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# OFFICE OF THE CITY AUDITOR

City and County of Honolulu  
State of Hawai'i



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## Review and Assessment of the Department of Planning and Permitting's One-Stop Permit Centers

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A Report to the  
Mayor  
and the  
City Council of  
Honolulu

Report No. 04-02  
June 2004

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# **Review and Assessment of the Department of Planning and Permitting's One-Stop Permit Centers**

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Mayor  
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Honolulu

Submitted by

**THE CITY AUDITOR  
CITY AND COUNTY OF  
HONOLULU  
STATE OF HAWAII**

Report No. 04-02  
June 2004



## Foreword

This is a report of our audit of the Department of Planning and Permitting's One-Stop Permit Centers. The audit was conducted pursuant to Council Resolution 03-198, that requested the City Auditor to review economy and efficiency activities of eight departments that are primarily funded by general and highway fund appropriations. The City Auditor selected the department's One-Stop Permitting Centers for review because they are representative of ongoing efforts to streamline and improve a government function.

We wish to acknowledge the cooperation and assistance of the staff of the Department of Planning and Permitting, and others who we contacted during this audit.

Leslie I. Tanaka, CPA  
City Auditor



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# EXECUTIVE SUMMARY

## ***Review and Assessment of the Department of Planning and Permitting's One-Stop Permit Centers***

Report No. 04-02, June 2004

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This audit was conducted pursuant to Council Resolution 03-198, requesting the City Auditor to review economy and efficiency of certain departments' activities. The City Auditor selected the Department of Planning and Permitting's One-Stop Permit Centers because the centers are representative of ongoing administrative and departmental efforts to streamline and improve a government function – the building permit processing system.

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### **Background**

In 1998, as part of a citywide reorganization of the executive branch, the Department of Planning and Permitting was created by combining various land use and building permit functions into a single consolidated department. The new department initiated a complete re-engineering effort intended to result in a new departmental image, focusing on customer service, while seeking to remove redundancies, and improve, simplify and improve the permitting processes. New technological improvements, principally implementation of the new integrated online database system, known as POSSE, enabled the integration of many of the information requirements necessary for more effective permit processing.

Permitting functions were physically consolidated into new *One-Stop Permit Centers*. The centers were implemented with the intent to consolidate the various building permit approval functions into a single location. The one-stop permit center concept has been successfully employed to improve the building permit process in a number of other jurisdictions.

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### **Summary of Findings**

Major re-engineering efforts such as the Department of Planning and Permitting's reform of the building permit approval process requires careful, coordinated, and integrated implementation of all elements to ensure maximum potential for success. The Department of Planning and

Permitting and the City administration failed to adequately address the personnel requirements needed to effectively support the changes implemented. As a result, and despite the technological improvements and existence of a hard working and dedicated staff, the permit centers have not resulted in the projected efficiency and effectiveness improvements in the building permit process. While actions relating to the re-engineering process are still underway, there has not been the sustained focus on implementation of all required elements needed to realize the potential of an improved system.

**Finding 1: The One-Stop Permit Centers were implemented without adequate consideration, evaluation, or development of personnel requirements necessary to support changes and achieve improvements in the operational efficiency of the permitting process.**

- POSSE, an automated permit tracking and processing system, is a key technological improvement implemented as part of the department's re-engineering efforts.
- Creation of the permit centers is essential to the single point of contact, centralized permit processing implemented in the re-engineering process.
- Permit counter staff were overwhelmed by POSSE input requirements, and lacked proper skills and training to effectively execute the permit processing requirements.
- There are inadequate in-house training programs to ensure that staff are properly trained. External training has been curtailed, and staff turnover has resulted in a shortage of experienced in-house personnel to conduct training.
- Personnel skills required had been identified prior to implementation. Despite the knowledge that desired personnel changes are the most difficult and time consuming to implement, a proposal to address staffing issues was not proposed until 2002, three years after the reorganization was implemented.

**Finding 2: Permit centers continue to experience a number of operational problems that hamper the delivery of effective service.**

- Meaningful goals and objectives by which to measure the performance of the permit centers have never been developed.
- Although meaningful measures of performance are available, those that the department does report are not effective measures of building permit process performance.
- Successful one-stop permit centers generally employ a “concierge” position that utilizes a knowledgeable staff person to screen and direct applicants, and dispense information to applicants. The Honolulu Permit Center utilizes a part-time contract hire and, as a result, this essential position is often vacant.
- The Honolulu Permit Center has implemented a number of variations to process permits, with little explanation or rationale for the change. There are no mechanisms to evaluate the effectiveness of the changes, and changes are implemented with little explanation of guides to inform the public about process changes.
- Permit centers are hampered by shortages of staff due to turnover, inability and delays in hiring new staff, and a significant number of staff retirements. This has resulted in staff morale problems and high work demands upon existing staff.
- Online permit applications lack functionality and represent only about one percent of total building permit applications.
- POSSE has a number of capabilities, including electronic filing, payment processing, and user-accessible terminals, which are still pending implementation.

**Finding 3: The Department of Planning and Permitting has not addressed applicant responsibilities in the permit streamlining process.**

- Successful re-engineering of the building permit approval process places responsibilities on the applicants as well as the department.
- Department lacks clear guidelines, checklists, and other instructions or written assistance to facilitate completion of permit applications.



- Similarly online information is minimal and not user friendly.
- Staff may unwittingly encourage submission of inadequate work by making the extra effort to accommodate and work with inadequately prepared applications.
- Staff continue to work extra hours to complete work when overtime has been prohibited, making it more difficult for the department to justify its personnel needs. In addition, such practice may violate state and federal employment laws.

**Finding 4: The department's fiscal sustainability goal conflicts with its goal of operational efficiency, and can lead to the questionable application of building permit fees.**

- One-Stop Permit Centers were established as part of the department's goal to achieve efficient, timely service that is responsive to the needs of the public.
- In 2003, the department adopted a fiscal sustainability goal with objectives to review its fee structure and ensure that properties were properly valued for fee calculation purposes.
- In 2003, the City Council approved a department initiated move to increase building permit fees. However, in doing so, the Council stipulated that no fees or charges shall be increased unless it resulted in improved services and shorter processing times.
- There is precedent that building permit-related costs should be offset by the fees charged. However, since Honolulu's building permit fees are deposited directly into the General Fund, the nexus of building permit process fees to costs is lacking.
- The cyclical nature of the construction and building industry results in cyclical building permit fees that makes fiscal sustainability questionable as a goal.
- The department does not differentiate building permit-related costs from non-building permit-related costs, contending that all costs are building related. However, land-use and zoning activities have traditionally not been viewed as a private gain that can be associated with a valued assessment to cover costs.

- Funding practices and the conflicting nature of these goals can result in the inappropriate “crediting” of building permit-related fees to traditionally non-building permit-related activities. This can result in making it more difficult to secure funding for additional building permitted-related actions.

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## Recommendations and Response

We recommended that the Department of Planning and Permitting take the necessary steps to clearly identify, justify, and implement the personnel issues necessary to support the full implementation of the One-Stop Permit Centers. This includes determination of required staffing levels, staffing skills, and training to effectively support the re-engineering efforts.

In addition, we recommended that the department develop specific, measurable goals and objectives that can both guide and be used to effectively assess performance of the One-Stop Permit Centers and the changes in the building permit application process.

We also recommended that clear guidelines, checklists and other instructions for both staff and applicants be developed to assist in the successful navigation through the building permit process.

Finally, we recommended that the department establish a clear, defensible relationship between building permit-related functions and costs, and the fees charged to assist in its efforts to secure the necessary resources to fully implement its re-engineering efforts.

In its response to our draft audit report, the Department of Planning and Permitting concludes that it finds no value in the report and contends that it does not accomplish the express objective of the audit as stated in Resolution No. 03-198. The department further concludes that it believes the tone and characterization of the findings are hurtful and demoralizing to the staff. The department states that the report is highly biased, contains inaccuracies of fact, demonstrates a failure to understand the complex operations of the department, and is unbalanced in evaluating the operating performance of the department. While the department disagrees with the findings and conclusions, it contends that the recommendations generally have already been implemented and that it accepts or agrees with some of the recommendations.

The department further states that those who use the permit centers find it to be a vast improvement over the previous permitting system and that the audit does not properly evaluate the performance relative to the staffing shortage. Our report acknowledges that improvements in the building permit process have resulted from the permit centers and use of POSSE and that staffing issues negatively impact the process. However, based on the issues identified in our report, we stand by our conclusion that permit center users are not benefiting from the potential benefits of building permit streamlining.

The department is critical of the audit for not reviewing all the processes that it contends are involved in the building permit process. However, the focus and limitations of the review were always clearly stated to the department from the inception of the audit. We acknowledge and are aware of these additional processes, but they are not material to the findings of the report.

The department provided additional information clarifying points within the report, which, as appropriate, have been incorporated into the final report. Some of the information provided in the response directly contradicts information provided in files we reviewed and interviews we conducted. Overall the department's response did not include new information that would warrant a change in our findings or conclusions. We are aware that the land and building permit processes can be very complicated, but we also recognize that the majority of building permits are in fact residential permits that do not involve these other issues. Our findings address issues with the permit centers that exist regardless of land use and zoning issues.

Finally, implementation of the One-Stop Permit Centers as part of the re-engineering of the building permit process has the potential to improve the building permit process, but its full benefit cannot be realized unless the department and City administration effectively assess and pursue resolution of its personnel requirements.

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# Chapter 1

## Introduction

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This audit was completed pursuant to Honolulu City Council’s Resolution 03-198, requesting the City Auditor to review the economy and efficiency of certain executive departments’ activities. The resolution asks that the review identify activities and recommend how they may be performed more economically or efficiently, so that general or highway fund appropriations may be reduced in the executive operating budget for fiscal year 2004-05.

We selected the Department of Planning and Permitting’s One-Stop Permitting Centers for review because the centers are representative of ongoing administrative and departmental efforts to streamline and improve a government function—the building permit processing system.

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### Historical Overview

Building permits were developed to codify the oversight of building construction in order to ensure the safety and welfare of citizens; ensure construction and development proceeded in an orderly fashion; and mitigate the impacts of private construction on public property. As communities grew, consistency in building code requirements became more important, leading to the introduction of several “uniform” modern building codes at the beginning of the twentieth century.

Eventually, three major building code organizations emerged across the United States. The first two, the Building Officials and Code Administrators International and the Southern Building Code Conference International, published codes that covered the northeastern and southeastern areas of the United States, respectively. The third, the International Conference of Building Officials, published the Uniform Building Code (UBC) which became the “standard building code” for most of the western United States, including Hawaii. It is the code adopted by the City and County of Honolulu.

Model codes such as the UBC ensured consistency, facilitated compliance, and distributed the cost of code development across many jurisdictions. Typically, the UBC was updated every three years or so; some jurisdictions, including Honolulu, updated their own building codes to reflect these changes.

In 1994, the three model code organizations created the International Code Council to develop a comprehensive, coordinated family of construction codes that could be applied across the United States as well as internationally. The council published its first set of International Codes in 2000. Department officials indicated that the new International Codes have been reviewed but Honolulu’s building code has not been updated to reflect the changes. Honolulu’s building codes continue to be based on the 1997 UBC.

***Building Code  
Administration in the City  
and County of Honolulu***

Historically, building codes and building permit processing systems in Honolulu have been the responsibility of the City Building Department, which began as the Building and Plumbing Inspection Department in 1909. In 1998, the City implemented a major reorganization of its administrative structure. Its goals were to make better use of limited resources and develop a more publicly responsive, customer service oriented form of government.

Traditionally, building permit functions have been combined with other “building-related” functions such as construction of municipal buildings. Other “permitting-type” functions, such as zoning, land-, and utility-use permits, were done in separate departments. The citywide reorganization placed all development permit activities — including building permits, land use, zoning, and sewer connections — into a single department.

Effective July 1, 1998, the permit-related activities of the Building Department, the Department of Public Works, and the Department of Wastewater Management were combined with the land use-related functions of the Department of Land Utilization under a single, new Department of Planning and Permitting. Consolidation of the Planning Department’s functions into the planning and permitting department on January 1, 1999 completed the reorganization. Today, the department is organized into seven groups:

- Administration
- Building Division
- Customer Service Office
- Honolulu Land Information System Office (HoLIS)

- Land Use Permits Division
- Planning Division
- Site Development Division

These groups address five programmatic areas: 1) administration, 2) building, 3) customer service, 4) planning and zoning, and 5) site development.

The Building Division is primarily responsible for the building program, which administers and enforces building, electrical, plumbing, and housing codes. Together, the Planning and Land Use Permits Divisions administer planning and zoning program elements, including administration of the Land Use Ordinance and other regulations pertaining to land use. The Site Development Division administers and enforces the subdivision ordinance, flood hazard district regulations, and City standards and regulations pertaining to infrastructure requirements for site developments.

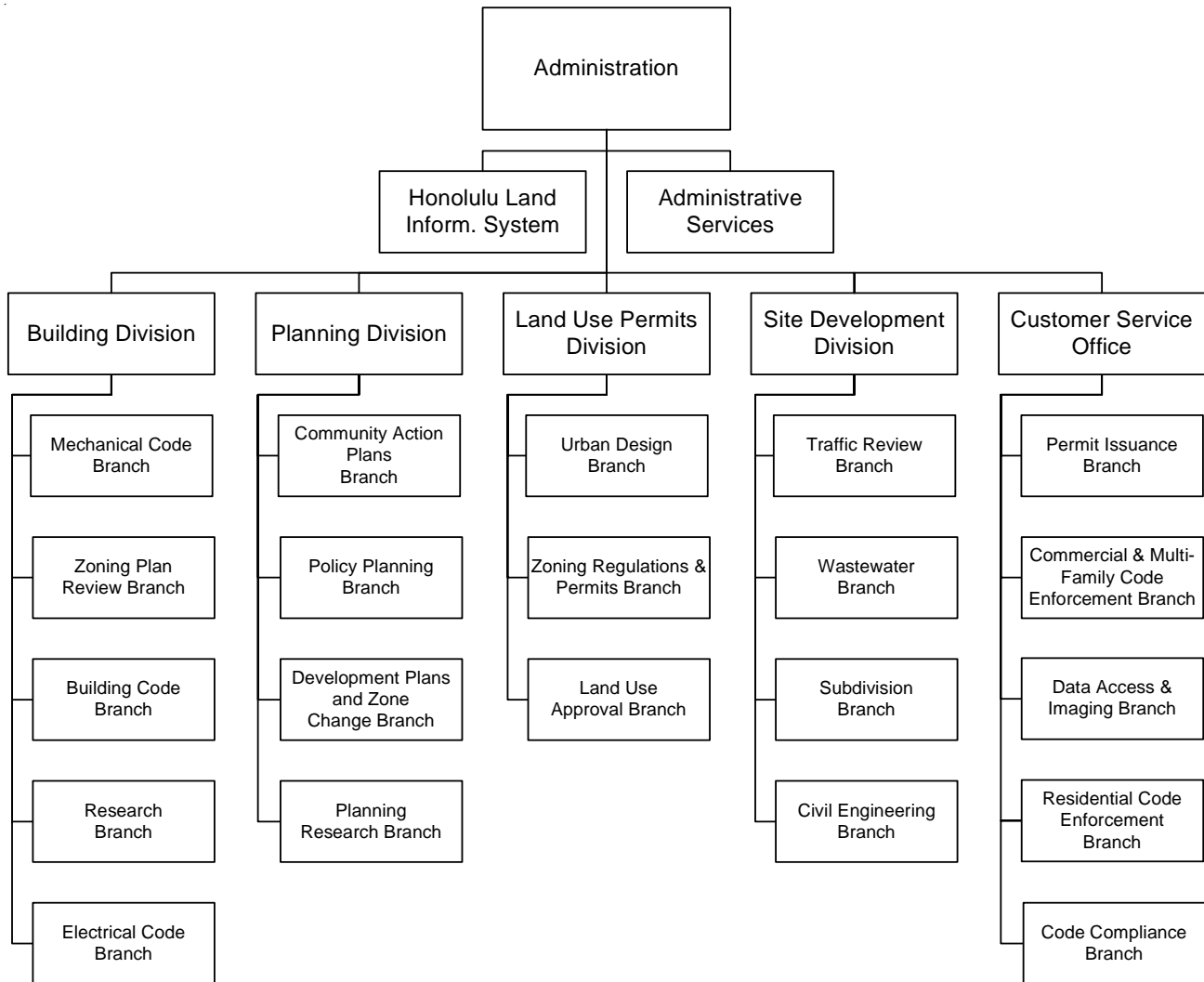
The Customer Service Office is responsible for front-line services to the public. The office administers the One-Stop Permit Centers and is responsible for handling customer inquiries; processing minor permits and permit application intakes; and collecting permit fees. The office also administers the consolidated permit records center and handles all complaints pertaining to violations of permit requirements.

Administration is responsible for planning, directing, and coordinating the activities of the department. It also administers the Honolulu Land Information System (HoLIS), the city's Geographic Information System (GIS).

Exhibit 1.1 shows the current organization of the Department of Planning and Permitting.



**Exhibit 1.1**  
**Department of Planning and Permitting**  
**Organizational Chart**



Source: Department of Planning and Permitting

**Project Innovation  
implemented to facilitate  
change**

The citywide reorganization that created the Department of Planning and Permitting also reduced the total number of departments from 25 to 14 and placed the department, along with the Departments of Design and Construction and Public Facilities Maintenance, in the Facility Development and Maintenance Group. All planning, permitting, design, construction and maintenance of public facilities and private projects were to be handled by this group. As a result, the department increased in size from 75 to 300 employees. Recognizing that physical reorganization alone would not achieve the desired improvements and changes in service, the new planning and permitting department's director initiated a re-engineering effort, "Project Innovation," to organize and facilitate the effort necessary for successful changes to service methods. Project Innovation established the department's mission:

*To provide development review and permit services embodying the highest levels of customer service. With a combination of professional planners, architects and engineers, highly trained support and technical staff, state-of-the-art technology and a re-engineered review and approval process, our department should be a model for government efficiency and effectiveness.*

The re-engineering effort's goal was to create a new departmental image, emphasizing a *customer service* orientation to meeting the needs of permit seekers. Under Project Innovation, all permit review and approval procedures were examined to identify redundancies, unnecessary steps, opportunities to otherwise improve, simplify, and change the various permitting processes.

