



City Council


October 7, 2025

Item #5 RTC 25-1096
Audit of the City's Building
Permitting Process

Afshan Hamid
Community Development Director

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Primary Objective

1. Assess whether internal controls in the permitting process are effectively designed and implemented to ensure compliance with City Code and relevant regulations.
2. Evaluate whether the permit process is efficient and responsive, with mechanisms in place to ensure timely customer service.
3. Determine if billing and collections of permit fees and fines are properly managed to uphold financial accountability

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POST MEETING MATERIAL




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Overview: Permit Review Partners

- CDD: Planning, Building, Housing & Community Services & Technology Group
- Fire Department (Community Risk Reduction Division)
- Public Works (Traffic Division, Stormwater, Solid Waste)
- Silicon Valley Power
- Water & Sewer
 - Environmental FOG
- Parks & Recreation
- Santa Clara Unified School District
- Santa Clara County Environmental Health

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Audit Response & Commitment

- Staff collaborated transparently-documentation, identifying gaps, contributing to frontline insights
- Prior to release of audit, staff began addressing concerns, examining internal systems, resource allocation, and capacity
- Improvements in department have progressed

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Audit Findings

1. Develop Policy and Procedures Manual
2. Timeliness of Permitting Process
3. Permit Fees Reviewed for Consistency
4. Performance Monitoring and Process Improvement

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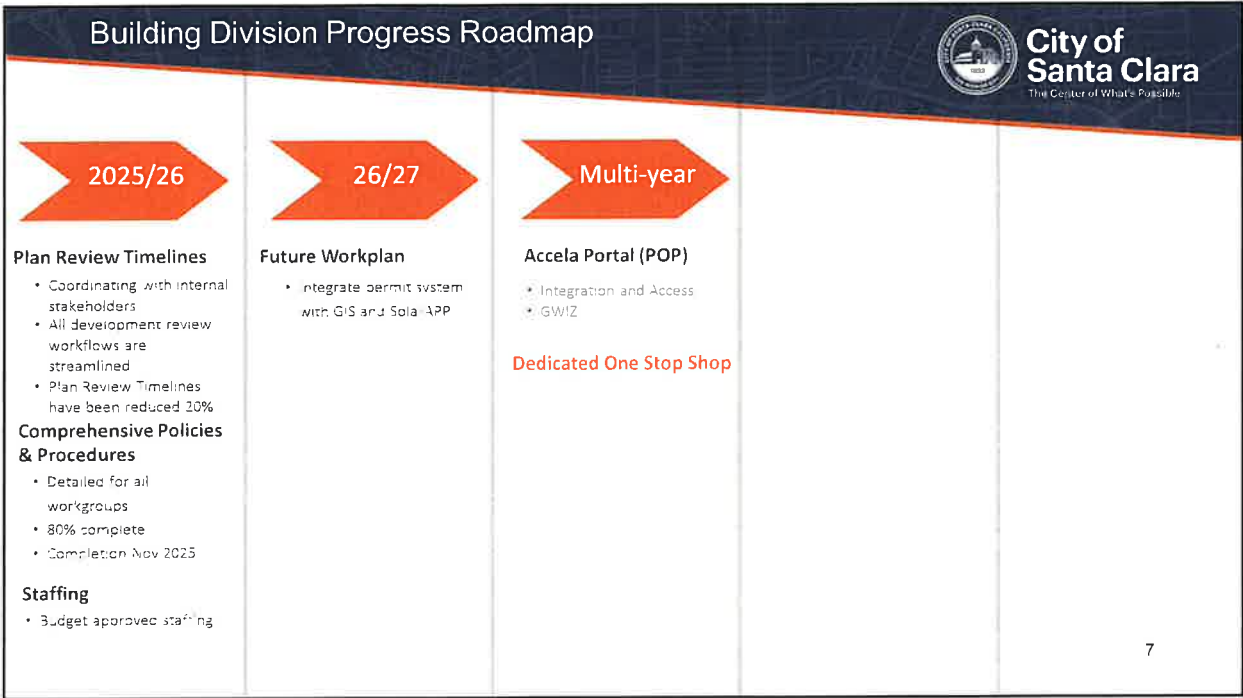
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Building Division Progress Overtime & Findings

