliance. The Department **also** provides building code enforcement **services** for buildings within the City.

Building code implementation includes plan reviews and site inspections for building, structural, electrical, mechanical, plumbing, fuel gas, accessibility, engineering and elevators; and, final review and certification of completion and occupancy.

The Florida Building Code defines the role of the building official and the operational relationship of those certified professionals who conduct the plans review and inspection functions of a Building Department. The Code is unambiguous about the designation of the building **official** (building code administrator) as the direct reporting authority for plans examiners and inspectors. Based on interviews with staff and a review of the functional areas assigned to the Department's senior management, the formal (and informal) organization structure of the Building Department places certain **reviewers/inspectors** in a functional and **structural** organizational relationship where they do not report to the building code administrator, directly or indirectly; or, where they appear to report to more than one assistant director.

The "Engineering " function (sometimes referred to as "Engineering Inspections"), for example, reports to the Assistant Director for Administration. The individuals who staff the function consist of the Chief of Engineering and approximately five (5) engineering inspectors. The "Engineering" function, among other activities, is responsible for "reviewing building and structural plans in compliance with the provisions of the Florida Building Code." Additionally, based on observations, interviews, and a review of internal documents, the Assistant **Director** for Administration has been actively involved in the resolution of building plans review **and** inspection issues **dealing** with projects under construction and plans being reviewed. The Assistant Director for Administration does not report to the building code administrator and the position is not accountable to the building code administrator. This observation has been brought to the attention **of** City and Building Department management. Although the Department's organization has undergone some modifications since this point was initially brought to management's attention, **as** of the end of our field work on December 16, 2008, it did not appear **that** the organization had been restructured **and/or** the structural unit redefined to eliminate the concern that **was** raised.

**City of Miami Beach Building Department**  
**Organizational and Operational Review and Analysis**

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*[Building Director's Follow-up: On April 8, 2009, we were informed that the name of the "Engineering Inspections" unit was re-titled and its functions redefined in January 2009, as part of the budget process. The unit was renamed the "Governmental Compliance Section." The new responsibilities include reviewing projects submitted to the Building Department for compliance with the City of Miami Beach Flood Plain Management Ordinance, the National Flood Insurance Regulations, and implementing the provisions of the Miami-Dade County 40-year building recertification ordinance. The section also determines that all approvals have been entered into the Permits Plus system prior to processing certificates of occupancy/completion and Occupant Content paperwork for the Building Official's approval.]*

*[Additional Building Department Clarification: In a letter dated April 13, 2009, the Building Department provided us with information further clarifying the Department's organization structure. The letter is included in "Exhibit F" of this report.]*

Some of the Department's employees are covered by collective bargaining agreements that currently cover the period October 1, 2006 - September 30, 2009. The collective bargaining agreements are with the Communications Workers of America (CWA) and the Government Supervisors Association of Florida (GSA).

The Department's budgeted staffing level has grown over the years and has been at 79 since 2006. With reduced construction /renovation activity, the 2009 budget shows the impact of staffing and other cost increases as revenues decrease. Data was not readily available to track functional staffing levels over a time horizon so that trends, if any, could be observed.

### ***BUDGET AND FINANCIAL OPERATIONS***

The Department is funded through fees paid for the various services it provides. The collection of, expenditure of, and accounting for fees of the Building Department is guided by Section 553.80(7), F.S. In summary, that section of the Florida Statutes does the following.

- Provides for the development of a reasonable fees for services.
- Establishes that fees and related fines and investment earnings related to the fees are to be used solely for carrying out the City's responsibilities in enforcing the Florida Building Code.

**City of Miami Beach Building Department**  
**Organizational and Operational Review and Analysis**

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- Establishes that amounts collected and earned may not exceed the total estimated annual costs of allowable activities to operate the Department.
- **Allows** unexpended balances to be carried **forward** to future years **for** allowable activities or **may** be refunded.
- Establishes that Fees charged must be consistently applied.
- Identifies activities that cannot be funded using fees collected by the Building Department.  
**Instructs** the City to properly account **for** and **oversee** the use of **and** expenditure of Building Department fees.

Fees collected by the Department **are** included **in** the "Licenses and Permits" section of the **General** Fund budget. **As** such, it is **difficult** to distinguish this specific purpose revenue from other general fund monies accounted for in "Licenses and Permits." Additionally, the matching of Building Department **permit** fee revenue with related expenses of the Department in the year collected and expended becomes a difficult, but not impossible, exercise.

**In** fiscal year 2008, the City Commission conditioned its approval of a resolution (Resolution No. 2008-26771), which approved the use of a \$15 million **surplus** containing \$6 million of building permit fee revenue, based on a review of **building/development** process **revenues** and expenses to ensure that **building/development** process revenues were only being used for approved purposes. A consultant's report served as the basis to support the use of all but approximately \$911,483 of fee revenue. The report was based on the use **of** an indirect cost rate (**34%**) that was approximated as a result of a 1999 rate study commissioned by the **City**. **During** the **latter** part of the 2008 calendar year, a new indirect cost rate study yielded an indirect cost rate of 15.4%, substantially lower than the 34% rate used in the consultant's **calculations** of the building fee surplus. Given an over 50% reduction in the indirect cost rate, it is **likely** that using the 34% estimated rate yielded total departmental expenses that were too high over a period of years. Consequently, the \$911,483 calculation was too low **in** 2008 and was probably understated in prior **years**.

The **Building** Department's legal **requirements** in this **area** make the administrative and accounting treatment for **its** fee revenue and operating expenditures resemble those of an enterprise fund activity. *Along with insuring that the City's indirect cost rate is updated on a periodic basis, we recommend that the City record and report all revenues and related expenditures associated with these activities similar to an enterprise fund. Implementing this recommendation would also facilitate the proper accounting for and use of interest earnings due to building fee surpluses.*

## City of Miami Beach Building Department Organizational and Operational Review and Analysis

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The fiscal year 2008 budget anticipated a reduction in **revenue** due to a possible slow down in **new** large construction projects. That budget anticipated that based on the trend at the time, "... the City of Miami Beach will continue to experience a multitude of new construction and renovation projects. The future outlook may show a reduction in volume of **large** new construction projects, offset in part by increased renovation project activity." The projected budget for 2009 anticipates a further erosion of the Department's revenue base. However, the Department's projected expenses for 2009 have not been adjusted to reflect the anticipated downturn in construction and renovation activity. The effects of the **current** local, national, and global economic downturn may prove to be a challenge in maintaining expenditure **levels** as high as those projected.

### ***SYSTEMS AND PROCEDURES***

**Over** the years, the Building Department has been on an active growth path. Building activity **over** the years has been rapid. Improvements in the Department's systems, processes, **and** procedures have not been able to keep up with the rapid growth in the Department caused by dramatic increases in the need for services to its customers. **In** many cases the Department has implemented procedures before providing adequate documentation and training to staff **and/or** notification to the public. This has caused confusion on the part of staff and customers.

The Department does not have formal policy and procedures manuals for its administrative and operating areas. Although there is currently a manual that addresses many of the Department's operations ("Manual of Policies and Procedures"), **it** is not comprehensive nor is it all-inclusive. Additionally it continues to undergo changes based on the current evolutionary nature of the Department. ***The Department should generally commit to an organizational structure; settle on the basic process flows, both overall and for each functional area; and then, proceed to formally develop policies, systems, and procedures in support of each activity. Developing a comprehensive policies and procedures manual is a much needed activity. It is also a time-consuming process and resources should be dedicated to it, if the work is to be done in a timely manner. This is an activity that can be easily contracted-out.***

### ***STATISTICAL ANALYSIS OF OPERATIONS***

In fiscal year 2008, the Building Department processed 11,764 applications for permits. **During** the same period, the Department approved 11,051 **permits** and issued certificates of completion and certificates of occupancy for 337 projects. Since 2005, the percentage change in "Permits Applied For" and "Permits Approved" has slowed. Permit applications in FY2008 represented a 13.3% reduction over FY2007 applications. Similarly, permit approvals were down by 13.1% over the same period in FY2007. An analysis of the statistical data shows a trend towards a decrease in **building/renovation** activity between FY 2004 **and** FY2008. The

**City of Miami Beach Building Department  
Organizational and Operational Review and Analysis**

---

decreases are consistent with the general decline in global, national, and local economic conditions experienced over the past few years. The fact that the national economy has been in a recession for over a year further supports **this** trend that has also affected the south Florida area.

***OPERATING DIVISION REVIEWS***

Detailed interview sessions were conducted **with** representatives of all of the operating divisions of the Building Department and **with** representatives of Fire Prevention, Public Works, and Planning/Zoning. **The** reviews were conducted in such a manner to allow the consultants to gain a general understanding of each operating division or Department in the following **areas**.

- **Staffing**
- **Plan** review responsibilities
- Inspection responsibilities
- Permit fee system and schedule
- Single Point of Contact program
- Use of Private Providers
- Licenses and training
- Workflow
- **Computer** support systems
- Other areas of interest to the **division/department**

The summarized comments of staff follow.

***BUILDING DEPARTMENT***

**Plans Review**

- Some staff felt the **walk**-through process should be eliminated except for small projects. Some also felt there was too much Interference from individuals outside of **the** Department.
- The Department does not have a checklist for each permit or inspection type.

**Fee System**

- The fee **system** and schedule is too complicated and should be simplified.

**City of Miami Beach Building Department**  
**Organizational and Operational Review and Analysis**

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**Permits Plus**

- **Although it is** a vital system to the Department's operations, staff noted many security **issues** and processing issues with the system.

**Single Point of Contact (SPC)***(This process has been discontinued.)*

- The system shows favoritism to certain customers. **It is a way of giving certain** customers **special** attention and **treatment**. There **was** no consistency as to which **projects** were SPC and which were not. There was no objective way **of determining** which projects **qualify** for SPC.

**Inspections**

- Some Indicated that automatically scheduling appointments through the IVR/Permits Plus systems is problematic for several divisions. In those divisions, the process does not allow for efficient scheduling of staff.
- Because of workload and lack of sufficient staffing, elevator inspections are behind.

**Miscellaneous**

- The **morale** of **the** Department is **low** because of recent **events**. **City needs** to encourage staff and **make** them **feel** they are **valued**.
- Supervisors do not pass information on to **staff**.
- Communication between **plan** reviewers and inspectors is lacking.
- During interactions with customers, management does not always support staff when they follow the rules.
- No processes and procedures in place. Process changes are word of mouth, not written. Information not being relayed to permit clerks.
- There are morale **and** trust problems in the Department.

***FIRE PREVENTION***

- Concern raised about the fact that **Permits Plus** does not have functioning audit trails.

Additional space and drafting tables where permits are processed, plans are reviewed, customer waiting area.

- Generally satisfied with the fee schedule for Fire.
- Would consider eliminating some walk-throughs.
- Satisfied with the RFP for cast and fee study plan.

***PUBLIC WORKS***

Staff believe the fee schedule is inadequate and outdated.

- Feel an adequate cost study is critical.

Public Works sometimes unnecessarily included in work flow.

- Suggests creating a "Building Development Permit Issuance Group" to manage the overall process with the other departments.

***PLANNING/ZONING***

- Would like to have projects in **Permits Plus** but system software is a problem.
- Would like to have a systematic approach to **calculating** the Parking Impact Fee and the Concurrency Mitigation **fee**.
- Zoning inspections are not part of the **IVR/Permits Plus** system. **Inspections** sometimes **not** scheduled.
- Sometimes included in work flow when not necessary.

***INTERNAL AUDIT REPORT (July 3, 2008)***

The July 3, 2008 Internal **Audit** Report was conducted to determine whether transactions, adjustments, and processing procedures were established, authorized, and maintained in accordance with laws, regulations, contracts, and **management's** policies; whether transactions were accounted for and were accurately and promptly recorded; whether recorded balances were periodically substantiated and evaluated;

## City of Miami Beach Building Department Organizational and Operational Review and Analysis

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and, whether City assets, records and files were properly safeguarded, controlled, and access restricted in accordance with management's criteria. The overall opinion concluded as a result of the audit was that accountability and controls over permit revenue collections need to be addressed. A related review has identified millions of dollars in permit fees that were not assessed; and therefore, were not collected,

### ***QUALITY CONTROL REVIEW (October 2008)***

In early October 2008, the permit clerk supervisor and the Assistant Director for Administration started to perform spot ("random") audits of permit fees other than building permit fees. As of mid-October, they noted errors in calculations of the sanitation impact fee, the fee for alterations/remodeling for single family, duplexes, and areas in condos; and, the fee for alterations/repair to marine structures. Investigations into the discrepancies revealed that the problem with properly calculating the fees was related to a mis-interpretation of the proper methodology for calculating the fee; errors in the Municipal Code Book, errors in the Ordinance that was presented to the Commission for approval; and/or the municipal code information on the web site (Municode). Errors were also found in the "Blue Book" of fees that was distributed to the public and there were errors in the manner that Permits Plus calculates certain fees. *These and other errors in the method that fees are calculated should be identified and corrected immediately.*

### **3. Customer Processing**

Customers have several points at which they interface with the Building Department. Information on the Department and its overall operations can be obtained using the internet and the City and Department's web site.

The Department's offices are located in close quarters on the second floor of City Hall. The main processing starting point in the Department is too small for the volume of people served. Large numbers of customers occupy this space for extended periods of time, giving the impression of general chaos and confusion. Because of the lack of seating and general work space, customers sit on the floors and crowd the halls in the immediate area, making the smooth flow of traffic impossible. With large numbers of people waiting to be served and the Q-Matics system calling out processing numbers and giving directions, the noise level is high and one gets the impression that the operation is inefficient and disorderly. Given the number of people served by the Department, the cramped service areas create logistical problems that get translated into actual or perceived service delivery problems.

Consideration should be given to relocating the Department to a first floor location in a building where the Department would be in space that is not uncomfortably crowded and where customers can be easily served.

## City of Miami Beach Building Department Organizational and Operational Review and Analysis

---

**The Building Department** receives an average of 80,000 **calls** per year. Currently the Department does not have the resources to answer and respond to all the calls it **receives**. The abandon rate of calls is currently at 31%. Additionally, the City's IVR system receives approximately 77,000 calls per year with an abandoned rate of 80%. As a result, the Department's image suffers and customers go **unserved** and are frustrated. **Staffing** limitations prevent the Department from assigning more resources to this function. *Although a vital function of the Department, the Call Center is not a function that the City has to perform internally. The function could be easily contracted-out.*

#### 4. **Technology Solutions**

The Department embraces the use of technology to increase the **efficiency** of its operations. In 2007, the Department introduced the use of computers to be used in the **field** to accumulate and transmit inspection **status information** to the Department's central computer operation. This **allowed** the Department to **have** up-to-date status information on projects under construction. Other technological tools introduced to the Department included on-line **permit** application for certain permit types, Q-Matics (a customer queuing program application), Permits Plus (a process control system), Interactive Voice Response (**IVR** - a customer call-in scheduling application), Permit Manager - Online **Permitting**, and **BuildFax**.

The **Permits Plus** system is a critical tool in the smooth operation of the building/development process. It is the primary support system for the Building Department's operations. It is also a tool used by other City departments.

The Building **Department** uses Permits Plus *to*, among other things, **manage** a project from application to completion (final approved occupancy). Its effective operation is critical for the Department to effectively carry-out its responsibilities. The **software** handles tasks such as calculating **permit** fees, issuing permits, managing the **plan** review cycle, and recording **plan** review and inspection results. It is also used for monitoring the inspection process. **Permits Plus** has been **used** by the Department for approximately ten years. Staff find it to be complex and not user friendly. As currently configured, it lacks the security needed to properly manage the building/development process.

During the course of this review and analysis, several significant issues related to the Department's use of the **Permits Plus** system were identified and brought to the attention of City and Department management. Those issues include the following.

- The current permit fee **schedules**, which **are** the basis for inputting **much** of the permit data into **Permits Plus** for the purpose of making fee calculations, do **not** match the current fee screens in **Permits Plus**.

**City of Miami Beach Building Department**  
**Organizational and Operational Review and Analysis**

---

Building Department inspectors use of the inspection assignment module does not result in the effective **and efficient** use of inspectors. Human intervention is required to efficiently assign inspectors. One inspector is **solely** responsible for **manually** assigning inspections to projects.

- The system does not have a functioning audit trail to determine what changes **have** been made and by whom.
- The approval screen within Permits Plus is virtually open to all employees of the Department **and** likely any department that uses the **shared system**.
- The July 8, 2008 **internal** audit report on **the** Building Department revealed significant deficiencies that left the Department open to abuse.
- There is concern **about** the security of Permits Plus in all of the City **departments** that use the system. **One** of the major concerns **raised among** departments **was** the belief that anyone in **any** user department has access to **input** data into **the** various screens within Permits Plus.

Due to the significant **role** Permits Plus plays in the **building/development** process for the City, interim recommendations have been made to City and Building Department management to address the security and processing issues **found** in reviewing the system.

The Q-Matics system is capable of generating reports **which** show waiting times, transaction times, customer flow patterns and trends for each service category. Decisions concerning **staffing** can also be made based on **the** data. Although the system has these reporting capabilities, the features are not being used effectively or at **all**. Staff **responsible** for **supporting** the system are not familiar **with** the basic operations of **the** reporting system. **The** system's management reports are not being utilized and the types of data the system maintains is not **well** known by support personnel. Such data **was** not utilized as part of the **analyses** in this report because the data **and** its interpretation could not be relied on. Therefore, we were without sufficient **information** on which some basic analyses of **staffing** patterns, waiting times, and processing times could be conducted.

*The effective use of technology can assist the Department in reducing the cost of its operations and in providing more efficient and effective services to the Department's customers. Additionally, the Department could increase its operating efficiency by better understanding the features of the technology it currently has and using those features to enhance the Department's operations and service delivery.*

## 5. Building Development Process Focus Group

In February 2007, the City created a Building/Development Process Focus Group. This represents another step in its efforts to work with City departments and user representatives to improve the systems and procedures involved in the building/development process. This is the first formal undertaking by the City since implementing the recommendations of the Business Resolution Task Force, whose efforts concluded in November 1999. The Building/Development Process Focus Group is primarily a City staff effort composed of representatives of the Building, Planning/Zoning, Fire Prevention (Fire Department), and Public Works departments. However, the meetings are open to the public to receive their feedback. Members of the four City departments form the nucleus of a team that is charged with conducting a process review to provide the City Manager with recommendations for the short-term (recommendations that can be implemented immediately or "easy fixes"), medium-term, and long-range (recommendations geared toward the future vision of the respective processes, which could be implemented over the next five to seven years).

Many of the issues identified by the Building/Development Process Focus Group, are similar to ones identified in the earlier study by the Business Resolution Task Force. They are also similar to issues identified and discussed at a Building Department retreat held in late 2005/early 2006.

The City's management has exercised wisdom in undergoing periodic reviews of the Department's operations to ensure that service improvements are identified and implemented in a timely manner. However, the degree to which identified changes have improved the Department's operations, and the public's general perception of improvements in the Department and the services it provides has not been realized.

## 6. Stakeholder Interviews

In an effort to obtain input from the individuals most affected by the operations of the Building Department, we interviewed Department stakeholders. Lists of individuals and entities who represented a broad spectrum of Building Department stakeholders were developed. A cross-section of the prospective participants was selected. They represented many of the groups who interface with the Department. The pool of possible external participants included individual homeowners, large and small property owners, builders, developers, lawyers,

**City of Miami Beach Building Department**  
**Organizational and Operational Review and Analysis**

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expeditors, architects, engineers, and similar individuals and professions. From the pool, a final list was developed and individuals were contacted to **participate** in the interview process,

**Our requests for** interviews **was** greeted with appreciation by some individuals and apprehension from others. Some refused to participate for fear *of* possible retaliation or retribution by the City or **the** Department, **even** though **they** were assured their participation **would** be anonymous. Some felt their participation was their **civic** duty. **All** who participated appeared to have the best interests of the **City** and **the** Department in **mind**. There **was** no indication that any participants were vindictive or were in any **way** trying to cast a **negative cloud over the** Department. Respondents premised to be honest and candid in their responses to questions.

Some of **the** comments **received** are anecdotal **and may** not be supportable by specific **evidence**; **however**, some comments **were** based on supportable documentation that was **reviewed** by the interviewer. **The** comments received are important because they represent people's perceptions of the nature of the Department, its staff, and its activities, Perceptions that are held by a large enough group of **individuals** tend to become **viewed** as "reality" **in** peoples' minds.

The Miami Beach Chamber of Commerce (the "Chamber") **was** one of the **external** stakeholder groups identified. A Chamber committee had **recently** completed its own review of the City's Building Department. The findings and **recommendations** of the Chamber's committee report are included in this report.

Although they are not external participants, the Mayor and all City Commissioners participated in the interview phase of the project. **As** elected **officials**, they serve constituency groups and **receive** input from constituents that is **important** to this project. Their **comments** and perceptions **are** also included in the body of the report.

**Except** for the comments contained in the Chamber of Commerce report, to **ensure** anonymity, the comments **received** from stakeholders **were** not attributable to any individual or group.

Many of **the** comments from the Chamber of Commerce's report were echoed in comments **from** the individuals and entity representatives interviewed. **Interviewee** comments were generally **critical** of the Building Department's staff, processes, and procedures, However, on a number of occasions, staff were praised for their fairness, knowledge. and work attitude.

Although the comments received **from interviewees** were made in 2008, some of **them** are representative of comments that have been documented by the City since the review conducted in 1999. While some who were interviewed were complementary about the staff and operations of the Department, most interviewee comments were not. The Department's perceived ability to perform its services **efficiently**, effectively, and courteously is in doubt.

**B. PERMIT FEE AND COST ALLOCATION REVIEW**

The current **permit** fee schedule is very complex consisting of numerous and varying fees for different **types** of projects **and** scopes of work. Although the actual calculation of the fees is automated (calculated using the **Permits Plus** system), the accuracy of the data **that** is entered into the **system** is difficult to accurately **determine** because of the fee **schedule's** complexity and the lack of standardized processes and procedures for calculating it. Consequently, the accurate collection of permit fees is very **difficult**. Additionally, the Building Department fee **schedule** was last **revised** on October **1,2003**.

A basic component of the Building Department's cost structure is its indirect cost rate. The City currently does not know if the existing fee structure covers their costs, particularly **indirect** costs. **Indirect** costs were last calculated **in** a fiscal year 1999 study. They have not been **formally** updated **since** that study.

The City's objective in having its **permit** fee structure and system reviewed was to ensure that fees are set at a level and in a manner **to** cover the direct and indirect costs of the building development process, are implementable, are understandable, are easily updated in response to **change**, and can ensure **the** integrity of the permitting process and collection of fees.

Building Department management officials and staff from the various Building Department disciplines, as well as building development officials in other departments, opined almost universally, that they need and are in favor of having a simplified fee schedule developed.

We reviewed the Request for Proposal for a Building Development Process Cost Allocation and Fees Study (REP) and made recommendations on it during the first few weeks of the project engagement. In the process of developing our recommendations, we **reviewed** the RFP document and the existing fee **schedule**, in detail; analyzed the pertinent findings and recommendations of the Internal Audit report which addressed the proposed projects; and, obtained input from the other departments who are part of the **building/development** process. Our findings and recommendations, which **were** presented to City and Department management in the early stages of the project, included the following.

**City of Miami Beach Building Department**  
**Organizational and Operational Review and Analysis**

---

- *The RFP's statement of scope of services and its requirements of the successful proposer are adequate for accomplishing management's objectives.*
- *The study should be separated into two distinct projects and separate RFPs should be issued. One project would be the development of a city-wide and building/development process specific indirect cost rate plan. The second project, would be the development of a simplified permit fee structure and calculation mechanism.*
- *The resulting RFPs should be released immediately.*

**C. OUTSOURCING/PRIVATIZATION**

This aspect of the project was devoted to performing a detailed review of **the Building Department** and identifying those areas the City might be able to receive benefit **from** by contracting-out the activity. To provide a basis on which to evaluate the significance of privatizing activities **and establish** the City's **exposure** to having a core function **outsourced**, **City and Building** Department officials were asked to identify the "core" functions of the Department. The "core" **functions** were identified **as** follows.

- **Insure that all construction projects comply with Florida Building Code**
- **Review building plans**
- **Perform building inspections**
- **Issue permits**
- **Issue occupancy certificates**
- **Collect proper fees**

The **Building** Department currently participates in several activities that can be categorized as outsourcing or "contracting out." The Department has **developed** a contractual relationship with companies that provide staff support in the plans review and inspection **areas**. The Department also uses contractors to provide inspection services for certain projects requiring expedited treatment. In these cases, the developer/owner reimburses **the Department's** costs **billed by** the contractor.

## City of Miami Beach Building Department

### Organizational and Operational Review and Analysis

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As a result of our review, several areas were identified as possible prospects for outsourcing. An **outsourcing** feasibility table was created showing the "Reasons to Outsource" and the "Reasons to Retain as a **City** Function." Since a decision to **outsource** should be based on a series of analytical determinations, it is not in the scope of this analysis to make a formal recommendation to the City to contract-out or retain a function. **However**, *as a result of analyzing the information in the table, some of the areas where the Department might benefit from contracting out are the following.*

- *Permit Counter*
- *Records Management*
- Call Center*

These areas are not core functions of the Department; they are support services; staffing can be flexible depending on **activity**; the collective bargaining considerations are not onerous; and, the functions **easily** lend themselves to outsourcing.

*Also, given that building activity is undergoing a slowdown due to global, national, and local economic conditions, the **City** should consider staffing the review and inspection areas at **minimum** levels required to conduct a base level of service delivery and contracting out, as required, to meet periodic higher level staffing needs or the need to staff particular projects. Appropriate analyses should be conducted to determine the feasibility of this and other efforts to reduce costs and to determine the resultant **impacts** on the Department and its operations. In implementing any outsourcing activities, the City must consider any requirements placed on it by the coElective bargaining agreements if has in place.*

#### **D. BEST PRACTICES (BENCHMARKING)**

In an effort to find ways to improve its operations, policies, and procedures, the City wanted to compare certain operational aspects of its Department to comparable cities. The City wanted to know what it could learn from other Building Departments. The intent of such a review was to identify the "best practices" followed by these organizations so that, where possible and where applicable, they could be incorporated into **the City's** Building Department operations. To accomplish this objective, two projects were undertaken. One project utilized a **survey** questionnaire which was sent to ten (10) carefully selected jurisdictions. The other project utilized a "peer review" process in which knowledgeable building **professionals** were invited to meet with the Building Department and comment on certain processes followed by the Department.

The seven (7) jurisdictions who responded to the survey provided the City of Miami Beach and the Building Department with a wealth of information that can serve as the basis for improving some **of** the Department's systems, procedures, and operations. The survey information will be turned-over to the Building Department. The benefit to be derived from the information in the survey responses will come as the Department's staff analyzes the information, in detail, and does formal follow-up work with the respondents. This survey represents the first step in developing a meaningful dialogue with peer organizations.

## City of Miami Reach Building Department Organizational and Operational Review and Analysis

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A peer review is the process of submitting one's work to the judgment of another who is equally qualified. The point of peer review is to help each other understand and improve the quality of their work. A peer review identifies any deviation from standards; suggests improvement opportunities; and, promotes the **exchange** of techniques **and** education of the participants. The process can be used to diagnose weaknesses; provide a supportive environment within **which** possible improvements can be determined; and, provide a context within which one can reflect upon the practices the Department follows.

The senior staff of the Building Department demonstrated their dedication and **support** for the Department by subjecting themselves to such a process. **Opening** oneself to the critical review of peers was not easy, but the outcome of the process we think was rewarding.

**Several** building professionals participated in the **peer** review discussion. Topics were offered for open discussion. As a result of the interchanges between participants, **recommendations** were made that may be of benefit to the Department. The recommendations are summarized in the body of **the** report.

*Now that closer relationships have been established among the participants, this effort can be continued on an informal basis between the staff of the Miami Beach Building Department and the respective staff of peer entities. Process participants should be expanded to include members of the Fire Department, Public Works, and Planning/Zoning. To be comprehensive in its approach, staff at all levels of the organization should be able to participate in an appropriately structured program. This initial peer review session should be considered as the beginning of a "crosscultural" educational process, not the end. Expanding the Department's experiential base would go a long way to creating a Department able to develop more innovative, efficient, and effective processing systems and procedures and a departmental environment more open to being responsive to customer needs.*

**City of Miami Beach Building Department**  
**Organizational and Operational Review and Analysis**

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**E. OBSERVATIONS, FINDINGS, AND RECOMMENDATIONS**

Our observations, findings, and recommendations are found in section VII of this report. They include the observations, findings, and recommendations from the two interim meetings with City and Department staff, and the comprehensive observations, findings, and recommendations developed for presentation with this final report. The comprehensive observations, findings, and recommendations of this report are summarized below.

1. *Ensure that the Building Department's formal (and informal) organization and responsibility reporting structure is in compliance with the Florida Building Code.*
2. *Separate the duties of fee assessment and receipt of fee payments,*
3. *Implement customer service improvements.*
4. *Develop and implement a simplified permit fee structure and calculation methodology.*
5. *Develop policies and procedures to implement the Private Provider process.*
6. *Develop a system of exception reporting and staff accountability and responsibility reporting.*
7. *Require inspectors and reviewers to document and support plan or construction modifications that are in excess of established thresholds or requirements.*
8. *Provide adequate and timely training for staff.*
9. *Enhance monitoring and control over Building Department fiscal operations.*
10. *Conduct a comprehensive review of the methodology used to calculate all fees and ensure that all documents containing fee information are consistent.*
11. *Provide adequate physical space for Building Department operations.*
12. *Create and staff a high-level customer advocate (ombudsman) position responsive to customers interacting with building/development process departments.*
13. *Require inspectors and reviewers to internally resolve interdisciplinary, inter-departmental and/or intra-departmental conflicts before they are communicated to the customer.*

**City of Miami Beach Building Department**  
**Organizational and Operational Review and Analysis**

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14. *Use issues or conflicts as material **for** training of inspectors and plan reviewers.*
15. *Consider **outsourcing** the Call Center operation*
16. *Consider **outsourcing** the permit counter and records management service areas.*
17. *Analyze ~~the~~ effectiveness of the Department's technology solutions to **providing** customer support.*
18. *Increase **operating** efficiency through the **effective** use of technology*
19. *Review and analyze staffing levels.*
20. *Appoint an individual to coordinate the **efforts** of the building/development **process** departments.*
21. *Develop **formal** policies and procedures manuals for all building/development process disciplines.*
22. *Complete the **process** of developing plan review and inspection checklists.*
23. *Enhance staff knowledge **and** ~~use~~ of Department technology.*
24. *Perform a comprehensive review and analysis of the **Permits Plus** system.*
25. *Global Recommendation*

*Based on our detailed review **and** analysis of the Building Department, we recommend the **following** strategic approach to **improving** the Department's operations and effectiveness.*

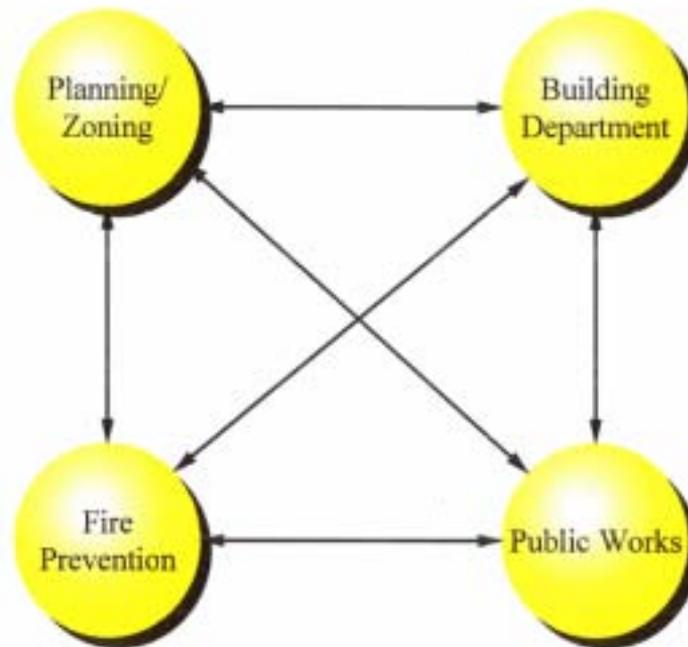
- a. *Stabilize senior management.*
- b. *Create a friendly and open work environment, for staff and clients.*
- c. *Train and properly equip staff.*
- d. *Create an open and **non-congested** work environment for staff and clients.*
- e. *Gain the **trust and respect** of staff and clients.*
- f. ***Include** stakeholders in developing **process** improvements.*
- g. *Make customer service one of the Department's highest priorities.*
- h. *Understand and **effectively** use the Department's systems.*

**III. ORGANIZATIONAL AND OPERATIONAL REVIEW AND ANALYSIS OF THE BUILDING DEPARTMENT**

**A. THE BUILDING/DEVELOPMENT PROCESS**

There are four (4) City departments that comprise the basic functions involved in the building/development process. They are the Building Department, Fire Prevention (which is part of the Fire Department), Public Works, and Planning/Zoning. Each department is responsible for a particular and specialized portion of the building/development process and each has an independent governmental function within the City structure. Each has its own processes and procedures for insuring compliance with all applicable laws, rules regulations, and directives; processing project plans; and, monitoring project construction and completion. Each department is also inter-dependent of the other departments. Although the departments are autonomous, they must operate as a unit to insure that building/development activities in the City are compliant with the numerous laws, rules, regulations, and directives of the City of Miami Beach and the federal, State, and local governing bodies that regulate their activities. They must adhere to many, and sometimes conflicting, legislative and administrative constraints, on one hand, and at the same time, they must make the process workable for the customers they serve.

There is no one controlling department in this group of four. They work with each other on a purely cooperative basis. Additionally, based on the City's organization structure, they do not report to one single higher-level authority, such as an assistant City manager. The Building Department and the Fire Department report directly to the City Manager, Planning/Zoning reports to one assistant City manager; and, Public Works reports to a different assistant City manager. The complex interrelationship between the four departments is illustrated below.



The Building Department generally serves as the coordinating unit in the permitting and inspection phase of the building development process. The Department is the public's basic interface point. Plans are submitted to the Building Department; controlled and monitored by the Department to ensure that they are processed by all required departments in a timely manner; project plans are permitted; construction activities are inspected; and, upon completion of construction, occupancy is granted through a final review and certification process. The developer/owner interfaces with the process according to specific protocols developed by the individual departments, but coordinated, in general, by the use of a computer-based system maintained by the Building Department (Permits Plus).

The general responsibilities of each of the four departments, as they relate to the building/development plan review, inspection, and final certification process, are summarized as follows.

## City of Miami Beach Building Department Organizational and Operational Review and Analysis

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### *Building Department:*

The Building Department provides supervision of construction activities, acceptance of building permit applications, Issuance of all building and trade permits, verification of compliance with the Florida Building Code and enforcement of codes promulgated by regulatory agencies such as the Hotel and Restaurant Commission, Miami-Dade Environmental Resources Management, State Departments of Health and Professional Regulation, Board of Adjustment, and the U.S. Army Corp of Engineers. Plumbing, building, electrical, elevator and mechanical officials inspect new and existing structures for compliance.

### *Fire Prevention:*

Fire Prevention, which is a division of the Fire Department, is responsible for the ongoing review of all plans submitted for permit to insure compliance with applicable fire and life safety codes; and, it performs all new construction inspections. The review of all plans submitted for permit serves to insure compliance with applicable fire and life safety codes.

### *Public Works:*

The Public Works Department performs planning; design; construction; maintenance and repair; and, operation of the City's infrastructure, including utility systems and the City's buildings and facilities. The Department is also responsible for the City's cleanliness, and manages the solid waste collection and disposal program. The primary interface with the Building Department and the building/development process takes place in the Right of Way (ROW) Division and Right of Way Management (ROWM).

The Right of Way Management Section is responsible for managing the activities associated with the use of the City's rights of way. The Right of Way section reviews all residential and commercial construction plans, reviews Planning Board and Zoning Board items, issues right of way permits, and manages activities within the City's rights of way.

### *Planning/Zoning:*

The mission statement for the Planning/Zoning Department is as follows.

"We are dedicated to developing, refining, and effectuating a comprehensive urban planning vision for Miami Beach with the goal to preserve the integrity of the City's unique design heritage, enhance the quality and diversity of the urban experience, inclusive of its residential neighborhoods, business districts, and resort, recreation and entertainment areas."

**City of Miami Beach Building Department**  
**Organizational and Operational Review and Analysis**

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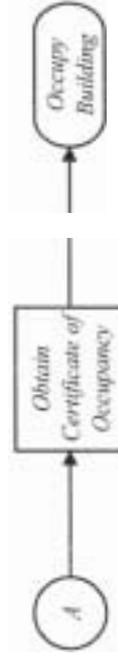
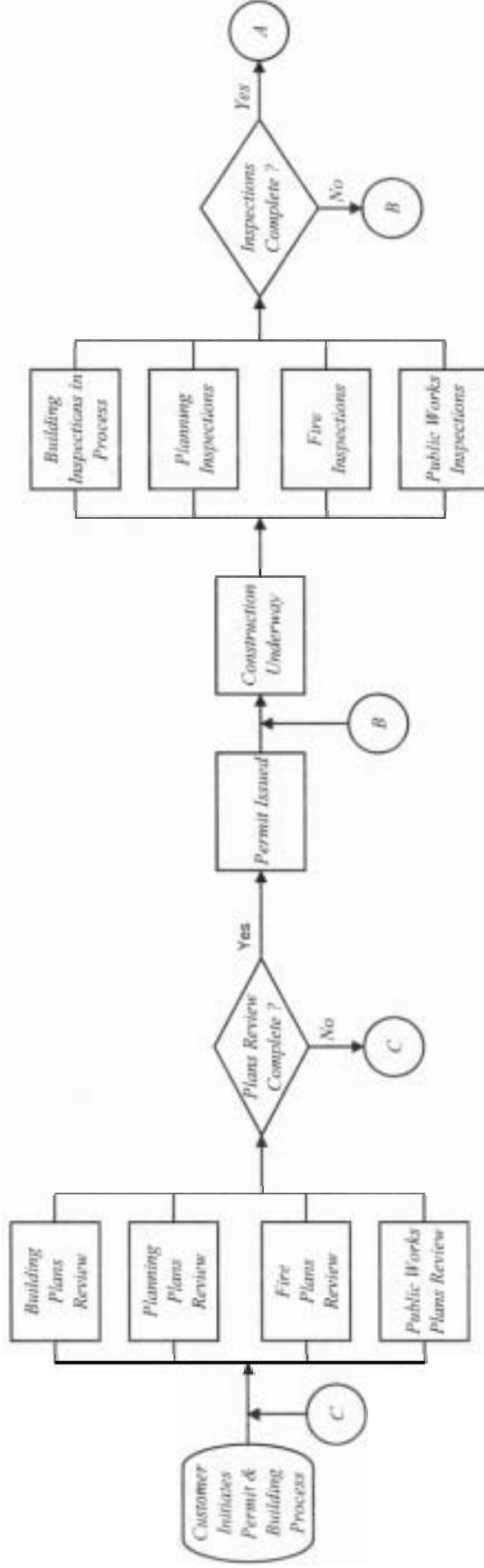
The **Planning/Zoning** Department generates and applies regulatory standards and **policies** that are designed to ensure that the city perpetuates its tradition of progressive urban design and planning. The Department is also responsible for providing professional analysis and recommendations to the City Manager and City Commission on **all** land development issues. Staff of the Department serve as staff to the **City's** Planning Board, Board of Adjustment, Design Review Board and Historic Preservation Board.

**The** Department reviews all building permits for compliance with the City's land development regulations **and** for consistency with architectural **review** guidelines and preservation criteria.

The following flow chart illustrates the buildingidevelopment process.

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## Building/Development Process



**City of Miami Beach Building Department**  
**Organizational and Operational Review and Analysis**

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*Follow-up Action by the City Manager:*

*As a result of discussions with the Building Director and his follow-up discussions with the City Manager, the City Manager sent a memorandum to the members of the Building Development Task Force dated December 8, 2008, designating the Building Director as the chairperson of the inter-departmental team. As stated in the memorandum, the chairperson's role is to facilitate communication and guide process improvement initiatives of the inter-departmental team and to coordinate responses and direct staff and resources on behalf of the City Manager to facilitate building development projects. (This action affirmatively addresses one of the major recommendations stated in the "Comprehensive Observations, Findings, and Recommendations" section of this report, section VII.)*

**B. THE BUILDING DEPARTMENT**

The Building Department was established in 1925, at a point when the City had its own building code. The Florida Building Code was mandated by the State under chapter 2000-141 of the Laws of Florida, which amends Chapter 120, F.S. As of March 1, 2002, the Florida Building Code superseded all local building codes which are developed and maintained by the Florida Building Commission. The code currently in effect is the Florida Building Code, 2005 revision. The Department provides building code enforcement services for construction projects within the jurisdiction of the City of Miami Beach. The mission statement of the Building Department is as follows.

"We are dedicated to efficient and effective supervision of construction activities within the City limits to assure compliance with the Florida Building Code."

**1. Organization and Staffing**

The Building Department is divided into two major subdivisions: Administration and Operations. The Administration division provides a variety of staff/support services. Per the fiscal year 2008 "Departmental Work Plan," it is composed of building records and plans routing, engineering inspections, development services coordination, front permit counter processing, structural/building plans review, and information technology support. The "Departmental Work Plan" states that the Operations Division provides minimum standards, provisions and requirements for safe and stable design, method of construction and uses of materials in buildings and/or structures erected, constructed, enlarged, altered, repaired, moved, converted to other uses or demolished; and, it provides for the safety of workers and others during these operations and regulates the equipment, materials, use and occupancy of all buildings and/or structures. Operations includes plan review and inspection services in all disciplines and trade areas, accessibility plans review/inspections, and building code compliance/violations.