Physical changes were implemented to improve customer service. For building permit processing, a major change was establishment of the One-Stop Public Services Center in the Honolulu Municipal Building. The consolidation streamlined the building permit approval process by eliminating the need to go to multiple locations and by providing coordination to assist building permit applicants.

**POSSE an essential  
element to improved  
permit processing**

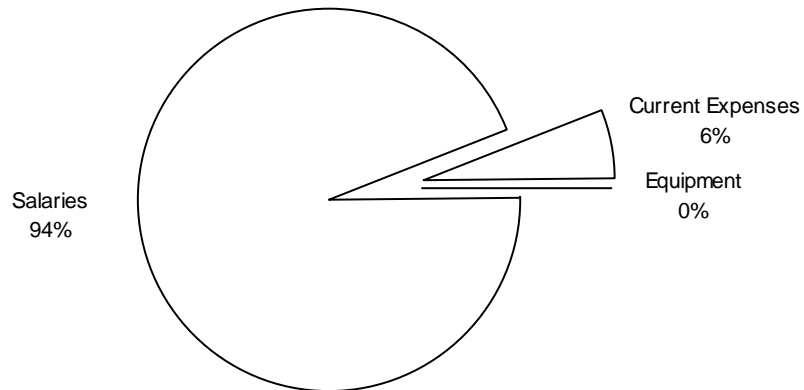
Proper technological and logistical support are essential elements in the department's conversion to its customer service orientation. To facilitate this, the department utilized its Automated Permit Tracking and Management System to computerize its permit processing. More commonly known as POSSE (Public One-Stop ServiceE), the software was developed by Computronix of Edmonton, Alberta, Canada. POSSE compiles all permit-related information online. Implementation

of the system significantly expanded the amount of building permit-related information online and allowed online tracking of permit application progress. It also integrated multiple sources of information into a single interactive database. POSSE, coupled with information already gathered, enabled staff and customers alike to quickly access information about properties and related permits. Linked with existing Geographic Information System (GIS) information, POSSE presented many opportunities for improving the department's operations.

***Personnel is the major expense***

The planning and permitting department reports that personnel is by far its largest expense, covering 94 percent of its FY2002-03 operating expenses. Exhibit 1.2 shows the magnitude of the department's personnel costs.

**Exhibit 1.2  
Department of Planning and Permitting  
FY2002-03 Operating Budget Expenditure Characteristics**



Source: The Executive Program and Budget, Fiscal Year 2005 City and County of Honolulu

In its FY2003-04 budget presentation to the City Council, the department reported 298 regular positions consisting of 297 full-time equivalent (FTE) positions, and 1 temporary position. The department also reported 1 contract position — totaling 299 positions. The department also reported that 63 of the 298 regular positions (approximately 21 percent) were vacant.

***Funding is primarily from general funds***

The Department of Planning and Permitting is principally funded through General Fund allocations, as shown in Exhibit 1.3.

**Exhibit 1.3**  
**Department of Planning and Permitting Appropriations by Fund Source, FY2001-02 to FY2003-04**

<b>Fiscal Year</b>	<b>General Funds</b>	<b>Highway Fund</b>	<b>Sewer Fund</b>	<b>Federal Grants</b>	<b>Total Appropriation</b>
FY2001-02	\$13,368,743	\$1,305,188	\$869,768	\$186,110	\$15,729,809
FY2002-03	\$13,190,808	\$1,402,185	\$953,846	\$209,614	\$15,756,453
FY2003-04	\$12,710,594	\$1,229,324	\$889,330	\$213,580	\$15,042,828

Source: Department of Planning and Permitting

Approximately 82 percent of the department's budget is general funded. The department, in keeping with the administration's goal, has adopted a self-sustainability objective. The department contends that its general fund support is offset by permitting fees and service charge revenues, which it returns to the General Fund. For FY2003-04, the department projected it would return approximately \$12.4 million of its \$12.7 million appropriation (97 percent) from revenues generated.

Revenues generated by the department are deposited directly into the City's General Fund. One result of this practice is that there is no direct link between departmental expenses and revenues. For instance, the department expects that for FY2004-05, building permits alone will generate \$11.5 million in fees — equaling approximately 86 percent of the department's total expenditures and exceeding those for building permits.

## **Objectives of the Audit**

1. Review and assess the impact of the Department of Planning and Permitting's One-Stop Permit Centers on the building permit process.
2. Make recommendations as appropriate.

## **Scope and Methodology**

The focus of the audit was on the department's One-Stop Permit Centers within its Customer Service Office. We examined processes

affecting both the Honolulu and Kapolei permit centers, but primarily reviewed the Honolulu Permit Center since the majority of permits and interaction with clients occurs there.

We assessed the effect of the one-stop centers' implementation on the building permit process. We also reviewed programs in the Building Division directly involved in the permitting process. Other departmental programs were reviewed regarding their relationship and involvement with the permitting process but were otherwise not examined.

We did not examine or review programmatic areas of the department that address land use, other than to identify their relationship to building permits. We did not specifically examine building permit processes where land use and zoning issues form part of the decision-making process. The review did examine the processes involved in building permit decision-making, but did not assess the appropriateness of actual reviews. We identified existing review processes but did not evaluate their effectiveness or efficiencies. Inspections and investigations resulting from complaints and the land use process were not specifically examined, other than to understand their relationship to the building permit process.

We reviewed other city and county and State agencies to the extent that they are involved in the City's building permitting process and/or function within the permit centers, but did not specifically evaluate their relationship or coordination with the building permit process and the planning and permitting department.

We reviewed existing and planned staffing levels, logistical and technological developments, and funding related to the creation and implementation of the permit centers. We examined internal departmental plans, reports, evaluations and other efforts to assess the impact of the permit centers and other efforts to streamline the permitting process.

We reviewed the building permit fees structure in conjunction with the management of the permit centers and the department's fiscal self-sustainability goal, but did not evaluate the efficacy of the fee structure itself. We did not assess the extent to which the fee structure increase is helping to achieve the department's fiscal sustainability goal.

We interviewed departmental administrators and staff as well as judgmental samples of consumers/clients of the permit centers and

building permit process. We also conducted visual observations and reviews of the permit centers and other related program areas.

We reviewed departmental goals and objectives towards achieving fiscal sustainability, progress in achieving this goal, and their relationship to streamlining and improving the permit process.

The audit was conducted between November 2003 and March 2004 in accordance with generally accepted government auditing standards (GAGAS).

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# Chapter 2

## The Potential of the One-Stop Permit Centers to Improve Efficiency and Effectiveness in the Building Permit Process is Not Being Realized

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The Department of Planning and Permitting has initiated a number of major changes to improve the efficiency and effectiveness of building permit application processing. However, failure to address fundamental personnel and operational issues as part of its reorganization efforts has negatively impacted improvements that have been made. Similarly, while the department engaged in considerable planning for some aspects of its reorganization, other areas appear not to have been adequately addressed. As a result, and despite the efforts of a hard working, dedicated staff, we found that the building permit processing changes implemented in the One-Stop Permit Centers have not resulted in improved efficiency and effectiveness of the building permit process.

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### Summary of Findings

1. The One-Stop Permit Centers were implemented without adequate consideration, evaluation, or development of personnel requirements necessary to support changes and achieve improvements in the operational efficiency of the permitting process.
2. Permit centers continue to experience a number of operational problems that hamper the delivery of effective services.
3. The Department of Planning and Permitting has not addressed applicant responsibilities in the permit streamlining process.
4. The department's fiscal sustainability goal conflicts with its goal of operational efficiency, and can lead to the questionable application of building permit fees.



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## Failure to Assess Personnel Requirements Has Hampered Permit Centers

The failure to assess and implement personnel adjustments necessary to support the building permit re-engineering efforts contradicts other departmental efforts to improve its processing system.

Previous practice often required building permit applicants to seek approval from several different departments in order to proceed with construction. In evaluating the need to fundamentally change to a more effective and efficient process, consolidation of the permitting processes in a single physical location was proposed to:

- Reduce the burden on applicants to visit numerous locations to process the same permit.
- Facilitate and coordinate the permit approval process by establishing a single point of contact, while easing steps needed by the applicant.
- Create an environment where different permitting entities would be aware of, and able to coordinate, individual permit requirements.

## ***POSSE is an essential element in reorganization***

POSSE (Public One-Stop Service), an automated permit tracking and processing system, was a key element in Department of Planning and Permitting's efforts to implement a more efficient and effective permit approval process. The importance of adopting new technologies to help improve building permit processing was clearly stated in the following goal, established as part of the department's Project Innovation efforts:

*Maximize the use of technology to support the efficient use of staff resources in providing superior customer services, and establish a departmental reputation for efficiency and productivity as a public agency.*

The department sought a system that would utilize mainstream technologies while centralizing and consolidating the permit approval process. POSSE was selected for its versatility and adaptability to be reconfigured to meet user needs without significant modification. It was designed to improve permit processing in a number of ways, including:

- Data Tracking – Identification of the status of an application at any stage of the permit process.

- Data Integration – Consolidation of information related to land use and permit processing into a single, integrated data base.
- Data Management and Maintenance – Consolidation of various data functions to allow one-time entry of information that can be retrieved by many.
- Data Retrieval: Permit Conditions – Retrieval and reference of information collected from various sources shown from a single source.
- Data Research – Simplification and improved speed of research relating to permits and land use records achieved through the integration of information into a single system.
- GIS Integration – Linkage of POSSE permit data and the City’s Geographic Information System (GIS) permitting graphical map information to be displayed with permit information.

POSSE enabled the various agencies involved in building permit approvals to be linked through a common computer program, a key factor for integration of the process. For these reasons, department officials concluded that the permit centers’ success and streamlining of the permitting process depended upon implementation of the POSSE system.

***Permit centers are an integral part of reorganization***

Creation of One-Stop Permit Centers was also integral to the reorganization. Department officials identified during the re-engineering analysis that a single point of contact for the building permit process was essential to improving the process.

Efforts to centralize and consolidate permitting functions did not originate with the permit centers, however. Prior to the city’s reorganization, the department had instituted a “Kokua Counter” for this purpose. With reorganization, the counter was terminated and replaced by the One-Stop Permit Center.

**Honolulu Permit Center processes most permits**

In 2000, the department’s One-Stop Permit Center in the Honolulu Municipal Building officially opened. The center was physically created by enclosing a portion of open floor space with existing office space.

The redesigned area accommodated the relocation of several permit-related functions from other floors or locations; services such as the Honolulu Fire Department and Board of Water Supply; the Customer Service Office's Permit Issuance Branch; the Building Division's Plans Examining Section; and the Zoning Plan Review Branch. The space was also designed to accommodate the principal building permit-related activities of the planning and permitting department.

A second permit center opened the following year at Kapolei Hale, but the Honolulu center continues to process most building permit applications. The department reported that approximately 85 percent of permits issued in 2003 were from the Honolulu Permit Center.

**Exhibit 2.1**  
**The Honolulu One-Stop Permit Center Counter**



**Honolulu's "one-stop" center is a misnomer**

Although the Honolulu Permit Center consolidated various application and approval permitting activities into a single center, it has not achieved its intent of being a "one-stop center." At least two building permit-related approval agencies are not (or are only partially) integrated into the permit center.

The state Department of Health is required to approve building permit applications for a variety of projects including food establishments, beauty salons, and those involving commercial air conditioning. As the county did not have a means to compel state participation in its single permit center, Department of Health permits must still be applied for directly. But even if the health department had agreed to integrate functioning, space limitations may have prevented it joining the Honolulu Permit Center.

**Exhibit 2.2**  
**The Honolulu Permit Center Has Consolidated Most Permit Functions Into One Location**



Space limitations at the permit center have contributed to a split in services from the Honolulu Board of Water Supply. The board must approve building permit applications that involve additional or changes to existing plumbing fixtures; and those that may affect water easements, meters, and wells. The Honolulu Permit Center lacked the space to house information necessary for the water board to approve some types of applications. For those instances, applicants must go to the Beretania Street Board of Water Supply building to seek permit approval.

However, the department has successfully consolidated a number of other formerly separate steps, such as wastewater (sewer) management, fire and electrical code, and some Board of Water Supply applications.

These approvals can now be secured at the Honolulu Permit Center. A departmental official also reported that the physical proximity within the center has resulted in increased knowledge and coordination between agencies. Greater interaction and awareness has developed among staff as a result of the increased communication made possible through location in the center.

### **Kapolei Hale Permit Center’s services are limited**

The Kapolei Hale Permit Center opened in 2001, a year after the Honolulu Permit Center. Although both centers are referred to as “one-stop,” the Kapolei Permit Center has never had the resources available to effectuate this. Kapolei’s permit center was established primarily to service Leeward coast projects, as opposed to the island-wide orientation of Honolulu’s permit center. Permit processing at Kapolei is limited to “modest permit processing” such as signage, simple remodeling, and residential permit applications. Inspection services that serviced the Leeward area were also relocated to the Kapolei Permit Center.

#### **Exhibit 2.3 The Kapolei Permit Center Has Only Two Permit Counter Staff**



While the Kapolei Permit Center can accept all permit applications, more complex and commercial use applications are forwarded to

Honolulu for processing. In addition, with the advent of its “online permit application process,” the department assigned Kapolei center staff the responsibility for transferring permit application information into POSSE and informing applicants when their applications are ready for processing.

Staffing for the Kapolei Permit Center was achieved by transferring staff from the Honolulu Permit Center. Despite this, the Kapolei center has never been fully staffed in accordance with its official organizational makeup. The “branch chief” position meant to head the Kapolei center has never been filled and a plans reviewer position remains vacant.

#### **Exhibit 2.4**

#### **The Board of Water Supply is the Only Other Agency in the Kapolei Permit Center**



#### **Disparate workloads exist**

As noted above, the Honolulu Permit Center processes the majority of permit applications, maintains a larger staff, and offers more permit-related services than Kapolei. Despite this, we found that a workload disparity exists between the two centers.

We asked the department for the number of permits handled at each center. The department reported that in 2003 the Kapolei center issued

2,387 permits and the Honolulu center issued 13,328 (nearly a 1:6 ratio). Kapolei, with two permit counter clerks, averaged 1,193.5 permits per clerk while Honolulu averaged 2,468 permits for each of the average 5.4 permit counter clerk positions staffed — nearly twice the number per clerk as in Kapolei.

Though we recognize other factors (such as the Kapolei center’s acceptance of applications that are completed by Honolulu) can affect workload figures, there still exists a significant disparity in permits processed between the two centers. Further, with limited staffing at the Kapolei center, personnel from the Honolulu Permit Center may be required to “cover” Kapolei when there are staffing shortages due to illness or vacation.

***Personnel requirements were inadequately assessed prior to implementation***

Proper assessment and implementation of personnel adjustments are essential elements in any re-engineering project. The department implemented both physical and technological changes as part of its reorganization. Considerable planning was involved in the identification and implementation of POSSE, its integration with the city and county’s geographic information system (GIS), and the computerization necessary to implement the system. However, we found that there was insufficient consideration of staffing requirements and the adjustments necessary to effectuate them. As a result, the permit centers’ ability to improve the building permit process is hindered.

Extensive workflow analyses were performed in preparation for implementing POSSE and personnel were relocated to the new centers. However, it does not appear that essential elements such as determining the number and skill mix of personnel needed to effectively support both POSSE and the new, streamlined permit process were considered.

**Permit counter personnel overwhelmed**

Both departmental officials and applicants reported that permit counter staff were overwhelmed by having to set up POSSE accounts for all building permit applications and assisting applicants at permit counters. POSSE is a sequential system, requiring completion of a series of steps for the computerized permit tracking system to function. When initially implemented, responsibility for entering initial building permit application information into POSSE rested with permit center counter clerks.

Departmental officials noted that a major problem with POSSE is the time it takes to enter data required to establish a new permit application.

POSSE requires that a computer record be established to proceed with the application process; also, some required information is needed to meet reporting, not permit application, requirements. For example, information for the State Data Book must be entered as part of the building permit application procedure. We found no evidence that officials assessed POSSE's data input requirements before implementing the system. Although training was provided on how to use POSSE, test runs or simulations of the application process might have brought this problem to light before the system was put into operation.

### **Permit processing input requirements continue to slow permit intake**

Applicants reported that implementation of the new system immediately slowed the building permit process, noting it was not uncommon to wait three or four hours to be seen by a permit counter clerk. Some could spend hours at the permit center yet not be serviced. One applicant reported that even at POSSE's inauguration, a demonstration of the new "20-minute process" took over 45 minutes -- made possible only because a number of steps had been completed before the demonstration started. Applicants also reported that although permit counter personnel are now more skilled and various adjustments have been made to the process, it is still possible to wait hours before seeing a permit counter clerk.

In an attempt to alleviate the logjam created by POSSE's processing requirements, department officials prioritized the data entry requirements. Information not considered essential for initial intake but still required for POSSE permit tracking was assigned to a staff member on loan from the department's Honolulu Land Information System (HoLIS) office. While this relieved the permit counter clerks of some entry requirements, it remains a temporary solution. Further, because the loaned staff member does not have a building permit application background, data is entered but its accuracy and correctness is not reviewed.

### **Skill requirements were not identified prior to implementation**

Another problem with conversion to the POSSE system was a failure to ensure that permit counter clerk staff possessed proper skills and training prior to implementation. Both departmental officials and applicants reported that permit counter clerks were not adequately trained to perform their new duties. For instance, in addition to POSSE input skills, clerks should be able to read blueprints to understand what they



are reviewing. Lacking these skills, the clerks must often seek the advice of other staff. This both delays the intake process and distracts other employees from their normal functions.

Notably, the skills needed to properly staff the permit counter had previously been identified. Personnel who staffed the Kokua Counter, the 1998 precursor to the current one-stop centers, provided their feedback and concerns, many of which were similar to those encountered with the present permit center. However, these concerns were not dealt with and it was not until several years after the permit center opened that a proposal to address its personnel requirements emerged.

### **Proposal to adjust staff support not introduced until 2002**

In 2002, three years after reorganization, the department proposed the creation of a “permit technician” position to upgrade and replace the clerical classification of the permit counter staff. The proposal recognized the disparity between existing skill requirements outlined in the clerical job classification and those desired to effectively perform as permit counter clerks. The proposal also established a “career track” intended to encourage staff to remain in these positions.