2021	2022	2023	2024	2025
Accela Civic Platform <ul style="list-style-type: none">Launched August 2021All development review workflows are streamlined and in the system	Permitting <ul style="list-style-type: none">Received grant to implement SolarApp+Adopted the first Santa Clara Reach Code Staffing <ul style="list-style-type: none">Initial internal staffing assessment for Admin Permit Techs and Plan Reviewers	Conduct Outreach <ul style="list-style-type: none">Improved Plan Review timelines for 4,5,10 weeks in first plan review. Subsequent reviews are at 50% of timelines(finding 2) Simple Permits <ul style="list-style-type: none">Improved to 1-2 days with 70% permits issued same dayOver the Counter(finding 2) Internal Coordination <ul style="list-style-type: none">Weekly Permit Tech trainingQC all Building Permit Fees(finding 3) Solar App+ <ul style="list-style-type: none">Automate plan checks with instant permits(finding 2)	Plan Check Dashboard <ul style="list-style-type: none">Active Review Task/WorkflowShows active review tasks for all reviewers and consultants(finding 2) Reporting & Monitoring <ul style="list-style-type: none">Monthly reports since July 2024Weekly Report of all stakeholders in 3D process(finding 1) Pre-Approved ADU Program Submittal Handouts for various projects <ul style="list-style-type: none">ADUs, Single-family, Duplex, Tri-family, Triplex-UseGuides for applicable codes, regulations, local ordinances and resolutions(finding 2)	Standing Hours <ul style="list-style-type: none">Expanded presence of all City Departments within Permit Center(finding 2) Website Improvements <ul style="list-style-type: none">FAQ/Info Flowchart, What to Expect(finding 1) Small Businesses <ul style="list-style-type: none">Targeted Info Major Pipeline Projects <ul style="list-style-type: none">Dedicated in-house staff(finding 2)