**City of Miami Beach Building Department**  
**Organizational and Operational Review and Analysis**

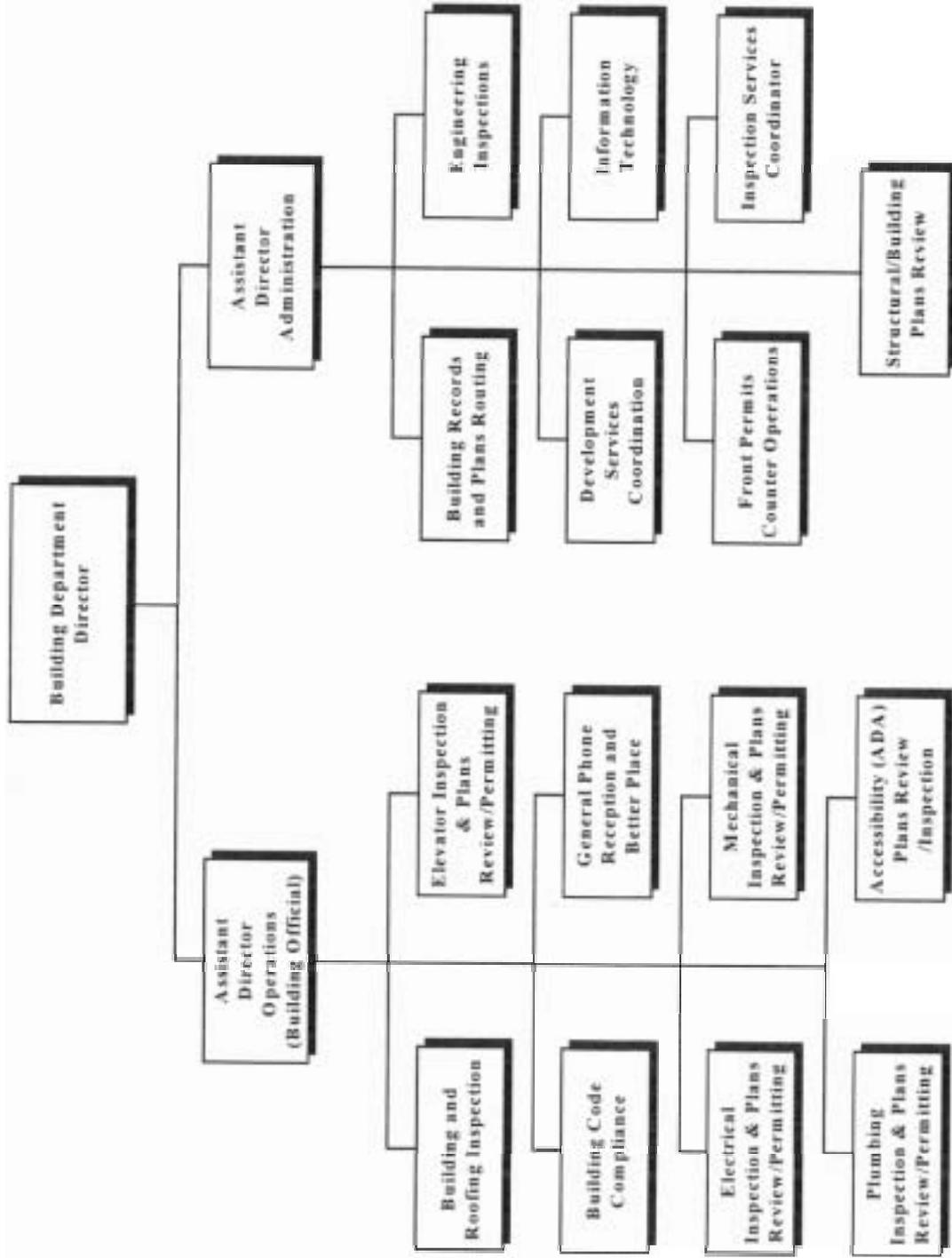
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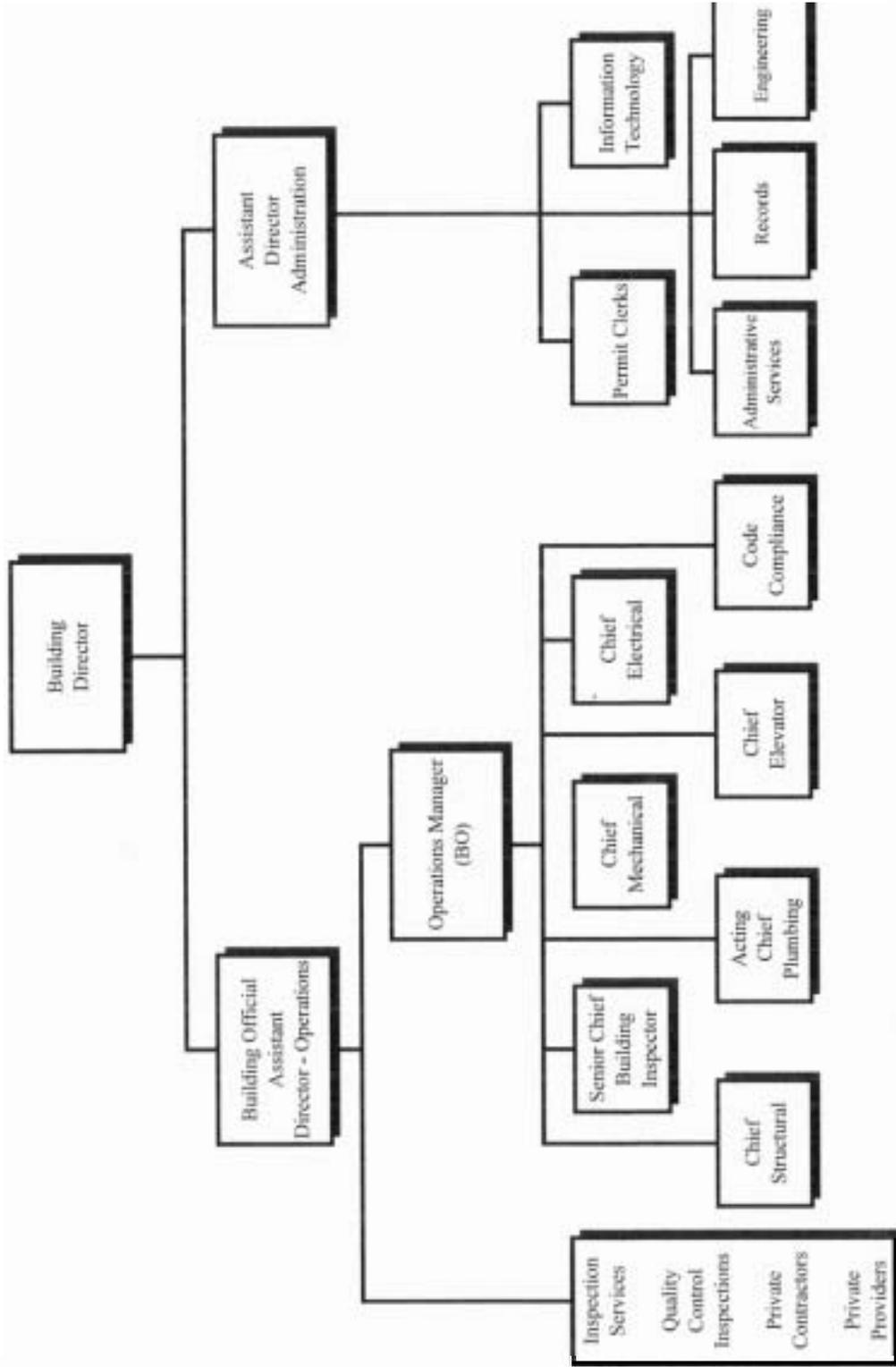
A functional organization **chart**, that reflects the Department's structure based on the "Departmental **Work Plan**," follows. A functional organization chart, that reflects the Department's structure at the time the field work on this project was underway, follows the "Departmental Work Plan" structure and is based **on** modifications to the structure as a result of our discussions with Building Department management.

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*Fiscal Year 2008 Building Department Organization*



# *Building Department Management*



## **City of Miami Beach Building: Department Organizational and Operational Review and Analysis**

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The Building Department provides supervision of construction activities, acceptance of building permit applications, issuance of all building and trade permits, verification of compliance with the Florida Building Code and enforcement of codes promulgated by regulatory agencies such as the Hotel and Restaurant Commission, Miami-Dade Environmental Resources Management, State Departments of Health and Professional Regulation, Board of Adjustment and the U.S. **Army** Corp of Engineers. Plumbing, building, electrical, elevator and mechanical officials inspect **new** and existing structures for compliance. (Source: **City of Miami Beach web site.**)

The Department also provides building code enforcement services for buildings within the **City of Miami Beach**'s jurisdiction.

Building code implementation includes plan reviews and site inspections for building, structural, electrical, mechanical, plumbing, fuel gas, accessibility, engineering and elevators; and, final review **and** certification of completion and occupancy.

The Florida Building Code defines the role of the building official and the operational **relationship** of those certified professionals who conduct the **plans** review and inspection functions of a Building Department. Title XXXII, Chapter 468, Part XII, Section 468.604 of the Florida Statutes specifies the responsibilities of building code administrators, **plans** examiners, and inspectors as follows.

*468.604 Responsibilities of **building** code administrators, plans examiners, and inspectors.--*

*(1) It is the responsibility of **the** building code administrator or building **official** to administrate, supervise, direct, enforce, or perform the permitting and inspection of **construction, alteration, repair, remodeling, or demolition of structures and the installation of building systems within the boundaries of their governmental jurisdiction, when permitting is required, to ensure compliance with the Florida Building Code and any applicable local technical amendment to the Florida Building Code. The building code administrator or building official shall faithfully perform these responsibilities without interference from any person. These responsibilities include:***

*(a) The **review** of construction plans to ensure compliance with all applicable sections of the code. The **construction** plans must be reviewed before the issuance of any building, system installation, or other construction permit. The review of construction plans must be done by the **building** code administrator or building official or by a person having the appropriate plans examiner license issued under this chapter.*

**City of Miami Beach Building Department**  
**Organizational and Operational Review and Analysis**

---

*(b) The inspection of each phase of construction where a building or other construction permit has been issued. The **building** code administrator or building official, or a person having the appropriate building code inspector license issued under this chapter, shall inspect the construction or installation to ensure that the work is performed in accordance with applicable sections of the code.*

*(2) It is the responsibility of the building code inspector to conduct inspections of construction, alteration, repair, remodeling, or demolition of structures and the installation of building systems, when permitting is required, to ensure compliance with the Florida Building Code and any applicable local technical amendment to the Florida Building Code. Each building code inspector must be licensed in the appropriate category as defined in s. 468.603. The building code inspector's responsibilities must be performed under the direction of the building code administrator or building official without interference from any unlicensed person.*

*(3) It is the responsibility of the plans examiner to conduct review of construction plans submitted in the permit application to assure compliance with the Florida Building Code and any applicable local technical amendment to the Florida Building Code. The review of construction plans must be done by the building code administrator or building official or by a person licensed in the appropriate plans examiner category as defined in s. 468.603. The plans examiner's responsibilities must be performed under the supervision and authority of the building code administrator or building official without interference from any unlicensed person.*

The above portions of the Code are unambiguous about the designation of the building official (building code administrator) as the direct reporting authority for plans examiners and inspectors. Based on interviews with staff and a review of the functional areas assigned to the Department's senior management, the formal (and informal) organization structure of the Miami Beach Building Department places certain reviewers/inspectors in a functional and structural organizational relationship where they do not report to the building code administrator, directly or indirectly; or where they appear to report to more than one assistant director.

The "Engineering" function (sometimes referred to as "Engineering Inspections"), for example, noted in the charts above, reports to the Assistant Director for Administration. According to Department documentation, the individuals who staff the function consist of the Chief of Engineering and approximately five (5) engineering inspectors. Based on the fiscal year 2008 "Departmental Work Plan," the "Engineering" function, among other activities, is responsible for "reviewing building and structural plans in compliance with the provisions of the Florida Building Code." Additionally, based on observations, interviews, and a review of internal documents, the Assistant Director for Administration has been actively involved in the resolution of building plans review and inspection issues dealing with projects under construction and plans being reviewed. The Assistant Director for

## City of Miami Beach Building Department Organizational and Operational Review and Analysis

---

Administration does not report to the building code administrator and the position is not accountable to the building code administrator. This observation has been brought to the attention of City and Building Department management. Although the Department's organization has undergone some modifications since this point was initially brought to management's attention, as of the end of our field work on December 16, 2008, it did not appear that the organization had been restructured and/or the structural unit redefined to eliminate the concern that was raised.

*[Building Director's Follow-up: On April 8, 2009, we were informed that the name of the "Engineering Inspections" unit was re-titled and its functions redefined in January 2009, as part of the budget process. The unit was renamed the "Governmental Compliance Section." The new responsibilities include reviewing projects submitted to the Building Department for compliance with the City of Miami Beach Flood Plain Management Ordinance, the National Flood Insurance Regulations, and implementing the provisions of the Miami-Dade County 40-year building recertification ordinance. The section also determines that all approvals have been entered into the Permits Plus system prior to processing certificates of occupancy/completion and Occupant Content paperwork for the Building Official's approval.]*

*[Additional Building Department Clarification: In a letter dated April 13, 2009, the Building Department provided us with information further clarifying the Department's organization structure. The letter is included in "Exhibit F" of this report.]*

Based on information provided by the Building Director, the Department has three (3) general classes of employees. The classifications are **Not Represented**, CWA (Union - Communications Workers of America), and GSA (Union - Government Supervisors Association of Florida). Based on staffing levels in 2008, the Department's general grouping of personnel according to these classifications was as follows.

**City of Miami Beach Building Department  
Organizational and Operational Review and Analysis**

---

Classification	Employee Grouping
Not Represented	Senior and middle management, IT analysts, operations' managers, office associates, senior inspectors, and division chiefs.
Communications Workers of America (CWA)	Permit clerks, clerks and typist, administrative aide, inspectors, and inspectors.
Government Supervisors Association of Florida (GSA)	Senior building inspectors.

The City operates under **union contracts** with five (5) bargaining units. As noted above, **the two bargaining units** that currently operate within the **Building Department** include the **CWA** and the **GSA**. Both **bargaining** agreements cover the period **October 1, 2006 - September 30, 2009**.

**City of Miami Beach Building Department**  
**Organizational and Operational Review and Analysis**

---

Historical **staffing levels in the Department** over the period 2000 - 2008 were as follows. The projected staffing level for 2009, **per** the adopted budget, is also included.

<b>Fiscal Year</b>	<b>Staffing Full Time/Part Time</b>
2000	44/0
2001	52/1
2002	56/1
2003	56/1
2004	63/1
2005	71/0
2006	79/0
2007	79/0
2008	79/0
2009 Budget	79/0

**Source: City of Miami Beach Environmental Scan 2000 - 2008**

**City of Miami Beach Building Department**  
**Organizational and Operational Review and Analysis**

---

The functional breakdown of staff in FY 2008 was **approximately as follows.**

Section	No. of Staff
Administration	3
Finance & Administration	6
Information Technology	2
Microfilm/Records Office	4
Call Center	2
Permitting Clerks and Plans Routing	13
Plan Reviewers	13
Building	10
Electrical	7
Elevator	5
Mechanical	5
Plumbing	5
Violations	4
<b>Total Budgeted Staff</b>	<b>79</b>
<b>Source: Building Department - Employee List by Section (08/2008)</b>	

Data **was** not readily **available** to track functional staffing **levels** over a time horizon so that trends, if **any**, could be observed.

The general responsibilities of the Building Department's functional units, as described in the Department's **fiscal** year 2009 "Current Service Level" budget schedules, follows. If an organizational unit (identified with an "\*\*") was not **defined** in the "Current Service Level" budget schedule, its description **was taken** from the Department's 2008 fiscal year "Departmental Work Plan."

**City of Miami Beach Building Department  
Organizational and Operational Review and Analysis**

---

<b>Functional Area</b>	<b>General Responsibilities</b>
Director's Office	The Building Director supervises the Administration <b>and</b> Operations Divisions of the Department to ensure the efficient and effective supervision of construction activities to safeguard the public health, safety and general welfare of the City's residents by assuring compliance with the Florida Building Code.
Administration	The Building Department Administration Division consists of an Assistant Director of Administration who supervises Administrative Services which <b>includes</b> the Permitting, Plans Review Section, Finance, IT technology, Records & Microfilm, General Phone Reception.
Finance and Administrative Services	The Finance Section manages through policy setting, providing direction to staff, monitoring <b>and</b> evaluating <b>efficiency and</b> effectiveness, and establishing internal controls and coordinates and oversees the budget process <b>and</b> ensures efficient and effective operations of <b>daily</b> financial activities including but not limited to <b>revenue</b> collection, accountability for inventory of fleet, computers, <b>phones</b> and radios, establishing policies and procedures, enforcing the City's Work Rules, overseeing the Department's Quality Control and training staff to facilitate operations and <b>enhance internal controls</b> .

**City of Miami Beach Building Department  
Organizational and Operational Review and Analysis**

---

<p>Plans Review Section</p>	<p>Plan Review Section is responsible for the daily operation of the building and structural plans processing, 40-year recertification program and plan review enforcement functions of the Department, supervising staff in various professional and non-professional positions. A Senior Section Chief provides direction and supervision of the plans permit processing functions in order to comply with applicable ordinances and codes, and to protect life and property in the most responsible manner possible and resolves numerous individual problems with industry and private citizens, relates to the Board of Rules and Appeals and several other boards and government agencies and determines priorities for the efficient utilization of resources required to review construction drawings and enforcement in a thorough, competent and professional manner.</p>
<p>Permitting</p>	<p>Permitting: The main goal of this section is to provide excellent customer service by ensuring that permit applications are received, reviewed, processed and issued and that building permit fees are properly collected as well as receiving, reviewing &amp; updating of all information related to contractors licenses, liability insurances and workman compensation insurance. This section supervises the effective intra-departmental routing/assigning of both walk-thru plans and dropped-off construction plans, shop drawings, specifications, engineering documents &amp; calculations to all applicable internal plans-reviewing disciplines that form the City's Development Review Process consisting of the Building Department, Planning Department, Public Works Department, and Fire Prevention Department to maximize efficiency of resources utilized &amp; minimize plans review turn-around times.</p>

**City of Miami Beach Building Department**  
**Organizational and Operational Review and Analysis**

---

<p>Operations</p>	<p><b>Supervises</b> Section Chiefs and Inspectors for the Building, Mechanical, Electrical, Plumbing, Elevator and Code Compliance Sections. The Operations Division is responsible for the daily operation of the Building, Mechanical, Electrical, Plumbing, and Elevator field inspections, and Code Compliance Section, and enforcement functions of the Department, supervising staff in various professional and <b>non-professional</b> positions. The Assistant Director of Operations gives direction to Section Chiefs and Inspectors, resolves numerous individual problems with industry and private citizens, relates to the Board of Rules and <b>Appeals</b> and several other boards and government agencies and determines priorities for the efficient utilization of resources required to perform inspections and enforcement in a thorough, competent and professional manner.</p>
<p>Violations - Code Compliance</p>	<p>The Violations Section is responsible for the code enforcement functions of the Department by serving the public by processing expired permits, permit renewals, issuing Stop Work Orders, responding to Customer complaints, closing violations and preparing cases for Special Master.</p>
<p>Accessibility (ADA) Plans Review/Inspection *</p>	<p>Responsible for review and processing of plans received for issuance of building permits in compliance with the Accessibility provisions of the Florida Building Code. Responsible for performing inspections of building and structures in compliance with the accessibility provisions of the Florida Building Code.</p>
<p>Mechanical Inspections and Plan Review</p>	<p>Direction and supervision of the Mechanical field inspection functions in order to comply with applicable ordinances and codes, and to protect life and property in the most responsible, cost beneficial manner <b>possible</b>.</p>
<p>Electrical Inspections and Plan Review</p>	<p>Direction and supervision of the Electrical field inspection functions in order to comply with applicable ordinances and codes, and to protect life and property in the most responsible, cost beneficial manner possible.</p>

**City of Miami Beach Building Department  
Organizational and Operational Review and Analysis**

---

<p>Plumbing Inspections and Plan Review</p>	<p>Direction and supervision of the Plumbing field inspection functions in order to comply with applicable ordinances and codes, and to protect life and property in the most responsible, cost beneficial manner possible.</p>
<p><b>Building</b> Inspections and Plan Review</p>	<p>Direction and supervision of the <b>Building</b> field inspection functions in order to comply with applicable ordinances and codes, and to protect life and property in the most responsible, cost beneficial manner possible. Interpretation of the Building and Roofing provisions of the FBC and various provisions of the City of Miami <b>Beach</b> Ordinances for the purposes of <b>resolving</b> differences of opinion between private parties <b>or</b> implementing policies and procedures for in-house staff.</p>
<p>Engineering *</p>	<p>Responsible for reviewing building and structures plans in compliance with <b>the</b> provision of the Florida Building Code, the City of Miami Beach Flood Plain Management Ordinance, DEP, <b>DERM</b> and the National Flood Insurance program regulations. Responsible for implementing the provisions of the Miami Dade County 40-year building recertification ordinance. Responsible for <b>issuance</b> of all demolition and partial demolition <b>permits</b> within the City of Miami Beach. Responsible for issuance of all Certificates of Occupancy, Certificates of Completion and Occupant Content Certificates.</p>
<p>Elevator Inspections and Plan Review</p>	<p>Direction and supervision of the <b>Elevator</b> field inspection functions in order to comply with applicable ordinances and codes, and to protect life and property in the most responsible, cost beneficial manner possible.</p>
<p>Information Technology *</p>	<p>Responsible for maintenance, troubleshooting and upgrade to user side of all applications system software used in the Building Department including permitting software, hand-held computer inspection software, internet <b>permitting</b> software, queuing management <b>software</b> and any other <b>future</b> technology initiatives taken by the Department.</p>

**City of Miami Beach Building Department**  
**Organizational and Operational Review and Analysis**

---

Front Permits Counter *	Responsible for receiving, reviewing, processing and <b>issuance</b> of all <b>building</b> permit applications including analyzing, computing and <b>collecting of all building permit fees</b> . Responsible for receiving, reviewing and updating of all <b>information</b> related to contractors licenses, liability <b>insurances</b> and workman compensation insurance.
Building Records/Plans Routing *	Responsible for receiving, reviewing, processing and routing of all <b>plans</b> and records through the Walk-through plans processing and drop-off plans processing programs. <b>Responsible</b> for storing maintenance and <b>retrieval</b> of all Building Department records including blueprints, microfilms and <b>permit</b> application records and documents. Responsible for scheduling, coordinating and shipment of <b>all building records</b> required for conversion to microfilm by approved vendors, and follow-up quality control of <b>converted</b> records.
Phone Reception/Better Place *	Responsible for receiving <b>all</b> incoming calls made to <b>the</b> Department and <b>processing</b> of all complaints received through the Better Place System.
inspection Services Coordinator *	Responsible for effectively coordinating, scheduling, assigning and monitoring all the inspection requests received by the Department. Responsible for providing on-site dispute resolutions for all inspection related issues.
Building and Roofing Inspection *	Responsible for performing inspections of buildings and structures in compliance with the building and roofing provisions of the Florida Building Code.

**2. Budget and Financial Operations**

The Department is funded through fees paid for the various services it provides. The fee schedule for the Department was last amended in 2003. The collection of, expenditure of, and accounting for fees of the Building Department are guided by the following section of the Florida Statutes, 553.80(7).

*553.80(7) The governing bodies of local governments may provide a schedule of reasonable fees, as authorized by s. 125.56(2) or s. 166.222 and this section, for enforcing this part. These fees, and any fines or investment earnings related to the fees, shall be used solely for carrying out the local government's responsibilities in enforcing the Florida Building Code. When providing a schedule of reasonable fees, the total estimated annual revenue derived from fees, and the fines and investment earnings related to the fees, may not exceed the total estimated annual costs of allowable activities. Any unexpended balances shall be carried forward to future years for allowable activities or shall be refunded at the discretion of the local government. The basis for a fee structure for allowable activities shall relate to the level of service provided by the local government and shall include consideration for refunding fees due to reduced services based on services provided as prescribed by s. 553.791, but not provided by the local government. Fees charged shall be consistently applied.*

*(a) As used in this subsection, the phrase "enforcing the Florida Building Code" includes the direct costs and reasonable indirect costs associated with review of building plans, building inspections, reinspections, and building permit processing; building code enforcement; and fire inspections associated with new construction. The phrase may also include training costs associated with the enforcement of the Florida Building Code and enforcement action pertaining to unlicensed contractor activity to the extent not funded by other user fees.*

*(b) The following activities may not be funded with fees adopted for enforcing the Florida Building Code:*

- 1. Planning and zoning or other general government activities.*
- 2. Inspections of public buildings for a reduced fee or no fee.*

**City of Miami Beach Building Department**  
**Organizational and Operational Review and Analysis**

---

3. *Public information requests, community functions, boards, and any program not directly related to enforcement of the Florida Building Code.*

4. *Enforcement and implementation of any other local ordinance, excluding validly adopted local amendments to the Florida Building Code and excluding any local ordinance directly related to enforcing the Florida Building Code as defined in paragraph (a).*

*(c) A local government shall use recognized management, accounting, and oversight practices to ensure that fees, fines, and investment earnings generated under this subsection are maintained and allocated or used solely for the purposes described in paragraph (a).*

In summary, the above section of the Florida Statutes does the following.

- Provides for the development of a reasonable fees for **services**.
- Establishes that fees and related fines and investment earnings related to the fees are to be used solely for carrying out the City's responsibilities in **enforcing** the Florida Building Code.
- Establishes that amounts collected and earned may not exceed the total estimated annual costs of **allowable activities** to operate the department.
- Allows unexpended balances to be carried **forward** to future years for allowable activities or may be refunded.
- Establishes that fees charged must be consistently applied.
- Identifies activities that cannot be **funded** using fees collected by the Building Department.
- Instructs the City to properly account for and oversee the use of and **expenditure** of Building Department fees.

**City of Miami Beach Building Department**  
**Organizational and Operational Review and Analysis**

---

Fees collected by the Department are included *in* the "Licenses and Permits" section of the General Fund budget. As such, it is difficult to distinguish this specific purpose revenue from other general fund monies accounted for in "Licenses and Permits." Additionally, the matching of Building Department permit fee revenue with related expenses of the Department in the year collected and expended becomes a difficult, but not impossible, exercise. The Building Department's legal requirements in this area make the administrative and accounting treatment for its fee revenue and operating expenditures resemble those of an "enterprise fund" activity.

In addition to the above, the fact that Building Department revenues are included in the general fund creates the situation where Building Department monies may be inadvertently used to support activities prohibited by law. In the City Manager's Letter to Commissioners No. 152-2008 dated June 3, 2008 (Analysis of Building Fee Revenues), the City Manager noted that an operating budget surplus in fiscal year 2007 of \$15,504,725 was partially due to the inclusion of over \$6 million of previously uncollected building permit fee revenue. The revenue was generated as a result of "inconsistencies in the application of building permit fees in the City." The City Commission adopted Resolution No. 2008-26771, which approved the use of the \$1.5 million surplus to fund the City's capital reserve, replace Capital Investment Upkeep Account funds, reimburse the City's fiscal year 2008 operating contingency, and other City purposes not related to Building Department operations. However, the City Commission's approval of the resolution was conditioned on a review of building/development process revenues and expenses to ensure that building/development process revenues were only being used for approved purposes.

To determine the amount of building/development process funds that should be retained and held uncommitted in the General Fund, the City relied on a 2003 consultant's study that was updated by the consultant in 2008. (The consultant's study is referenced by the City Manager in his "Adopted Budget Message" for fiscal year 2009 to the Mayor and City Commission, dated September 17, 2008.) The 2008 update noted that, based on an average indirect cost rate approximated by the consultant at 34%, the Building Department was projected to have a carry-over deficit in fiscal year 2007. However, due to the City's comprehensive review of multiple years of open permits, approximately \$6 million of previously unrecognized revenue from prior years was collected during fiscal year 2007. As a result of the \$6 million collected in fiscal year 2007, the consultants projected a revised carry-over of \$2.8 million in fiscal year 2007, and a projected deficit of \$3.5 million in fiscal year 2008. The final conclusion of the updated report was that the Building Department would have a cumulative annual carry-over of \$911,483. This was determined to be the amount of building/development process fees to be retained by the General Fund. The report also showed that there was a positive cumulative carry-over each fiscal year for the 2003 - 2008 fiscal year periods.

**City of Miami Beach Building Department**  
**Organizational and Operational Review and Analysis**

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The preliminary Building **Department** financial information for fiscal year 2008 and the adopted budget for fiscal year 2009 reflects that a **15.4%** indirect cost rate is being used, substantially less than the 34% "**average**" rate used by the consultant over the fiscal year period 2003 - 2007. The **15.4%** rate is based on a new indirect cost rate study completed by the City since our field work concluded in mid-December 2008. If the new indirect cost is **15.4%**, it is likely that the rate used by the City over the years since 1998/1999 (34%), may have been too high. Given the above, the cumulative carry-over should probably be greater than the amount projected by the consultant and relied upon by the City.

In governmental accounting, an "enterprise fund" is used to account for any activity for which a fee is charged to external users for goods or services. *Given the fact that historically building fees collected have been in excess of expenditures, and the fact that the indirect cost rate may have been overstated over the years, we recommend that the City implement the use of an enterprise fund or other special purpose revenue fund to account for and monitor building fee collections and expenditures, separate from the General Fund.* Implementing this recommendation would also facilitate the proper accounting for and use of interest earning due to building fee surpluses.

*We further recommend that the City have an indirect cost study performed on a periodic basis. Special studies of the type conducted by the City's consultant would be unnecessary and the ongoing status of building fee collections compared to related expenditures would be more transparent and easily monitored on an ongoing basis.*

A schedule showing the results of the Building Department's financial operations over the period 2001 - 2008 follows. The source of the "Revenue," "Expenditures," and "Personnel" data was the "**Departmental** Financial Summaries - Fiscal Year Budgets" (2008 Building Revenue and Expense History). The new 15.4% indirect cost rate was used for the period 2006 - 2008, rather than the historical 34% rate.

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## City of Miami Beach Building Department 2001 - 2008 Fiscal Year Financial Data Comparison

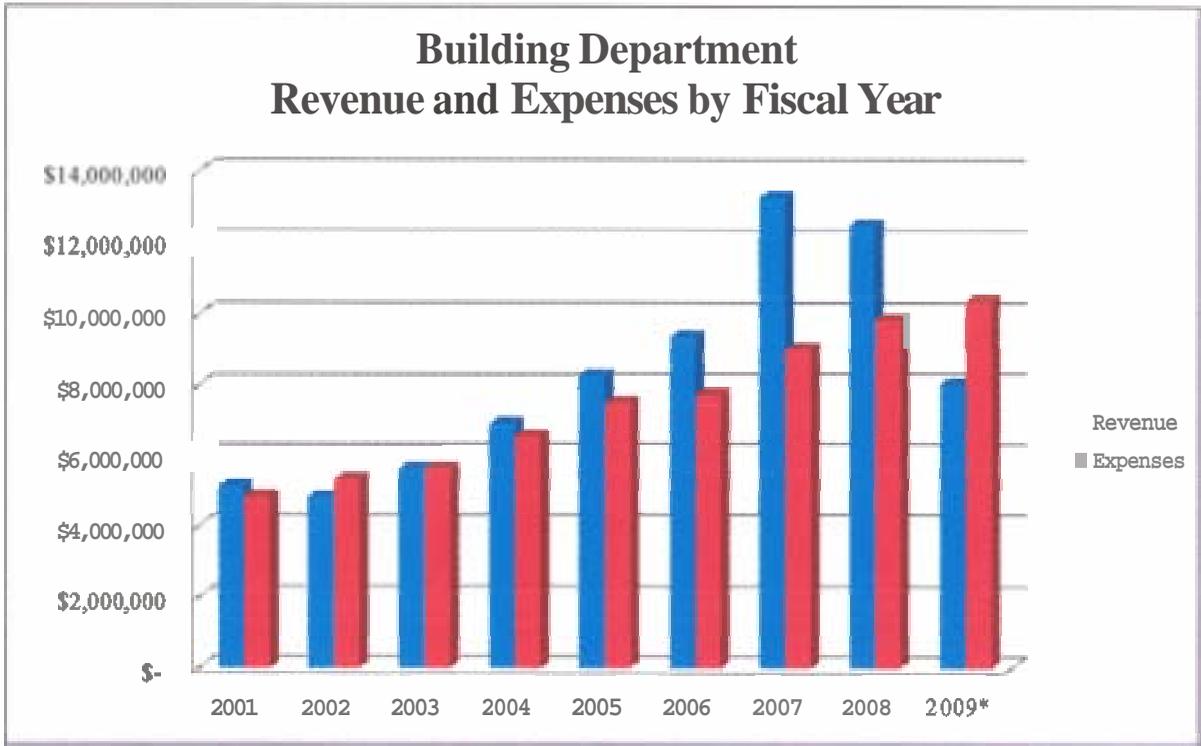
	Fiscal Year							
	Actual 2001	Actual 2002	Actual 2003	Actual * 2004	Actual 2005	Actual 2006 **	Actual 2007 **	Preliminary 2008 **
<b>Revenue:</b>								
Permits	\$4,715,798	\$4,198,156	\$5,090,936	\$5,324,302	\$6,323,264	\$7,991,038	\$12,243,013	\$11,549,062
Certificates of Occupancy/Completion	206,085	464,260	387,657	977,000	1,232,147	992,672	733,676	505,825
Building Citations/Code Violations	147,648	117,442	74,791	150,053	276,915	246,839	183,707	270,790
Other Income	43,117	42,539	53,077	461,887	415,492	130,808	92,255	147,426
<b>Total Revenue</b>	<b>\$5,112,648</b>	<b>\$4,822,397</b>	<b>\$5,606,461</b>	<b>\$6,913,242</b>	<b>\$8,247,818</b>	<b>\$9,361,357</b>	<b>\$13,252,651</b>	<b>\$12,473,103</b>
<b>Expenditures:</b>								
Salaries/Salaries and Benefits	\$2,178,372	\$2,774,086	\$3,151,502	\$3,333,765	\$4,002,688	\$4,395,949	\$5,190,830	\$5,774,173
Operating Expenses/Other Operating Expenses	808,174	466,434	238,350	425,813	636,484	900,473	901,907	906,041
Internal Services	605,809	734,131	758,472	798,127	929,315	1,168,143	1,570,371	1,605,238
Capital	19,245	(4956,00)	43,887	320,489	17,271	223,505	142,076	237,993
<b>Total Expenditures</b>	<b>\$3,611,600</b>	<b>\$3,969,695</b>	<b>\$4,192,211</b>	<b>\$4,878,194</b>	<b>\$5,585,758</b>	<b>\$6,688,070</b>	<b>\$7,805,184</b>	<b>\$8,523,445</b>
<b>Estimated Support and Indirect Cost (34%)</b>	<b>\$1,227,944</b>	<b>\$1,349,696</b>	<b>\$1,425,352</b>	<b>\$1,658,586</b>	<b>\$1,899,158</b>	<b>\$1,029,963</b>	<b>\$1,201,998</b>	<b>\$1,312,611</b>
<b>Total Expenditures, Support and Indirect Cost</b>	<b>4,839,544</b>	<b>5,319,391</b>	<b>5,617,563</b>	<b>6,536,780</b>	<b>3,484,916</b>	<b>7,718,033</b>	<b>9,007,182</b>	<b>9,836,056</b>
<b>Revenue in Excess of Expenditures, Support and Indirect Cost</b>	<b>\$273,104</b>	<b>(\$496,994)</b>	<b>(\$11,102)</b>	<b>\$376,462</b>	<b>\$762,902</b>	<b>\$1,643,324</b>	<b>\$4,245,469</b>	<b>\$2,631,047</b>
<b>Cumulative Revenue in Excess of Expenditures, Support and Indirect Cost</b>	<b>\$273,104</b>	<b>(\$223,890)</b>	<b>(\$234,992)</b>	<b>\$141,470</b>	<b>\$904,372</b>	<b>\$2,547,697</b>	<b>\$6,793,165</b>	<b>\$9,430,213</b>
<b>Personnel:</b>								
Full time	52	56	56	63	71	79	79	79
Part-time	1	1	1	1	0	0	0	0

\* Note: Revenue amounts adjusted since prior budget year.

\*\* Note: 2006 - 2009 financial information includes indirect costs at 15.4% rather than 34%

Source: Departmental Financial Summaries- Fiscal Year Budgets

### Building Department Revenue and Expenses by Fiscal Year



\* Note: 2009 Budget Data

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## City of Miami Beach Building Department Organizational and Operational Review and Analysis

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Except for fiscal years 2002 and 2003, the Department has historically generated **an excess** of revenues over expenditures. The significant increase in 2007 is due to the City's efforts at recovering **permit** fees that were inaccurately calculated.

The fiscal year 2008 budget anticipated a reduction in revenue due to a **possible slow** down in **new** large construction projects. That budget anticipated that based on the trend at the time, "... the City of Miami Beach will continue *to* experience a multitude of **new** construction and renovation projects. The future outlook may show a reduction in volume of large new construction projects, offset in part by increased renovation project activity." The projected budget for 2009 anticipates a further erosion of the Department's revenue base. However, the Department's projected expenditure level for 2009 is greater than its anticipated revenue and does not reflect the anticipated downturn in construction and renovation activity. The effects of the current **local**, national, and global economic downturn **may** prove to be a challenge in maintaining expenditure levels as high as those projected.

### 3. Systems and Procedures

Over the years, the Building Department has been on an active growth path. Building activity over the years has been rapid. Improvements in the Department's systems, processes, and procedures have not **been** able to keep up with the rapid growth in the Department caused by dramatic increases in the need for **services** to its customers. In many cases the Department has implemented procedures before providing adequate documentation and training to staff **and/or** notification to the public. Staff noted instances where customers have informed them of procedural changes made by management. This has caused confusion on the part of staff and customers.

The Department should generally commit to an organizational structure; settle on the basic process flows, both overall and for each functional **area**; **and** then, proceed **to** **formally** develop policies, systems, and procedures in support **of** each activity. **Developing a** comprehensive policies and procedures **manual** is a much needed activity.

### 4. Statistical Analysis of Operations

In fiscal year 2008, the Building Department processed 11,764 applications for permits. During the same period, the Department approved 11,051 permits and issued certificates of completion and certificates of occupancy for 337 projects. Since 2005, the percentage change in "Permits Applied For" and "Permits Approved" has slowed. Permit applications in FY2008 represented a 13.3% reduction over FY2007 applications. Similarly, permit approvals **were** down by 13.1% **five** **the**:

**City of Miami Beach Building Department**  
**Organizational and Operational Review and Analysis**

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same period in FY2007. The following table and associated **graphical** representations of the data in the table shows a trend towards a decrease in building/renovation activity between FY 2004 and **FY2008**. The decreases are consistent with the general decline in global, national, and local economic conditions experienced over the past few years. The fact that **the U.S.** economy **has** been in a recession for over a year further supports this trend that has **also** affected the **south Florida area**.