A departmental official noted that while the staffing proposal has had a positive reception from City administration, the earliest some of the changes can be expected is FY2005-06, six years after the permit centers opened. Failure to assess and address these personnel requirements early in the process has caused longer delays in needed adjustments and continues to hamper the department’s goal of improving its permit-processing system.

### ***The department lacks adequate training programs***

The lack of effective training programs, manuals, and other guides also impedes the smooth delivery of building permit application services. Our requests to review building permit process training-related materials yielded limited information. A permit supervisor was able to produce a few handwritten checklists, but stated that no formal training manuals or other source documents existed. One published guide that was referenced was more than 16 years old; the supervisor admitted much of its information was outdated, although some general information remained relevant.

The usefulness of guides and training materials is recognized. Department officials produced procedures manuals and guides that have been in place and utilized by other divisions within the department.

We found that a draft procedures manual had been prepared for the Kokua Counter, the preceding permit-processing center. However, two Customer Service Office staff expressed no knowledge of such a manual. The department official who drafted the Kokua manual informed us that her involvement in its development ceased with the termination of the Kokua Counter. The department was unable to provide evidence of similar efforts to develop a procedures manual for the new permit center.

### **Staff turnovers impact in-house training**

Departmental officials acknowledged that building permit process and application training is mostly informal, on-the-job, and dependent upon more experienced staff to provide guidance. Without guidelines or manuals, there is no assurance that staff are consistently trained.

The department also noted that since reorganization there has been a significant turnover of experienced staff, with many of the most experienced retiring. An official reported that 11 staff retired at “about the same time” in 2001, and the trend has continued. This results in a loss of “corporate knowledge,” or ability to transfer knowledge gained through experience to newer staff. Separations, new hires, and a lack of formal reference and training materials results in poorly trained staff who lack the knowledge to effectively carry out their duties.

### **External training has been curtailed**

Training from various national organizations is available for some of the more technical aspects of building permit processing, such as understanding and interpreting the UBC or newer International Construction Codes. However, funding for training has decreased, and a departmental administrator reported the ability to send staff to external training opportunities is limited. Another official stated, though, that external training would still be considered if divisions submitted such requests. Internal correspondence supports the variability of funds for training, but unless properly communicated, this could result in a reluctance to request such training.

Regardless of whether the inability to attend external training is perceived or actual, failure to secure such training still results in the diminished

ability of senior staff to keep up with current practices. In turn, they are unable to provide updated guidance to other staff through on-the-job training.

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## **Permit Centers Continue to Experience Operational Problems that Hinder Service Delivery**

The department's Honolulu Permit Center experiences operational problems that impede its ability to provide effective services. We found that the department has not established meaningful goals and objectives or provided benchmarks against which performance can be measured. As a result, there are no effective procedures with which to evaluate performance. Adjustments in services appear to be reactionary and are implemented without evaluating their effectiveness. We also found other practices and procedures, implemented to assist with and streamline permit processing, which appear to be ineffectual.

### ***Measurable goals and objectives have not been established***

Government programs and services exist to achieve stated goals or purposes. Government agencies are expected to achieve such purposes in an efficient, economic manner. To determine whether an agency's purpose is being achieved and how effectively it is doing so, measurable standards must be established. We found that meaningful goals for the permit centers and improvement in the building permit application process have not been established. The few performance measurements that are reported do not provide meaningful feedback about the centers' effectiveness.

We asked department officials for copies of any plans, evaluations, performance measures, or evaluation mechanisms used to assess performance of the permit centers. We found that no specific goals or expectations have been established nor evaluations or assessments performed. One official was unable to answer questions concerning how the department knows whether the permit centers are achieving their intended purpose, how it evaluates what works and what does not, and how it determines what adjustments are needed. Another reported that commonly understood objectives exist but was not aware of any in writing. She noted, however, that while she was not aware of any specific measures of success, effectiveness, or of any evaluations or assessment efforts, that many issues and ideas are informally discussed.

### **Reported performance measurements have little meaning**

The department reports the number of permits processed each year and the purported value of the permits issued. However, neither are effective measures of building permit process performance.

The number of permits processed reflects the health of the construction industry and economy in general, but is not a measurement of permit center performance. By itself, it does not demonstrate that any given change in the building permit process is more or less effective. Factors such as average time to process permits, number of permits processed compared to number of applications submitted, or similar measures would provide more meaningful measures of performance.

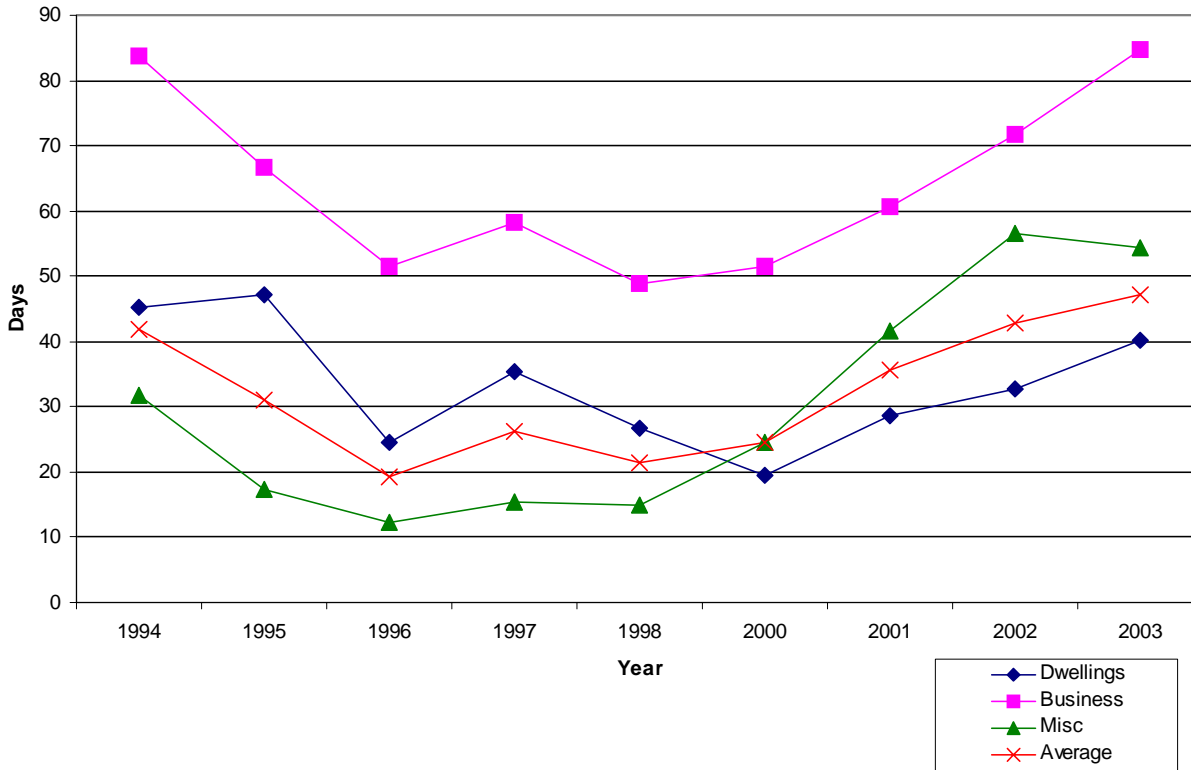
Permit values are also an ineffective measurement of performance. Building permit-related fees are based on the value of the project requesting a building permit, making value indicative of the revenue the department can expect from an application. The department is therefore obliged to verify that the stated value of a proposed project is reasonable. Staff reported they use standardized estimates based on the nature of work requested to verify that stated project values are reasonable. While permit values are an important indicator of expected departmental revenues, they are primarily a reflection of market forces affecting the proposed construction, not a measurement of the effectiveness or efficiency of the building permit process.

### **Meaningful measures are available**

Although the department has not yet articulated meaningful performance measures for its building permit process, the POSSE permit tracking system is already capable of reporting such measures. For example, POSSE can report the average number of days to process building permits by type. By comparing these times to data collected before POSSE's implementation, the department could determine whether the new system has quickened, or improved, the permitting process.

However, as shown in Exhibit 2.5, total processing time has steadily increased since the 1999 reorganization and birth of the permit centers. While the data does not explain the reason for the increases, it does illustrate an area that needs to be addressed. It also confirms applicants' concerns that delays in obtaining building permits are growing as the volume of applications increases.

**Exhibit 2.5**  
**Average Days to Process Various Building Permits**

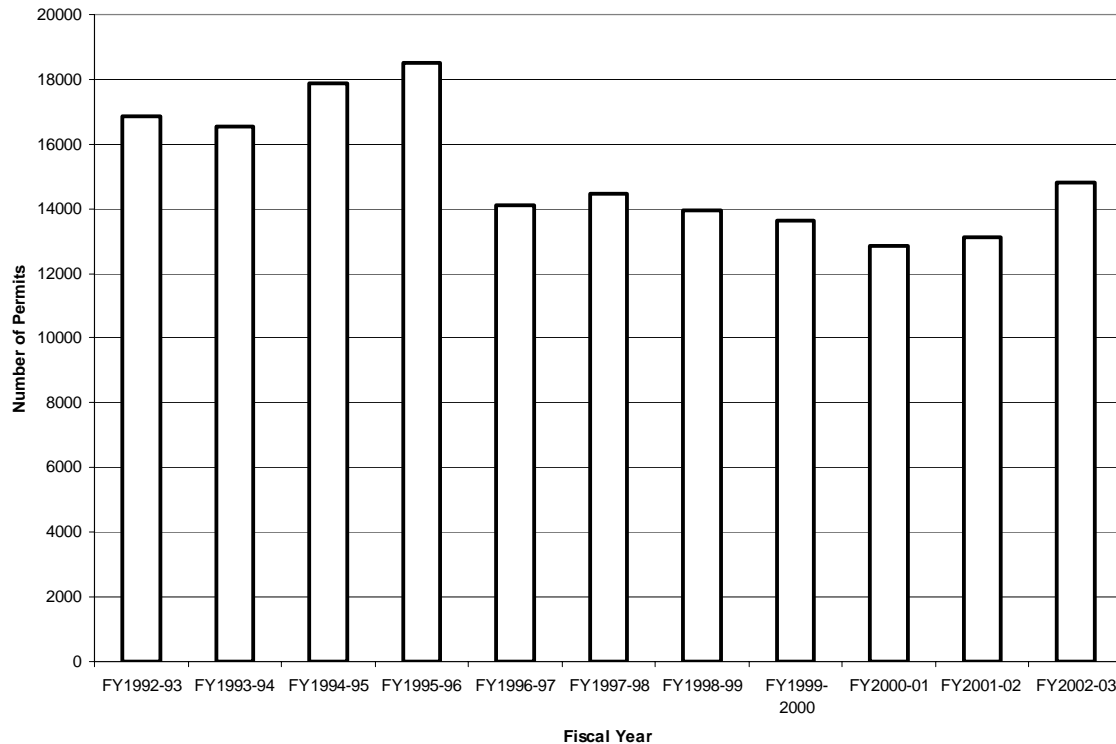


Note: Data for 1999 was not generated due to the transition in systems

Source: Department of Planning and Permitting

Furthermore, while applications have risen as shown in Exhibit 2.6, the annual volume of permits issued has dropped. Departmental reports show that the annual number of permits issued between FY1992-93 and FY1995-96 exceeded those issued in the last year. Such figures support concerns that establishing the permit centers has not streamlined the building permit process. Perhaps more importantly, such information should alert management to potential workload or process issues and trigger them to identify corrections or changes needed.

**Exhibit 2.6**  
**Building Permits Issued Per Fiscal Year, FY1992-93 to FY2002-03**



Source: Department of Planning and Permitting

The department has also demonstrated knowledge of meaningful measurements. Planning documents we reviewed identified specific performance measures that could be used as a guide to determine effectiveness and efficiency and provide more meaningful information than the measures currently used. However, no examples were found to indicate the department has employed these measures to assess performance.

***Permit processing deadlines are meaningless***

Section 91-13.5, Hawaii Revised Statutes (HRS) requires agencies to adopt rules that specify a maximum time period in which to grant or deny any permit, license, or approval. Failure of an agency to grant or deny an application within the established time period becomes an approval by default.

In December 1999, the Department of Planning and Permitting revised its procedures for processing building permit applications by introducing

the Automatic Approval process, a series of time limits in which to review applications. These are shown in Exhibit 2.7.

**Exhibit 2.7**  
**Automatic Building Permit Approval Guidelines**

Category	Maximum Time Limit before Approval
I. Single-family/duplex dwellings, alterations and additions, accessory structures, walls and fences	2 full working days
II. Projects with valuation less than \$50,000, sign permits, and relocation permits	14 calendar days
III. Projects with valuation between \$50,000 and \$999,999	28 calendar days
IV. Projects with valuation between \$1,000,000 and \$9,999,999	42 calendar days
V. Projects with valuation \$10,000,000 and over	70 calendar days

Source: Department of Planning and Permitting

Departmental policy states that if a second review is required, the time limit for review is one-half the initial limit. Procedures were also established to resolve any problems should a permit not be approved after a second review. Adoption of these guidelines and time limits was part of the department’s effort to issue permits more quickly, consistently, and predictably.

Departmental staff and applicants both acknowledge that these time limits are essentially meaningless. Although any applicant can request automatic approval if the time limit is exceeded, issuance of such a permit will not stop the department from revoking it if the submitted plan is subsequently determined not to meet “basic adequacy requirements.” Aware that this potential revocation may create more problems than the delay, applicants generally do not apply for the automatic approval. In addition, the self-certification option given to applicants or their licensed professional representative is not viable due to the liability concerns the professional would incur.

We requested a POSSE report showing the number of days to review each building permit application by category. A random number of applications were then selected in each category for review of compliance with approval deadlines. We found that time limits for

commercial permit processing had been routinely surpassed. In one sample, the average processing time for all permits in that category was almost double the allowed time and over a third of the applications did not meet the department's own guidelines for processing.

The large number of applications exceeding the prescribed deadlines coupled with the reluctance of applicants to pursue automatic approval limits renders the automatic approval deadlines meaningless. Since staff are aware that applicants generally do not pursue automatic approval, there are no consequences for failure to comply with timeframes. Supervisors acknowledged that they do not monitor or enforce overdue permit applications. Furthermore, given that the department-established application approval timeframes are presumed to be realistic estimates of the time needed to process various applications, we conclude that by the department's own standards, its reorganization and streamlining is ineffective.

***Adjustments appear to be stopgap and reactionary***

The Honolulu Permit Center and supporting staff have instituted a number of operational changes to try to alleviate some processing problems. Applicants also noted that permit center staff are sincere, hard working, helpful, and try their best given that they may also lack some needed skills. However, without meaningful guides, measurements, or analyses, the adjustments appear to be reactionary, makeshift solutions. Some adjustments revert to previous procedures with almost no notice. Others appear reactionary and do not address underlying issues, such as personnel problems.

**Permit Center lacks fulltime concierge**

The Honolulu Permit Center was designed to accommodate a "concierge," or reception/information desk to assist and guide applicants towards appropriate service areas and help alleviate overcrowding in the permit center. The concierge desk is prominently located, directly facing the entry to the permit center and a logical "first stop" for anyone entering the center.

Common practice in other jurisdictions is to use such a position, which can be vital in promoting effective operations. A concierge, literally a gatekeeper, can perform initial screening, determine applicants' permit processing needs, and direct them to appropriate next steps. To be effective, a concierge needs to be knowledgeable in the process; when functioning correctly, a concierge can eliminate confusion, provide



essential first contact information, and assist in the effective flow of work within a permit center.

The Honolulu Permit Center's concierge position is filled by a part-time contract hire. Department officials reported that the contract hire is a retiree who is knowledgeable in the basic permitting process. However, with only part-time help, the station is often vacant, leaving applicants to fend for themselves. The officials said that filling this position full-time with a sufficiently trained person would improve the applicant flow in the permit center and probably relieve some of the demand placed on the permit counter clerks. This opinion appears to be supported in other jurisdictions, where, unlike Honolulu, establishment of the concierge position with qualified personnel was included as an integral part of reorganization.

### **Department vacillates on ticketing system**

The permit center uses a numbered ticket system to alert customers they are ready to be served. The department's FY2002-03 annual report states that a one-ticket system was introduced to alleviate the confusion of the previous two-ticket system which utilized alternating colors. In both systems, handwritten numbered tickets are drawn and applicants are served in order of the number called.

Under a one number system, applicants are served on a first-come, first-served basis. However, the single ticket system is also a source of major criticism about the permit center's lack of customer-service orientation. Because all customers, whatever their purpose, must wait in the same queue, some may wait hours to be served for a relatively short procedure. For instance, initial applicants must wait in the same line as those whose permits have been approved and are there to make payments and pick up permits. Knowledgeable applicants know that payments can be dropped off for processing and that permit counter staff will interrupt what they are doing to accept drop-off of payments, particularly because they may involve a substantial sum. However, for those not familiar with the process and waiting in line, this action, however short, may be viewed as permitting interruptions to someone who may have waited hours to get to the counter for service.

Previously, the center used a two-ticket system. One ticket was for processing permit applications and another for making payments and picking up permits granted. Confusion ensued because applicants frequently did not know which ticket to take, or took one of each in an attempt to be served sooner. Staff reported that applicants would also

become upset and complain because those making payments would be serviced much faster than those applying for permits. Some problems were attributed to the design of the permit center, where all customers must wait in the same area. Although we did not view the permit center's conditions under the two-ticket system, we observed a current lack of signs directing applicants upon entering the center.

Department officials were not able to demonstrate consideration of alternatives prior to implementing the change to a one-ticket system. Although conversion to a one-ticket system was intended to eliminate confusion, a department official opined that a two-ticket system was more effective. However, with existing staff shortages, there were insufficient counter staff available to make the two-ticket method functional.

The two-ticket system is similar to the concept of an express lane, where single transactions are dealt with quickly in a separate line. In many institutions that use express lines, counter staff return to serving regular customers when demand in the express line diminishes. We were unable to obtain evidence showing that alternatives were evaluated in the one-versus two-ticket systems, but we question how much analysis was actually performed to determine the nature of the problem and an appropriate response.