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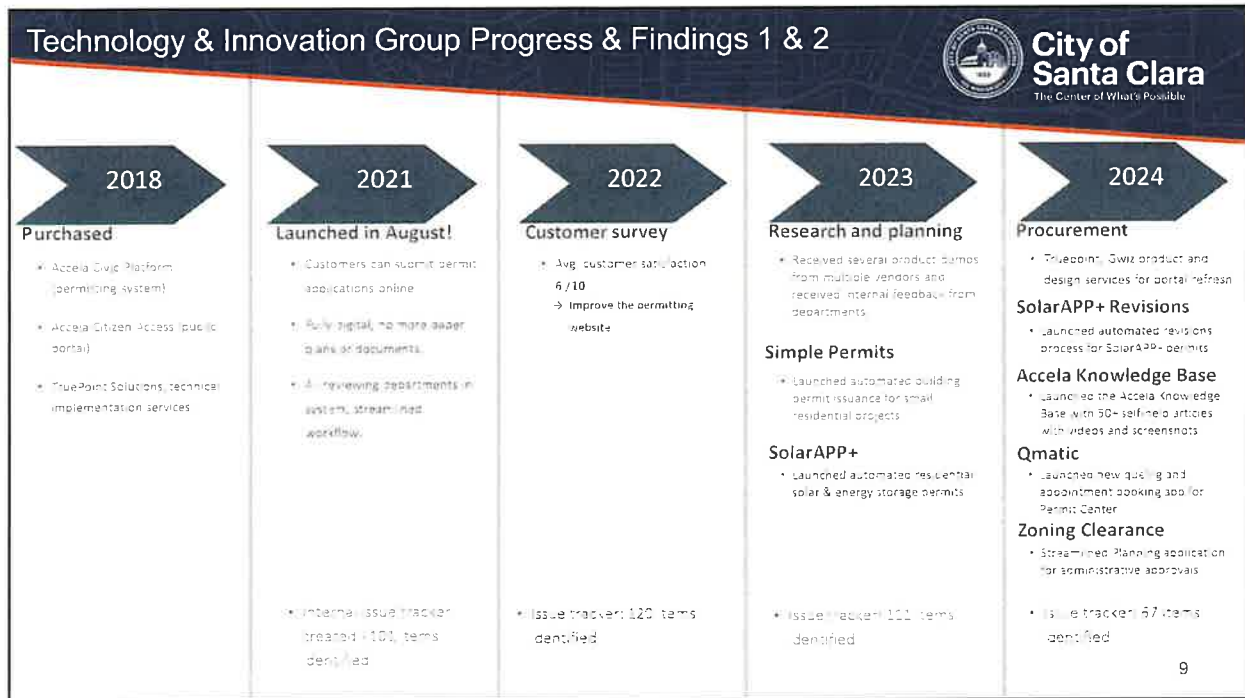
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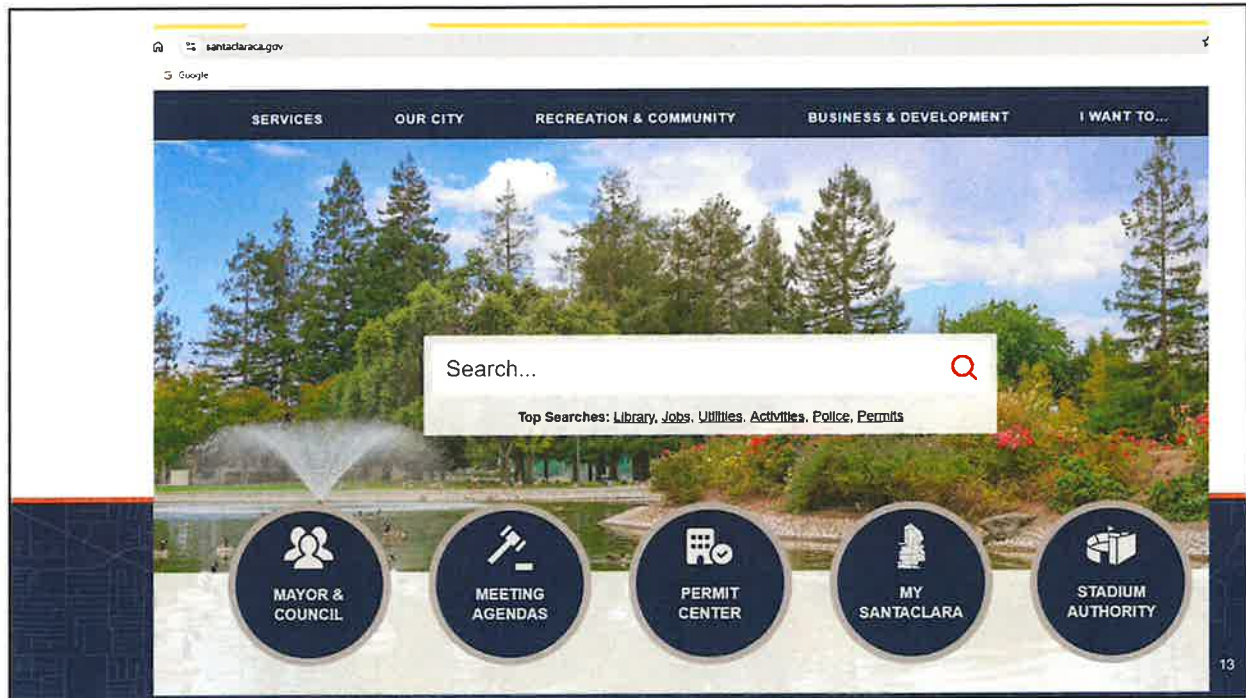
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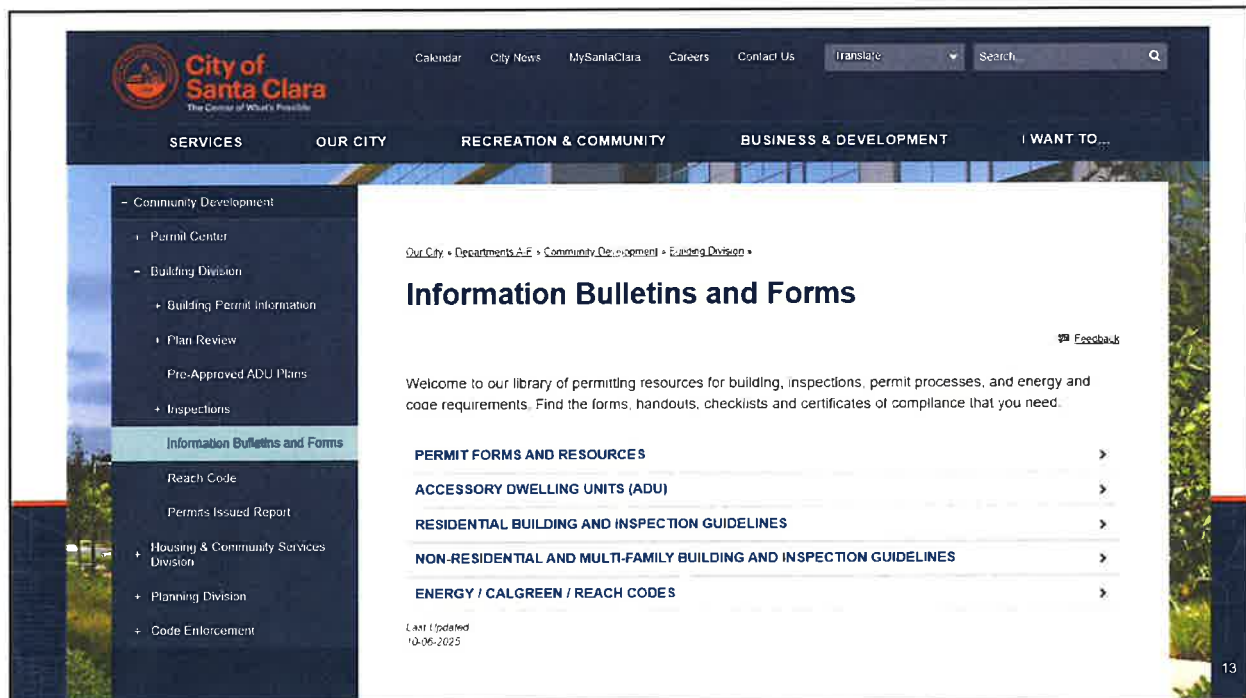
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City of Santa Clara
BUILDING DIVISION IS NOW OFFERING...

