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DEPARTMENT OF  
PUBLIC WORKS

BUREAU OF  
ENGINEERING

GARY LEE MOORE, P.E.  
CITY ENGINEER

1149 S. BROADWAY, SUITE 700  
LOS ANGELES, CA 90015-2213

<http://eng.lacity.org>

June 12, 2009

Honorable Rushmore D. Cervantes, Acting City Controller  
Office of the Controller  
Third Floor, City Hall East  
200 N. Main Street  
Los Angeles, CA 90012

Attention: Farid Saffar, Director of Auditing

Dear Mr. Cervantes:

**BUREAU OF ENGINEERING'S RESPONSE TO THE EVALUATION OF BUREAU OF  
ENGINEERING'S RESPONSE TO THE PERFORMANCE AUDIT OF THE CITY'S  
PROCESS FOR PLANNING CONDITIONS FOR DEVELOPMENT**

This letter serves as the Bureau of Engineering's (BOE) response to your letter dated May 26, 2009 evaluating BOE's response dated April 24, 2009 to the report entitled "Performance Audit of the City of Los Angeles' Process for Planning Conditions for Development." This response provides target implementation dates for Recommendations 4.5 and 4.6.

BOE has already instructed staff to change operational procedures related to submission of specific recommendations to the Department of City Planning, completion of project conditions prior to the Certificate of Occupancy, and authorization of material project changes. These changes will be incorporated into the BOE Manual, Part D, Land Development and are scheduled to go into effect by July 31, 2009.

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Honorable Rushmore D. Cervantes, Acting City Controller

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June 12, 2009

My staff and I thank you for your positive feedback and look forward to implementing the Recommendations of the Performance Audit of the City of Los Angeles' Process for Planning Conditions for Development. Please contact Edmond Yew at (213) 977-7095 if you have any questions or require additional information.

Sincerely,

A handwritten signature in black ink that reads "Gary Lee Moore". The signature is written in a cursive, flowing style.

Gary Lee Moore, P.E.  
City Engineer

GLM/CWR/EY:jag/tlw

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- c. Chris Espinosa, Office of the Mayor
- Cynthia Ruiz, President, Board of Public Works
- Valerie Lynne Shaw, Commissioner, Board of Public Works
- Edmond Yew, Group Manager, Bureau of Engineering

## **STATUS OF CITY PLANNING'S RESPONSE**

On June 10, 2009, in response to the Controller's request to provide target dates for implementation plans, City Planning informed the Controller's Office that due to the severe budget cut and staffing reduction in Fiscal Year 2009/10, the Department will have to significantly adjust its work programs. Further, the Planning fee proposal for case processing was still going through the City process for review and approval. The Department stated that they remain committed to implementing the recommendations; however, until these crucial matters are addressed, the Department is not able to provide target implementation dates.

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April 24, 2009

Honorable Laura Chick, City Controller  
Office of the Controller  
Third Floor, City Hall East  
200 N. Main Street  
Los Angeles, CA 90012

Dear Ms. Chick:

**BUREAU OF ENGINEERING'S RESPONSE TO THE PERFORMANCE AUDIT OF  
THE CITY OF LOS ANGELES' DEPARTMENT OF CITY PLANNING'S CONDITIONS  
FOR DEVELOPMENT.**

This letter serves as the Bureau of Engineering's (BOE) response to the Performance Audit of the City of Los Angeles' Department of City Planning's Conditions for Development. This response includes the BOE's comments regarding the reported findings, conclusions, recommendations, and corrective actions that will be taken where warranted.

In reviewing the audit recommendations, we found that many of the recommendations provide ways for BOE to further improve the policies and procedures used in recommending and clearing conditions of approval of development projects within the City. BOE has begun implementing changes to the policies and procedures discussed in this audit response.

**AUDIT RECOMMENDATIONS**

The audit recommendations will be listed in order from the audit. BOE response to each recommendation is answered in detail directly following each recommendation.