### **Variations in service have been attempted**

Other variations have been employed at the permit counter. In November 2003, when we started fieldwork, a separate sign-up sheet was being used for first-time applicants. First-time applicants generally require more assistance and guidance in making a building permit application. It was reasoned that by separating them from the general ticket number system and assigning one permit counter clerk to attend to the first-time applicants list, frequent applicants would be more effectively served in the single number line. Temporary signs were posted and a single, handwritten notice was placed next to the tickets to be pulled for the regular line. Regular counter staff were rostered to assist the first-time applicants, reducing the usual number of staff available to service ticketed applicants.

Use of a separate sign-up sheet was promoted as one of the department's streamlining measures to improve customer service in the department's FY2002-03 annual report. However, as of January 23, 2004, the separate sign-up sheet process was abruptly terminated. This change in procedures appears in response to a complaint that those

waiting in the single ticketing system queue were not being adequately served. There was no notice posted of the change in procedure and is unclear whether an objective assessment occurred before the change was made.

The department also reported that to improve customer service, the building's security guard started distributing ticket numbers just before 7:30 a.m., fifteen minutes before the center officially opened. However, it was reported that applicants arrived as early as 5:30 a.m. to secure a number. One applicant reportedly arrived at 7:30 a.m., only to pull number 30 and wait until 2:00 p.m. to be called upon. Although issuing ticket numbers earlier may alleviate the initial rush into the permit center when it first opens, it does not appear to have any effect on making the process more efficient or customer-oriented. Applicants noted that because of the unpredictable nature of the daily demand for building permits, they must be prepared to wait for hours.

In addition, supporting services from wastewater management, the Board of Water Supply, and the Honolulu Fire Department are also located in the permit center at a separate service counter. These permit activities are taken on a first-come, first-served basis and do not require a ticket number for service. The presence of these agencies in the permit center is intended to facilitate completion of the permitting process. However, as the process begins and usually ends at the permit counter, having the other agencies onsite may not speed processing times at the permit counters.

### **Not all can utilize permit center counter services**

Building permits must be obtained for a wide range of projects, from a request to build a fence, to construction of an office high-rise or large housing subdivision. While all permits are channeled through the permit centers, not all are processed at the service counters. As previously noted, the Kapolei Permit Center can receive all types of permits, but can only process smaller, residential-type permits. The Honolulu Permit Center handles commercial as well as residential applications.

To better accommodate the variety of applicants using the permit center, there is a limit of two applications per person at the service counters. Therefore, larger commercial or residential projects or professionals with more than two permit applications cannot utilize the service counter. Building permit professionals must either limit each visit to the counter to two applications or deposit their applications for processing at a future time. This essentially bypasses the permit counters.

The Honolulu Permit Center has initiated efforts to accommodate multi-permit applications while still maintaining its two applications per person rule. Housing developers, for example, may build multi-home subdivisions and allow each house to be customized. This requires obtaining a building permit for each house approving the particular combination of elements selected by the buyer. Such a project is referred to as a “master-track” project or commercial residential development and may apply for multiple permits at a time. The Honolulu center has assigned one permit counter clerk to handle master-track applications, giving priority to such applications before returning to service applicants in the general queue. Under this system, master-track applications are accepted but are not processed until sometime later.

The permit center also has two “self-help” areas, where customers can bypass the ticketing system. One area is limited to applicants picking up their reviewed plans; the other is for those collecting their issued building permits. Frequent applicants know that these self-help areas exist; however, occasional or first-time users may not be aware of them. The Honolulu Permit Center lacks clear signage directing applicants to these areas or helping them determine whether they need to obtain a ticket number. As a result, some applicants may unnecessarily take a ticket and wait a long time for service only to find they could have used a self-help area.

### **Staff turnovers and shortages are significant and affect morale**

Department officials, staff, and applicants expressed concern that the permit counter system lacks sufficient personnel resources to function effectively. Applicants generally agreed the department lacked an adequate number of staff as well as sufficiently trained staff to function effectively. Some applicants noted they or other professionals had participated on more than one streamlining taskforce, repeatedly identifying both operational and procedural suggestions for changes that have not been implemented.

Officials agreed the Honolulu Permit Center has been negatively impacted by a shortage of staff. Due to hiring restrictions, vacancies at the permit counter have continued. Departmental staffing reports showed that of eight permit counter positions at the Honolulu center, only an average of 5.4 were staffed at any given time. A supervisor also informed us that Honolulu-based clerks are assigned to assist at the Kapolei Permit Center whenever one of the two Kapolei counter staff is ill or on vacation. Overall, the department reported a vacancy factor of approximately 19 percent. The Customer Service Office with nine

vacant positions had a vacancy factor of approximately 15 percent. Since creation of the permit center in 1999, the department has reported vacancies as high as 28 percent in FY2002-03.

Departmental officials and applicants also stated that counter staff suffer from low morale because continued staffing shortages prevent the permit centers from effectively streamlining their operations. Staff contend that vacant positions are often “frozen” and cannot be filled. While the department was unable to provide written directives evidencing these hiring freezes, we note that as the majority of its expenditures are in personnel costs (over 90 percent), any budgetary restriction necessarily translates into an inability to fill positions (hiring freeze).

The administrative services officer noted that prior to FY2002-03 City administration budgetary concerns effectively curtailed any serious efforts to fill existing vacancies. However, the officer noted that in the current fiscal year, approval had been given to fill some vacancies and this would bring the Honolulu permit center counter up to the fully authorized staffing level. In January 2004, departmental officials confirmed that the last remaining permit counter vacancy position for the Honolulu permit center was about to be filled. However, Customer Service Office personnel and the administrative services officer agreed that even with the full staffing of the permit counter, they would be unable to meet current applicant demand for services. While they contended that staffing would still be short, no evidence was provided that any effort had been made to identify a desired staffing level. A consultant retained to assist the departmental reorganization, noted that the shortage of staff in the department resulted in insufficient personnel to fulfill the required departmental functions and that any design system improvements could not overcome the lack of personnel.

It was also noted that the recently filled positions are basically trainee-level positions and new hires would require considerable on-the-job training before being able to assume full responsibilities at the permit counter.

### **Other staffing issues exist**

The majority of building permit applications are residential permits which are all processed at the permit counter. Although there are delays with waiting for counter service, applicants agree that the vast majority of these applications are processed within the two working day guideline. Commercial permit applications, however, may either be processed at the permit counter or dropped off for later processing. Applicants are

then notified when their applications have been entered into the system for further processing.

Once a commercial application file has been established in POSSE, it is referred to the Building Division plan reviewers in the Honolulu Permit Center. As previously noted, we found that commercial permits routinely exceed departmentally established guidelines for completion of processing.

The department attributes these processing delays to staffing shortages. For instance, following reorganization, the Building Division went from 12 to as low as 6 plan reviewers; it is now up to 8. In addition to plan reviewers, the division also reported 28 of 102 positions as vacant. According to the department, it has requested approval to fill 12 of these 28 positions in its FY2004-05 budget.

Departmental officials have attributed the staffing shortage to several factors:

- Natural attrition, since many staff were eligible for retirement;
- Other staff either eligible or nearing retirement elected to retire rather than learn the new POSSE system. Many Building Division personnel were “computer illiterate” and, faced with learning an entirely new computerized method, elected to retire or leave;
- Budgetary restrictions, which “froze” vacancies—making the department unable to hire new employees; and
- Morale problems. Given the difficulties with proper staffing, some management-level positions remain unfilled because of the perceived lack of support that makes achieving the job responsibilities unrealistic.

Furthermore, departmental officials noted that the loss of experienced staff and inability to replace them has resulted in increased workloads and therefore longer approval times for applications. They also pointed out that newer, less experienced staff take longer to review each application. This delay is compounded by ever increasing requirements and complexities in the building permit process, many of which are legislatively imposed.

***Outsourcing commercial plan reviews was proposed***

The department recently proposed utilizing a “third-party” review system. Qualified private sector professionals, certified to be independent, would review plans for selected commercial projects — at the option and cost of the applicant. Applicants who selected this process could thereby bypass the department’s plan review backlog for an additional cost. The system would both speed up the review process and lessen the department’s demand (and costs) for additional review staff. The proposal is currently under evaluation, and while it has merits, a number of factors need to be resolved. These include, but are not limited to:

- Resolution of insurance and liability considerations between the City and those professionals certified as capable of performing the plan reviews. If an error or correction is subsequently found in an application approved by a third-party reviewer, what will be the City’s responsibility?
- Availability of professionals willing and able to be certified as plan reviewers.
- Before engaging a reviewer, applicants would still need to visit a permit center to certify that their applications are eligible for third-party review. Thus, demand on counter service staff will not lessen.
- Will certification of eligibility for a third-party review be handled by permit counter staff or by plan review staff, who would have originally reviewed the plans as part of the permit application? Does this result in adding more tasks to the already “overwhelmed” counter staff?
- The third-party review will involve additional costs for the applicant without guaranteeing that it will speed up the building permit application process.

Logistical issues concerning third-party review still need to be resolved; moreover, it is uncertain whether the building permit application approval process will improve with its use.

***Information and permit application tracking has been improved***

Applicants and officials both report that POSSE has resulted in a number of improvements and benefits that did not previously exist. For example, POSSE can generate online status reports of all permit applications, and

both staff and applicants can access the system to determine the status of any project.

Research and background work have been greatly simplified because application information is now integrated and complete histories of properties or projects can be retrieved through one system. The department notes that POSSE improvements are ongoing and can be adjusted to meet updated user requirements. But despite the advancements offered by POSSE, we found that a number of potential “front-end” benefits available to the department have not been implemented.

### **“Online permit application” not truly online**

One of POSSE’s advances is its online permit application function. The Department of Planning and Permitting reported in its February 2002 issue of *Online@dpp* that “Oahu property owners now have the convenience of submitting building permits from their homes, offices, or anywhere there is a personal computer available.” The article notes that information is automatically entered into the POSSE database, where a building permit job number is created. The new program is supposed to be very “customer friendly.”

However, we found that the online permit application function falls short of its promotions. Users and departmental staff agreed that applications cannot be completed online. Staff must still use a “drag-and-drop” computer technique to transfer applicants’ information into the actual POSSE application file. This is done by permit clerks at Kapolei Hale Permit Center, who handle all online permit applications.

Staff reported that it can take two to three days before an online applicant’s submittal is reviewed and transferred to POSSE. Therefore, there is little incentive for applicants to apply online and it may be faster to go to a permit center and wait in line for the application to be prepared. In addition, there are no real savings if applicants must still attend a permit center and wait in line.

We examined the online permit application and found that although the information requested is not extensive, instructions are cryptic. For example, one required entry on the application form is for a tax map key reference number. A hyperlink is provided for tax map keys, but that site has no instructions regarding the need to write the number down — despite there being a link to return to the online permit application. Once back in the application, the tax map key number disappears and it is not



clear whether the application has picked up the linked number. The tax map key site also contains a “submit” option, but does not explain what this does.

The department’s website contains very little information on completing an online application — or information generally, for that matter. For instance, the department’s newsletter has not been updated in over a year, and its most basic document, *Do You Need a Building Permit?* is outdated. In it, the department director is incorrect; but more significantly, the minimum fee shown does not reflect the increase that became effective July 1, 2003; and there is no mention of the Kapolei Permit Center, which has been in existence since 2001 and which processes the online applications. By comparison, other jurisdictions’ websites contain ample instructions for completing online applications, written in plain language. In one jurisdiction, checklists are provided for six of the most common building permit types.

### **Utilization of online applications is minimal**

Although touted as a significant advance in permit processing, actual utilization of the online application facility has been minimal. At our request, the department generated a POSSE report of the total number of applications submitted online: In three years — between December 19, 2000, when the system was activated, and December 15, 2003 — a total of 386 applications were submitted online. This includes nine that were recorded as system tests only. By comparison, more than 40,000 permits were issued during the same period. Thus, fewer than one percent of all building permits issued utilized the online application system, supporting an applicant’s observation that the online system has no advantages and is not very useful.

### ***POSSE enhancements have not been implemented***

Although to date the “online application” process is not truly online, or direct to the database, POSSE has had the capability to be so. It is possible that security concerns may have hampered implementation of the direct online application feature; however, most computer systems offer sufficient safeguards to overcome these concerns.

Other enhancements have not yet been implemented. For instance, industry professionals use computer-assisted design (CAD) to complete many of the drawings required with building permit applications. Currently, printed copies must be submitted, which are then scanned into POSSE. Acceptance of the drawings in “soft copy” (computer files)

instead of “hard” (paper) copy would simplify this process, but has apparently not been pursued.

Likewise, having user terminals at the permit centers could be of assistance. While waiting to be called for service, applicants could enter basic information into the onsite terminal. This would ease some of the counter clerks’ data input requirements; however, implementation of this enhancement is still pending.

### **Online payment feature has not been implemented**

POSSE is also capable of processing payments online and generating the subsequent building permit. However, to date, all payments are processed manually. Payments are generally sent from the Honolulu Permit Center via vacuum tube to the Department of Budget and Fiscal Services. When a completed payment receipt is returned, a building permit is prepared and the applicant is notified that the permit is ready for pick-up. A separate system is used for applicants who choose to make payments and wait for their permits to be issued. Use of online payments would eliminate manual processing steps and allow applicants to submit payments remotely. Electronic payment processing could also result in faster fund transfers, particularly when large amounts are involved. However, use of POSSE’s online payment function is also still pending.

### **No access to POSSE at permit centers**

The POSSE system is characterized by its user friendliness. Like any other system, sufficient safeguards need to be in place to shield the system from abuse, but the ability of customers to access and use POSSE is one of its stronger features. Department officials as well as applicants noted that permit centers would function more effectively if applicants could access POSSE at the permit centers. While waiting to be served, applicants could enter required information or review online guides and information if it were available.

However, no such user-accessible terminals are available in the permit centers to date. Coupled with the lack of educational brochures, guides, and other assistance aids, the absence of user terminals does not constitute the customer service orientation that the centers intended. In addition, the presence of clearly marked aids and a full-time “concierge” could reduce the number of applicants who unnecessarily seek permit counter assistance.

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## **The Department of Planning and Permitting Has Not Addressed Applicants' Responsibilities in the Streamlining Process**

Successful efforts to streamline permitting processes in other jurisdictions have involved changes in applicants' behavior as well as that of the permit processing agency. One key to smooth permit processing is the submission of adequately prepared documents. Failure to submit properly documented applications delays the approval process and can result in staff wasting their time trying to process or "fix" incomplete or inadequate applications.

### ***Properly prepared applications are essential to permit streamlining***

Building permit applicants can range from homeowners seeking permission to build a fence to developers who wish to construct large housing tracts or commercial buildings. Both staff and commercial permit applicants acknowledged that a first-time applicant may not understand or be familiar with the process. Considering this, it is reasonable that additional time, effort, and assistance may be needed from staff to help applicants complete the building permit application process. To their credit, staff realize that the process can be confusing, especially given the lack of published guides, and often spend extra time assisting new applicants.

However, permitting staff often spend similar amounts of time with "professional" applicants who submit incomplete and/or inadequate applications. For example, a professional applicant may submit plans that are stamped "80 percent complete," when it is known that plans must be stamped as 100 percent complete. Such attempts result in staff wasting time attempting to process applications that professional applicants already know are unacceptable. Other professionals may submit inadequate or "sloppy work," banking on staff spending extra time and effort to correct their materials. Some insist their applications be submitted even when they are advised they are incomplete. While staff emphasized that many professionals make a good faith effort to submit correctly prepared applications, those who do not cause more delays for the remaining applicants.

### ***Guidance on the permit process is lacking***

Although staff agree that most professionals do try to submit correctly prepared applications, the department's lack of instructions on the building permit application process can provide an excuse for submitting inadequate plans. We found that the building permit process lacks checklists or any other instructional guides for applicants to follow. One professional applicant identified published guides and checklists, but

these were from another source. Others indicated they use their own independently developed checklists. However, the City has not developed any guides, checklists or instructions for applicants.

Our review of the department's website also yielded a minimal amount of information relating to the building permits. In fact, the website lacked current information generally. In many of the building permit-related areas, information had not been updated in over a year. Such information that did exist was lacking in detail and not user friendly. Some information restated basic legal requirements but did not offer explanation or instructions regarding these requirements.

We found that detailed instructions, guides, and checklists for the building permit process were non-existent, although some had been developed for other processes. In contrast, other jurisdictions provide detailed, step-by-step instructions; some even provide checklists to applicants. Even the department's Site Inspection Division has a checklist — one which clearly describes what must be provided to satisfy a site development's requirements.

One professional noted that the only documentation available is the *Do I Need a Building Permit?* brochure, but it is much too general for commercial applications. In addition, the drawing guideline is inaccurate. As previously noted, we reviewed both the online and hardcopy versions of this publication at both permit centers and found all of them outdated.

***Some assistance efforts may be counterproductive***

Efforts by staff to assist permit applicants may unwittingly encourage their continued attempts to submit inadequate documentation. When permit center staff assist professionals who submit inadequate work, they are essentially doing the applicant's job. While this may apply to only a small percentage of applicants, the time it takes staff to review and correct insufficient materials detracts from their ability to process correctly submitted applications. Staff efforts to help complete all applications means there is usually no consequence for sloppy or inadequate work by professionals, so applicants have little incentive to submit properly prepared applications.

As previously noted, use of overtime has been prohibited. However, departmental officials note that staff continue to voluntarily work additional hours to complete the permit work. While this is admirable for staff, the department is unable to "credit" unofficial overtime as an aid in completing its work. This has the effect of making it more difficult to

justify the need for additional personnel resources and may violate federal and state employment laws.

Successful streamlining and improvements to the building permit process do not necessarily mean less work for the applicant. In fact, more work may be needed initially to ensure that requirements are met and processing can go smoothly. Failure of the department to properly communicate and enforce permit processing requirements contributes to the laxity with which some professionals treat the process. Additional delays for all applicants and unnecessary work for permitting staff result.

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## **The Department's Fiscal Sustainability and Operational Efficiency Goals Conflict**

The Department of Planning and Permitting's mission is to provide the public with efficient, timely service that is responsive and effective in guiding development to:

- Protect our unique resources and environment;
- Provide livable neighborhoods that are compatible with adjacent communities;
- Provide a community that is responsive to residents' social, economic, cultural, and recreational needs; and
- Ensure the health and safety of residents.

Based on this mission, the department established goals to develop and promote the operational efficiency of its programs to best serve the public and applicants. The operational efficiency goal was established in 1998 when the department was created and Project Innovation was initiated to coordinate and guide service streamlining efforts.