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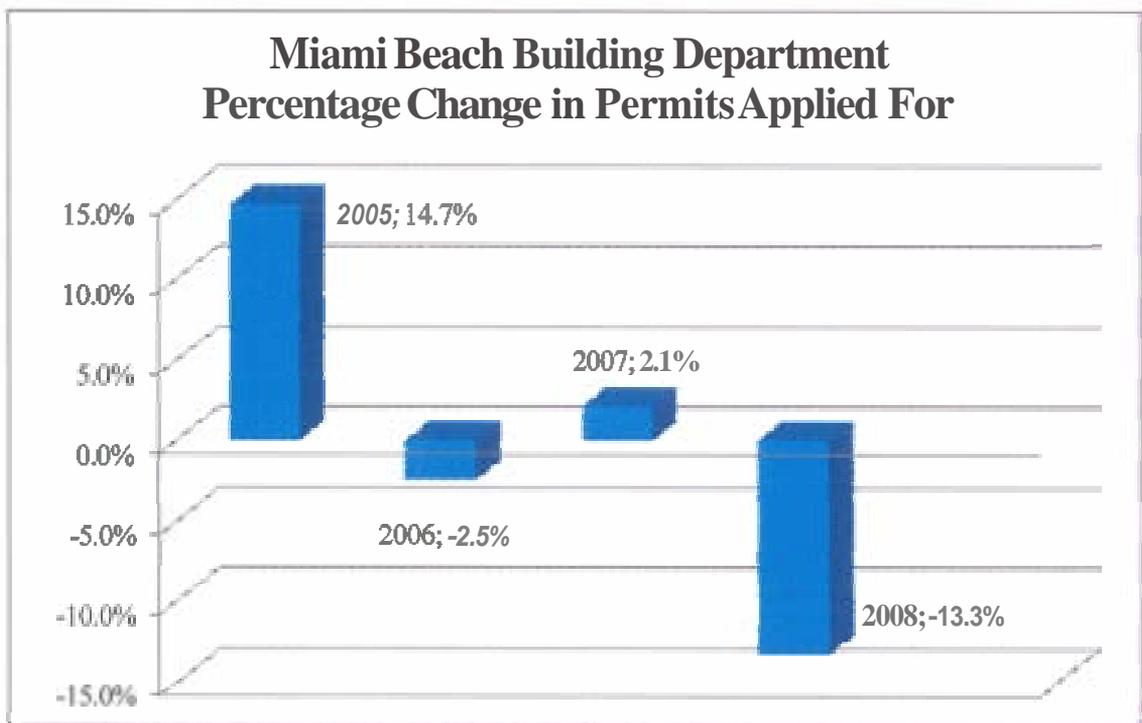
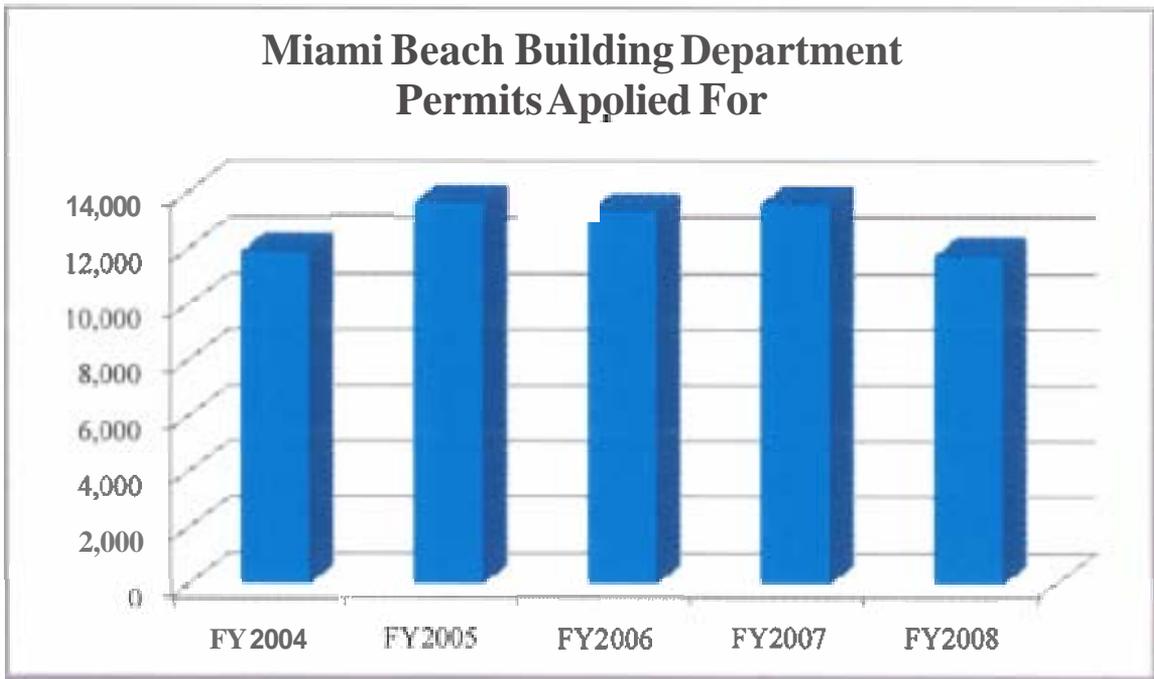
**City of Miami Beach Building Department  
Organizational and Operational Review and Analysis**

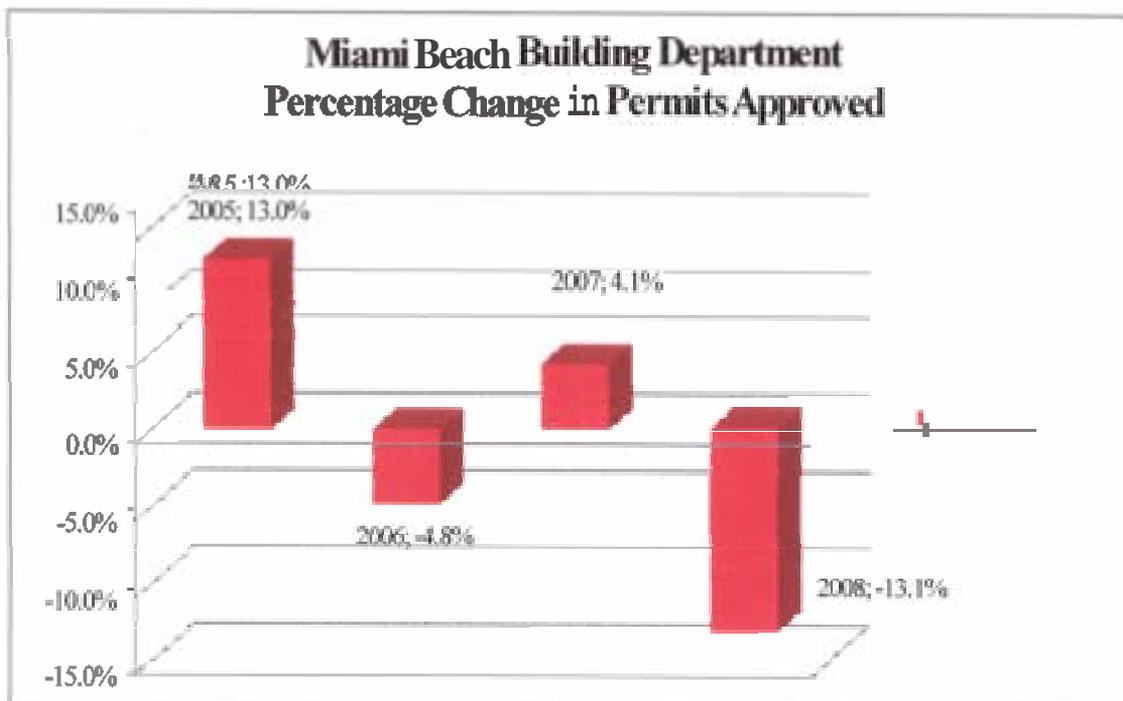
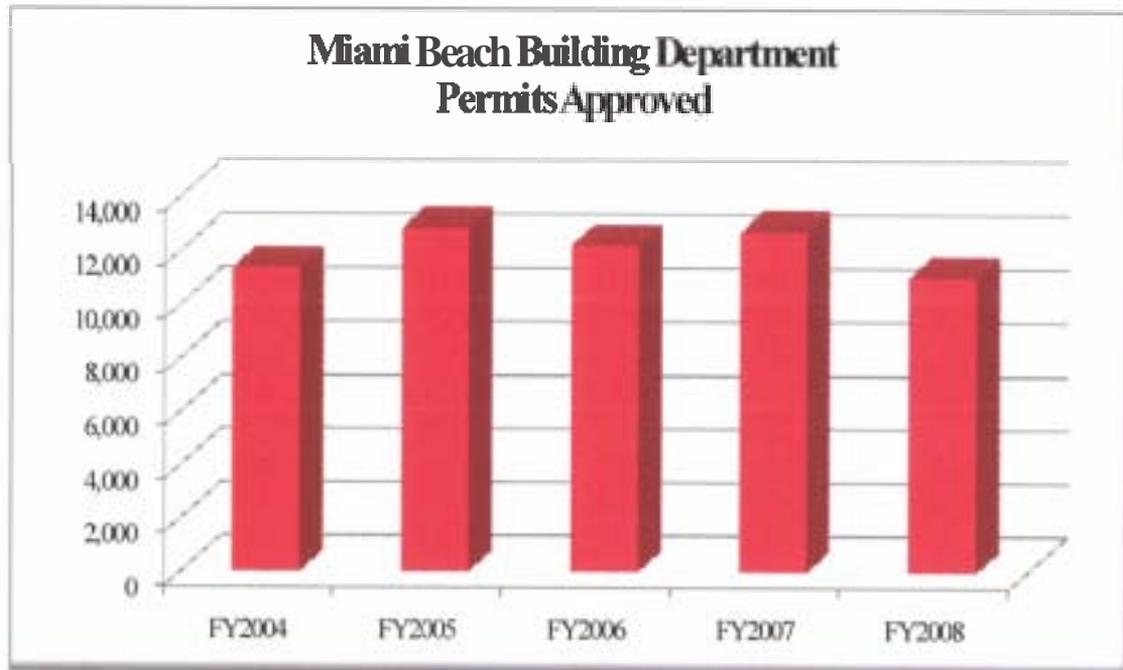
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<b>Year-to-Year Percentage Changes in Permits Applied For and Approved</b>				
<b>Fiscal Year</b>	<b>Permits Applied For</b>	<b>% Change in Permits Applied For</b>	<b>Permits Approved</b>	<b>% Change in Permits Approved</b>
2004	11,876	-	11,359	-
2005	13,621	14.7%	12,831	13.0%
2006	13,284	(2.5%)	12,210	(4.8%)
2007	13,562	2.1%	12,716	4.1%
2008	11,764	(13.3%)	11,051	(13.1%)

Source: Building Department Reporting System

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**City of Miami Beach Building Department**  
**Organizational and Operational Review and Analysis**

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In addition to the above, the following data on Building Department plan reviews and inspections over the period FY2003 - FY 2008 further illustrates the general decline in total departmental activity. The data is not analyzed at the level of the individual inspection areas or plan review areas.

The tables include plan review and inspection historical data and the percentage changes in that data over the period of the data series. Graphical representations of the data follows the tables.

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**City of Miami Beach Building Department  
Organizational and Operational Review and Analysis**

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<b>Building Department Inspections by Fiscal Year</b>						
<b>Inspection Area</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
Building	32,749	32,489	34,351	29,969	30,647	27,781
Electrical	8,025	9,474	10,901	11,557	12,887	14,063
Elevator	3,762	4,579	4,996	4,090	4,649	3,813
Engineering	231	115	195	174	219	158
Mechanical	3,438	3,843	4,916	3,927	3,424	4,234
Planning	-	-	-	-	-	2
Plumbing	9,289	8,297	9,073	8,033	8,975	8,706
RLI	4	-	-	-	-	-
Special Events	1	1	3	1	1	-
Violations	361	1,299	2,368	1,769	2,044	1,811
<b>Total Inspections</b>	<b>57,860</b>	<b>60,097</b>	<b>66,803</b>	<b>59,520</b>	<b>62,846</b>	<b>60,568</b>

Source: Miami Beach Building Department, Building & Trade Inspections Report

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**City of Miami Beach Building Department  
Organizational and Operational Review and Analysis**

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<b>Year-to-Year Percentage Change in Building Department Inspections by Fiscal Year</b>						
<b>Inspection Area</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
Building	-	(0.8%)	5.7%	(12.8%)	2.3%	(9.4%)
Electrical	-	18.1%	15.1%	6.0%	11.5%	9.1%
Elevator	-	21.7%	9.1%	(18.1%)	13.7%	(18.0%)
Engineering	-	(50.2%)	69.6%	(10.8%)	25.9%	(27.9%)
Mechanical	-	11.8%	27.9%	(20.1%)	(12.8%)	23.7%
Planning	-	-	-	-	-	-
Plumbing	-	(10.7%)	9.4%	(11.5%)	11.7%	(3.0%)
RLI	-	(100.0%)	-	-	-	-
Special Events	-	0.0%	200.0%	(66.7%)	0.0%	0.0%
Violations	-	<b>259.8%</b>	0.0%	0.0%	0.0%	0.0%
<b>Total Inspections</b>		<b>3.9%</b>	<b>11.2%</b>	<b>(10.9%)</b>	<b>5.6%</b>	<b>(3.6%)</b>

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**City of Miami Beach Building Department  
Organizational and Operational Review and Analysis**

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<b>Building Department Plan Reviews by Fiscal Year</b>						
<b>Plan Review Area</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
Accessibility	2,062	3,338	3,714	3,767	3,028	1,672
Building	4,625	7,119	8,687	8,151	7,712	7,601
Electrical	5,992	7,237	7,337	7,078	6,838	7,046
Elevator	226	1,403	1,043	677	399	284
Engineering	4,762	6,769	9,248	7,107	5,856	4,693
Mechanical	4,299	5,736	5,279	4,884	4,402	4,186
Plumbing	5,474	6,516	6,644	6,695	6,409	5,425
Structural	2,543	4,141	5,730	6,440	7,714	7,306
<b>Total Plan Reviews</b>	<b>29,983</b>	<b>42,259</b>	<b>47,682</b>	<b>44,799</b>	<b>42,358</b>	<b>38,213</b>

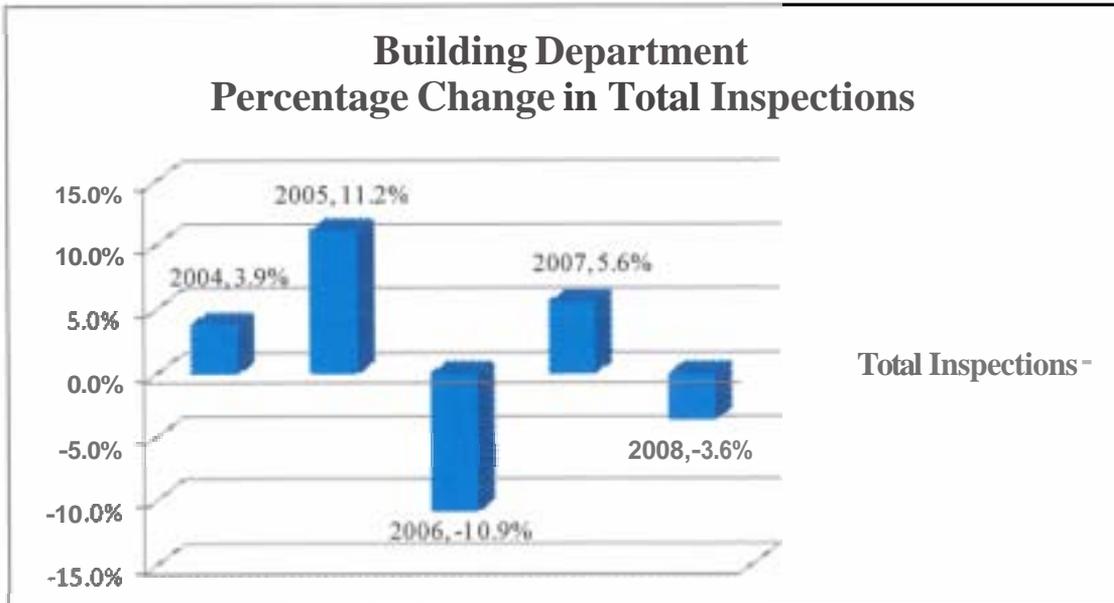
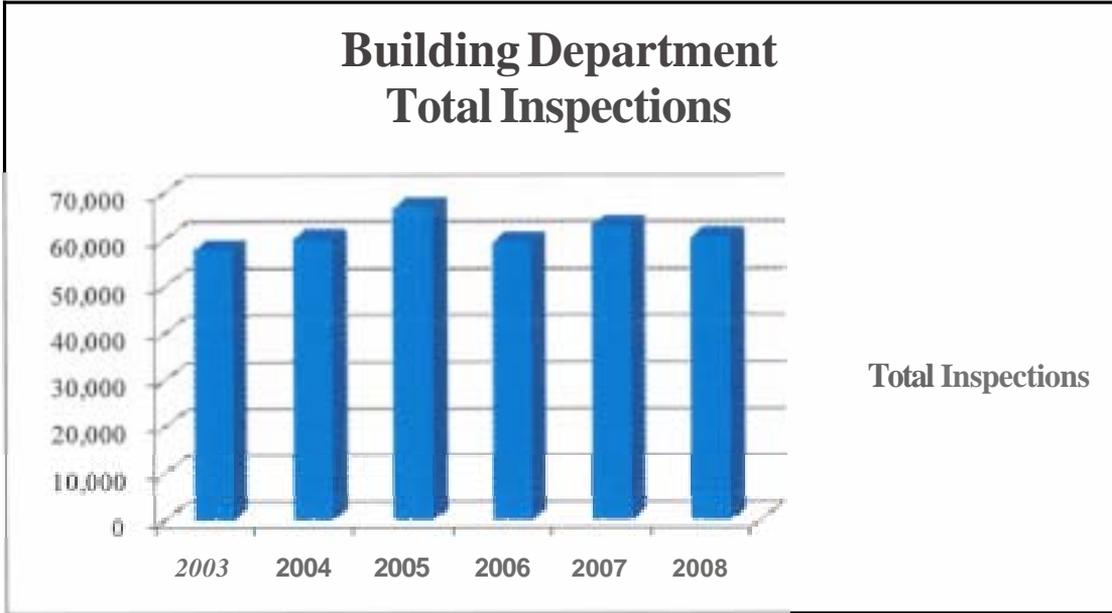
**Source: Miami Beach Building Department, Building: & Trade Inspections Report**

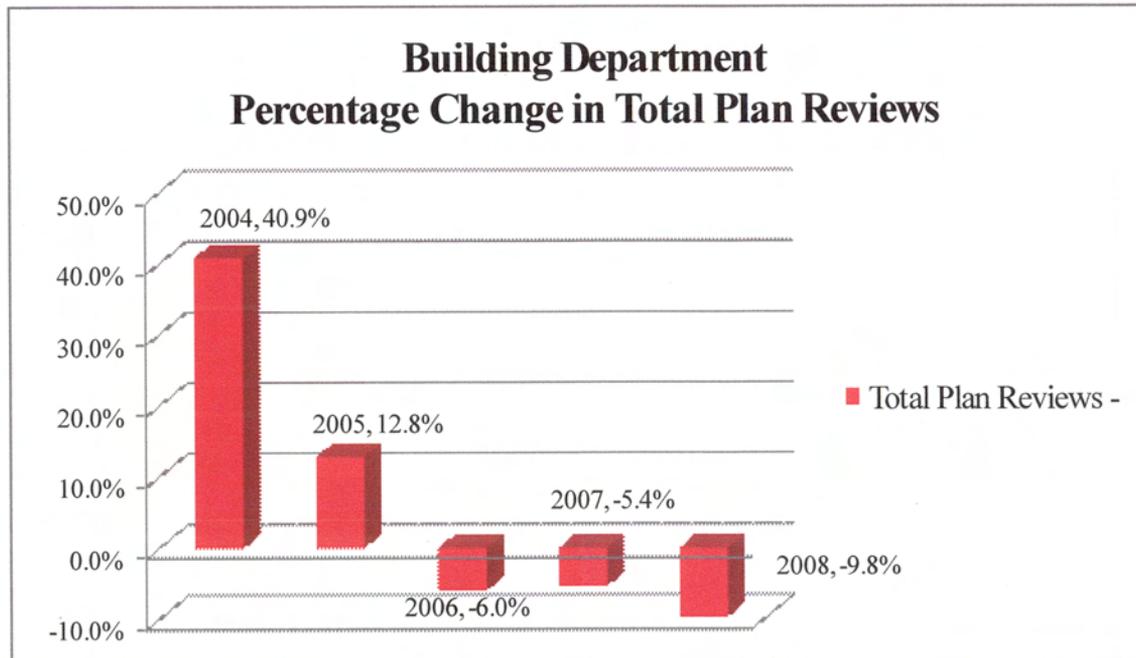
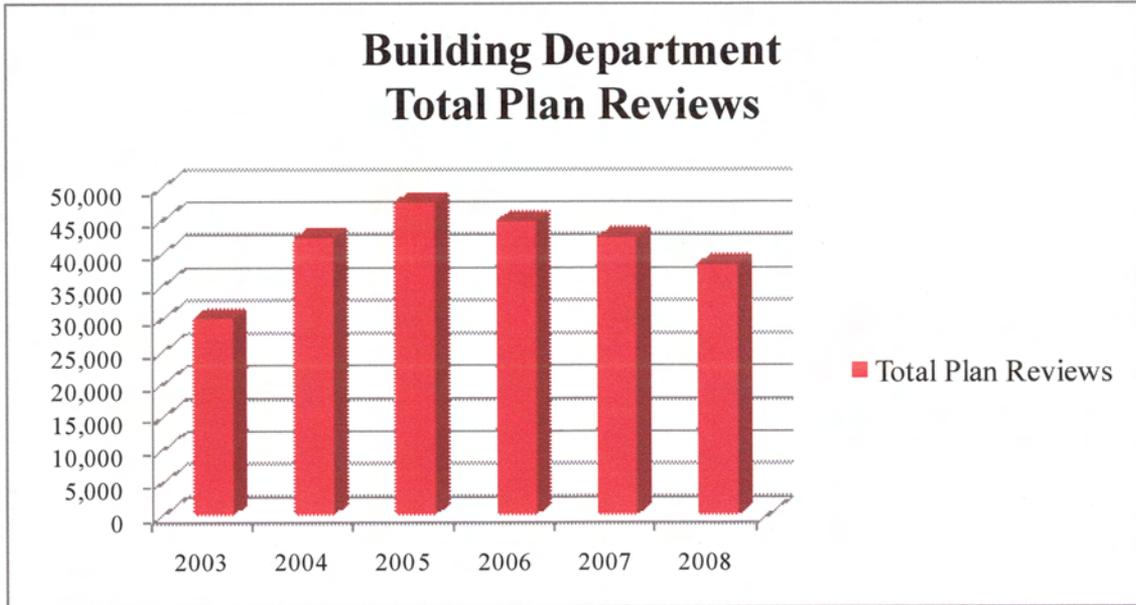
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**City of Miami Beach Building Department  
Organizational and Operational Review and Analysis**

<b>Year-to-Year Building Department Plan Reviews by Fiscal Year</b>						
<b>Plan Review Area</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
Accessibility	-	61.9%	11.3%	1.4%	(19.6%)	(44.8%)
Building	-	53.9%	22.0%	(6.2%)	(5.4%)	(1.4%)
Electrical	-	20.8%	1.4%	(3.5%)	(3.4%)	3.0%
Elevator	-	520.8%	(25.7%)	(35.1%)	(41.1%)	(28.8%)
Engineering	-	42.1%	36.6%	(23.2%)	(17.6%)	(19.9%)
Mechanical	-	33.4%	(8.0%)	(7.5%)	(9.9%)	(4.9%)
Plumbing	-	19.0%	2.0%	0.8%	(4.3%)	(15.4%)
Structural	-	62.8%	38.4%	12.4%	19.8%	(5.3%)
<b>Total Plan Reviews</b>	-	40.9%	12.8%	(6.0%)	(5.4%)	(9.8%)

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5. **Operating Division Reviews**

Detailed interview sessions were conducted with representatives of all of the operating divisions of the Building Department and with representatives of Fire Prevention, Public Works, and Planning/Zoning. The reviews were conducted in such a manner as to allow the consultants to gain a general understanding of the operating division or department in the following areas.

- Y Staffing
- Y Plan review responsibilities
- Y Inspection responsibilities
- Y Permit fee system and schedule
- Y **Single** Point of Contact program
- Y Use of Private Providers
- Y Licenses and training
- Y Workflow
- Y Computer support systems
- Y Other areas of interest to the **division/department**

The observations and comments of division and departmental staff follow. On occasion it **was** necessary to protect the anonymity **of** staff because of the sensitive nature **of their** comments. Therefore, staff comments are presented in summary form and are not attributable to any one person. Where it was necessary to address a specific operational issue, the discipline area is identified. Some of the views expressed are anecdotal and may not be supportable by specific evidence; however, some comments were based on supportable documentation that was reviewed by the interviewer. Discussions with Fire Prevention, Public Works, and Planning/Zoning organizational units **are** presented separately from those of the Building Department.

***Building Department***

**Plan Reviews**

- The current plan review process is in chaos. Walk-throughs should be eliminated except for homeowners and small projects.

## City of Miami Beach Building Department Organizational and Operational Review and Analysis

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- Plans **are** reviewed in a normal manner unless the City Manager or a Commissioner intervenes and **says** a certain project should be done "NOW." This happens regularly. (Although this view was expressed by several staff members, there was **no** evidence presented to substantiate the comments. However, it is possible that other staff of the Department or customers affected by a decision made by the **Department** might have made such assertions to facilitate action on **behalf** of a project.)

Staff are required to look at project square footage and project value information to determine reasonableness of the calculated permit fee.

- The Department does **not** have a checklist for each **permit** or inspection type.

### Fee System

- The current fee schedule and system is too complicated and needs to be simplified. (A universal comment from most divisions.) Two divisions had no problem with the fee schedule.

- **The fee** schedule and **system** is absurd,

- **A** simplified **fee** schedule could be based on **value and/or** square footage and then trade permits could **be** a percentage of the overall master permit.

There is **a problem** with the fee sheets matching the Permits Plus screens that are used to calculate fees.

- Elevator **permit** and inspection **fees** are very simple and straight forward. No change is needed.

### Permits Plus

- The Permits Plus security has been improved but there are still problems. The workflow screens seem to have more **security** but the approval screens do not. Edit and delete functions in the approval screen are not secure.

- Permits Plus security is **a big issue**. The approval screen has problems. Edit **and** delete functions in the approval screen **are** wide open to manipulation.

**City of Miami Beach Building Department**  
**Organizational and Operational Review and Analysis**

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- Special event permits are entered into **Permits Plus** but are not removed after an **event** is completed. They remain in the "Approved" status.

**Private Provider**

Examiners have used it before and there were problems. The City reviewed the work of Private Provider plan reviewers and found serious **issues** that were overlooked and not properly approved. Consequently, the City had to take a closer look at those projects. The Private Provider process *is* not being used much now.

Private Provider projects are rare **and** when it **was** used it **was** problematic. Private **provider/plan** reviewers overlooked a number of items, some related to accessibility and some not. The program has inherent "conflicts of interest" associated with it.

- One private provider project did not work well. Problems were found in both the plans review and inspection areas.

**Single Point of Contact (SPC)** (This process has been discontinued.)

No problems were found with SPC projects that were City projects.

- Does not like the SPC process **because** it was **perceived** as blatant favoritism towards a contractor. This perception **was** held by many employees. It **was simply a way of giving** some clients preferential treatment. (Almost a universal comment across all disciplines.)
- There are no objective criteria as to **which** projects were eligible for SPC and which were not.
- The City had this program for a while to **ensure** large projects would get done on time. There did not seem to be **any** consistency to which projects were SPC and which were not.
- **Only** involved with City projects that utilized a SPC. This was done to facilitate and coordinate the project through **the** Building Department process. **Saw** no problems with it. Did not **recall any** SPC projects that **were not** City projects.

**City of Miami Beach Building Department**  
**Organizational and Operational Review and Analysis**

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**Inspections**

- Automatically scheduling appointments using the Permits Plus and the IVR **system** interface is problematic and does not allow for the efficient scheduling **of** staff. Schedules are re-done by hand.

Based on the elevator division's workload requirements and **the** need for timely inspections, the division **is** understaffed. **As** of October 6, 2008, the division **was** approximately 10 months behind with inspections.

- Annual periodic inspections - 691 overdue (this is an actual count)
- Annual witnessing of tests - 250 overdue (this is an **estimate**)
- 5-year witnessing of tests - 250 overdue (this is an estimate)

There are approximately 1,800 elevators within the City subject to the division's inspections.

**Miscellaneous**

Morale of Department employees is felt to be very **low** because of recent events (employee arrests and allegations of wrong-doing). **After** all the studies are done and the criminal allegations are adjudicated, City management needs to step up and clear the air and encourage the employees and make them feel they are valued and hard working folks just trying to do their jobs. This would help with the public's and the press' perceptions as **well**.

Supervisors do not pass information on to **staff**.

- Communication between plan reviewers and inspectors is lacking.

During interactions with customers, management does not always support staff when they follow the rules.

- No processes and procedures in place. Process changes are word of mouth, not written. Information not being relayed to permit clerks.

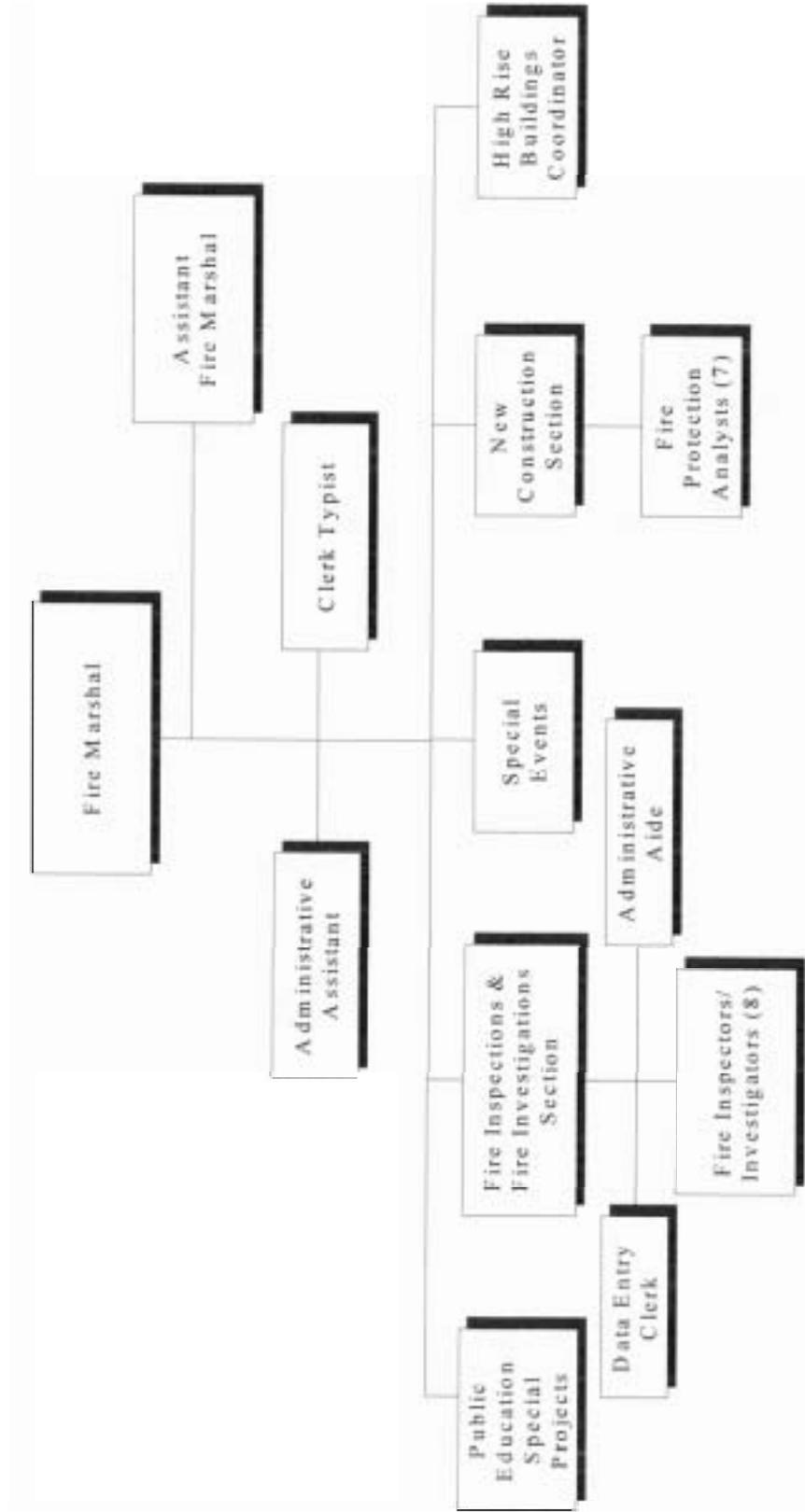
- There are morale and trust problems in the Department.

## ***FIRE PREVENTION***

### **Organization Structure and Operations**

The Fire Prevention Division's organizational structure is documented on the organization chart that follows. The organizational units that are most related to building development and permit processing functions are New Construction, Special Events and **High Rise Buildings**. **Seven** full-time and one **part-time** Fire Protection **Analysts** report to the Chief Fire Protection Analyst in the New Construction Section. Three Fire Protection **Analysts** serve as plan reviewers at the Building Department. Two of the three accommodate walk-through permit processing during the mornings and work on drop-offs in the afternoons and one works on drop-off processing all day. The other four conduct field inspections all day.

## *Fire Prevention Division*



## City of Miami Beach Building Department Organizational and Operational Review and Analysis

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The Building Department uses two methods for plan reviews and permit approval. For substantial projects, plans are dropped off for review to be picked up (**with** plan review comments) at a **later** date. For smaller, less complex projects, a walk-through process is utilized. Staff estimate that many of the walk-through permits are obtained by permit expeditors, working on behalf of contractors or developers seeking permits. Contractors, developers and permit expeditors using this method will wait at the Building Department to have the permit **approved** the **same** day.

The division does not issue the permits or accept **permit fees**. All fire permits are issued by the Building Department. However, fees collected for fire permits **are** recorded as fee revenue for the Division.

The division must see all **plan review** comments by other departments and agree with revisions made by other departments, before final approval and issuance of a permit, Fire permits must be approved and issued in accordance with Florida Statute Chapter **633** - Fire Prevention and Control.

### **Permits Plus System**

Inspections are requested **through** the Interactive Voice Response (IVR) **system** which integrates directly with the permit scheduling tables in **the** Permits Plus system. The system **automatically** compiles a list of inspections scheduled for the following day. On the morning of **the** day the inspections are scheduled, a supervisor **accesses** the system and assigns the inspections to individual inspectors and prints **the** inspection schedule. The supervisor is the only person **with** access to the inspection schedule module. If a supervisor is not available, other senior division officials print the schedule and manually write in the inspection assignments. The inspections are assigned based on geographic zones **when** expedient but inspector workload is also a consideration.

On rare occasions, due to emergencies, inspections are requested and performed on an ad-hoc basis outside of the IVR **system**.

Security **permissions/system** access is controlled by the Fire Marshall's secretary. The secretary is the **only** person who has the access and ability to add or **change** permissions. She receives **verbal** instructions **from the** Fire Marshall to add or change permissions and access. **The** Permits Plus system does not have functioning **audit** trails to indicate and track changes and updates to the system and who makes the changes,

**City of Miami Beach Building Department**  
**Organizational and Operational Review and Analysis**

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Currently there are only two types of access permissions, "read only" and "enter." Read only allows users to **view only**. Enter allows users to perform all system functions such as entering, changing information (including dates), and deleting information. According to the "Fire Department User Groups" list, six fire protection **analysts have** read and enter permissions, as do four **plan** examiners and five secretaries. All other active personnel on the list have read only access.

The division does not use Tough Books at this time to enter the results of their inspections into the **Permits Plus** system. Initial attempts to use the **laptops** were not as successful due to **unreliability** of the data. Currently, the inspectors return to the office approximately *30* minutes before the **end** of the day to enter the results of their inspections. The division intends to resume using the Tough Books when the next (new) version of the software is installed.

**Observations and Recommendations for Changes/Improvement**

The following staff observations and recommendations for operational improvements have been made.

- Provide additional space and drafting tables on the second floor (Building Department) of City Hall where permits are processed, plans are reviewed and customers and permit expeditors wait and conduct business.
- A **system** of audit trails should be created (in Permits Plus) to indicate and track changes and updates to the system and who makes the changes.
- Simplification of the fire portion of the permit fee schedule does not appear to be a problem for the Department; it ~~is~~ not complicated. The fee for fire **permits** is based on the number of components because it represents the complexity of the system. Administration of that portion of the fee does not appear to be an issue.
- In favor of eliminating certain projects from the walk-through process to reduce the crowding and the chaotic atmosphere at the Building Department. Consideration might be given to a drop-off with a 48 hour turn-around requirement as an alternative method.
- Consider **changing/reclassifying** the fire suppression permit

from a mechanical (Building Department) permit to a fire permit.

- Satisfied with the requirements laid out in the draft RFP for a building development process cost allocation and fees study.

## ***PUBLIC WORKS***

### **Organization and Plan Review**

One licensed engineer concentrates on the technical aspects of large projects. The Right of Way Management (ROWM) team deals with smaller, less complex projects (walk-thought), although they do drop-offs as well. In addition, they are responsible for sidewalk cafes/news racks and utility locates. ROWM currently has seven people technically assigned as follows: three to the permits processing section; two to sidewalk cafes/news racks; one to utility locates; and, one general inspector. The three in the Permits Processing section spend most of their time doing plan reviews; both walk-thought and drop-offs. They do both all day. One of the two in sidewalk cafes/new racks section also does plan reviews. The division's manager emphasized that even though these individuals are technically assigned to these sections he has attempted to cross train them all and uses most of them in all functions now.

Public Works is on the Q-Matics system and their clients have to come up to the 4<sup>th</sup> floor, where Public Works is located, from the 2<sup>nd</sup> floor where the Building Department is located. They have not had an issue with Q-Matics but they do not get the volume that is experienced on the 2<sup>nd</sup> door, where the Building Department is located.

### **Inspections**

Public Works has one inspector, but others are on-call as needed. Public works is not tied into the IVR/Permits Plus automated inspection assignment system except for CO/CC inspections. Clients call-in and schedule an appointment for an inspection. Public Works does not get the volume experienced by the Building Department. Public Works averages approximately ten (10) inspections per day.

### **Permits Plus**

Many permit fees charged by Public Works are not on the **Permits Plus** system. The ROWM division double-checks as many calculations as possible, especially those associated with large fees. Issues with Permits Plus security city-wide continue to be an issue. It **is** believed that all of the ROW Management employees **have** full access to the **system to do their jobs, but** they are not sure precisely **what that access is**. In addition, it is believed that City employees, other than Public Works Department employees, have full access to their approval screens and vice-versa. This has been verified through testing.

### **Fee Schedule**

It is believed the fee schedule is inadequate and outdated. The Department does not charge costs associated with plan review. In addition, other fees charged may be too low to cover costs and should be **reviewed**. A simplified fee schedule would be welcomed **as long as** it covered all departmental costs. An adequate cost study is critical.

### **Payment of Permit Fees**

After the **permit** fee is **calculated** at the front desk, the client **takes** the paperwork to the City cashier and pays the fee. The client receives a receipt from the **City** cashier and **takes** it back to Public Works and the permit is issued.

### **Q-Matics and Workflow Processing**

Public Works is on **the** Q-Matics system and the system routes clients to Public Works as appropriate. However, problems exist with the process workflow that is created when the Building Department **permit** clerks create the workflow in Permits Plus. Sometimes the **permit** clerks put Public Works in the workflow **when** their clearance is not needed and sometimes they are not included when they should be.

### **Building/Development Process**

The building/development **permitting** process could be improved by **making it** more seamless and transparent to **clients**. Representatives of all of the **building/development** process departments should possibly be housed in the same location so clients would not have to go to different floors or different departments to get plans approved and **permits** issued. This would help clients in their process flow as well as improve communication among the

various departments.

Consideration should be given to putting a "building development **permit** issuance group" together under one person to manage the overall process.

### ***PLANNING/ZONING***

#### **Responsibilities**

The Planning Department (Planning) has 3 primary responsibilities: **they** provide professional analysis and recommendations to the City Manager and Commission on **all** land development issues; they serve *as* staff support to the City's Planning Board, Board of Adjustment, Design Review Board (DRB), and Historical Preservation Board (HPB); **and**, they review the majority of building permits for compliance with land development regulations, **and** design and historical review guidelines.

#### **Workflow**

When a project is first initiated it **would** typically go to Planning first. Planning decides whether or not the project needs to be reviewed by the Department. If it comes under their **purview**, they enter the project into an Excel spreadsheet for tracking purposes and begin the appropriate review.

Projects are not entered into the **Permits Plus** system until the Building Department receives an application for a building **permit**. **At** that time, the Building Department enters the project into **Permits Plus** and sets **up** a project review workflow. Although it would be desirable to have Planning projects tracked by the Permits Plus from their inception, the system does not have the capability of tracking projects at multiple levels. Planning has four (4) planners who review building permits, but other **planners** help, as needed. Planning is required to review most of the building projects in the process of **permitting**.

#### **Fee Calculation and Collection**

The calculation and collection of DRB and HPB **fees** is not automated. The **DRB** and **HRB** fees are relatively **straightforward** and do not present a problem **in** terms of calculating the correct fees. Parking Impact fees and the **Concurrency Mitigation** fees however, are not as straightforward and a more systematic approach, especially for **Concurrency**, *is* needed for calculating and verifying the amount of the fees. In addition, the amount of the fee should be updated regularly.

Planning **calculates** the various fees but they do not collect the fees. Fees are collected by the City cashier located on the first floor. **After** the applicant pays the cashier they return with the receipt from the City cashier and they then receive the appropriate paper work from **Planning**.

### **Permits Plus**

The degree of **access** to the Permits Plus system by Planning staff is uncertain. It is felt that other departments, particularly the Building Department, have **access** to their approval screen and **may** have approved projects. **Also**, it would be helpful if the Zoning approval screen had a separate line for approving the Concurrency Mitigation decision and fee.

### **Inspections**

Currently, **Planning/Zoning** has two inspectors. **Zoning** inspections are not **part** of the IVR/Permits Plus system. Their inspections are only included **when** it is part of a Certificate of Occupancy or Certificate of Completion. This has created problems **because** clients thought they had approval but Planning had not done their inspections.

### **Q-Matics**

Planning is on the **Q-Matics system** and the system routes clients to Planning, as appropriate. Sometimes the permit clerks put Planning **in** the workflow when their clearance is not needed and sometimes they are not included when they should be.

### **Concurrency Mitigation**

In a memorandum dated March 27, 2008, Planning and Zoning proposed several **changes** to the Assistant City Manager regarding the way Concurrency Mitigation fees are calculated, verified, and collected.

- Planning proposed adding a separate line item for concurrency review to the building permit review screens in Permits Plus and that the amount of the fee and the method of its calculation be added to Permits Plus.

**City of Miami Beach Building Department**  
**Organizational and Operational Review and Analysis**

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- Planning proposed that the payment of fees procedure be changed to require that the receptionist process **the payment** and, after verification of payment, the appropriate information would be entered into the staff planner's approval comments in Permits Plus. **At present, the** receptionist **normally** handles the payments and the Planner enters the comments into **Permits Plus**.
- Planning further proposed that the GIS based Concurrency Management System (CMS) computer be returned to the Public Works Department, to enable the review of the calculations made in the Planning Department.

**6. Internal Audit Report (July 3,2008)**

The Internal Audit Report covered the period October 1, 2006 through December 31,2007. The **audit's** findings and recommendations were submitted to **the City Manager In a report dated July 3, 2008**. **The** purpose the audit was to **determine** whether transactions, adjustments, and processing procedures were established, **authorized**, and maintained **in** accordance with **laws**, regulations, contracts, and management's policies; whether transactions were accounted for and **were** accurately and promptly recorded; whether recorded balances were periodically substantiated and evaluated; and, whether City assets, records and files were properly **safeguarded**, controlled, and access restricted in accordance with management's criteria.

The **overall** opinion concluded **as** a result of the audit and the areas of deficiency that were noted in the'audit are stated **below** as they appeared **in** the audit report.

*"Despite the efforts made by the department to improve the procedures, accountability, and controls over the permit revenue collections, Internal Audit found the following areas ~~that~~ still need to be addressed. As an intermediate control ~~in~~ place, the ongoing review of permits at close out ~~is~~ minimizing any loss of fee revenues.*

1. *Inaccurate information is being ~~furnished~~ and used for permit fee calculations.*
2. *System~~fee~~ calculations~~for~~ combined projects were not correct.*
3. *Space ~~is~~ not provided on ~~the~~ application for proper allocation ~~of~~ job values and square footage for ~~projects~~ combining renovations and new construction.*

**City of Miami Beach Building Department  
Organizational and Operational Review and Analysis**

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4. *Corrections to applications: were observed after the application had been **signed**, notarized, and up-front fees have been calculated.*
5. *Incomplete building permit applications are being accepted.,*
6. *Original permit applications are not kept in the department's filing system until after the plans have been reviewed and the permit is approved.*
7. *Insufficient supporting documentation is kept on file as part of the permit application package.*
8. *The Building Department's adopted fee schedule is complex and lacks regular revisions.*
9. *Minor discrepancies were noted between the department's fee schedule and currently distribute Mechanical, Electrical and Plumbing fee sheets.*
10. *Insufficient and inconsistent use and application of the fee schedule for the calculation of building permit fees.*
11. *No policies and procedures are written and in place that are well known and consistently followed by department personnel.*
12. *Inconsistency in data entry to the system.*
13. *Poor computer system controls in place.*
14. *Insufficient segregation of duties exists within the permit clerks' positions that impact department processes.*
15. *Long processing cycles for Non Sufficient Fund (NSF) checks.*
16. *Outdated permit data was found on the department's computer system."*

**7. Quality Control Review (October 2008)**

In early October 2008, the permit clerk supervisor and the Assistant Director for Administration started to perform spot ("random") audits of permit fees other than building permit fees. As of mid-October, they noted errors in calculations of the sanitation impact fee, the fee for alterations/remodeling for single family, duplexes, and areas in condos; and, the fee for alterations/repair to marine structures.