**Honorable Laura Chick, City Controller**

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**April 24, 2009**

Audit Recommendation No. 4.5:

*In conjunction with the Directors of the Bureau of Street Services, Sanitation, and Street Lighting, establish procedures to ensure:*

- (a) *Timely submission of specific recommendations for conditions of approval to the Department of City Planning (see Recommendation 2.2 and 5.2); and*
- (b) *Completion of all conditions of approval during project construction and prior to the Certificate of Occupancy.*

BOE Response:

BOE has developed an online tracking system clearly identifying the status all applications requiring submission of specific recommendations for conditions of approval to the Department of City Planning. BOE staff members will use this tracking system to establish job priority. BOE management will use this tracking system to measure performance. BOE will also participate in the 12 to 2 Committee and work with Department of City Planning to address interdepartmental processes for approving and overseeing development projects. BOE will update the Land Development Manual to clearly state that all project improvement conditions must be completed prior to the issuance of Certificate of Occupancy.

Audit Recommendation No. 4.6:

*In conjunction with the Director of Planning and the General Manager for the Department of Building and Safety, establish procedures to ensure:*

- (a) *Notification of the Department of City Planning for material project changes (see Recommendation 4.3); and*
- (b) *Department of City Planning review of the final project for compliance with entitlement condition prior to the Certificate of Occupancy.*

BOE Response:

BOE will develop a policy and incorporate into the Land Development Manual to make sure no material changes to the required public improvement conditions will be authorized during the project construction phase without City Planning Department approval. This policy will require the developers obtaining formal modification to the conditions of approval from the City Planning Department. BOE will also update the Land Development Manual to clearly state that all project improvement conditions must be completed prior to the issuance of Certificate of Occupancy. BOE will also make recommendation to the Department of Building and Safety to add the City Planning Department to the Automated Certificate of Occupancy System (ACOS) process. This

Honorable Laura Chick, City Controller


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April 24, 2009

will allow City Planning Department to participate directly in the review of the final project for compliance with entitlement conditions prior to the Certificate of Occupancy.

My staff and I look forward to working with you to complete the Performance Audit of the City of Los Angeles' Department of City Planning's Conditions for Development. Please contact Edmond Yew at (213) 977-7095 if you have any questions or require additional information for any of BOE's response to the audit recommendations.

Sincerely,



Gary Lee Moore, P.E.  
City Engineer

GLM/CWR/EY:tlw

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c: Chris Espinoza, Deputy Mayor, Office of the Mayor  
Cynthia Ruiz, President, Board of Public Works  
Valerie Lynne, Commissioner, Board of Public Works  
Edmond Yew, District Engineer, PW/Engineering

**CITY OF LOS ANGELES**  
INTER-DEPARTMENTAL CORRESPONDENCE

April 23, 2009

TO: Laura N. Chick, City Controller  
Office of the Controller

FROM: S. Gail Goldberg, AICP   
Director  
Department of City Planning

SUBJECT: **STATUS OF AUDIT RECOMMENDATIONS – PERFORMANCE AUDIT  
OF THE CITY OF LOS ANGELES' PROCESS FOR PLANNING  
CONDITIONS FOR DEVELOPMENT**

Per your request dated March 23, 2009, we are submitting the status of the recommendations of the "Performance Audit of the City of Los Angeles' Process for Planning Conditions for Development" that pertain to the Department of City Planning.

If you have any questions, please contact Eva Yuan-McDaniel, Deputy Director of Planning, at 213-978-1273.

SGG:ey

Enclosure

cc: Farid Saffar, Office of the Controller

OFFICE OF THE CONTROLLER AUDITING DIVISION  
LIST OF AUDIT FINDINGS AND RECOMMENDATIONS

Department: City Planning, Board of PW-Engineering, Building & Safety, Mayor, City Council, City Administrative Officer  
 Title of Audit Report: Performance Audit of the City of Los Angeles' Process for Planning Conditions for Development  
 Date of Report: 23-Apr-09