EXPEDITED PLAN REVIEW SERVICES FOR ELIGIBLE RESIDENTIAL AND COMMERCIAL PROJECTS!

Are you Eligible?

Eligible Residential Projects*

- One-Story Single-Family Residences
- Pre-Approved Accessory Dwelling Units (ADUs)
- Detached Accessory Buildings or Structures (toolsheds, playhouses, etc.)

Eligible Commercial Projects*

- Professional business office uses (excluding medical and dental offices and clinics)
- Offices associated with existing, approved R&D facilities, data centers, warehouses, or factories

Learn more at SantaClaraCA.gov/ExpeditedPlanReview
Contact the Building Division Permit Center at permitcenter@santacruz.ca.gov or 408-615-2420.
Our friendly staff will be happy to serve you!

Expedited Plan Review

Expedited Plan Review Services are available for eligible Residential Single-Family and Commercial/Tenants Improvement (TI) Projects. It is designed to significantly reduce plan review time for faster project issuance through collaboration in brief meetings between the project design team and the City. The coordinated team effort reduces design and code compliance issues and is achieved in real time allowing for timely, practical and persuasive solutions.

How Much Does It Cost?

The expedited plan review fee is 1/3 of the amount of the regular plan review fee as outlined in the City of Santa Clara Municipal Fee Schedule (PDF). There is no additional plan review fee for projects submitted under the City's Pre-Approved ADU Program. The expedited plan review fee is in addition to all other applicable fees.

Eligibility Criteria

Eligible projects are those that can be reasonably reviewed within a scheduled 90-minute meeting. The following criteria outline the scope of work, lot quality, and the regulatory requirements.

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NEAR TERM DELIVERABLES

The CDD Technology Project Manager and the CDD Web Content Team are responsible for 41 near-term deliverables on behalf of several project drivers ranging from findings in the Baker Tilly Audit, to City Council Priorities, ongoing operations and existing projects.