Investigations into the discrepancies revealed that the problem with properly calculating the fees was related to a **mis-interpretation** of the proper methodology for calculating the fee; errors in the Municipal Code Book, errors in the Ordinance that was presented to the Commission for approval; and/or, the municipal code information on the web site (Municode). Errors were also found in the "Blue Book" of fees that was distributed to the public and there were **errors** in the manner that Permits Plus calculates **certain** fees. These and other errors **in** the method that fees are calculated should be identified and **corrected** immediately.

### **C. CUSTOMER INTERACTION**

Customers **have** several points at which they interface with the Building Department. Information on the **Department** and its overall operations can be obtained using the internet and the City and Department's web site. The following flowcharts illustrate the processes followed by the Department in providing services to its customers. The process flowcharts are described as follows.

- ***Process Flowchart No.1 - Ticket Routing Process:*** Customers arriving at the Department for services are **issued** processing tickets that identify the basic **service(s)** they require and the associated processing number maintains their processing order in the various processing queues.

***Process Flowchart No.2 - Q-Matics Customer Processing:*** The **Q-Matics system** takes customers through the processing cycle in an ordered fashion. Customers **are** processed according to the time they are logged into the system. **As** a customer moves from one waiting line to another, their place in line is **determined** by the time they initially entered the system. Therefore, as a customer moves from one waiting line to the next, the customer is moved in front of **any** customer who arrived **after** them, when they first checked-in with the permit clerk. This can become confusing to customers who see their position in line moved back in favor of a customer just entering that particular waiting line.

- ***Process Flowchart No.3 - Initial Permit Fee Calculation Review:*** This process flowchart describes the process for the initial calculation of the **permit** fee. The updated amount of the **permit** is verified prior to the issuance of the **certificate** of occupancy/certificate of completion.

**City of Miami Beach Building Department**  
**Organizational and Operational Review and Analysis**

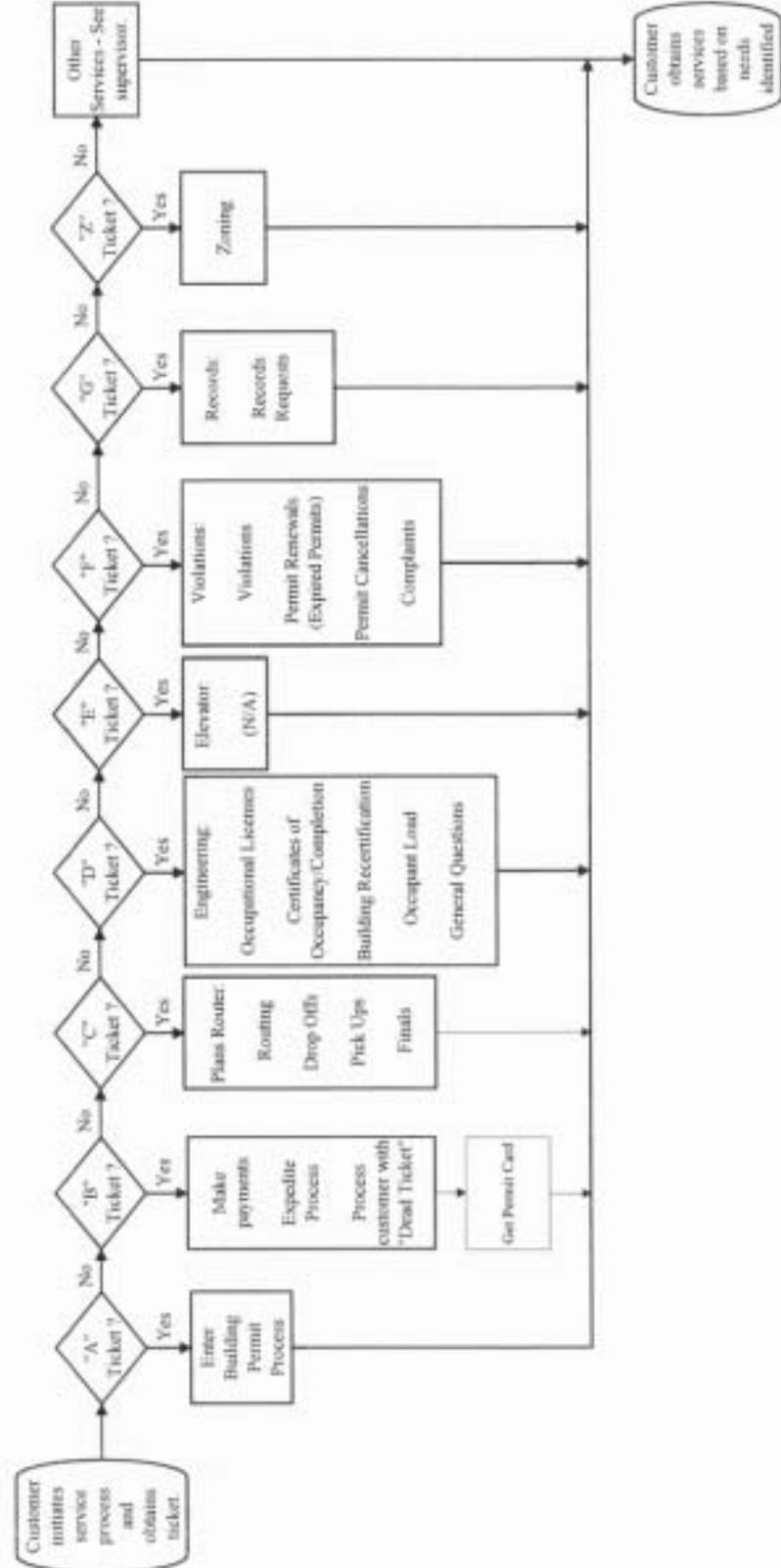
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➤ ***Process Flowchart No.4 - Overall Plan Review Processing Work Flow:*** Process flowcharts No. 4 and No.5 are related. The overall plan review processing consists of two processing options: drop-off and walk-through. These flowcharts take a customer through each process from initial customer contact through final permitting.

***Process Flowchart No.5 - Overall Plan Review Processing Work Flow, Walk-Through Processing:*** This process flowchart represents the walk-through portion of the permitting process.

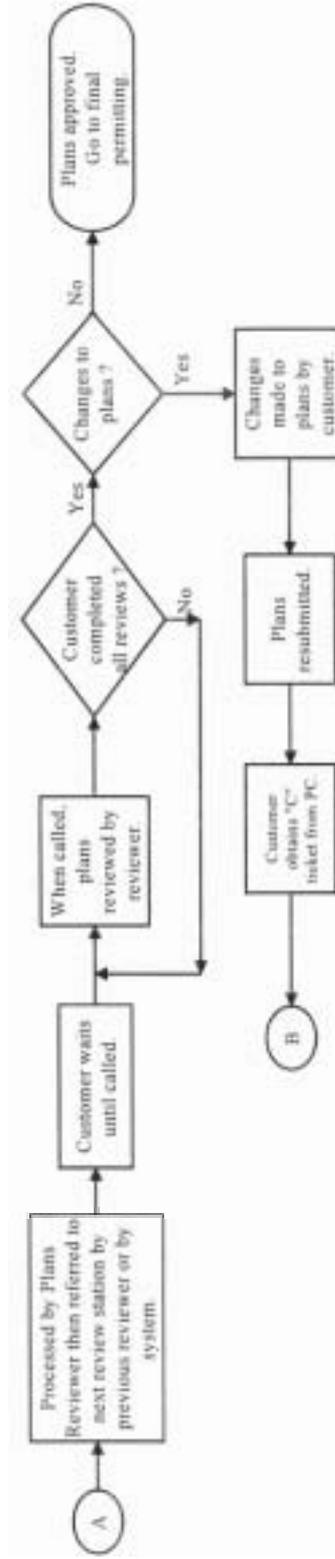
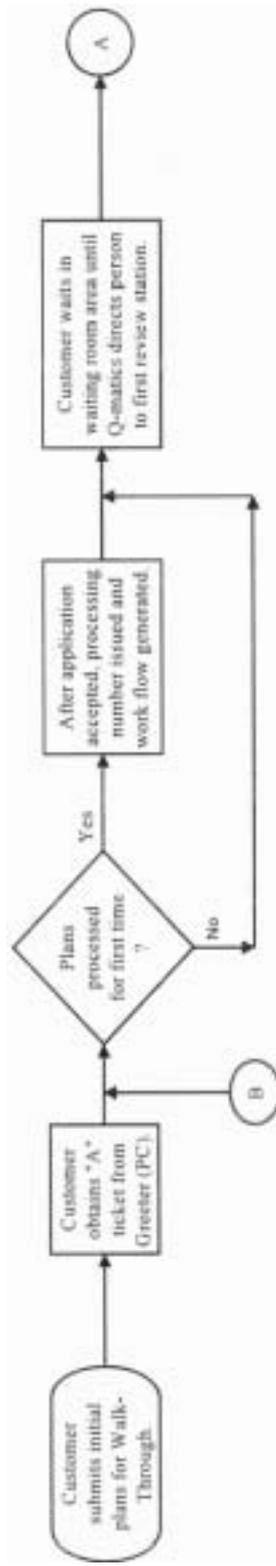
***Note:*** The Department has implemented changes to its operating processes since the start of this project, therefore the processing flowcharts that follow may not represent the actual processes currently followed by staff.

# Ticket Routing Process



Process Flowchart No. 1

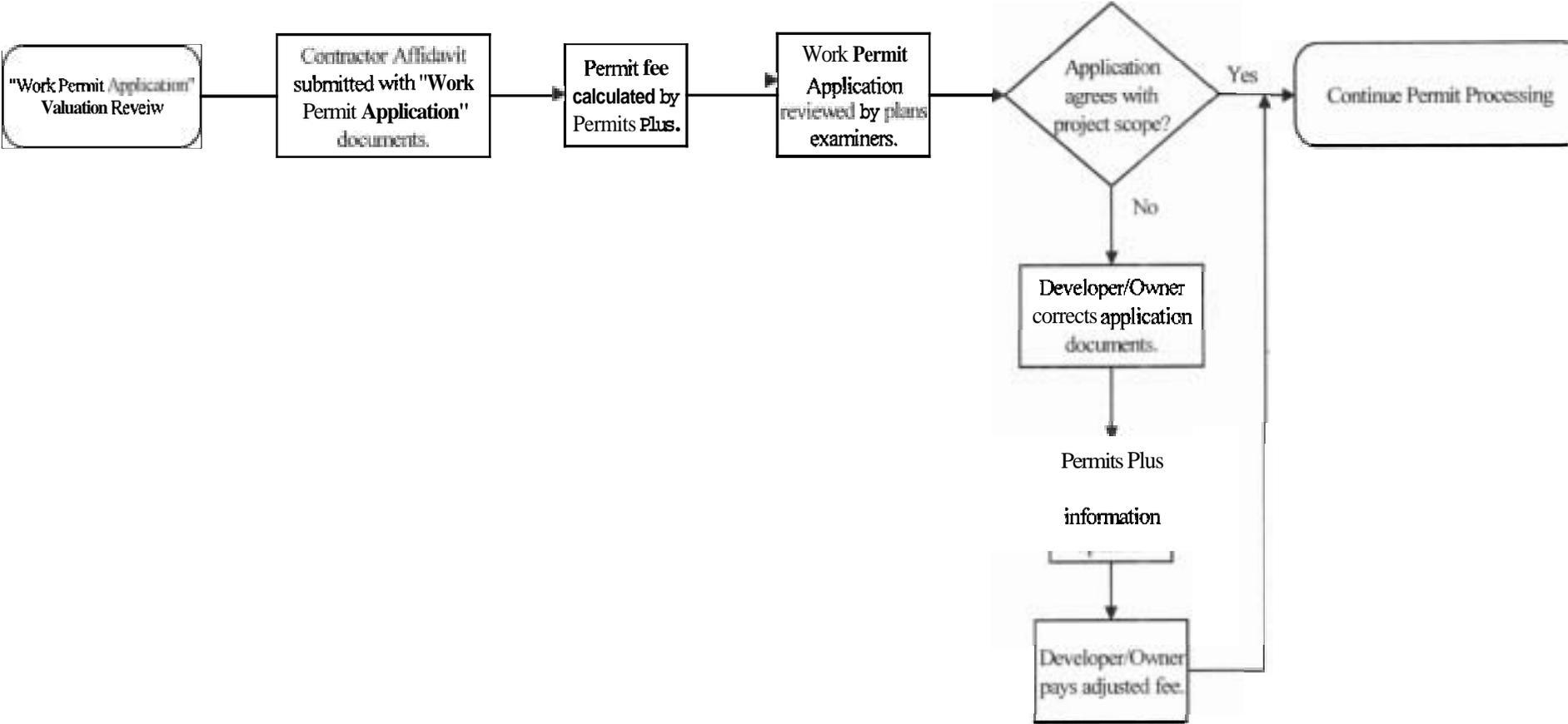
## Q-Matics Customer Processing



Note: Customer always moved to position in line based on the ticket number. Position in line constantly changes as numbers (especially lower numbers) are added to processing queue for a given discipline.

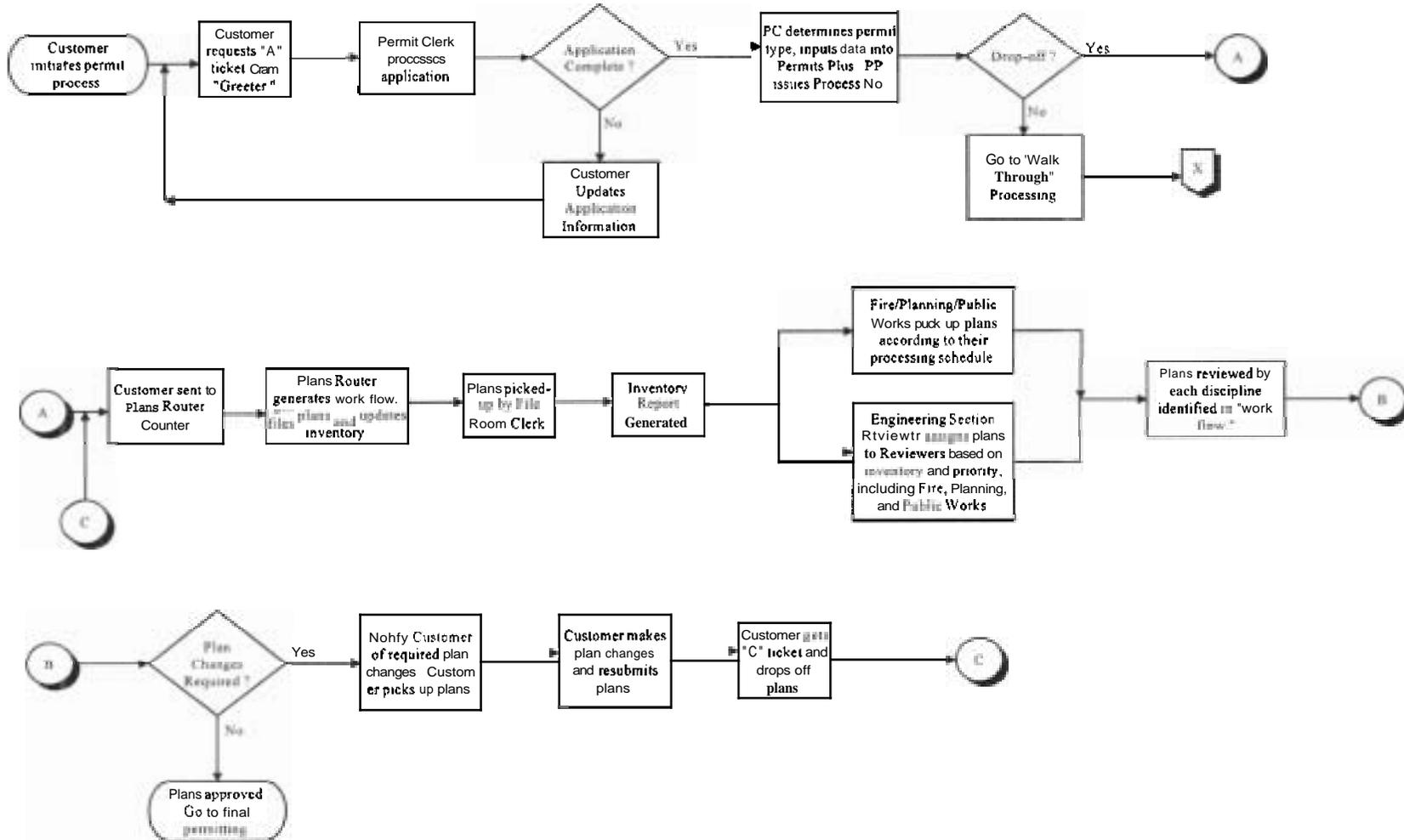
Process Flowchart No. 2

*Initial Permit Fee Calculation Review*



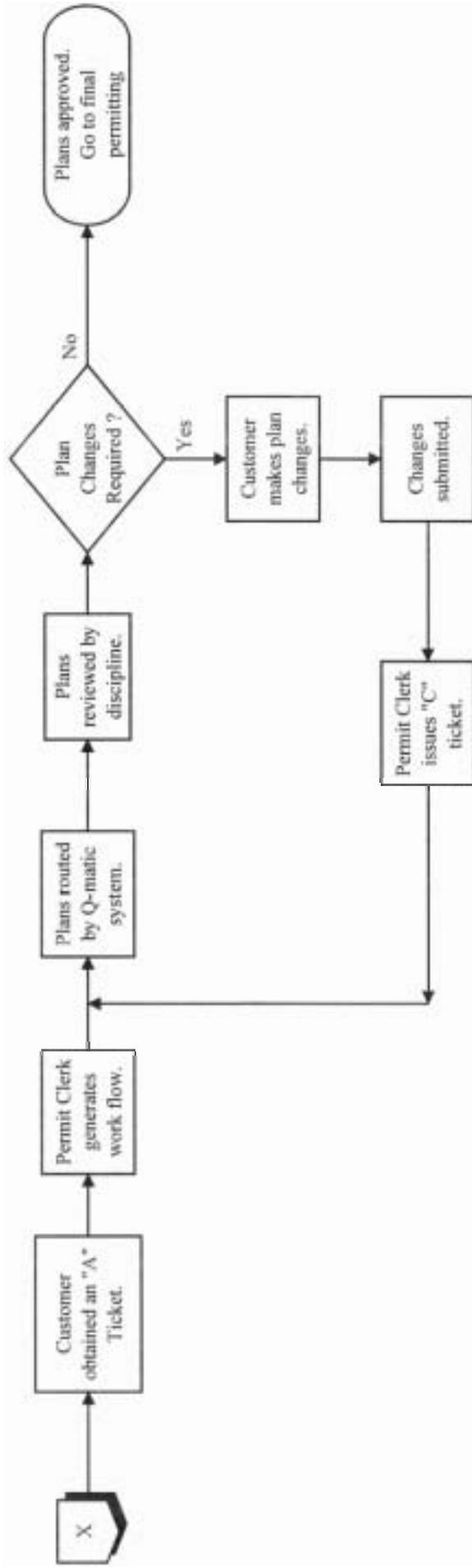
Process Flowchart No. 3

**Overall Plan Review Processing  
Work Flow**



**Process Flowchart No. 4**

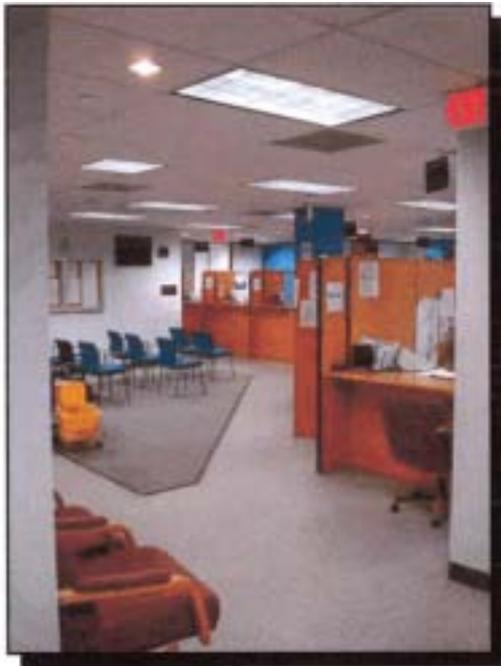
**Overall Plan Review Processing Work Flow  
Walk-Through Processing**



**City of Miami Beach Building Department  
Organizational and Operational Review and Analysis**

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The main processing starting point for customers in the Department is the second floor lobby, which is too small for the volume of people served. Large numbers of customers occupy this space for extended periods of time, giving the impression of general chaos and confusion. Because of the lack of seating and general work space, customers sit on the floors and crowd the halls in the immediate area, making the smooth flow of traffic impossible. With large numbers of people waiting to be served and the Q-Matics system calling out processing numbers and giving directions, the noise level is high and one gets the impression that the operation is inefficient and disorderly. The following pictures of the space illustrates the close quarters in which customers must conduct business.



**City of Miami Beach Building Department**  
**Organizational and Operational Review and Analysis**

---

The Building Department receives an average of 80,000 calls per year. Currently the Department does not have the resources to answer and respond to all the calls it receives. The abandon rate of calls is currently at 31%. Additionally, the City's IVR system receives approximately 77,000 calls per year with an abandoned rate of 80%. As a result, the Department's image suffers and customers go unserved and they are frustrated. Staffing limitations prevent the Department from assigning more resources to this function. *Although a vital function of the Department, the Call Center is not a function that the City has to perform internally. The function could be easily contracted-out.*

(This space has been intentionally left blank.)

## **D. TECHNOLOGY SOLUTIONS**

The Department embraces the use of technology to increase the **efficiency** of its operations. In 2007, the Department introduced the use of computers to be used in the field to accumulate and transmit inspection status information to the Department's central computer system. This allowed the Department to have up-to-date **status information** on projects under construction. Other technological tools introduced to the Department included on-line **permit** application for certain **permit** types, **Q-Matics** (a customer queuing program application), Permits Plus (a process control system), Interactive Voice Response (IVR - a customer call-in scheduling application), Permit Manager - Online **Permitting**, and BuildFax. A more detailed overview of these applications follows.

### **1. Q-Matics**

The **Q-Matic** system is used to manage customer processing at the **permit** counter and throughout **the permitting** and plan review process. The system schedules the customer's waiting line status at the various stations the customer must visit for processing, tracks the processing time at each station, and assists in moving the customer from one processing station to the next, as defined in the work-flow for a particular customer.

The **system** provides on-line **information** and stores customer processing statistics **that** allow the Department to cater to the individual customer's needs and helps to optimize departmental staffing. The system is designed to automatically provide essential data necessary to make decisions that will increase efficiency, improve the effectiveness of the organization, **and** increase customer satisfaction by improving the level of service. If set-up properly, managers can **receive** online **information** concerning activities at the workstations: number of **customers** waiting, waiting times, number of windows open for each service category, and similar data. Managers can receive instant warnings if waiting times exceed or fall below pre-set **values**. They can then reschedule workstation staff directly to correct the situation.

**Q-Matics** uses LED displays, TV monitors, and audio announcement devices in the lobby and processing areas to direct customers to the appropriate processing workstations.

The system is capable of generating reports which show waiting times, transaction times, customer flow **patterns** and trends for each service category. Decisions concerning staffing can also be made based on the data. Managers or other persons with overall responsibility can study **every** aspect of a customer's activities and receive reports on the **current** service levels and customer flow patterns and trends for each service category. Decisions concerning **staffing** can also be made based on the data.

**City of Miami Beach Building Department**  
**Organizational and Operational Review and Analysis**

---

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**Although** the system **has** reporting capabilities that are designed to give management statistical tools that **can** be used to efficiently manage the flow of customers through the process and to schedule staff in a productive manner, the features are not being used effectively or at all. Staff responsible for supporting the system are not familiar with the basic operations of the reporting system. **The** system's management reports are not being utilized and the types of data the system maintains is not **well** known by support personnel. Such data was not utilized as **part** of the analyses in this report because the data and its interpretation could not be relied on. **Therefore**, we were without sufficient information on which some **basic** analyses of staffing patterns, waiting times, and processing times **could** be conducted.

**2. Permits Plus System**

Permits Plus is a tracking software system **used** by approximately eleven (11) City departments, including the four **building/development** departments. The software is a **useful tool** for mapping-out a process and controlling the interaction between the steps in the process. The Building Department uses Permits **Plus** to, among other things, manage a project from application to completion (**final** approved occupancy). The **Department** uses Permits **Plus** for tasks such as calculating permit fees, issuing permits, **managing** the plan review **cycle**, and recording inspection results. It can also be used for inspection routing. Permits Plus has been used by the Department for approximately **ten** years. **Staff** find it to be complex and not user **friendly**. **As** currently configured, it lacks the security **needed** to properly manage the **building/development** process. Permits Plus is the primary support system for the Building Department's operations. Its **effective** operation is critical for the Department to effectively carry-out its responsibilities.

The **building/development** process departments, in particular the Building Department, **use** Permits Plus to track projects and issue **permits**. Other departments that use **Permits** Plus include Code Enforcement, Capital Improvement Program, Police, Parking, City Attorney, **Finance**, and the City Clerk.

Our **initial** work on Permits Plus **security** focused on the Building Department. The Building Department internal audit report dated July 3, 2008 revealed a number of deficiencies. Some of **the** deficiencies "represent significant **weaknesses** that, if not corrected, **could** negatively impact the integrity of permit fees, opening a **great** window of opportunity for unscrupulous behavior." The following are some of **the** deficiencies noted **in** the audit report.

- Several fees were identified as erroneously calculated by Permits Plus.

**City of Miami Beach Building Department**  
**Organizational and Operational Review and Analysis**

---

---

Permits Plus does not allow the allocation of costs or gross areas when two scopes of work are combined into one permit. As a result, there were occasions in which data provided for fee calculation combined both **new** construction and alterations or remodeling. Therefore, separate fee calculations could not be made.

- Data entered into Permits Plus can be **overwritten** by anyone that has edit privileges without **leaving** an audit trail.
- Payments or adjustments for outstanding fees can be posted to a **prior** date. Consequently, payments or adjustments that are backdated to a prior date or period would not be included on the current **daily** activity report. Therefore, backdated transactions would not be noticed unless prior reports were re-printed and reviewed.

Based on initial **discussions** with **Information** Technology personnel who have responsibility for **Permits Plus**, some of the system's deficiencies, which have been identified, **are** being corrected. **However**, given **some** of the functional and operational problems experienced with the system, a comprehensive **review** and **analysis of the system's** features, **internal** control capabilities, and the extent to which the system's features are being used by the Building Department has never been conducted. **As** a result, it is unclear how other departments that use the system are affected by deficiencies in the **Permits Plus** software.

*Given the significant issues identified within the **Building Department**, we recommend the City perform a comprehensive review and analysis of **Permits Plus** to determine weaknesses and vulnerabilities in the system and develop short, mid, and long term strategies to ensure the City is protected from abuse while it continues to provide services to the building/development community.*

During the course of this review and analysis, several significant issues related to the Department's use of the **Permits Plus** system **were** identified and brought to the attention of City and **departmental** management. Those issues include the following.

- The current permit fee schedules, which are the basis for inputting much of the **permit** data into **Permits Plus** for the purpose of making fee calculations, do not match the current fee screens in **Permits Plus**. Consequently, permit **clerks** are required to create a work around to record and collect the proper fees.
- The use of the inspection assignment module does not result in the **effective** and efficient use of inspectors in some divisions of the Department. In those instances, human intervention is required to efficiently assign inspectors.

## City of Miami Beach Building Department Organizational and Operational Review and Analysis

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- The system has an audit trail feature to determine **what** changes have been made and by whom. However, an attempt to implement the audit trail feature built into Permits Plus caused a significant **degradation** in the system's operation. Use of the system's audit **trail** feature was discontinued.
- The approval screen within Permits Plus is virtually open to all **employees** of the Department **and likely** any department **that uses the shared system**. **This** represents a lack of security control over the systems access and **use**.
- The July 3, 2008 internal audit report on the Building Department revealed significant deficiencies that **left** the Department open to possible abuse.
- There is concern about the security of Permits Plus in all of the **building/development** process departments. Discussions with officials from the Planning, Public Works, and **Fire Departments**, noted possible **Permits Plus** security **issues** within those departments. One of the **major** concerns raised among departments **was** the belief **that** anyone in any user department had access to input **data** into the various screens within Permits Plus.

Due to the significant role Permits Plus plays in the **building/development** process for ~~the~~ City, interim recommendations have **been** made to **City** and Building Department management to address the security and processing issues found through interviews with building/development process departmental personnel and IT personnel. These recommendations are included **in** the "Observations, Findings, and Recommendations" section of this report, section VII.

### 3. **Interactive Voice Response (IVR) System**

**As** a service to its customers, the Building Department utilizes an automated call-in system that allows the user to schedule inspections, cancel inspections, or **obtain** information on inspection results. There is no need to speak to a customer service representative. The system is available for use seven days a week, twenty-four hours a day. Inspections are scheduled on a "first come - first served" basis. The system guides the caller through the steps involved **in** properly using the **system**. Inspection areas covered by the system include building, electrical, mechanical, plumbing, and elevator. This service does not cover inspection scheduling and inspection results for the Fire Department, **Public** Works, or **Planning/Zoning**.

#### **4. Permit Manager - Online Permitting**

Permit Manager gives a user the **ability** to file for permits and check **permit** status online. Inspections can also be scheduled. To check a **permit's** status, a user simply creates an account and **accesses permit** status **information** anytime, day or night. Filing for a **permit** can only be done by licensed contractors who are registered with the Building Department. Once registered, licensed contractors **can apply** for, pay for, and print online **permits** anytime, day or night. Some departments require that licensed contractors register with the City and obtain authorization to **use Permit Manager** before filing for a permit. Those departments issue a personal identification number (PIN) that will provide the contractor with appropriate authorization.

#### **5. BuildFax**

An online system through the City's **web** site that provides building **permit** and property **information**. Simplified property information is made available to the general public.

The effective use of technology can **assist** the Department in reducing the cost of its operations and in providing more **efficient** and effective services to the Department's customers. One area the Department has started to **review is** the use of electronic plans review technology. This is a relatively new area of technology being used by some building departments. Its use should be studied for possible implementation in the future. Additionally, the Department could increase its operating efficiency by better understanding the **features (and limitations)** of the technology it currently has and maximizing the use of that technology.

### **E. BUILDING/DEVELOPMENT PROCESS FOCUS GROUP**

The **City's** creation of the **Building/Development** Process Focus Group represents another step in its efforts to work with City departments and user representatives to improve the systems and procedures involved in the **building/development** process. This effort commenced in February 2007. It was the first **formal** undertaking by the City since implementing the recommendations of the Business Resolution Task Force. The Business Resolution Task Force's efforts concluded in November 1999. The City Manager made a report to City **Commissioners** (Commission Memorandum No. 55-00, dated January 12, 2003 on the status **of** implementing the recommendations made by its Business Resolution Task Force (BRTF).

The **Building/Development** Focus Group is primarily a City staff effort composed of representatives of the Building, Planning/Zoning, Fire Prevention (Fire Department), and Public Works departments. However, the meetings are open to the public to **receive** their feedback. Members of the four City departments form the **nucleus of a team** that **is charged**

**City of Miami Beach Building Department**  
**Organizational and Operational Review and Analysis**

---

with conducting a process review to provide the City Manager with recommendations for the short-term (recommendations that can be implemented immediately or "**easy fixes**"), medium-term, and long-range (recommendations geared toward the future vision of the respective processes, which **can be** implemented over the **next** five to seven years).

A preliminary list of opportunities for improvement was developed by the group. The list included the following.

Complexity in the permit application process.

Unnecessary Permitting

- Incomplete inspections.
- Improvements to walk-through process.
- Inconsistency in information **provided** to customers.

Plans Review

- Inconsistency of review process.
- Excessive comments.
- New comments identified during subsequent **reviews**.
- Lack of information to **architects/engineers** on what City reviewers expect to see on drawings.

Inspections

- Re-inspections **and/or** inconsistencies of inspections.
- Conflicts between permitted drawings and what an inspector enforces.
- New requests on subsequent inspections.

➤ TCOs, Expired TCOs, CO Process

- Refusal to **sign-off** on Final C/O due to minor issues.

Need for access to information electronically while **in** the field.

➤ Need for additional on-line services (including plans **review**, payments, change of contractor, etc.).

Improvements to departmental web sites.

**City of Miami Beach Building Department**  
**Organizational and Operational Review and Analysis**

---

- Internal communication
  - Need for improved communication between all departments that "touch" the development process.
  - Need for coordination between **departments/disciplines** to **eliminate** redundancy and conflicts within the development process.
- External Communication
  - Lack of live customer **service** representatives (voice mail, phone **system**, etc).
  - Lack of or incomplete information provided to different customers.
  - Need for improved front counter assistance.

**Specific areas the Building Development Process Focus Group has sought** to address include the following.

- **Improvements derived** from implementation of the concurrent review process.
- Development of **plans** review, inspections, and customer submittal checklists.
  - Single Point of Contact
  - Work Flow and the **re-review** process.
- Building Department permit **counter**: **express** lane for trade permits, online registration for **tickets**, and **setting maximum** number of projects to be processed per person/company per day.
  - Recognized the challenges being **faced** by the complicated fee schedule.
- Issue when there is a different person performing second and **subsequent** reviews of **plans** and "**issues**" are noted.
- Changes **made** across disciplines,
  - How to effectively resolve issues when staff having different interpretations of the City Code, Florida Building Code, life safety code, and other rules, **regulations**, or requirements.
  - One department, on a subsequent review, makes changes in their **discipline/requirements** that has an impact **on another** discipline overseen by another department.

**City of Miami Beach Building Department**  
**Organizational and Operational Review and Analysis**

---

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A **review** of the **meeting** notices for the Building Development Process Focus Group revealed that many meetings were of the "internal" group and they were not open to the public.

By **way** of comparison, recommendations **made** by the "Business Resolution Task Force" in its November 30, 1999 report included the following.

Expedite **permitting** by doing the **following**.

- Limit **the** number of plans for walk-through processing per customer.
- Substantially limit Design Review Board review to exterior work and interior public spaces.
- Empower staff to make broader decisions during walk-through to back-up counter person.
- Have a senior planner **available** during **walk-thru** to back-up the counter person.
- Develop **walk-thru** process guidelines and, if Design Review Board approval is required, allow applicants to choose what order to get plan **review** approvals.
- Actively involve the plans router in monitoring the progress of the plans **review**.
- Offer more competitive salary ranges.
- Co-locate Fire Prevention staff within the Building Department to facilitate the plans review process.

➤ Improve customer service.

Improve **staffing** and hiring.

**Invest** in technology (in particular, provide field inspectors with hand-held computers).

In addition to the above, the Building Department conducted a retreat in late 2005/early 2006. Processing issues were discussed and recommendations for improvements to operations and procedures were **suggested**. Some of the issues that were discussed **included** the following.

- Customers waiting a long time for service.
- Customers missing documentation.
- Responding to customer questions regarding review processing times.
- Process workflow issues.
- How to handle customers who only require information.
- What customers require tickets to be **processed**.
- Customers going through multiple processing steps for simple projects.

**City of Miami Beach Building Department**  
**Organizational and Operational Review and Analysis**

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Many of the **above** issues, **which** have been identified **by** the Building/Development Process Focus Group, the Business **Resolution** Task Force, and those raised in the retreat, continue to be issues today. Over the years, the Department has not been able develop the necessary policies, systems, and procedures to effectively address and resolve the issues.

The City's management has exercised wisdom in undergoing periodic reviews of the Department's operations to ensure that service improvements are identified and implemented in a timely manner. However, the degree to which identified changes have improved the Department's operations is questionable; **and**, the public does not have a general perception that there **have** been improvements in the Department and the services it provides.

**F. STAKEHOLDER INTERVIEWS**

**An** important part **of** insuring the success of any project endeavor is to involve external stakeholders in all phases of the project. In the case **of** the Building Department and the City, **stakeholders can** be internal (staff, division chiefs, managers, etc.) or they **can** be external (homeowners, builders, developers, expeditors, etc.) to the **City/Building** Department. Stakeholders are the end-users or clients, they are the people **for** which a process or procedure is developed. Stakeholders are the people who will **influence** the design and, ultimately, the people who **will** reap the benefits of an effectively run department, a **successful** project, a sound process or procedure, or other beneficial activity.

In an effort to **obtain** input from the individuals **most** affected by the operations of the Building Department, **we** set out to interview Department stakeholders. Lists of individuals and entities who represented **a** broad spectrum of Building Department stakeholders were developed. A cross-section of the prospective participants was selected. They represented **many** of the groups who interface with the Department. The pool of possible **external** participants included individual homeowners, **large** and small property owners. builders, developers, lawyers, expeditors, architects, engineers, and similar individuals and professions. From the pool, a final **list** was developed and individuals were contacted to participate in the interview process.

The response to the request to be interviewed was greeted with appreciation by some individuals and apprehension from others. Some **refused** to participate for fear of possible retaliation or retribution by the City or the Department, even though they were assured their participation would be anonymous. Some felt their participation was their civic duty. All who participated appeared to have the best interests of the City and the Department in mind. There was no indication that any participants **were** vindictive or were in **any** way trying to cast a negative cloud over the Department. Respondents promised to be honest and candid in their responses to questions.

The comments that follow are representative of the points stressed by interview participants. Some are anecdotal and may not be supportable by specific evidence; however, some comments **were** based on supportable documentation that was reviewed **by** the

## City of Miami Beach Building Department Organizational and Operational Review and Analysis

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interviewer. All of the comments presented are deemed to be important input into this process because the statements represent people's perceptions of the nature of the Department, its staff, and its activities. Perceptions that are held by a large enough group of individuals tend to become viewed as "reality" in peoples' minds.

The Miami Beach Chamber of Commerce (the "Chamber") was one of **the external** stakeholder groups identified. Quite coincidentally, a Chamber committee had recently completed its own **review** of the City's Building Department. Their review had been presented to the **City** earlier in the year, but the City had not commented **upon** it as of the **completion** of the field work on this project (mid-December 2008). The findings and recommendations of the Chamber's committee report are included later in this section of our report.

Although they are not external participants, the Mayor and all City Commissioners participated in the interview phase of the project. **As** elected officials, they serve constituency groups and receive input from constituents that is important to this project. Their comments and perceptions are also included in the comments that follow.

**Except** for the comments contained in the Chamber of Commerce report, to ensure anonymity, the comments that follow are not attributable to any individual or group.

### 1. Stakeholder Comments

There should be a contact point for people **who** are not building professionals.

Customers need an advocate in the Department.

- **Small** project customers and homeowners find the **permitting** process so difficult they opt to risk being fined for not obtaining **permits**.

Fire Department **reviewers/inspectors** are most **difficult** to work with. They sense the power they have over you and the process **and** they intimidate you.

- All customers should be treated equally. Favored status is given to large developments and projects.

- The inspection process is not standardized. Inspectors do not appear to have guidelines they follow.

- I feel the Department is at the threshold of providing exceptional service, but it is not there yet.

**City of Miami Beach Building Department  
Organizational and Operational Review and Analysis**

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- Y Too much time is wasted between points of service at windows.
- Y They will not work with you if **all** of your paperwork is not in place.
- Y The are no **work** areas available for customers to use.
- Y If you miss your number being called, your ticket is killed. You have to remain in the area as crowded as it **is**.
- Y Miami Beach has the potential of being the best Building Department in the area.
- Y Issuance of permit cards is sometimes slow.
- Y I question whether the follow-up audit of the permit fee is **accessing** only those items that are appropriate for the **calculation** of the permit fee. I think they are capturing items that **are** not appropriate per the building **code**.
- Y I have a great deal **of** respect for the staff and the work they are doing.
- Y I feel the staff processing permits in the Building Department **are** fair and I feel the Fire Department staff **are absolutely** fair.
- Y The process **must** be fair and **legal**, not personal. Some senior departmental management have made the **process** personal in **some cases**.
- Y The audit department is **making** changes to **application** data. In one case, I noted that application data was changed on a project from six years ago.
- Y I think the auditors **are** targeting projects for audit.
- Y Inspections **are** being held up because of the auditing process. Inspections are being delayed on projects **until** fees are paid on audited projects.
- Y **Permits** are expiring and customers are not being notified. Current economic times **are** making it difficult to proceed with some projects.
- Y Things **were** doable and workable before the **last** director and some of his staff were in charge.

**City of Miami Beach Building Department**  
**Organizational and Operational Review and Analysis**

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- Staff morale was affected by management favoritism. Staff do not feel secure in their jobs.
- It appears that high level administrative positions are being filled with staff who do not have the necessary qualifications for the positions.
- The current workflow system is a disaster. Customers not able to address questions because the workflow process is not completed. Plans must remain in process. Workflow cripples the system. There is no flexibility. Why do projects need to go through Public Works and Planning/Zoning when they are not affected?
- Rules **as** to what gets dropped-off and what **can** be walked through **are** not clear or adhered to.
- The last **director** created many problems. Why was he **selected** for the position? **He was** not the most **qualified** person **applying** for the job.
- The Department had great and honorable leadership at one time.
- The fee structure is too complicated and must be simplified.
- Repeat **reviews** by different inspectors are a problem. One inspector identifies problems that you correct **and** later another asks you to do more things related to the same issue. Why can't the inspectors agree on what needs to be done before they leave us with comments.
- Fire **review** and Planning **reviews** take extended periods of time to complete.
- The City Manager is not in touch with how badly some Building **Department** managers treat customers.

**City of Miami Beach Building Department**  
**Organizational and Operational Review and Analysis**

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Some high **level management** in the Department are vindictive. I am concerned **about** raising **issues** on my projects because I do not want them to be delayed by the Department. They do not **appreciate** that time delays cost money. I make changes on my projects not because I or my architects/engineers/contractors agree with the changes mandated by Building Department reviewers and inspectors (especially fire reviewers/inspectors) in all cases, but I make them because I cannot afford to slow down a project or stop it to **appeal** decisions, especially decisions that are based on desire or preference and not the building or fire code. The Fire Department is of primary concern.