Finding Number	Summary Description of Finding	Rec. No.	Recommendations	Current Status	Auditee's Response	Auditor's Evaluation
Section 1	<b>Imposing Entitlement Conditions</b>		The Director of Planning should:			
1	Outdated community plans contribute to discretion in approving development projects.	1.1	In consultation with the City Planning Commission, develop internal policies that clarify the Department's roles, responsibilities and authority for recommending development project conditions not addressed by the Planning and Zoning Code or specific plans, and submit these policies to the Mayor for approval.	PI	<u>Short Term</u> 1. Citywide Urban Design Principals drafted and are being presented to City Planning Commission. 2. Staff Training in writing development conditions is on-going 3. Training program with City Attorney on Findings for development conditions is on going. 4. Internal committee to draft and review standard conditions has been established as part of CDMS development. Work will continue.  <u>Long Term</u> 1. New Community Plan Program with greater detail on design conditions is on-going. 2. Amendments to HPOZ Ordinance is in progress. 3. New Community Plan Implementation Tools providing a new basis for development conditions are scheduled to be submitted to the City Planning Commission in June 2009.	
2	Decision makers impose conditions of approval that are unclear and not specific.	1.2	Recommend to the City Council new or updated Planning and Zoning Code provisions when the Planning and Zoning Code fail to address current zoning or development needs.	PI	The DCP, Code Studies Unit has undertaken a zoning code reform effort that will address the finding and recommendation.	
		1.3	Develop and implement formal written quantitative standards for recommending conditions covering common development issues that are not addressed by the Planning and Zoning Code or specific plans.	NI	The DCP staff (who also act as decision-makers) will inventory/evaluate long-standing policies for relevance and/or appropriateness. Make recommendations to Management Team as part of Development Reform Initiative.	

OFFICE OF THE CONTROLLER AUDITING DIVISION  
 LIST OF AUDIT FINDINGS AND RECOMMENDATIONS

Department: City Planning, Board of PW-Engineering, Building & Safety, Mayor, City Council, City Administrative Officer  
 Title of Audit Report: Performance Audit of the City of Los Angeles' Process for Planning Conditions for Development  
 Date of Report: 23-Apr-09

Finding Number	Summary Description of Finding	Rec. No.	Recommendations	Current Status	Auditee's Response	Auditor's Evaluation
		1.4	Develop guidelines for development project site plan review and sign-off for development project conditions that are by definition qualitative and non-specific, such as design review.	NI	DCP will reinstate Design Review Board horizontal meetings and task this group with developing a staff guidance resource with design conditions that are quantitative and specific.	
Section 2	<b>Imposing Conditions for Public Improvements</b>		The Mayor should:			
3	The Department of City Planning has inadequate procedures to distribute project applications.	2.1	Direct the 12 to 2 Committee, in conjunction with the Director of Planning, to define the role of the Department of City Planning in managing the development process including consideration of the costs and benefits of delegating authority to the Department over all departments in terms of their roles in the development project approval process (see Recommendation 4.1).			

OFFICE OF THE CONTROLLER AUDITING DIVISION  
LIST OF AUDIT FINDINGS AND RECOMMENDATIONS

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 Date of Report: 23-Apr-09

Finding Number	Summary Description of Finding	Rec. No.	Recommendations	Current Status	Auditee's Response	Auditor's Evaluation
			The Director of Planning, in conjunction with the 12 to 2 Committee, should:			
4	The Department of City Planning does not actively manage application review by other City departments.	2.2	Establish procedures to ensure timely submission of specific recommendations for conditions of approval to the Department of City Planning (see Recommendations 4.5 (a) and 5.2).	PI	1. The State Map Act mandates 39 days for Division of Land review by other departments. 2. Through the 12:2 Initiative, DCP will work with other departments on a standard review periods for all other case types.	
5	The decision maker includes non-specific or place holder conditions for public improvements in the determination letter when other City departments fail to provide recommendations.	2.3	Evaluate City departments' standard conditions to ensure specific, non-redundant, and clearly numbered conditions of approval in the determination letter.	NI	DCP management will include this recommendation in its Development Reform Initiative.	
6	The decision maker can impose non-specific, unclear, and non uniform conditions for public improvements.	2.4	Develop procedures for uniform application of conditions of approval to comparable development projects.	NI	DCP will establish a committee to address this issue as part of the Development Reform Initiative.	
7	Neither the 12 to 2 Committee nor the implementation of CDMS address timely, clearly-written, or specific conditions of approval.					
<b>Section 3</b>	<b>Ensuring that Conditions of Approval are met before the Building Permit is Issued</b>		The Director of Planning should:			
8	The Department of City Planning lacks standard review and documentation procedures.	3.1	Develop and implement formal written department-wide documentation standards for clearing conditions on final project site plans, including a system to identify how the site plan conforms to the specific conditions of approval (see Recommendation 5.5).	PI	Procedural manuals for site plan review and condition clearance exist but are somewhat outdated. Work to update the manuals hinges on staffing level and the geo re-org. Site plan review approval stamps include the conditions being approved.	
9	The Department of City Planning and Department of Building and Safety lack coordinated project plan review.	3.2	Develop and implement a formal written department-wide document retention policy.	NI	The Department will review existing retention policies and update/enhance as required.	