In 2003, the department announced that, in accordance with the citywide initiative of fiscal sustainability established by the Mayor and the Department of Budget and Fiscal Services, it was embarking on its own program of fiscal self-sustainability. The principal goals of this new initiative are to proactively: 1) review and recommend incremental changes in the fee structure necessary to achieve the goal; and 2) ensure properties are properly valued for fee calculation purposes.

The department's annual report states that there continue to be improvements in the delivery of timely services. However, departmental

officials and applicants both opined that budgetary constraints — manifested principally in staffing shortages — has, and continues to, hamper the department’s ability to meet its mission since the reorganization was completed. Although improved services and fiscal self-sustainability may both be desirable and not necessarily mutually exclusive goals, we found that the fiscal goal may prevent increased revenues from being applied to service improvements. As a result, departmental efforts to improve the operational efficiency of the building permit process continues to be stymied.

***Operational goals were established in Project Innovation***

Shortly after its creation under a citywide reorganization, the department initiated Project Innovation to institute a “fundamental rethinking and radical redesign of jobs and processes to bring about dramatic improvement in the department’s performance.” This extensive re-engineering effort was intended to identify and implement changes in practices, methods, and staff orientation to meet the department’s goals of operational efficiency. Starting with land use functions and eventually focusing on building permit requirements, Project Innovation used core teams to identify, analyze, and evaluate each process and recommend suggestions for improvement. Proposed changes were intended to facilitate the project’s mission of improving the department’s level of service. This aligned with administration’s efforts to downsize and streamline city government while enhancing its customer service orientation.

***New fee structure has been implemented***

In April 2003, Bill 19 was introduced to adjust a number of the department’s fees and thereby increase departmental revenues. In light of its fiscal self-sustainability goal, the department reviewed its permit processing-related costs (primarily personnel) and other costs and developed a new proposed fee structure for building permits. It compared and aligned this with the 1997 Uniform Building Code recommended fee structures (upon which Honolulu’s permit requirements are based). We note that periodically raising building permit-related fees is not a new practice — the City Council, in response to administration requests, has occasionally adjusted fees to reflect national and current market trends. The most recent previous increases were in 1999 and 1995.

Bill 19 was passed and enacted as Ordinance 03-12 in June 2003. In adopting the revised fee structure, the City Council specifically stated that:

*The Council intends that no fees or charges shall be increased unless the increase in the fees or charges results in improved services and shorter permit processing times.*

Applicants agreed that the most recent fee increase is generally reasonable; at least one commented that Honolulu's rates are probably still lower than in other jurisdictions. Some applicants stated that they would not oppose an additional increase in rates — conditional on the extent to which the City Council's stated intention of improved services is effectuated. Applicants appeared unanimous, however, in their opinion that rather than improve, services have actually worsened.

We further note that the department's methodology for identifying building permit-related costs took into account factors such as cost of office space. Currently, this expense that is nonexistent, but factoring it in addresses a proposal to relocate the Honolulu Permit Center into private office space. While we commend staff for including such considerations, we believe that the department would have done better to identify items which would improve services, such as additional training or staff, as a justification for raising fees.

### **Building permit services have precedent to be self-supporting**

Literature shows that there is a generally accepted practice for building permits fees to fully offset building permit-related expenses. There is a direct linkage between building permit fees and services provided, assuming that value is gained from obtaining a building permit. It is therefore reasonable that a fee be charged for the service, which offsets the cost of providing it. Although this precedent exists for building permit-related fees, similar models do not exist for other departmental functions.

For example, land use and zoning permits are not traditionally viewed as a gain for the applicant but as enforcement of community regulations in exchange for the right to use the land. The department also engages in monitoring, enforcing, and ensuring correction of various code violations; but linking code violation enforcements to fees would most likely be illegal. One official noted, however, that the current director believes land use and zoning activities are sufficiently related to building permits to justify fiscal sustainability for the entire department. The differences in the nature of the services provided by the department leads us to question how realistic the department's goal to achieve fiscal self-sustainability is.

### **Building permit-related fees are indirectly credited**

Building permit-related fees are based on a project's estimated value. Permit applicants must indicate the "fair market value" of their proposed projects on the permit application form. As part of the application review, valuation of the project is verified, using standardized cost guidelines for different types of construction. Adjustments to the value are made as appropriate. On completion of the review and notice of approval, applicants pay the fees assessed and receive their permits. Assessed fees are received by the department's permit centers, forwarded to the Department of Budget and Fiscal Services, and deposited into the City's General Fund.

The department contends that any building permit-related revenues generated over and above expenditures are "credited" in its next budget. However, we believe that this, coupled with its goal of fiscal self-sustainability, creates an opportunity for the department to use the funds for activities other than building permit-related services. Consequently, funds that could be used to improve permitting services may be used for other purposes or not at all, thereby contributing to the department's ongoing inadequacy in service to applicants.

### **Building permit activities must compete for *own* revenues**

The Department of Planning and Permitting competes with all other city agencies for the use of general funds. Although "credit" is supposedly given to the department in the budgeting process based on previously generated revenues, there is no assurance that this will occur. The department continues to rely on general fund supplements since it is not actually self-sufficient; this practice makes it difficult to identify the relationship between building permit-related income and expenses.

Neither is there any assurance under the department's present budgeting practices that building permit-related fees will be used only for building permit-related services. When the department was created under the city reorganization, formerly separate activities were combined into the permitting function. For instance, land use and building permits have traditionally been viewed as separate activities, but the relationship between land use and construction results in areas of overlap. While the department claims to have separated building permit-related costs when developing its new fee structure, there is no separation of actual departmental expenses. Building permit-related fees can therefore be "applied" to any departmental expense, whether or not it is related to building permits.



### **Building permit-related fees may be inappropriately applied**

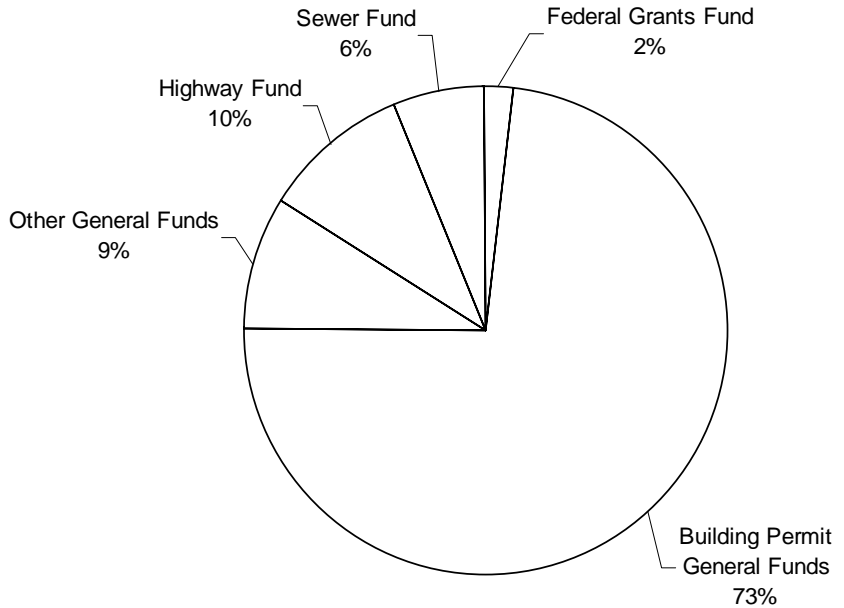
The Department of Planning and Permitting has identified fiscal self-sustainability as a goal despite the fact that some of its services, such as those relating to land use and code violation enforcement, are not inherently fiscally self-sustaining activities. Coupled with the fact that building permit-related fees are deposited into the general fund, the "application" of building permit fees to departmental expenses could be to inappropriate areas.

The department's budget as shown in *The Executive Program and Budget, Fiscal Year 2005* identifies the department's FY2002-03 operating expenses as \$12,593,086. Of this, \$10,342,779 was paid from general funds; the remaining \$2,250,307 was funded from the Highway, Sewer, and Federal Grants funds. Expenditures from these latter funds are largely applied to site development, coastal zone management, and administration expenditures and are not directly linked to building permit-related activities. The report also shows that building permit fees in FY2004-05 totaled \$9,150,787, about 90 percent of the department's total general fund support and approximately 73 percent of its total expenditures.

The department projects that its FY2004-05 operating expenses will total \$13,323,791, of which \$10,773,931 (approximately 81 percent) will be appropriated from general funds. However, the same report projects that building permit fees will generate \$11,500,000. This is approximately \$726,000 (6.7 percent) more than the total projected general fund expenditures for the department. Since building permit fees are returned to the general fund, there is no assurance that excess revenues will be made available to support building permit-related activities.

Further, the department has not established the percentage of its activities that are directly related to building permits. As shown in Exhibit 2.8, the department's fiscal reports indicate that building permit fees offset approximately 73 percent of the department's total operating expenses for FY 2002-03. If the department were unable to substantiate this percentage, it would mean building permit-related fees that could be applied to improving direct-related services are being diverted. Such a diversion could aid the department in meeting its fiscal self-sustainability goal, but at the expense of improved services to building permit applicants.

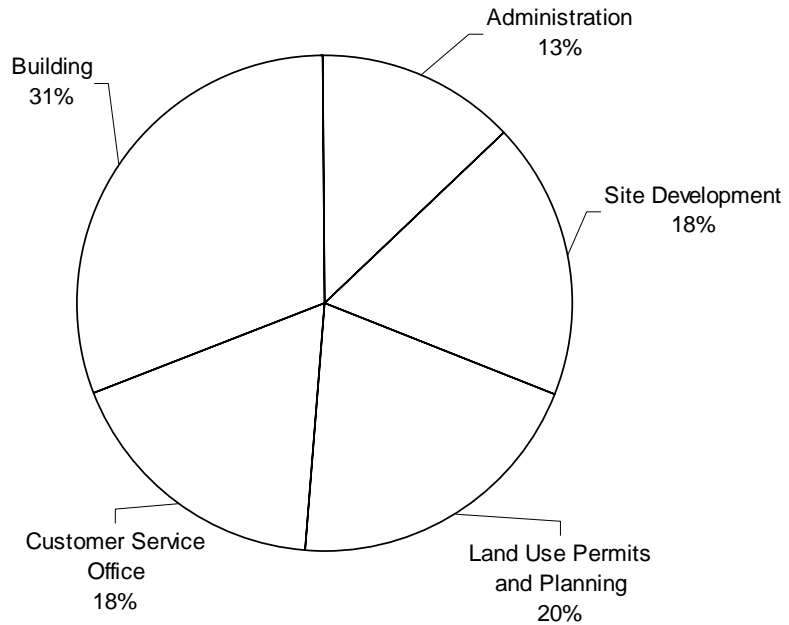
**Exhibit 2.8**  
**Department of Planning and Permitting Source of Funds, FY2002-03**



Source: Department of Planning and Permitting FY2005 Operating Budget

In contrast, as shown in Exhibit 2.9, expenditures of the two primary programs involved with building permit application issuance, the Customer Service Office and the Building Division, for the same period were approximately 49 percent of the department's total expenditures. Other programs also have expenses associated with building permit applications; however, the department has not formally identified or justified which of them can be appropriately offset with building permit revenues.

**Exhibit 2.9**  
**Department of Planning and Permitting**  
**Percent of Total Departmental Expenditures by Program, FY2002-03**



Source: Department of Planning and Permitting FY2005 Operating Budget

To ensure accountability for building permit revenues, the department should develop a formal linkage between the fees and expenditures to ensure that expenses are related to their revenue source. Formal linkage would facilitate assessment and justification of building permit-related positions and resources and of appropriate fees needed to offset them. It would also provide greater accountability by identifying how fees are related to building permitting activities.

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## Conclusion

The Department of Planning and Permitting's efforts to re-engineer its building permit process into a more efficient, streamlined, and customer-service driven approach is hampered by the failure to address necessary personnel requirements. In 1998, the City administration initiated a major reorganization of its agencies that was intended to improve operations by reducing government size and re-engineering processes to achieve more effective, efficient, and cost-effective operations. The Department of Planning and Permitting, created as part of this reorganization, assumed responsibility for most land use and building permit processes and initiated a major effort to improve both its land use and building permit-related functions. The building permit processing improvements are embodied in the One-Stop Permit Centers which are similar to centers successfully implemented in a number of other jurisdictions.

To the department's credit, several major initiatives were implemented as part of this effort. New technological system improvements and physical adjustments were employed, including the introduction of POSSE, an integrated online database of permit applications, and consolidation of services into "one-stop" permitting centers.

However, the department failed to adequately identify, assess, and implement personnel changes necessary to support the new systems. Further, the department proceeded with its physical and technological changes despite knowing that personnel adjustments might be the most difficult and time-consuming changes to implement. As a result, re-engineering of the building permit process is only partially in place. Lacking the critical element of properly trained and adequate personnel resources, the potential gains to the building permit process are not being realized.

A second permit center at Kapolei Hale has also been opened. While the idea of providing services in the Leeward area has merit, services are limited and the Kapolei permit office has never been staffed to provide the full range of permit processing services. Honolulu staff "cover" Kapolei when it experiences shortages due to illness or vacations. Shifting staff to Kapolei amplifies the problems of serving applicants at the Honolulu center.

There is a clear, well-established precedent that building permit-related fees should support building permit activities. However, Honolulu's building permit-related fees are deposited to the City's General Fund

and there is no direct linkage between building permit-related fee revenues and expenses. The department has also never clearly differentiated building permit-related activities from other departmental activities such as land use. While the department asserts that it can claim “credit” for building permit fee revenues, it must “compete” with all other agencies for general funds and cannot be assured that building permit-related revenues are appropriately applied to building permit-related expenses.

The Department of Planning and Permitting has repeatedly pointed out that well over 90 percent of its expenses are personnel-related, which emphasizes the importance of adequate, properly assigned and trained personnel in the building permit process. The failure to adequately ensure that personnel adjustments and support for the effective operations of building permit-related activities has resulted in only a partially implemented re-engineering effort.

While the department has initiated a number of substantial changes to improve the technological support flow of permit processing applications, the failure to address personnel issues amounts to only a partial implementation of the re-engineering efforts. As a result, after four years of operations, the permit centers continue to experience personnel-related issues that erode the level of service provided and prevent meaningful improvements in the building permit process from being realized.

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## Recommendations

1. The Department of Planning and Permitting should expedite an objective evaluation and development of a plan to assess and address the personnel issues that accompany its permit centers and building permit processing. This should include, but not be limited to:
  - a. Reviewing and identifying the minimal qualifications and job duties necessary to determine proper classification for permit counter clerks;
  - b. Determining proper staffing levels necessary to provide improved application processing service; and
  - c. Developing appropriate training programs to assist and guide staff in the performance of their jobs.

2. The department should conduct an objective evaluation of the Honolulu Permit Center and develop a plan to implement operational improvements. The plan should include targeted goals; specific operational improvements to personnel, workflow, and processes; technological support; and customer service. Any plan should include provision and methodology to evaluate and assess performance.
3. The department should identify, evaluate and justify the resources needed to effectively operate one-stop permit centers at both the Honolulu and Kapolei facilities. The department should ensure administration's support for the resources necessary to support those goals. Evaluation mechanisms should be integrated into the process as a means to measure progress.
4. The department should develop, implement, and enforce clear guidelines, checklists, or other instructions for both staff and applicants to follow in the building permit application process. Once clear criteria and guidelines are established, the department should ensure that staff apply and enforce applicant requirements and that applicants have access to adequate information to ensure submission of properly completed building permit applications.
5. The department should clearly identify actual departmental expenses that can be linked to building permit fees and justify their relationship to building permit fees to support its efforts to secure the necessary resources to fully implement its re-engineering efforts.

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## Response of the Affected Agency

### Comments on Agency Response

We transmitted a draft of this report to the Department of Planning and Permitting on June 8, 2004. A copy of the transmittal letter is included as Attachment 1. The department's response is included as Attachment 2.

In its response to our draft audit report, the Department of Planning and Permitting concludes that it finds no value in the report and contends that the report does not accomplish the express objective of the audit as stated in Resolution No. 03-198. The department further concludes that it believes the tone and characterization of the findings are hurtful and demoralizing to the staff. The department states that the report is highly biased, contains inaccuracies of fact, demonstrates a failure to understand the complex operations of the department, and is unbalanced in evaluating the operating performance of the department. Some of the information provided in the response directly contradicts information provided in files we reviewed and interviews we conducted. The department's response further states that the report concludes, "...the building permit streamlining is not working because there has been a decline in building permits issued." This statement is incorrect. Our report does not state nor conclude that building permit streamlining is not working, but rather that there are issues that negatively impact the effectiveness and efficiency of the One-Stop Permit Centers.

With respect to the complex operations of the department, we clearly identified in our report that the building permit process can be linked with complex land use and zoning issues and that our review would be limited to issues specifically related to building permits. We noted in our report that the majority of building permits handled by the permit centers are simple residential permits and that while some building permit applications can involve complex and time consuming land use and zoning reviews and requirements, most do not. However, even these simple residential permits are subject to the intake delays as we identified in our report. Our findings concerning the building permit process and the operations of the permit centers exist regardless of land use and zoning issues.

Attachment I to the department's response contains specific comments on the draft audit report. Attachment II includes a time line of the



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development of the One-Stop Permit Centers, including some other specific comments on aspects of the draft audit report and recommendations. However for the purpose of discussion we have grouped our response to specific comments as they pertain to the report findings.

The department states that the tone and characterization of the findings are hurtful and demoralizing to staff. We disagree. The department director stated at our entrance conference at the commencement of the audit that his staff suffered from poor morale. This statement was supported in subsequent interviews with staff and applicants. Our finding is based on the conclusion that the issues of staff shortages due to turnover, hiring freezes, retirements, the lack of a career track, and insufficient training all are indicative of the failure of the department and administration to adequately plan and implement the personnel requirements necessary to support the effective implementation of the One-Stop Permit Centers. What the department characterizes as the achievements of the permit streamlining efforts have been due to staff efforts but has also resulted in the morale problems the department faces today. We do not disagree with the need to properly staff and support the permit centers; however the responsibility for identification, justification, and pursuit of implementation rests with the department and City administration as reflected in our findings.