- The Department **needs** an **appeal** process.
- What I want as a **developer** is orderly, evenhanded treatment by the City.
- The Department **needs** better leadership **and** more **education** for people on **the** "front line."

The most important thing the City **can** do is live up to its mission statement and the values it lays out on **the** City's web site.

Although these comments were **made** in **2008**, some of them are representative of comments that have been documented by the City since the **review** conducted in 1999. While some who were interviewed were quite complementary about the staff and operations of the Department, most **interviewee** comments were not. The Department's perceived ability to perform its services efficiently, effectively, and courteously is in doubt.

In August 2005, a "Benchmarking and Customer Service **Analysis**" was prepared by a consultant for the City. Some of the issues identified in that analysis continue to be identified as strengths **and/or** deficiencies by customers today. Some of the findings and **recommendations** presented in the "Customer Survey **Analysis**" section **of the** report **included the** following.

*The analysis demonstrated that the City has professional, knowledgeable, and dedicated personnel involved in the construction permitting process. However, as previously stated, only 62% of customers surveyed are satisfied with the level of service they receive.*

**City of Miami Beach Building Department**  
**Organizational and Operational Review and Analysis**

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Among the *most* prevalent feedback/concerns received from customers was:

1. The inability to contact City personnel via ~~the~~ telephone;
2. The maximum ~~walk-through~~ review time of 15 minutes, even though some reviewers take 45 minutes to review;
3. The need ~~for~~ additional personnel at the permit counter;
4. The need for creation of an express lane-for small items;
5. Q-Matic system's lack of holds or pauses, to allow customers to attend meetings with officials or visit other offices.
6. The Department ~~not~~ allowing permit applications to be dropped off for later processing; and,
7. The Department ~~not~~ allowing simple permit applications to be processed and paid for the same day.

The following are some of the recommendations that are provided within the report. The City should consider:

1. Implementing a simplified fee schedule to allow for Plans Examiners to expedite the review of plans (~~eliminating~~ the need for them to determine fees);
2. Assessing the staffing levels at the front counter and/o cross-training the clerical staff to cover peak demand times;
3. Staggering lunch hours of front counter personnel to allow the front counter to remain open longer hours;
4. Providing an information counter that allows access the computer system to check and track the status of permits, plans, and inspections, and can be assigned to filter customer service calls;
5. Enhancing its education efforts on the permitting process to the public; and
6. Determining the validity and addressing some general concerns with the process ~~which~~ are listed in section 4:2.2 6.
  - 66% of customers surveyed felt satisfied with the plans review process.  
73% of customers felt the plans examiners were accessible; 77% felt they were courteous and professional; and, 69% felt they were knowledgeable.
  - 54% of customers felt the permitting process was easy to follow.
  - 67% of customers felt their plan review requests were processed in a timely manner; hut, several customers complained that the 15 minute review time was insufficient. Customers noted that the reviewers would spend more time with customers in spite of the 15 minute time limitation, resulting in longer waiting times.

2. **Chamber of Commerce Report (February 19,2008)**

The Miami Beach Chamber of Commerce created a "**B**uilding and Permitting Committee" to address "... numerous concerns and complaints from the business and residential community concerning dissatisfaction with City services that affected both members and nonmembers of the MBCC. This committee **was** created to voice its concerns and suggest balanced solutions and improvements." The complaints in the report, which was dated February 19,2008, "... primarily dealt with unnecessary hardships, irregularities in the implementation of public policies, procedures and inspections; as well as lack of follow **up**, information, or personnel and outdated building and permitting codes and enforcement techniques." User input was largely based upon anecdotal information provided to **the** committee from the study's participants. **The** goal of the committee was "... to identify and address the legitimate concerns of the community ..." The committee held meetings with a diverse group of Building Department **users/customers** such as business owners, legal representatives, architects, engineers, designers, residents, and other management and professional entities. The committee also met with members of the Business Resolution Task Force that conducted the study that was conducted for the City and **presented** in its report dated November 30, 1999.

The summarized results of the Chamber's report follow.

Lack of coordination and internal **discussion/problem** resolution among Building Department, **Fire**, Public Works, and **Planning/Zoning**. Customer left to try to resolve interdepartmental issues with little or no help from departments.

Unnecessary permitting - Customers are frustrated by having to obtain sign-offs from inspection **areas** not directly involved in the process **For** the permit they seek.

**A** major problem identified was complaints regarding the inconsistency in inspections **and/or** of the inspectors who are performing the inspections. When different inspectors review the same work, new requirements may be added-on by the subsequent inspector or the new inspector may require changes which conflict with the previous inspector's **review** comments.

Information being provided to the public is not consistent and is not being provided in an informative, customer-friendly manner. More and better oversight and involvement by supervisors is required.

- The Certificate of Occupancy **and** Temporary Certificate of Occupancy processes need to be more clearly defined and assistance given to customers to facilitate concluding the processes as timely and efficiently as possible.

**City of Miami Beach Building Department**  
**Organizational and Operational Review and Analysis**

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The City should implement needed changes in processes and procedures as quickly as possible.

- The City should develop a mechanism for ongoing input **and** participation from the users of the **building/development** process departments.
- Implementing process and procedural changes should be properly managed to ensure a smooth transition from the old to the new. Staff and users need to be educated **on** process and **procedural** changes before **being** implemented.
- Processing delays should be minimized.

The relevance of some **historic** preservation decisions should be reviewed.

Many of the above comments from the Chamber of Commerce's report are echoed in comments from other individuals and entity representatives, as noted in the "**Stakeholder Responses**" section, above. The Chamber of Commerce report is included in "Exhibit C" of this report.

#### **IV. PERMIT FEE AND COST ALLOCATION PLAN REVIEW**

The City of Miami Beach's objective in having its **permit** fee structure and system reviewed was to ensure that fees are set at a **level and** in a manner to cover the direct and indirect costs of the building development process, are **implementable, are** understandable, are easily updated in response to change, and can ensure the integrity of the permitting process and collection of fees.

The City currently does not know if the existing fee structure covers their costs, particularly indirect costs for the Building Department. Indirect costs were last calculated in a fiscal year 1999 study. They have not been updated since that study. The current **permit** fee schedule is **very** complex consisting of **numerous** and varying fees for different **types** of projects and scopes of work. Although the actual calculation of the fees **is** automated (calculated using the Permits Plus system), the accuracy of the data that is entered into the system is difficult to accurately determine because of the fee schedule's complexity and the lack of standardized **processes** and procedures for calculating it. Consequently, the accurate collection of permit fees is very **difficult**. Additionally, the Building Department **fee** schedule **was last** revised on October 1, 2003. Updating the fee schedule would **require** passing a new City ordinance. Finally, the software system used to calculate **permit** fees and track the various **projects** is outdated, complex, not user friendly, and currently lacks the security measures to ensure the integrity of the permitting process and collection of fees. The Permits Plus Software system **is** discussed in **more** detail in the "Technology Solutions" section of this report.

**City of Miami Beach Building Department**  
**Organizational and Operational Review and Analysis**

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While the City's Internal Auditor recommended in July 2008, among other things, “pursuing” a simplified fee schedule and the City has drafted a Request for Proposal (RFP) for the development of an updated cost allocation plan, this effort has been suspended pending the results of this engagement. The RFP ( Request for Proposals for a Building Development Process Cost Allocation and Fees Study - RFP # 34-07/08) identified the broad objectives of the work requested to be performed as follows.

*'The goal for this contract is for the consultant to update studies of direct and indirect costs related to the building development process, and provide relevant and realistic recommendations, appropriate fee levels and structure for building development permit fees. The consultant will work closely with a staff committee to be comprised of representatives from the Office of Budget and Performance Improvement, Building Department, Public Works/Engineering, Fire Prevention, and Planning/Zoning. The consultant should develop recommendations that help ensure that fees are set at a level and in a manner to cover the direct and indirect costs of the building development process, are implementable, are understandable, easily updated in response to change, and ensure the integrity of the permitting process and collection of fees.'*

Building Department management officials and staff from the various Building Department disciplines, as well as building development officials in other departments, opined almost universally, that they need and are in favor of having a simplified fee schedule developed.

Given the urgency of the execution of this new cost allocation plan and permit fee study, we reviewed the RFP and made recommendations on it during the first few weeks of the project engagement. In the process of developing our recommendations, we reviewed the RFP document and the existing fee schedule, in detail; analyzed the pertinent findings and recommendations of the Internal Audit report which addressed the proposed projects; and, obtained input from the other departments who are part of the building/development process. Our findings and recommendations, which were presented to City and departmental management in the early stages of the project, included the following.

- The RFP’s statement of scope of services and its requirements of the successful proposer are adequate for accomplishing management's objectives.

The study should be separated into two distinct projects and separate RFPs should be issued. One project would be the development of a city-wide and building/development process specific indirect cost rate plan. The second project would be the development of a simplified permit fee structure and calculation mechanism.

- The resulting RFPs should be released immediately

**City of Miami Beach Building Department**  
**Organizational and Operational Review and Analysis**

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Building Department officials have also taken steps within the last year to improve the reliability and integrity of the **permitting** process and collection of fees, but many additional measures should be taken. **Some** of the necessary actions are known by Building Department staff, but were delayed pending the arrival of the new building director in September 2008.

**V. OUTSOURCING/PRIVATIZATION**

Over the past several **years**, governmental entities **across** the country **have** been giving consideration to outsourcing various services. In the City's current operating **environment**, as with governmental entities across Florida and the country, there is pressure on governmental administrators to do more with less. The lure to turn a governmental **service** over to the private sector to manage because it would be cost effective, and/or more **efficiently** managed and carried-out has developed as an alluring proposition to **many** organizations. However, such a decision must be carefully evaluated, thought-out, and **planned**.

By definition, the terms "outsourcing" and "privatization" are **interchangeable** and can be used to refer to the **same** concept: turning over the management of a **service** by one entity, **be** it public or private, profit or non-profit, to another entity through a **formal** process or transition. Another expression commonly used to identify **this process** is "contracting out." The first entity (the contracting entity) remains ultimately responsible for the **service** while the second entity (the contractor) actually manages it.

**An** outsourcing evaluation should follow a disciplined, managerial approach from planning through contract negotiation and implementation, to ongoing management of the relationship. The planning, analysis and design steps followed during an outsourcing **assessment** are similar to those of a basic project **management/development** cycle.

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## Project Management/Development Cycle



**City of Miami Beach Building Department**  
**Organizational and Operational Review and Analysis**

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Some **reasons** for contracting **out** include the following.

- To have access to technology, skills, and **knowledge** not internally available.
- To improve business processes and enable organizational change.
- To provide needed short-term services without adding to ongoing operational:costs.
- To Focus **internal** resources on "core" strategic plans and objectives.

Some of the reasons for using internal resources include the following.

- To retain skilled personnel who are able to respond directly to the department's needs.
- To obtain needed services at lower overall cost.
- To take advantage of employees' unique insight into a project **or** the department's goals.  
To have ownership and control over resources and personnel assets.

In a report dated March 14,1997, the U.S. General Accounting **Office**, General Government Division, prepared a detailed discussion of lessons learned by state and city governments in implementing privatization efforts. The report, "Privatization: Lessons Learned by State and Local Governments," (GAO/GGD-97-48, March 14, 1997) discusses six (6) "Lessons Common to State and Local Governments," and it details questions that should be addressed regarding each topic, as an entity proceeds through the privatization process. The lesson categories include the following.

- Political Champion
- Implementation **Structure**
- Legislative and Resource Changes
- Reliable Cost Data
- Strategies for Workforce Transition
- Monitoring and Oversight

The detailed questions contained in the report **form** the basis for making the level of comprehensive analysis required to make the decision to privatize **and** they present guidelines for the implementation steps required to perform a successful privatization of services. A copy of **the** report is included as Exhibit "A" of this report.

This aspect of the project **was** devoted to performing a detailed **review** of the Building Department **and** identifying those areas the City might be able to receive benefit from by **privatizing/outsourcing** the activity. To provide a basis on which to evaluate the significance of **privatizing** activities and establish the City's exposure to **having** a core function **outsourced**, City and Building **Department** officials were asked to identify the "core" functions of the Department. The "core" functions were identified as follows.

- Insure that all construction projects comply with Florida **Building Code**
- Review building plans
- Perform building inspections

**City of Miami Beach Building Department**  
**Organizational and Operational Review and Analysis**

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- ✓ Issue permits
- ✓ Issue occupancy certificates
- Collect proper fees

The Building Department currently participates in several activities that can be categorized as outsourcing or "contracting out." The Department has developed a contractual relationship with approximately five (5) entities that provide staff support in the plans review and inspection areas. When staffing shortages occur in these areas, temporary staff from one or more of the contractors are brought in to supplement the Department's staff. The Department also uses these contractors to provide inspection services for certain projects requiring expedited treatment. In these cases, the developer/owner reimburses the Department's costs billed by the contractor.

The following table identifies the operational areas identified for possible privatization. The table also contains an evaluation of the feasibility for privatization. This analysis should not be considered a formal recommendation to City and departmental management to privatize a particular operation. An exhaustive process and evaluation, which is outside the scope of this review and analysis, should be conducted by the City before making such a determination. However, as a result of analyzing the information in the following table, we identified certain areas that appear to be likely candidates for outsourcing.

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## Outsourcing/Privatization Analysis

Building Department Function	Reason to Outsource	Reason to Retain as a City Function
1. Permit Counter	<ol style="list-style-type: none"> <li>1. Not a "core" function of the department.</li> <li>2. Support service.</li> <li>3. Requires specific <b>customer</b> service training and interpersonal skills.</li> <li>4. <b>Training is a cost</b> factor.</li> <li>5. Limited collective <b>bargaining</b> considerations.</li> </ol>	<ol style="list-style-type: none"> <li>1. <b>Employees are under the direct control of departmental</b> management.</li> <li>2. <b>Permit clerks know</b> the Permits Plus system.</li> </ol>
2. Plans Review	<ol style="list-style-type: none"> <li>1. Availability of staff may be limited due to job market conditions.</li> <li>2. Training is a cost factor.</li> <li>3. Human resources and unionization issues <b>no</b> longer a factor.</li> <li>4. <b>Flexibility</b> in staffing.</li> <li>5. Limited collective bargaining considerations.</li> </ol>	<ol style="list-style-type: none"> <li>1. A "core" function of the department.</li> <li>2. Requires specific expertise, training, and certification.</li> <li>3. Must be able to easily coordinate activities with interdepartmental reviewers.</li> <li>4. Employees are under the direct control of departmental management.</li> </ol>
3. Inspections	<ol style="list-style-type: none"> <li>1. <b>Availability of staff may</b> be limited <b>due</b> to job market conditions.</li> <li>2. Training is a cost factor.</li> <li>3. Human resources and <b>unionization</b> issues no longer a factor.</li> <li>4. Flexibility in staffing.</li> <li>5. Limited collective bargaining considerations.</li> </ol>	<ol style="list-style-type: none"> <li>1. A "core" function of the department.</li> <li>2. Requires specific expertise, training, and certification.</li> <li>3. Must be able to easily coordinate activities with interdepartmental inspectors.</li> <li>4. <b>Employees are under the direct control</b> of departmental management.</li> </ol>

## Outsourcing/Privatization Analysis

Building Department Function	Reason to Outsource	Reason to Retain as a City Function
4. Issuance of Certificates of Occupancy and Certificates of Completion		<ol style="list-style-type: none"> <li>1. A "core" function of the department.</li> <li>2. A ministerial function that must undergo final review and approval by the City's Building Official.</li> </ol>
5. Records Management	<ol style="list-style-type: none"> <li>1. Not a "core" function of the department.</li> <li>2. Support service.</li> <li>3. Flexibility in staffing as volume changes.</li> <li>4. Up-to-date equipment and technology is a cost factor.</li> <li>5. Limited collective bargaining considerations.</li> <li>6. This is a function that easily lends itself to outsourcing.</li> </ol>	<ol style="list-style-type: none"> <li>1. Employees are under the direct control of departmental management.</li> </ol>
6. Call Center	<ol style="list-style-type: none"> <li>1. Not a "core" function of the department.</li> <li>2. Support service.</li> <li>3. Flexibility in staffing as volume changes.</li> <li>4. Limited collective bargaining considerations.</li> <li>5. This is a function that easily lends itself to outsourcing.</li> </ol>	<ol style="list-style-type: none"> <li>1. Employees are under the direct control of departmental management.</li> </ol>

## Outsourcing/Privateization Analysis

Building Department Function	Reason to Outsource	Reason to Retain as a City Function
7. Training	<ol style="list-style-type: none"> <li>1. Not a "core" function of the department.</li> <li>2. Support service.</li> <li>3. Availability of staff may be limited due to job market conditions.</li> </ol>	
8. Information Technology	<ol style="list-style-type: none"> <li>1. Not a "core" function of the department.</li> <li>2. Support service.</li> <li>3. Requires specific expertise and training.</li> <li>4. Must be able to coordinate functional activities with the City's Information Technology department.</li> <li>5. Training is a cost factor.</li> <li>6. Availability of staff may be limited due to job market conditions.</li> </ol>	<ol style="list-style-type: none"> <li>1. Employees are under the direct control of departmental management.</li> <li>2. The City has an internal IT department with which the department's IT staff works in close cooperation.</li> </ol>
9. Building Code Compliance	<ol style="list-style-type: none"> <li>1. Availability of staff may be limited due to job market conditions.</li> <li>2. Training is a cost factor.</li> <li>3. Human resources and unionization issues no longer a factor.</li> <li>4. Flexibility in staffing.</li> <li>5. Limited collective bargaining considerations.</li> </ol>	<ol style="list-style-type: none"> <li>1. A "core" function of the department.</li> <li>2. Requires specific expertise, training, and certification.</li> <li>3. Must effectively interface with other Building Department and City entities.</li> </ol>
10. Fee Assessment		<ol style="list-style-type: none"> <li>1. A "core" function of the department.</li> <li>2. Generally a mechanical process that lends itself to computerization.</li> </ol>

## Outsourcing/Privatization Analysis

Building Department Function	Reason to Outsource	Reason to Retain as a City Function
11. Fee Collection	<ol style="list-style-type: none"> <li>1. Not a "core" function of the department.</li> <li>2. Support service.</li> </ol>	<ol style="list-style-type: none"> <li>1. Function is the responsibility of the Finance Department.</li> </ol>

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## City of Miami Beach Building Department

### Organizational and Operational Review and Analysis

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Based on the above analysis, some of the areas where the Department might benefit from contracting out are the following.

- Permit Counter
- Records Management
- Call Center

Also, given that building **activity** is undergoing a **slowdown due** to global, national, and local economic conditions, the City should consider staffing the review and inspection areas at minimum levels required to conduct a base level of service delivery and contracting out, as required, to meet periodic higher level staffing needs or the need to staff particular projects. **Appropriate** analyses should **be** conducted to **determine** the feasibility of **this** and other efforts to reduce costs and to determine the resultant impacts on the Department and its operations. **In** implementing **any** outsourcing activities, the City must consider any requirements **placed** on it by the **collective** bargaining agreements it has in **place**.

The City's bargaining agreements with the Communications Workers of America (CWA) and the Government Supervisors Association (GSA) contain similar wording in the sections that **address member** rights in **the** event the City opts to contract-out services presently being performed by bargaining unit employees. The basic **language** contained in each agreement (Section 9.11 of the CWA agreement and Section 119 of the GSA agreement) is as follows.

***Notification in the Event of Transfer or Contracting Out** - When the City contemplates entering into a contract with an outside supplier or service agency to perform services presently being performed by the Bargaining Unit employees and such contract shall result in the lay-off of any bargaining unit employee, the City agrees that it will, upon written request, meet and discuss with the representatives of the Union the effect of such contract upon members of the Bargaining Unit.*

*If the City enters into such a Contract and, as a result thereof, an employee will be laid off, the City agrees to ask the Contractor to provide first consideration for such employee for any available work.*

*In the event that the employee is not employed by the Contractor, the City will offer such employee another available job with the City, if there is a budgeted vacancy and the employee affected by the subcontracting is qualified to perform. Questions of qualification to perform the job duties shall be decided in the sole discretion of the City Manager, or his/her designee for Human Resources.*

*If there are no jobs available, the Reduction in Force provision contained in this Agreement shall apply, provided that such laid-off employee shall be recalled to work before the City hires new, permanent employees to perform the work of the classification held by the employee at the time of the layoff.*

**City of Miami Beach Building Department**  
**Organizational and Operational Review and Analysis**

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*This recall right shall exist for up to the individual's total service time with the City, but not to exceed two (2) years after the date of the person's layoff date, but such recall right shall cease as of two (2) years after layoff, or if the employee does not return to work as scheduled if he/she is offered a recall notice prior to the two (2) years.*

*It shall be the responsibility of the laid-off employee to notify the Human Resources Department when technical skills, training, and experience have been enhanced during the layoff period, which may allow the individual to apply for another bargaining unit job with the City.*

*Nothing in this Section will be construed to limit the Union's right to bargain concerning the identified impact or effects of subcontracting out or transferring upon Bargaining Unit members.*

Other than the above guarantees offered by the City to bargaining unit members, the City is free to contract-out (outsource) **services** it determines are in the best interest of the **City**.

**VI. BEST PRACTICES (BENCHMARKING)**

In an effort to develop the best possible processes and procedures to **service** the **Building** Department's customer **base**, the City wanted to look at other **peer** Building Department operations. The intent of such a review was to identify the "best practices" followed by these organizations so that, where possible and where applicable, they could be incorporated into the City's Building Department operations. To accomplish this objective, two projects were undertaken. One project utilized a survey questionnaire which was sent to ten (10) carefully selected cities and political jurisdictions. The other project utilized a "peer review" process in which knowledgeable building professionals were **invited** to meet with the Building Department and comment on certain processes followed by the Department. The following sections of this **review** and analysis describe the projects in more detail and present their findings and conclusions.

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**City of Miami Beach Building Department**  
**Organizational and Operational Review and Analysis**

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**A. Survey/Questionnaire**

Ten (10) cities were selected and offered to participate in this survey project. A questionnaire **was** carefully developed to ask for input on specific operational areas. A copy of the questionnaire is included in "Exhibit D" of this report. The primary areas addressed in the questionnaire **were** the following.

- Building Functions and Processes
  - Software and Technology
  - Permitting Fees and **Structure**
  - Performance Monitoring
  - Customer Satisfaction
- Comparative Statistics

Responses were received from seven (7) of the ten governmental entities surveyed. Those cities included the following.

Aventura  
Coral Gables  
Jacksonville  
Key Biscayne  
Miami-Dade **County**  
Surfside  
Tampa

A comparison schedule of the summarized responses received from the seven cities/jurisdictions follows, along with a discussion of those processes, procedures, and/or practices the City might benefit from through adoption.

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**City of Miami Beach Building Department  
Summary of Survey Responses**

	Miami Beach	Aventura	Coral Gables	Jacksonville	Key Biscayne	Miami-Dade County	Surfside	Tampa
<b>*** Building Functions and Processes ***</b>								
<b>Department use of outside contractors.</b>	Yes	* Landscaping reviews * Corporate vendor provides some reviewers	No response	None used	None used	* Building Official positions outsourced * Planning/Zoning functions are outsourced	None used	
<b>Private Provider process.</b>	Seldom used	NSS	P/P process utilized. Quality assurance and audit procedures in place	None used	No P/P used	* Less than 1% are PIP * Permits issued by P/P randomly selected for quality control * 20% of permits selected for plan review * 50% or less of inspections selected for inspection by County staff	No response	Department does not have any private providers on staff. There are a small group of contractors in our jurisdiction that utilize private providers to conduct same-day inspections, as we are only able to provide next-day service. All private provider inspections are 100% audited, as it is still necessary for a CSD inspector to do a follow-up A/C change-out, minor structural repairs (only), plumbing and mechanical (only)
<b>Types of walk-through plan review.</b>	No response	NSS	No walk-through process	Approximately 15% of commercial and residential inspections in 2008 Audit process in place * Small residential projects < \$25,000 (20-30 minutes, customer in person) * Small commercial projects < \$100,000 (Fire Marshall reviews first) * Interior renovations and remodeling or tenant build-outs, walk-ins (appointments only one hour or less)	Any permit application that does not involve extensive structural calculations. Mostly interior renovations of kitchens, bathrooms, etc.	* "Walk-through" process eliminated 10 years ago * County uses "simple projects" and "complex projects" categories * Simple projects routed electronically and concurrently to all reviewing agencies Initial review completed in 1 - 4 days	No response	
<b>Staff process walk-through plans.</b>	No	NSS	No walk-through process	Interaction with customers includes discussions with plan reviewers to aid in understanding their comments. Plans stay with applicant who moves between reviewers	Interaction with customers includes discussions with plan reviewers to aid in understanding their comments. Plans stay with applicant who moves between reviewers	Yes	Interaction with customers limited to front counter. Plans routed by staff	Both apply * Interaction with customers is limited to the front counter (submittal of plans, receipt of comments) Plans are routed by staff. * Interaction with customer includes discussions with plan reviewers to aid in understanding their comments. Plans stay with the applicant who moves between reviewers
<b>Interaction with customer during walk-through plan review.</b>	Yes	NSS	No walk-through process. Interaction with customer during walk-through plan review	* Dedicated resources (special window, separate staff, etc.) - Residents 3 plans examiners for residential and signs - Businesses 1 plans examiner for commercial < \$100,000 * Specific times - Residents (TAM - 4:30 PM, M-F) - Businesses (7AM - 4 PM, M-F) * Residents - not required * Businesses - required	Specific times and by appointment for residential and businesses.	Interaction with customers limited to front counter. Plans routed by staff	Yes	* Dedicated resources (special window, separate staff, etc.) for residents and businesses 4 commercial / 9 residential Plans Examiners * Specified times for residents and businesses Hours are 7:30 AM - 4:30 PM * No appointments are required.
<b>Availability of staff for walk-through review.</b>	Afternoon dedicated to homeowners	NSS	No walk-through process	Informal process where customers come in and meet with Chief Inspectors. Sequence is mechanical, plumbing, electrical, building, and structural/building official	N/A	No response		The customer meets first with Permit Technician; then a Plans Examiner is contacted for evaluation of proposed work
<b>Drop-off plan review turn around time.</b>	30 days - residential 45 days - commercial	NSS	Approximately 1 week.	* Residential and commercial < \$100,000 is 5 working days * Commercial > \$100,000 is 10 working days * Plans examiners review and process earliest plans in system City building department is "fastest in State"	Orderly procession thru all departments, ending with Building Official.	Plans tracked through electronic system. Customers receive e-mail or phone notifications of status. Escalating e-mails sent to plan reviewers and respective division director.	Approx. 5 days for small jobs. Large jobs approx. 2 weeks	5 working days
<b>Customer feedback - plan review comments.</b>	* Direct communication with customers * Suggestion forms • Satisfaction surveys	NSS	Feedback by meetings with customers	No formal process of obtaining customer feedback. Most comments are positive about the efficiency of process	Customer surveys with drop-off boxes. Monday design professional appointments with exit surveys	Department contacts contractor and faxes comments to them	After 1st review Plans are reviewed for compliance with all of the applicable codes. Needed corrections are indicated on comment sheets that describe items to be corrected. The customer is notified by telephone/fax or email. Customers have 60 days from the date of notification to respond to the comments	

**City of Miami Beach Building Department  
Summary of Surrey Responses**

	Miami Beach	Aventura	Coral Gables	Jacksonville	Key Biscayne	Miami-Dade County	Surfside	Tampa
Plan review productivity.	Daily reports to section chiefs	NSS	Computer system report	In timely manner, supervisor assigns them in order to meet 5 and 10 day goals 3 residential, 4 commercial, 2 multi-disciplinary, 3 walk-in residential, 1 commercial walk-in	Building Official visually checks plans review activity and reviews number of inspections per discipline	Plan review measures tracked monthly in Activity Strategy System (ASE) - score wrd	No response	100%
How plan reviews are standardized.	Comments reviewed by section chiefs training as needed	NSS	Plan review checklist as per Florida Building Code	Plans examiners periodically. When warranted, changes or improvements made from valid customers' complaints or suggestions	Building Official invites periodic visits from Miami Dade code compliance personnel to monitor quality of review by disciplines	Computer system randomly picks /plans to be delivered to division director for quality control	No response	Review of plans by field inspectors at time of inspection
Accuracy of permit fee calculation.	Fee sheets and applications being revised	NSS	Defined by Fee resolution	Fees generated by computer system based on authorized fees for various items	Fees calculated by Accela software	For new construction, plan review system prompts building reviewer to re-calculate area of construction. Inspectors are second line of defense for all other fee issues * Sequentially - drop-off * Concurrently - walk through * If changes in plans, reviewing discipline re-routes plans to affected areas	Once applications approved, fees are calculated	Fees are calculated by mainframe computer based on data submitted by customers
Multi-disciplinary plans reviewed, Method of assigning inspectors.	Concurrently By area and inspection	Chief inspectors coordinate assignments	Assignment by area	No response	Software prints all inspection requests at 7 AM and distributed to each discipline.	Inspectors segregated by discipline and by territory	Different inspectors per trade.	Inspectors are assigned a specific trade inspection area composed of several census tracts
Customer feedback - failed inspections.	No response	NSS	By meetings	No response	Customer calls or goes online to learn reason for failure of inspections	Customer survey boxes.	Customers usually call to get inspection results	Customer feedback is generally received by way of a telephone call or written correspondence
Inspection productivity.	Daily reports for section chiefs	NSS	Computer system report	No response	All inspection requests must be complied with every day.	Performance measures tracked on scorecard	No response	Productivity is monitored by the collection of data reported on a monthly report - i.e., number of inspections per staff member per month, average number of inspections per day
Method to ensure standardized reviews.		NSS	Inspection checklist as per Florida Building Code	No response	Field trips with code compliance specialists	Field unit supervisor riding with inspector checklist and field inspector's Policy and Procedure Review Form	No response	Chief inspectors are responsible to perform quality assurance inspections on each of their staff members, using the Quality Assurance Form as a guide. Chief inspectors also conduct ridealongs to further ensure quality control and to mentor staff members on a one-on-one basis. Upon completion of the Quality Assurance form, the Chief discusses the results with his staff member and ensures that any items requiring special attention are addressed and also remarks on areas where the inspector excelled. The Chief Inspector is charged with completing four (4) Quality Assurance forms each week. This results in each Inspector being monitored approximately once every two weeks.
Average inspections per day.	Comments reviewed by section chiefs training as needed 15 to 20	NSS	15	No response	9 to 10	20	3 to 5	15.4
*** Software and Technology ***								

**City of Miami Beach Building Department**  
**Summary of Survey Responses**

	Miami Beach	Aventura	Coral Gables	Jacksonville	Key Biscayne	Miami-Dade County	Surfside	Tampa
<b>Software and technology to improve professional operations.</b>	<ul style="list-style-type: none"> <li>Q-Matics (customer queuing)</li> <li>Permits Plus (process workflow and fee calculations)</li> </ul>	<ul style="list-style-type: none"> <li>HTE System - process Tr filing permits, plans review, and process tracking/plan review/inspection approval documentation</li> </ul>	<ul style="list-style-type: none"> <li>Permits and Inspections - EDEN - Process and issue permits and inspections</li> <li>Laptops - Pannasonic - Enter inspection results and code enforcement tickets</li> <li>PDA's - Sprint - Enter inspection results from field</li> </ul>	<ul style="list-style-type: none"> <li>Bid application - in house system</li> <li>Concurrency management - in house</li> <li>GIS System - in Florida</li> <li>Building Code - ICL - code research</li> </ul>	<ul style="list-style-type: none"> <li>Permits Plus</li> <li>FileMaker Pro (retrieve information in old (pre-2000) permits and inspections)</li> </ul>	<ul style="list-style-type: none"> <li>Mainframe permitting and inspection application - In house system - Permit application acceptance through CO issuance, including management records</li> <li>Mobile Inspection Application - In house system - Routes, tracks, displays, and records inspection, real time results from the field</li> <li>Plans Tracking - In house system - Tracks real time plan review routing and processing Including systematic customer notification</li> <li>Building Support System - In house system - Manages enforcement of unsafe structures cases from customer complaint through investigation, enforcement action, and collection of penalties</li> <li>Microfilm Appointments - In house - Online application to request appointments - review and print Images</li> <li>Attendance Tracking - Tracks and records employee attendance</li> <li>Voice Response System - IHM - Allows for</li> </ul>	<ul style="list-style-type: none"> <li>Sunguard HTE - Sunguard HTE - Process applications, inspections, contractor licenses</li> </ul>	<ul style="list-style-type: none"> <li>No building department process specific computer applications identified</li> </ul>
<b>*** Permitting Fees and Structure ***</b>								
Frequency fees updated.	Infrequently	Yearly report analysis	Annually	More than every 5 years	Every 2-5 years	Every 2-5 years	More than every 5-years	Annually
<b>Fee-structure-based on trigger ? (e.g., CPI)</b>	No	NSS	No	No	No	No	No	Yes
<b>Method of accounting for, monitoring, and fee collection and expenditures.</b>	Fees included in General Fund, no special accounting for revenues. reviewed periodically	NSS	Collections deposited into General Fund	Fees set-up in an Enterprise Fund	Collected fees deposited in separate account	Fees set-up in an Enterprise Fund	No response	2-5 year reconciliation of collections to department requirements
<b>*** Performance Monitoring ***</b>								
<b>Performance measures.</b>	Individual performance	Quarterly and monthly reports	Permits issued - Computer program - No of permits issued.	Annual employee evaluation -			No response	Monthly
<b>* Performance Measure - Description of how the measure is calculated - Related objective</b>	1st, mid-term, and end of year evaluations	permits issued, Inspections, cash report, etc	<ul style="list-style-type: none"> <li>New residential building permits issued - Computer program - No of residential building permits issued</li> <li>Code compliance fees collected - Computer program - Pay the code compliance fee</li> <li>Residential permits issued - Computer program - Pay the building permit certificate surcharge</li> <li>Building permits issued - Computer program - Quarterly building permit surcharge fee</li> <li>Permits issued - Computer program - Reviews</li> </ul>	<ul style="list-style-type: none"> <li>Employees graded under established criteria - Evaluate employee's performance and provide incentive for betterment</li> </ul>				<ul style="list-style-type: none"> <li>Activity Report - Calculate total inspections, plan reviews, permits issued, disapprovals - Monitor level of production and performance</li> <li>Annual Performance Evaluation - Evaluate a variety of categories related to job performance - Overall measurement of working skills</li> <li>Weekly Staff Meetings - Discussion of relative issues (i.e., code, technical, mentoring, administrative) - improve cohesiveness of team and increase individual performance</li> <li>Ride-alongs - Direct mentoring by supervisor with staff member, completion of Quality Assurance Form - Increase/monitor individual</li> </ul>
<b>*** Customer Satisfaction ***</b>								
<b>Method of obtaining customer comments.</b>	Customer complaint cards/customer feedback cards	NSS	Customer complaint cards	Customer complaint cards	No response	Customer complaint cards	No response	Customer Service Comment Card
<b>Periodic statistically valid customer satisfaction surveys</b>	Every 3-5 years	Infrequently	No response	N/A	More than 5 years	No response	No response	No response
<b>Periodic use of focus group ?</b>	1-3 times during the year	NSS	No response	Every 3 years	Annually	Every 3-5 years Annually	No response	No response

**City of Miami Beach Building Department  
Summary of Survey Responses**

	Miami Beach	Aventura	Coral Gables	Jacksonville	Key Biscayne	Miami-Dade County	Surfside	Tampa
Use of longitudinal survey as customer goes through process.	No response	NSS	No response	N/A	No	N/A	No response	No response
Other survey types.	Not Applicable	N/A	N/A	Fit*	N/A	N/A	N/A	N/A
*** Comparative Statistics ***								
Permits under \$1,000,000 - Building	No response in survey	NSS	2,050 - \$ 167,967,878 - \$2,679,891	13,360 - DNA - \$3,140,025	2036 - DNA - DNA	No response	1507 - \$4,984,243 - DNA	2,984 - N/A* - \$2,056,230.79
Permits under \$1,000,000 - Demolition	No response in survey	NSS	73 - \$ 1,007,025 - \$ 41,045	650 - \$7,067,938 - DNA	21 - DNA - DNA	No response	19 - \$ 59,300 - DNA	N/A** - N/A* - N/A**
Permits under \$1,000,000 - Electrical	No response in survey	NSS	1,123 - \$ 1,657,602 - \$ 284,803	28,363 - DNA - \$1,257,447	769 - DNA - DNA	No response	59 - \$ 114,828 - DNA	5,182 - N/A* - \$543,23866
Permits under \$1,000,000 - Elevator	No response in survey	NSS	0 - 0 - 0	DNA - DNA - DNA	0 - DNA - DNA	No response	0 - DNA - DNA	N/A - N/A - N/A
Permits under \$1,000,000 - Generator	No response in survey	NSS	48 - \$ 1,221,215 - \$ 9,963	DNA - DNA - DNA	16 - DNA - DNA	No response	0 - DNA - DNA	N/A N/A N/A
Permits under \$1,000,000 - Mechanical	No response in survey	NSS	535 - \$ 2,991,885 - \$ 153,254	17,229 - DNA - \$1,288,225	368 - DNA - DNA	No response	65 - \$22,170 - DNA-	4,256 - N/A* - \$490,605 44
Permits under \$1,000,000 - Plumbing	No response in survey	NSS	850 - \$ 1,307,345 - \$ 189,453	14,630 - DNA - \$1,137,448	410 - DNA - DNA	No response	57 - \$81,595 - DNA	5,647 - N/A* - \$761,369 00
Permits over \$1,000,000	No response in survey	NSS	30 - \$88,075,250 - \$ 1,119,885	365 - \$1,148,786,462 - DNA	0 - DNA - DNA	No response	No response	N/A* - N/A* - N/A*
<p>* Tampa does not maintain reports based on this type of information                  ** Included in building permits</p>								
Population	83,933 NSS		42,202	840,000	10,507	1,007,000	No response	332,370
Number of building employees	75 NSS		67	134	12	234		93
FY 2009 Budget	\$8,990,621 NSS		\$7,964,728	\$11,214,706	\$1,210,000	\$27,564,000	\$624,000	\$118,270
<p>Note: DNA - Data Not Available                  N/A - Not Applicable                  NSS - Non Standard Survey Used</p>								

**City of Miami Beach Building Department**  
**Organizational and Operational Review and Analysis**

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As a result of the survey, the following processes, procedures, **and/or** practices were identified that **might** be useful to the City Building Department.

1. Private Provider Process

**Although** the Private Provider process is available for use, clients were not actively using the process in all the areas surveyed. However, some respondents had developed detailed monitoring programs to administer the process to ensure compliance with State law.

2. Plan review productivity.

Most respondents had a mechanism for timely review and follow-up on plan review process productivity. Active review of each project's status by supervisors using timely, periodic **management** reports was a basic requirement of the respondents.

3. How plan reviews are standardized.

The random review of plans by **supervisors** helps ensure quality control and the use of County code compliance personnel to monitor departmental review activities are means of insuring quality **and** consistency of reviews.

4. Accuracy of permit fee calculations.

Generally, fees are calculated using computer software systems. Calculated fees are sometimes subjected to manual checking for correctness and reasonableness of the amount charged.

5. Inspection productivity.

Periodic inspection status **reporting reviewed** by supervisors was a key tool used. One department uses a detailed "Scorecard" on which inspection activity *is* reported **and** monitored, along with other department activity information.

6. Method to ensure standardized reviews.

Standardization of inspections monitored by using checklists, **reviews** by County code compliance personnel, and the use of a "Quality Assurance Form" by one jurisdiction.

## City of Miami Beach Building Department Organizational and Operational Review and Analysis

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7. Frequency fees updated.

Fee updates are done on a periodic basis. Half of the respondents did fee updates annually.

8. Method of accounting for, monitoring, **and** controlling fee collection and expenditures.

Two respondents used Enterprise Funds, two deposited funds in the General Fund, and one stated **that** funds are deposited into a separate account. Additional information should be obtained from the jurisdictions to determine the **advantages/disadvantages** associated with their methods of accounting for, monitoring, and **controlling** fee collection and expenditures.

The responding jurisdictions provided the City of Miami Beach with some useful information that can serve as the basis for improving some of the Department's systems, procedures, and operations. The survey **information** will be turned-over to the Building Department. The benefit to **be** derived from the information in the **survey** responses will come as the Department's staff analyzes the **information**, in detail, and does formal follow-up work with the respondents. This survey represents the first **step** in developing a meaningful dialogue with peer organizations.

### B. Peer Review

Peer reviews are **typical** practices in the academic and scholarly works areas. Studies and scholarly works are subjected to the rigorous review of peers **in** an effort to promote the critical review of such works to ensure they are intellectually sound and that they **follow** proven **analytical** methodology. In recent years, other professions have undertaken peer **review** processes to assist them in **improving** their operations. **The public** accounting profession is one of the groups of organizations that have implemented a peer review mechanism. The City Building Department's use of this technique is unique.

Peer **review** is the process of **submitting** one's work to the judgment of another who is equally qualified. The point of peer review is not to help each other feel better. It **is** to help each other understand and improve the quality of their work. A peer review identifies any deviation **from** standards; suggests improvement opportunities; and, promotes the exchange **of** techniques and education of the **participants**. The process can be used to diagnose weaknesses; provide a supportive environment within which possible improvements can be **determined**; and, provide a context within which one can reflect upon the practices the Department follows.

## City of Miami Beach Building Department Organizational and Operational Review and Analysis

---

The senior staff of the Building Department demonstrated their dedication and support for the Department by subjecting **themselves** to such a process. Opening **onself** to the critical review of peers was not easy, but the outcome of the process we think **was** rewarding.

Building professionals who participated in the process included representatives from area building departments (Miami-Dade County, City of Miami Beach, the City of Coral Gables, and the Miami-Dade **County** School System). Other participants included individuals representing a company that specializes in the outsourcing/privatization of Building Department operations; a former city building official; an architect who performs plans review and inspection services; and, a City of Miami Beach consultant.

The peer **review** participants were guided through a discussion process that included the following topics.