OFFICE OF THE CONTROLLER AUDITING DIVISION  
LIST OF AUDIT FINDINGS AND RECOMMENDATIONS

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 Date of Report: 23-Apr-09

Finding Number	Summary Description of Finding	Rec. No.	Recommendations	Current Status	Auditee's Response	Auditor's Evaluation
		3.3	In conjunction with the General Manager of the Department of Building and Safety, develop formal written guidelines and control procedures to ensure that the Department of City Planning (1) is notified of all project modifications that materially change the project and (2) reviews all material project modifications made by the Department of Building and Safety.	NI	DCP will work with LADBS on an agreement to review existing procedures that address this finding, and evaluate if there is a need to update, amend, or develop any additional protocols.	
<b>Section 4</b>	<b>Monitoring Project Construction and Completion</b>		The Mayor should:			
10	The Department of City Planning lacks monitoring of landscaping or architectural conditions.	4.1	Define the role of the Department of City Planning as the project manager for development projects.			
11	The City has no interdepartmental process to resolve disputes.	4.2	Direct the 12 to 2 Committee to define the responsibility of the Department of City Planning, Department of Public Works, and Department of Building and Safety for resolving disputes.			
			The Director of Planning should:			
12	Nonspecific conditions of approval are not consistently implemented in the completed project.	4.3	In conjunction with the General Manager of the Department of Building and Safety, City Engineer, and Director of the Bureau of Contract Administration, develop procedures and control processes to ensure notification of the Department of City Planning for project changes during construction.		The DCP in conjunction with LADBS, BOE, BCA will review existing procedures that address this finding , and evaluate if there is a need to update, amend, or develop any additional protocols.	

OFFICE OF THE CONTROLLER AUDITING DIVISION  
LIST OF AUDIT FINDINGS AND RECOMMENDATIONS

Department: City Planning, Board of PW-Engineering, Building & Safety, Mayor, City Council, City Administrative Officer  
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 Date of Report: 23-Apr-09

Finding Number	Summary Description of Finding	Rec. No.	Recommendations	Current Status	Auditee's Response	Auditor's Evaluation
13	The Department of City Planning lacks oversight of construction project interim change authorizations.	4.4	Evaluate potential expansion of the Department's enforcement function and present a report to the City Council prior to the FY 2010-11 budget review that includes: (a) a definition of the Department of City Planning's enforcement function and its relationship to the Department of Building and Safety and Department of Transportation's enforcement functions; (b) costs of additional staff resources necessary to expand the Department's enforcement function; (c) potential fee- or fine-based revenues to pay the costs of additional staff resources; and (d) expected benefits of the expanded enforcement function.	NI	DCP will review staffing availability in FY 09/10 to determine whether this task can be taken on during the fiscal year.	
			The City Engineer should:			
14	The Department of Public Works did not enforce completion of public improvements prior to the temporary Certificate of Occupancy.	4.5	In conjunction with the Directors of the Bureau of Street Services, Sanitation, and Street Lighting, establish procedures to ensure: (a) timely submission of specific recommendations for conditions of approval to the Department of City Planning (see Recommendation 2.2 and 5.2); and (b) completion of all conditions of approval during project construction and prior to the Certificate of Occupancy.			
15	The Department of City Planning lacks enforcement resources.	4.6	In conjunction with the Director of Planning and the General Manager for the Department of Building and Safety, establish procedures to ensure: (a) notification of the Department of City Planning for material project changes (see Recommendation 4.3); and (b) Department of City Planning review of the final project for compliance with entitlement conditions prior to the Certificate of Occupancy.			