The department states that proper assessment of staff and skill requirements has been an ongoing effort but notes that for the permit clerks that, “Essentially, permit clerks were tasked with the same level of responsibility...”. We note that department staff and supervisors repeatedly stressed that the permit clerks are incorrectly classified as entry-level and did not properly reflect the actual job duties and skills required. However, we find that the department’s response further supports our position since personnel adjustments are generally the most time consuming and difficult changes to implement in a reorganization. We are cognizant of the fiscal concerns, but note that planning, design and restructuring efforts to address the personnel requirements can be achieved independently and prior to the funding of the actual positions.

The department correctly notes that during the oral exit conference, the analyst-in-charge incorrectly stated that he had interviewed a former director when he should properly have referred to documentation reviewed, signed, authored by, or addressed to the former director. We apologize for the misunderstanding but emphasize that it does not affect the finding or conclusion. The written finding, prepared in advance of the

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exit conference, is based on that body of evidence not a single interview, and is independently substantiated in accordance with generally accepted government auditing standards (GAGAS).

The department's response goes on to state that we imply that the Permit Centers are "complete". We disagree. The nature of an audit necessarily describes the conditions at a discrete period of time during our fieldwork stage of the audit. We describe those conditions, but also note and acknowledge elements that are not in place.

A second area of comment deals with the relationship and treatment of the POSSE system. The department offered a number of statements including a clarification of the timing of the departmental reorganization and implementation of the POSSE system. However, the characterization of POSSE as an essential element of the reorganization is taken directly from departmental documents, as is the relationship of POSSE to the streamlining process. We note that the department's response emphasizes, "that POSSE was envisioned as a tracking, research and retrieval tool, not a permit streamlining measure." However, the departmental response itself goes on to emphasize the importance of POSSE as part of the streamlining effort, a point that was repeatedly noted by staff and applicants and is demonstrated in the department's discussion on additional enhancements being pursued.

The department states that the report incorrectly characterizes the online permit application process. However that characterization is taken directly from a departmental online newsletter. The department also states that we incorrectly attribute the "2-3 days" to process online applications to transferring of the application, when it is actually due to the work backlog and lower priority given these applications. We disagree. Our report states only that it takes "two to three days before an online applicant's submittal is reviewed and transferred to POSSE." We also reiterate that online permit applications are processed at the Kapolei Permit Center not the Honolulu Permit Center, which has the higher volume of customers and experiences most of the backlog problems. We find that these comments in fact support our conclusion that the online application system as presently configured offers no advantages and is not very useful.

With respect to our finding that the department is not addressing the applicants' responsibilities in the streamlining process, the department responds to an observation by one professional interviewed that the *Do I Need a Building Permit* brochure is not intended for commercial

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applications. However the point of the discussion is that there is lack of suitable guidelines, checklists and other published documents available on the department's website. While online information is available, the amount, usefulness and clarity of the information is minimal compared to those of other jurisdictions. The department did not respond to our comments concerning the lack of such information at the permit centers.

With respect to our observation that some staff assistance efforts may be counterproductive, the department acknowledges that some areas are deficient in information, requiring more staff attention. Our report acknowledges that in many instances – particularly with those less experienced – those additional efforts are warranted. However, we also report that in some instances such effort is not warranted and we continue to believe can be counterproductive.

The department did not respond to our observation, confirmed by departmental officials, that staff continue to work overtime, despite the fact overtime is currently prohibited and that they are not compensated, and that this practice may violate employment laws.

With respect to our finding that the department's fiscal sustainability and operational efficiency goals conflict, the department states that there is no merit or basis to the suggestion that building permit fees should be expended on "activities related to building permits." We reiterate that there is a well-established precedent that building permit-related expenses are offset by building permit fees. The department's own analysis in proposing a revision to the building permit fees in Bill 19 (adopted as Ordinance 03-12) was supported by an analysis of building permit-related expenses within the department.

The department disagrees with our conclusion that its efforts to re-engineer its building permit process into a more efficient, streamlined, and customer-service driven approach are hampered by its failure to address necessary personnel requirements, contending that there is a lack of understanding of the complexity of the permit process. However it agrees that greater efficiencies can be realized by providing adequate funding for additional staff and training.

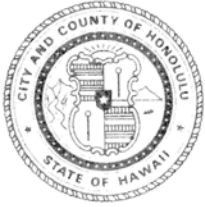
With respect to our recommendations, the department contends that many of the recommendations were already and continue to be in place.

The department provided additional information to clarify points within the report, which, as appropriate, have been incorporated into the final

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report. In addition, some other minor and grammatical changes were made to the final report for the purpose of accuracy and clarity. However, overall the department's response does not contain any new information that would warrant a change in our findings or conclusions.

Implementation of the One-Stop Permit Centers as part of the re-engineering of the building permit process has the potential to improve the building permit process, but its full benefit cannot be realized unless the department and City administration can effectively assess and pursue resolution of its personnel requirements.



LESLIE I. TANAKA, CPA  
CITY AUDITOR

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**CITY AND COUNTY OF HONOLULU**  
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June 8, 2004

*COPY*

Mr. Eric G. Crispin  
Director  
Department of Planning and Permitting  
650 South King Street, 7<sup>th</sup> Floor  
Honolulu, Hawaii 96813

Dear Mr. Crispin:

Enclosed for your review are two copies, numbers 12 and 13, of our confidential draft audit report, *Review and Assessment of the Department of Planning and Permitting's One-Stop Permit Centers*. If you choose to submit a written response to our draft report, your comments will generally be included in the final report. However, we ask that you submit your response to us no later than 12 noon on June 18, 2004.

For your information, the Mayor, Managing Director, and members of the City Council have also been provided copies of this **confidential** draft report.

Finally, since this report is still in draft form and changes may be made to it, access to this draft report should be restricted to those assisting you in preparing your response. Public release of the final report will be made by my office after the report is published in its final form.

Sincerely,

A handwritten signature in cursive script, appearing to read "Leslie I. Tanaka".

Leslie I. Tanaka, CPA  
City Auditor

Enclosures

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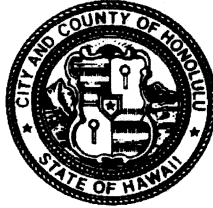
DEPARTMENT OF PLANNING AND PERMITTING  
**CITY AND COUNTY OF HONOLULU** C & C OF HONOLULU  
 CITY AUDITOR  
 650 SOUTH KING STREET, 7<sup>TH</sup> FLOOR, HONOLULU, HAWAII 96813  
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JEREMY HARRIS  
 MAYOR

ERIC G. CRISPIN, AIA  
 DIRECTOR

BARBARA KIM STANTON  
 DEPUTY DIRECTOR

KATHY SOKUGAWA  
 ACTING DEPUTY DIRECTOR



June 18, 2004

Mr. Leslie I. Tanaka, CPA  
 Office of the City Auditor  
 City and County of Honolulu  
 1000 Uluohia Street, Suite 313  
 Kapolei, Hawaii 96707

Dear Mr. Tanaka:

**RE: Draft Audit Report Review and Assessment of the Department of Planning and Permitting's One-Stop-Permit Centers"**

Thank you for allowing us to review and comment on the above draft report, which we received on June 8, 2004.

As you know we met on June 4, 2004, for our exit interview that lasted for four hours. We discussed the draft audit with you and Van Lee, staff auditor.

Now that we have been presented with the final draft, we are very disappointed that you made no revisions to correct the inaccuracies of your fact finding or addressed your lack of understanding of the permitting process that we highlighted in our exit interview discussions.

We repeatedly stressed at our meeting that we hoped you would make a fair and equitable evaluation to assist the department in improving our operations. Unfortunately, this has not occurred. We believe that the tone and characterization of your findings is hurtful and demoralizing to the hardworking and dedicated staff of the department.

Due to your failure to correctly understand the operations of the Department of Planning and Permitting (DPP) and your refusal to correct your

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 HONOLULU, HAWAII

inaccuracies, we find no value in your report to improve the efficiency and effectiveness of the permitting function of the department or to make customer service improvements for building permit applicants.

Your report even fails to accomplish the City Council's expressed objective in conducting the audit. As stated in Resolution 03-198, the City Council's purpose in conducting the audit was to: "...review activities and recommend how they may be performed more economically or efficiently, so that general or highway fund appropriations may be reduced in the executive operating budget for fiscal year 2004-05." Your report is void of what improvements can be made to reduce general and highway fund appropriations and to what amount the funds can be reduced.

Your report is highly biased and unbalanced in evaluating the operating performance of the department. An example of your bias is your unfair criticism in which you claim that the building permit streamlining is not working because there has been a decline in building permits issued.

Your conclusion is wrong because you have distorted the information and failed to provide a complete assessment of the performance of the One Stop Center, as follows:

1. The time period under review is from fiscal year 1992-93 to FY 2002-03 but the One Stop Permitting Center did not become operational until March 2000. Since FY 1999-00 to present, building permits issued have increased each year from 13,636 permits with a combined value of \$893.2 million to an estimated 15,750 permits issued with a combined value of \$1.3 billion in FY 2003-04, or a 15.5% increase in permits issued and 23% increase in permit value.
2. Since the One Stop Permitting Center became operational in FY 1999-00, the number of building permits applications processed have surged from some 14,000 in FY 1999-00 to an estimated 18,000 in FY 2003-04, an increase of almost 30% in volume.
3. During the same period, the department has experienced a 10% decline in filled positions from 250 staff in FY 2000, to 226 staff currently, or a decline of 24 persons.

Therefore, since the inception of the One Stop Center in FY 2000, the department is processing 15% more permits and receiving 30% more applications but doing so with 24 less staff or almost 10% less than in fiscal year 2000. This performance indicates that the One Stop Center has increased the efficiency and effectiveness in the processing of building permits. The performance of the One Stop Center also justifies the need for additional general

Mr. Leslie I. Tanaka, CPA  
June 18, 2004  
Page 3

and highway funds to increase the staffing to support a larger volume of permits and to offset the City Council cuts of \$380,560 over the past four years.

Indeed, at the most recent HACBO (Hawaii Association of County Building Officials) Conference held in Honolulu on May 6-8, 2004, DPP's One Stop Permit Center was offered as a tour site for building officials from other counties. Judging by the comments we've received from Neighbor Island building officials and from members of the public alike, Honolulu's computerized One Stop Permit Center is a vast improvement over how permits were previously processed by the city and how they are currently processed in other counties.

Attachment I includes our comments on specific aspects of the report. Some of our comments correct misstated information or take issue with misleading headings describing your findings and conclusions. Where we accept or agree with your recommendations, this is noted. Attachment II highlights the evolution and refinement history of the One Stop Permit Center(s).

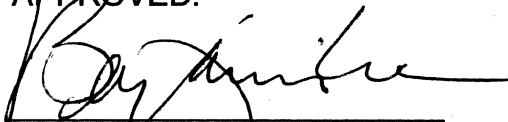
We are hopeful that the final report will incorporate our comments, and we welcome continued dialogue with your office as you finalize your findings.

Sincerely,



ERIC G. CRISPIN, AIA  
Director of Planning & Permitting

APPROVED:

  
BENJAMIN B. LEE, FAIA  
Managing Director

EGC:ml  
cc: Mayor Jeremy Harris

Attachments



## Attachment I

### SPECIFIC COMMENTS ON DRAFT DPP AUDIT REPORT

June 18, 2004

#### Overall Comments:

**Contrary to the conclusion in your audit report, members of the industry and the design profession believe the One-Stop-Permit Centers are a vast improvement in the delivery of permit processing over the previous dispersed or fragmented system. Additionally, the Center's efficiency is evidenced by the continual increase in permit volume processed in spite of the reduction in staff.**

The reader needs to know that the department's staff count has decreased dramatically, from 259 people in 1999 when the department was created to 226 people today, representing a decrease of 33 people or 12%. Looked at another way, over that same period DPP suffered an increase in vacancy rate from 15% to over 24%. (See Figures 1 and 2).

During that same period, the department's workload increased steadily, both in terms of number of permits applied for as well as permits issued (contrary to statements made in the report). Additionally, the size and complexity of projects has increased – as indicated by the increase in permit valuations, even prior to the increase in permit fees (see Figures 3 and 4).

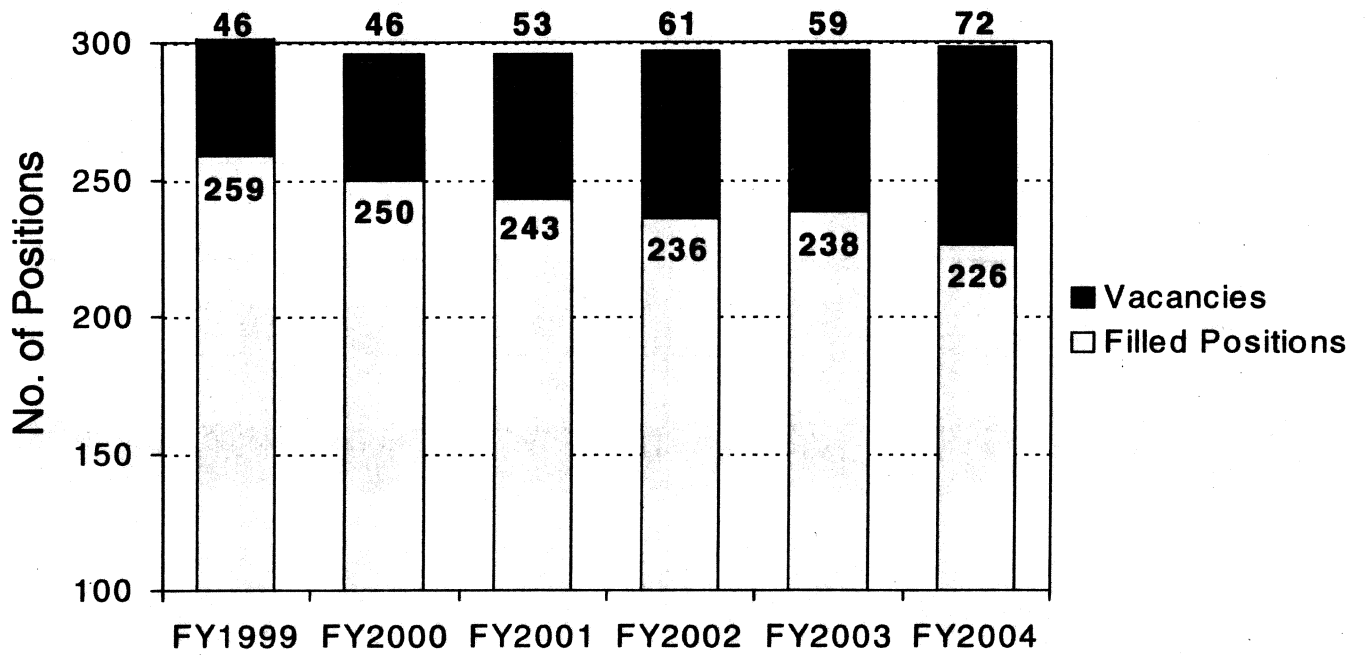
As the report briefly mentions, upon creation of the Department of Planning and Permitting, steps were immediately taken to create a One-Stop-Permit Center. Physical moves were made, a computerized permit tracking system was created to improve communication within the new department and allow for better tracking of the thousands of applications we service each year. Training and skills assessments were done throughout this reorganization period. These facts were not mentioned in the report, but are facts in which the department takes a great deal of pride.

There does not appear to be a comprehensive understanding of the department's operations, specifically in how the One-Stop-Permit Center(s) interact with other divisions and branches. The work performed by other divisions is integral and essential to the permit process. The audit has glossed over all the steps required before a building permit can be issued.

As mentioned in our exit interview, not taken into account in the report is the fact that federal and state and city regulations have also increased over the 10-year period analyzed in the report, as it did in the previous 10-year period.

The goal of this administration is to assist applicants in the complex permit process, not to frustrate them and simply return plans as "incomplete" as the report recommends.