- ✓ Customer front-end processing
- ✓ Work flow control and tracking
- ✓ Mechanisms used to control permitting and inspection process
- ✓ Use of **Private** Providers
- ✓ Customer satisfaction
- ✓ Interdepartmental cooperation
- ✓ Online permit applications
- ✓ Electronic plans review
- ✓ Use of plan's review and inspection checklists
- ✓ **Outsourcing/privatization**

Some of the recommendations from the peer review session are as follows.

- ✓ Use **review/inspection** checklists to standardize processing, minimize wait times, and minimize possibility that **reviewer/inspector** will overlook something **while servicing a** customer.
- ✓ Apply a ratio of one (1) field unit supervisor to seven (7) inspectors.
- ✓ Permit cards are issued by the cashier.
- ✓ Identify the ideal use of space before making changes. Determine optimum space needed given requirements.
- ✓ Understand your user groups.
- ✓ Use web site and online solutions for customers who do not **need** to come into the department for services.
- ✓ Use greeters **in** the lobby area.
- ✓ Utilize online application preparation.
- ✓ Provide public records information online.
- ✓ Use only one version of plans for initial review by all disciplines.
- ✓ Use "secret shopper" program as part of performance survey methodology.

## City of Miami Beach Building Department Organizational and Operational Review and Analysis

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- Conduct exit surveys **after** customers complete processing for the day.
- If an electronic plans review system is used by the department, conduct random reviews of electronic plan reviews monthly at a minimum.
- Conduct monthly (at a minimum) **building/development** group meetings.

The above recommendations were made **as** a result of the **formal** peer group meeting. Now that closer relationships have been established among the participants, this effort can be continued on an **informal** basis between the staff of the Miami Beach Building Department and the respective staff of peesentities. Process participants should be expanded to include members of the Fire Department, Public Works, and Planning/Zoning. To be comprehensive in its **approach**, staff at all levels of the organization should be **able** to participate in an appropriately structured program. The initial peer review session should be considered as **the** beginning of a "cross cultural" educational process, not the end. Expanding **the** Department's experiential base would go a long **way** to creating a department **able** to development more innovative, **efficient**, and **effective** processing systems and procedures and a departmental environment more open to being responsive to customer needs.

### VII. OBSERVATIONS, FINDINGS, AND RECOMMENDATIONS

**As** a result of the preceding analyses and **detailed** reviews, some recommendations have already been made to, and implemented by, City and departmental management to improve Department operations and administrative and staff effectiveness. This report section presents a comprehensive listing of the observations, findings, and recommendations that have been made. During the course of the project, observations, findings, and recommendations were presented to City and departmental management on areas of improvement that could be **implemented**, if approved, prior to the **completion of the project**. **As** noted in the "Executive Summary" of this report, our **primary** objective was to identify challenges to the effective **and** efficient operations of the Department and develop recommended actions to correct the deficiencies noted. Because of changes in the leadership at the Department over the **past** four (4) years, attempting to assess blame or responsibility for specific administrative or operational **challenges** was **felt to be** counterproductive. However, effectively addressing the challenges identified is paramount to improving the Department's overall operations for the future.

**An** "observation" documents an action or a pattern of behavior that occurred or was seen during the course of the project. A "finding" results from drawing a conclusion **after** examining or investigating an issue. "Recommendations" are the proposed actions that management **and/or** staff should take to improve a condition that was the result of a specific observation or finding.

Our preliminary observations, findings, and recommendations were presented to City and departmental management over the course of the project so that critical recommendations could be evaluated and, if approved, implemented immediately. The preliminary observations, findings, and recommendations were presented during project status meetings held on September 5, 2008 and

**City of Miami Beach Building Department**  
**Organizational and Operational Review and Analysis**

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October 3, 2008. The complete text of those status reports follows. Additionally, a comprehensive presentation of our recommendations follows the two status reports in this section of our report. Please note that the field work on this project was conducted over the period August X - December 16, 2008.

**A. Preliminary Observations, Findings, and Recommendations - First Project Status Meeting (September 5, 2008)**

**1. Organization Structure**

The Building Department's "Proposed Organization" shows the top level departmental structure with two (2) major entities reporting to the Department's Director. The two entities are identified as "Administration" and "Operations," both headed by assistant directors. The inspection chiefs report to the Assistant Director for Operations. Among other units reporting to the Assistant Director for Administration is the Chief Plans Examiner. The Assistant Director for Operations is the City's Building Official (BO).

Based on Florida Statute 468.604 (Responsibilities of building code administrators, plans examiners, and inspectors), the building code administrator or building official **is** responsible for administering, supervising, directing, enforcing, or **performing** the processes of "permitting and inspection of construction, alteration, repair, remodeling, or demolition of structures and **the** installation of building systems within the boundaries of their governmental jurisdiction, when **permitting** is required, to ensure compliance with the Florida Building Code and any applicable local technical amendment to the Florida Building Code. The building code administrator or building official shall faithfully perform these responsibilities without interference from any **person**." As such, the plans examiner function should be supervised by the Assistant Director for Operations.

Other than the organizational location of the plans examiner function, **the** organization structure of the Building Department has not been reviewed on a detailed basis, as of **this** date. In addition to the above, there does not **appear** to be a specific job description for the Assistant Director for Operations. Given the unique requirements for this position, a specific job description should be developed which identifies the **State's** legal qualifications as a Building Official **as** one of the "Minimum Requirements" for the job.

## **2. Cash Collections - Permit Fee Payments**

The Miami Beach Building Department's **permit** processing procedures do not separate the duties of recording amounts due, acceptance of payments, and recording of payments.

**Permit** clerks assess and collect permit fees. Additionally, other disciplines in the Department are authorized to receive payments such **as** the engineering, elevator and violation sections. According to Permits Plus security controls, any employee within the Building Department (about 79 employees) can record payment receipts into the system. In addition, many of these **same** employees **can** make entries that **determine** the amount of fees owed. This vulnerability in the system allows for the possible mishandling of **funds** and/or the manipulation of amounts due and paid.

Best practices and good internal control procedures require separation of the duties of recording of amounts due, receiving payments, and recording the receipt of **payments**.

We recommend that all permit payments **be** collected by the City Cashier or a specific cashiering function in the Building Department. The permit clerk or other employee that determines the fee due should record the amount due in **Permits Plus** and the customer should be referred to the appropriate cashiering location to **pay** for and receive the **permit**. Appropriate procedures to implement this recommendation should be developed depending on whether the City Cashier or a department cashier is used.

## **3. Security Issues With Permits Plus - Security System Assessment**

**Permits Plus** is used by **approximately** fourteen (14) City departments/sections including the **building/development** departments (Building, Planning/Zoning, Public Works, and Fire). The **building/development** departments, in particular the Building Department, use **Permits Plus** to track projects, calculate permit fees, and document the issuance of permits. The other **departments/sections**, **that** use **Permits Plus** for a variety of reasons, include Code Enforcement, Capital Improvement Program, Police, Parking, City Attorney, Finance, Property Management, City Clerk, and Sanitation.

Our initial **work** on **Permits Plus** security has focused on the Building Department. The Building Department internal audit report, dated July 3, 2008, revealed significant deficiencies that **left** the Department open to abuse. **Some** progress has been made in instituting controls, however much more needs to be done and a timetable for implementing changes has not been developed. For example, **the** system does not have a functioning audit trail to determine what changes are made

and by whom. An attempt to implement the audit trail features built into **Permits Plus** caused a significant degradation in the system's operations. Use of the system's audit trail features was discontinued. Additionally, **we** were told that additional security enhancements were put on hold pending the arrival of the new Building Department **Director**.

Although a new **system** or upgrading to a more **current** version of **Permits Plus** is contemplated, this process is not expected to occur for two to three **years**.

Based on initial discussions with **Information Technology** personnel, who have responsibility for **Permits Plus**, it is unclear what security controls are in **place** within the other **departments/sections using Permits Plus**. However, based on the control problems identified with **Permits Plus within** the Building Department, we are concerned about **system** security within the other departments as well. **It** does not appear that these other departments have added the initial security **permissions** (controls) begun by the Building Department.

Consequently, given the previous issues within the **Building** and **Planning** Departments and given **the** ineffective security features in **Permits Plus**, we recommend that the City have a comprehensive security review of **Permits Plus** to determine **weaknesses** and vulnerabilities and develop short, mid, and long term strategies to ensure the City is protected from abuse while it continues to provide services to the community.

#### **4. Training**

The July 3, 2008 Building Department audit report, as well as Building Department officials: have identified a critical need to properly train Building Department personnel, particularly **permit** clerks. For example, according to the audit report, inaccurate **information** was being accepted on **permit** applications, consequently wrong fees were **being** charged. These **clerks** have important job functions. Among other things, those functions include reviewing applications, verifying plans, determining when to separate structures into different **permit** types, and calculating up-front fees.

Informal training of **permit** clerks has **begun** during biweekly **staff** meetings conducted by the Development Review Services **Coordinator**. In addition, the Assistant Director of Administration stated that the proposed Building Department fiscal year 2009 budget has funds dedicated to training. The Chief Accessibility Inspector is pursuing working with the International Code Council (ICC) to develop a training curriculum with the potential of some type of **permit** clerk certification program.

## **City of Miami Beach Building Department Organizational and Operational Review and Analysis**

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We agree with the initial steps taken by the Building Department and strongly recommend that **the** City dedicate appropriate resources to ensure that Building Department personnel receive appropriate training, particularly permits clerks, who are responsible for ensuring the accuracy of revenues due the City.

### **5. Outsourcing**

The **City** is currently **using** two practices that are related to the process of outsourcing. The Private Provider process gives the customer the option of using the City's plan reviewers and inspectors or hiring a certified **architect/engineer** to perform the required services. Where inspections are **concerned**, the City **can** choose to conduct its own inspections along side the Private Provider's inspection process or it **can** opt to rely on the Private Provider's inspections. If the practice is used, the City should put in place a mechanism to "audit" the work performed by the private provider. This practice has the benefit of freeing-up City resources and can be effective if monitored properly. Based on discussions with staff, **the** practice is seldom used. This service is paid for by the customer.

The department also contracts-out inspections when work loads dictate. At **least** two companies **are** under contract with the City to provide this assistance on an as-needed basis.

The above practices can form the basis for a more structured outsourcing program that can be easily integrated into the department's operations. This topic will be further investigated during the course of our work.

### **6. Use reservation system (telephone and web based) for permitting and special routing of major and minor projects.**

The City uses the Q-Matics system as its base customer scheduling system. **As** customers come to the department for services, the system places them in lines according to their needs. We have observed the queuing process on **several** occasions and feel that the system might be improved by doing the following.

- a.** Implement a call-in reservation system where customers can schedule an appointment to see a reviewer. The reservation system could also be web-based.

- b. **Set-up** certain permit windows to handle projects having **varying** degrees of complexity. One window might only **handle** water heater installations and other similarly non-complex projects. Another window might handle only projects over a certain dollar value or perceived complexity.
- c. Special, tailored service for **owners/developers** for an additional fee.

**7. Implement a simplified permit fee and calculation methodology**

Based on a **preliminary** review of the permit fee calculation methodology and the historical results of the permit fee calculation, it appears that approximately eighty (80) percent of the monies generated by the fee consists of building **permit** fees. The remaining **twenty** (20) percent is comprised of all the other components of the fee. Given the complexity of the fee calculation structure, its subjective nature, and the ease with which it **can** be manipulated, the City should **give** consideration to a simplified fee structure. Possible consideration **could** be given to a structure that is based on a percentage of "building" construction/renovation/remodeling cost and/or square footage of the **project**. The study and implementation of a simplified fee structure and calculation methodology should be undertaken immediately.

**B. Preliminary Observations, Findings, and Recommendations - Second Project Status Meeting (October 3, 2008)**

**1. General**

- a. **An owner** who has **an** open permit that may be abandoned, **may** be due a refund. Until recently, there was not **clarity** on how the refund, if any, **was** to be calculated.
- b. Section 553.791, Florida Statutes (Alternative plans **review** and inspection.) provides for the use of "private providers" upon the election of a **fee** owner "to provide plans **review** or required building inspections, or both." The statute allows for the local building code enforcement agency to "audit the performance of building code inspection services by private providers operating within the **jurisdiction.**" The City is also authorized to establish a system of registration to **verify** compliance with the **licensure requirements** and the insurance requirements for private providers and their duly authorized representatives.

**City of Miami Beach Building Department**  
**Organizational and Operational Review and Analysis**

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- c. The City does not currently have a process **in** place to audit the performance of building inspection **services** by Private Providers nor does it have a **mechanism** to formally monitor private provider compliance with licensure or insurance requirements.

The City's Building Official informs us that **he** is aware of these deficiencies and is in the process of addressing **them**. However, no formal processes or procedures have been developed to-date.

- d. Sub-section (19), Section 553.791, Florida Statutes (Alternative plans review and inspection) Section states that the "**local** government, the local building official, and their building code enforcement personnel shall be immune from liability to any person or party for **any** action or inaction by a fee owner of a building, or by a private provider or its duly authorized representative, in connection building code inspection services as authorized in the act."

**As** of this date, the City has not sought an opinion **from** the appropriate authority clarifying it's legal position and **identifying** any associated liability the City is exposed to, if an **owner(s)** uses the private provider process.

**2. Building Department**

- a. Two **issues** related to the Fee Sheets were identified in the Internal Audit Report. The issue of the Fee Sheets not agreeing with the ordinance has been rectified. However, Permits Plus fee screens have **not** been reprogrammed to **agree** with the **new "Fee Sheets."** **Unless corrected,** this will continue to be a source of permit fee miscalculations.

- b. According to the Chief Elevator Inspector, the Elevator section is at least ten (10) months behind in their inspections. The late inspection categories **are** as follows.

- 250 annual inspections
- 300 one-year test/witnessing inspections.
- 250 five-year test/witnessing inspections.

A position was approved in the Elevator division to assist with this process, but the position was never filled.

- c. **Sequencing of Inspections.** Currently, inspections requested through the IVR system are not sequenced in the order they have to be performed, when they are transferred to the Permits Plus system. In other words, technically a contractor could call for a final inspection and it would be **scheduled** without any site work being completed. Sequencing could potentially save the **City** and the contractor resources. The City would avoid unnecessary attempts at inspections and the contractor could avoid potential rework. Inspection sequencing would require software changes to Permits Plus or be incorporated into the successor to Permits Plus.
- d. Many buildings requiring re-certification are in violation. As of September 25, 2008, 335 buildings (13.4%) were in violation of re-certification requirements. The City has **approximately** 2,500 buildings in its Building Department inventory. Some of these violations date back to the **year 2000**.
- e. In general, the department's inspectors are **assigned** to work in **specific** sectors of the City to perform their inspections. Although this allows the inspectors to become familiar with the specific projects they are assigned to work on, it also creates a situation where an inspector might abuse the relationship that can develop with a customer being served.

To minimize **the** impact and influence that a particular inspector might have over projects being inspected in his/her assigned sector, the department should consider rotating inspectors within the three sectors on a "random" basis.

### 3. **Planning Department**

- a. Permits Plus Security- **Similar** to Building Department security issues but the department has not begun **security** review and enhancements like the Building Department. Planning officials **believe** that individuals other than Planning employees have access to their approval screens.
- b. Integrity and **reliability** of the calculation and collection of:
  - Design Review Board Fees
  - Historical Review Board Fees
  - Parking Impact Fee
  - Concurrency Mitigation Fees

**City of Miami Beach Building Department**  
**Organizational and Operational Review and Analysis**

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These fees **are not calculated** and **collected in** a systematic way to ensure **the accuracy of the** fees.

- c. There is not a separate approval line for Concurrency Mitigation on the Permits Plus system. It is part of the overall approval for **planning/zoning**. On March **27**, 2008, the **Planning** and Zoning Manager **proposed several** changes to the Assistant City Manager **regarding the way** the Concurrency Mitigation fees are calculated, collected, and verified, but these **changes have not been completed**.
- d. The Concurrency Mitigation Fee is not **regularly** updated. It **was** last updated in approximately 2000.
- e. Projects are not **tracked** in Permits **Plus** until the Building **Department** puts the projects into the system. They are tracked on Excel spreadsheets. Planning officials told us they would **like** to enter their projects into Permits Plus from the inception but the system is not programmed for this capability.
- f. Zoning inspections are not part of the IVR system. Their inspections are only included when the inspections are part of a CO or CC **process**. This has created problems because clients thought they had approval but Planning had not done their inspection.
- g. There is a problem with the process workflow that is created when the Building Department **permit clerks** create the workflow in Permits **Plus**. According to Planning Department officials, sometimes the permit clerks **put** Planning in the **workFlow** when their clearance is not needed and also sometimes they **are** not included in the **workflow** when they should be.

**4. Public Works**

- a. Permits Plus Security- Similar ~~to~~ Building Department but has not begun security review and **enhancements** like the Building Department. Public Works officials believe other than Public **Works** employees have **access** to **their approval screens and vice versa**.
- b. Not all inspections are on the IVR system, **only** those associated with CO or CC. Others call in to **schedule** the inspection.

- c. Many permit fees charged by Public Works are not on the Permits Plus system; consequently there could be accuracy, reliability and integrity issues. Public Works officials stated they try to double-check as many calculations as possible.
- d. There is a problem with the process workflow that is created when the Building Department permit clerks create the workflow in Permits Plus. According to Public Works officials, sometimes the permit clerks put Public Works in the workflow when their clearance is not needed and also sometimes they are not included in the workflow when they should be. They believe the permit clerks need additional training and are overwhelmed by the amount and pace of their workload.

**C. Comprehensive Observations, Findings, and Recommendations**

As noted above, our interim observations, findings, and recommendations were presented to City and departmental management at project status meetings held during the course of the project. Only the major recommendations identified in our interim status reports have been refined and restated in this report section, along with recommendations related to areas identified since our last status report to management.

**1. Ensure that the Building Department's formal (and informal) organization and responsibility reporting structure is in compliance with the Florida Building Code.**

The Building Department has undergone many changes in the past several years. These changes have included administrative changes, changes in the organization structure, and changes in systems and procedures. Changes in laws, rules, and regulations at the federal, state, and local level have also had their impact on the Department.

The Department has shifted its structure from one where the head of the department was also the City's building official ("building code administrator" per the Florida Building Code). However, because of the staff supervision requirements established by the Florida Building Code, certain supervisory, reporting, and administrative duties are the responsibility of the building official and must fall under the building official's organizational structure. Although the Department's organization has undergone some modifications since this point was initially brought to management's attention, as of the end of our field work in mid-December 2008, it does not appear that certain functions of the organization have been restructured and/or the structural units redefined to eliminate the concern that was raised. The Department's formal and informal organizational structure, along with the

**City of Miami Beach Building Department**  
**Organizational and Operational Review and Analysis**

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supervisory responsibilities of all managers and staff in the Department should be reviewed to ensure that they meet the letter and intent of the Code.

**2. Separate the duties of fee assessment and receipt of fee payments.**

The Building Department's permit processing procedures do not separate the duties of permit fee assessment, recording **amounts** due, acceptance of payments, and recording of payments.

Permit clerks assess and collect permit **fees**. Additionally, other disciplines in the **Department** are authorized to receive payments such as the engineering, elevator and violation sections. According to Permits Plus security controls, any employee within the Building Department (about 79 employees) can record payment receipts into the system. In addition, many of these same employees can **make** entries that **determine** the amount of fees owed. This vulnerability in the system allows for the possible mishandling of funds **and/or** the manipulation of amounts due and paid.

Best practices and good internal control **procedures** require separation of the duties of fee assessment, recording of amounts due, receiving payments, and recording the receipt of payments.

We recommend that all permit payments be collected by a City Cashier, who would be located in the Building Department's **office** space. The permit clerk or other employee that determines the fee due should record the amount due in Permits Plus and the customer should be referred to the City Cashier, who works for the Finance Department, to pay for and receive the permit or other receipt for payment for services provided by the Department. This cashier could also be used by the other **departments** that make up the **building/development** process. Appropriate procedures to implement this recommendation should be developed.

**3. Implement customer service improvements.**

The City uses the **Q-Matics** system as its base customer scheduling system. **As** customers come to the Department for services, the system, under the control of staff, **places** them in lines according to their needs. We have observed the customer **service** process on several occasions and feel that the system might be improved by doing the following.

- a. Implement a call-in reservation system where customers can schedule an appointment to see a reviewer. The reservation system could also be web-based.

**City of Miami Beach Building Department**  
**Organizational and Operational Review and Analysis**

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- b. Set-up certain permit windows to handle projects having varying degrees of complexity, during peak operating times. One window might only handle non-complex projects such as water heater installations and other minor homeowner projects. Other windows might handle projects over a certain dollar value or perceived degree of complexity.
  - c. During peak operating periods, station a customer service representative in the lobby area to assist in routing clients/customers to the appropriate window for processing and to answer information-only questions.
  - d. Implement special, tailored services for owners/developers for an additional fee.
4. **Develop and implement a simplified permit fee structure and calculation methodology.**

The Department's permit fee structure has been almost universally described as too complex and difficult to comprehend. This has led to inefficiencies and inconsistencies in charging customers. Additionally, the fee structure has not been updated on a regular basis to ensure that the operating needs of the Building Department and the other departments who are part of the building/development process, are met. We support the City's decision to act immediately to engage a consultant to assist in the review and analysis of the permit fee, its structure, the methodology for its calculation and assessment, its simplification, and related issues.

5. **Develop policies and procedures to implement the Private Provider process.**

Section 553.791, Florida Statutes (Alternative plans review and inspection.) provides for the use of "private providers" upon the election of a fee owner "to provide plans review or required building inspections, or both." The statute allows for the local building code enforcement agency to "audit the performance of building code inspection services by private providers operating within the jurisdiction." The City is also authorized to establish a system of registration to verify compliance with the licensure requirements and the insurance requirements for private providers and their duly authorized representatives.

**City of Miami Beach Building Department**  
**Organizational and Operational Review and Analysis**

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The Private Provider process has been used infrequently by builder/developers in the City over the past ten (10) years. A recently completed major development project was initially being developed using this process. There were significant problems associated with the project that might have been detected if appropriate procedures to implement the Private Provider process were in place. The Building Department took the corrective actions necessary to ensure that the project was completed in a safe and compliant manner. The City does not currently have a formal process in place to audit the performance of building inspection services by Private Providers nor does it have a mechanism to formally monitor private provider compliance with licensure or insurance requirements.

Additionally, sub-section (19), Section 553.791, Florida Statutes (Alternative plans review and inspection) states that the "local government, the local building official, and their building code enforcement personnel shall be immune from liability to any person or party for any action or inaction by a fee owner of a building, or by a private provider or its duly authorized representative, in connection building code inspection services as authorized in the act." As of this date, the City has not sought an opinion from the appropriate authority clarifying its legal position and identifying any associated liability the City is exposed to, if an owner(s) uses the private provider process.

The Building Department should develop the necessary policies and procedures to implement the Private Provider process, in compliance with State law.

**6. Develop a system of exception reporting and staff accountability and responsibility reporting.**

Review/inspection comments are included in Permits Plus as plans are reviewed and/or construction activities are under way. Although review/inspection managers monitor these comments on projects, the system does not include adequate exception reporting that makes the identification of problem areas automatic. All comments must be reviewed for all projects. If possible, using the Permits Plus system, the Department should develop and implement procedures to generate automatic management exception reports to enhance the review/inspection process, provide better service to customers, and ensure quality control over plan reviews/inspections performed by the Department.

**7. Require inspectors and reviewers to document and support plan or construction modifications that are *in excess of established thresholds or requirements.***

A complaint heard during our interviews **was** that there was no **effective** way to disagree with the Department's management **and/or** staff without fear of retaliation or retribution. **At** times, customers are asked to make changes to project plans or to make additions to project construction activities that are not specified in **their** approved set of project drawings. Sometimes these requests are deemed appropriate and the customer makes them, without question. Sometimes these requests are not deemed to be appropriate and the customer challenges the request outright or wants to but is concerned that the plan **reviewer/inspector** or higher level supervisor will cause a delay in the project, if the request is not complied with. Besides the **Building Department**, this issue has been prominently associated with Fire Prevention Division **reviewers/inspectors** and their management.

In these cases, a customer needs a neutral process in **place** that requires building **representatives** to **formally** justify their requests for changes based on the established requirements of law or **public** safety. The customer should not have to file a formal complaint to have the issue mediated **or** to receive such documentation.

**Staff** should be required to substantiate, through specific written documentation accompanied by legal/safety regulatory support, any requests for "substantive" changes and/or modifications to plans being processed or approved plans, and project modifications that have a "substantive" financial or design **impact** on a project. This documentation should be provided to the customer as a **part** of the Department's standard operating procedures. The customer should not have to request the documentation. The documentation should be reviewed **and** approved by the **reviewer/inspector** or other individual making the requirement and the building official, Fire Marshall, or other appropriate management authority.

The need for such documentation should be triggered by internal procedures designed to enhance the customer service aspects of the plan **review/inspection** process and to provide staff with quality control **features** for the **review/inspection** processes they administer. **Additionally**, a mediation process, initiated by the Department, should be considered as a part of the procedures being developed.

**8. Provide adequate and timely training for staff.**

Over the years, the Building Department has been on an active growth path. Building activity over the years has been rapid, Improvements in the **Department's** systems, processes, and procedures have not been able to keep up with the rapid growth in the Department caused by dramatic increases in the need for services to its customers. In **many** cases the Department has implemented procedures before

**City of Miami Beach Building Department**  
**Organizational and Operational Review and Analysis**

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providing adequate documentation and training to staff **and/or** notification to the public. Additionally, staff noted instances where customers have informed them of procedural changes made by management. This has caused confusion on the part of staff and customers.

The July 3, 2008 Building Department internal audit report, as well as Building Department officials, have identified a **critical** need to properly train Building Department personnel, particularly permit clerks. For example, according to the audit report, inaccurate information was being accepted on permit applications, consequently incorrect fees **were** being charged. These clerks have important job functions. Among other things, those functions include reviewing applications, verifying **plans**, determining when to separate structures into different permit types, and calculating up-front fees.

Informal training of permit clerks has begun during biweekly staff meetings conducted by the Development Review Services Coordinator. In addition, the Assistant Director of Administration stated that the proposed Building Department fiscal year 2009 budget has funds dedicated to training. The Chief Accessibility Inspector is pursuing working with the International Code Council (ICC) to **develop** a training **curriculum** with the potential of some type of **permit** clerk certification program.

We **agree** with the initial steps taken by the Building Department and strongly recommend that the City dedicate appropriate resources to ensure that Building Department personnel receive appropriate training. Additionally, the **Department** should **ensure** that staff are properly notified of and trained in any new procedures before **implementation** and before release to the public.

**9. Enhance monitoring and control over Building Department fiscal operations.**

Fees collected by the Department are included **in** the "Licenses and Permits" section of the **General** Fund budget. **As** such, it is difficult to distinguish this specific purpose revenue from **other** general fund monies accounted for in "Licenses and Permits." Additionally, the matching of Building Department permit fee revenue with related expenses of the Department in the year collected and expended becomes a difficult, but not impossible, exercise. Because the Building **Department** has **been** generating a **surplus** since 2004, the fact that Building Department revenues are **included in the** general fund creates a situation where Building Department monies may be used to support general or specific purpose activities that are prohibited by law. The Building Department's legal requirements in this area make the administrative and accounting treatment for its fee revenue and operating expenditures resemble those of an enterprise fund activity. We recommend that the **City** segregate the accounting activities of the Building Department into a special

**City of Miami Beach Building Department**  
**Organizational and Operational Review and Analysis**

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fund; or at a minimum, place all Building Department revenue in a separate account outside of the **general** fund. Implementing this recommendation would also facilitate the proper accounting for and use of interest earning due to building fee surpluses.

**10. Conduct a comprehensive review of the methodology used to calculate all fees and ensure that all documents containing fee information are consistent.**

While performing random quality control audits of fees other than permit fees, errors were noted in the calculations of the sanitation impact **fee**, the fee for **alterations/remodeling** for single family, duplexes, and **areas** in condos; and, the fee for **alterations/repair** to marine structures. Investigations into the discrepancies revealed that the problem with properly calculating the fees was **related** to a mis-interpretation of the proper methodology for calculating the fee; errors in the Municipal Code Book, errors in the Ordinance that **was** presented to the Commission for approval; **and/or** the municipal code **information** on the web site (Municode). Errors were also found in the "**Blue Book**" of fees that was distributed to **the** public and there were errors in the manner that Permits Plus calculates certain fees. These and other errors in the method **that** fees are calculated should be identified, investigated, and corrected immediately.

Although this represents a tedious process, management should conduct a comprehensive review of the calculation of all fees by first determining that the Municipal Ordinance information for all fees is correct; correcting the information in **MuniCode**; reviewing and correcting, *as* necessary, the calculations in Permits Plus; **and** correcting the **fee** data in the "**Blue Book**."

**11. Provide adequate physical space for Building Department operations.**

The Department's offices are located in close quarters on the second floor of City Hall. Given the number of people served by the Department, the cramped service areas create logistical problems **that** get translated into actual or perceived service delivery problems.

Consideration should be given to relocating the Department to a first floor location in a building where the Department would be in space that is not uncomfortably crowded and where customers can be easily served. **Additionally**, consideration should be given to locating plan reviewers, for **all** **building/development** process departments, in the same area.

12. **Create and staff a high-level customer advocate (ombudsman) position responsive to customers interacting with building/development process departments.**

The City should consider **staffing** a customer advocate (ombudsman) position in the Building Department. Customers need an advocate who is able to be an **intermediary** between them and the Department. The position should report to the director.

A customer advocate could provide independent, **confidential** assistance in resolving disputes. A customer advocate is not an advocate for a complaining individual or for the organization that employs them. They act as a source of **information** and referral and respond to individuals' questions. **As** impartial members of **an** organization, they take into account the interests and rights of all parties involved.

A customer advocate would be responsible for examining the actions of the Department. When a complaint is received, the customer advocate **determines** if the complaint is within their jurisdiction. If worthy of investigation, **the** customer advocate is responsible for collecting and evaluating all the facts regarding the complaint. They **determine** if the agency committed an error, acted unfairly, or caused **harm**. If a complaint is valid, the customer advocate **makes** recommendations to correct the immediate situation as well as improve the policies and procedures of the Department for the future.

Among other abilities, a customer advocate should have qualifications **like** good communication and problem solving skills; decision making and **strategic** thinking skills; conflict resolution skills; good interpersonal skills; **knowledge** of the Building Department and **related** entities; sensitivity to diversity issues; a professional demeanor; and, strong presentation skills.

13. **Require inspectors and reviewers to internally resolve interdisciplinary, inter-departmental, and/or intra-departmental conflicts before they are communicated to the customer.**
14. **Use issues or conflicts as material for training of inspectors and plan reviewers.**

**15. Consider outsourcing the Call Center operation.**

The Building Department receives an average of 80,000 **calls** per year. Currently the Department does not have the resources to answer and respond to **all** the calls it **receives**. The abandon rate of calls is currently at 31%. Additionally, the City's IVR system receives approximately 77,000 calls per year **with** an abandoned rate of 80%. **As** a result, the Department's **image** suffers and customers go **unserved** and they are frustrated. Although a **vital** function of the Department, the Call Center is not a function that the City has to perform internally. The function could be easily contracted-out for the following reasons.

- It is not a "**core**" function of the Department.
- It is a support service.
- **An** outside contractor has the flexibility to **easily** assign more staffing to the function, as call **volumes dictate**.
- **The City would** no longer have collective bargaining considerations.
- This has become a function that easily lends itself to outsourcing.

**As** with any proposed outsourcing opportunity, the City should make a thorough **cost/benefit** analysis and an organizational analysis to insure that the effects of an outsourcing effort are understood, prior to making the formal decision to outsource. Among other considerations, the analysis should address **any** requirements placed on the Department by the collective bargaining agreements it has in place.

**16. Consider outsourcing the permit counter and records management service areas.**

Based on the outsourcing **feasibility** analysis, the "Permit Counter" and "Records Management" are likely prospects for outsourcing. These areas have the following characteristics.

- They are not "core" functions of the Department.
- They **are** support **services**.
- They allow for flexibility in staffing as volumes **change**.
- There are limited collective bargaining considerations.

**As** with **any** proposed outsourcing opportunity, the City should make a thorough **cost/benefit** analysis and an organizational analysis to insure that the effects of an outsourcing effort **are** understood, prior to making the formal decision to outsource. **Among** other considerations, the analysis should address any requirements placed on the Department by the collective bargaining agreements it has in place.

**17. Analyze the effectiveness of the Department's technology solutions to providing customer support.**

The fact that call volumes are so high is a possible indication that some of the Department's existing technology solutions, **many** designed to assist and service customer's actual **and/or** perceived needs, are inadequate, too difficult to **use**, do not adequately address areas in which customer's require **service** delivery assistance, or are not adequately explained. The Department should conduct formal reviews of the use and effectiveness of all of its customer service delivery mechanisms.

**18. Increase operating efficiency through the effective use of technology.**

The effective use of technology can assist the Department in reducing the cost of its operations and in providing more **efficient** and effective services to the Department's customers. One area the Department has started to review is the use of electronic plans review technology. This is a relatively new **area** of technology being used by some building departments. **Its** use should be studied for possible implementation in the future. **Additionally**, the Department could increase its operating efficiency by better understanding the features (and limitations) of the technology it currently has and maximizing the use of that **technology**.

**19. Review and analyze staffing levels.**

Given that building activity is undergoing a slowdown due to global, national, and **local** economic conditions, the City should consider staffing the review and inspection areas at minimum levels required to conduct a base level of service delivery **and** contracting out, as required, to meet periodic higher level **staffing** needs or the need to staff particular projects. **Appropriate** analyses should be conducted to determine the feasibility of this and other **efforts** to reduce costs and to determine the resultant impacts on the Department and its operations. **As** with any proposed outsourcing opportunity, the City should make a thorough **cost/benefit** analysis and an organizational analysis to insure **that** the effects of an outsourcing effort are understood, prior to **making** the formal decision to **outsource**. **Among** other considerations, the analysis should address any requirements placed on the Department by the collective bargaining agreements **it** has in place.

**20. Appoint an individual to coordinate the efforts of the building/development process departments.**

The building/development process requires the close cooperation of four City departments. They work with each other on a cooperative basis. Although the Building Department serves as the primary coordinating entity with the Fire, Public Works, and Planning/Zoning departments, there is no one individual specifically tasked with the responsibility of ensuring that the **efforts** of the departments, in this process, are coordinated. This is important because it places accountability for the group's efforts with one individual and **it gives** the group a focal point for leadership. The coordinator would have the authority to call the group into meetings, analyze problems, and resolve inter-departmental issues. Additionally, the **departments** should operate under a formal "charter" that defines their coordinated scope and responsibilities. Such an effort will go a long way towards the development of an efficient and effective **building/development processing** mechanism that can work as one unit, able to be responsive to customer needs. The City Manger should appoint the group's coordinator and the authority of the appointee should be specifically identified and communicated to the **building/development** process department heads and all their staff members.

**21. Develop formal policies and procedures manuals for all building/development process disciplines.**

The Department needs to develop **formal** policy and procedures manuals for its administrative and operating areas. Although there is currently a manual that addresses many of the Department's operations ("Manual of Policies **and** Procedures"), it is not comprehensive nor is it all-inclusive. Additionally it continues to undergo changes based on the current evolutionary nature of the Department. The Department should generally commit **to** an organizational structure; settle on the basic process flows, both overall and for each functional area; and then, proceed to formally develop **policies, systems,** and procedures in support of each activity, including the **building/development** process overall.

Completing the tasks, required to accomplish the above, will require staff resources not currently available to the Department, especially given the apparent staff workload dictated by present day-to-day job responsibilities. Developing a comprehensive policies and procedures **manual** is a much **needed** activity. **It** is also a time-consuming process and resources should be dedicated to it, if the work is to be done in a timely manner. This is an activity that can be easily contracted-out.

**22. Complete the process of developing plan review and inspection checklists,**

The Department has started the process of developing and implementing plan review and inspection checklist. Such checklists are an effective quality control tool. They provide reviewers and inspectors with a systematic approach to doing their work. They are not a substitute for exercising professional care and diligence in the review/inspection process. Checklists can help to ensure that plan reviewers **and** inspectors focus on those areas **vital** to effectively addressing the Code and public safety. When followed and properly documented, they can also help to minimize unnecessary re-inspections of work. Checklists should be developed and used for all plan review and project inspection project phases.

**23. Enhance staff knowledge and use of Department technology.**

According to the software developer's documentation, the **Q-Matics** system is capable of generating reports which show waiting times, transaction times, customer flow patterns and trends for each **service** category. The documentation further states that decisions concerning staffing can be made based on the **data**. Although the system is supposed to have these capabilities, the features are not being used. Staff responsible for supporting the **system** are not familiar with the **basic** operations of these aspects of the system's reporting and analysis capabilities. The system's management reports are not being utilized and the types of data the system maintains is not **well** known by support personnel. The Department should exploit the capabilities of all of this system and all of its computer **software**. Personnel who oversee systems should be trained in the use of the systems and their features. Departmental management should be aware of all system capabilities and effectively utilize the information **provided** by its systems.

**24. Perform a comprehensive review and analysis of the Permits Plus system.**

During the course of **this** review and analysis, several significant issues related to the Building Department's **use** of the Permits Plus system were identified and brought to the attention of City and departmental management. The Department's recent internal audit was extremely critical of the **system** and its operations. The internal audit report noted that some of the system's deficiencies "represent significant weaknesses that, if not corrected, could negatively impact the **integrity** of permit fees, opening a great window of opportunity for unscrupulous behavior." There were also problems with the use of the system **in** other departments. Given the significant issues identified within the Building Department and other departments, we recommend that **the City** perform a comprehensive review and analysis of **Permits Plus** to determine weaknesses and vulnerabilities in the system and develop short, mid, and long term strategies to ensure the City is

protected from abuse while it continues to provide services to the building/development community.

**25. Global Recommendation**

Based on our detailed review and analysis of the Building Department, we recommend the following strategic approach to improving **the** Department's operations **and** effectiveness.

- a. Stabilize senior management.
- b. Create a friendly and open work environment for **staff** and **clients**.
- c. Train and properly equip staff.
- d. Create an open and non-congested work environment for staff and clients.
- e. Gain the trust and respect of staff and clients.
- f. Include stakeholders in developing process improvements.
- g. Make customer service one **of** the Department's highest priorities.
- h. Understand and effectively use the Department's systems.

**XIII. EXHIBITS**

- A. U.S. General Accounting Office Report - "Privatization: Lessons Learned by State and Local Governments"
- B. Internal Audit Report - Building Permit Fees - **July 3, 2008**
- C. Chamber of Commerce Report - February **19, 2008**
- D. Building Department Benchmarking Survey
- E. **City of Miami Beach, Building Development Task Force Improvements, Building Development Process - Long and Short Term Initiatives**
- F. Building Department Comments Regarding Report Observations on the Department's Organization Structure (April 13, 2009)

**City of Miami Beach**

**Building Department  
Organizational and Operational  
Review and Analysis**

**Exhibit A**

**U.S. General Accounting Office Report  
"Privatization: Lessons Learned by State  
and Local Governments"**

**GAO**

United States General Accounting Office  
General Government Division

April 1998

## **Privatization**

### **Questions State and Local Decisionmakers Used When Considering Privatization Options**

GAO/GGD-98-87

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## Preface

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Over the past several years, state and local governments have increased their use of various types of privatization. Privatization is commonly defined as *any process that is aimed at shifting functions and responsibilities, in whole or in part, from the government to the private sector through such activities as contracting out or asset sales.*<sup>1</sup> A 1997 Council of State Governments' survey found that state agencies responsible for transportation, corrections, higher education, and social services had all increased privatization activities since 1988.<sup>2</sup> According to the International City/County Management Association, city governments have also increased the number and types of services contracted, such as child welfare programs, health services, street maintenance, and data processing."

Congress and the administration indicated an interest in having *the* federal government increase its use of privatization. In light of this interest, we were asked by the Chairman of the

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<sup>1</sup>See Terms Related to Privatization Activities and Processes (GAO/GGD-97-121, July 1997).

<sup>2</sup>Private Practices: A Review of Privatization in State Government, Council of State Governments (Lexington, KY: Nov. 1997).

<sup>3</sup>International City/County Management Association Municipal Year Book 1994: Alternative Service Delivery in Local Government, 1983-1992 (Washington, D.C.: 1994), p. 28.

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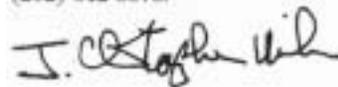
House Task Force on Privatization to identify lessons learned by state and city governments in implementing privatization efforts. Our subsequent report, Privatization: Lessons Learned by State and Local Governments (GAO/GGD-97-48, Mar. 14, 1997), discussed privatization lessons learned by, and the related experiences of, the states of Georgia, Massachusetts, Michigan, New York, and Virginia as well as the city of Indianapolis, Indiana.

This publication responds to a request from the task force Chairman and several other Members of the House of Representatives that we identify the critical questions that state and local decisionmakers found useful when considering whether to privatize a government activity. The questions in this publication were identified by decisionmakers in the state and local governments we discussed in our March 1997 report and correspond to the lessons learned by those governments. In preparing this publication, in March 1998, we provided privatization officials from the six governments a draft of the questions for their review and comment. All six governments concurred with the questions and provided comments, which we have included as appropriate.

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**Major contributors to this publication were John K. Needham, Donald L. Bumgardner, Kiki Theodoropoulos, and Marlene Zacharias. If there are any questions on the material in this publication, please contact me on (202) 512-8676.**



**J. Christopher Mihm  
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Management and Workforce Issues**

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# Contents

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<b>Preface</b>	<b>1</b>
<b>Introduction</b>	<b>6</b>
<b>Political Champion</b>	<b>8</b>
<b>Questions Concerning Political Champion Issues</b>	<b>9</b>
<b>Implementation Structure</b>	<b>10</b>
<b>Questions Concerning Implementation Structure</b>	<b>11</b>
<b>Legislative and Resource Changes</b>	<b>12</b>
<b>Questions Concerning Legislative and Resource Changes</b>	<b>13</b>
<b>Reliable Cost Data</b>	<b>14</b>
<b>Questions Concerning Reliable Cost Data</b>	<b>15</b>
<b>Strategies for Workforce Transition</b>	<b>16</b>
<b>Questions Concerning Workforce Transition</b>	<b>17</b>
<b>Monitoring and Oversight</b>	<b>18</b>
<b>Questions Concerning Monitoring and Oversight</b>	<b>19</b>
<b>Notes</b>	<b>20</b>

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## Introduction

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**The six governments we visited tailored their approaches to privatization to their particular political, economic, and labor environments. We selected the states of Georgia, Massachusetts, Michigan, New York, and Virginia because, at the time, they had the most extensive privatization efforts involving activities that correlate with those performed at the federal level. We selected the city of Indianapolis because it was cited more frequently by the panel of privatization experts we consulted than any other city or state for its privatization experience. On the basis of our review of the relevant literature, the views of a panel of privatization experts, and our work at the state and local governments, we identified—as shown in the figure—six lessons that were generally common to all of the governments in implementing privatization initiatives.**

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**Figure: Lessons Common to State and Local Governments**



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## Political Champion

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Political Champion
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Privatization can be best introduced and sustained when there is a committed political leader to champion it. In the six governments, a political leader or, in one case, several leaders working in concert played a crucial role in introducing privatization. These leaders built internal and external support for privatization, sustained momentum for their privatization initiatives, and adjusted implementation strategies when barriers to privatization arose.