Bar Chart Data:

Project Driver	Number of Deliverables
Citywide Initiatives	4
City Council Priorities	6
Dept. Initiatives	9
Operations / Ongoing	11
Baker Tilly Audit	11

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Raftelis Organizational Assessment

Launched in February 2025

Interviews conducted March/April 2025

- Follow up interviews conducted September 2025
Comprehensive review of operations and functions with staffing capacity
- Development Process Mapping: Late Fall 2025

Building Permitting Process



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Questions and Feedback

Building Permitting Process



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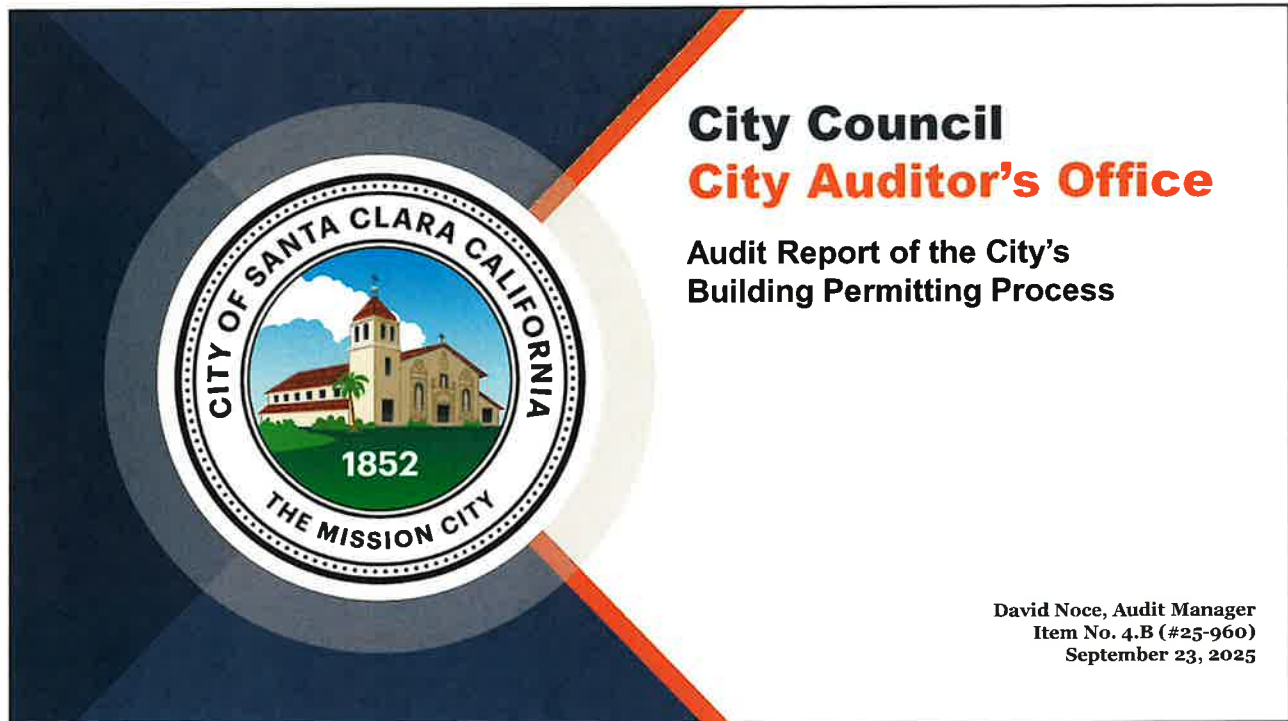


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Audit Project Selection

- The starting point of internal auditing is to conduct a risk assessment that is the basis for determining internal audit activities. The risk assessment process involves identifying and measuring risks associated with the audit universe (a list of specific departments, functions, processes, programs, etc. that can be subject to an audit, i.e. auditable units). Risk is defined as "the possibility of an event or condition occurring that will have an impact on the ability of an organization to achieve its objectives."
- During the annual risk assessment for 2024, the building permitting process was rated as high risk based on inherent risks and specific information gathered, including:
 - Customer complaints for slow processing
 - Departmental vacancies and turnover due to failed recruitment in a competitive field
 - New system implementation
 - Volatile revenue
 - Increased compliance risk associated with changing building code