## Authorized Position Count



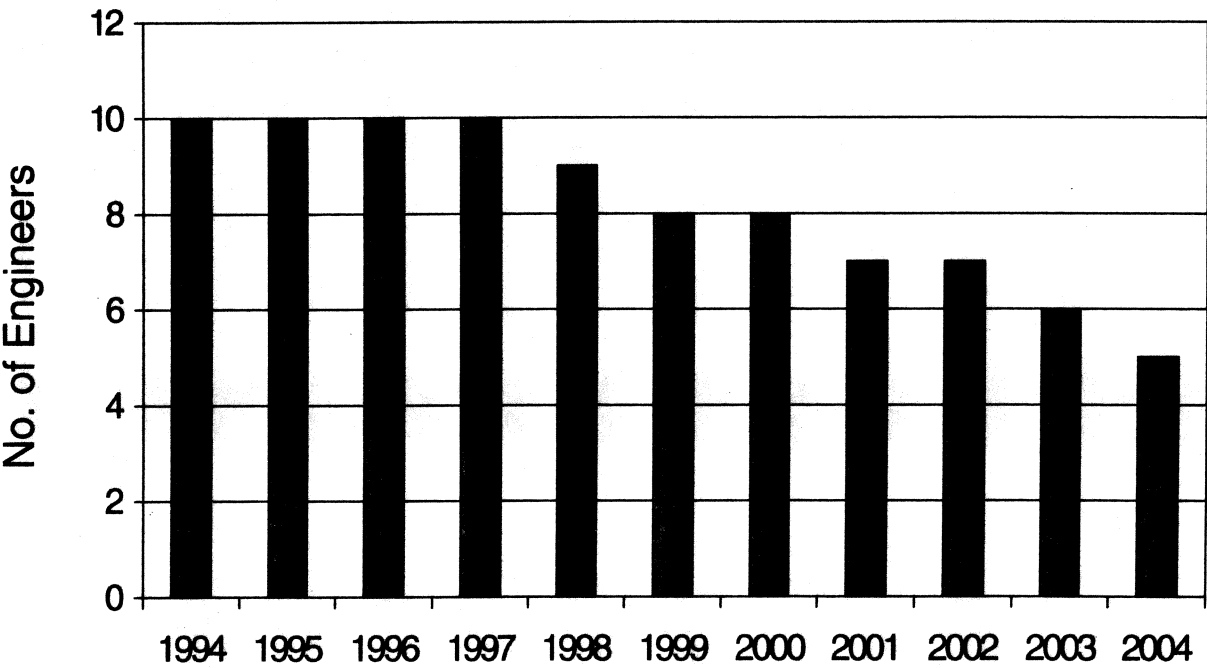
Note: Department Created in 1999 City-Wide Reorganization



**Planning and Permitting**

FIGURE 1

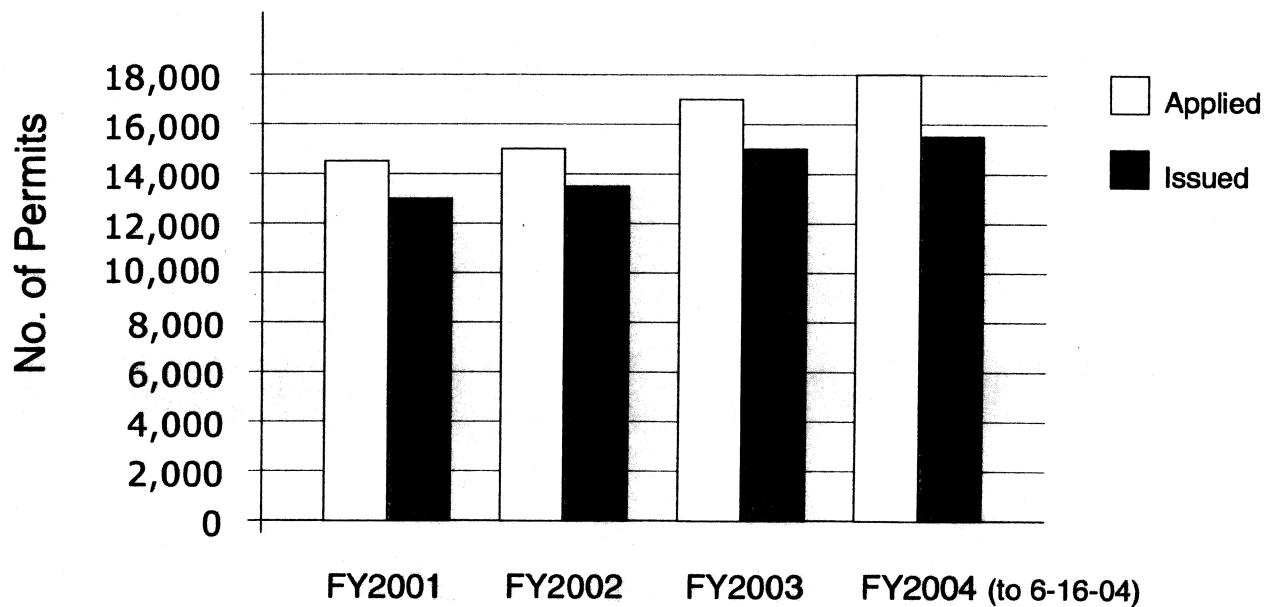
**Commercial Plans Check Engineers  
from 1994-2004**



**Planning and Permitting**

FIGURE 2

## ***Comparison of Building Permit Applications and Issuance***



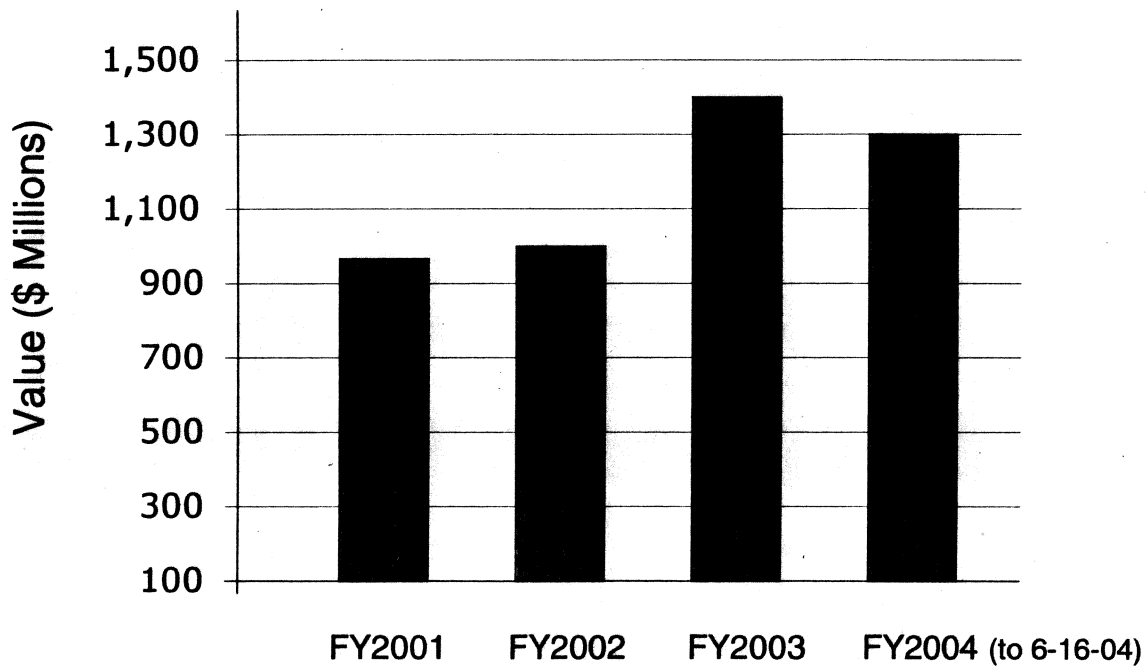
Note: The yearly gap between permits applied for and issued indicates permits pending or canceled.



***Planning and Permitting***

FIGURE 3

## ***Value of Building Permits Issued***



***Planning and Permitting***

**FIGURE 4**

Page 12, "Failure to Assess Personnel Requirements Has Hampered Permit Centers"

This heading has no basis in fact. At our exit interview meeting on Friday, June 4, 2004, the Auditor specifically stated he arrived at this conclusion after interviewing the former DPP Director regarding personnel assessment and planning of the One-Stop Permit Center. The former Director has stated he has not met the Auditor and has never been interviewed by him, leading us to believe this is an outright false statement of the part of the Auditor.

Further, the Auditor failed to interview members of the administration who did indeed assess the personnel requirements prior to implementing the One-Stop-Permit Centers. Had the Auditor done so, he would have discovered that there was more than adequate planning and assessment of personnel requirements, but that Honolulu's depressed economy at that time dictated budget and staff cuts.

This heading also implies that the Permit Centers are "complete". Not so – we are constantly improving them via staff meetings, web research of organizations such as NACO, APA, AIA and others for best permit management practices in other jurisdictions, as well as implementing suggestions from permit applicants.

Moreover, the text of this section seems to highlight the history of the One-Stop-Permit Centers, rather than evaluate its current personnel requirements. The re-engineering project to streamline permits is constantly being evaluated and changes made to due to changes in Laws or Ordinances, to improve the quality of our customer service, and to address the needs of the public.

The overall re-engineering effort began in March 1997 with the evaluation of software systems for workflow analyses for the Department of Land Utilization. It continued in September of 1998 to integrate the Building and Site Development permits and staff into the newly created Department of Planning and Permitting. Teams of employees were formed to both evaluate the permitting processes, and come up with a better way of getting the job done. This represents one full year of analysis and re-engineering, culminating in a computerized tracking version of Building and Site Development permits in September of 1999. (See Attachment II).

## Attachment II

### Chronological History of the Re-engineering of the Department of Planning and Permitting's One-Stop Permit Center

Date	Description
Dec-96	Initiated meetings with Building Permit Streamlining Advisory Group to develop ideas to streamline permits.
March-97	Began evaluation of software system for workflow for the Department of Land Utilization (DLU).
July-97	Began review of existing DLU permitting workflows.
August-97	Reviewed available permit tracking software products and vendors.
September-97	Department Information Technology Committee gives report to the Director of DLU re workflows and possible software products to support tracking of permits.
<b>May-98</b>	<b>Selected contractor to implement Permit Tracking System - GeoPower and Computronix; i.e., POSSE</b>
June-98	Created DLU re-engineering teams.
July-98	Completion of gap analysis of technical requirements by POSSE contractor.
<b>July-98</b>	<b>Creation of the Department of Planning and Permitting due to City re-organization.</b>
<b>July-98</b>	<b>Opened Kokua Counter, precursor to One-Stop-Permit Center; created special employee name tags to highlight customer service and improve accountability</b>
August-98	Initiated POSSE Job Configuration Training of DLU staff and Job Configuration.
Summer of 1998	Received staff and permit routers' evaluations and recommendations to improve Kokua Counter and its services.
<b>September-98</b>	<b>Began re-engineering teams to integrate Building Division and Site Development Division into One-Stop Permit Center.</b>
November-98	POSSE goes on-line with the Divisions of the previous DLU.
January-99	Began conversation with contractor to identify needs of new department and expanded permits.

## Chronological History of the Re-engineering of the Department of Planning and Permitting's One-Stop Permit Center

Date	Description
May-99	Contractor completed "Gap Report" for Phase 2 of POSSE and identified technical requirements to expand POSSE to remainder of the Department.
June-99	Initiated POSSE Job Configuration Training for staff of Building and Site Development Divisions and began Job Configuration for Building and Site Development permits.
October-99	Expanded POSSE to include Referral for Investigation (RFI) as a POSSE jobtype for DPP use.
October-99	Approved DPP Organizational Chart.
November-99	Expanded POSSE to include Notice of Violation as a POSSE jobtype for DPP use.
December-99	Adopted administrative rules to implement "automatic approval" deadlines.
February-00	Re-engineered Building permit POSSE job for new administrative rules for automatic approval.
March-00	Improved One-Stop Permit Center physical layout.
FY99-00	Moved 170 employees over six different weekends to respond to new organization and centralize customer service.
FY99-00	Made available over 35 "layers" or types of information under Internet that can be used to prepare permit applications.
May-00	Began training for Planning Division Staff.
June-00	Planning Division goes on-line, and the entire DPP is on POSSE.
<b>February-01</b>	<b>Opened Kapolei Permit Center.</b>
March-01	Continued training of DPP staff on inspection and enforcement jobs on POSSE.
2000-2001	Linked One-Stop Permit Center via video conferencing to other conference sites.
2000-2001	Initiated pilot document (construction drawings) scanning project to reduce staff and customer time retrieving historical plans and drawings and to reduce storage area to allow more space for customer service activities.



## Chronological history of the Re-engineering of the Department of Planning and Permitting's One-Stop Permit Center

Date	Description
May-01	Deployed Department internet website: <a href="http://www.honolulu.dpp.org">www.honolulu.dpp.org</a> , with permit application forms and instruction material.
<b>December-01</b>	<b>POSSE goes on-line with an internet functionality providing public information on permitting process.</b>
<b>May-02</b>	<b>Created Mandatory One-Time Review for interior renovations procedures/Site Development checklist.</b>
May-02	Created checklist for Site Development Division applications.
June-02	Re-engineered building permit workflow to assist clerical staff.
September-02	Initiated proposal to re-engineer staff of the permitting counter by creation of the "Permit Technician."
October-02	Reconfigured building permit job to accommodate new fee collected for Ewa Impact fees.
June-03	Reconfigured building permit job to reflect new fees - Bill 19 (2003).
August-03	State Department of Health Cesspool Division goes on-line with POSSE.
January-04	State Department of Health A/C Ventilation Division goes on-line with POSSE.
March-04	Re-engineered master track building permit jobtype to expedite permit entry and assist clerical staff.
Aug-04	E-payment - Pilot study to be inaugurated.

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There were many decisions and trade-offs involved in this process, but the over-riding consideration was for the public's needs. A primary concern was the smooth transition from paper permits to a computerized "paperless" permitting process, which placed very little additional demands upon the public.

The re-engineering effort maximizes the use of the existing personnel with minimum amount of staff changes to effectuate permit processing. A computerized permitting system provided a more efficient use of existing counter clerks, allowing them to spend more of their time on the counter actually processing permits, as opposed to the paper version. Previously, at any one time at least one half of the counter clerks would spend as much as one half of their time filing papers, preparing reports (daily and monthly permit bulletins, mailings, and transmittal of information to the inspectional branches). With a computerized permitting system, not one clerk has to spend time with these tasks, a saving of 2 counter personnel per day.

What could not be foreseen was the large amount of loss in the senior staff (through retirement), coupled with a building industry boom. This provided an unusual opportunity for the existing counter staff to apply for and obtain promotions, but because of fiscal restraints, immediate replacements were not possible. Again, the emphasis was the over-riding needs of the public at that time, which meant that staffing the front counter was a higher priority than filling senior positions.

Page 12, "POSSE is an essential element in reorganization"

The audit report incorrectly states the order in which events occurred. Contrary to the report's assertion, POSSE came first, then the reorganization of the department, then the creation of the One-Stop-Permit Center (see Chronological Summary of the Formulation and Improvements to the One-Stop-Permit Center(s), attached). **We must emphasize that POSSE has always been envisioned as a tracking, research and retrieval tool, not a permit streamlining measure.**

The report states that "the department [DPP] sought a system that would utilize mainstream technologies while centralizing and consolidating the permit approval process", wrongly concluding that DPP was formed first, then POSSE, was sought out as a technical solution.

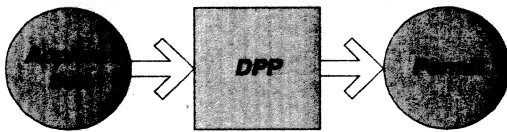
Further, while we believe the POSSE system has made an important contribution to our department's efforts in making our operations more efficient, the audit overstates the significance of POSSE in its statement that POSSE is an essential element in reorganization. As shown in our chronology of the development of the Permit Center, the POSSE system was initially developed for land use permit tracking within the Department of Land Utilization. The system went "online" in November 1998, almost one year before its use with building permits. While the text of the audit correctly cites the versatility of POSSE, it fails to recognize that it is merely one of many tools used by our department in carrying out its functions. Additionally, the text states that POSSE is an essential component in streamlining the permit process. We strongly disagree with this statement.

Page 14, "Honolulu's 'one-stop' center is a misnomer"

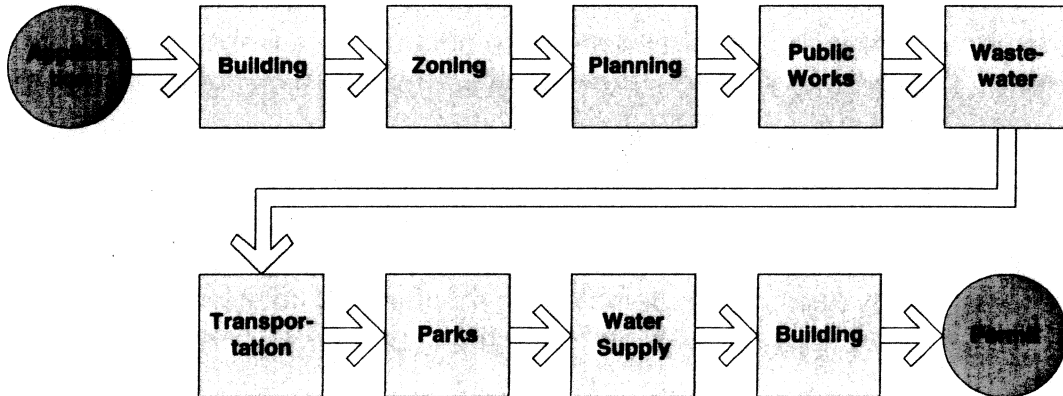
The above statement is most disingenuous and fails to recognize the major benefits accrued from consolidating building permit functions previously administered by **six agencies**. Before the Permit Center was established, applicants were required to physically travel to these agencies in order to obtain a review and sign off. Coordination in assisting with individual problems was lacking and there was no management entity to solve those problems. The audit recognizes this in its last sentence on the matter, but simply drops any further discussion on the effectiveness of the One Stop Center Improvements over the previous operations. (Please see Figure 5).

# Building Permit Streamlining

## New One Stop Permit Center Process



## Old Permit Process



**Planning and Permitting**

FIGURE 5

The audit criticizes that the One Stop Center does not have a place for the Department of Health (DOH), and does not have additional space for the Board of Water Supply, reflecting a partial failure in its effectiveness.

The audit, however, does not mention that DPP has been coordinating with DOH to establish an online review process for that department within the POSSE tracking system and we **have completed** this task. We now include DOH electronic reviews of building permits that involve ventilation and septic systems within our permit processing.

Additionally, the draft audit fails to mention the ongoing efforts by the City Administration to locate additional space at the Honolulu Municipal Building. This is an extremely difficult task given that the building is at capacity and will require relocation of staff and programs of other departments, an issue largely beyond our control.

Page 18-19, "Personnel requirements were inadequately assessed prior to implementation," "Permit processing input requirements continue to slow permit intake," "Skill requirements were not identified prior to implementation".

Again, we disagree with this assessment. The One-Stop-Permit Center is reflected in the approved organization chart of the department. As part of the process to approve the chart, the Department of Human Resources evaluates the request from a personnel perspective. In addition, the chart was shared with the respective union representatives for their input, as well as affected staff.

As stated above, personnel requirements were adequately assessed – they simply weren't implemented due to budgetary constraints at the time, when Honolulu was going through an extended period of economic contraction.

We do agree that the permit intake process is slower than the previous manual process that existed prior to the inception of the One-Stop-Permit Center. However, the draft audit fails to recognize that part of the slower process is tied to a staffing shortage. In addition, it does not recognize that by having an automated (computerized) intake process, a higher level of accuracy and completeness is achieved, with much greater efficiencies in the long run.

Most importantly, the computerized intake process yields tremendous savings in time for staff, applicants and the public who need to access this information as the project continues through the permit process, the construction and inspection process, and finally as historical records.

Additionally, the report does not even recognize the existence of our POSSE Operational Group Support ("POGS") group, which is made up of department employees who meet on a weekly basis, every Wednesday afternoon, specifically to address the staff's and the public's interaction with POSSE software, and how to fine tune its operations to maximize our resources.

On page 19, we believe two points are tied together in a confusing manner: POSSE input and reading blueprints.

As noted above, we disagree that skill requirements were not assessed at the inception of the One Stop Center. Essentially, permit clerks were tasked with the same level of responsibility, except for conversion of a manual process to a computer-based intake process, and other internal processing changes. This is no different than secretarial positions making the transition from typewriters to computers.

Where the confusion rests is addressing initial skill assessment as the same as training currently given to new clerks. We completed an initial skills assessment at the inception of the One-Stop-Permit Center, *and* we provide training to new clerks today. We agree that in an ideal, fully staffed work environment, new clerks should be given more training.