The chief executive (i.e., the governor or mayor) was the political champion for the most recent privatization efforts in Georgia, Massachusetts, Michigan, New York, and Indianapolis. In Virginia, key state legislators and the governor worked together to introduce new privatization initiatives.

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## Questions Concerning Political Champion Issues

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1. Who in the government will provide leadership in assessing the case for privatization and supporting the privatization effort once it is under way?
2. Is the activity viewed by policymakers and other stakeholders as one the government should (1) provide and produce, (2) provide but not produce, or (3) not produce, and have other options to improve *the activity* been considered?
3. Should the government involve the private sector in the activity or is the activity so intimately related to the public interest that it is inherently governmental?
4. Will private sector participation improve performance of the activity? That is:
  - Are there substantial problems in current service delivery?
  - Are there benchmarks that indicate potential for cost savings or service quality improvements?
  - Will privatization increase choices available to citizens?
5. Do policymakers, agency officials, and other stakeholders agree on the goals the privatization is to achieve?
6. Will the users of the service, interest groups, or public officials be resistant to changes in service providers? If so, how will this resistance be mitigated?
7. Is there a need for an advisory group or commission to identify activities that are candidates for privatization and to build consensus for it?

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## Implementation Structure

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### Implementation Structure

Once political leaders introduce privatization, governments need to establish an organizational and analytical structure to implement the privatization effort. This structure can include commissions, *staff* offices, and analytical frameworks for privatization decisionmaking. Five of the six governments we reviewed established governmentwide commissions to identify privatization opportunities among government activities and to set policies to guide privatization initiatives. The commissions were created either by the chief executive (in Georgia, Michigan, New York, and Indianapolis) or by the state legislature (in Virginia). Massachusetts did not use a commission; instead, cabinet secretaries selected the government activities to privatize. The governments found that privatization can take various forms, such as contracting out and asset sales, and that implementation strategies and analyses need to be tailored to the project or situation and will likely vary depending on the form of privatization.

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## Questions Concerning Implementation Structure

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1. **Given the nature of the activity, what type of privatization would be most viable and best serve the public interest (e.g., contracting out, managed competition, divestiture)?**
2. **Is the activity already performed in the private sector?**
3. **Is there a competitive marketplace? If not, can one be created?**
4. **Are there barriers to entry by private firms, such as significant start-up costs? If so, can they be mitigated?**
5. **Are there factors that could limit the use of privatization, such as "natural monopolies," in which production cannot be duplicated (e.g., a single source for city water supply); and "public goods" that cannot sustain private markets? If so, how could these factors be mitigated?**
6. **Will the contractual arrangements and the type of service permit the government to switch from one service provider to another without serious disruption in the flow of service or undue cost at the end of the contract or option year?**
7. **Will there be an office and/or knowledgeable staff available to collect and analyze performance and cost data and provide technical assistance to agencies?**
8. **Have the legal, financial, and technical risks/liabilities to the government been identified, considered, and evaluated?**
9. **What will be done with the activity's current facilities, technology, and other resources?**

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## Legislative and Resource Changes

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Legislative and Resource Changes
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Governments may need to enact legislative changes and/or reduce resources available to government agencies in order to encourage greater use of privatization. Georgia, for example, enacted legislation to reform the state's civil service and to reduce the operating funds of state agencies. Virginia reduced the size of the state's workforce and enacted legislation to establish an independent ~~state~~ council to foster privatization efforts. These actions, officials told us, sent a signal to managers and employees that political leaders were serious about implementing privatization.

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## Questions Concerning Legislative and Resource Changes

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1. Are there statutory or regulatory barriers to private sector **performance** of the activity? That is:

- **Are** there laws, **tax** policies, regulations, or grant requirements that either mandate or constrain who **can** perform **the** activity?
- What are the implications **of** these legal and **regulatory** requirements for a **potential** privatization?

2. **Will there need to be a change in the** statutory or regulatory requirements to ensure a successful privatization **for a particular activity?** That is:

- **Is there support** for **such a** change?
- **Are** the changes to laws or regulations feasible in the current political and **economic** environment?

3. Are there **relationships** with other **state** or federal programs prescribed by law that could inhibit or prohibit a change in **service** providers (e.g., **interservice** support agreements, intergovernmental agreements)?

4. What incentives are most appropriate for **improving performance** and maximizing **savings through** privatization (e.g., using **savings** to improve other agency **activities**)?

5. If there are savings from the privatization, either initially **or** over **the** long term, **how will they be distributed** (e.g., **reinvested through service** improvements, **tax reductions**, or deficit reduction)?

6. Under what conditions will the private sector provide needed equipment or facilities that **are not owned by the government**?

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## Reliable Cost Data

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### Reliable Cost Data

Reliable and complete cost data on government activities are needed to assess the overall performance of activities targeted for privatization, to support informed privatization decisions, and to make these decisions easier to implement and justify to potential critics. Most of the governments we surveyed used estimated cost data, because obtaining complete cost<sup>1</sup> and performance data by activity from their accounting systems was difficult. However, Indianapolis and more recently Virginia used new techniques, such as activity-based costing to obtain more precise and complete cost data. Although the use of estimated cost data can save a government the time and cost associated with preparing more accurate data, the resulting imprecision can have negative consequences. For example, in Massachusetts, the State Auditor questioned savings reported from privatized activities because an inadequate cost analysis was done before the privatization.

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<sup>1</sup>Complete costs are generally defined as the fully allocated costs of an activity. These include all direct and indirect personnel costs, materials and supplies, equipment, capital depreciation cost, rent, maintenance and repairs, utilities, insurance, personnel travel, operations overhead, and general and administrative overhead.

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## Questions Concerning Reliable Cost Data

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1. Has evidence been presented on the potential for significant enhancements to economy, efficiency, or effectiveness? That is:

- **Has a cost/benefit analysis** of a possible privatization been **done**, including the **effects** of **shifting costs** to service recipients?
- Have tangible **benefits**—such as operating and capital cost savings, higher quality **services**, more or better service delivery **options**—been identified?
- **Would** providing potential contractors with a **draft** "request for proposals" **yield** useful information on what cost and **service quality** improvements might be possible with privatization?

2. **Have** the complete **costs** of alternative service providers **been** considered (i.e., **costs** of retaining the **activity** in-house; cost implications of a long-term commitment; start-up **and** capital investment **costs**; conversion costs, **including** the sale of surplus property and **transactional** costs involved in **displacing** **government** employees; and government **costs to monitor** private **sector** performance)?

3. Does the relevant **government** office have the accounting systems to produce complete cost data in **order** to make a valid comparison to the private sector's cost? If not, are cost **estimates** acceptable for making such a comparison, and/or **would** the use of activity-based costing methods be feasible on a case-by-case basis?

4. **If the private** sector is **unable** to meet its **contractual** obligations, **have** potential alternatives and **the** estimated costs of resuming responsibility for the operation been considered?

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## Strategies for Workforce Transition

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<b>Strategies for Workforce Transition</b>
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We found that governments needed to develop strategies to help their workforces **make** the transition to a private sector environment. Such strategies, for example, might seek to involve employees in the privatization process, provide training to help prepare them for privatization, and create a **safety** net for displaced employees. For example, all **six** governments developed programs or policies **to** address employee concerns with possible job loss due to privatization. **These** strategies included offering workers early retirement, severance pay, **or a** buyout or, if the activity was taken **over** by a private firm, ensuring that employees' concerns about compensation issues were **addressed**.

Because Virginia found that employees' concerns were one of the biggest **barriers** to privatization, the **governor** directed **state officials** to identify ways for departing state workers to compete in the private sector. **This** led to the passage of the Workforce Transition **Act**, which mitigated **some** of the employees' concerns, such as job loss, training, and **benefits**.

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## Questions Concerning Workforce Transition

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1. **What role will the government agency initially have in considering privatization as a strategy? Will the agency be allowed to compete with private sector firms and submit a proposal to perform the service? If so, under what terms and conditions? How will the competition process be coordinated with the regular procurement process? Who will oversee the competition process?**
2. **If the activity is privatized, what will be the impact on the employment status and the portability of their pensions and benefits? Will training be provided to government employees?**
3. **What will be the impact on union employees? How will the government comply with contractual and civil service requirements?**
4. **Do requirements of current labor contracts pose a challenge to privatization? If so, what are the implications of these requirements for the privatization, and can these contracts be revised?**
5. **Will public policies, such as equal employment opportunities, be changed if the service provider is changed and government employees transfer to the private sector?**

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## Monitoring and Oversight

<b>Monitoring and Oversight</b>
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When a government's role in the delivery of services is reduced but not eliminated through privatization, monitoring and oversight is needed that evaluates compliance with the terms of the privatization agreement and evaluates performance in delivering services.

Officials from all six governments worked to enhance their employees' skills so that they could undertake more sophisticated especially for complex activities, such as wastewater treatment or the medical care of prisoners. Monitoring performance sometimes required new or innovative approaches. For example, Virginia used a newly designed approach to measure the performance of its two contractor-operated child support enforcement offices. Virginia established quarterly and semiannual reporting requirements in the contract, using statistical measures to compare the performance of contractor-operated child support offices with a hypothetical office with similarities in such areas as size and demographics.

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## Questions Concerning Monitoring and Oversight

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1. Can the government **maintain** necessary control and accountability for activities that have been contracted out? That is:

- Does the government have and will it maintain the capacity (e.g., the expertise, staff, funding) to provide suitable oversight of private sector performance?
- If not, can the agency recruit, attract, retain, **and** train employees with the *necessary* knowledge and skills?
- Does the government retain the legal authority to provide effective oversight?

2. If the activity has been divested, does the government retain regulatory responsibilities after the divestiture?

3. Have the criteria (e.g., cost, quality, customer service, timeliness) that will be used to evaluate the privatized activity been defined?

4. What incentives and penalties will be used in contractual arrangements to *ensure* desired performance?

5. Are performance and cost requirements specified **and** measurement systems in place?

6. Does the government agency have an effective quality control system **in place**, or can it be developed to determine conformance to contractual requirements?

7. Do potential contractors have a record for effective performance and quality control on prior projects?

8. Will there be sufficient funding to pay for oversight and quality control?

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## Notes

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**City of Miami Beach**

**Building Department  
Organizational and Operational  
Review and Analysis**

**Exhibit B**

**Internal Audit Report - Building Permit Fees  
July 3,2008**



# MIAMIBEACH

BUDGET AND PERFORMANCE IMPROVEMENT  
Internal Audit Division

## INTERNAL AUDIT REPORT

TO: **Jorge M. Gonzalez**, City Manager  
VIA: **Kathie G. Brooks**, Budget and Performance Improvement Director  
FROM: **James J. Sutter**, Internal Auditor, 

# A

DATE: July 3, 2008  
AUDIT: Building Permit Fees  
PERIOD: October 7, 2006 through December 31, 2007

This report is the result of a scheduled audit to assess the reliability and integrity of Building Permit Fees collected, while considering the implementation of a simplified Building Permit Fee structure.

### INTRODUCTION

The Building Department provides supervision of construction activities, **acceptance** of building permit applications, **issuance** of all building and trade permits, verification of compliance with the Florida Building Code and enforcement of codes promulgated by regulatory agencies such as the Hotel and Restaurant Commission, Miami-Dade Environmental Resources Management, State Department of Health and Professional Regulation, Board of Adjustment and the U.S. Army Corp of Engineers. Plumbing, building, electrical, elevator and mechanical officials inspect new and existing structures for compliance.

A fee for each permit shall be paid as required, in accordance with the fee schedule established and approved by City Commission, on all buildings, structures, electrical, gas, mechanical and plumbing systems or alterations requiring a permit. These fees cover costs incurred by all departments directly involved as well as an allocation of administration and overhead by other supporting departments. In addition, the department is responsible for collecting fire, Miami Dade Compliance, sanitation, zoning, and radon fees in relation to the plan reviews, inspections and code enforcement. Building permit fees collected during fiscal years 2006, 2007, and for the three months ended 1213112007 have been included in the following table:

	FY 20051200'6.	FY 2006/2007	FY 2007/2008 (1)	To61
<b>Building Permit Fees (2)</b>	\$ 4,564,910.45	\$ 8,134,498.15	\$ 2,233,958.21	\$ 14,933,366.81

- (1) Fee revenues represent three (3) months (1010112007 - 1213112007)
- (2) Building Permit Fees represent fees assessed for Building permits alone. It excludes Mechanical, Electrical, Plumbing, and any other Fees collected with the approval of a permit.

Not only it is the law to obtain a building permit, but obtaining a building permit protects the permit holder as well as the owner of the property. With a building permit the permit holder receives advice from reviewers and inspectors who will approve each phase of the project, checking to ensure that the work is completed in accordance with the approved plans, as well as with state and local laws, rules, and regulations.

Prior to initiation of the audit scheduled for fiscal year 2006107, Building Department management alerted Internal Audit to concerns surrounding the lack of accountability, procedures, and controls in place impacting the integrity of the permit fees collected. Internal Audit's involvement was more extensive due to the need to address these concerns. Internal Audit utilized an external consultant,

Internal Audit Report  
Building Permit Fees  
July 3, 2008

JRD & Associates Inc., to assist in developing the audit plan and approach as well as recommending guidance on how **fees** are **assessed**. The consultant **also** performed a comparison of how **permit** fees are charged in other municipalities. In addition to the audit, a separate audit staff member was provided to the Building Department on an ongoing basis to review fee calculations for all permits at closeout. Ever **since**, they **have** arduously worked to **address** their concerns improving the reliability, accountability, and integrity of the **fees** collected.

As a result of Internal Audit's **separate** review of **building permits** at closeout, a **total** of \$761,389 has been recuperated **between** the 4<sup>th</sup> Quarter of Fiscal Year 2007 and the 1<sup>st</sup> Quarter of Fiscal Year 2008. This amount was mainly recovered from building permits for which **fees** were previously calculated **based** on inaccurate information provided to the Building Department. **Our** audit report **focuses** on results from both our audit procedures preformed and our separate **ongoing** review of building **permits** at closeout.

#### OVERALL OPINION

**Despite the efforts made by the department** to improve the procedures, accountability, and controls over the permit revenue collections, Internal Audit found the following **areas** that **still** need to be **addressed**. **As** an intermediate control in place, the **ongoing** review of permits at close out is minimizing any loss of fee **revenues**.

1. Inaccurate information **is** being furnished and **used** for permit **fee** calculations.
2. **System fee** calculations **for** combined projects were not correct.
3. **Space** is not provided on the application for **proper** allocation of job values and square footage for **projects** combining renovations and new construction.
4. Corrections to applications were observed after the application had been **signed**, notarized, and up-front **fees** have been calculated.
5. Incomplete building permit **applications** are **being accepted**.
6. Original permit applications **are** not kept in the **department's** filing **system** until after the plans have **been** reviewed and the permit **is** approved.
7. Insufficient **supporting documentation** **is** kept on file **as part of** the permit application **package**.
8. The Building Department's adopted fee **schedule** **is** complex and lacks regular revisions.
9. Minor discrepancies were noted between the department's fee schedule and currently distribute Mechanical, Electrical, and Plumbing fee **sheets**.
10. **Insufficient** and inconsistent use and application of the **fee** schedule for the calculation of building permit **fees**.
11. No **policies** and procedures are written and in place that are well known and consistently followed by department personnel.
12. Inconsistency in **data** entry to the system.
13. Poor computer **system** controls in place.

Internal Audit Report  
Building Permit Fees  
July 3, 2008

14. **Insufficient** segregation of duties exists within the permit clerks' positions that impact department processes.
15. Long processing cycles for **Non Sufficient Fund (NSF)** checks.
16. Outdated permit data was found **on the department's computer system**.

Additional details of our findings and proposed recommendations are included in the "Findings, Recommendations and Management Responses" section of this report.

**As recommended by** the City's external consultant JRD & Associates, **we** feel that the City should pursue a simplified fee schedule. Corrective action should be taken on **these** findings prior to implementing a simplified fee schedule. Once **corrected**, the department would generate more accurate and **reliable** information to **better** establish effective fee levels required to cover the current costs of operations.

Although this report focuses on exceptions, weaknesses, and problems, this should not be **understood** to mean there are not also various strengths and accomplishments. Furthermore, our testing was limited to **determine** whether department fees **were** properly calculated, try to provide a valid estimate of Building Permit Revenues, and to determine any necessary improvements to enhance current controls over **revenues**. Had we performed additional procedures or testing, **other** matters might have come fa our attention that would have been reported here in.

## PURPOSE

The purpose of this audit is **to** determine whether transactions, adjustments, and precessing **procedures** are established, authorized, and maintained in accordance with laws, regulations, **contracts**, and management's policy; whether transactions are accounted for, accurately and promptly recorded; whether recorded balances are periodically substantiated and evaluated; and whether City assets, records and files are properly safeguarded and controlled, and access thereto **is** restricted in accordance with management's criteria,

## SCOPE

1. To determine if building department fees are **properly** calculated and collected.
2. Determine through statistical sampling, a valid estimate of building permit fees.
3. To review processing of fee calculation and determine any improvements necessary for enhancing controls over permit revenue.

## FINDINGS, RECOMMENDATIONS AND MANAGEMENT RESPONSES

1. **Finding:** *Inaccurate information being provided for fee calculations*
  - As a result of Internal Audit's assistance to the Building Department a total number of seventy-eight (78) permits have been reviewed before receiving their final Certificate of Occupancy (CO) or Certificate of Completion (CC). In all cases **(100%)** the results from these reviews confirmed the inaccuracy of information provided to the department en the permit application. The reviews consisted of comparing the information provided on the permit application to the values reflected on the construction contract or on forms G702 and G703.

Internal Audit Report  
Building Permit Fees  
July 3, 2008

Comparing the square footage and construction estimates provided initially on the applications to the actual **figures** provided on the **plans**, the contract, and on forms G702 and G703, showed **material** differences directly impacting the reliability of the permit **fees assessed**. These discrepancies prevented Internal Audit from deriving a valid estimate of the building permit fees through **statistical** sampling.

**Recommendation(s):**

The department should establish methods **to** assist the permit clerks in **assessing** reasonableness of information **provided** on the permit application. The guidance should **be** accompanied with proper training in order for **them** to acquire a complete understanding of such.

Another step could consist of **ensuring** that **value** verification review, **conducted** by the building **review discipline**, is completed **prior** to any other review from other **disciplines**. This **step would** contribute to ensure that proper **permit fees** are **assessed** prior to incurring additional costs for the department. In addition, the department should consider establishing enforcing **measures such as penalties** or interest for permit **fees** not paid on time due to **misrepresentations** on the permit application.

**Management Response:**

Building **agrees** with OBPI's findings and has implemented a training plan for the Permit Clerks, **however**, the Building Plan Examiners **are** the professionals qualified to review the accuracy of job values and total gross **square footages** of a project. The **Building Plan Examiners** review the job value verification (AE Affidavit) when the project is assigned to **them** by the Chief responsible for the plans review **section**. **As** for the suggestion that the Building **discipline review** the AE **affidavit prior** to the review of other disciplines, this is just not practical **since** it would cause a **delay** in the plan review process.

The new Building Director started his tenure in the **City of Miami Beach** on March 13, 2006. During the period **between mid** March and May of 2006 the Building Director, Tom **Velazquez**, **reported** to the City Manager's **office some** of his findings regarding the general lack of accountability and internal controls in the Building Department. Of particular concern was the lack of oversight and procedures that **addressed** the proper verification, calculation and collection of permits fees / revenue.

Late March 2007, at the request of the Department Director, a review **of the permit fees** for a multi-story new condominium and renovation project was performed **by** the new Assistant Director of Administration, Graciela Escalante. **Because** of the Department Director's concern regarding permit **fee** oversight and accountability in general he requested a project accounting review prior to approval of a refund **request** in the **amount** of \$256,730 by the **Developers** of this project for TCO charges. This review of the project accounting **revealed** that **job values and square footage as** submitted on permit applications by Owners/Developers/Contractors and/or Expeditors were never verified for accuracy by Building Department **personnel**. The result of **the** evaluation of **the project** disclosed that rather **then the** City owing a refund to the Developer/Owner, the Developer/Owner **owed** the City \$1,246,809 in permit fees.

**As** a result of the findings and process failures discovered by the current Administration, procedures were put in place to properly account for proper revenue collection and verification. Administration developed an AE affidavit form, a three part form executed **by** the Architect, Owner and Contractor to certify job value and total **gross square** footage which are **necessary** values to determine the permit fees **as** required by ordinance. A **directive** to Building Staff was

Internal Audit Report  
Building Permit Fees  
July 3, 2008

issued on April 27, 2007 to implement the new plans review process and procedures which included the required submittal of the AE affidavit form by the applicant. The Building Plan Examiners are made responsible to ascertain that the job values submitted reflect the current industry costs per square foot and that the gross square footages are reasonably accurate.

Permits are not issued unless the AE affidavit is submitted and verified. In addition, the Building Director made the determination that CO's /CC's would not be approved without a permit review of the project,

These new procedures created an extensive amount of work for an Administration which was not equipped with a Finance Section with the expertise required to verify the project accounting requirements generated by the new procedures.

Sometime in May 2007 the Building Director requested an audit of the permit fee and revenue collection process as well assistance with the day to day permit reviews of projects requiring CO/CC.

The result of the ongoing permit review and Building's commitment to address these concerns generated over \$6 million dollars in additional revenue for the fiscal year 06-07,

In addition to these measures, the Building Department proposed to the City Manager's office a re-organization of the Building Department which includes a Finance and Administrative Services Section.

The City Manager also received authorization from the City Commission in May 2008 to pursue an operational audit through a qualified audit firm to more closely examine Building Department processes and procedures. A portion of the scope of work for this company will be to examine the current structure of the Building Department and make recommendations for improvements. In the short term, audit staff from OBPI has been temporarily re-assigned to implement the more immediate internal controls necessary to ensure that the City is properly collecting revenue that is due. The recently hired Building Director will be tasked with closely examining these issues and will implementing appropriate solutions.

2. Finding: *System fee calculation weaknesses*

Although the calculations for most of the fees assessed by the department were found to be correct, contingent to the reliability of the information provided and entered to the system, the following fees were identified as erroneously calculated by the department's system software and are in need of immediate correction:

- a. Fees assessed for permits that combined new construction with alteration remodeling ("Other" sub-type) did not allocate the corresponding portions of the fee to the individual jobs performed. In most cases, the fees were calculated using total construction costs; therefore disregarding the square footage for new construction.
- b. The Miami Dade County Code Compliance fees as calculated by the department's system are based upon the City's Code which states that this fee is calculated upon work valuation. In comparing the City's Code with the Miami Dade County's Code it was noted that there was a discrepancy in language as to how the value of work is calculated. For new construction the City based its valuation on the contractors' submitted costs rather than the County's method of \$65 dollars per square foot.

Internal Audit Report  
Building Permit Fees  
July 3, 2008

- c) Zoning and sanitation fees are capped to a maximum of one hundred (\$700) and one thousand five hundred (\$1,500) dollars respectively. This means that any individual who applies for a building permit involving only new construction will pay a maximum of \$700 for zoning fees and a maximum of \$1,500 for sanitation. The same applies for individuals applying for a permit that involves alteration and remodeling only. Guidance in how to calculate zoning and sanitation fees can be found on the building fee schedule. However, for projects that combine both, new construction and alteration remodeling, the maximum amount that is being charged is also capped at \$100 and \$1,500 respectively. As a result, the fees assessed for combined projects are not consistent or proportional to those charged for the same services under separate permits.

Out of the 42 sampled building permits, 7 permits (17%) could have been charged additional fees over the cap limitation in the amount of \$6,906.

Recommendation(s):

- a) The department should correct the system in order to calculate the permit fees based on the data allocated to the individual job types within a project instead of the information provided on the general screen for total construction values. Collaboration from the Information Technology (IT) department could be considered for a faster resolution. In addition, fees assessed for projects combining new construction and alteration remodeling should be reviewed in order to ensure the accuracy of the fee calculation at the time of application.
- b) The Building Department should work with the City's Attorney Office to determine the impact of the calculation of Miami Dade County Code Compliance fees and discuss these impacts with Miami Dade County.
- c) Resulting from inquiries to our external consultant, separating the work types in different permits could help to maintain consistency and proportionality. This revision will provide a better fee allocation for the different scopes of work, as well as maintain proportionality for all permit fees assessed.

Management Response / See Note 11:

The Building Department has been made aware of this Permits Plus software system flaw and is working with IT Department to correct it. Building may need to get a proposal from Accella / Permits Plus Vendor to resolve the problem. It appears that the problem may be more extensive and the staff from the permit counter will have to check permit fee calculations from a different software application until the problem is resolved.

The Building Department is requesting applicants to submit separate permits for separate structures where feasible to provide a better fee allocation for different permit types, however, the permit fee ordinance is mute regarding how to charge permits which contain both new construction and renovation. In cases where it is not feasible to separate a project the system software will have to be corrected to implement the suggested permit fee allocations. In addition the Building Department is in the process of determining the impact of the calculation of the Miami Dade County Code Compliance fees with the City's Attorney's Office and will coordinate with Miami Dade County to address this matter.

3. Finding: *Application does not provide space for proper allocation of job values and square footage.*

Permit fees are generally computed following the department's fee schedule. The rates or amounts charged vary depending on the extent and characteristics of the work being done. For

**example: Building Fees assessed** for an addition to an existing structure or **new** construction are primarily based on the **Gross Area** of the **new** construction, provided in square **feet**. Meanwhile, building fees assessed for an **alteration** or **remodeling** are primarily based on the job value, also known as the cost of construction paid by the owner. However, the permit application currently **used does** not allow the allocation of costs or **gross areas** when **two** scopes of work are combined into one permit. **As a** result, Internal Audit noticed occasions in which data provided for **fee** calculation combined **both new** construction and alterations or remodeling thereby precluding separate **fee** calculations.

**Recommendation(s):**

The department should consider revising the permit application in **order** to provide additional fields to properly allocate the job value and corresponding **gross** area to the specific project (**new** construction, **alterations/remodeling**, demolitions, **etc.**). In addition, permit clerks should not inquire, accept values, or **data** to correct the Permit Application from **anyone** other than the permit holder. With this recommendation the **department** would **contribute** to improve reliability of both, **the** information provided on the permit application **and** the **fees assessed**.

**Management Response (See Note 1):**

We **agree** and have made the **recommended changes**. In addition **we** have **added** three **check boxes** in **the** permit application for new construction, renovations and revisions in order to differentiate between the type of construction and permit **type** request.

4. **Finding:** ***Corrections to applications were observed after the application had been signed, notarized, and up-front fees** have been calculated.*

Building permit applications are required to be **completed** in detail and signed by the permit holder. Instances were noted whereby corrections to the information on the **Permit Application** were **accepted** without the submission of a Revised **Permit Application**. Continuing to operate in this manner could result in confusion with respect to which data to use for fee calculation.

**Recommendation(s):**

No **corrections** should be allowed on a completed application. If corrections or revisions are **necessary**, then the permit holder should submit a new "**Revised**" application once a previous one has **been submitted**. Accordingly, permit **fees** should be recalculated **based** on the updated information in order to account for any **balance** or credit resulting from the revision. Necessary changes made by the **department** should be documented and included in a **separate section** of **the** application or **as** an attachment. This **should** reduce potential confusion and improve audit trails while maintaining a chronological order of events.

**Management Response (See Note 1):**

We agree with the finding and implemented the recommendation.

5. **Finding:** ***Incomplete applications were being accepted when issuing a permit.***

Building Permit Applications **were** submitted with incomplete **sections**. **Some** of the incomplete sections observed included the **gross** area of the project **and/or** job value, which are used to calculate the fees depending on **the** scope of work, date of application, which contributes to the tracking of when the application or the permit should expire, the type of work, and owner's contact information and **signatures to name** a few.

The following table helps to illustrate our **findings** in reference to incomplete permit applications based on our sample of permits tested:

Internal Audit Report  
 Building Permit Fees  
 July 3, 2008

Permit Category	# of permits tested	# of incomplete applications	Percentage (%)
Commercial	25	8	32%
Residential	17	5	29%
<b>Totals</b>	42	13	31%

Thirty one percent (31%) of the permits tested were applied for and/or approved with incomplete sections of the application.

**Recommendation(s):**

Because the Permit Application is a major source of information and reference, all sections should be fully completed. Up-front fees, permit sub-type, among other, are calculated and inputted into the system using the information provided on the application.

**Management Response (See Note 1):**

We agree with the finding and implemented the recommendation. We are no longer accepting incomplete permit applications. In addition, applicants submitting building permit applications are required to submit an executed AE affidavit with the application.

6. **Finding:** *Original permit applications are not kept in the department until after the plans have been reviewed and the permit is approved.*

When applying for a building permit, it is required for the permit holder to submit a complete permit application. This application is used as reference to enter the permit holder's information, job descriptions and values to the system. Application information is also used to calculate the up-front fees, and total permit fees for the project. In addition, the information is used to create a work flow in the system identifying the different disciplines required to perform plan reviews depending on the characteristics of the work.

Even though the information on the application is used to calculate up-front fees, total permit fees, and to issue a transaction/permit number among others, neither the original permit application nor a copy is kept by the department until the plans are reviewed and the permit is approved. Any changes to the application prior to the plan's approval, especially changes that could have an impact on the permit's up-front fee calculations and overall fee structure, are not revised on the department's computer system.

**Recommendation(s):**

Once a permit application is accepted and up-front fees have been calculated, the department should retain the application along with all required documentation from the contractor. This way, any changes to the application can be verified and compared to the initial application. Retaining the initial application will contribute to implement the recommendation for finding number three (3) above. Also, in the event the permit holder abandons the project prior to the permit's approval, then the City would be able to retain the corresponding up-front fees based on the information provided.

**Management Response (See Note 1):**

We agree with the finding and implemented the recommendation. We are no longer accepting incomplete permit applications. Original permit applications will be filed in as part of a central filing system in process of being implemented.

7. **Finding:** *Insufficient supporting documentation kept on file as part of the permit application package.*

Internal Audit reviewed the application packages for forty-two (42) sampled permits in order to evaluate their completeness. Of the forty-two (42) application packages reviewed, all were missing two or more of the following required documentation:

- a) Copy of State Certification with an occupational license for the place of business; or Copy of Certificate of Competency with a Municipal Contractors Occupational License;
- b) Certificate of insurance for Liability and Worker's Compensation;
- c) Change of contractor form when it was applicable;
- d) Request for permit extension of time when it was applicable.

**Recommendation(s):**

Every application should be filed accompanied by all required documentation for the permit's approval. Because the application package is often used as a primary source of information in relation to the permit, it should be kept organized, maintained, and readily available as needed. In addition to effectively maintaining audit trails, well documented records should assist in sustaining effective controls, easing review processes and research.

**Management Response (See Note 1):**

We agree with the finding and implemented the recommendation. Original permit applications and all supporting documents will be filed in as part of a central filing system in process of being implemented.

8, **Finding:** *Department's complex fee schedule and lack of regular revisions.*

The Building Department's fee schedule consists of numerous fees for specific scope of works. This complexity leads to inefficiencies and inconsistencies in charging customers. The City's external consultant JRD & Associates performed a comparison of fee structures used at other municipalities and further recommended that the City's fee schedule be modified to a simplified fee schedule. Benefits of having a simplified fee schedule cited by the consultant include having a more efficient way to charge customers, a streamlined process, an appropriate feeing mechanism and less congestion in the waiting areas.

In addition, the Building Department Fee Schedule was last revised on October 1, 2003 and fees currently charged may or may not be sufficient to cover the City's costs of operation and enforcement of the Florida Building Code. These costs include those incurred by all departments directly involved as well as an allocation of administration and overhead by other supporting departments.

**Recommendation(s):**

The City should pursue a simplified fee schedule. Prior to revising any fees, the City should create a cost analysis of all direct and indirect costs associated with the operations and enforcement of the City's building codes. This analysis can be used to determine the sufficiency of the fees being charged to cover them.

The department needs to establish a base line of total fees earned by fiscal year after implementing recommendations to ensure that the currently approved fees are being properly corrected. Fees collected resulting from the close-out reviews presently conducted should be separated from total fees to more clearly reflect actual fees collected for the fiscal year.

Going forward, revisions of the fee schedule should be completed periodically to reflect any

changes, if any, resulting from cost increases and new industry conditions.

**Management Response (See Note 1):**

We agree and are going to implement recommendation. OBP and the Building Department are working on a Request for Proposal for a Consultant to analyze the current fee schedule and make recommendations for simplification.

**9. Finding: Poor correlation between the department's fee schedule and currently distributed fee sheets.**

After reviewing the department's fee schedule and comparing it to the Mechanical, Electrical, and Plumbing fee sheets (M.E.P.s), currently distributed by the department, Internal Audit found minor discrepancies on the fee structure between the M.E.P. fee sheets and the Department's Fee Schedule.

**Recommendation(s):**

All fees assessed by the Building Department should be included and detailed on the Department's Fee schedule. At the same time, the fee schedule should be reviewed to include the language and fee structure approved by the City Commission and reflected an Appendix A of the City Code. These annual reviews should verify and ensure correlation and consistency with the Florida Building Code, State Statutes, The Florida Administrative Code, and other fee structures established by those departments involved in the approval of the building permit (Ex: Fire Department, Zoning, Sanitation, etc.). Having one established reference source to document all permit fees should eliminate confusion to department personnel, as well as to the public.

**Management Response (See Note 1):**

We agree with the finding and are in the process of making sure that the fee sheets, and permit plus computer software are consistent with the Department's fee schedule.

**10. Finding: Insufficient and inconsistent use and application of the fee schedule on building permits**

Results from Internal Audit's testing and interviews with department's personnel showed an inconsistent application of the permit fee schedule, thus having a direct impact on the fees collected by the department. The following is a list of those inconsistencies found:

- a) Plan re-review fees are not always charged.
- b) Re-inspection fees are not always charged.
- c) Permit extension fees are not always charged.
- d) Applicable fees and credits for expired permits were not always applied correctly.
- e) Reviews and approvals issued for sub-permits with expired master permits. Re-instatement fees were not paid on the expired permit at the time of review.

This finding is correlated to finding #11 and finding #12. Because of the lack of written and known policies and procedures accompanied by poor system notations and referencing, it is very hard to track re-revisions and re-inspections on mast permits.

**Recommendation(s):**

The department should closer track "re-reviews" and "re-inspections". This can be accomplished by noting the system and following up on plan review notes not addressed as instructed by the inspectors. Also, more descriptive notations should be taken by the inspectors on the field in reference to repeated violations or inspections due to incomplete work at time of

Internal Audit Report  
Building Permit Fees  
July 3, 2008

inspection. Moreover, permit extension fees should be charged once a "Permit Extension Form" has been submitted, prior to the permit expiration date, and approved by the building official. Not filing the extension of the permit prior to the permit expiration date should result in an expired permit and applicable fees should be assessed following page No. 12, section 2 of the permit fee schedule. Lastly, incorporating the recommendations for findings #11 and #12 should contribute to an improvement of the use and application of the fee schedule, as well as an increase of the applicable fees.

Management Response (See Note 1):

In response to a and b above, Building Department is in the process of implementing inspection and plan review checklists that are automated and integral to the permits plus software. This will not only alleviate the problems with inconsistent plan reviews but will allow staff to track and monitor which plan review comments were not addressed repeatedly by the Architect. Currently, the electronic software (Permits Plus) is not set up to accurately track and substantiate claims by Architects specific to comments that are not addressed in the plan review.

The same would apply to the inspection checklists which are currently being tested by the Inspection staff. Reports can be generated on repeat failed inspections and the Customer charged accordingly.

In response to c, d, and e above we agree with the findings and have implemented the changes according to the permit fee schedule.

**11. Finding:** *Lack of policies and procedures in place that are well known and consistently followed by department personnel.*

Although Management Staff has recently instructed new operational guidelines to be followed, no standard policies and procedures are written and in place to be consistently followed by permit clerks and other personnel. Employees currently operate following traditional methods of operations that have been established by prior administrations and/or employees. As a result, deviation in methods used by different employees was noted for transactions such as a change of contractor, permit revisions, change of use permits, among others.

Recommendation(s):

The department should establish written policies and procedures to be known and followed by all departments' personnel. The procedures should be accompanied by proper training so that employees can acquire a full understanding of the same. Adopting this recommendation will contribute for a standardization of the department's operations and improve audit trails.

Management Response (See Note 1):

Currently, the new Administration has a draft "Manual of Policies and Procedures" which we plan to publish for our employees and customers on the department's new website. The new website is scheduled to be launched in June / July 2008.

**12. Finding:** *Inconsistency in data entry to the system*

Results from our review showed that not all data is being consistently entered into the department's computer system. The following data entry shortcomings were observed:

- a) There were instances noted where the job value entered to the system's general screen did not coincide with the job value entered on the fee calculation screen.
- b) Projects that were supposed to be marked as "City projects" were not marked accordingly.
- c) Erroneous permit subtypes were selected occasionally.

- d) **Notes** entered to the **system** were **often** very hard to follow, as **they** were abbreviated and extremely shortened.

Shortcomings like the **ones** mentioned **above** represent a challenge to the department's internal communication, often resulting **on** inefficiency, inaccurate permit fees, **poor** audit trails, and diminished review **and supervision**.

**Recommendation(s):**

In order to improve the department's internal communication and eliminate existent **barriers**, minimal descriptive criteria necessary when entering information **into the system** should **be** established. In addition, a **series** of training sessions informing **employees** of the importance of such descriptive criteria when **entering** notes, **as well as potential** repercussions from not writing them should be implemented. This way the department won't have to **depend** on an individual's ability to **remember** the particulars of a specific permit. With this implementation, the department will **be** securing improved audit trails, easing review and supervision, and contributing to the reliability **of** the permit fee calculations.

**Management Response (See Note 3):**

The Permit Clerks have never **received** proper training for their specific job responsibilities **as** well as the **technical** training required for **proficiency in the permit fee ordinance and application** of ordinance **with Permits Plus system**. We are in the process of **developing** a training plan and giving "one an **one**" training to the Permit Clerks.

**The issue** of proper professional **and** technical training **and mentoring** was non-existent in the previous Building Administration. It **is** the intention of the current Administration to hire an outside Consultant to develop a curriculum of training **classes** for the professional and non-professional personnel.

13. **Finding:** *Poor computer system controls in place*

Testing **performed** to Permit Plus, the computer **software** currently **used** by the department, revealed the following deficiencies in **need** of correction:

- a) **Data** entered into the **system** can **be overwritten** by anyone that has edit privileges without leaving any trails. The only fields currently protected are the Job **value**, occupancy **type**, the fields related to client's information, **and** square footage, on the 'General' screen only.
- b) Payments or adjustments for outstanding fees can be posted to a prior date. **Consequently**, payments or adjustments that **are** backdated to a prior date or period would not be included on the current daily activity report. Therefore, backdated transactions would not be noticed unless prior reports were re-printed and reviewed.

These deficiencies represent **significant weaknesses** that if not corrected could negatively **impact** the integrity of permit fees, opening a great **window** of opportunity for unscrupulous behavior.

**Recommendation(s):**

- a) The system should prevent any changes to existing information without proper authorization and without identification of the individual **making** the **changes**. In addition, **every** authorization should be accompanied **by a brief, but sufficient** explanation for the changes. Although the **department** may be considering upgrading their computer system, sufficient testing should **be performed** before its full integration in order to assure that adequate

controls are **implemented**.

- b) The **department** should correct the system in order to prevent the backdating of transactions currently **taking** place. Implementing this control will contribute to a higher **integrity** of permit **fees** and an improved reliability of daily reconciliations.

Management Response (See Note 1):

The previous Building Department Administration did not **have any written** policies and procedures nor did it have a **well organized** or **documented** business process and flow. This is evident in the application of the permit plus software which does not reflect the actual needs of the department in its functionality. Permit Plus has **some** features in its **software** that **were not activated and** thus the **software** was not utilized to its maximum **efficiency**. For example, **all users have access to make entries and** changes to **all** fields and compositions. The system has the **capability to restrict access** to users that are not required to **make** data entries in areas they are not responsible for. The previous administration did not restrict access to users **by** job function, thus creating a **system** with potentially **extensive security breaches**.

Currently, we are working with **IT** to restrict access **to** users **by** their job functions and have implemented the latest **upgrade** to the **system** which **contains** an audit trail. In addition, we are **actively** pursuing a **new system** whose software has security controls in **place** to ensure **system** integrity.

**We** are working with **IT** to **get the most** out of the system we currently **have**. **We** agree that Permits Plus **has** serious security **issues**.

14. Finding: *Insufficient segregation of duties on department processes.*

The building department in an effort to maximize **efficiency**, engaged in training sessions during which, every **permit** clerk **was** trained **as a** plan router and granted **system access** accordingly. In addition, permit clerks are responsible for the calculation and collection of **permit fees** for **every** permit. Clerks **also** reconcile the daily **permit** revenues collected at the **end of** the day. They **handle** the cash **register, the** safe, and have **system** clearance to **make** adjustments and **apply** payments, Considering these **facts**, **Internal** Audit opines that **insufficient** segregation of duties exist on these functions. **Inadequate** segregation of **duties** can contribute to a **deterioration** of controls, supervision, and a window of opportunity for **unscrupulous** behavior.