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Audit Scope and Objectives

- Our audit covered interviews and document assessments related to the City's building permitting process for FY 2022 and FY 2023. We focused on Permit Services, which encompasses processes from application receipt to permit issuance, while excluding Building Services consisting of inspections and permit finalization.
- The objectives of this audit were to:
 - Determine whether the internal controls for the building permitting processes are adequately designed and operating effectively to ensure compliance with the City Code and other regulations.
 - Determine whether adequate mechanisms are in place to ensure that the building permitting process is efficient and provides timely customer service.
 - Determine whether the internal controls over billing and collections of permitting fees and fines are adequately designed and operating effectively to ensure financial accountability.



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Audit Methodology

To achieve the audit objectives, Audit staff and Baker Tilly performed the following procedures:

- Analyzed the relevant laws, policies, and guidelines related to building permitting issuance including the City of Santa Clara Municipal Code (Title 15, Building and Construction) and California Building Standards Commission in Part 1 of Title 24 of the California Code of Regulations.
- Gathered information to understand the environment under audit including evaluating P&P, permitting applications and fees, annual budget information, and performance monitoring documentation.
- Conducted interviews with key process owners and management including the Director of Community Development, the Building Official, the Assistant Building Official, Staff Analysts, Permit Center Supervisor, and the Accounting Division.
- Assessed risks and identified controls in place based on process walkthroughs and review of supporting documentation.



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Audit Methodology

To achieve the audit objectives, Audit staff and Baker Tilly performed the following procedures (Cont.):

- Performed testing of key controls for application processing, plan reviews, and permit fee billing and payments.
- Randomly selected 45 applications using a stratified sampling method to ensure all review types were represented in our sample.
- Selection was made from permit applications that were received in FY2022 and FY2023 and for which permits had been issued as of September 11, 2023.



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Audit Report Findings Summary

Finding 1: Policies and Procedures

Although the Building Division (BD) has some written procedures, they are informal and fragmentary. Comprehensive policies and procedures (P&P) have not been formally established for the building permitting process, which is essential to guide the BD staff in decision-making and to communicate management's expectations.

Recommendation:

Management should establish and implement comprehensive P&P for the BD's critical processes, including Application Processing, Plan Review, Permitting Fee Billing and Collection, Permit Issuance, and Performance Monitoring.



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Audit Report Findings Summary

Finding 2: Timeliness of Permitting Process

Baker Tilly's review of 45 applications revealed that initial plan review, as well as subsequent plan review, was not consistently completed within the target time frames established by City management. Based on our permitting process timeline analysis, the processes before and after plan review can be improved.

Recommendation:

Management should proactively monitor the permitting process efficiency by leveraging additional performance metrics throughout the year, maximizing the use of the City's permitting system reporting function.



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Audit Report Findings Summary

Finding 3: Permit Fees

Baker Tilly tested permit fee calculations for 45 applications (for which the total job value was \$334M and fees totaled over \$3M) selected from all applications the City received in FY2022 and FY2023 and noted that building permit fees were not always calculated accurately in accordance with the applicable Municipal Fee Schedules.

Recommendation:

Management should implement the following mechanisms to ensure the accuracy of building permit fees charged to applicants: Comprehensive Manuals and Training for Permit Technicians; Adequate Testing of Fee Calculations; Timely Secondary Review of Invoices; and Refresher Training for Permit Technicians.



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Audit Report Findings Summary

Finding 4: Performance Monitoring and Process Improvement

The BD does not have a robust, formal mechanism that utilizes performance metrics for monitoring building permitting processes to track progress, identify areas for improvement, and make informed decisions. The BD also lacks a formal process for receiving, tracking, and responding to customer feedback in a manner that allows for analyses and subsequent improvements to the building permitting process.

Recommendation:

The BD management should establish formal mechanisms for periodically monitoring building permitting processes. The BD management should also implement a systematic approach for collecting and analyzing customer feedback.

Additional Questions?