However, the draft audit unfairly criticizes our department for taking the initiative in examining the needs of our clerks and proposing a program to upgrade their positions late in the process. The draft audit's (incorrect) assessment is that we did nothing for three years before we decided to prepare the proposal.

In truth, we are in a continuing process of re-engineering DPP and the POSSE system from a simple DLU permit tracking program to a system supporting a department three times as large with much more complicated needs. This includes staffing arrangements. Initial assessments were done starting in 1998. A more refined assessment was completed recently. In 2002, we developed a plan to upgrade staffing on the building permit counter, in part to highlight their responsibilities, but more importantly to provide a promotional track within the front counter processing system, to discourage transfers out of the One-Stop-Permit Center.

# REORGANIZATION OF BUILDING PERMIT COUNTER

SR - 28: Permit Center Operations Chief  
SR-21: Customer Service Specialist  
SR-16: Supervising Building Permit Clerk  
SR-13: Building Permit Clerk  
SR-11: Building Permit Clerk

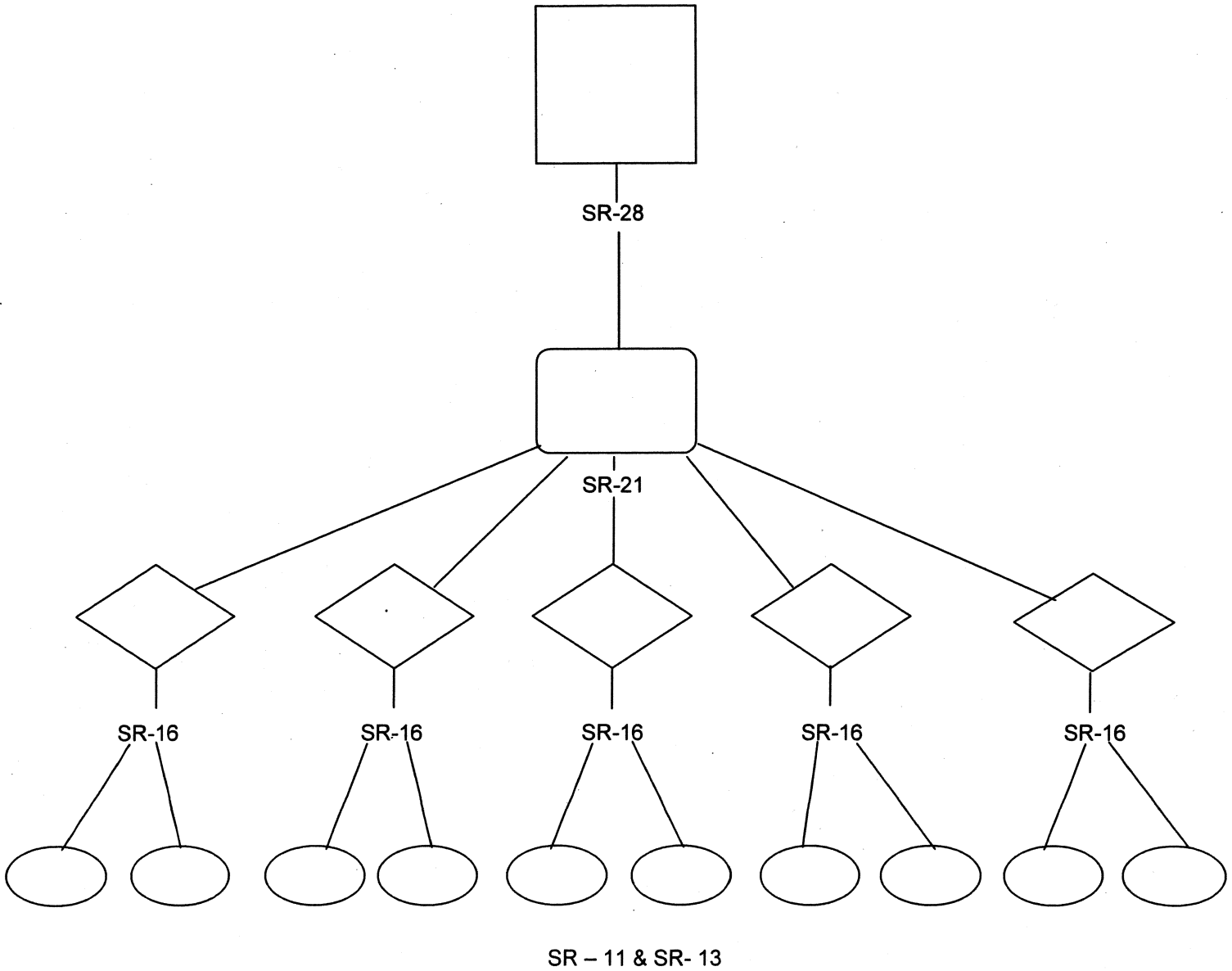


FIGURE 6

We believe this improves customer service by reducing staff turnover rate, creating more institutional memory, and greater opportunities for experienced staff to volunteer improvements to the Center.

While the plan has generally been well received by staff and the City Administration, the lack of needed funding to support the additional cost in staffing and position up grades has forced placing the plan in abeyance until such time as an improved fiscal outlook is anticipated.

It should be understood that extensive training and testing of the processing steps to complete a permit application was performed. Re-engineering teams of select staff worked with Division personnel to review job configurations and to test the processing of permits using POSSE. These tests utilized experienced permit counter staff that understood the permit review procedures. Modifications to the permit processing jobs were made and continue to be made based on the feedback received from the testing.

Also, the audit failed to identify the effort of the "re-engineering teams" that were established to help plan the deployment of POSSE, and how many of the requirements and functions of the system were based on end user input. Personnel were involved in the early stages to define the processing requirements and data entry requirements to yield well-defined job configurations at the time of system development. These teams have continued to refine and improve the system.

Furthermore, extensive analysis of data requirements was completed by the POSSE contractor prior to implementation. Significant time and effort were spent reviewing data conversion requirements from information that existed in legacy computing systems (pre-existing data files). Important data, such as permit customer data, did not exist in legacy systems and needed to be created as the new system was deployed and new permits created.

Page 22 "Measurable goals and objectives not been established."

We disagree with this heading. Measurable goals and objectives have been established. Table 2.7, "Automatic Building Permit Approval Guidelines" (page 26) clearly indicates that these are guidelines for the department, thus contradicting the heading of this section. Moreover, we believe that the clearly identified purpose of a building permit system is to safeguard public health, welfare and safety, not how fast permits are processed.

Page 24-25, Exhibit 2.5 "Average Days to Process Various Building Permits", and Exhibit 2.6 Building Permits Issued per Fiscal Year, Fy1992-93 to FY2002-03"

Page 24 – 25, Exhibit 2.5, "Average Days to Process Building Permits", and Exhibit 2.6, "Building Permits Issued Per Fiscal Year, FY 1992-93 to FY 2002 - 03".

We find the statement in the draft audit referring to building permit applications shown in Exhibit 2.6 to be incorrect and misleading. The Exhibit title indicates the number of building permits issued during the fiscal years, FY 1992 – 93 to FY 2002-03 and makes no



comparison between these numbers and the numbers of building permit applications received. We are also disturbed that the draft audit underplays the importance of the steady increase in both the number of building permits issued and permit valuations from fiscal years FY 2000 – 01 through FY 2003 – 04. These numbers are indicators of a yearly increase in workload and staff productivity, and degree of complexity in the projects, as noted in Figures 3 and 4.

Also, as already noted in Figures 1 and 2, during the subject years, staff vacancy rates were climbing.

Page 25, "Permit processing deadlines are meaningless."

In an "average" period, we may agree that we should pay more attention to "automatic approval" deadlines. However, workload has exponentially increased, while staffing has decreased. Given the inability of the city to fund the department at the level needed to address the demand, the department is using its limited resources as best it can. The other option is to sacrifice the quality of our review of applications, in which case public health and safety could be compromised, an option we find unacceptable.

Page 35, Response to "Online permit application not truly online"

The audit misrepresents the ability to complete applications online. Applicants can, and do fill out building permit applications online by filling out an Internet Building Permit (IBP) Application. The IBP is a separate form from the POSSE permit application, and is designed not to create a building permit application until it is reviewed and approved by permit counter personnel. This process was designed according to specifications of the permit counter staff and managers. The IBP does allow for all the permit application data to be entered, thus eliminating the need for staff to enter applicant information. The staff then creates an "official" Building Permit by performing a drag and drop operation, but this was designed based on security requirements.

Also, the delay of "2-3 days" in transferring an application to POSSE is completely inaccurate. Once an IBP is submitted, a POSSE job is created in the system and available for review by permit counters. The delay is due to the work backlog of permit review personnel that are assigned to review the permit applications. Lower priority is given to the IBP applications since there is such high volume of customers at the service counter. Because of this workload, the utilization of the IBP is reduced, since applicants would prefer to process at the One-Stop-Permit Center rather than wait days for staff to review their IBP submittal. If resources were dedicated to supporting the review of IBPs, the utilization of the Internet would most likely increase significantly. Again, the issue here is lack of adequate manpower, (which is due to lack of funding), not inadequate processes.

Page 36, Response to "POSSE enhancements have not been implemented"

Enhancements and improvements have been on-going with many improvements made to reduce data entry and permit review work loads. The flexibility of the system is a significant reason for its use. Changes to workflows and other data details are implemented on a regular basis, as proposed and approved by end users of the system. Most of these

enhancements are not apparent to the applicants and the public, but have made major impact on the ease of use for permit clerks and reviewers.

The audit does not represent the issues associated with accepting electronic drawings, and the complexities associated with accepting electronic records as "official" plans to be used for permitting purposes. Legal issues such as integrity of electronic signatures and the professional stamping of plans were not recognized. These issues, along with other logistics, have prevented the Department from accepting electronic drawings for permit review. The audit fails to recognize that the Department established a Electronic Document Team that reviewed the issues and problems that must be resolved in accepting electronic records. This Team continues to meet to address those problems.

The audit also fails to recognize the benefits provided to many segments of the public; for example, as a result of a cooperation agreement with the Board of Realtors, Realtors can now utilize the system for their market research purposes from the convenience of their own office instead of having to physically come to the One-Stop-Permit Center. Information such as permit history, zoning information, special characteristics such as shoreline and flood requirements, all are available online.

Page 37, "No access to POSSE at permit centers."

Self-service computers was always part of the original "vision" for the One-Stop-Permit Center, as part of a "self-help" corner of the Center. However, as noted, space on the ground floor is at a premium, making it difficult to fit this in, although self-help computers are available at the Documents and Imaging Branch across the lobby. Moreover, there is a need for department staff to be available to teach "self-help" and we do not have this staffing at the present time.

Page 37, Response to "Online payment feature has not been implemented"

This program is in development, with a pilot program already in testing. The audit did not review this issue with anyone involved with this project. Implementation of this program is occurring in a systematic manner. Deployment is to be determined based on other priorities, available resources, and existing technologies.

Page 38, Response to "Guidance on the permit process is lacking"

This statement does not reflect the amount of information that is available to the public on the Internet. Significant information is available, and easily accessible. Before the website, customers would have to come to the City just to get this information and forms. Now all of the available and existing forms and instruction sheets are accessible from the website. As a result of having implemented the website, staff can now "walk through" the various steps with a customer over the phone, and help them arrive at the required forms or information they seek, rather than having to come in to pick it up, or wait for days for a mailing, or even minutes for a fax.

Page 39, "Do I Need a Building Permit?" brochure is too general for commercial application, and is outdated.

The "Do I Need a Building Permit" brochure was never intended for commercial applications, a cautionary note is located at the end of the brochure indicating that it is only a general guide and the user is expected to consult with each agency of additional details. The Department of Information and Technology has been informed to update the brochure on the city's web site.

Further, more information is available in the department's website for those projects that are complex, or require multiple permits.

Page 39, "Some assistance efforts may be counterproductive"

The basic purpose of City government, according to the City Charter of Honolulu is that it "shall be used to serve and advance the general welfare, health, happiness, safety and aspirations of its inhabitants, present and future, and to encourage their full participation in the process of governance". It is the duty of this department to provide the necessary assistance to the public. We recognize that certain applications may be deficient in information, requiring staff to provide additional work on the permit to make up for this deficiency. We believe we must use some discretion in this acceptance and processing, due to the level of expertise which the applicant has, the complexity of the project, and the purpose of the application. For example, it is not necessary to have 100% detailed plans if the work is to replace light fixtures. It is not always realistic to hold a high level of application quality at all times. If this serves to be time consuming, this is the price to pay if proper service is to be provided to the public.

Page 44, "Building permit-related fees may be inappropriately applied"

The suggestion that building permit fees should be expended only on "activities that are directly related to building permits." Is without merit or basis. The fact is the department's revenues are far less than its operating costs, including fringe benefits and overhead. As shown in the following table, estimated revenues for the department for FY 2004-05 are budgeted to be \$4.6 million less than its operating expenditures. Thus, the building permit fees are not being inappropriately applied, as the fees do not even cover the operating costs of the department.

Department of Planning & Permit  
 Operating Revenues & Expenses  
 FY 2004-05

Operating Revenues	<u>\$14,115,954</u>
Operating Costs:	
Operating Expenses	\$13,280,694
Fringe Benefits	\$ 4,596,667
CASE	<u>\$ 893,868</u>
Total Department Costs	<u>\$18,771,229</u>
Deficit of Revenues over Costs	<u>(\$4,655,275)</u>

Page 47, "Conclusion"

Your conclusions are inaccurate and should be changed as follows.

First sentence should be changed to: "The Department of Planning and Permitting has an ongoing effort to re-engineer its building permit process into a more efficient, streamlined, and customer service driven approach. This effort is hampered by a chronic staffing shortage that results in the following. . . . ."

In addition, we note that the purpose of this audit was--as evidenced by Resolution 03-198, noted in Chapter 1 of the draft report--to determine if general or highway fund appropriations may be reduced in the executive operating budget. It is curious that the audit makes no conclusion about this purpose.

We disagree with the conclusion of this report based on the lack of understanding of a complex permit process mandated by federal, state and city laws and/or demands. Your analysis is an over-simplification of the process which leads to the wrong conclusions. We believe that the One-Stop-Permit Center is a vast improvement over the prior segmented procedure. Staff's commitment to make improvements is focused on customer service and staff meets frequently with industry representatives for this purpose. We agree that greater efficiencies can be realized by providing adequate funding for additional staff and training.

## **DPP Responses to Audit Report Recommendations**

1. *The DPP should expedite an objective evaluation and development of a plan to assess and address the personnel issues that accompany its permit centers and building permit processing. This should include, but not be limited to:*
  - a. *Reviewing and identifying the minimal qualifications and job duties necessary to determine proper classification for permit counter clerks;*

**This has been done, and we continue to review and identify qualifications for permit clerks, plans checkers, and other staff.**

- b. *Determining proper staffing levels necessary to provide application processing service;*

**This has been done and continues to be done on an annual basis.**

- c. *Developing appropriate training programs to assist and guide staff in the performance of their jobs;*

**This has been done and continues to be done on an annual basis. Note that professional training programs exist, and our staff attends those that are provided for free by City departments. Professional programs, training, and attendance at seminars, and memberships at organizations, however, have been consistently cut out of our budget by City Council.**

2. *The Department should conduct an objective evaluation of the Honolulu Permit Center and develop a plan to implement operational improvements. The plan should include targeted goals; specific operational improvements to personnel, workflow, and processes; technological support; and customer service. Any plan should include provision and methodology to evaluate and assess performance.*

**The department continually assesses its One-Stop-Permit Center and continually implements operational, technological, personnel and workflow improvements on an ongoing basis. As an example, our POGS group meets weekly every Wednesday to review and assess the items above. Our POGS group consists of One-Stop Permit Center personnel as well as members of divisions within the department who interact with the One-Stop Permit Center staff in processing permits.**

**We concur with the recommendation that DPP develop a specific plan with evaluation and performance methodologies, and will move forward in that regard, assuming dedicated funding is provided for this purpose.**

- 3. The department should identify, evaluate and justify the resources needed to effectively operate one-stop permit centers at both the Honolulu and Kapolei's facilities. The department should ensure administration's support for the resources necessary to support those goals. Evaluation mechanisms should be integrated into the process as a means to measure progress.*

**The department continually evaluates and justifies the resources needed to effectively operate one-stop permit centers at both the Honolulu and Kapolei's facilities. This is a regular process done on an annual basis as part of the department's budgeting process.**

**The department fully counts on the administration's (and the City Council's) support for the resources necessary to support those goals. We welcome the recommendation for evaluation mechanisms, and look forward any suggestions you may have.**

- 4. The department should develop, implement, and enforce clear guidelines, checklists, or other instructions for both staff and applicants to follow in the building permit application process. Once clear criteria and guidelines are established, the department should ensure that staff apply and enforce applicant requirements and that applicants have access to adequate information to ensure submission of properly completed building permit applications.*

**DPP has developed and implemented, and continually enforces clear guidelines, checklists, and other instructions for both staff and applicants to follow in the building permit application process.**

**These are widely available including in DPP's website, [www.honolulu-dpp.org](http://www.honolulu-dpp.org) , which receives over 3,285,000 hits per month. Our department's GIS website, <http://gis.hicentral.com> receives over 2,750,000 hits per month. All our permit requirements, forms, and procedures are clearly accessible on the department's website.**

**Additionally, we continually hold outreach programs with professional organizations such as the AIA, APA, BIA, ACECH, Honolulu Board of Realtors, Neighborhood Boards and numerous community groups. We also communicate with the media, informing them of DPP's organization, its initiatives, permit requirements, and procedures.**

- 5. The department should clearly identify actual departmental expenses that can be linked to building permit fees and justify their relationship to building permit fees to support its efforts to secure the necessary resources to fully implement its re-engineering efforts.*

**The department has clearly done so. In the course of obtaining approval and passage by City Council in March 2004 of Bill 19, which raised permit fees in order to better align the department's actual costs of permit processing to the fees charged, a full evaluation and justification of costs and fees was performed.**

**The resulting fee increase will help the department secure the necessary resources to implement its re-engineering efforts. For FY 2004-2005 the department has secured an increase of \$555,649 (from \$12,725,045 last year to \$13,280,694 this coming fiscal year) which should significantly help in the implementation of DPP's re-engineering efforts.**

**End of Comments**