Recommendation(s):

Responsibility for the **daily revenue** reconciliation should **be** assigned to an individual with no relation to the collection, application, or adjustments of **payments** on the system. The combination for the **safe** should be changed, granting **access** to the individual in charge of the reconciliation and management only. The **reconciliation** should be completed, signed by the **preparer**, and taken to the cashiers no later than the next business **day**.

Management Response (See Note 1):

We have implemented the recommendations. **The** daily revenue collection and processing **will** be directly under the supervision of the Building Finance and Administrative Services Manager.

15. Finding: *Long processing cycles for Non Sufficient Fund (NSF) checks.*

Not only are Non-Sufficient Fund **checks** an **eminent** risk to the collection of **permit** revenues, **but** also a contributing factor to incur **additional costs** and **generate** processes to the department. Often a check is accepted for payment of multiple permits for which the department provides plan reviews, inspections **etc**. **Once** a check is identified **as** NSF, the **department** **p** **aces** a hold

Internal Audit Report  
 Building Permit Fees  
 July 3, 2008

on all permits paid by the identified check. At that point all work and inspections for those permits are put in a hold status preventing any additional services until all corresponding fees are paid. This is why timing is very important on this process. The longer it takes for the department to identify a NSF check, higher costs will be incurred by continuing to render services, and the collection process will become more difficult.

With this in mind, Internal Audit sampled sixteen (16) different checks identified as Non-Sufficient Fund (NSF) in order to estimate the average number of business days it took the department to identify them as NSF checks from the day they were accepted. The results are reflected on the following table:

STAGE OF THE CYCLE	AVERAGE # OF BUSINESS DAYS TO COMPLETE CYCLE
FROM DATE POSTED BY CLERKS TO DATE PROCESSED BY CASHIERS	1.87
FROM DATE PROCESSED BY CASHIERS TO DATE NSF NOTICE WAS MAILED BY BANK	7.81
FROM DATE NSF NOTICE MAILED BY BANK TO DATE BUILDING DEPARTMENT IS NOTIFY	5.62
OVERALL BUSINESS DAYS TO COMPLETE ENTIRE CYCLE	15.31

The average time for the department to identify the checks as NSF checks was 15.31 business days. As a result from the long NSF processing cycle, a representative responsible for the City's bank accounts was also contacted in order to find ways to improve the length of time it takes to complete the cycle.

Recommendation(s):

Subsequent to inquiries made to the bank representative, it was agreed that copies of NSF checks would be faxed to the Finance Department on a daily basis. This should contribute to reduce the amount of time to complete the cycle. Nonetheless, the Building department should create and maintain a list of bad accounts for individuals or contractors that have issued two or more NSF checks. Once a bad account is identified, no additional checks should be accepted. Only cashier checks, money orders, credit cards, or cash should be accepted from these bad accounts.

In order to facilitate identifying the NSF checks corresponding to the building department, the clerks should write the name of the department on every check that is accepted. In addition, the Building Department should maintain direct communication with the Finance Department to ensure that NSF notices are forwarded as soon as they are received.

Management Response (See Note 1):

We agree and will implement procedures.

16. **Finding:** *Outdated permit data was found on the department's computer system.*  
 Internal Audit requested a list of all building permits with "applied" and/or "approved" status from the department in order to select a sample of permits to analyze as part of our audit. As a result,

Internal Audit Report  
Building Permit Fees  
July 3, 2008

we **were** provided with multiple lists of permits adding up to 25,331 among them all, Subsequent inquiries about the volume of permits in applied or approved status for different permit categories and **sub-types** reflected an **overflow** of outdated permits and permit information **as** a result of data transferred from an **older** system to the one currently in **use**. The **excessive** amount of outdated permits included permits that should have been expired, but were **still** in applied **or** approved status; permits that work has been completed and CC and/or CO has been issued, still on "approved" or "applied" status, among others.

Recommendation(s):

Even though the department is well aware of this situation and is currently working to correct the data **overflow**, additional consideration and **efforts** should be **invested** in order to expedite the process. A cleaner **database** should contribute with more **reliable** information for analysis and decision **making**, and also would provide a better estimate of **revenues** that should have **been** collected, if **any**, on the remaining permits. **Collaboration** from the Information Technology (IT) department could be considered for a faster resolution.

Management Response (See Note 1):

We **agree** and are currently actively working with IT to **clean-up database**.

**Management Response - General Comment (Note 1) => =**

It is important to **note** that the Building Department **requested this audit because** Administration had many items of concern regarding the integrity and accountability of the enforcement of the City's Permit **Fee** Ordinance and **Revenue** collection process and procedures. **Many** of the findings of QBPI's audit were the initially items of concern to the Building Department Administration. Thus, the QBPI audit confirmed many of Building's initial findings. During the course of the audit, Building has been actively working on implementing internal controls to address **these** findings.

**EXIT CONFERENCE**

A **meeting** was held on March 11, 2008 to discuss the audit report and to solicit **management** responses noted **above**. Attendees were **Thomas Velasquez**, Building Director; **Grace Escalante**, Assistant Building Director; **Alexis Givings**, Building Services Coordinator; **James Sutter**, Internal Auditor; **Laura Rubines**, Assistant Internal Auditor; and **Fidel Miranda**, Auditor. **Management responses** were subsequently received and incorporated within the report. All were in agreement with the contents of this report.

(Audit performed by Fidel Miranda, Auditor)

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cc: Tim Hemstreet, Assistant City Manager  
Jorge Gomez, Acting Building Director  
Graciela Escalante, Assistant Building Director  
Patricia Walker, Chief Financial Officer

**City of Miami Beach**

**Building Department  
Organizational and Operational  
Review and Analysis**

**Exhibit C**

**Chamber of Commerce Report  
February 19,2008**

# MIAMI BEACH CHAMBER OF COMMERCE

## Building and Permitting Committee

February 19<sup>th</sup>, 2008

### Summary:

The Miami Beach Chamber of Commerce Building and Permitting Committee was created after receiving numerous concerns and **complaints** from the **business** and residential community concerning dissatisfaction with City services that affected both **members** and **non-members** of the MBCC. This committee **was** created to voice its concerns and suggest **balanced** solutions and improvements.

This committee was chaired **by** Calvin **Kohli** and its members included, Louis Martinez, Aaron Tandy, Alfredo **Gonzalez** and Michael **Larkin**.

The complaints primarily dealt with unnecessary hardships, irregularities in the implementation of public policies, procedures **and inspections**; as well as lack of follow up, information, or personnel and outdated building **and** permitting codes and enforcement techniques. **As** the City has thrived with more construction and **development**, the demand has risen, but quality and procedures are **outdated**. These is **an** urgent **need** of improvement with constant and consistent upgrades, including improvement of **the** knowledge **base** of personnel employed in related departments of the City of Miami **Beach** so that a uniform approach may be achieved.

The goal of this committee was to identify and address the legitimate concerns of the **community** when **it** comes **to** dealing with the various City of Miami Beach departments involved in the Building **&** Permitting process. This was achieved by holding several committee meetings and discussions with a diverse group of people such as business owners, legal representatives, architects, engineers, designers, residents, and other management and professional **entities**. **Information** was also shared and obtained in cooperation with **the** members of **the** Building Task Force, which was created by Commissioner **Saul** Gross.

The attached list will address some of the most **important** and immediate concerns that were identified, **followed by** some solutions and recommendations and other necessary follow-up. We understand that **the** City of Miami Beach has already initiated **steps** to **improve the** building **and** permitting process and **we** gladly acknowledge and appreciate that effort. Our findings are based on our interaction and hands-on experience. Our **report** should not be taken as criticism or judgment **but** rather as **a** joint effort to work with the City of Miami Beach, and the heads of its departments to assist them in identifying and

**improving the existing system, and to aid them with any support that they might need in order to accomplish this.**

Submitted by,

***Calvin Kohli***

**Chairperson, on behalf of the**

**MIAMI REACH CHAMBER OF COMMERCE BUILDING AND PERMITTING  
COMMITTEE**

**CC: All members / City of Miami Beach.**

## **PROCESS :**

The MBCC Building and Permitting Committee invited chamber members and non-members who **were** affected by building and permitting issues, along with residents who had heard about this committee and professionals who had dealings with the City departments involved in the **Building & Permitting** process, to attend **meetings/workshops**. The first meeting was held at the Chamber office, where open discussions revealed a lot of frustration and the **complaints** of several people, especially from the **business** community.

Thereafter, meetings were held regularly, and as the participation grew, so did the list of concerns. These discussions revealed several areas that needed immediate and long term solutions. We also had several participants from the **Building** and Permitting Task Force who raised their frustrations and were happy to see the MBCC Building and Permitting Committee working for a common goal – improvement of services for the community.

## **LIST OF CONCERNS & SOLUTIONS:**

1) **DEPARTMENTS:** The City's **Building** Department works together with several other departments like Fire, Planning, and Public Works. Most of the time the burden to **resolve** issues, **both** minor and major, with other departments **falls** on the business owners who **are** juggling coordination between departments. This causes a lot of delays, frustration and repetitious work. This discouraging **process** is frustrating and time-consuming and **can** add significant additional costs to the person who is trying to get matters resolved to avoid unnecessary **delays**.

**Solution:** More coordination and efficient communication is required between departments, and conflicts within the development process need to be resolved by the City. Inter-departmental computer networking should be established, Inter-departmental group meetings should take place on a **regular** basis. The departmental heads need to urgently review the **policies** and procedures **in** place and share these to make interdepartmental improvements and avoid conflicts. Department heads should meet **every** month at least to identify, solve and implement **new** procedures as required. Other departments need to review the **files** / cases simultaneously to avoid delays instead of waiting for one department to complete the review process. Copies of such documents should be provided to each department ahead of time for case review **etc.**

2) **UNNECESSARY PERMITTING:** **Permits** are a good way of governing procedures, but excessive and unnecessary permitting should be checked and changed. Items that require **permitting** should be identified and the ones that don't should be removed. For example, with regard to a re-roofing permit, the Public Works department should **have** no role in the review of a permit that will permit the re-roofing of a structure. Yet, Public Works is one of the required signatories for a re-roofing permit. This **is** a constant hassle for customers who are frustrated by excessive permits and accompanying paperwork and

requirements, and who **are** confronted by **unknown** procedures and constant changes to regulations or interpretation of those **regularities** dictated by personnel.

**Solution:** Permitting information should be **classified** and identified both via brochures and on the City of Miami Beach **website**. Unnecessary **permitting** should be reduced or removed. We need to encourage businesses from relocating so they can grow and prosper in Miami Beach. Therefore, a realistic approach **should** be put in place. User-friendly, easy-to-understand instructions and guides along with proper support should be provided. Building **permitting** fees should be regulated. **A** checklist should be provided of everything **required** from **A** to **Z**. Each application should **be** made to be processed with defined application **permit** fees and **the** removal of **any** permitting quota restrictions for personal delivery to the counter.

**3) INSPECTIONS:** The biggest complaint is regarding the inconsistency in inspections and of the inspectors who are **performing** these inspections. Each inspector adds to the previous inspection new requirements which incur costs, loss of **time**, delays in opening **business**, etc. Different inspectors at times show up for the same inspections and have their own conclusions, which change from one inspector to the other and from one department to the other. There **is** no consistency.

**Solution:** Inspectors should be **kept** up to date about the existing **and** new rules and regulations. The same inspectors should be handed a file / case from initiation to closing so there is no inconsistency in directions to customers. **Added** comments after re-inspection requiring additional work and re-inspections should be stated in writing and followed up. Conflict between **permitted** drawings and what an inspector enforces should **be** checked. The inspection process should **be** expedited especially if a customer has followed and met the requirements. Other **cities** offer 24-hour inspections and **this** should be considered. **A** checklist should also be provided at the beginning of the process.

**4) INCONSISTENCY IN INFORMATION/PERSONAL:** Poor attitude, misinformation and inconsistencies created by personnel **wastes time** as the customer is at the mercy of the personnel behind the counter. **Misinformation** leads to **delays**, and absolute discouragement **and** a **black** mark to the reputation of our **city**.

**Solution:** **The employees and the staff** need **incentives and information** to provide improved customer **service**. They lack consistency **in the information** they share and **give out to** the public at times. There needs to be efficiency to cut time that is wasted in a run-around. More information counters and live telephone **service**, Internet access and constant updates must be given. Educational briefings and frequent meetings **should be** held by each departmental **head** / supervisor and their staff / employees to increase their **knowledge** base. Better quality and professional, friendly services **should** be provided. Better customer service and an employee review must be done by the **supervisors**. **All complaints** should be assessed **fairly** and addressed. Supervisors need to review inconsistencies and take customers' legitimate concerns seriously and assist. **A** checklist should be made of improvements. Employees and staff should be better trained far good

quality customer service. Employees **should** be trained **and** kept up to date. People should feel welcomed by Miami Beach whether they want to reside or conduct business.

**5) INCONSISTENCY IN REVIEW PROCESS:** Each inspector reviewing a case or a file has a different opinion and there are excessive comments made. Once the business owner addresses the initial concerns, new comments and other requirements are identified during subsequent reviews thus wasting time and causing delays and frustration. There is inconsistency in enforcing rules and codes.

**Solution:** As stated previously, one inspector should be handed a few cases that he or she needs to close from the beginning to the end so no blame game goes around. Most important, the customer should not have to pay the price for inconsistent information especially when they are following procedures. The inspectors **should** follow the law and all ~~the~~ requirements, and they should be trained not to have contradictory comments or excessive comments **every** time they review a case or a file. A checklist should be also provided and a **review** supervisor should be made available for appointments to resolve discrepancies.

**6) LACK OF INFORMATION:** The City needs to clearly provide to professionals, architects, and engineers what expectations are required in a brochure or on a web site etc. Misinformation or no information hinders the progress. Professionals who **line** up to gather information are discouraged by lack of information and inconsistencies between personnel.

**Solution:** **Web Site / Technology / Brochures :** An updated web site with case information and status information should be accessible electronically via the Internet. More on-line services should be added like plan reviews, payments and change of names, etc. Checklists of all **required** data for each department, procedure and **employee** I inspector job description and requirement should be made available. More educated brochures I pamphlets **available** to simplify the process step-by-step including posting on the website. Real time data should be available 24 hours a **day**. **The** checklist of "**in-case** scenarios" should also be provided, such as extending permit time, renewals, etc.

**8) TCO: EXPIRED TCO and the CO PROCESS:** **Several** complaints and concerns were obtained on this subject that MOST of us are well aware of. The delays in issuance of the TCO (Temporary Certificate of Occupancy) have caused lots of legal problems. New codes in place have furthermore expanded these problems. Unnecessary obstructions and delays in granting certificate of occupancy, delayed inspections, added items which delay in obtaining occupational, license. Businesses end up **stuck** and lose money, which is discouraging. A checklist should also be provided for these matters.

**Solution:** Partial CO's and CO's to be issued and expedited when all requirements are met. We understand that the City has removed the TCO process.

**9) SHORT & LONG TERM GOALS:** There has been an oversight with the overdevelopment of our great city. ~~The~~ departments and their heads need to expand and

improve so as to keep pace with the development of this city both in short and long term. The departments need to be up-to-date and march two steps ahead in order to forecast the needs of **the** business community **and** especially the markets which caused an influx of **new** development.

**Solution:** **While** several issues require thorough **and** immediate analysis **for** improvements, short term and **minor** issues should be fixed immediately to ease the burden. The heads of the departments should be made aware of these situations and they should review the process, **meet** and resolve these issues. Changes should be implemented as soon as they can,

**10) CITY TASK FORCE/INDEPENDENT COMMITTEES:** To avoid this from happening and to remain constantly up to date, not only the department heads and their supervisors should **regularly** review the process in place and meet regularly and update their staff **and** bring forward the concerns of the community, but also the City Commission should permanently create a Task Force to review the process hand-in-hand with the departmental heads to keep the system efficient. Open forums may be held by the task force to review additional comments from the customers / professionals / general public as to further improve the existing system in **place**.

**11) PARKING IMPACT FEES:** Commission to review these fees and codes be modified so that **small** businesses can also survive. **This** code was made for larger business and creates a hardship for smaller businesses. As a result, we recommend a reduction in the parking impact fee amount of \$35,000 per parking space for small businesses. The foregoing parking impact fee amount creates an incredible burden on small start up businesses that cannot be easily absorbed.

**12) NEW REGULATIONS:** New regulations and requirements have been added while **the** MBCC Building and **Permitting committee** and the Building Task force has been meeting in trying to find solutions to the existing issues thus making it more difficult in some ways. Such rules, **like added costs** on application **fees**, would further burden the existing crisis. Minor solutions should be adopted immediately by departmental heads **after** review **and** other improvements should be placed in the pipeline. We **need** to make this process user friendly, customer-oriented, progressive and healthy for our beach economy and welcoming while following **procedures**.

**13). DELAYS:** The entire permitting process is marked with delays. This compounds the frustration of the whole process in place. The city should implement a system to expedite the process. Currently, all it **causes** are delays and further delays. City employees need to **be** courteous and not give super-extended appointments, thereby **causing** further delay. There should be a better system of generating appointments and assisting businesses and closing files. 15 minute mle. If additional staff is required then it should be done while **simultaneously** training and improving the existing staff who it seems have been on their own without any follow up or sufficient supervision. A **timeline** needs to be established at the outset, adhered to and cooperation from the City and its personnel to **meet** the time line encouraged.

14) HISTORIC PRESERVATION: Another point raised in our meetings has been the decisions made by the historic preservation board on issues that have no historic relevance. For example structures that are being replaced on private property that were originally constructed less than 15 years ago. We request that this board analyze all facts and use objective criteria and be friendly.

## **CONCLUSION:**

We understand and comprehend that the requested process and solutions **cannot** be implemented overnight but a direction must be adopted and plan of action put in place to achieve these goals. Some changes are minor while other are significant. These implementations are for general purposes and for all who conduct or intend to conduct business in the city of Miami Beach, and not for any special interest group(s).

The departments need to improve their services and procedures and implement ways to remain ahead of the game and not fall back. Staged **progress** needs to be made with these goals set aside with objectives to be followed, and everyone should be kept informed.

The requirements **once** initiated and finalized should be **placed in** a checklist format and on a **website** for both customers and city staff. **Special staff** members **can** be assigned for developers with several projects and special sections should be created for small business owners who are desperately trying to open businesses on their own. Assistance and guidance should be provided to these small business owners in a friendly format.

Improved customer service is required with knowledgeable staff to guide and assist customers **with** the Building and Permitting process. They should guide and be available to assist in application, permitting, review, plans and other processes involved. Added personal can also help resolve the burden.

Appointments should be made available for the professionals and others requiring information and **follow** ups. Legitimate complaints should be addressed and recorded. Based on our findings the reputation of the Building Department **must** be upgraded to professional and courteous standards, while maintaining its integrity.

A proper and complete brochure listing detailed process **and** requirements of each department, including a checklist, should be provided to the customer online or in print along with a **timeline** for completion of the process. **All** correspondence / communication **between** the **city** and **the customer** should be in writing with an **attached checklist** of requirements.

All data and case / file numbers must be updated and available online 24 hours a day. This **website** address should be printed on the application forms of all departments with instructions **and** be on the **checklist**. Electronic filing, **payments** and electronic submissions should expedite and make the system more **efficient**.

We would also appreciate if our committee could have a point of contact from each departmental head that we can deal with should we have any inquiry or need further information/ assistance.

We are forwarding copies of this summarization report to heads of all departments including the city manager and assistant manager. We would also like to invite the building department heads along with the city manager Jorge Gonzalez, and assistant city manager Tim Hemstreet to our upcoming Board of Governors meeting, which will take place on Tuesday, June 3<sup>rd</sup>, 2008 at 4:30pm at our chamber offices. Please mark your calendars, as your attendance and update / response to our compilation would be much appreciated.

If you have any comments or questions, please email them to me at [CKohli@ol.com](mailto:CKohli@ol.com) or contact Vanja Majkic at the Miami Beach Chamber of Commerce office at 305.695-6817.

Thank you for your attention.  
Best Regards,

**Calvin Kohli**  
Chairperson: Building & Permitting Committee  
MIAMI BEACH CHAMBER OF COMMERCE  
Board of Governor MBCC  
Government Affairs Committee MBCC

C.C:  
**Mayor & The Commission City of Miami Beach**  
**Thomas Velazquez : Building Director**  
**Graciela Escalante: Assistant Building Director**  
**Jorge Gomez : Planning Director**  
**Fred Beckmann: Public Works Director**  
**Sonia Machen: Fire Marshall**  
**Eric Yuhr: Fire Chief**  
**Tim Hemstreet: Assistant City Manager**  
**Jorge Gonzalez: City Manager**  
**Jose Smith: City Attorney**

**City of Miami Beach**

**Building Department  
Organizational and Operational  
Review and Analysis**

**Exhibit D**

**Building Department Benchmarking Survey**

**CITY OF MIAMI BEACH  
BUILDING DEPARTMENT BENCHMARKING SURVEY**

**Name of City or Political Subdivision:** \_\_\_\_\_

**Contact Person:** \_\_\_\_\_

**Contact Telephone:** \_\_\_\_\_

**Contact E-mail:** \_\_\_\_\_

**A. BUILDING FUNCTIONS AND PROCESSES**

1. General

- a. Attach a functional table of organization for your department (i.e. showing the organizational relationships of the **core** functions handled by your department).
- b. For each of these functions, identify by highlighting on the attachment those functions performed by outside contractors (**attach** copies of contracts) instead of City/County employees.
- c. Identify the **degree** to which the "Private Provider" process is used in your organization. What audit process **is** in place?

2. Walk-Through Plan Review

- a. Attach a list of the **types** of plan review that are handled by a walk-through process.
- b. For items handled by a walk-through process, check which of the following **apply**. (Select one that best applies.)
  - Interaction with customers is limited to the front counter (submittal of plans, receipt of comments). Plans are routed by staff.
  - Interaction with customers includes discussions with plan reviewers to aid in understanding their comments. Plans stay with the applicant who moves between reviewers.

c. Identify **the** level of availability of department personnel for plans submitted through the walk-through process. Check all that **apply**.

- Dedicated resources (special window, separate staff, etc.)
  - For residents  For businesses
- Specified times (e.g., 12 noon to 4 PM, Wednesdays, etc.)
  - For residents  For businesses
- By appointment
  - For residents  For businesses

d. **Describe** the **processes** used to manage walk-through customer queues.

3. Drop-off Plans Review

**For** each of the following, provide a brief description of the techniques used to manage **your** drop-off plan review process. (Use additional space, if required.)

<b>Process</b>	<b>Process Management Technique</b>
Plan review <b>turn-around</b> time	
Customer feedback regarding plan review comments	
Plan review productivity	
Plan review quality assurance - to ensure standardized reviews	
<b>Accuracy</b> of the fee calculation - application quality assurance.	

4. How do you **process the** multi-disciplinary components of plan reviews?

- Sequentially
- Concurrently

**If** concurrent, describe how the review of the components of varying disciplines are managed to eliminate **interdisciplinary** conflicts?

5. For each of the following, provide a brief description of the techniques used to manage **your** inspection **process**.

<b>Process</b>	<b>Process Management Technique</b>
Assignment of inspectors ( <b>by</b> area, region, permit type, etc.)	
Customer feedback regarding failed inspections	
Inspection productivity	
Inspection quality assurance • to ensure standardized reviews	
<b>Average</b> number of inspections per inspector per day:	

**B. SOFTWARE AND TECHNOLOGY**

6. List all software and technology used in your department to improve building process operations.

Use the table below to identify whether the software/technology **was** developed in-house or by a third party vendor and the functionality of the software/technology. (Use additional space, if required.)

Name of Technology/Software	In-House or Third party Vendor	Brief Description of Functionality
	<input type="checkbox"/> In House <input type="checkbox"/> _____ (name of vendor)	
	<input type="checkbox"/> In House <input type="checkbox"/> _____ (name of vendor)	
	<input type="checkbox"/> In House <input type="checkbox"/> _____ (name of vendor)	
	<input type="checkbox"/> In House <input type="checkbox"/> _____ (name of vendor)	
	<input type="checkbox"/> In House <input type="checkbox"/> _____ (name of vendor)	
	<input type="checkbox"/> In House <input type="checkbox"/> _____ (name of vendor)	
	<input type="checkbox"/> In House <input type="checkbox"/> _____ (name of vendor)	
	<input type="checkbox"/> In House <input type="checkbox"/> _____ (name of vendor)	
	<input type="checkbox"/> In House <input type="checkbox"/> _____ (name of vendor)	
<b>Attach additional sheets if needed</b>		

**C. PERMITTING FEES AND STRUCTURE**

**7. Fee Schedule**

- a. Attach a copy of your fee schedule.
- b. Provide the average frequency that your fees are updated.
  - Annually
  - Every 2 – 5 years**
  - More than every 5 years
- c. Is the fee structure based on a trigger such as the CPI ?  Yes  No
- d. Florida Statutes Section 553.80(7):

Describe the method your department uses for ensuring compliance with Florida Statute Section 553.80(7).

'The governing bodies of local governments may provide a schedule of reasonable **fees**, as authorized **by s. 125.56(2) or s. 166.222** and this section, for enforcing **this part**. These fees, and any fines or investment earnings related to the fees, shall be used **solely** for **carrying out** the local government's responsibilities in enforcing the Florida Building Code. When providing **a** schedule of reasonable fees, the total estimated annual **revenue** derived from fees, and the **fines** and investment earnings related to the fees, may not **exceed** the total estimated annual costs of allowable activities. Any unexpended balances shall be carried forward to future **years** for allowable activities or shall be **refunded** at the discretion of the local government. The basis for a fee structure for allowable activities shall relate to the level of service provided by the local government. Fees charged shall be consistently **applied.**'

Check the **response(s)** that best apply.

- Fees set-up in an Enterprise Fund
- Annual reconciliation of collections to department requirements
- 2 – 5 year reconciliation of collections to department requirements
- Other (please describe)

**D. PERFORMANCE MONITORING**

8. Provide a **list** of the most important performance measures used **in your department** and the relevant objective that you **are** trying to **achieve** by monitoring this measure. (Use additional space, if required.)

Performance Measure	Description of How the Measure is Calculated	Related Objective

**E. CUSTOMER SATISFACTION**

9. Check **all types** of methods regularly used to assess customer satisfaction.

- Customer complaint cards  
Customer feedback cards
- Periodic statistically valid customer satisfaction surveys
  - 1 – 3 **times** during the year  
**Annually**
  - Bi-annually**
  - Every 3 – 5 years**
  - More than 5 years
- Periodic customer focus groups
  - 1 – 3 **times** during the year
  - Annually
  - Bi-annually
  - Every 3 – 5 years
  - More than 5 years

- Continuous longitudinal surveys of satisfaction as the customer moves through the building process.
- Other, please specify.

Attach any **available** documentation regarding customer satisfaction rates in your department.

**F. COMPARATIVE STATISTICS**

10. Provide department work load information, regarding number, type and **value** of permits for the last year

Type	# of Permits	Value	Revenues
Permits Under \$1 million			
Building			
Demolition			
Electrical			
Elevator			
Generator			
Mechanical			
Plumbing			
Permits Over \$1 million			

11. Provide the following information regarding your department **and/or** jurisdiction.
- a. Population \_\_\_\_\_
  - b. Number of Building Department **employees** \_\_\_\_\_
  - c. Building Department operating budget (FY 2009) \_\_\_\_\_

Thank you for your participation.

Please contact Arnold **A. Broussard**, Consulting Manager, TCBA Watson Rice LLP at  
**(561) 315-5243, E-mail: abroussard@watsonrice.com**,  
 for any questions regarding this **survey**.

**City of Miami Beach**

**Building Department  
Organizational and Operational  
Review and Analysis**

**Exhibit E**

**City of Miami Beach  
Building Development Task Force Improvements  
Building Development Process  
Long and Short Term Initiatives**

## **BUILDING DEVELOPMENT PROCESS**

### **LONG AND SHORT TERM INITIATIVES**

There are many long **and** short term improvements that **are** being implemented in the Building Department and the other City **departments** involved in the Building Development Process.

We **have** separated **these** improvements into **four** general categories: technology, financial **and** management issues, service quality and internal controls issues. Below is a synopsis of each of these initiatives:

#### **A. Technology**

- i. Electronic Plan Review System – This system will expedite the **plan** review process by providing concurrent reviews, standardize the review **criteria**, **track changes to the revisions** as they **are** submitted, make the submittal process **easier**, and eliminate paper. A contract for the purchase of this system has already been executed **and** we will begin a pilot of the system during the **summer**.
- ii. **Central** Record Automation – The Department is moving aggressively towards digitizing our old paper and microfiche files. This process started earlier this year and is expected to be completed by the end of the year. As a result of **this** project, we **will** be able to reduce staff **and** turn-around time for records request.
- iii. Expanding on-line permit applications – The current permitting system allows for permits to be processed on-line in situations where **there** is an approved master permit and a subsidiary permit is requested under **that master**. The system is being programmed to be able to accept more permit **types** for on-line applications.
- iv. Complete forms on-line – **We are also expanding the** system capabilities so that the customer can complete forms on-line for other permits that required plans to **be submitted and have our staff** can upload it into our system when the customers come to the department.
- v. Hand-held computer in **the** field – **The Building Department** has **successfully implemented the** use of hand-held **and** several other departments involved in the Building Development process **are** currently in the implementation phase.
- vi. Implementation of **new website** – **This** project was recently completed. It provides a **more** organized **and** accessible interface with our residents **and** it expands **the number of transactions that can** be completed in the **website** such as on-line payments. The website link is: <http://web.miamibeachfl.gov/building>.
- vii. Permit Plus System Replacement – The City is pursuing the replacement of its permitting system to ensure **better security and** auditing **controls**, improve web **access**, allow information **sharing** with other databases in the City **and** make it

easier for our customer to do business with the City. We expect to complete this project in the fall of 2010.

- viii. Vehicle tracking system – The Department will be implementing a vehicle tracking system to ensure the efficiency of the inspectors, provide more real time data to our customers and serve as an internal control tool.

## **B. Financial and Management Issues**

- i. Multi-year financial reconciliation – The City has recently completed a five year financial reconciliation of revenues and **expenses** for the Building Department. The available balance has been identified for future Building Department expenditures and to implement the **technological** improvements listed above.
- ii. Update of Fee Ordinance – A consultant has been selected to develop a new fee structure. The objectives of the new fee structure **are:**
  - a. Simplicity for staff and customers
  - b. Move away from a value based system
  - c. Revenue neutral in the current year but have a self adjusting trigger in future years
  - d. Establish a **more** equitable fee basis between new construction and renovation
- iii. Data Integrity Process – **In order** to access the improvements in the Building Department, it is critical that the data used to measure performance being reported by the Department to measure its performance is highly **reliable**. All of the data routinely reported by the Department will be subjected to a detailed integrity process.
- iv. Outsourcing Opportunities – The Department has started to explore outsourcing opportunities, such as:
  - a. Call Center – The contract was executed and service will begin by **May 2009**.
  - b. Elevator Maintenance – A bid has been issued and recommendations for awards will go to the Commission in April 2009.
  - c. Records Management – A contract has been executed and we expect **all** records to be digitized within one-year.
  - d. Permit Clerk Function – This was recommended by the Watson Rice consulting group. We will explore the viability of this issue over the next few months.

- e. Plans Reviewers and Inspectors – We have established contracts to retain **plans** reviewers and inspectors on an hourly basis to be able to better adjust to changes in service demand.

### C. Service Quality

- i. Modify space configuration to better serve our customers – We **will** be modifying the space on the second floor to make more counter **space** available to service the customers, we will be moving our greeter (ticketing issuing and customer information person) to the first floor lobby area and create a nicer area for the customers waiting to get served.
- ii. Complete procedures manual for building department – The Department has began a process of identifying all of the processes utilized in the Department and procedures will be developed for all of them. The first phase will include cataloging **all** of the department's processes has already been completed. This is a long term effort.
- iii. Complete Plan Review Guide – The Building Development Task Force is working on the new Plan Review Guide.
- iv. Private Providers Process – The Building Department is finalizing the procedures to be followed by projects following the State optional process to have a private provider performed the initial plans review and inspection process. This will be completed in April 2009.
- v. Implement Plan Review Checklist – The plan review checklist will be implemented this summer as **part** of the phase-in of the electronic plan review process.
- vi. Implement Inspection Checklist - The capability of the existing permitting system to **implement** the **inspection** checklist is being determined, once this assessment is **completed**, we **will** know if **this** can be **accomplished** prior to the conversion to the new system.
- vii. **Set-up** quality control and inspection mechanism - The function of a quality control inspector **has** been created in the Building Department. This person also serves **as** an ombudsman to help resolve problems that our customer may have with any area of the operation.
- viii. Implement 24 hour walk-thru process - **Currently**, our **customers** have two options on how to get their plans reviewed through the Building Development Process, the Drop-Off and the **Walk-Thru** systems.

The plans that qualify for the walk-thru system are for small jobs and revisions to larger job that will take less than 15 minutes to review per trade. All other jobs are required to be Drop-Off.

We are looking to implement a third alternative to provide a different service option to our customers. The new alternative, that we are **calling the "24 hr walk-thru process"** will allow customers, whose permits **qualify for a walk-thru**, the option to drop-off their plans and pick-them up the following day.

This program is intended to provide **an expedited service** for small **jobs**. **The pilot phase** commenced on March 30,2009.

#### Phase I - Pilot Phase

The pilot phase that has the following restrictions:

- **Homeowners** - We **will**, initially accept only permit applications from homeowners, as per the **guidelines** currently in effect to grant homeowners priority **la the afternoon hours**.
- **Maximum of 5 drop-offs per day** will be accepted  
**Drop-off time:** Before 1:30pm; (if after 1:30 **pm** they **can pick it up** in 2 business **days**)
- **Pick up time:** after 3 **pm** the following business **day**  
2 copies of **the plans** will be required

We are imposing these limitations on the pilot program to ensure we can deliver on our promise to deliver the plans in 24 hours. We will run the pilot phase for approximately two months.

#### Phase II- Implementation of 24hr walk-thru

Based **on** the results of the pilot phase, **we** will adapt the parameters for the **permanent 24hr walk-thru process**. We will evaluate options such as increasing the number of plans accepted per day, expanding the program to accept small projects, **varying** drop off and pick up times, **etc**.

- ix. Technical Training for plans processors and inspectors - The Building Department is in the process of **finalizing** a training plan **for** each functional **section** of the Building Department. Once **approved**, the Building Department **will be** investing approximately \$100,000 per year over the **next** three to **four** years to give our technical staff the **knowledge** base, **tools** and resources required **to** be on top of the most current design and construction trends in the industry.
- x. New Queuing System - QMB - The current queuing system **utilized** for managing the walk-thru process is very rigid, does not provide for a transparent process as to **where** a person **is** in the process, does not show all customers that are still pending for each discipline's **plan** review, does not provide the information for the section Chiefs to **adjust staff levels depending on work** load, nor does it allow for an individual to be in multiple queues **at** the same time.

Understanding these limitations, during our meeting with the professional Plans Expeditors, they recommended that we look at the system utilized by the City of Miami. We have assessed their system and will be modifying to meet the City's security requirements.

As part of this system, we will place large monitors in the lobby area showing the different queues. This will make the process more transparent for customers, and avoid having customers wondering where they stand in the queue. This system will be implemented by June 2009.

xi. Customer Service

- a. Staff meetings – Routine staff meetings are being conducted to improve communications, discuss procedures and customer services standards and improve morale, these include:
  - i. Monthly meetings of the Building Development Task Force
  - ii. Bi-weekly Section Chiefs meetings in the Building Department
  - iii. Monthly Department-wide meetings in the Building Department
- b. Customer service training - The City offers mandatory Customer Service Training pursuant to the City's Standards of Excellence. In addition to this training the Building Department will bring in International Code Council (ICC) to target the sensitive issues regarding code officials and customer service.

**D. Internal Controls**

- a. Permit Plus Security Issues - The Permit Plus permitting software that the Building Department uses to process permit applications and records plan review and inspection data was lacking certain security protocols. Over the past two years, Building Department Support Services has been applying internal security controls into the system as much as is practical and feasible.
- b. Closed Circuit Television (CCTV) – The Building and Planning Departments have implemented a CCTV system to monitor the activities in these departments.
  - ii. Transfer cashier function to Finance Department – To enhance internal controls, the Department is coordinating with the Finance Department the transfer of the cashiering functions.

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**City of Miami Beach**

**Building Department  
Organizational and Operational  
Review and Analysis**

**Exhibit F**

**Building Department Comments Regarding Report  
Observations on the Department's Organization  
Structure (April 13,2009)**

# MIAMIBEACH

City of Miami Beach, 1700 Convention Center Drive, Miami Beach, Florida 33139, www.miamibeachfl.gov  
BUILDING DEPARTMENT  
305-673-7610

TCBA Watson Rice LLP-Miami  
Att: Arnold A. Broussard, Consulting Manager  
Golden Glades Office Condo Park  
500 NW 165 Street Road  
Suite 205  
Miami, Florida, 33169-6303

4-13-09

Dear Mr. Broussard:

I have the following comments to the observations found in the TCBA-WRLLP report dated 12-16-09 and submitted to the City April 8, 2009:

### **3 Quote from Page 6 and 7, 4th paragraph:**

*"The Building Department is **divided** into two major subdivisions: Administration and Operations. **The Administration division provides a variety of staff/support services. It is composed of building records and plans routing, engineering inspections, development services coordination, front permit counter processing, structural/building plans review, and information technology support.***

*The Operations Division provides minimum standards, provisions and requirements for safe and **stable design, method of construction and uses of materials in buildings and/or structures erected, constructed, enlarged, altered, repaired, moved, converted to other uses or demolished; and, it provides for the safety of workers and others during these operations and regulates the equipment, materials, use and occupancy of all buildings and/or structures. Operations includes plan review and inspection services in all disciplines and trade areas, accessibility plans review/inspections, and building code compliance/violations.***

**Response:** this paragraph describes the two major subdivisions of the Building Department. Please note that the description of the organizational structure you are describing is the Table of Organization that was proposed **to the City Manager's office by T. Velazquez and never approved by the City Manager.** Please note that under this "Proposed Table of Organization" (see attached Exhibit A) the Building Director was both Building Director and Building Official. Please see attached Proposed Table of Organization, Exhibit A.

In addition, please find the "Existing Table of Organization" (Exhibit B) which was the only approved Table of Organization (TO) for the Building Department which was in place under Thomas Velazquez's, tenure from March 13, 2006 until the City Manager approved a new TO for the Department under Alex Rey, Building Director, on 10-27-08.

Alex Rey, Building Director joined the Department in September 2, 2008 and as a result a **new** Table of Organization was proposed to the City Manager and subsequently

approved in October 27, 2008. (See attached Exhibit C). Please note that from July 2008 to September 2008 the Building Department under went a period of transition under an Acting Director (Mr. Jorge Gomez). In addition, the City brought back from retirement Mr. McConachie who was designated as the Building Official for the City.

**Quote from Page 12, 3rd and 4th paragraph:**

"The Florida Building Code defines the role of the building official and the operational relationship of those certified professionals who conduct the plans review and inspection functions of a Building Department. The Code is unambiguous about the designation of the building official (building code administrator) as the direct reporting authority for plans examiners and inspectors. Based on interviews with staff and a review of the functional areas assigned to the Department's senior management, **the formal (and informal) organization structure of the Building Department places certain reviewers/inspectors in a functional and structural organizational relationship where they do not report to the building code administrator, directly or indirectly; or, where they appear to report to more than one assistant director.**

The Engineering "function (sometimes referred to as Engineering Inspections)", for example, reports to the Assistant Director for Administration. The individuals who staff the function consist of the Chief of Engineering and approximately five (5) engineering inspectors. The Engineering" function, among other activities, is responsible for reviewing building and structural plans in compliance with the provisions of the Florida Building Code." Additionally, based on observations, interviews, and a review of internal documents, **the Assistant Director for Administration has been actively involved in the resolution of building plans review and inspection issues dealing with projects under construction and plans being reviewed. The Assistant Director for Administration does not report to the building code administrator and the position is not accountable to the building code administrator."**

**Response:**

The comment that **"the Department places certain reviewers and inspectors in a functional and structural organizational relationship where they do not report to the Building Code Administrator, directly or indirectly: or where they appear to report more than one Assistant Director"**, is not valid since you are referring to a TO (See Exhibit A) that was never approved. The Existing TO (See Exhibit B) was in effect through-out Thomas Velazquez's tenure and he was both the Building Director/Building Official. The functional and structural organizational relationship where certain reviewers and inspectors did not report to the Building Code Administrator simply did not exist.

The comment that **"the Assistant Director for Administration has been actively involved in the resolution of building plans review and inspection issues dealing with projects under construction and plans being reviewed. The Assistant Director for Administration does not report to the building code administrator and the position is not accountable to the building code administrator."** This statement is not correct since the TCBA-WRLLP report is referring to a TO that was in place under the tenure of Thomas Velazquez, who was the Building Director / Building Official.

In addition, please be advised that part of my job duties as the Assistant Director of Administration is to be involved administratively with all the internal and external

processes that occur in the Building Department and to facilitate those processes to the general public.

At the request of my then Supervisor, Mr. Velazquez, I attended many meetings with Architects, Contractors and Developers in regards to many administrative issues they had with the services offered by the Building Department.

**Please note that at no time, during Mr. Velazquez's tenure nor currently during Mr. Rey's tenure have I been involved in the resolution of, or determination of or interpretation of code and enforcement issues.**

In addition, please note that after Thomas Velazquez resignation in July, 2008, Mr. Jorge Gomez was the Acting Building Director and Mr. Richard McConachie the Building Official. It was made very clear to the Department that all code and enforcement issues were directly under the supervision of Richard McConachie. Soon after Mr. Alex Rey joined the Department as Director in September 2008 a new TO as we know it today was approved by the City Manager in October 2008.

Please do not hesitate to contact me if you would like to discuss this further or need additional clarification. My cell phonies 786-299-0115.

Sincerely  
  
Graciela Escalante R.A.,  
Assistant Director Support Services  
CMB Building Department

Cc:

Mr. Jorge Gonzalez, CMB City Manager  
Mr. Alex Rey, Building Director  
Mr. Tim Hemstreet, Assistant City Manager  
Ms. Rhonda Montoya-Hasan, Assistant City Attorney  
Mr. Richard McConachie, Building Official  
Ms. Graciela Escalante, Assistant Building Director  
Personnel File

# PROPOSED BUILDING DEPARTMENT ORGANIZATION



## OPERATIONS

## Administration

Cad. Compliance

Finance Services Section