OFFICE OF THE CONTROLLER AUDITING DIVISION  
LIST OF AUDIT FINDINGS AND RECOMMENDATIONS

Department: City Planning, Board of PW-Engineering, Building & Safety, Mayor, City Council, City Administrative Officer  
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 Date of Report: 23-Apr-09

Finding Number	Summary Description of Finding	Rec. No.	Recommendations	Current Status	Auditee's Response	Auditor's Evaluation
Section 5	<b>Condition Development &amp; Management System (CDMS) Implementation</b>		The Director of Planning should:			
16	CDMS can improve inefficient procedures but cannot fix inadequate City processes.	5.1	Develop and implement written department-wide procedures for distributing development project applications to other City departments	NI	DCP will develop written documentation once the Department has a consistent distribution procedure.	
17	Implementation of CDMS creates multiple City systems to track development project conditions of approval without a plan to coordinate systems.	5.2	Develop monthly reports no later than June 30, 2009 for submission to the Mayor and City Council: (a) identifying standards for City departments' timely submission of recommendations for conditions of approval; and (b) tracking City departments' compliance with these standards.	NI	DCP will develop the reports upon the full implementation of CDMS. The timeline will be determined by the implementation schedule.	
		5.3	Review the Department of City Planning's standard conditions entered into CDMS and revise or delete non-specific or unclear conditions.	PI	The Standard Condition Review Task Force has completed the first round of its review during CDMS database development. The Task Force will continue to review standard conditions. (See Rec. No. 1.1)	
		5.4	Develop and implement written department-wide procedures for writing specific and clear conditions (see Recommendation 1.2).	NI	This task will be incorporate into the Department Development Reform Initiative.	
		5.5	Develop and implement written department-wide procedures for: (a) documenting how the final development project site plan addresses the project's conditions of approval (see Recommendation 3.1); and (b) retaining site plan documentation in the Department's formal files (see Recommendation 3.2).	PI	Procedural manuals for site plan review and condition clearance exist but are somewhat outdated. Work to update the manuals hinges on staffing level and the geo re-org. Site plan review approval stamps include the conditions being approved. DCP will review its case file retention policy to ensure documentation is complete	

OFFICE OF THE CONTROLLER AUDITING DIVISION  
LIST OF AUDIT FINDINGS AND RECOMMENDATIONS

Department: City Planning, Board of PW-Engineering, Building & Safety, Mayor, City Council, City Administrative Officer  
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Finding Number	Summary Description of Finding	Rec. No.	Recommendations	Current Status	Auditee's Response	Auditor's Evaluation
		5.6	Develop a long-term implementation plan for CDMS that: (a) includes the Information Technology Agency in the planning and coordination of CDMS with the Department of Building and Safety's and Bureau of Engineering's systems; (b) identifies the costs and timelines for coordinating systems among the Department of City Planning, the Department of Building and Safety, and the Bureau of Engineering; (c) identifies the costs and timelines for implementing CDMS capabilities to generate determination letters; and (d) identifies the costs and timelines for entering case data for completed projects into CDMS.	PI	DCP has kept ITA informed of CDMS development and coordination since the design and development of the system.  DCP will work with the other departments to identify the costs associated with systems integration and the capturing of previously approved cases.	
Section 6	<b>Cost of Maintaining Public Improvements</b>		The Mayor should:			
18	City departments do not consistently track and budget for public improvements imposed as conditions of approval for development projects.	6.1	Direct the City Administrative Officer to require department and bureau directors to evaluate all public improvement maintenance revenues annually to ensure coverage of maintenance costs.			
19	Some City departments do not collect sufficient fee revenues to fully recover costs associated with public improvements.	6.2	Direct the City Administrative Officer to develop a fee structure that includes maintenance fees for all public improvements resulting from development project conditions of approval.			

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Finding Number	Summary Description of Finding	Rec. No.	Recommendations	Current Status	Auditee's Response	Auditor's Evaluation
			The City Council should:			
		6.3	Take actions to ensure that special services are fully covered by related fees, including a requirement for all fees for special services to be updated on a periodic basis based on the U.S. Department of Labor Consumer Price Index.			
		6.4	Determine the feasibility of increasing assessments in accordance with the requirements of Proposition 218, to ensure that all assessments are updated on a periodic basis based on the U.S. Department of Labor Consumer Price Index.			

- I - Implemented
- PI - Partially Implemented or In Progress
- NI - Not Implemented
- D - Disagree